



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

EXECUTIVE SUMMARY

BELLEVILLE PUBLIC SCHOOLS

July 1, 2013 to June 30, 2016

We found the 2014 fiscal year-end General Fund budgetary deficit of \$3,714,400 resulted from management's disregard for the budget limits and inaction in controlling spending. The lack of relevant experienced staff inhibited the district's ability to establish and enforce internal controls to ensure district resources were expended in an efficient and effective manner. The financial transactions included in our testing were related to the district's programs, however, they were not always reasonable or properly recorded in the accounting system. Some transactions were never approved by the board and some were made with related parties. In addition, we found weaknesses over payroll and information technology meriting the district's attention. Certain matters were referred to the state's Division of Criminal Justice.

AUDIT HIGHLIGHTS

- The district awarded contracts to a technology vendor at a cost of nearly \$2.6 million without proper price competition or regard for cost.
- The district failed to implement a disaster recovery plan resulting in a loss of data after a system crash. This resulted in permanent loss of January 2014 through September 2014 payroll data, August 2014 expenditure data, emails prior to October 2014, and some student attendance, scheduling, and grade data. The district had to request copies of June 2014 payroll stubs from its employees in order to issue payroll checks.
- In December 2011, the district sold to the Township of Belleville one of its schools for the price of one dollar. The township demolished the school and incurred other expenses at the cost of approximately \$450,000. In December 2013, the township sold the property to a developer for \$1.0 million. The district lost \$550,000 in potential resources by selling the school for one dollar.
- The district leased unneeded property for school bus parking from a related party at a cost of \$200,000. The buses could have been, and are currently being parked at school properties.
- During fiscal years 2012 through 2014 the district paid approximately \$97,000 to a vendor for special education services provided through independent sub-contractors. Related party relationships were not disclosed, and competitive bids were not obtained prior to engaging in this contract.
- The district purchased 2,000 flash drives for \$20,000 that it did not need and could not use from a company that employed a district board trustee as one of its sales representatives.
- Other findings were also noted involving payroll and personnel issues and student field trips.

AUDITEE RESPONSE

The district generally concurs with our findings and recommendations.

For the complete audit report, click [here](#).