

PATERSON PUBLIC SCHOOL DISTRICT ACTION FORM

1. Curricular recommendations must include, if appropriate, school, student initials, tuition rate and/or other needed information.
2. Fiscal recommendations must include all appropriate fiscal information.
3. This Action Form must be in the State District Superintendent's office according to cutoff date before the meeting of the Board of Education.

Recommendation/Resolution:

WHEREAS, The Paterson Public Schools District caused an annual audit of the district's accounts and financial transactions to be conducted by a public school accountant for the 2016-2017 fiscal year pursuant to NJSA18A: 23: and,

WHEREAS, said "Comprehensive Annual Financial Report" and "Auditor's Management Report" for the fiscal year ended June 30, 2017, were filed in duplicate with the Office of the Commissioner on December 5, 2017, pursuant to NJSA 18A: 23-3: and

WHEREAS, a presentation of the audit with discussion of the district's fiscal status, audit findings and recommendations was made to the Board and public by members of the audit firm of Lerch, Vinci & Higgins, LLP, at the board meeting of December 6, 2017, and

WHEREAS, the presentation included a public discussion of the audit results including the district's overall financial position, reserved, unreserved and excess surplus fund balances, funding of worker's compensation and compensated absences, food services' operations and the three (3) audit findings and three (3) recommendations, two (2) of which was a repeat recommendation, that are addressed in the Corrective Action Plan and Specific Correction Action Plan; and

WHEREAS, that the annual audit for the year ended 2017 - be accepted and placed on file. The audit report is included in the financial section, of the Comprehensive Annual Financial Report, and that the following corrective action plan be implemented:

AUDIT FINDINGS AND RECOMMENDATION	CORRECTIVE ACTION APPROVED BY THE BOARD	METHOD OF IMPLEMENTATION	PERSON RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
Finding (CAFR 2017-001) - Audit revealed that a check issued in the amount of \$3,636,399 was made payable to a vendor that differed from the vendor listed on the purchase order and check register as reflected in the District's financial accounting and reporting system. In addition, we noted these two vendors were listed with the same vendor account code under the vendor reflected on the purchase order and check register. Recommendation – Internal controls over the District's financial accounting and reporting system be reviewed and revised to ensure that the ability to issue checks made payable to a vendor other than the vendor listed on the purchase order be discontinued.	The District will ensure that the District's financial accounting system Edumet, will not allow entry to the remit to name field on the vendor entry screen. Purchasing Department will monitor to ensure that all vendor information agrees with Form W9 submitted.	Technology department has removed the ability to enter data into the "remit to" name field on the vendor screen in accounting financial software. Purchasing department will review all requests for changes to the vendor file and ensure all data is in agreement with their submitted vendor information.	Purchasing Supervisor	Immediately

Recommendation #	Conditions that caused the repeat recommendation(s);	Corrective actions taken or to be taken and the dates or projected dates of such actions	The administrator directly responsible for implementing the actions and controls	Internal controls put in place or to be put in place to prevent another repeat of the recommendation and the dates or projected dates of implementation of such controls
Finding: (CAFR Finding 2017-002) – Our audit indicated that the number of students reported as low income on the ASSA was not in agreement with the District’s supporting work papers. Recommendation: Internal controls over the preparation of the ASSA be reviewed and enhanced to ensure that low income students reported on the application are properly supported by district work papers.	The Management Information Systems department did not have a process for verifying that the proper income status is captured in the student information system for each student, and that the proper status is reported in the application.	The school household survey officials collect the household surveys from students and then update the student information system with each student’s income status in the student information system. The student’s income status is extracted from the student information system to ensure consistency across reports.	Pamela Powell Lynn Kimbrough	Immediately
Finding: (CAFR Finding 2017-002) – Our audit of low income students reported on the ASSA indicated certain instances where a valid household information survey could not be provided for audit. Recommendation – In all instances, household information surveys for students reported a low income on the ASSA be retained and made available for audit.	The Management Information Systems department did not implement a process to collect and store all household information surveys and make them available for audits.	All household surveys received from families are collected and stored in the MIS department.	Pamela Powell Lynn Kimbrough	Immediately

WHEREAS, a Specific Corrective Action Plan has been drafted and disseminated to the board and appropriate parties by the School Business Administrator addressing the one (1) repeat audit recommendations presented in the Auditor’s Management Report in response to their recommendations; and

NOW, THEREFORE, BE IT RESOLVED, that the Paterson Public Schools Board of Education accepts and approved the “Corrective Action Plan” and the “Specific Corrective Action Plan” for the fiscal year ended June 30, 2017, and,

BE IT FURTHER RESOLVED, that the School Business Administrator be directed to forward to the County Superintendent the minutes together with two copies of the CAFR Synopsis, two copies of the Corrective Action Plan, the Specific Corrective Action Plan and certified board minutes adopting the above items; and,

BE IT FURTHER RESOLVED, that this resolution shall take effect upon its adoption.

APPROVALS REQUIRED

1. Submitted by Richard L. Matthews, School Business Administrator RLM December 6, 2017
(Name, Title) Date

2. Approval by Divisional Administrator _____
State District Superintendent, Assistant Superintendent or Business Administrator Date

3. Account No. N/A

Certification of Funds _____

Signature

Date

Funds Available

☐

Funds Not Needed

☐

Funds Not Available

☐

Non-Budget Item

☒

4. Verification by Legal Department, if required _____ Date

5. Approval - State District Superintendent Eileen Shofer 12/11/17
Date

6. Board Adoption Date December 20, 2017 Resolution Number F-12

Copies as follows: White-To Board Office Green-To #5 Yellow-To Business Administrator Pink-To #1 Gold-To #2

I HEREBY CERTIFY THE WITHIN
TO BE A TRUE COPY

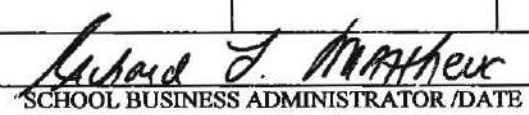
E. Shofer

SPECIFIC CORRECTIVE ACTION PLAN

Name of School: Paterson Public School County: Passaic
 Type of Audit: CAFR Audit
 Date of Board Meeting: December 20, 2017
 Contact Person: Richard L. Matthews, School Business Administrator Telephone Number: 973-321-0772

<u>Recommendation #</u>	Conditions that caused the repeat recommendation(s);	Corrective actions taken or to be taken and the dates or projected dates of such actions	The administrator directly responsible for implementing the actions and controls	Internal controls put in place or to be put in place to prevent another repeat of the recommendation and the dates or projected dates of implementation of such controls
Finding: (CAFR Finding 2017-002) – Our audit indicated that the number of students reported as low income on the ASSA was not in agreement with the District’s supporting work papers. Recommendation: Internal controls over the preparation of the ASSA be reviewed and enhanced to ensure that low income students reported on the application are properly supported by district work papers.	The Management Information Systems department did not have a process for verifying that the proper income status is captured in the student information system for each student, and that the proper status is reported in the application.	The school household survey officials collect the household surveys from students and then update the student information system with each student’s income status in the student information system. The student’s income status is extracted from the student information system to ensure consistency across reports.	Pamela Powell Lynn Kimbrough	Immediately

 12/22/17
 CHIEF SCHOOL ADMINISTRATOR DATE

 12/18/2017
 SCHOOL BUSINESS ADMINISTRATOR /DATE

SPECIFIC CORRECTIVE ACTION PLAN

Name of School: Paterson Public School County: Passaic
 Type of Audit: CAFR Audit
 Date of Board Meeting: December 20, 2017
 Contact Person: Richard L. Matthews, School Business Administrator Telephone Number: 973-321-0772

<u>Recommendation #</u>	Conditions that caused the repeat recommendation(s);	Corrective actions taken or to be taken and the dates or projected dates of such actions	The administrator directly responsible for implementing the actions and controls	Internal controls put in place or to be put in place to prevent another repeat of the recommendation and the dates or projected dates of implementation of such controls
Finding: (CAFR Finding 2017-002) – Our audit of low income students reported on the ASSA indicated certain instances where a valid household information survey could not be provided for audit. Recommendation – In all instances, household information surveys for students reported a low income on the ASSA be retained and made available for audit.	The Management Information Systems department did not implement a process to collect and store all household information surveys and make them available for audits.	All household surveys received from families are collected and stored in the MIS department.	Pamela Powell Lynn Kimbrough	Immediately


 CHIEF SCHOOL ADMINISTRATOR

12/22/17
 DATE


 SCHOOL BUSINESS ADMINISTRATOR /DATE

12/8/2017

CORRECTIVE ACTION PLAN

Name of School: Paterson Public School County: Passaic
 Type of Audit: CAFR Audit
 Date of Board Meeting: December 20, 2017
 Contact Person: Richard L. Matthews, School Business Administrator Telephone Number: 973-321-0772

AUDIT FINDINGS AND RECOMMENDATION	CORRECTIVE ACTION APPROVED BY THE BOARD	METHOD OF IMPLEMENTATION	PERSON RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
Finding (CAFR 2017-001) - Audit revealed that a check issued in the amount of \$3,636,399 was made payable to a vendor that differed from the vendor listed on the purchase order and check register as reflected in the District's financial accounting and reporting system. In addition, we noted these two vendors were listed with the same vendor account code under the vendor reflected on the purchase order and check register. Recommendation -- Internal controls over the District's financial accounting and reporting system be reviewed and revised to ensure that the ability to issue checks made payable to a vendor other than the vendor listed on the purchase order be discontinued.	The District will ensure that the District's financial accounting system Edumet, will not allow entry to the remit to name field on the vendor entry screen. Purchasing Department will monitor to ensure that all vendor information agrees with Form W9 submitted.	Technology department has removed the ability to enter data into the "remit to" name field on the vendor screen in accounting financial software. Purchasing department will review all requests for changes to the vendor file and ensure all data is in agreement with their submitted vendor information.	Purchasing Supervisor	Immediately


 CHIEF SCHOOL ADMINISTRATOR

12/22/17
 DATE

 12/19/2017
 SCHOOL BUSINESS ADMINISTRATOR /DATE