

STATE OF DELAWARE
OFFICE OF
AUDITOR OF ACCOUNTS

RED CLAY CONSOLIDATED
SCHOOL DISTRICT
EXTRA PAY FOR EXTRA
RESPONSIBILITIES
SPECIAL INVESTIGATION

FIELDWORK END DATE: MARCH 23, 2009

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State of Delaware
Office of Auditor of Accounts
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At a Glance

Working Hard to Protect YOUR Tax Dollars

Why We Did This Review

The Office of Auditor of Accounts (AOA) received the following hotline allegations regarding Red Clay Consolidated School District (the District):

- The Technology Director improperly assigns Extra Pay for Extra Responsibilities (EPER) jobs.
- There is no set policy or guideline as to who is selected for EPER jobs.

Background

The District was formed on July 1, 1981. It is one of four districts created when the New Castle County School District was reorganized. The District includes northwestern sections of the City of Wilmington and its suburbs, all the way to the Pennsylvania state line, from the Brandywine Creek to the Pike Creek Valley area, and along the Christina River back to the city line. The District serves more than 15,000 students in 14 elementary schools, 6 middle schools, 5 high schools, and 4 special education schools. Of the more than 1,700 employees, about 1,060 are teachers. The District operates on a budget of more than \$156 million. About one-third of that amount is derived from local property taxes with the remainder coming from State and federal funds.

For further information on this release, please contact:

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RED CLAY CONSOLIDATED SCHOOL DISTRICT EXTRA PAY FOR EXTRA RESPONSIBILITIES

What We Found

- Thirteen staff performed technology related Extra Pay for Extra Responsibilities (EPER) piecework jobs for the period of July 1, 2008 through February 13, 2009.
- The Director's personal relationship with two of his staff, coupled with a lack of standard policies and procedures gave the appearance of favoritism when awarding technology-related EPER jobs.
 - The Director's family friend was awarded the greatest amount of jobs (\$14,920 or 31.19%).
 - The Director's wife was ranked third for being awarded the greatest amount of jobs (\$8,220 or 17.18%).
- Individuals performing the EPER jobs were all qualified to complete the job requirements.

What We Recommend

The District should:

- Develop a written policy and procedure related to the advertisement and award of EPER jobs.
- Require that jobs be advertised, with applicable restrictions clearly noted;
- Trace jobs from the time of advertisement to the time of completion; and
- Consider another level of authorization when personal relationships exist among staff.

Please read the complete report for a full list of findings/recommendations and to review the District's response to our findings.

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AUDIT AUTHORITY

Title 29, Del. C. c. 29 authorizes the Auditor of Accounts to file written reports containing:

1. Whether all expenditures have been for the purpose authorized in the appropriations;
2. Whether all receipts have been accounted for and paid into the State Treasury as required by law;
3. All illegal and unbusinesslike practices;
4. Recommendations for greater simplicity, accuracy, efficiency, and economy; and
5. Such data, information, and recommendations as the Auditor of Accounts may deem advisable and necessary.

ALLEGATION AND BACKGROUND

ALLEGATION

The Office of Auditor of Accounts (AOA) received the following hotline allegations regarding Red Clay Consolidated School District (the District):

- The Technology Director improperly assigns Extra Pay for Extra Responsibilities (EPER) jobs.
- There is no set policy or guideline as to who is selected for EPER jobs.

BACKGROUND

The District was formed on July 1, 1981. It is one of four districts created when the New Castle County School District was reorganized. The District includes northwestern sections of the City of Wilmington and its suburbs, all the way to the Pennsylvania state line, from the Brandywine Creek to the Pike Creek Valley area, and along the Christina River back to the city line. The District serves more than 15,000 students in 14 elementary schools, 6 middle schools, 5 high schools, and 4 special education schools. Of the more than 1,700 employees, about 1,060 are teachers. The District operates on a budget of more than \$156 million. About one-third of that amount is derived from local property taxes with the remainder coming from State and federal funds.

OBJECTIVES, SCOPE, & METHODOLOGY

OBJECTIVE

The objective of the investigation was to determine the propriety of the assignment of technology-related EPER jobs.

SCOPE

The scope of the investigation included a review of technology-related EPER jobs for the period of July 1, 2008 through February 13, 2009.

The investigation was performed in accordance with the President's Council on Integrity and Efficiency, *Quality Standards for Investigations*.

METHODOLOGY

Investigative techniques included:

- Interviews and inquiry.
- Inspection and confirmation of documentation.

OBJECTIVES, SCOPE, & METHODOLOGY

Allegation	Results of Testing	Conclusion
<p>The Technology Director improperly assigns Extra Pay for Extra Responsibilities (EPER) jobs.</p>	<p>AOA selected and reviewed 100% of technology-related EPER piecework jobs for thirteen (13) employees that were eligible to complete the jobs for the period of July 1, 2008 through February 13, 2009.</p> <p>It appears that all employees were qualified to complete the jobs; however, AOA determined that an employee identified as the Director of Technology's "family friend" was awarded the greatest amount of jobs (\$14,920 or 31.19%). In addition, the Director's wife was ranked third for being awarded the greatest amount of jobs (\$8,220 or 17.18%).</p> <p>During an interview with AOA, the Technology Director inaccurately represented his relationship with the individual noted as a "family friend", stating he only knew the individual for 2 years and met the individual at a technology conference. After review of personnel files, AOA noted the individual listed the Technology Director as a reference on a 2005 resume filed prior to the conference, that categorized him as a friend.</p> <p>Based on inquiries with the District, the unequal awarding of jobs is attributable to the type of employee (12 month versus 10 month) and the hours during which the jobs could be completed, the workload of the employee, and the interest expressed by the employee. Both the "family friend" and the Director's wife are classified as instructors. This would permit these individuals to more easily and economically complete jobs during the summer and in the evenings.</p> <p>AOA determined that not all EPER jobs were made available to all eligible employees. While in some instances this was due to the hours in which the jobs were required to be completed, there were instances in which no explanation could be determined based on lack of documentation.</p> <p>While all employees were qualified, the Director's relationship with two of his staff, coupled with a lack of standard policies and procedures, gives the appearance of favoritism in awarding some technology-related EPER jobs.</p>	<p>Substantiated</p>

OBJECTIVES, SCOPE, & METHODOLOGY

Allegation	Results of Testing	Conclusion
There is no set policy or guideline as to who is selected for EPER jobs.	Based on inquiry and review of available documentation, AOA determined there are no written policies and procedures related to EPER jobs. In addition, the technology department does not trace a particular job/computer from the time the job is 'advertised' to the time the job is completed (e.g. an email may 'advertise' computers and EPER jobs, but there is no standard mechanism to trace an 'advertised' computer to a completed EPER job).	Substantiated

FINDINGS AND RECOMMENDATIONS

Finding #1 – Policies and Procedures

Criteria

The State of Delaware *Budget and Accounting Manual* Chapter II states, "A well designed system of controls must include written policies and procedures to ensure that each control objective is met."

Internal Control - Integrated Framework, published by the Committee of Sponsoring Organization of the Treadway Commission (COSO), defines control activities as policies and procedures that help ensure management directives are carried out. Control activities occur throughout an organization, at all levels and functions, and include a wide range of activities, such as authorizations, verifications, reconciliations, reviews of operating performance, security of assets, and segregation of duties. To ensure control activities meet the objectives of management, written policies and procedures need to be established, communicated to employees, and documented.

Condition

There are no written policies and procedures for the Technology Department's EPER job process. The District was unable to provide documentation to support the notification and award of all jobs completed during the period of July 1, 2008 through February 13, 2009.

Cause

Prior operating protocol did not require the Technology Director to document policies and procedures related to EPER jobs.

Effect

Lack of written policies and procedures can lead to the perception that technology-related EPER jobs are awarded based on the concept of favoritism.

Recommendation

The District should develop written policies and procedures relating directly to the advertisement and award of technology-related EPER jobs.

Auditee Response

The set-up of new computers is dependent upon the availability of funds. Computer set-ups did not occur on a regular basis until school year 08-09, when technology refresh funds were restored, full day Kindergarten classes were established, and the District was awarded a federal technology grant. The District relied upon technology-related teaching and technical staff and part time help to complete installations on a per piece payment basis. With the availability of funding and anticipation of continued need, the District agrees formal policies and procedures for the employment of staff and awarding of jobs is necessary. Prior to the commencement of the audit, this policy was being developed and has since been completed (attached). The procedures call for the establishment of a pool of eligible part time employees and notification of positions on a rotating schedule.

FINDINGS AND RECOMMENDATIONS

Finding #2 – Awarding of Jobs

Criteria

Good business practices allow for all employees to be given equal opportunity for job assignments.

Condition

Two of the top three technology EPER (piecework) earners were a "family friend" of the Director and the Director's wife. There were instances in which these individuals were notified of EPER jobs when others were not. Some of these instances were attributable to the availability of these staff during summer hours; however, there were instances in which no explanation could be determined based on lack of documentation.

Cause

The lack of a standard policy and procedure, the need to complete EPER jobs during summer day hours, and the Director's relationship with the individuals possibly contributed to the determination of the assignment of jobs.

Effect

This gives the appearance of favoritism when awarding technology EPER (piecework) jobs.

Recommendation

The District should:

- Develop a written policy and procedure (see Finding #1);
- Require that jobs be advertised, with applicable restrictions clearly noted;
- Trace jobs from the time of advertisement to the time of completion; and
- Consider another level of authorization when personal relationships exist among staff.

Auditee Response

While detailed documentation was provided, the District agrees it could not provide documentation of every email notification sent. However, the District strongly disagrees this leads to a determination related to conduct. A small number of employees existed who performed the work, which until this year was done on a random and infrequent basis. As noted in the report, all employees performing the work were fully qualified. Opportunities to complete computer set-ups were limited due to limited funding opportunities, an employee's availability, opening hours of the buildings, class schedules, concurrent set-up assignments, etc. The District agreed in Finding #1 and has established written procedures and developed a process for employing and scheduling a standing pool of part-time employees for technology set-up. The District agrees with the report that this will remove the potential for the perception of favoritism in the future.

DISTRIBUTION OF REPORT

Copies of this report have been distributed to the following public officials:

The Honorable Jack A. Markell, Governor, State of Delaware
The Honorable Russell T. Larson, Controller General, Office of the Controller General
The Honorable Joseph R. Biden III, Attorney General, Office of the Attorney General

Officials of Audited Entities

Dr. Robert J. Andrzejewski, Superintendent, Red Clay Consolidated School District
Mr. Irwin J. Becnel, Jr., President, Board of Education, Red Clay Consolidated School District
The Honorable Lillian Lowery, Secretary, Department of Education