New Jersey State Legislature
Office of Legislative Services
Office of the State Auditor

Elizabeth Board of Education

July 1, 2007 to April 23, 2010

Stephen M. Eells
State Auditor
The Honorable Chris Christie  
Governor of New Jersey

The Honorable Stephen M. Sweeney  
President of the Senate

The Honorable Sheila Y. Oliver  
Speaker of the General Assembly

Mr. Albert Porroni  
Executive Director  
Office of Legislative Services

Enclosed is our report on the audit of the Elizabeth Board of Education for the period of July 1, 2007 to April 23, 2010. If you would like a personal briefing, please call me at (609) 292-3700.

Stephen M. Eells  
State Auditor  
November 4, 2010
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Scope

We have completed an audit of the Elizabeth Board of Education for the period July 1, 2007 to April 23, 2010. Our audit focused on expenditures made by the board during our audit period. Only limited testing of regular payroll was performed. Total expenditures were $466 million in fiscal year 2008 and $433 million in fiscal year 2009. The state funds the majority of district expenditures.

The district provides a full range of educational services appropriate to grade levels pre-kindergarten to twelfth-grade students. These include regular and vocational classes, as well as special education classes for handicapped youngsters. The district completed the 2008-2009 school year with an enrollment of approximately 21,300 students. It is the fourth largest school district in New Jersey.

Objectives

The objectives of our audit were to determine whether expenditure transactions included in our scope were related to the school district’s programs, were reasonable, and were properly recorded in the accounting system. We also tested for resolution of the significant condition involving leased equipment noted in our prior report dated June 19, 2002.

The audit was conducted pursuant to the State Auditor’s responsibilities as set forth in Article VII, Section 1, Paragraph 6 of the State Constitution and Title 52 of the New Jersey Statutes.

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, and policies of the school district. Provisions that we considered significant were documented and compliance with
those requirements were verified by interview, observation, and through our samples of financial transactions. We read the school district budgets and board minutes, reviewed financial trends, and interviewed school district personnel to obtain an understanding of the programs and the internal controls. In addition, we reviewed annual audit reports issued by public school accountants contracted by the district.

A nonstatistical sampling approach was used. Our samples of financial transactions were designed to provide conclusions about the validity of transactions, as well as internal control and compliance attributes. Transactions were judgmentally selected for testing.

To ascertain the status of the finding 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 the accounting system. We also found that the district has resolved the issue involving leased equipment that was disclosed in our prior report.
Pablo Muñoz  
Superintendent of Schools  

October 26, 2010  

Mr. Stephen M. Eells  
State Auditor  
Office of Legislative Services  
Office of the State Auditor  
125 South Warren Street  
P.O. Box 067  
Trenton, New Jersey 08625-0067  

RE:  Elizabeth Board of Education  
Response to Audit Report  

Dear Mr. Eells:  

The Elizabeth School District has received and reviewed the report dated October 7, 2010 from the Office of Legislative Services (OLS), Office of the State Auditor audit of the Elizabeth Board of Education for the period July 1, 2007 through April 23, 2010. The District welcomed the opportunity presented by the OLS audit with the expectation that the audit would result in identification of areas to be addressed as the District strives to improve its practices and procedures consistent with our vision that The Elizabeth Public Schools will be one of the best school systems in the State of New Jersey. As clearly delineated in the District’s strategic plan adopted on June 29, 2006, we will become a high performance organization through a continuous process of improvement that focuses on goals, high expectations, reflective practices, and on-going monitoring and assessment. The administration appreciates the efforts of your audit staff and we would like to thank you and your audit team for the time you spent in the District conducting a detailed, independent and objective audit to assess our internal controls, compliance attributes and determining whether expenditure transactions related to the District’s Programs were reasonable and were properly recorded in the accounting system.
Additionally, we appreciate the productive opportunity afforded by the exit conference meeting with the audit team to review the audit results and professionally arrive at generally common agreement and understanding of the audit scope, objective, methodology, and conclusions.

Very truly yours,

Harold E. Kennedy, Jr., School Business Administrator/Board Secretary

Pablo Muñoz, Superintendent of Schools

C. Carlos M. Trujillo, Board President