



State of Delaware
Office of Auditor of Accounts
At a Glance

Case ID- CAK073458

March 12, 2007

Working Hard to Protect YOUR Tax Dollars

Why We Did This Review

Christina School District hired a new Superintendent in January 2006. As part of her contract, she requested a financial review of the District. A team of State and school finance experts, convened by the Director of the Office of Management and Budget, and the Secretary of Education, conducted the review. The preliminary results of this review pointed to an estimated deficit of over \$13 million. The review recommended that a detailed audit of salary and personnel be completed.

Background

Division I state funding results from the September 30th student count. Division I funding is the majority of the state salary funding for the District. The Department of Education (DOE) authorizes positions based on the September 30th student enrollment count and funds these positions in accordance with state salary schedules maintained in the Delaware Code. Salaries approved by the District greater than the state share must be paid out of local funds or federal funds (if the individual works on a federally funded program). Based on the initial financial review done by DOE, the District had 145 employees paid 100% from local funds.

For further information on this release, please contact:

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To view the full report, click on the following link:

<http://www.state.de.us/auditor/Audits/FY2007/Financial%20and%20Compliance/CAK073458%20CSD%20Salary%20%20Personnel%20Performance%20Audit.pdf>

Christina School District Salary and Personnel Performance Audit

What We Found

Disallowed State Salary Funding

Total disallowed costs of \$2,322,088 resulted from inappropriate charges to the State as follows:

- The District's actual positions exceeded the number of authorized positions in directors, supervisors, psychologists, nurses, and resident advisors by 17.63 units and resulted in disallowed costs of \$954,418.
- Disallowed costs of \$1,034,824 resulted from positions being paid out of state appropriation 0115 for employees who were not occupying a unit.
- Errors relating to assistant principal positions resulted in disallowed charges to the State in the amount of \$94,846.
- Funding errors and salary variances due to coding errors, years of experience and degree adjustments, and salaries calculated incorrectly resulted in disallowed costs of \$238,000.

The district processed Expenditure Correction (EX) documents during May and June of 2006 that corrected \$686,383 of the overcharges to the State.

Federal Effort Reporting

Salary costs through April 30, 2006 charged to federal programs are not appropriately supported by semi-annual certifications or time and effort reports and resulted in questioned costs of \$6,348,579. The District did not provide AOA with semi-annual certifications or time and effort reporting as required by the federal government to support payroll charges to federal grants. As a result, AOA cannot determine if employees charged to federal grants worked on these grants.

What We Recommend

Disallowed State Salary Funding

The Office of Auditor of Accounts (AOA) recommends the following:

- Repay the State \$1,635,705.
- Implement procedures to manage the process of monitoring and tracking salaries charged to the State.

Federal Effort Reporting

AOA recommends the District maintain personnel activity reports (effort reports) for all employees who work on multiple programs and obtain semi-annual certifications for employees that have been solely engaged in activities supported by one funding source.