Root Canal!

Audits That Bring Pain To Purchasing Agents

Mr. James Shoop, School Business Administrator (Ret.)
Shoop18A18A@gmail.com
Hi Jim!

For the upcoming March program, John and I were talking and we would like to concentrate on the following items:

**Professional Services**

**Procurement Thresholds**—emphasis on **Professional Development**

**Competitive Contracting**

**EUS Procurement for Insurance and Insurance Consulting Services**

And then scare them with Root Canal and Audits!

Signed

**Michele D. Roemer, Ed.D**
Professional Services

Legal Citations
Legal Citations--Professional Services


Professional services means services rendered or performed by a person authorized by law to practice a recognized profession and whose practice is regulated by law and the performance of which services requires knowledge of an advanced type in a field of learning acquired by a prolonged formal course of specialized instruction and study as distinguished from general academic instruction or apprenticeship and training. Professional services may also mean services rendered in the provision or performance of goods or services that are original and creative in character in a recognized field of artistic endeavor.

Examples of Professional Services

Some “safe” examples of professional services are:

- Legal
- Medical
- Auditing
- Accounting
- Architectural
- Engineering

It is suggested that the board attorney be consulted as to the determination of what services are to be considered professional services.

Final note: The New Jersey Division of Local Government Services reminds all that “...that not only must the person being allowed to practice the regulated profession, the services must also be of the regulated profession.” LFN 2010-3 January 2010


Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S.A. 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months. N.J.S.A. 18A:18A-3 (b)
Legal Citations--Professional Services

All contracts for the provision or performance of goods or services shall be awarded for a period not to exceed 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S.18A:18A-5 shall be awarded for a period not to exceed 12 consecutive months.


Professional services are an exception to bidding, however, administrative codes notes there shall be some sort of selection process documented.

**Procurement Method; Deliberative Process, Comparable Process, RFP or Competitive Contracting**

Professional services contracts are issued in a deliberative and efficient manner that ensures the district receives the highest quality services at a fair and competitive price or through a shared service arrangement. This may include, but is not limited to, issuance of such contracts through a request for proposals (RFP) based on cost and other specified factors or other comparable process—**N.J.A.C. 6A:23A-5.2 (a) (5)**

The district solicits competitive proposals with fee quotes or uses a comparable process to ensure the district receives the highest quality services at a fair and competitive price prior to the award of contracts for professional services—**N.J.A.C. 6A:23-A-9.3 (c) (11)**

**Procurement Method Suggested—Professional Services Contracts**

It is suggested that school districts procure all professional services contracts as follows:

- RFP Process—State or Local Funding—contracts more than quotation threshold
- RFP Process—Less than the bid threshold when using Federal funds
- Competitive Contracting Process—More than the bid threshold when using Federal funds
Legal Citations--Professional Services


The board of education shall in each instance state **supporting reasons** for its action in the resolution awarding each contract and shall forthwith cause to be printed once, in an official newspaper, a brief notice stating the nature, duration, service and amount of the contract, and that the resolution and contract are on file and available for public inspection in the office of the board of education.

Public Notice—Award of Professional Services Contract (20 day rule)—N.J.A.C. 5:34-9.5(c)

When a notice of award for professional services, competitive contracting, and extraordinary unspecifiable services is required to be published in the official newspaper of the contracting unit, such **notice shall be published** no later than 20 calendar days after the passage of the resolution awarding the contract.

Renewal of Contracts for Professional Services—Prohibited—18A:18A-42

Any contract for services other than professional services, the statutory length of which contract is for three years or less, may include provisions for no more than one two-year, or two one-year, extensions.
Procurement Thresholds

Federal, State and Local Funds
### Methods of Procurement; **State and Local Funds**
**$40,000 QPA Bid Threshold**

<table>
<thead>
<tr>
<th>Description of Goods/Services</th>
<th>Amount</th>
<th>Procurement Method</th>
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</thead>
<tbody>
<tr>
<td>Goods and Services</td>
<td>Less than $6,000</td>
<td>Sound Business Practice</td>
</tr>
<tr>
<td>Goods and Services</td>
<td>$6,000-$39,999</td>
<td>Quotation, Bid or RFP</td>
</tr>
<tr>
<td>Goods and Services</td>
<td>$40,000 or more</td>
<td>Bid or Competitive Contracting*</td>
</tr>
<tr>
<td>Professional Services</td>
<td>Less than $6,000</td>
<td>Proposal; Cost Analysis</td>
</tr>
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<tr>
<td>Sole Source (Proprietary)</td>
<td>$6,000 - $39,999 (b)</td>
<td>Proprietary Quotation</td>
</tr>
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<td>Proprietary Bid</td>
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**Insurance/Insurance Consultant Services**
Please note the procurement of Insurance or Insurance Consultant Services shall be procured through the EUS process pursuant to N.J.S. A 18A:18A-5 (a) (10)

**For the record—Contracts for Insurance or Insurance Broker of Record are not to be labeled as a professional services contract.**
### Methods of Procurement When Using Federal Funds

#### $40,000 QPA Bid Threshold

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<td>$3,500-$39,999 (b)</td>
<td>Quotation, Bid or RFP</td>
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The Purchasing Agent shall use the procurement table as a guide when procuring goods and services when using Federal Funds

(a) Micro-purchases—2 CFR 200.320 (a)
(b) Small purchases procedures—2 CFR 200.320 (b)
(c) Sealed bids—2 CFR 200.320 (c)
(d) Competitive Proposals—2 CFR 200.320 (d)
Competitive Contracting

Legal Review
Competitive Contracting
Legal Review


The Board of Education shall pass a resolution authorizing the use of competitive contracting process each time the services or goods are desired.


The competitive contracting process shall be administered by one of the following:

- Qualified Purchasing Agent
- School Business Administrator
- Board Attorney


The contract shall be awarded by resolution of the Board of Education. If the contract awarded is for proprietary goods then the Board must certify the need in writing that the purchase was necessary to conduct its affairs N.J.S.A. 18A:18A-2 (cc).


A request for proposal format (RFP) shall be used and include:

- All requirements needed to submit an RFP;
- All information needed to submit an RFP; and
- A methodology by which the board will evaluate; rank the proposals.


The methodology to award the contract shall be based on an evaluation and ranking which shall include:

- Technical criteria
- Management criteria
- Cost related criteria

Changes to proposal shall be submitted in writing to only potential vendors.


All vendor shall submit with their proposals:

- Stockholder’s Disclosure Form—Statement of Ownership
- Affirmative Action Evidence

Other documents required:

- New Jersey Business Registration Certificate
- Chapter 271 Political Contribution Disclosure Form (PCD)
- Disclosure of Investment Activities in Iran Form


The district shall publish a public notice in an official newspaper that a CC/RFP is available at least 20 days before the submission date. (Similar to Bid Advertisement—only for twenty (20) days.)


Failure to meet the requirements of the request for proposal may result in the board disqualifying the vendor. Vendor shall submit a proposal that includes all the information required by the board.


The QPA, SBA, or the Board Attorney shall evaluate all proposals in accordance with the methodology described in the proposal. **The SBA shall prepare a report evaluating and recommending the award of contract.**

The report shall include:

- Names of all vendors;
- Rank all vendors in order of evaluation;
- Reasons why vendor was selected for award; and
- Detail the terms, conditions, scope of service, fees and other matters.
The report shall be made available to the public when made available to the Board.

11. Award of Contract – After Evaluation Process

The award of contract shall be recommended in accordance with N.J.S.A. 18A:18A-4.5(d) and N.J.A.C. 5:34-4.3(d) – (most advantageous, price and other factors considered.)


Award of contract shall be made within 60 days of the receipt of the proposal with the exception noted.


The Board reserves the right to reject all proposal pursuant to N.J.S.A. 18A:18A-22.


The secretary of the board shall publish a notice summarizing the award of contract.


Competitive Contracting – Allowable Uses

Competitive contracting may be used by the board of education for procurement of specialized goods and services when the price exceeds the bid threshold in lieu of public bidding for the following:

Examples:

a. Proprietary Computer Software
   The purchase of proprietary computer software designed for board of education use, which may include hardware.

b. Operation; Management of Recreation, Social Services, Data Processing
   Contracting with entities for the operation, management of
   • Recreation
   • Social Services
   • Data Processing

c. Services Performed by an Energy Services Company

d. Telecommunications Transmission; Switching Services

e. Specialized Machinery; Equipment
   Specialized machinery or equipment of a technical nature

f. Food Services – Management Company
   When not part of programs administered by the NJ Department of Agriculture, Child Nutrition

g. Licensed Driver Education Schools

Competitive Contracting – Allowable Uses

i. Laboratory Testing Services

j. Concessions

k. Operation, Management, Administration of Other Services
   Approval needed from Local Government Services

Professional Development Services/School and District Improvement Services
Reference Local Finance Notice 2010-3, pages 8-9
Competitive Contracting

Process and Activities
Competitive Contracting (Step by Step)

Process/Activity

Authorization to Use Competitive Contracting Process
- Prepare Board Resolution
- State Approval – Division of Local Government Services
  (If necessary)

Technical Specifications/Evaluation Criteria Prepared
District administrator prepares technical specifications and evaluation criteria for review by School Business Administrator

Review of Technical Specifications/Evaluation Criteria
School Business Administrator reviews technical specifications and evaluation criteria

Certification of Funds, Cost Estimate
The School Business Administrator and appropriate district administrator shall prepare a contract cost estimate pursuant to N.J.S.A. 18A:18A-5 (c) (2).

Competitive Contracting Package Prepared by School Business Administrator

Legal Ad – Sent to Official Newspaper
Sent day after Board Approval

Packages Mailed to Potential Respondents
Same day as sending of legal advertisement to the newspaper

Legal Ad Published—Twenty (20) Days
Proposals may not be opened until 20 days after legal ad is published

Pre-Submission Meeting (7 business days after publication of advertisement)
This meeting is held between district officials and potential respondents to discuss the project and competitive contracting process.
Competitive Contracting (Step by Step)

Process/Activity

Addenda Preparation—Goal One Day after Meeting
As a result of the pre-submission meeting, the specifications may need to be amended.

Notice of Addenda—Sent to Potential Respondents
Within one day of the meeting the SBA should prepare and send by certified fax all addenda to potential respondents.

Notice of Addenda—Sent to Newspaper
A notice of addenda must be published in an official newspaper shall be published in an official newspaper seven (7) days prior to the proposal opening.

Addenda Received/Notice Published
The SBA should document the above activities in the official file.

Opening of Sealed Proposals in Public
Seven (7) days must have elapsed from the receipt of addenda. (Saturdays, Sundays and holidays excluded) Treat this as a bid opening!

Review of Proposals: Appointment of Evaluation Committee
The SBA, may appoint an evaluation committee (if necessary), to assist in the evaluation of all proposals.

Preparation of Report by SBA—Recommendation of Award
In accordance with N.J.S.A. 18A:18A-4.5 (d), the SBA shall prepare a report for the board. The report provide information as outlined in the law. The SBA shall provide a recommendation of the vendor to be recommended for the award.

Conflict of Interest Statement
Everyone involved in the evaluation process must file with the SBA a Conflict of Interest Certification. The SBA and the Evaluation Committee may also conduct interviews with respondents.
Competitive Contracting (Step by Step)

Process/Activity

Board Committee Review (if necessary)
The appropriate Board Committee may review the report and ask to review all proposals with the SBA. The Committee or the full board may interview leading respondents.

Under no circumstances shall the provisions of the RFP be subject to negotiation. (N.J.S.A. 18A:18A-4.5 (b))

Board of Education Review and Award of Contract

Agenda Meeting

Committee of the Whole

Regular Public Meeting

Public Notice—Award of Contract
The SBA shall prepare a Public Notice legal ad notifying the public of the award of contract. The public notice is to be sent to the official newspaper and published within 20 days of the award.

Other Activities for this Process

- Purchase order prepared and sent to vendor
- Contract prepared by Board Attorney
- Contract sent to Vendor
- Entrance conference with vendor
INSURANCE CONSULTING
(Broker of Record)
SERVICES

Procurement Process

March 2018
Procurement of Insurance and Insurance Consulting Services
It is a widely known fact that the procurement of insurance coverage and insurance consulting services is an “Exception to Advertising” for bids pursuant to N.J.S.A. 18A:18A-5 (a) et seq. Some purchasing officials have read this “exception” and have determined they do not have to go out to bid and furthermore, can award a contract for insurance without any competition.

A closer look at the law is required!


“Insurance, including the purchase of insurance coverage and consultant services, which exception shall be in accordance with the requirements for extraordinary unspecifiable services.” (EUS)

Yes, the procurement of insurance coverage and insurance consulting services is indeed an exception to advertising for bidding; however, there still must be a competitive procurement process. What is that process?

Procurement Process:
Extraordinary Unspecifiable Services — EUS

It is quite clear by reviewing the law, the Division of Local Government Services Local Finance Notice—AU 2002-2 and the OFAC reversal decision of the Deptford Township Schools case and the West New York School District case, that the procurement of insurance coverage and insurance consulting services meets the test of using the EUS method of procurement.

I provide to your some guidance when procuring Insurance Broker of Record services through the EUS procurement process.

Extraordinary Unspecifiable Services (EUS) Procurement Process
When using the EUS procurement process please note the following:

1. Solicitation of Quotations—EUS
   N.J.A.C. 5:34-2.3 (a) clearly states that if the estimated costs exceeds the 15% of the bid threshold, quotations as to the cost or prices must be solicited by the contracting agent.
The code notes that the contract shall be awarded in accordance with N.J.S.A. 18A:18A-37 (a)

   A review of the law will note the following:
   
   a. The Purchasing Agent shall solicit at least two (2) competitive quotations if practicable.

   b. The award shall be made to the vendor whose response is most advantageous, price and other factors considered.

3. **Simple Quotation or Request for Proposal?**
   It appears by reviewing the law, that a simple quotation process is acceptable. With that being said, it may be in the best interests of the school district to use the Request for Proposal (RFP) method. Why?

4. **RFP: The Request for Proposal Method**
   The RFP method, when prepared using the guidance of the NJ State Comptroller—*Best Practices for Awarding Service Contracts*, permits the school district to award the contract, based upon a model evaluation criteria of
   
   a. Technical criteria;
   b. Management criteria; and
   c. Cost criteria

   It appears, that by using the above model evaluation criteria found in N.J.A.C. 5:34-4.2 (a), the price and other factors test outlined in N.J.S.A. 18A:18-37 (a) would be satisfied.

**Recommendation—Use the EUS/Request for Proposal (RFP) Method—EUS/RFP**

It is my recommendation, in the particular case of procuring the services of an Insurance Broker of Record, that school districts use the EUS/RFP method of procurement. It will allow for more latitude by the school district when selecting an Insurance Broker of Record. I have used this EUS/RFP method in Passaic for many years with much success.

**EUS Procurement Process—we are not finished!**
1. **Certification Required—Prior to Award of Contract**
   The designated administrative official (School Business Administrative) shall file with the Board of Education prior to the award of contract, the following document:

   *Standard Certification Declaration for an Extraordinary Unspecifiable Service*

   This document may be found on the NJ Division of Local Government Services website or at the end of Local Finance Notice AU 2002-02. Reference—N.J.A.C. 5:34-2.3 (b)

2. **Board Resolution Required**
   a. **Contracts less than the bid threshold**
      A board resolution is not required by law, however, in the sensitive case of insurance services, it is strongly recommended that a resolution be prepared and adopted by the board of education.

   b. **Contracts exceeding the bid threshold**
      A board resolution is required.

3. **Public Notice Required**
   A notice of award of contract procured through the EUS process must be published in an official newspaper no later than 20 days after the passage of the board resolution. The notice of award shall be prepared in accordance with the guidelines as established in Local Finance Notice 2010-3 (Page 2—Letter A)

   **James Shoop**
   March 2018
You are Being Watched!

Purchasing involves financial transactions and if there is one truism in the Business Office this is it:

“All financial transactions are subject to auditor review!”

Audits You May Meet in the Purchasing Process

A. Affirmative Action—NJ Department of the Treasury—EEO/AA
   Public Agency Guidelines—January 2016

B. Annual Audit Program--NJDOE
   Section I, Chapter 5 Bids & Contracting/Purchasing

C. Federal Fiscal Monitoring—USDE and NJDOE
   Consolidated Monitoring Reports

D. Independent Audit Accountability Regulations—N.J.A.C. 6A:23A-5.5

E. Local Agency Procurement Review—USDA & NJ Division Food and Nutrition

F. NJDOE Select Abbott Audits
   KPMG/WISS Audits

G. Office of Fiscal Accountability and Compliance (OFAC)--NJDOE
   Public School Contracts Law Compliance Review—Investigation Unit
You are Being Watched!

H. Office of the State Auditor-- New Jersey State Legislature

I. Office of the State Comptroller (OSC)—New Jersey

J. State Commission of Investigation (SCI)—New Jersey

K. NJDOE Commissioner’s Compliance Audit

Newspaper Articles

A. Fraud in New Jersey Public Schools

B. Purchasing Practices Gone Bad in New Jersey Public Schools
Affirmative Action

Public Agency Guidance
Purchasing and Audits
Affirmative Action—Public Agency Guidance


Audit of District’s Contract Compliance—page 4
The EEO/AA Contract compliance unit may review (audit) a public agency contracting process to ensure compliance with EEO/AA requirements.

Satisfactory—Agency maintains its compliance

Unsatisfactory
Corrections to be made
Penalties assessed
Refer to Attorney General

Requirements of Public Agency—pages 5-7

- Appoint Public Agency Compliance Officer (P.A.C.O.) Section 2.1
- Mandatory Bid Advertisement Language Section 2.2

“Bidders are required to comply with the requirements of N.J.S.A. 10:5-31 et seq., and N.J.A.C. 17:27 et seq.”

- Mandatory Contract Language section 2.3

  Exhibit A—Goods, Services and Professional Services—page 11-12
  Exhibit B—Construction Contracts—pages 13-16

- Affirmative Action Evidence Section 2.4

Goods, Services and Professional Services
Public Agency is to receive evidence. Common evidence is the Certificate of Employee Information Report—Affirmative Action Certificate; Form AA302

Construction Contracts
Public Agency shall receive from the contractor a completed Initial Project Workforce Report—AA201 and monthly thereafter, Form AA202.
Purchasing and Audits
Affirmative Action—Public Agency Guidance

Public Agency Sanctions and Penalties—page 8-9

Section 2.9

- Failure to include mandatory language in bids, advertisements, contracts or specifications; (Including Exhibit A or Exhibit B)

- Failure to obtain affirmative action evidence from vendor/contractor;

- Failure to submit the Public Agency Compliance Officer (P.A.C.O.) Letter or to notify the Division of changes in P.A.C.O. designation;

- Failure to cooperate fully with the Division in the establishment and implementation of guidelines for determining whether a vendor or contractor has failed to provide equal employment opportunity in the hiring of minorities and women for public contracts;

If the Director finds that a Public Agency has violated the Act or regulations, the Treasurer is authorized to assess and collect fines in the amounts and time frames as follows:

**First Violation** – $250.00 per day for each violation during which the violation continues;

**Second Violation** – not more than $500.00 per day for each violation during which the violation continues; and

**Third and Subsequent Violations** – not less than $500.00 per day for each violation but not more than $1,000.00 per day for each violation.
Annual Audit

Purchasing
Purchasing and Audits
Annual Audit and Purchasing

Annual Audit Program Checklist

Section I—General Compliance—Chapter 5

Bid Threshold Resolution
It is suggested the resolution adopted by the board of education setting the bid threshold for the district be available for auditor review.

Bid Threshold Review—Exceeding the Bid Threshold
Auditors review vendor printouts to determine what contracts have exceeded the bid threshold. From this list auditors select various contracts as a test for their audit. Purchasing agents are then to explain the procurement process used to obtain the selected vendor contracts.

Bids
Some of the documents that are reviewed by auditors are
- Bid advertisement—from newspaper
- Board resolution awarding contract
- Bid sheets from all vendors
- Purchase orders that support the bid
- Statement of Ownership Form
- NJ Business Registration Certificate
- Other documents when so requested

Authorizing Award of Contracts—Board Resolution
It is suggested that resolution authorizing the School Business Administrator to award contracts less than the bid threshold be available for auditor review.

The Board of Education, pursuant to N.J.S.A. 18A:18A-3(a), designates ____________________, School Business Administrator, Board Secretary, as the Purchasing Agent for the Board of Education and authorizes him to award contracts, in full accordance with the law, for purchases that do not exceed in the aggregate in a contract year the total sum of $40,000.00 (bid threshold) without public advertising for bids. Furthermore, _______________ is authorized to solicit competitive quotations pursuant to N.J.S.A. 18A:18A-37(a) and to award contracts pursuant to N.J.S.A. 18A:18A-37(c). In absence or unavailability of the Purchasing Agent, the board hereby authorizes NAME OF PERSON, TITLE, to award contracts pursuant to N.J.S.A. 18A:18A-3(a).
Purchasing and Audits
Annual Audit and Purchasing

Purchasing Manual and Standard Operating Procedures for Purchasing
Purchasing agents should present to the auditor a current copy of the districts’ Purchasing Manual and/Standard Operating Procedures for purchasing, when requested.

Public Notices
Purchasing agents should have all public notices pertaining to purchasing available for the auditor. Public notices should be prepared for the following purchases:

- Professional Services—Award of Contracts
- Competitive Contracting—Award of Contracts
- EUS Contracts—Award of Contracts

State Contract Resolutions
Purchasing agent should have readily available all board resolutions awarding contracts that were procured by the State of New Jersey—State Contracts.

Travel Purchases Orders–Reimbursements
Purchasing agents should have travel folders with documents that support the travel reimbursement. The documents should be the following:

- Documentation of Approval—Superintendent
- Documentation of Approval—Board of Education Resolution—if necessary
- Receipts
- Travel Report
- Personal Vehicle Documentation—Registration and Insurance
Purchasing and Audits
Annual Audit and Purchasing

Other Auditor Review Items
Based upon your experiences, what are some of the other items requested in an annual audit of purchasing pursuant to Section I—General Compliance, Chapter 5, Bids, Contracts and Purchasing?

Credit Cards
Neither boards of education/board of trustees nor district/charter schools/renaissance school project officials may use credit cards for the purchase of goods and services.

Statutory requirements direct how boards of education/board of trustees may purchase goods and services and establish the procedures to follow in paying for the purchase of goods and services.

Purchases made by boards of education/charter school board of trustees must comply with N.J.S.A. 18A:18A-1 et seq., the Public School Contracts Law. The payment of claims by a board of education/board of trustees must also comply with N.J.S.A. 18A:19-1 et seq., “Expenditure of Funds; Audit and Payment of Claims.” These regulations are intended to ensure that competitive bidding procedures are followed and certifications regarding the authenticity of claims are received.

Pursuant to N.J.S.A. 18A:19-13 and N.J.A.C. 6A:23A-16.8, a board of education/board of trustees may establish a petty cash fund on July 1 of each year, or as needed, for the purpose of making immediate payments of comparatively small amounts. Large purchases should be made through the contractual order system.
Federal
Fiscal Monitoring
Federal Fiscal Monitoring

Monitoring of Federal Grants--ESSA
The New Jersey Department of Education through the Office of Grants Management and the Office of Fiscal Accountability and Compliance, monitors and reports on school districts and their expenditures of federal grant funds.

The NJDOE monitors and reports on the following federal grants in accordance with the Every Student Succeeds Act (ESSA)

- Title I, Part A—Improving Basic Programs Operated by LEA’s
- Title II, Part A—Supporting Effective Instruction (Educators)
- Title III, Part A—English Language Acquisition, Language Enhancement and Academic Achievement
- Title IV, Part A—Student Support and Academic Enrichment Grants (Programs)
- I.D.E.A.—Individuals with Disabilities Education Act
- Perkins—Carl D. Perkins Vocational and Technical Educational Improvement Act

Consolidated Monitoring Reports
On an annual basis, the NJDOE selects about twenty-five to fifty (25-50) school districts and sends in a monitoring team to review federal grant expenditures. The NJDOE issues a report complete with findings and recommendations. Each district has to prepare a Corrective Action Plan.

The Consolidated Monitoring Reports are public information and may be found through the noted link:

Federal Fiscal Monitoring

Recommendation—Review Consolidated Monitoring Reports
It is recommended that School Business Administrators review Consolidated Monitoring Reports to understand what findings school districts received. The SBA should then review his current expenditure procedures to ensure compliance.

Major Findings—Consolidated Monitoring Reports

- Confirming purchases
- Failure to have a Debarred Vendors Policy
- Failure to quote for purchases over $3,500
- Failure to bid or issue proposals—professional services contracts
- Using State Contract Vendors as sole cost evaluation
- Failure to include Stevens Amendment language

Resources

- NJ Department of Education—New Uniform Grant Guidance Web Page
  [http://www.state.nj.us/education/grants/ugg/](http://www.state.nj.us/education/grants/ugg/)
- U.S. Department of Education—Uniform Grant Guidance Web Page
- Federal Procurement Highlights—Mr. James Shoop—January 2017
- Federal Contracts Certifications—Mr. James Shoop—January 2018
Independent Audit

Accountability Regulations

N.J.A.C. 6A:23A-5.5
Independent Audit—Accountability Regulations

N.J.A.C. 6A:23A-5.5—Expenditure and Internal Control Auditing
School districts that receive over **50% of state aid** in their general fund budget, pursuant to a schedule determined by the Commissioner, shall engage an accountant or auditing firm (other than the present one for the district) to conduct a “sampling of expenditures made” to determine the

“**the educational value and/or reasonableness of the said expenditures.**”

Recommendation—Monitor Expenditures
It is recommended that all district expenditures be monitored to ensure compliance with law and code and further ensure the educational or operation value of the expenditure.

**MEALS; REFRESHMENTS; CATERING**

The State of New Jersey Department of Education has provided guidance to school districts through Administrative Code N.J.A.C. 6A:23A-5.8 on board expenditures for meals and refreshments.

The expenditure of public funds for meals and refreshments may be used for the following:

Permitted Activities for Meals; Refreshments; Catering

- **Student Activities**
  Reasonable costs for light meals and refreshments directly related to activities that benefit students and are part of the instructional program are permissible. These activities must be part of the instructional program and not solely for student entertainment.

- **Parent Activities**
  Reasonable costs* for light meals and refreshments for parent activities are permissible. It is expected that expenditures for this purpose will be minimal and infrequent—State code.
Permitted Activities for Meals; Refreshments; Catering

- **Dignitaries**
  Reasonable costs* for light meals and refreshments for dignitaries as defined in State code, are permissible.

- **Board Member Meetings -- N.J.A.C. 6A:23A-7.12(f)**
  Light meals and refreshments* are permitted for all board members and for employees who are required to attend a board of education meeting.

  *Please note that costs for light meals and refreshments are limited as follows:
  - Breakfast $ 7.00 per person
  - Lunch $ 10.00 per person
  - Dinner $ 15.00 per person

(NJ OMB Circular 16-11 OMB Section XI—Letter J)

Documentation Required—Light Meals and Refreshments

Documentation must be provided to support expenditures for light meals and refreshments. The following information is to be provided

- Description of the activity;
- Purpose/justification of the activity; goal; objectives;
- Make-up of the group receiving the meals; and
- Names of employees and board members included in the group.

Prohibited Activities—Meals and Refreshments

- **Athletic Activities**
  Light meals and refreshments served to guests at any athletic event, game or contest are not permitted.

- **Staff and Employees of the School District**
  Light meals and refreshments are not permitted for employees and staff of a school district, unless the staff member or employee is essential to a student activity where light meals or refreshments are being served. (N.J.A.C. 6A:23A-7.12 (d); 6A:23A-5.8 (b) (4).
• **Honoring Employees**
  Receptions, dinners or other social functions held for or honoring any employee or group of employees are not permitted when public funds are being used.

**PERMITTED AND NON-ESSENTIAL PURCHASES**

**Permitted Purchases**

• **Commencement; Convocation Activities**
  All reasonable costs for commencement; convocation activities are permitted.

• **Field Trips / Extracurricular Activities**
  All field trips using public funds (purchase order) shall be part of the instructional program, have an educational value and shall be reasonable in cost. Field trips solely for student entertainment are prohibited when using public funds. A board resolution approving the field trip must be attached to the purchase order.

**Just a Reminder! New Jersey State Law—Field Trips**

18A:36-21—Field trips; costs to be borne by parents or guardians, exceptions, financial hardship;
Any board of education may authorize field trips for which all or part of the costs are borne by the pupils’ parents or legal guardians, with the exception of pupils in special education classes and pupils with financial hardship. In determining financial hardship the criteria shall be the same as the statewide eligibility standards for free and reduced price meals under the State school lunch program.

• **Library Books; Magazines, Videos/DVD’s/CD’s**
  All library books; magazines and multi-media presentation materials shall be for educational or operational purposes.

• **T-Shirts**
  The Assistant Superintendent will consider, on a case by case basis, requests for the purchase of T-Shirts. It is strongly encouraged that purchases of T-Shirts be made through the appropriate student activity account.
United States
And
New Jersey

Department of Agriculture

Food Services

Local Agency Procurement Review
Food Services--Local Agency Procurement Review

The United States Department of Agriculture and the New Jersey Department of Agriculture, Division of Food and Nutrition, announced in January 2017 that school districts in New Jersey shall be subject to a Food Services Local Agency Procurement Review.

The Division of Food and Nutrition in conducting its review will determine if the school food authority (SFA) when procuring goods and services for food services, was in compliance with Federal procurement rules 2 CFR 200.317 et seq., and other federal and state procedures. Did the SFA use the following procurement methods for each purchase?

- Micro-purchases
- Small purchase procedures
- Sealed bids
- Competitive proposals
- Non-competitive procedures

The Division of Food and Nutrition shall also conduct a procurement review of all Food Services Management Company contracts and the procurement practices used by the FSMC.

The USDA and the NJDOA have instituted a new audit called the Local Agency Procurement Review. One day the USDA and NJDOA will stop in your school district and do an audit on how a school district purchases goods and services just for the Food Services Department.

Both government agencies want the purchases to comply with the New Jersey Public School Contracts Law and the new Federal Procurement Regulations 2 CFR 200.317 et seq.
Food Services--Local Agency Procurement Review

Guidance to School Districts
School districts are required to comply with the new Federal regulations on purchasing. To assist school districts, the USDA and the NJDOA have issued seven (7) documents for SBA’s to read, learn and utilize. They are as follows:

- Form #325—Code of Conduct and Procurement Procedure Checklist
- Form #326—Sample Procurement Procedures for School Authorities
- Form #327—Sample Code of Conduct for Food Procurement
- Form #331—Informal Procurement Log
- Form #358—Federal Funds Procurement Method Selection Chart
- USDA Memo—Buy American
- August 15, 2017—Webinar of Food Services Procurement
- August 30, 2017—Memo NJDOA Federal Procurement Requirements

Finally all School Business Administrators have to comply with Federal Procurement Regulations 2 CFR 200.318 et seq.

Final Note

Navigation the Uniform Grant Guidance

All School Business Administrators should become familiar with the following guidance as found on the NJDOE website:

http://www.state.nj.us/education/grants/ugg/
Select Abbott District Audits

NJDOE 2007-2008
Select Abbott District Audits—NJDOE—2007-2008

**Abbott School Audits—2007-2008**
In 2007, the NJDOE entered into a contract with KPMG, a professional firm, to conduct an audit of the Passaic Public Schools. This was part of a statewide audit of all Abbott School Districts. Part of the scope of the audit was to review expenditures of the school district over a two (2) year period.

**Analysis of Expenditures**
The NJDOE asked KPMG to determine whether the expenditures were reasonable and if the expenditures were of an educational or operational value. Could they be linked to a district initiative or program? KPMG also had to determine if the expenditures were efficient or excessive.

**KPMG Activity—March 2007 through June 2007**
KPMG over a four (4) month period reviewed 1808 individual purchase orders with me. They asked the following questions:

- Why did you buy this?
- What is the educational value or operational value of the purchase?
- How did this purchase benefit the students?
- What district program was linked to the purchase?
- Then KPMG made their own determination whether the purchase was inefficient or excessive.

In many cases we had to call district administrators at their offices or even at home to obtain the rationale of the purchase. I could not provide many of the answers as my job was to ensure the purchases were in compliance with the Public School Contracts Law.
Results of the Audit—Part 1

KPMG placed the expenditures into three (3) categories

- **Reasonable**—expenditure supports the educational or operational activities of the district.
- **Discretionary**—expenditures were not of educational value or they appeared to be excessive.
- **Inconclusive**—expenditures appeared to be reasonable, however the purchases may appear to be excessive.

Summary of Purchases—total purchase orders reviewed, 1808 PO’s

<table>
<thead>
<tr>
<th>Number of Purchase Orders</th>
<th>Value of Purchases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reasonable 1701</td>
<td>$9,608,000</td>
</tr>
<tr>
<td>Discretionary 23</td>
<td>26,000</td>
</tr>
<tr>
<td>Inconclusive 84</td>
<td>229,000</td>
</tr>
</tbody>
</table>

Results of the Audit—Part 2

The school district instituted the requirement of the Purchase Order Rationale Form. District administrators and school principals who recommend purchases now had to explain in writing, the **educational** or **operational need** for the purchases.

Administrators now had to justify the need for the purchase and if so required, explain the purchase at a board or education meeting. A rationale form was prepared and instructions on the use of the form were provided to all.
Select Abbott District Audits—NJDOE—2007-2008

It could happen to you!
N.J.A.C. 6A:23A-5.1—Order to Show Cause to Withhold or Recover State Aid due to

- Excessive
- Unreasonable
- Ineffective or
- Inefficient expenditures

“If the Department of Education identifies ineffective or inefficient expenditures... the Commissioner shall... provide the school district the opportunity to be heard as to why the amount of the ineffective or inefficient expenditures shall not be withheld from State aid or refunded to the Department.” N.J.A.C. 6A:23A-5.1 (a)

At any time the NJDOE may conduct an audit to determine if a school district’s expenditures are excessive, unreasonable, ineffective or inefficient and if identified so; may withhold state aid.

Recommendation—Institute the Purchase Order Rational Form
A Purchase Order Rationale Form shall be attached to the top of each purchase order submitted to the __________________. This form asks for a written explanation as to the educational or operational need for the purchase.

Administrators who submit purchase orders have to put in writing why the purchase is essential to the school district. Administrators who sign off on purchase orders will now have to provide explanations on the following:

- How students will learn or benefit from the purchase?
- What educational achievement or program may be linked to the purchase?
- How is the purchase of operational value to your school/office?
- Are the goods/services purchased useful for the long term rather than immediate need?
- Have inventories been checked to determine whether there is a real need for the purchase?

Administrators will now have to justify the need for the purchase and if so required, explain the need at a Board of Education meeting.
ANYTOWN BOARD OF EDUCATION

Purchase Order Rationale Form

A. Educational Rationale

As a result of this purchase, please explain what will students learn or how students will benefit. Note any educational achievement or program that may be linked to this purchase.

__________________________________________________________

__________________________________________________________

B. Operational Rationale

Provide a brief explanation how this purchase is of operational value to your school/office. Note any particular benefits to the district. Explain whether any goods/services are being utilized on a regular basis and whether they are useful on a long term basis.

__________________________________________________________

__________________________________________________________

C. Light Meals; Refreshments—Student or Parent Activities -- N.J.A.C. 6A:23A-5.8(e)

Provide a description and purpose of student or parent activity. Document the makeup of the group participating. Attach a list of employees or board members included in the group. (Use back if necessary).

__________________________________________________________________________________________

__________________________________________________________________________________________

Name of School/Office______________________________________________________________

Administrator/Supervisor____________________________________________________________

Signature:_________________________________________ Date ____________________________

Name of Vendor______________________________________________________________

Amount $ ___________________ Account # ____________________________________________

________________________________________________________________________________________

_________ Approved ___________ Not Approved

Other:__________________________________________________________________________________________

__________________________________________________________________________________________

_________________________________________ Date ____________ ____________________________

Superintendent of Schools/Desigenee School Business Administrator/Desigenee

Please attach the Rationale Form to the front of the Purchase Order (Requisition Form) – One Form Per Purchase Order (Requisition Form). – Original signature required (Blue Ink)
NJDOE

Office of Fiscal Accountability
And
Compliance

OFAC
Office of Fiscal Accountability and Compliance

The Office of Fiscal Accountability and Compliance acts on the Commissioner's behalf in the receipt, exchange, review and investigation of information relevant to the efficient supervision of all schools of the state receiving support or aid from federal and state appropriations in accordance with N.J.S.A. 18A:4-23. The office is responsible for all investigative and many auditing functions conducted by the Department, as well as criminal background checks of applicants for positions in New Jersey schools. The office also coordinates school preparedness and emergency planning of all schools.

NJDOE Website—April 2017

Public School Contracts Law Compliance Review
OFAC conducts Public School Contracts Law compliance reviews of school districts in New Jersey. The compliance review and findings have to be accepted by a board of education and then the board has to develop a corrective action plan.

The review and corrective action plan has to be reviewed at a public meeting and they become public records. In some cases, the OFAC recommends to the Commissioner of Education to “fine” the school district and withhold the monetary “fine” amount in the following year’s State Aid to the district.

Noted Cases Resulting in Fines
- Failure to bid
- Improper change orders
- Improper award of contracts
- Breaking the bidding laws
- Improper classification—professional services contract

Celebrated Case—Happy Ending!
NJ OFAC Case #043-14—Deptford Township Board of Education
Insurance Broker of Record Procurement
Based on the review conducted, the OFAC has determined the solicitation and award of contract for health insurance broker was not in conformance with the Public School Contracts Law, given the definition of “Professional Services” under N.J.S.A. 18A:18A-2 (h) of the PSCL.

The OFAC recommended that the NJDOE recover over $31,000 for the PSCL violations. August 2014
Local Board Did Not Err in Awarding Insurance Contract
In a recent decision, the state Office of Fiscal Accountability and Compliance (OFAC) determined that the Deptford Township Board of Education did not err when it awarded a contract for health insurance benefits broker services without advertising.

In reversing its initial August 2014 determination, OFAC clarified that insurance services, including brokerage or consultant services, are properly considered an extraordinary unspecifiable service as set forth in the Public School Contracts Law, and are exempt from public advertising requirements. In light of that determination, OFAC waived the recovery of $31,857.84 in state aid. December 2015

Review OFAC Power Point
Office of the State Auditor

The Office of the State Auditor provides independent, unbiased, timely, and relevant information to the Legislature, agency management, and the citizens of New Jersey that can be used to improve the operations and accountability of public entities. In addition, the State Auditor provides assurances on the state’s financial statements annually.

School District Audits

N.J.S.A. 18A:7F-6d authorizes the Office of the State Auditor to audit the accounts and financial transactions of any school district in which the state aid equals 80 percent or more of its net budget for the year. In addition, in accordance with N.J.S.A. 18A:7A-57, the State Auditor is authorized to perform a forensic audit of school districts with a general fund deficit and meeting additional specific criteria as stated in the statute

New Jersey State Legislature Website—April 2017

Education Audits on the Website of the Office of the State Auditor

- Asbury Park Board of Education
  - issued December 27, 1999 pdf
  - issued March 21, 2002 pdf
- Asbury Park School District
  - issued April 18, 2011 pdf
- Beverly City School District - issued September 27, 2007 pdf
- Borough of Audubon Park Board of Education - issued April 26, 2000 pdf
- Bridgeton Board of Education
  - issued November 16, 1999 pdf
  - issued September 6, 2002 pdf
- City of Camden Board of Education
  - issued August 9, 1999 pdf
  - issued November 21, 2000 pdf
  - issued January 20, 2005 pdf
  - Early Childhood Education Program - issued July 24, 2003 pdf
- City of Camden School District - issued July 8, 2009 pdf
- City of East Orange Board of Education
  - issued April 20, 2000 pdf
  - issued June 16, 2003 pdf
Education Audits on the Website of the Office of the State Auditor

- City of Millville Board of Education
  - issued September 28, 1999 pdf
  - issued January 24, 2001 pdf
  - Early Childhood Education Program - issued December 12, 2002 pdf
- City of Newark School District - issued May 15, 2000 pdf
- City of Newark School District - Food Services - issued December 27, 2000 pdf
- New Brunswick School District - issued April 18, 2006 pdf
- City of Orange Township Board of Education - issued November 5, 2001 pdf
- City of Passaic Board of Education
  - issued March 28, 2000 pdf
  - issued May 27, 2003 pdf
- City of Paterson Board of Education
  - issued December 22, 1999 pdf
  - issued August 27, 2003 pdf
- Town of Phillipsburg School District
  - issued April 14, 2010 pdf
- City of Vineland Board of Education - Early Childhood Education Program
  - issued October 24, 2002 pdf
- City of Vineland Public Schools - issued April 18, 2000 pdf
- Commercial Township Board of Education
  - issued April 29, 1999 pdf
  - issued June 7, 2000 pdf
- Elizabeth Board of Education
  - issued June 19, 2002 pdf
  - issued November 4, 2010 pdf
- Elmwood Park School District
  - issued June 26, 2014 pdf
- Essex County Vocational Schools (Forensic) - issued December 27, 2007 pdf
- Essex County Vocational Schools (Regular) - issued December 27, 2007 pdf
- Fairfield Township Board of Education - issued March 24, 1999 pdf
- Gloucester City Board of Education
  - issued July 28, 2000 pdf
  - issued June 10, 2002 pdf
- Keansburg Borough Board of Education - issued October 27, 1999 pdf
- Hi-Nella School District
  - issued June 21, 2016 pdf
- Hudson County Schools of Technology - issued December 29, 2014 pdf
- Lakewood Township School District
  - issued June 2, 2010 pdf
  - issued August 26, 2014 pdf
Education Audits on the Website of the Office of the State Auditor

- Newark Public Schools - issued February 11, 2003 pdf
- North Hanover Board of Education - issued November 16, 2001 pdf
- Pemberton Township Board of Education - issued August 27, 1999 pdf
- Perth Amboy Board of Education - issued December 4, 2001 pdf
- Plainfield Board of Education - issued June 9, 2004 pdf
- Pleasantville Board of Education
  - issued September 8, 1999 pdf
  - issued September 26, 2000 pdf
  - Early Childhood Education Program - issued March 20, 2003 pdf
  - issued August 26, 2013 pdf
- Salem Board of Education - issued October 2, 2002 pdf
- Salem City Board of Education - issued April 20, 2000 pdf
- Town of Hammonton School District - issued March 5, 2008 pdf
- Town of West New York Board of Education - issued May 23, 2001 pdf
- Township of Irvington Board of Education - issued March 28, 2000 pdf
- Trenton Board of Education
  - issued December 17, 1999 pdf
  - issued February 21, 2002 pdf
  - issued January 17, 2003 pdf
  - issued July 13, 2010 pdf
- Union City Board of Education - issued June 2, 2000 pdf
- Willingboro Township School District - issued June 8, 2007 pdf
- Borough of Woodbine School District - issued January 20, 2009 pdf
- Woodbine School District - issued November 30, 2016 pdf
New Jersey Office of the State Comptroller

The Office of the New Jersey State Comptroller is an independent office created to bring greater efficiency and transparency to the operation of all levels of New Jersey's government.

The office audits government finances, reviews the performance of government programs and examines government contracts. It is responsible for conducting audits of the executive branch of state government, public institutions of higher education, independent state authorities and local governments and boards of education. The office also is responsible for the oversight of Medicaid funds and acts to detect and recover funds that are improperly expended.

What the office does:

- Audits government finances
- Examines efficiency of government programs
- Scrutinizes government contracts
- Investigates and uncovers misconduct, waste and abuse at all levels of New Jersey Government and within New Jersey's Medicaid program.

Office of the State Comptroller Website April 2017

NJASBO Presentation—September 2017
The Office of the State Comptroller made a presentation to the NJASBO membership on the workings of the Office of the State Comptroller.

NJASBO Website

New Jersey Office of the State Comptroller

Guidance and Reports
The Office of the State Comptroller provides guidance to state and local agencies and issues reports with findings. Among those of interest found on the OSC website are:

Report--Best Practices for Awarding Service Contracts
Report - An Analysis of Legal Fees Paid by New Jersey Local Governments
Report - Selection and Use of Audit Firms by New Jersey Government Units

Compliance Information--Procurement

In accordance with N.J.S.A 52:15C-10, contracting units must notify OSC as early as practicable, but no later than 30 days before advertisement, of any negotiation or solicitation of a contract that may exceed $10 million.

Contracting units must also provide post-award notification for any contract for an amount exceeding $2 million. Notification must be given within 20 days of the award.

Compliance Guidance Forms--Website

Pre-Advertisement Notice for Contracts $10 million or more

Post-Award Notice for Contracts $10 million or more

Post-Award Notice for Contracts $2 million but less than $10 million

Pre-Advertisement Notice for Contracts Subject to EO 125 Review

Post-Award Notice of Contracts Reviewed Under EO 125

Post-Award Notice for Emergency Contracts Valued at More than $2 Million

More Information About the Office of the State Comptroller

Office-of-State-Comptroller
New Jersey

State Commission of Investigation

SCI
New Jersey State Commission of Investigation

The State Commission of Investigation was created in 1968 by the New Jersey Legislature. The Commission was given the responsibility to conduct investigations in connection with:

a. The faithful execution and effective enforcement of the laws of the State, with particular reference but not limited to organized crime and racketeering;

b. The conduct of public officers and public employees, and of officers and employees of public corporations and authorities; and

c. Any matter concerning the public peace, public safety and public justice.

The SCI is an independent fact-finding agency whose mission is to investigate waste, fraud and abuse of government tax dollars. It is empowered to monitor and assess the threat posed by organized crime and to recommend new laws and other systemic remedies to protect the integrity of the governmental process on behalf of the citizens of New Jersey.

The Commission is required by law to pursue these investigations beyond the sphere of political influence or favoritism. The law requires the SCI's findings to be made public through written reports and/or public hearings.

Select Reports Found on the Website

- 2010 SCI Finds Waste, Lack of Internal Controls at NJSIAA
- 2009 Waste and Abuse in Local Government Employee Compensation and Benefits
- 2006 Taxpayers Beware: What You Don't Know Can Cost You
- 2000 Public School Roofing Projects
- 1997 New Jersey School Busing Industry
- 1995 School District
- 1994 School District
- 1993 Passaic High School Print Shop
- 1993 Quality Education Money School District
- 1992 Local Government Corruption Overview
New Jersey State Commission of Investigation

Select Reports Found on the Website (continued)

- 1988-90 New Jersey School Boards Association
- 1984 Excessive Spending and Near-Insolvency of School District
- 1984 Misconduct and Inappropriate Controls in the School Security
- 1973-74 County vocational-Technical School: Misuse of Funds and U.S. Surplus Property
NJDOE
COMMISSIONER’S
COMPLIANCE AUDIT
The Commissioner may appoint an external entity to perform a compliance audit of a school district's general fund spending upon identification that the school district may be spending State education funds for purposes that are not in compliance with State education laws and regulations.

N.J.A.C. 6A:23A-4.1(b), the final report shall include, as applicable:

1. Specific findings of:
   i. Spending that was not in compliance with Federal and State law and regulations;
   ii. Procedural noncompliance with Federal and State law and regulations;
   iii. Noncompliance with GAAP and/or generally accepted business practices;
   iv. Weaknesses in the system of internal controls; and
   v. Questionable or inefficient spending practices;

2. The cause of each finding;
3. Specific corrective recommendations; and
4. The school district response to each finding and recommendation.

(c) The Commissioner may use the audit report as evidence for the appointment of a State monitor pursuant to N.J.S.A. 18A:7A-55.

(d) The school district shall reimburse the Department the total cost of the compliance audit if the audit determined State aid spending was not in compliance with State education law and regulation.
Newspaper Articles
## PURCHASING PROCEDURES VIOLATIONS

### BIDDING

<table>
<thead>
<tr>
<th>Date</th>
<th>Headline</th>
<th>County/Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 20, 2011</td>
<td><strong>Failure to Solicit Bids</strong>&lt;br&gt;A school district was charged for failing to solicit for bids for a job performed by the superintendent’s wife (publishing school newsletters and bulletins). The district was ordered to refund $22,600 (42%) of the $53,495 she had been paid since 2004.</td>
<td>Burlington</td>
</tr>
<tr>
<td>July 2014</td>
<td><strong>Failure to Comply with PSCL—SBA License Revoked</strong>&lt;br&gt;The NJ State Board of Examiners revoked the license of a SBA for failure to comply with the Public School Contracts Law.</td>
<td>Bergen</td>
</tr>
</tbody>
</table>

### CHANGE ORDERS

<table>
<thead>
<tr>
<th>Date</th>
<th>Headline</th>
<th>County</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 13, 2003</td>
<td><strong>Improper Change Orders</strong>&lt;br&gt;A school district in 2003, made change orders that circumvented the bidding statutes and regulations. State recently forgave $500,000.00 penalty. District had money left over from a stadium project. Decided to use funds to build a field house through a change order instead of advertising for bids.</td>
<td>Atlantic</td>
</tr>
<tr>
<td>February 12, 2009</td>
<td><strong>School District Violated Change Orders</strong>&lt;br&gt;A school district, through an investigation of the Office of Fiscal Accountability and Compliance Investigation, violated the change order process. The district awarded change orders in the amount of 46% over the contract amount. The limit for change orders is 20% of the award of contract.</td>
<td>Passaic</td>
</tr>
</tbody>
</table>

### IMPROPER AWARD OF CONTRACT; BIDDING VIOLATIONS

<table>
<thead>
<tr>
<th>Date</th>
<th>Headline</th>
<th>County</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 26, 2003</td>
<td><strong>Improper Award of Contract</strong>&lt;br&gt;School district charged by the State of New Jersey of improperly purchasing $760,000 worth of classroom trailers. The district had to pay a $125,000.00 fine. State aid withheld.</td>
<td>Warren</td>
</tr>
</tbody>
</table>
### Improper Award of Contract; Bidding Violations – (Continued)

<table>
<thead>
<tr>
<th>Date</th>
<th>Headline</th>
<th>County/Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 3, 2005</td>
<td>Improper Award of Contract</td>
<td>Burlington</td>
</tr>
<tr>
<td></td>
<td>A school district was fined $73,000.00 by the State Department of Education for improperly awarding a contract for a security system. State Law 18A:18A-5(c) says on a second bid if the price is too high, the district has to negotiate with all bidders to obtain a contract. The district chose one bidder and did not involve the other one.</td>
<td></td>
</tr>
<tr>
<td>October 3, 2002</td>
<td>Improper Award of Contract</td>
<td>Atlantic</td>
</tr>
<tr>
<td></td>
<td>A school district in 2002, wrongly rejected the lowest responsible bidder because the low bidder failed to submit a pre-qualification certificate with the bid package. Courts blasted the school district for its “abuse of discretion,” as the public did not receive the most economical results.</td>
<td></td>
</tr>
<tr>
<td>February 8, 2007</td>
<td>School District Broke Bidding Laws</td>
<td>Monmouth</td>
</tr>
<tr>
<td></td>
<td>State DOE determined that a school district circumvented the bidding laws by making computer purchases under the bid threshold from several companies that turned out to be one vendor. Over $283,000 of improper purchases were made. District lost $283,000.00 in state aid.</td>
<td></td>
</tr>
<tr>
<td>July 8, 2007</td>
<td>School District Breaks Bidding Laws — Not a State Contract Vendor</td>
<td>Mercer</td>
</tr>
<tr>
<td></td>
<td>State DOE determined that a school district violated bid thresholds when it purchased, in 2005, a Voice over Internet System. State fined the district $14,000.00. District purchased system assuming it was a New Jersey State Contract vendor.</td>
<td></td>
</tr>
<tr>
<td>June 8, 2006</td>
<td>School District Breaks Bidding Laws</td>
<td>Essex</td>
</tr>
<tr>
<td></td>
<td>State DOE determined that a school district violated New Jersey Public School Bidding Laws: Emergency Purchases Awarded contract to vendor – Improper Classification Ignored low bidder – gave contract to another company Assigned purchase orders after work was completed State withheld $750,000.00 State Aid.</td>
<td></td>
</tr>
<tr>
<td>July 1, 2007</td>
<td>District Fined $72,000 – Uses Taxi Cabs for Busing</td>
<td>Mercer</td>
</tr>
<tr>
<td></td>
<td>A school district fined $72,000 for not bidding for transportation and improper use of taxis to transport special education students.</td>
<td></td>
</tr>
</tbody>
</table>
### IMPROPER AWARD OF CONTRACT; BIDDING VIOLATIONS – (Continued)

<table>
<thead>
<tr>
<th>Date</th>
<th>Headline</th>
<th>County/Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>July, 2009</td>
<td><strong>School District Fined $18,000 – Failure to Bid</strong></td>
<td>Passaic</td>
</tr>
<tr>
<td></td>
<td>A school district was fined $18,000 for making expenditures in the aggregate exceeding the bid threshold but failing to advertise for bids.</td>
<td></td>
</tr>
<tr>
<td>October, 2016</td>
<td><strong>School District Fined $62,000</strong></td>
<td>Union</td>
</tr>
<tr>
<td></td>
<td>A school district was fined for not properly soliciting quotations for a number of years, pursuant to N.J.S.A. 18A:18A-37(a).</td>
<td></td>
</tr>
</tbody>
</table>

### NO-BID CONTRACTS

<table>
<thead>
<tr>
<th>Date</th>
<th>Headline</th>
<th>County/Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>August, 2012</td>
<td><strong>School District Fine – $29,000 – Failure to Bid</strong></td>
<td>Mercer</td>
</tr>
<tr>
<td></td>
<td>A school district purchased equipment ($72,000.00) by using competitive quotations when the district should have advertised for bids. District lost $29,000 in state aid.</td>
<td></td>
</tr>
<tr>
<td>September 26, 2003</td>
<td><strong>Awarding No-Bid Contracts</strong></td>
<td>Middlesex</td>
</tr>
<tr>
<td></td>
<td>A school district initially in 2002, was asked to refund $1.8 million because of awarding no-bid contracts for computer equipment, lockers, janitorial supplies, etc. In March 2004, State waived the “fine” of $1,000,000.00.</td>
<td></td>
</tr>
<tr>
<td>April 8, 2005</td>
<td><strong>No Contracts on File</strong></td>
<td>Passaic</td>
</tr>
<tr>
<td></td>
<td>A school district in 2000, issued over $600,000.00 in contracts to vendors for consulting services and has no written contracts on file and contracts were not advertised to bid.</td>
<td></td>
</tr>
</tbody>
</table>

### MISCELLANEOUS

<table>
<thead>
<tr>
<th>Date</th>
<th>Headline</th>
<th>County/Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 12, 2009</td>
<td><strong>Competitive Contracting</strong></td>
<td>Morris</td>
</tr>
<tr>
<td></td>
<td>School district fined $4,500 for purchasing a student software system without using the competitive contracting procurement process.</td>
<td></td>
</tr>
<tr>
<td>October, 2008</td>
<td><strong>Addendum Law – 7 Days</strong></td>
<td>Passaic</td>
</tr>
<tr>
<td>March, 2012</td>
<td></td>
<td>Camden</td>
</tr>
<tr>
<td>December, 2012</td>
<td></td>
<td>Essex</td>
</tr>
<tr>
<td>January 2017</td>
<td></td>
<td>Salem</td>
</tr>
<tr>
<td></td>
<td>School districts failed to comply with the seven (7) day law as it pertained to the issuance of addendum to bids.</td>
<td></td>
</tr>
</tbody>
</table>
## PROFESSIONAL SERVICES – IMPROPER CLASSIFICATION

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 10, 2009</td>
<td>Improper Award of Contract for Professional Services</td>
<td>Atlantic</td>
</tr>
<tr>
<td></td>
<td>Charter school found to improperly award contract for professional services to a building company. Charter school claimed that the contract was for professional architect and design services. Resolution failed to mention it was for professional services. Vendor not licensed to do architectural services in New Jersey. Charter school was fined $354,000.00</td>
<td></td>
</tr>
<tr>
<td>February 8, 2011</td>
<td>Improper Classification – Professional Services</td>
<td>Warren</td>
</tr>
<tr>
<td></td>
<td>School district found to violate bidding laws by improperly classifying a contract for Security Services as a professional services contract. OFAC says contract should have been advertised for bid. District fined $101,000.00. Loss of state aid.</td>
<td></td>
</tr>
<tr>
<td>August, 1999</td>
<td>Improper Classification</td>
<td>Ocean</td>
</tr>
<tr>
<td></td>
<td>School district fined $146,000 for improper classification of EUS – Transportation Study Professional Services Contract – Auctioneer</td>
<td></td>
</tr>
<tr>
<td>December, 2012</td>
<td>Improper Award of Contract – Professional Service</td>
<td>Union</td>
</tr>
<tr>
<td></td>
<td>School district fined $29,000 for awarding a professional service contract to a construction management company. State determined that company was not a registered architect or licensed engineering firm.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>School district was fined over $31,000 by the NJ DOE for improperly classifying a Broker of Record Insurance Contract as “professional services.” In the six (6) page report the OFAC recommended using the Competitive Contract procurement method for Broker of Record Services. <strong>November 2014—OFAC reverses decision—agrees with EUS procurement method for insurance.</strong></td>
<td></td>
</tr>
<tr>
<td>February 8, 2011</td>
<td>Improper Classification – Professional Services</td>
<td>Warren</td>
</tr>
<tr>
<td></td>
<td>School district found to violate bidding laws by improperly classifying a contract for Security Services as a professional services contract. OFAC says contract should have been advertised for bid. District fined $101,000.00. Loss of state aid.</td>
<td></td>
</tr>
<tr>
<td>August, 1999</td>
<td>Improper Classification</td>
<td>Ocean</td>
</tr>
<tr>
<td></td>
<td>School district fined $146,000 for improper classification of EUS – Transportation Study Professional Services Contract – Auctioneer</td>
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</tr>
</tbody>
</table>
### PROFESSIONAL SERVICES – IMPROPER CLASSIFICATION (continued)

<table>
<thead>
<tr>
<th>Date</th>
<th>Headline</th>
<th>County/Location</th>
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</thead>
<tbody>
<tr>
<td>December, 2012</td>
<td><strong>Improper Award of Contract – Professional Service</strong></td>
<td>Union</td>
</tr>
<tr>
<td></td>
<td>School district fined $29,000 for awarding a professional service contract to a construction management company. State determined that company was not a registered architect or licensed engineering firm.</td>
<td></td>
</tr>
<tr>
<td>September 3, 2014</td>
<td><strong>NJ DOE Fines School District Over Insurance Contract</strong></td>
<td>Gloucester</td>
</tr>
<tr>
<td></td>
<td>School district was fined over $31,000 by the NJ DOE for improperly classifying a Broker of Record Insurance Contract as “professional services.” In the six (6) page report the OFAC recommended using the Competitive Contract procurement method for Broker of Record Services. <strong>November 2014—OFAC reverses decision—agrees with EUS procurement method for insurance.</strong></td>
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</tbody>
</table>

### RENEWAL OF SERVICES

<table>
<thead>
<tr>
<th>Date</th>
<th>Headline</th>
<th>County/Location</th>
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</thead>
<tbody>
<tr>
<td>December 22, 2004</td>
<td>A school district in 2004, violated two state laws by improperly renewing a contract with an alarm system company and then having no written contract with the company. This issue surfaced when a candidate for office found out that the owner of the company went on golf trips with two board members and the School Business Administrator. No penalty assessed.</td>
<td>Morris</td>
</tr>
<tr>
<td>February 27, 2012</td>
<td><strong>School Board fined $326,000</strong></td>
<td>Essex</td>
</tr>
<tr>
<td></td>
<td>Contract given without bidding. Contract awarded in 2001 to construction management firm. After two (2) years the board kept using the company for over six (6) years without bidding.</td>
<td></td>
</tr>
</tbody>
</table>
Fraud
# FRAUD IN SCHOOL DISTRICTS

<table>
<thead>
<tr>
<th>Date</th>
<th>Headline</th>
<th>County</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 30, 1999</td>
<td>School Director Faces Tenure Charges Over Nepotism&lt;br&gt;A school administrator has tenure charges brought against her for hiring her husband’s company to do work for the district and also hiring her son’s company to do other work.. No work was done. In 2000 she was dismissed from her tenure position.</td>
<td>Passaic</td>
</tr>
<tr>
<td>September 11, 2001</td>
<td>Ex-School Official Gets Forty-Six (46) Months&lt;br&gt;The ex-School Business Administrator was sentenced to forty-six (46) months in prison for embezzling $1.7 million in district funds. He set up phony companies and prepared phony invoices. He also issued the checks himself.</td>
<td>Bergen</td>
</tr>
<tr>
<td>September 20, 2002</td>
<td>Former School Chief Admits Kickbacks&lt;br&gt;A school district Superintendent of Schools admitted to soliciting $3,500 in kickbacks from the district’s insurance broker. He received five (5) years probation and a $10,500 fine.</td>
<td>Middlesex</td>
</tr>
<tr>
<td>May 20, 2003</td>
<td>Ex-School Official Gets Probation on Thievery&lt;br&gt;School Business Administrator stole $41,000 in computer equipment. Police had to rent a truck to take away the equipment they found in his home.</td>
<td>Union</td>
</tr>
<tr>
<td>June 17, 2003</td>
<td>Ex-School Official Admits Illegally Steering Job Bids&lt;br&gt;School Treasurer admitted rigging a bid so that a relative would win the contract. Total amount of the Bid $11,500.</td>
<td>Burlington</td>
</tr>
<tr>
<td>August 27, 2003</td>
<td>Payroll Clerk Arrested&lt;br&gt;A payroll clerk for a regional high school was arrested for stealing over $600,000 from the district since 1984.</td>
<td>Sussex</td>
</tr>
<tr>
<td>December 18, 2003</td>
<td>School Business Administrator Indicted&lt;br&gt;School Business Administrator used district’s debit card to purchase personal items.</td>
<td>Camden</td>
</tr>
<tr>
<td>March 27, 2004</td>
<td>Ex-School Accountant Sentenced to eleven (11) years&lt;br&gt;A school district bookkeeper was sentenced to eleven (11) years in prison for stealing $146,541 from the district.</td>
<td>Morris</td>
</tr>
<tr>
<td>January 27, 2005</td>
<td>School Secretary Indicted in Theft&lt;br&gt;A school secretary was indicted in stealing $297.00 in Money orders and cashing them for her personal use.</td>
<td>Essex</td>
</tr>
<tr>
<td>Date</td>
<td>Headline</td>
<td>County</td>
</tr>
<tr>
<td>------------</td>
<td>-----------------------------------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>February 18, 2005</td>
<td><strong>Ex-School Supervisor Guilty in Bribe Case</strong>&lt;br&gt;The school district’s maintenance supervisor pleaded guilty to receiving gifts and cruises from a window company in return for not inspecting their work and signing off on bills knowing they were not accurate ($2.5 million).</td>
<td>Passaic</td>
</tr>
<tr>
<td>May 7, 2005</td>
<td><strong>Technology Director Given Four (4) Years</strong>&lt;br&gt;A school district technology director received four (4) years in prison for taking 100 school computers and selling them to teachers and other employees, pocketing the money.</td>
<td>Mercer</td>
</tr>
<tr>
<td>February 2, 2006</td>
<td><strong>School’s Yearbook Advisor Indicted</strong>&lt;br&gt;Teacher took $12,300 in yearbook funds for personal use.</td>
<td>Morris</td>
</tr>
<tr>
<td>February 6, 2006</td>
<td><strong>Ex-Director of Facilities Pledges Guilty</strong>&lt;br&gt;The school district’s facility director pleaded guilty to receiving $47,000 in cash from two contractors doing business in the district. The contractors were paid by the district at the director’s insistence for work not done or not inspected.</td>
<td>Passaic</td>
</tr>
<tr>
<td>October 7, 2006</td>
<td><strong>Ex-Comptroller Gets Five Years</strong>&lt;br&gt;The school district comptroller used forged checks to steal $91,000 from the cafeteria account.</td>
<td>Essex</td>
</tr>
<tr>
<td>March 16, 2007</td>
<td><strong>Superintendent Pledges Guilty; Resigns</strong>&lt;br&gt;The district superintendent pleaded guilty of spending $26,000 on business lunches and dinners and submitting $11,000 in illegal payments to two town officials.</td>
<td>Bergen</td>
</tr>
<tr>
<td>March 20, 2007</td>
<td><strong>Ex-Principal and Aide Accused of Cash Scam</strong>&lt;br&gt;A school principal and staff member were charged and found guilty with stealing money from a student activity account.</td>
<td>Camden</td>
</tr>
<tr>
<td>October 30, 2007</td>
<td><strong>Ex-Official Faces Fraud Charge</strong>&lt;br&gt;The district’s director of school facilities was charged with fraud by overpaying a contractor, then having the contractor do work on his property.</td>
<td>Bergen</td>
</tr>
<tr>
<td>September 7, 2008</td>
<td><strong>School Board Members Charged with Taking Bribes</strong>&lt;br&gt;Four board members of the school district were charged with taking bribes from a phony insurance company to have the company sell insurance to the district. The probe also involved state officials and other local North Jersey elected officials.</td>
<td>Atlantic</td>
</tr>
<tr>
<td>Date</td>
<td>Headline</td>
<td>County</td>
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<tr>
<td>--------------------</td>
<td>----------------------------------------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>January 24, 2008</td>
<td><strong>Ex-facilities Supervisor Indicted</strong></td>
<td>Somerset</td>
</tr>
<tr>
<td></td>
<td>A school district facilities supervisor was charged with</td>
<td></td>
</tr>
<tr>
<td></td>
<td>remodeling his kitchen and buying water heaters using</td>
<td></td>
</tr>
<tr>
<td></td>
<td>taxpayers’ money.</td>
<td></td>
</tr>
<tr>
<td>June 6, 2008</td>
<td><strong>Ex-school Official Accused of Bribery</strong></td>
<td>Essex</td>
</tr>
<tr>
<td></td>
<td>The School Business Administrator and former mayor was</td>
<td></td>
</tr>
<tr>
<td></td>
<td>charged with accepting $120,000 in bribes to fix bids.</td>
<td></td>
</tr>
<tr>
<td>January 9, 2009</td>
<td><strong>Superintendent Admits to Theft</strong></td>
<td>Hunterdon</td>
</tr>
<tr>
<td></td>
<td>A former Superintendent of Schools in Hunterdon County</td>
<td></td>
</tr>
<tr>
<td></td>
<td>admitted embezzling $90,000 worth of public funds. He was</td>
<td></td>
</tr>
<tr>
<td></td>
<td>sentenced to 12 months in prison.</td>
<td></td>
</tr>
<tr>
<td>February 20, 2009</td>
<td><strong>School Official Pleads Guilty</strong></td>
<td>Somerset</td>
</tr>
<tr>
<td></td>
<td>A former Somerset facilities director pleaded guilty to using</td>
<td></td>
</tr>
<tr>
<td></td>
<td>district funds to refurbish his kitchen and buying water</td>
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<tr>
<td></td>
<td>heaters for his plumbing business. He was sentenced to eight</td>
<td></td>
</tr>
<tr>
<td></td>
<td>years in jail. (7/24/2009)</td>
<td></td>
</tr>
<tr>
<td>September 30, 2009</td>
<td><strong>School Administrator Pleads Guilty</strong></td>
<td>Essex</td>
</tr>
<tr>
<td></td>
<td>A former School Business Administrator pled guilty to accepting</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$120,000 in kickbacks on bid contracts. He received a sentence</td>
<td></td>
</tr>
<tr>
<td></td>
<td>of seven years in jail.</td>
<td></td>
</tr>
<tr>
<td>October 21, 2010</td>
<td><strong>Superintendent Arrested; Feds say He Took $1 Million in Bribes</strong></td>
<td>Ocean</td>
</tr>
<tr>
<td></td>
<td>A Superintendent of Schools in Ocean County was arrested on</td>
<td></td>
</tr>
<tr>
<td></td>
<td>the charge he took $1 million in bribes from the school district</td>
<td></td>
</tr>
<tr>
<td></td>
<td>insurance broker.</td>
<td></td>
</tr>
<tr>
<td>November 22, 2010</td>
<td><strong>Former Athletic Director Admits Fraud</strong></td>
<td>Monmouth</td>
</tr>
<tr>
<td></td>
<td>Former Athletic Director in Monmouth County school district</td>
<td></td>
</tr>
<tr>
<td></td>
<td>admitted in court of taking over $3,500 in personal goods for</td>
<td></td>
</tr>
<tr>
<td></td>
<td>providing fake quotations to benefit Circle System Group.</td>
<td></td>
</tr>
<tr>
<td>January 5, 2011</td>
<td><strong>Former Athletic Trainer Admits Fraud</strong></td>
<td>Union</td>
</tr>
<tr>
<td></td>
<td>A former athletic trainer in a Union County school district</td>
<td></td>
</tr>
<tr>
<td></td>
<td>admitted taking over $7,000 of personal goods for inflating</td>
<td></td>
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<tr>
<td></td>
<td>invoices received from Circle System Group.</td>
<td></td>
</tr>
<tr>
<td>March 9, 2011</td>
<td><strong>School District Engineer and Contractors charged with Bid Rigging</strong></td>
<td>Union</td>
</tr>
<tr>
<td></td>
<td>A school district engineer and three contractors were charged</td>
<td></td>
</tr>
<tr>
<td></td>
<td>with bid rigging and taking thousands of dollars in kickbacks.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Also charged was the School Business Administrator for</td>
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<tr>
<td></td>
<td>allegedly receiving free windows at his house in exchange</td>
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<td></td>
<td>for a favorable recommendation by the SBA.</td>
<td></td>
</tr>
<tr>
<td>Date</td>
<td>Headline</td>
<td>County</td>
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<tr>
<td>--------------------</td>
<td>--------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>October 24, 2011</td>
<td><em>School Business Administrator Pleads Guilty to Contractor Scheme</em></td>
<td>Union</td>
</tr>
<tr>
<td></td>
<td>A School Business Administrator pleaded guilty to accepting...</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$13,000 in windows and doors from a contractor that he recommended to...</td>
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</tr>
<tr>
<td></td>
<td>be hired by the “contractor of record” for the school district. He received one year probation. (1/27/12)</td>
<td></td>
</tr>
<tr>
<td>July 30, 2012</td>
<td><em>State Officials Convicted of Accepting Gifts from Vendors (New Jersey Division of Taxation)</em></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Two state officials from the New Jersey Department of Taxation were...</td>
<td></td>
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<tr>
<td></td>
<td>found guilty of official misconduct for receiving gifts from vendors...</td>
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<tr>
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<td>doing business with the department. The two officials will be...</td>
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<td></td>
<td>sentenced at a later date.</td>
<td></td>
</tr>
<tr>
<td>October 12, 2012</td>
<td><em>Ex-Transportation Head – Stealing from Districts by Authorizing Payments to Fictitious Bus Companies</em></td>
<td>Middlesex</td>
</tr>
<tr>
<td></td>
<td>A transportation official and her mother were arrested and charged...</td>
<td></td>
</tr>
<tr>
<td></td>
<td>with stealing $565,772 from two districts by authorizing payments...</td>
<td></td>
</tr>
<tr>
<td></td>
<td>to fictitious bus companies for services never provided.</td>
<td></td>
</tr>
<tr>
<td>September 14, 2012</td>
<td><em>Superintendent of Schools Sentenced to 11 Years in Jail</em></td>
<td>Ocean</td>
</tr>
<tr>
<td></td>
<td>The once powerful superintendent of schools in and Ocean County...</td>
<td></td>
</tr>
<tr>
<td></td>
<td>School district was sentenced to 11 years in jail for extorting up to...</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$2 million in kickbacks from brokers doing insurance business with the district.</td>
<td></td>
</tr>
<tr>
<td>September 12, 2014</td>
<td><em>Former School Business Administrator Pleads Guilty to Embezzlement</em></td>
<td>Warren</td>
</tr>
<tr>
<td></td>
<td>The former School Business Administrator for a Warren County School...</td>
<td></td>
</tr>
<tr>
<td></td>
<td>District pleaded guilty to embezzling over $70,000 from the...</td>
<td></td>
</tr>
<tr>
<td></td>
<td>school district by fraudulently writing checks to himself and a...</td>
<td></td>
</tr>
<tr>
<td></td>
<td>person owed money to.</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>December 2014—Official sentenced to three (3) years in prison.</strong></td>
<td></td>
</tr>
<tr>
<td>June 4, 2017</td>
<td><em>Teacher/Football Coach Jailed Stealing Student Funds</em></td>
<td>Burlington</td>
</tr>
<tr>
<td></td>
<td>A former teacher and football coach was sentenced to 90 days in jail...</td>
<td></td>
</tr>
<tr>
<td></td>
<td>for stealing over $14,000 from the high school student activity fund.</td>
<td></td>
</tr>
<tr>
<td>June 14, 2017</td>
<td><em>Former SBA Pleads Guilty to Official Misconduct</em></td>
<td>Monmouth</td>
</tr>
<tr>
<td></td>
<td>A former SBA pleaded guilty to official misconduct for hiring without...</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Board approval, a paid intern. His SBA license was later revoked</td>
<td></td>
</tr>
</tbody>
</table>
ETHICS IN PURCHASING

“You must lead by example!”
Ethics in Purchasing

Financial Interest in any Contract; Direct or Indirect

No employee or board member may have a direct interest in any contract or agreement for the sale of goods and services to the Board of Education, nor receive any benefit, compensation or reward from any contract for the sale of goods and services to the Board of Education. Reference—N.J.S.A. 18A:6-8.

Solicitation/Receipt of Gifts from Vendors -- Prohibited

School board members, school officials and employees, or members of their immediate family are prohibited from soliciting, receiving or agreeing to receive any compensation, reward, employment, gift, meal, honorarium, travel, reimbursement, favor, loan, service, or other thing of value from any person, firm, corporation, partnership, or business that is a recipient of a purchase order from the district, or a potential bidder, or an applicant for any contract with the district, based upon an understanding that what is solicited or offered was for the purpose of influencing the board member or school employee in the discharge of their official duties. This policy shall be consistent with the School Ethics Act—N.J.S.A. 18A:12-21 et seq.

Public School Responsibility – Recommendation of Purchases

School officials and employees who recommend purchases shall not extend any favoritism to any vendor. Each recommended purchase should be based upon quality of the items, service, price, delivery, and other applicable factors in full compliance with N.J.S.A. 18A:18A-1 et seq.
School officials and employees are to avoid recommending purchases from members of their families, businesses that employ members of their families and from businesses in which the official, employee or members of their immediate family have a direct financial interest.

School officials and employees who are authorized to sign off on purchase orders and/or to recommend purchases or business transactions by virtue of their signature on the purchase order certify that their actions are consistent with this policy and all applicable statutes.

**Vendor Responsibility – Doing Business with the Board of Education**

Any vendor doing business or proposing to do business with the Board of Education, shall neither pay, offer to pay, either directly or indirectly, any fee, commission, or compensation, nor offer any gift, gratuity, or other thing of value of any kind to any official or employee of the Board or to any member of the official’s or employee’s immediate family.

No vendor shall cause to influence or attempt to cause to influence, any official or employee of the Board, in any manner which might tend to impair the objectivity or independence of judgment of said official or employee.
Vendor Certification

Vendors will be asked to certify that no official or employee of the Board of Education or immediate family members are directly or indirectly interested in this request or have any interest in any portions of profits thereof. The vendor participating in this request must be an independent vendor and not an official or employee of the Board.

Violations of the Policy

In accordance with N.J.S.A. 18A:6-8, any public school employee who violates the terms of this policy may be subject to withholding of annual increments, suspension, demotion, school ethics complaint, termination and/or revocation of license to teach or to administer.
2C:27-9 Unlawful Official Business Transaction

“A public servant commits a crime of the fourth degree if, while performing his official functions on behalf of the government entity, the public servant knowingly transacts any business with himself, a member of his immediate family, or a business organization in which the public servant or an immediate family member has an interest.” (N.J.S.A. 2C:27-9)

2C:27-10 -- Acceptance or Receipt of Unlawful Benefit by Public Servant for Official Behavior

“A public servant commits a crime in the fourth degree...if the public servant directly or indirectly, knowingly solicits, accepts or agrees to accept any benefit, whether the benefit inures to the public servant on another person, to influence the performance of an official duty or to commit a violation of an official duty.”