

WOODBIDGE SCHOOL DISTRICT
LOCAL FUNDS PERFORMANCE AUDIT AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2023

WOODBRIAGE SCHOOL DISTRICT
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Independent Auditor's Report

Dr. Kevin Long
Superintendent
Woodbridge School District
16359 Sussex Highway
Bridgeville, Delaware 19933

Dear Dr. Long:

We present the attached report which provides the results of our performance audit of the Woodbridge School District's Local Funds' design and operation of internal controls and compliance with applicable State and District regulations and policies during the year ended June 30, 2023. The Office of Auditor of the Accounts engaged Belfint, Lyons & Shuman, P.A. to conduct a Performance Audit of the Woodbridge School District's Local Funds under OAOA Contract Number 22-CPA01_SDLOCALFUNDS.

The Office of the Auditor of Accounts is authorized under 29 Del. C., §2906(f) to perform post-audits of local school district tax funds' budget and expenditures. The Woodbridge School District's management is responsible for the design and operation of internal controls over Local Funds and compliance with the applicable Delaware Code sections.

We conducted this performance audit in accordance with *Government Auditing Standards* as issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying *Schedule of Findings and Recommendations*. The District's response was not subject to the other auditing procedures applied in the performance audit.

Superintendent
Woodbridge School District

This report is intended solely for the information and use of the Woodbridge School District, the Delaware Department of Education, and the Office of the Auditor of Accounts, and is not intended to be, and should not be, used by anyone other than these specified parties. Under 29 Del. C. §10002(o), this report is a matter of public record, and its distribution is not limited. This report, as required by statute, will be provided to the Office of the Governor, General Assembly, Office of the Controller General, Office of the Attorney General, and Office of Management and Budget.

Belfint, Lyons & Shuman, P.A.

August 28, 2025
Wilmington, Delaware

cc: Lydia E. York - State Auditor
Kimberly Judy, Director of Administrative Services

WOODBRIIDGE SCHOOL DISTRICT
LOCAL FUNDS PERFORMANCE AUDIT
JUNE 30, 2023

PERFORMANCE AUDIT OVERVIEW

Performance audits are audits that provide findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

BACKGROUND

Overview - Any Delaware School District may, in addition to the amounts apportioned to it by the Delaware Department of Education (DOE) or appropriated to it by the General Assembly, levy and collect additional taxes for school purposes upon the assessed value of all taxable real estate in the district except real estate exempt from taxation per 14 Del. C., §1902. The purpose of this performance audit is to determine whether internal controls over the collection and use of these real estate tax funds were designed and operated in accordance with Delaware law and District policy. For purposes of this report, real estate taxes levied for school purposes are referred to as “Local Funds.” Although there are other types of Local Funds, they are not included in the scope of our performance audit.

Laws and Regulations - The school district’s authority to levy taxes is governed by 14 Del. C., Ch. 19 for nonvocational districts. The legislative provisions and other policies relevant to local school taxes are summarized below. There are four categories of local school taxes: current expense, debt service, tuition, and match taxes summarized as follows.

Current Expense - Current expense tax rates are levied for general operation expenses incurred by the school district. Rate increases are approved via voter referendum.

Debt Service - Debt service tax rates are levied to cover the local share of the principal and interest payments on bonds funding major capital projects which, per Delaware Administrative Code Section 401, *Major Capital Improvement Program*, are projects costing \$1,000,000 or more. The local share of major capital projects is between 20% and 40% of the total cost per 29 Del. C., §7503(b) with the remaining balance financed by the State of Delaware. The project must be approved by the DOE and bond issuances are authorized via voter referendum. Per 14 Del. C §2116 and §2118(a), with a passing referendum, districts are authorized to levy a debt service tax sufficient to cover the local share of annual principal and interest payments plus 10% for expected delinquencies.

WOODBIDGE SCHOOL DISTRICT
LOCAL FUNDS PERFORMANCE AUDIT - CONTINUED
JUNE 30, 2023

BACKGROUND - CONTINUED

Laws and Regulations - Continued

Debt Service - Continued

The District is required to maintain debt service reserves, within a range of at least four months to no more than 110% of the following fiscal year's debt service payments based on the following opinions issued by the State of Delaware Attorney General:

- Attorney General Opinion 89-I017 from 1989 stated that, per the DOE, a sufficient reserve is at least four months of the following fiscal year's debt service payments.
- Attorney General Opinion 1W-024 from 1975 stated that a reserve is considered excessive when it is greater than 110% of total debt expenditures in the following year as districts' powers to levy taxes for debt service are limited per 14 Del. C., §2116 and §2118(a) to principal and interest and 10% for delinquencies.

Tuition - Tuition tax rates are levied to cover educational expenses for in-district and out-of-district placements of students in special programs and schools. The rate is set annually by the school board based on anticipated needs in the district and does not require a voter referendum.

Match - Match funds provide a local match to State appropriations where required or allowed by law. Examples of Match programs include technology, minor capital improvements (MCIs), enhanced minor capital improvements, extra time, reading resource and math resource teachers, student success block grant, opportunity fund and substitute teacher block grant. The following summarizes the significant match taxes authorized for the year ended June 30, 2023:

Technology - These funds are intended to support the purchase and replacement of technology, technology maintenance through personnel or services, professional learning, or other technology needs intended to improve the school district. The FY 1999 Bond and Capital Improvements Act authorized appropriations for education technology and authorized school districts to indefinitely levy up to one-half of the rate required to meet the district's match. Technology match taxes are currently set by a DOE memo issued in December 1998.

WOODBRIIDGE SCHOOL DISTRICT
LOCAL FUNDS PERFORMANCE AUDIT - CONTINUED
JUNE 30, 2023

BACKGROUND - CONTINUED

Laws and Regulations - Continued

Match - Continued

Minor Capital Improvements - Per Delaware Administrative Code § 405, *Minor Capital Improvement Program*, minor capital pertains to projects costing less than \$1,000,000, intended to keep assets in their original condition. The maximum local share for minor capital expenditures is 40% per 29 Del. C., §7528(b). The State of Delaware provides the remaining balance up to a maximum dollar amount which is included in the Delaware Capital Budget annually.

Enhanced Minor Capital Improvements - The FY 2023 State of Delaware Capital Budget appropriated additional minor capital improvements funds to the school districts. The funds are not subject to the \$1,000,000 minor capital improvement restriction. An amendment to the FY 2023 State of Delaware Capital Budget authorizes districts to assess a local match on a 60% state and 40% local basis either in one fiscal year or over multiple fiscal years through fiscal year ending June 30, 2025. Districts must obligate their minor capital improvement funds prior to utilizing the enhanced minor capital improvement funds, except for the purposes of remediating lead-contaminated drinking water infrastructure.

Extra Time, Reading Resource and Math Resource Teachers - In accordance with 14 Del. C., §1902(b), the FY 2023 Operating Budget Epilogue §361 authorizes school districts to levy a local match for Extra Time as well as Reading Resource Teachers and Mathematics Resource Teachers which were originally established by the following:

- Per the FY 2008 Operating Budget Epilogue, the extra time appropriation is intended for additional instruction for low achieving students and school districts were encouraged to match on a 70% state and 30% local basis.
- Per the FY 2010 Operating Budget Epilogue, the reading and math resource teacher appropriations are intended to fund state salaries for resource teachers in each school and districts were encouraged to match on a 70% state and 30% local basis.

Student Success Block Grant - The FY 2023 Operating Budget Epilogue Sec. 370 authorizes school districts to assess a local match for costs relating to the Student Success Block Grant appropriations, which are intended for reading assistance in grades K through 4.

WOODBRIIDGE SCHOOL DISTRICT
LOCAL FUNDS PERFORMANCE AUDIT - CONTINUED
JUNE 30, 2023

BACKGROUND - CONTINUED

Laws and Regulations - Continued

Match - Continued

Opportunity Fund - The FY 2023 Operating Budget Epilogue Sec. 367 authorizes school districts to assess a local match for costs associated with Opportunity Fund appropriations intended to enhance services and provide additional supports to English Learner and low-income students, as well as be used for mental health services and/or for additional reading supports for grades K-5. Per a June 2019 DOE Memo, schools are allowed to match on a 70% state and 30% local basis.

Substitute Teacher Block Grant - The State of Delaware FY 2023 Operating Budget Epilogue Sec. 391 authorizes school districts to assess a local match for costs associated with the Substitute Teacher Block Grant appropriations, which are intended to fund salaries for full-time substitute teachers in high need elementary, middle and high schools, with populations of 50 percent or more low-income students.

Capitation - Districts may also levy a school capitation tax on all persons 18 years of age and older, determined by the board, provided that such school capitation tax is approved by the voters of the district in the same manner as required for the levy of taxes on the assessed value of real estate, per 14 Del. C., §1912.

DISTRICT SPECIFIC SUMMARY

The Woodbridge School District, located in Kent and Sussex Counties, operates K-12 schools with approximately 2,500 students. The Woodbridge School District employs over 300 employees to educate and support its students. Woodbridge has one early education center, one elementary school, one middle school, and one traditional comprehensive high school. The Woodbridge School District Board of Education is the governing body of the District. The School Board includes five elected members who serve five-year terms. For the purposes of this report, Woodbridge School District is referred to as the “School District” or “District.”

AUDIT OBJECTIVES

The objectives established for the performance audit of the School District were:

Objective 1 - School District internal controls over the expenditure of Local Funds were designed and operated in accordance with the requirements of the *Delaware Code*, State of Delaware *Administrative Code*, State of Delaware *Budget and Accounting Policy Manual (BAM)*, School District Accounting Policies, and the School District Budget (the requirements).

WOODBRIAGE SCHOOL DISTRICT
LOCAL FUNDS PERFORMANCE AUDIT - CONTINUED
JUNE 30, 2023

AUDIT OBJECTIVES - CONTINUED

Objective 2: School District internal controls over the receipt of Local Funds were designed and operated in accordance with the requirements.

Objective 3: School District real estate taxes were approved and calculated in accordance with the requirements.

Objective 4: School District tuition tax funds are calculated and spent in accordance with the requirements.

AUDIT SCOPE

The period covered by the Performance Audit was July 1, 2022 through June 30, 2023. We sampled and examined transactions from the populations of expenditures and receipts of Local Funds for the period from July 1, 2022 through June 30, 2023. In sampling these transactions, we relied on documentation provided by the School District, the DOE, and the State of Delaware's financial accounting and human resources systems.

AUDIT METHODOLOGY AND RESULTS

To address the audit objectives of this performance audit, we performed the following procedures:

- A. Planning Phase: The audit relied on various sources of information and methods to properly plan the audit and to obtain an understanding of and assess Local Funds' processes for the School District, including the following:
 - 1. Reviewed the applicable sections of the *Delaware Code*, State of Delaware *Administrative Code*, State of Delaware *BAM*, School District Accounting Policies, and the School District Budget to gain an understanding of the legal and policy requirements governing Local Funds.
 - 2. Inquired about whether there were any findings and recommendations in reports resulting from previous audits that relate to the objectives of this audit and whether the recommendations have been implemented.
 - 3. Reviewed the Board of Education's meeting minutes for the audit period.
 - 4. Identified and reviewed contracts, agreements, and other important documents.

WOODBIDGE SCHOOL DISTRICT
LOCAL FUNDS PERFORMANCE AUDIT - CONTINUED
JUNE 30, 2023

AUDIT METHODOLOGY AND RESULTS - CONTINUED

5. Performed risk assessment procedures such as:
 - a. Obtained and documented an understanding of the School District and its environment and identified risks.
 - b. Conducted engagement team discussions, including discussions about the possibility of error or fraud involving Local Funds.
 - c. Made inquiries of management and others about risks (including fraud risks, related-party transactions, unusual transactions, and compliance with laws, regulations, contracts, and grant agreements).
 - d. Obtained and documented an understanding of the School District's internal control system over Local Funds by performing walkthroughs.
 6. Identified key internal controls over the District's Local Funds for testing.
- B. Performance Assessment: Based on the information gathered, we developed the following risk-based approach to assess the design and operation of internal controls over Local Funds with respect to the audit objectives:
1. To assess the design and operation of disbursement internal controls, we sampled and tested transactions from the population of expenditures from Local Funds and Local Tuition Tax funds to determine that transactions were properly documented, authorized and properly recorded; that products and services were received and that the transactions complied with State and District requirements.
 2. To assess the design and operation of procurement internal controls, we analyzed disbursements to vendors made from the District's State, Local and Federal Funds' (excluding purchases made using Statewide contracts, those entered into by the Office of Management and Budget's (OMB's), Government Support Services Division (GSS)). Our analysis included all District funding (local, State, and federal) because the procurement requirements apply regardless of funding source. We analyzed procurements as follows:
 - a. Cumulative expenditures by vendor, with consideration to multiple purchase orders and multiple direct claim payments (purchases without purchase orders) for similar products and services, to test whether the cumulative amounts may have exceeded the applicable procurement thresholds.

WOODBIDGE SCHOOL DISTRICT
LOCAL FUNDS PERFORMANCE AUDIT - CONTINUED
JUNE 30, 2023

AUDIT METHODOLOGY AND RESULTS - CONTINUED

- b. Payments made via Purchasing Cards to test whether single payments (or multiple payments for similar products or services) may have exceeded the applicable procurement thresholds.
- c. Payments to Single Payment Suppliers (suppliers that are paid only once) to test whether payments may have exceeded the applicable procurement thresholds.
- d. In addition, we selected the following types of vendor transactions for testing:
 - i. A judgmental sample of vendors with cumulative purchase amounts meeting or exceeding the State and District procurement thresholds.
 - ii. A judgmental sample of unusual or higher-risk vendor transactions.
 - iii. A judgmental sample of purchasing card transactions and single payment supplier transactions meeting or exceeding the State and District procurement thresholds.

For vendor relationships governed by State-wide contracts, we selected and tested a sample of significant transactions to verify that the District's purchases complied with the terms of the agreements entered into by the OMB's GSS Division.

- 3. To assess the design and operation of payroll internal controls:
 - a. Sampled and tested transactions from a population of current year payroll change events, affecting local funds' payroll expenditures for the following:
 - i. Employees' annual salary increases agreed to published and approved salary tables.
 - ii. Changes to payroll, other than annual salary increases, agreed to supporting documentation and were properly approved.
 - b. Sampled and tested transactions from a population of current year payroll expenditures from Tuition Local Funds to verify employees, whose salaries and wages during the fiscal year were funded with Tuition Local Funds, responsibilities were consistent with the District's special education programs.
 - c. Sampled and tested management's reconciliation, review, and approval of bi-weekly payrolls.

WOODBRIIDGE SCHOOL DISTRICT
LOCAL FUNDS PERFORMANCE AUDIT - CONTINUED
JUNE 30, 2023

AUDIT METHODOLOGY AND RESULTS - CONTINUED

4. To assess the design and operation of internal controls over the approval and calculation of real estate taxes, including tuition tax:
 - a. Compared taxes levied, per official tax warrants, to supporting rate calculations, budgets, and amounts authorized by referendum, relevant legislation (including tax revenue reserve limits) and District approval.
 - b. Analyzed tax revenue reserves at the beginning and end of the fiscal year, as applicable.
 - c. Verified local tax fund receipts were properly recorded to the related tax appropriation based on the official tax warrant.

Objective 1 - School District internal controls over the expenditure of Local Funds were designed and operated in accordance with the requirements.

Results - Except as detailed in Findings number 1 and 2 in the *Schedule of Findings and Recommendations*, we found the design of the key internal controls over payroll, non-payroll, and debt expenditures of Local Funds were designed and operated in accordance with the requirements during the period from July 1, 2022, through June 30, 2023.

Non-Payroll Expenditures - To assess the operation of the internal controls over non-payroll expenditures of Local Funds, we selected a random sample of 35 disbursement transactions (excluding transactions from tuition Local Funds tested in Objective 4). Our review of the selected transactions determined that the purchases complied with both State and District requirements and that the transactions were properly approved by the District as evidenced by approval on invoices and receipts as well as in First State Financials (FSF), the Delaware State accounting system.

School districts are allowed, but not required, to use State-wide contracts procured by the OMB's GSS Division. We also selected five transactions from a population of non-tuition Local Fund disbursements made with vendors with Statewide contracts in conjunction with the procedures performed over procurement. We compared the terms of the invoices and the District's contracts to the Statewide contracts and found that although the transactions were properly approved by the District as evidenced by approval on invoices and receipts as well as in FSF, the purchases from one vendor were not in compliance with State and District procurement requirements. The District did not confirm that the pricing it was billed, and agreed to the GSS-contracted price. Refer to Finding Number 2 in the *Schedule of Findings and Recommendations* for details of the deficiencies identified and related recommendations.

WOODBRIIDGE SCHOOL DISTRICT
LOCAL FUNDS PERFORMANCE AUDIT - CONTINUED
JUNE 30, 2023

AUDIT METHODOLOGY AND RESULTS - CONTINUED

Objective 1 - Continued

Results - Continued

Procurement - To assess the District's compliance with both State and District procurement requirements, we analyzed the District's total FY 2023 disbursement population and, using a risk-based approach, we selected the following samples:

- A judgmentally selected sample of five vendors with cumulative expenditures exceeding the \$10,000 procurement threshold per the *BAM* (this is the lowest threshold that requires competitive purchasing).
- There were no procurement card purchases made by the District that exceeded \$10,000; therefore, a sample of these transactions was not selected.
- There were no single-payment supplier purchases made by the District that exceeded \$10,000; therefore, a sample of these transactions was not selected.

We examined documentation for each of the transactions selected and found that the purchasing process for goods and services purchased from one vendor during the fiscal year was not in compliance with State and District procurement requirements. Refer to Finding Number 2 in the *Schedule of Findings and Recommendations* for details of the deficiencies identified and related recommendations.

Payroll Expenditures - To assess the operation of the internal controls over payroll expenditures made from Local Funds, we selected a random sample of 40 Local Funds pay rate changes processed during the fiscal year, other than annual salary increases. We found evidence of approval of pay rate changes could not be provided for 22 of the 40 sampled changes. These deficiencies in the operation of internal controls over payroll expenditures could result in errors or fraud occurring and not being detected. Refer to Finding Number 1 in the *Schedule of Findings and Recommendations* for details of the deficiencies identified and related recommendations.

To test the employees' annual increases, we selected a random sample of ten annual step increases and agreed each employee's salary profile in the State's payroll system, Payroll and Human Resource Statewide Technology (PHRST), to the District's approved FY 2023 salary schedules.

WOODBRIIDGE SCHOOL DISTRICT
LOCAL FUNDS PERFORMANCE AUDIT - CONTINUED
JUNE 30, 2023

AUDIT METHODOLOGY AND RESULTS - CONTINUED

Objective 1 - Continued

Results - Continued

Payroll Expenditures - Continued - We reviewed evidence of the District's bi-weekly payroll reconciliation and approval process for a random sample of four bi-weekly payroll cycles and determined that authorized personnel at the District performed and maintained evidence of a review of bi-weekly payroll expenditures.

Debt Service Expenditures - We examined the requirement that the District maintain its debt service reserve, within a range of at least four months and no more than 110% of the following fiscal year's debt service payments. We also compared budget to actual debt service expenditures, at the District level during our analysis of debt service real estate tax rate calculations in Objective 3. Because the payment of debt service is managed and initiated at a statewide level by the State of Delaware Department of Finance, it is outside of the scope of this performance audit, and we did not assess the design or operation of internal controls over debt service expenditures.

Objective 2 - School District internal controls over the receipt of Local Funds were designed and operated in accordance with the requirements.

Results - We obtained the Kent and Sussex County School District Reports of Local Property Tax Collections. We recalculated the District's distribution of its receipts among the four categories of local taxes and determined that the District accurately distributed the receipts based on the official warrants and code requirements. The District's capitation tax, was not considered to be material, so it was excluded from testing.

Objective 3 - School District real estate taxes were approved and calculated in accordance with the requirements.

Results - To determine if real estate taxes were approved and calculated in accordance with the requirements, we obtained the official tax warrants for FY 2023 and concluded the following:

- The District's current expense rate was supported by a referendum passed in 2019.

- The District assesses a local match tax for the following: Technology, Minor Capital Improvements, Extra Time, Reading and Math Resource Teachers, Student Success Block Grant and Opportunity Grant. We found the District's local match tax revenues were consistent with the prior year and were determined to be immaterial to total Local Fund revenues.

WOODBIDGE SCHOOL DISTRICT
LOCAL FUNDS PERFORMANCE AUDIT - CONTINUED
JUNE 30, 2023

AUDIT METHODOLOGY AND RESULTS - CONTINUED

Objective 3 - Continued

Results - Continued

- We compared debt service tax collections based on the debt service rate to principal and interest schedules for FY 2023 and FY 2024 and determined that the rate was sufficient to cover debt service expenditures in FY 2023 and provide the District with a reserve equal to approximately 26% of its FY 2024 debt service payments, as summarized below. District debt service reserves held as of June 30, 2023, were within the range set by the State of Delaware Attorney General.

July 1, 2022 Debt Service Reserve Balance	\$	406,814
FY 2023 Debt Service Activity		
Receipts		1,171,665
Expenditures		<u>(1,223,260)</u>
June 30, 2023 Debt Service Reserve Balance	\$	<u>355,219</u>
Budgeted FY 2024 Debt Service	\$	<u>1,345,586</u>
Reserve to Expected Future Payments Ratio		<u>26%</u>

We accumulated information from the following sources to meet this audit objective - The FY 2023 Debt Service Tax Collections, FY 2023 Debt Service Expenditures, and FY 2023 Debt Service Reserves were obtained from the June 30, 2023 Daily Validity Report (Document Direct Report DGL060), which is a daily report on the status of appropriations. The FY 2024 Debt Service Principal and Interest were obtained from the District’s Bond Amortization Schedule presented in the FY 2023 Final Budget.

- We compared actual tuition tax expenditures and funds transferred out to special programs and other districts to both actual revenues and budgeted expenditures and determined that the rate appeared to be sufficient to meet the District’s obligations. Actual expenditures and revenues were obtained from the June 30, 2023 Daily Validity Report and budgeted expenditures from the District’s FY 2023 Final Budget.

WOODBIDGE SCHOOL DISTRICT
LOCAL FUNDS PERFORMANCE AUDIT - CONTINUED
JUNE 30, 2023

AUDIT METHODOLOGY AND RESULTS - CONTINUED

Objective 4 - School District tuition tax funds are calculated and spent in accordance with the requirements.

Results - We examined eight individually significant disbursement transactions and a random sample of five additional disbursement transactions, out of a population of 54 disbursement transactions made from tuition tax funds and determined that the purchases complied with State and District requirements and that the transactions were properly approved by the District as evidenced by approval on invoices and receipts, as well as in FSF.

We also examined the District's compliance with State and District procurement requirements in conjunction with procedures performed over non-tuition Local Funds. Results are reported in Objective 1.

We examined payroll expenditures made from Tuition tax funds in conjunction with the procedures performed over nontuition payroll expenditures. Results are reported in Objective 1.

We also examined employee files for a random sample of five employees and determined that the employees' responsibilities were consistent with the functions of the District's special education programs and that the employees' salaries and wages were appropriately funded with tuition Local Funds.

We examined Tuition tax fund calculations in conjunction with procedures performed over the nontuition Local Funds. Results are reported in Objective 3.

WOODBIDGE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 2023

Finding Number 1 - Lack of Evidence of Review and Proper Segregation of Duties for Pay Rate Changes

Condition: We found the following deficiencies in the operation of the District’s payroll controls:

The District did not provide evidence of Management or Board review for 22 pay rate changes out of the 40 that were selected for testing.

The Assistant Superintendent does not review the payroll changes as required by the District’s Budget and Accounting Policies and Internal Control Procedures.

Context: The District indicated that its payroll secretaries make changes to payroll and that they usually review each other’s work. The District could not provide documentation of the payroll secretaries’ preparation or review of the changes.

Criteria: The District’s Budget and Accounting Policies and Internal Control Procedures document requires the following procedures:

- The Assistant Superintendent oversees the Human Resource Department. All new hires, employment status, and pay changes, as well as changes in degree, certification, etc. that would require payroll adjustments are submitted to the PHRST Payroll Specialist by Human Resources (HR). At no time, do HR employees enter or modify payroll data. Such input is done by the Payroll Specialist. All salary entries and modifications are verified by the Assistant Superintendent.
- The Payroll Specialist enters all data in PHRST. This would include changes for new hires, employment status, education, pay, and benefits. Changes are initiated based upon information received from the Personnel Office or the employee and reviewed by the Superintendent and/or Assistant Superintendent. At no time is the payroll specialist permitted to modify their own information.

In addition, Chapter 14, *Payroll Compliance*, Section 14.2.1, *Controls* of the *BAM* states “Organizations should ensure an appropriate segregation of duties and monitoring throughout the payroll process. This includes establishing separate roles within the Organization for payroll approvers and payroll processes.”

Cause: The District did not follow the procedures set forth by its Budget and Accounting Policies and Internal Control Procedures document or the *BAM*.

WOODBRIIDGE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS - CONTINUED
JUNE 30, 2023

Finding Number 1 - Lack of Evidence of Review and Proper Segregation of Duties for Pay Rate Changes - Continued

Effect: The absence of proper segregation of duties, and evidence of supervisory review increases the possibility that error or fraud could occur and not be detected. The procedures that the District is performing do not appear to include a supervisory review, which is required in its Budget and Accounting Policies and Internal Control Procedures document and the *BAM*. By not documenting the procedures that are performed, it cannot be determined if those procedures were actually performed as intended.

Recommendation: We recommend that the District perform the procedures in accordance with the Budget and Accounting Policies and Internal Control Procedures document and the *BAM*. Additionally, we recommend that the District ensure that contemporaneous documentation of the preparation and review of changes be created and maintained.

View of Responsible District Officials and Planned Corrective Actions: Refer to the Corrective Action Plan section.

WOODBRIAGE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS - CONTINUED
JUNE 30, 2023

Finding Number 2 - Purchases Did Not Comply with State and District Purchasing and Procurement Requirements

Condition: The District could not provide support that its purchasing decisions for goods and services from two vendors complied with the State's and District's procurement requirements.

- We found the District purchased \$46,100 of sports equipment from a vendor, during FY 2023. The combined purchases exceeded the \$10,000 material and non-professional services threshold, in effect through April 13, 2023, requiring three written quotes.
- We found the District purchased \$48,973 of custodial supplies from a GSS vendor, during FY 2023. The District could not provide evidence that the pricing of its purchases agreed to the GSS-contracted pricing. The combined purchases exceeded the \$10,000 material and non-professional services threshold, in effect through April 13, 2023, requiring three written quotes (if the GSS contract was not used).

Criteria: School Districts must adhere to the procurement and purchasing requirements of the *BAM* and 29 Del. C., Ch. 69. The District's Procurement policy included in the District's Budget and Accounting Policies and Internal Control Procedures document states:

The District follows the State Procurement Policy as well as the State of Delaware Bid Laws. The District utilizes the State contract list when it is most beneficial to the District.

The following requirements are applicable to the materials and non-professional purchases:

- Effective September 1, 2021, Chapter 5, *Procurement*, Section 5.3.1 of the *BAM*, requires three written quotes for purchases between \$10,000 and \$49,999 based on yearly cumulative limits.
- Effective February 16, 2023, Chapter 5, *Procurement*, Section 5.3.1 of the *BAM*, was revised to require three written quotes for purchases between \$10,000 and \$99,999 based on yearly cumulative limits.
- Effective February 16, 2023, Chapter 5, *Procurement*, Section 5.3.1 of the *BAM*, was revised to require three written quotes for purchases between \$50,000 and \$99,999 based on yearly cumulative limits.

Cause: The District indicated that its practice is to initiate purchase orders for most transactions individually, not in aggregate, because budgets are tracked by individual operating units with separate managers.

Effect: By not following the applicable requirements for materials and non-professional services purchases, the District may not have obtained the best prices for these materials and services.

WOODBRIIDGE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS - CONTINUED
JUNE 30, 2023

***Finding Number 2 - Purchases Did Not Comply with State and District Purchasing and Procurement Requirements
- Continued***

Recommendation: We recommend that the School District must adhere to the procurement and purchasing requirements of the *BAM*, 29 Del. C., Ch. 69 and the District's Budget and Accounting Policies and Internal Control Procedures document and maintain documentation of its procurement processes. We also recommend that, when practical, the District combine and evaluate purchases for similar goods or services from the same vendor against the procurement thresholds and other requirements in total.

View of Responsible District Officials and Planned Corrective Actions: Refer to the Corrective Action Plan section.

WOODBRIIDGE SCHOOL DISTRICT
CONCLUSION
JUNE 30, 2023

Based on the work performed in connection with this performance audit, we concluded the following:

Objective 1 - Except for Finding Numbers 1 and 2 detailed in the *Schedule of Findings and Recommendations*, the School District's internal controls over the expenditure of Local Funds were designed and operated in accordance with the requirements.

Objective 2 - The School District's internal controls over the receipt of Local Funds were designed and operated in accordance with the requirements.

Objective 3 - The School District's real estate taxes were approved and calculated in accordance with the requirements.

Objective 4 - The School District's tuition tax funds were calculated and spent in accordance with the requirements, with the exception of deficiencies in the design and operation of the District's internal controls over payroll and the noncompliance with State purchasing and procurement requirements as reported in Objective 1.



WOODBRIIDGE SCHOOL DISTRICT

Proud Past, *Bright Future!*

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August 28, 2025

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Wilmington, DE 19805

In reference to the Fiscal Year 2023 Local Funds Performance Audit findings, the Woodbridge School District (the District) presents the following responses:

Finding Number 1 – Lack of Evidence of Review and Proper Segregation of Duties for Pay Rate Changes

The District has already implemented improvements to ensure proper authorization, documentation, and segregation of duties. In addition, we are in the process of updating our internal policies and procedures to formally reflect these enhancements and ensure ongoing compliance.

Finding Number 2 – Purchases Did Not Comply with State and District Purchasing and Procurement Requirements

The District will establish and implement a formal process to annually review expenditures for compliance with procurement requirements. Additionally, the District will collaborate with other school districts and the State of Delaware's Government Support Services to develop a statewide contract for commonly used services and equipment.

The District acknowledges the importance of maintaining strong internal controls and is committed to continuous improvement. We will continue to evaluate our processes to ensure compliance with the State's *Budget and Accounting Policy Manual* and procurement requirements.

Sincerely,

Kimberly Judy, CPA, CFE
Director of Administrative Services