Enclosed is our report on the audit of the Commercial Township Board of Education for the period July 1, 1998 to February 17, 2000.

If you would like a personal briefing, please call me at (609) 292-3700.

June 7, 2000
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Commercial Township Board of Education

Scope

We have completed an audit of the Commercial Township Board of Education (CTBOE) for the period July 1, 1998 to February 17, 2000. Our audit included expenditures made by the Commercial Township Board of Education for school years 1998/1999 and 1999/2000 for the period ending February 17, 2000.

Total annual expenditures of the district approximate $9.2 million. The prime responsibility of the district is to provide a quality education to approximately 750 kindergarten to eighth grade students.

Objectives

The objectives of our audit were to determine whether financial transactions were related to the school district’s programs, were reasonable and were recorded properly in their accounting system. We also tested for resolution of significant issues noted in our prior audit report. This audit was conducted pursuant to the State Auditor’s responsibilities as set forth in N.J.S.A. 18A:7F-6d.

Methodology

Our audit was conducted in accordance with Government Auditing Standards, issued by the Comptroller General of the United States. In preparation for our testing, we studied legislation, administrative code, policies of the board, and the New Jersey Department of Education Comparative Spending Guide. Provisions that we considered significant were documented and compliance with those requirements was verified by interview and observation, and through our review of financial transactions. We also read the budget, reviewed financial trends, and interviewed district personnel to obtain an understanding of the district’s programs and internal controls.

We used analytical reviews and scanned financial transactions to provide conclusions about the validity of transactions rather than sampling.
To ascertain the status of findings included in our prior report, we identified corrective action, if any, taken by the district and walked through the system to determine if the corrective action was effective.

Conclusions

We found that the financial transactions included in our testing were related to the school district’s programs, were reasonable and were properly recorded in their accounting system. We also found that the district has resolved a significant issue noted in our prior report. However, we are updating one prior report issue involving sick leave stipends.
COMMERCIAL TOWNSHIP BOARD OF EDUCATION

SICK LEAVE STIPENDS

Costs of retirement benefits could be reduced by limiting sick leave stipends.

The district limits sick leave stipends at retirement to fifty percent of the accumulated unused sick leave at the final year’s daily pay rate. State policy limits the maximum reimbursable unused sick leave stipends at retirement to $15,000. A review of the payroll records at June 30, 1999 disclosed 12 current employees with entitlements exceeding $15,000, ranging up to $63,000. Although the district does not have to comply with this state policy, it would be prudent to establish a fixed monetary limit.

Recommendation

We recommend the district negotiate monetary limits on sick leave stipends in collective bargaining agreements commencing after June 30, 2001.