



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

EXECUTIVE SUMMARY

CITY OF CAMDEN SCHOOL DISTRICT

July 1, 2015 to February 28, 2018

The lack of continuity within and oversight of the district's business office functions has resulted in a lack of control and accountability of the district's finances. The lack of stability in administrative positions inhibited the development of long-term goals and the ability to establish and enforce internal controls to ensure district resources were expended in an efficient and effective manner and assets were properly safeguarded. The financial transactions included in our testing were related to the district's programs and were reasonable; however, they were not always properly recorded in the accounting system, and there were many instances when requested documents could not be provided. We found programs lacking internal controls and proper oversight, significant deficiencies in the procurement process, and other issues requiring corrective action. Certain provisions of the Urban Hope Act included in our testing were complied with by the district with the exception of those related to enrollment.

Certain transactions have been referred to the state's Division of Criminal Justice.

AUDIT HIGHLIGHTS

- The current enrollment process has limited the participation of neighborhood students in renaissance schools. Per N.J.S.A. 18A:36C-8, renaissance schools shall automatically enroll all students residing in the neighborhood of a renaissance school. Instead, the district implemented a centralized enrollment system in which families must opt in if they prefer to attend a renaissance school. This process has left the district with fewer than half of neighborhood students being enrolled in their neighborhood renaissance school.
- The district failed to timely recover \$2.5 million in utility costs, shared custodial and security services, and leased facilities and facility space provided to renaissance school operators. Additionally, actual custodial costs incurred by the district exceeded reimbursed amounts for fiscal years 2016 and 2017 by \$245,000 and \$217,000, respectively.
- Contracted preschool providers were overpaid \$281,921 because the district did not make required payment adjustments during fiscal year 2017.
- Controls over expenditures need to be strengthened. The district's failure to record all obligations promptly could result in unrecorded liabilities and cause the district to overspend budgeted funds.
- A vendor was paid a flat yearly fee of \$1,638,104 to operate the district's alternative school programs. The district failed to adequately monitor vendor payments, resulting in an overpayment of \$151,300. Additionally, the district was not aware that contracted performance metrics and deliverables were not achieved. The district has taken over the alternative school programs, budgeting \$280,000.
- Other areas of concern involve employee leave records, Camden County Technical Schools tuition, inventory controls, and various additional procurement deficiencies.

AUDITEE RESPONSE

The district concurs with our findings and recommendations.

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