



## **EXECUTIVE SUMMARY**

### **DEPARTMENT OF EDUCATION FISCAL ACCOUNTABILITY – STATE MONITORING AND OVERSIGHT July 1, 2015 to November 30, 2018**

We found that the department could be more effective in aiding school districts in resolving and preventing further fiscal distress. Additionally, we noted compliance issues regarding state monitors that merit management's attention.

#### **AUDIT HIGHLIGHTS**

Improvements are needed in the oversight of state monitors by the department. Our audit disclosed that there was a lack of oversight and guidance by the department necessary to ensure compliance with statutes and professional service contracts. This impacts the effectiveness and efficiency of state monitors in providing fiscal accountability and resolving the conditions contributing to fiscal distress.

- State monitors have not developed and implemented required district corrective action plans. Records of attendance at board meetings and required monthly reports to the board of education and members of the public were not always noted. In addition, the required weekly reporting to update the department on the status of the district is accomplished through telephone conversations. Written reports or documentation of reporting were not provided.
- State monitors are contractually required to report biweekly, to the department, their hours worked. Monitors were paid for more than 5,200 hours (totaling \$505,000), by districts, for hours that were not supported by monitors' time reported to the department. One monitor did not report any time to the department.
- We found noncompliance with the New Jersey Labor Law which requires employers to pay the full amount of wages due to employees at least twice during a calendar month. One state monitor deferred wage payments of over \$14,000 in 2016 and 2017 until January of the subsequent year.

We also observed it could be beneficial for the department to perform financial condition analysis, utilizing a district's end-of-year financial data, to provide an early warning of districts that may be heading towards fiscal distress. This would allow time to address potential causes and to provide guidance.

#### **AUDITEE RESPONSE**

Although the Department disagrees with some of the details of the report, it generally concurs that corrective action will be undertaken.

For the complete audit report or to print this Executive Summary, click [here](#).