



Auditor of Accounts
Kathleen K. McGuinness, RPh, CFE

Working Hard to Protect YOUR Tax Dollars

Investigation

Capital School District Maintenance Division

January 8, 2020

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.

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Abbreviations:

The District	Capital School District
EPA	Environmental Protection Agency
FSF	First State Financials
HVACR	Heating, Ventilation, Air Conditioning & Refrigeration
HVAC	Heating, Ventilation & Air Conditioning
PO	Purchase Order
State	State of Delaware

The mission of the Delaware Office of Auditor of Accounts

The Delaware Auditor of Accounts (AOA) serves Delawareans by ensuring accountability in the use of taxpayer dollars through independent assessments of financial operations, performance management and statutory compliance of state government.

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Background

The Capital School District (the District) is a public school district in Kent County, Delaware, which provides instructions for students, grades pre-kindergarten through twelfth. The District is comprised of 7 elementary schools, 2 middle schools, 1 high school, and 2 special service schools. A total of 6,519 students were enrolled in the 12 schools as of September 30, 2018.

The District's Buildings and Grounds Department is composed of three sections: Custodians, Grounds, and Maintenance; with each section having approximately 8-10 employees. The employees within the Buildings and Grounds Department are all covered by a union contract of the Delaware State Education Association.

Our office received multiple Hotline complaints related to the Building and Grounds department. From the Hotline tips, we identified the following four categories of allegations:

- Violations of union contract overtime provisions and work requirements
- Inappropriate purchases
- Misuse of fleet vehicles
- Misuse of bid authority

Our investigation primarily focused on relevant transactions and activity between July 1, 2018 and March 31, 2019.

Report Details

Allegation 1: Violation of union overtime provisions and work requirements

We received allegations that one individual was working all of the overtime in the maintenance division, which is a violation of the union contract. Additionally, it was alleged that specific maintenance work was being performed by employees who did not have the appropriate licenses and certifications.

In order to assess the validity of the allegation, we interviewed maintenance personnel, reviewed the overtime charges, requested time cards and the qualifications of the maintenance personnel. We compared those records to the union contract, Environmental Protection Agency (EPA) regulations, and Delaware's Professional Regulations. Our findings are listed below.

Finding 1: *Violation of union contract overtime provisions*

Overtime was not being distributed to all Maintenance division employees, since only one maintenance employee received overtime pay during the period July 1, 2018 through March 31, 2019. Instead of getting overtime pay, the other maintenance division employees received day-for-day or accumulated compensatory time for working during a non-standard schedule. Additionally, management was not posting the available overtime opportunities for all employees to view in accordance with the union contract. Of the three divisions under the Buildings and Grounds department (Custodians, Grounds, and Maintenance), only the maintenance division had these overtime findings.

The agreement between the Capital School District Board of Education and the local union states, all overtime for each school site shall be posted and maintained in a location readily available to all employees. Overtime shall first be offered to the employee that has the least amount of overtime hours. If that employee refuses the assignment, the overtime will then be offered to the employee with the next least amount of overtime hours. That process will be continued until all employees have been offered the overtime hours. If the assignment is still pending after being offered to all employees, the assignment will then become involuntary and will be assigned to the employee with the least amount of overtime hours.¹

Management is not complying with the requirements of the union contract.

Finding 2: *Lack of certifications and licenses*

We noted one maintenance employee performed refrigerant-related overtime services 27 times for the period July 1, 2018 through March 31, 2019 prior to obtaining the relevant *EPA Section 608 Certification* on December 21, 2018. Furthermore, we noted an employee performed Heating, Ventilation, Air Conditioning, and Refrigeration (HVACR) HVACR-related overtime services 32 times without the proper state license, or under the supervision of a licensed technician.

The EPA regulations state that a person must pass a certification exam before performing any refrigerant-related services, to include maintenance, service, repair or disposal of appliances.²

¹ Capital School District Board of Education and Capital Support Association DSEA/NEA, July 1, 2018 – June 30, 2020, section 17:4.5, 17:4.8, and 17:7.

² Code of Federal Regulations Title 40 paragraph 82.161(a(1))

In addition, the Delaware Code of Professional Regulations states that a person should not perform HVACR or HVACR-related services in the State of Delaware (State) unless they are licensed as a master HVACR or under the supervision of a licensed master HVACR.³

The maintenance division is performing certain technical mechanical work without the proper licenses or certifications. These violations could not only result in faulty repairs, but also expose the district to the following:

- EPA's Clean Air Penalty Policy maximum civil monetary penalty is \$47,357 per occurrence per day and a maximum cumulative fine for an ongoing violation is \$378,852.
- Violation of Delaware Professional Regulations could result in State fines ranging from \$31,500 to \$63,000.
- Violations of Clean Air Act can also incur criminal penalties if the violation was knowing and/or deliberate.
- An uncertified technician could vent ozone-depleting substance refrigerants into the atmosphere.
- Mistakes or items missed by an unlicensed technician could result in higher costs for the District.
- Improperly wired systems and bad connections for gas furnaces could result in safety issues and health hazards.

Summary of Allegation 1

The District is lacking internal controls and processes to ensure compliance with union contracts and licenses and/or certification requirements to perform certain technical mechanical work.

Allegation 2: Inappropriate purchases

We received allegations that maintenance technicians were using District funds to purchase personal items at supply stores for use in individuals' side businesses. Further, it was alleged that the same individuals were also purchasing larger, more complex items without the expertise or the specific need for such items.

In order to assess the validity of the allegation we interviewed maintenance personnel, reviewed selected equipment purchased and corresponding work orders, and examined the District's controls over its purchases and inventory.

Since there was not a work order for every purchase, it was not possible to substantiate the business need for supply purchases.

Finding 3: Unauthorized Credit Arrangements

The District has credit arrangements with selected retail stores, which allows maintenance employees to sign for purchases as items are needed. The maintenance department has 23 credit arrangements, 21 of which were not authorized by the Secretary of Finance. See Appendix A for this list of retail stores.

The State of Delaware Budget and Accounting Manual states "Agencies and school districts may not use credit cards registered in the name of the employee, agency, school district, or State which could create

³ 29 Del C. 24 § 1820

an obligation of the State, except as specifically and duly authorized by the Secretary of Finance. An approval for a credit card is only good for one fiscal year. Organizations must renew all credit card approvals at the start of each fiscal year in order to continue to use the card(s).”⁴

These unauthorized credit arrangements may create an obligation of the State which has not been authorized by the Secretary of Finance.

Finding 4: *Advance purchase of HVAC units which were not tracked on Equipment Listing*

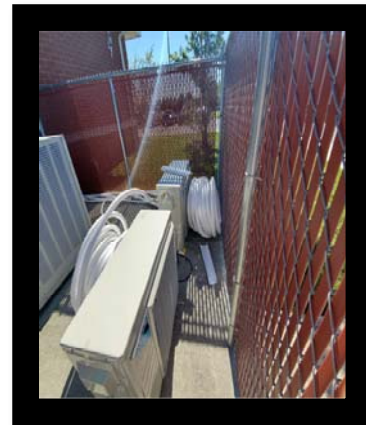
Two Heating, Ventilation & Air Conditioning (HVAC) units costing \$6,500 each were purchased in July 2018. As of March 31, 2019 (nine months later), the units were stored in the maintenance building in their original packaging but were not recorded on the District’s equipment listing. During July 2019, the HVAC units were removed from the boxes, and the electrical lines were connected. As of August 15, 2019 (a year after their purchase), the units were still not fully installed. *See photos of HVAC units below.*



May 7, 2019



May 7, 2019



August 15, 2019

The State of Delaware’s Budget and Accounting Manual states that assets should be accounted for and safeguarded against waste, loss, unauthorized use, and misappropriation.⁵

Purchasing equipment a year ahead of the anticipated need is not consistent with good purchasing practices.

Finding 5: *Drain Pans not tracked or included on equipment listing and unauthorized petty cash account*

Two custom drain pans for the HVAC system were delivered to the new Dover High School prior to August 2018. Upon delivery, it was noted the drain pans were defective and new drain pans would need to be ordered. As of March 31, 2019, the defective drain pans were not returned to the vendor or disposed of, and were being stored at the high school. The drain pans were also not listed on any equipment list for the maintenance department. *See photo of drain pans below.*

⁴ Delaware Budget and Accounting Manual section 7.5.8

⁵ Delaware Budget and Accounting Manual section 1.6.6



February 8, 2019

There is a scrap area behind the district office, where pieces of scrap metal resulting from construction and repair projects are collected. Periodically the staff takes items to a scrap yard to sell for cash proceeds. The business office and the District's Building and Grounds administer this process. During May 2019, a maintenance employee disposed of the drain pans and recorded the proceeds in an unauthorized petty cash account. The cash and receipts were kept at the employee's house and the money was spent to fund minor tools and equipment for the maintenance staff. *See photo of petty cash ledger below.*

Date	Description	In	Out	Balance
10-6-17	PLANNER		39.79	312.06
11-1-17	KEYS		26.77	272.27
11-10-17	SCREENS/GLOVE		9.56	239.88
11-22-17	HASP		8.97	231.32
11-29-17	PALLETS	117.80		222.35
12-8-17	KEY SCREENS		8.77	340.15
1-9-18	WOOD SCREENS		6.19	331.38
1-11-18	MIRROR		17.25	325.19
1-16-18	E2-POWER SPOUT		21.99	307.94
1-19-18	KEYS BITS, HOSE, FIDELITY		38.27	285.95
2-24-18	LIGHTS, SWITCH		59.10	247.66
2-28-18	PALLETS	121.00		188.56
4-9-18	KEYS		16.03	309.56
4-30-18	JUMP BATT		32.49	293.53
5-31-18	ROPE		13.59	261.04
6-11-18	KEYS/FASTENERS		15.09	247.45
6-12-18	BOX, NOTE BOOK		13.95	232.36
6-13-18	GEIL CLEANER		19.77	218.41
6-13-18	DIST. WATER		5.34	198.64
6-19-18	KEYS		11.45	193.30
8-13-18	Tool Box		7.99	181.85
8-14-18	wrench Pliers		10.18	173.86
9-14-18	PLANNER		144.49	163.68
8-30-18	Padlock		113.99	119.19
9-7-18	KEYS STEEL		63.24	105.20
9-20-18	PALLETS	112.00		41.96
10-12-18	WHEELS		13.48	153.96
10-17-18	BATTERIES	79.00		140.49
10-30-18	WHEELS		44.80	219.49
11-9-18	TAPE/SQUAD EGG		127.96	174.68
11-9-18	DUSTPAN		11.38	146.72
				135.34

Date	Description	In	Out	Balance
11-11-18	GLUE		4.47	135.34
11-20-18	PALLETS	128.00		130.87
11-29-18	DRILL BITS		13.57	258.87
12-13-18	Zip-Ties		12.35	245.30
12-24-18	MICRO-WAVE		67.34	232.95
1-7-19	GLOVES		21.97	165.61
2-1-19	KEYS/BLOCKS		23.62	143.64
2-7-19	KEYS/BLOCKS		7.57	130.02
2-7-19	DRILL BITS		9.25	110.45
2-8-19	Round Lock PIN		5.98	101.20
2-8-19	DRILL BITS		10.75	95.22
2-26-19	Toggle Switch		9.99	84.47
3-26-19	INS COIL TRAP		9.78	74.48
4-1-19	HEX KEYS		4.99	64.50
5-23-19	SCRAP	57.00		59.51
				116.51

August 15, 2019

The State of Delaware's Budget and Accounting Manual states that assets should be accounted for and safeguarded against waste, loss, unauthorized use, and misappropriation.⁵

Capital School District Board of Education Policy states that petty cash funds may be used for designated purposes, as long as the funds are subject to adequate controls and safeguards.⁶

Without record keeping, the district cannot ensure that surplus items are disposed of timely, and whether such disposals should have corresponding cash proceeds. In addition, petty cash accounts without adequate controls and safeguards could allow employees to skim District money before transactions are recorded in the District's ledger. In addition, cash transactions cannot be monitored if they are not being recorded.

Summary of Allegation 2

The lack of a comprehensive equipment listing to track both purchases and disposals along with unauthorized credit arrangements and an unauthorized petty cash account provide the opportunity for excessive equipment purchases and the possibility of misappropriation of such assets.

Allegation 3: Misuse of fleet vehicles

We received allegations that a maintenance employee was using district-owned fleet vehicles for personal use and storing personal items in the vehicles.

In response to the allegations, we obtained the District's fleet records, interviewed staff, and performed walkthroughs of the District locations to observe the fleet vehicles.

During our walkthroughs, we observed vehicles that were being stored at the empty lot of a former school. An inoperable van contained maintenance supplies. Some items appeared to be brand new and some items appeared to be there for many years. Management did not have procedures to monitor the supplies that were stored offsite and to ensure the district was not purchasing items that were already owned.

Finding 6: Lack of controls for the fleet vehicle Key Box and no GPS tracking

The District owns 56 fleet vehicles that are located at the District office and various school locations. All vehicle keys are kept in a key box in the District's maintenance building. No key inventory or records are maintained and all maintenance employees have access to the keys. Additionally, 54 of the 56 vehicles are not monitored by vehicle tracking system equipment (GPS), as required by State's fleet policy.

The State of Delaware Vehicle Tracking (GPS) Policy requires all agencies and school districts to have GPS installed in all state-owned vehicles.⁷

⁵ Ibid., 4

⁶ Capital School District Petty Cash Policy #300-08

⁷ State of Delaware Fleet Policy NO: AA2

The State of Delaware's Budget and Accounting Manual states that assets should be accounted for and safeguarded against waste, loss, unauthorized use, and misappropriation.⁵

The District is unable to prevent unauthorized vehicle use since a key inventory is not maintained and access to the keys is not limited. The lack of GPS tracking does not allow management to monitor vehicle usage.

Finding 7: Trailers and vehicles not recorded on vehicle listing

We noted five trailers that were not recorded on a vehicle listing. Two of the five are enclosed trailers used to transport supplies and equipment, and three are flatbed trailers used for lawn services. Additionally, the district owns a cargo storage container to store equipment and supplies. The trailers and the storage container are not documented on the district's vehicle listing, even though they were titled and tagged. Also, during our testing, we discovered that a 2003 Chevrolet Malibu was assigned to the district as a fleet vehicle, but was also not recorded on the vehicle listing. *See photos of the five trailers and the cargo storage container below.*



⁵ Delaware Budget and Accounting Manual section 1.6.6



Trailers – August 15, 2019

The State of Delaware's Budget and Accounting Manual states that assets should be accounted for and safeguarded against waste, loss, unauthorized use, and misappropriation.⁵

Without a complete vehicle listing, management cannot monitor vehicle use and prevent asset misappropriation.

⁵ Ibid., 4

Summary of Allegation 3

The lack of a comprehensive vehicle listing, GPS tracking, and key inventory provides the opportunity for misuse of the District's vehicles and the misappropriation of the contents of those assets.

Allegation 4: Misuse of bid authority

We received allegations that the District was favoring certain vendors and not complying with District or State bidding thresholds.

In order to assess the validity of the allegation, we reviewed both the District's and State's bid policies and reviewed District purchases, contracts and supporting documentation within First State Financials (FSF).

Finding 8: *Green Blades*

The District did not obtain a purchase order (PO) for services provided by Green Blades Irrigation and Turf (Green Blades), despite over \$60,000 being expended during the period July 1, 2018 to March 31, 2019. Further, over \$90,000 was disbursed to Green Blades during fiscal year 2018 with no PO. It appears that services were fragmented so they fell under the State and School Board policy thresholds. We observed at least three instances of services that should have been applied to a PO, as seen in Appendix B. While it is difficult to anticipate accurately the total amount of future vendor spend, past history with this vendor indicates that consideration of procurement thresholds is appropriate.

Capital School District Board of Education Policy states that all materials, supplies, equipment, and services greater than \$5,000 will be ordered by any authorized district employee using the prescribed State of Delaware PO or Capital School District PO.⁸

The State of Delaware's Budget and Accounting Manual states that a PO is required for purchases exceeding \$5,000 (individually or in aggregate). Requisitions and POs require review and approval in the FSF system to create an encumbrance. All proposed purchases over \$5,000 require State Division of Accounting review and approval in addition to any Organization level approvals. For a complete list of approval requirements, Organizations should refer to Chapter 6.⁹

Disbursements performed for similar services were not aggregated, and therefore were not subject to the issuance of POs or other bidding requirements.

Finding 9: *Other Vendors*

We reviewed selected disbursements for 30 additional maintenance division vendors for the period July 1, 2018 to March 31, 2019. We selected vendors whose total spend was greater than \$10,000. The District did not negotiate a vendor contract with three vendors with over \$60,000 in disbursements because the District was using the larger public works threshold guidelines of the State procurement law. Although the public works threshold was applied, the majority of the services we reviewed were routine maintenance and repairs and did not appear to be part of a public works project.

⁸ Capital School District Board of Education Purchasing Policy #300-03

⁹ Delaware Budget and Accounting Manual section 7.5

Additionally, numerous vendors reviewed had services performed that totaled in excess of \$5,000 without a PO, which is a violation of State law and District purchasing policy. It appeared that similar services were fragmented so they fell under the State and School Board policy thresholds, similar to those noted for Green Blades. See Appendix C for examples of such disbursements.

The State of Delaware's Budget and Accounting Manual states that purchases related to public works projects are categorized into three thresholds on a contract to contract basis. Purchases less than \$50,000 are subject to open market purchases; purchases between \$50,000 and \$99,999 require 3 letter bids; and purchases \$100,000 and over require formal bids.¹⁰

Capital School District Board of Education Policy states that all materials, supplies, equipment, and services greater than \$5,000 will be ordered by an authorized district employee using the prescribed State of Delaware PO or Capital School District PO.⁸

The State of Delaware's Budget and Accounting Manual states that a PO is required for purchases exceeding \$5,000 (individually or in aggregate). Requisitions and POs require review and approval in the FSF system to create an encumbrance. All proposed purchases over \$5,000 requires state Division of Accounting review and approval in addition to any Organization level approvals. For a complete list of approval requirements, Organizations should refer to Chapter 6.⁹

Vendors were not subject to the issuance of POs or other bidding requirements.

Summary of Allegation 4

The District should strengthen its internal controls over vendor disbursements and ensure that similar services are grouped together and not separated by each school or location so vendors are subject to the proper bidding authority in accordance with the Budget and Accounting Manual. In addition, the District should be using the materiel and non-professional services threshold as opposed to the capital projects threshold for the majority of services provided by those vendors.

Conclusion

While we are unable to specifically substantiate or refute the allegations, the overall lack of controls provide the opportunities for misuse and misappropriation to occur. The District should implement or establish controls and processes to ensure compliance with the union contract, track equipment and vehicles, and comply with procurement laws.

¹⁰ Delaware Budget and Accounting Manual section 5.3

⁸ Capital School District Board of Education Purchasing Policy #300-03

⁹ Delaware Budget and Accounting Manual section 7.5

Recommendations

Overtime and Work Requirements

- All eligible maintenance employees should be given an opportunity to work paid overtime instead of accumulating comp time or working day-for-day in accordance with the union contract.
- Develop procedures to assess the need for specific certifications and license requirements for work performed by the maintenance division.

Purchasing

- 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.

Fleet

- 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 and complete vehicle listing so that management can track all of these significant assets.

Bid Processes

- Assess whether the same or similar services performed by the same vendor should be aggregated to ensure compliance with State and District PO requirements.
- Develop guidelines to ensure vendor services are subject to the proper bidding thresholds for either nonprofessional services and materials or public works.

Objective, Scope, and Methodology

Objective

To investigate the allegations of withheld payment of overtime, inappropriate purchases with State funds, misusing fleet vehicles, and the misuse of bid authority.

This investigation was performed in accordance with the Council of the Inspectors General on Integrity and Efficiency, *Quality Standards for Investigations*.

Scope

The scope of the investigation encompasses overtime payments, purchases, fleet vehicle usage, and disbursements made by Capital School District employees from July 1, 2018 through March 31, 2019.

Methodology

Our procedures consisted of the following:

- Interviews with employees, agency representatives, and other relevant organizations or individuals.
- Site visits to the school district.
- Document reviews, including applicable laws and regulations, agency policies and procedures pertaining to objectives, and published reports or audits.
- Data analysis, which includes data collected by agencies and/or data compiled by our staff.
- Consultation with experts when warranted. Our staff consult with technical experts when necessary to plan our work, to obtain specialized analysis from experts in the field, and to verify results.

Capital School District Response

Board of Education
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Allegation 1 – “unable to specifically substantiate or refute allegations”

Union Contracts have provisions for addressing grievances. No grievance has been presented.

Finding 1

Employees are allowed to trade work days when certain tasks cannot be accomplished while the work area is occupied by staff and/or students. This allows for minimal disruption to schools operations. Overtime usually only occurs when a call is accepted from the monitoring company. All maintenance employees are on the call list. Overtime information is posted in the office.

Finding 2

Employee referenced is not performing refrigerant work. The employee troubleshoots the problem and then refers the work to a professional. It is common practice within state government that maintenance mechanics troubleshoot HVAC equipment but no one handles refrigerants except for those with the appropriate certification.

Allegation 2 - “unable to specifically substantiate or refute allegations”

All purchases are verified by the Supervisor of Buildings and Grounds. The addition of work order numbers to purchases was implemented. As a result, invoices will be tied to specific work orders. Some items will be purchased for use on a work order but may also be available for use on other work assignments. Orders for items that are non-routine in use by staff, are approved from the Supervisor of Buildings and Grounds before purchasing.

Finding 3

Vendors allow the District to purchase items and bill us later for them. We did not sign credit agreements with these vendors. There are no credit or credit limits established. They bill and we pay and that ends our relationship with them. It's a transactional relationship... it ends when the transaction is completed (purchase and payment).

Finding 4

The vendor quoted the District the installation of HVAC units. As part of the transaction, the equipment were delivered to our shop. They are not stand alone equipment and as a result would not have been inventoried. They became part of the building at installation. Scheduling issues resulted in the equipment not getting installed as soon as they were received. The board room (installation location) schedule, staff and vendor schedules caused significant delay in completing the install.

Finding 5

The Capital School District is an equal opportunity employer and does not discriminate on the basis of race, color, creed, religion, gender (including pregnancy, childbirth and related medical conditions), national origin, citizenship or ancestry, age, disability, marital status, veteran status, genetic information, sexual orientation, or gender identity, against victims of domestic violence, sexual offenses, or stalking, or upon any other categories protected by federal, state, or local law. Inquiries regarding nondiscrimination policies should be directed to the Title IX, District 904 and ADA Coordinators: Capital School District, 198 Commerce Way, Dover DE 19904. Phone (302) 672-1500

Vendor replaced the drain pans and did not pick up the defective ones. The defective pans did not belong to the District and would not have been on inventory. Installed pans would have been part of a fixture of the building. District Office was not aware of scrap metal being disposed of and cash collected for them. All materials requiring disposal are to be brought to the District Office for proper disposal.

Allegation 3 - "unable to specifically substantiate or refute allegations"

Old vehicles were stored at the Old High School location awaiting transportation to Delaware Surplus. The items in the one vehicle were being transitioned to the new vehicle by the employee.

Finding 6

The Key Box in the Maintenance Shop contains the backup keys to all district vehicles. This allows for maintenance staff to move vehicles in case of emergencies. The shop is the only central place where access to the keys is beneficial for staff in case of emergencies.

Finding 7

The excluded items were oversights. When vehicles are inventoried, the trailers were not perceived as vehicles. The 2003 Malibu was clearly missed on the list.

Allegation 4 - "unable to specifically substantiate or refute allegations"

No intent on misusing bid authority. When there are emergency repairs that need to be done in the buildings, we reach out to vendors that can come out immediately and resolve issues that maintenance staff cannot address. Planned repairs and maintenance work follow procurement rules including the preparation and use of Purchase orders. Some vendors lack in how they prepare their billings. The District has no control over how and when they bill.

Finding 8

Some vendors lack in how they prepare their billings. The District has no control over how and when they bill. The Supervisor of Buildings and Grounds ensures that work was done before payment is rendered. District staff will handle a lot of the field related work moving forward.

Finding 9

Repair work done on most of these invoices spanned different work on different days. Each work didn't meet the threshold for Purchase orders.

The Capital School District is an equal opportunity employer and does not discriminate on the basis of race, color, creed, religion, gender (including pregnancy, childbirth and related medical conditions), national origin, ancestry or ethnicity, age, disability, marital status, veteran status, genetic information, sexual orientation, or gender identity, against victims of domestic violence, sexual offenses, or stalking, or upon any other categories protected by federal, state, or local law. Inquiries regarding nondiscrimination policies should be directed to the Title IX, District 504 and ADA Coordinators: Capital School District, 188 Commerce Way, Dover DE 19904. Phone (302) 672-1300.

Auditor's Response

We would like to thank your staff for their cooperation during this investigation. We encourage you to implement our recommendations by strengthening internal controls and aligning procedures with State law.

State Auditor Response Finding 1: Based on interviews, we were informed that 8 of the 10 employees wanted but were not permitted paid overtime. These employees were forced to take compensatory time. At the fieldwork entrance conference, the Business Manager confirmed that available overtime was not posted because all overtime was given to one individual. The finding remains as written.

State Auditor Response Finding 2: The employee informed us he performed HVAC work, and the employee's coworkers confirmed it. Further, the manager assigned the same unlicensed employee to work on four schools' HVAC work. The finding remains as written.

State Auditor Response Finding 3: When you purchase something now and pay for it later, it is a credit arrangement by definition. The business office confirmed that all maintenance employees are able to sign for purchases at these 23 vendors. Effective internal controls would include signed credit agreements specifically identifying those employees and their corresponding credit limits. The finding remains as written.

State Auditor Response Finding 4: More caution should be exercised to ensure significant purchases are not made too far in advance. The finding remains as written.

State Auditor Response Finding 5: We could not determine who owned the defective drain pans. When we asked management what happened to them, we were told that they were scrapped in March 5, 2019 and we were provided the receipt for that scrapped transaction. However, we later discovered that an employee scrapped the pans on May 23, 2019 and logged the receipt in the home-based petty cash account. The finding remains as written.

State Auditor Response Finding 6: There was no evidence of effective internal controls over the vehicle keys. The finding remains as written.

State Auditor Response Finding 7: Trailers were not properly tracked because they were not listed on any of the equipment, asset, or vehicle listings and effective internal controls should ensure all significant items are tracked and accounted for. The finding remains as written.

State Auditor Response Finding 8: Any significant billings for services should have a contract before work commences so amounts can be properly approved and budgeted before work actually is completed. The finding remains as written.

State Auditor Response Finding 9: Invoices for similar services should be aggregated to comply with the School District's Board and the State procurement code so amounts can be properly approved and budgeted before work is actually completed. The finding remains as written.

We are committed to performing follow up procedures for all of our office's findings. We will be happy to work with you to schedule an appropriate time to return to ensure findings have been remediated. We look forward to working with you and providing assistance.

Appendix A: Unapproved Credit Arrangements

The following list includes the names of all vendors in which Capital School District has credit arrangements that were not approved by the State's Secretary of Finance:

- Rumsey's Electric
- United Refrigeration
- United Electric
- Benchmark
- Meineke
- Dover Electric
- State Janitorial
- R.E. Michaels
- Dover Plumbing
- Johnston Supply
- NAPA
- PPG Paints
- Sherman Williams
- Burke Equipment
- Pugh's Service
- Atlantic Tractor
- Union Wholesale
- Fastenal
- Dover Building Supply
- Grainger
- Ace Hardware

Appendix B: Green Blades

TransID	Accounting Date	Vendor Name	Fund Code	Approp	School Name	Amount	Descrip	Invoice Date
4592918	11/28/18	GREEN BLADE	300	50022	Dover High School	\$1,200.00	Irrigation Start Up	¹¹
4592910	11/28/18	GREEN BLADE	300	50022	Dover High School	\$2,800.00	Shrub weed cont	¹¹
4592902	11/28/18	GREEN BLADE	300	50022	Dover High School	\$2,700.00	Debris Removal	9/5/2018
4592896	11/28/18	GREEN BLADE	300	50022	Dover High School	\$1,900.00	Debris Grass Removal	9/5/2018
4592888	11/28/18	GREEN BLADE	300	50022	Dover High School	\$1,087.50	Irrigation Repairs	9/5/2018
					Subtotal	\$9,687.50		
4731650	2/27/2019	GREEN BLADE	300	50022	Dover High School	\$234.65	Grass Treatment	8/28/2018
4731657	2/27/2019	GREEN BLADE	300	50022	Dover High School	\$840.58	Grass Treatment	8/28/2018
4520015	10/15/2018	GREEN BLADE	270	91151	Dover High School	\$1,118.66	Field Repairs	8/30/2018
4520071	10/15/2018	GREEN BLADE	270	91151	Dover High School	\$4,300.00	Seeding	8/30/2018
4520096	10/15/2018	GREEN BLADE	270	91151	Dover High School	\$1,980.00	Grass Treatment	8/30/2018
					Subtotal	\$8,473.89		
4501716	10/3/2018	GREEN BLADE	300	50022	Dover High School	\$1,473.00	Irrigation Repair	9/5/2018
4504770	10/4/2018	GREEN BLADE	270	91151	Dover High School	\$2,750.00	Field Repair	9/5/2018
4506049	10/5/2018	GREEN BLADE	300	50022	Dover High School	\$858.00	Irrigation Repair	9/5/2018
4592888	11/28/2018	GREEN BLADE	300	50022	Dover High School	\$1,087.50	Irrigation Repair	9/5/2018
4592896	11/28/2018	GREEN BLADE	300	50022	Dover High School	\$1,900.00	Spring Clean Up	9/5/2018
4592902	11/28/2018	GREEN BLADE	300	50022	Dover High School	\$2,700.00	Spring Clean Up	9/5/2018
4592387	11/28/2018	GREEN BLADE	300	50022	Dover High School	\$285.00	Irrigation Repair	9/5/2018

¹¹ The invoice date on the supporting documentation was whited out.¹¹ Ibid

					Subtotal	\$11,053.50		
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Appendix C: Other Vendors

	TransID	Accounting Date	VendorName	Account	AcctDescr	Fund Code	School Name	Amount	Invoice	Descr
1	4619670	12/13/2018	STATEWIDE MECHANICAL INC	55510	Equipment Repair	300	Capital Central Office	\$3,399.00	Three invoices on same day 11/16/18	Check Ig Sys
	4620040	12/13/2018	STATEWIDE MECHANICAL INC	55510	Equipment Repair	300	Capital Central Office	\$2,555.00		Repair Fan
	4619989	12/13/2018	STATEWIDE MECHANICAL INC	55510	Equipment Repair	300	Capital Central Office	\$960.00		Pressure Switch
	4619982	12/13/2018	STATEWIDE MECHANICAL INC	55510	Equipment Repair	300	Capital Central Office	\$1,792.00	Two invoices on same day 11/28/18	Inverter Board
	4619967	12/13/2018	STATEWIDE MECHANICAL INC	55510	Equipment Repair	300	Capital Central Office	\$2,988.00		Fan Board
							Subtotal	\$11,694.00		
2	4695990	2/5/2019	STATEWIDE MECHANICAL INC	55510	Equipment Repair	300	Hartly Elementary School	\$3,048.00	Two invoices on same day 1/22/209	Heat Exch Repair
	4696071	2/5/2019	STATEWIDE MECHANICAL INC	55510	Equipment Repair	300	Hartly Elementary School	\$3,706.00		Clean Boiler
							Subtotal	\$6,754.00		

3	4722392	2/21/2019	ADVANCED POWER CONTROL INC	55510	Equipment Repair	300	Booker T. Washington Elem Sch	\$3,164.00	Same amount - both on same invoice 1/08/19	Repair AC Unit
	4701026	2/7/2019	ADVANCED POWER CONTROL INC	55510	Equipment Repair	300	Booker T. Washington Elem Sch	\$3,164.00		Repair AC Unit
							Subtotal	\$6,328.00		
4	4532128	10/22/2018	KENNETH WINN	55500	Building/Grounds Repair	300	North Dover Elementary School	\$4,275.00	8/29/2019	Ramp Repairs
	4504151	10/4/2018	KENNETH WINN	55500	Building/Grounds Repair	270	North Dover Elementary School	\$4,525.00	8/29/2018	Ramp Repairs
							Subtotal	\$8,800.00		
5	4502905	10/4/2018	E & H MASONRY INC	55500	Building/Grounds Repair	300	Dover High School	\$3,580.00	9/18/2019	Curb Repairs
	4486169	9/25/2018	E & H MASONRY INC	55500	Building/Grounds Repair	270	Dover High School	\$4,080.00	9/18/2018	Curb Repairs
							Subtotal	\$7,660.00		
6	4381049	7/19/2018	JEFFREY WAYNE RIGBY	55500	Building/Grounds Repair	300	Towne Point Elementary School	\$4,045.00	6/28/2018	Remove Tree
	4440410	8/28/2018	JEFFREY WAYNE RIGBY	55500	Building/Grounds Repair	270	Towne Point Elementary School	\$3,450.00	8/20/2018	Remove Tree
							Subtotal	\$7,495.00		
7	4537026	10/24/2018	JOHNSON CONTROLS INC	55510	Equipment Repair	300	Henry (William)	\$3,002.41	10/9/2018	Chiller Repair

							Middle School			
	4536917	10/24/2018	JOHNSON CONTROLS INC	55510	Equipment Repair	300	Henry (William) Middle School	\$674.68	9/19/2018	Chiller Repair
	4684026	1/28/2019	JOHNSON CONTROLS INC	55510	Equipment Repair	300	Henry (William) Middle School	\$4,248.43	12/26/2018	Chiller Repair
							Subtotal	\$7,925.52		
8	4457914	9/10/2018	TRI-STATE CARPET	55500	Building/Grounds Repair	100	Central Middle School	\$7,840.00	8/19/2018	Floor Install
	4458050	9/10/2018	TRI-STATE CARPET	55500	Building/Grounds Repair	270	Central Middle School	\$3,910.00	8/19/2018	Floor Install
							Subtotal	\$11,750.00		
9	4491877	9/27/2018	JOHN R SEIBERLICH INC	55510	Equipment Repair	300	Central Middle School	\$1,680.00	9/10/2018	Chiller Repair
	4538095	10/24/2018	JOHN R SEIBERLICH INC	55510	Equipment Repair	300	Central Middle School	\$3,787.01	9/18/2018	Chiller Repair
	4544030	10/29/2018	JOHN R SEIBERLICH INC	55510	Equipment Repair	300	Central Middle School	\$4,022.50	9/18/2018	Chiller Repair
	4580261	11/19/2018	JOHN R SEIBERLICH INC	55510	Equipment Repair	300	Central Middle School	\$2,852.71	9/18/2018	Chiller Repair
							Subtotal	\$12,342.22		

10	4442830	8/29/2018	MASTERCRAFT SPORTS FLOORING IN	55500	Building/Grounds Repair	270	Henry (William) Middle School	\$2,860.00	8/21/2018	Refinish Gym Floor
	4442813	8/29/2018	MASTERCRAFT SPORTS FLOORING IN	55500	Building/Grounds Repair	270	Central Middle School	\$2,100.00	8/21/2018	Refinish Gym Floor
	4442483	8/29/2018	MASTERCRAFT SPORTS FLOORING IN	55500	Building/Grounds Repair	270	Dover High School	\$4,600.00	8/21/2018	Refinish Gym Floor
	4443554	8/30/2018	MASTERCRAFT SPORTS FLOORING IN	55500	Building/Grounds Repair	270	South Dover Elementary School	\$900.00	8/21/2018	Refinish Gym Floor
	4443471	8/30/2018	MASTERCRAFT SPORTS FLOORING IN	55500	Building/Grounds Repair	270	North Dover Elementary School	\$900.00	8/21/2018	Refinish Gym Floor
							Subtotal	\$11,360.00		