



Why this investigation? We received multiple Hotline complaints related to Capital School District's Building and Grounds department. Allegations included: violations of union contract overtime provisions and work requirements, inappropriate purchases, misuse of fleet vehicles, and misuse of bid authority.

Capital School District should strengthen internal controls to ensure the school district not only follows required contracts, licenses, and certifications, but also prevents any potential misuse of assets. Findings include:

Violations of Overtime Provisions	Purchases	Misuse of Fleet Vehicle	Misuse of Bid Authority
<p>Management is not complying with OT provisions of union contract</p> <p>HVAC services performed without the appropriate State of DE license and EPA certification</p>	<p>21 Unauthorized credit agreements with vendors</p> <p>Equipment purchased a year ahead of anticipated need</p> <p>Unauthorized petty cash account maintained at an employee's residence</p>	<p>District was unable to monitor vehicle use:</p> <p>Most vehicles do not have GPS as required</p> <p>No key inventory for Fleet vehicles</p> <p>Vehicle listing was incomplete</p>	<p>Purchases were split into multiple transactions for similar services</p> <p>Management applied the larger public works threshold for services which were not public works</p>

State Auditor Recommendations:

- Eligible maintenance employees should be given an opportunity to work paid overtime.
- Develop procedures to assess the need for specific certifications and license requirements.
- Develop procedures and corresponding internal controls to ensure that all credit arrangements registered in the District's name have been approved by the State of Delaware Secretary of Finance.
- Acquire new equipment when there is a specific need to ensure purchases are in accordance with the approved budget and to secure the latest selling price of the item.
- Develop a comprehensive and complete listing of equipment so that management can track sales and disposals.
- Develop procedures and corresponding internal controls to ensure all petty cash accounts have been authorized and all transactions have been properly recorded.
- Develop policies and corresponding internal controls controlling access to vehicles and the key storage box.
- Implement procedures that will adhere to the State's GPS requirements for fleet vehicles to ensure all vehicles can be monitored for District purposes.
- Develop a comprehensive vehicle listing so that management can track all of these significant assets.
- Assess whether the same or similar services performed by the same vendor should be aggregated to ensure compliance with State and District purchase order requirements.
- Develop guidelines to ensure vendor services are subject to the proper bidding thresholds for either nonprofessional services and materials or public works.

The Capital School District Maintenance Division Investigation can be found on our website: [click here](#).

The complete report can be found on our website: auditor.delaware.gov

For more information, contact: Kathleen McGuinness, State Auditor – kathleen.mcguinness@delaware.gov – (302) 739-4241