



State of New Jersey

DEPARTMENT OF EDUCATION

PO Box 500

TRENTON, NJ 08625-0500

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

KIMBERLEY HARRINGTON
Commissioner

July 21, 2017

Mr. Charles J. Severino, Board President
Bogota School District
1 Henry C. Luthin Place
Bogota, NJ 07603

Dear Mr. Severino:

SUBJECT: Bogota School District – Attorney Billing Practice Review – OFAC Case #INV-027-17

The New Jersey Department of Education (NJDOE), Office of Fiscal Accountability and Compliance (OFAC), completed a review of the process utilized by the Bogota School District's Board of Education (Board) to award a legal services contract. As a result of the review, the OFAC has identified material issues of noncompliance with N.J.A.C. 6A:23A-5.2 et seq. The issues of noncompliance are detailed in the attached Report of Examination. Additionally, the District is directed to refund the state-funded portion of the legal fee expenditures totaling \$32,611.20. The NJDOE, Division of Finance will be notified of this finding and will determine the timing of the recovery. Please provide a copy of the report to each board member.

Utilizing the process outlined in the attached "Procedures for LEA/Agency Response, Corrective Action Plan and Appeal Process," the Bogota School District Board of Education is required, pursuant to N.J.A.C. 6A:23A-5.6, to publicly review and discuss the findings in this report at a public board meeting no later than 30 days after receipt of the report. Within 30 days of the public meeting, the board must adopt a resolution certifying that the findings were discussed in a public meeting and approving a Corrective Action Plan (CAP) to address the issues raised in the report and/or submit an appeal of any findings in dispute. A copy of the resolution and the approved CAP and/or appeal must be sent to this office within 10 days of adoption by the board. Direct your response to my attention.

Also, pursuant to N.J.A.C. 6A:23A-5.6(c), you must post the findings of the report and the board's CAP on your school district's website. Should you have any questions, please contact Thomas C. Martin, Manager, Investigations Unit, at (609) 633-9615.

Sincerely,

Robert J. Cicchino, Director
Office of Fiscal Accountability and Compliance

RJC/O:\Investigation\ffrangella\Bogota\INV-027-17\Report\Letter.docx

Attachments

c: Robert Bumpus Vincent Varcadipane
 David Saenz Stephen Eells
 Norah Peck

www.nj.gov/education

STATE OF NEW JERSEY
DEPARTMENT OF EDUCATION
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE
INVESTIGATIONS UNIT

BOGOTA SCHOOL DISTRICT
ATTORNEY BILLING PRACTICE REVIEW
OFAC CASE #INV-027-17

REPORT OF EXAMINATION

JULY 2017

**BOGOTA SCHOOL DISTRICT
ATTORNEY BILLING PRACTICE REVIEW**

INVESTIGATIVE SUMMARY

In June 2017, the New Jersey Department of Education, Office of Fiscal Accountability and Compliance (OFAC) conducted a follow-up review of the Corrective Action Plan (CAP) submitted by the Bogota School District (District), Board of Education (Board) for the OFAC investigative report, INV-009-16 (Report) issued on March 29, 2016.

The Report disclosed the Board awarded a legal services contract to the Brovarone Law Firm, Richard A. Brovarone, Esq., as General Counsel (Counsel) for the period July 1, 2015 - June 30, 2016, and that Counsel was paid a flat monthly fee and did not submit invoices. The District's purchase orders/invoices confirmed that Counsel was paid \$7,100.00 monthly from July 2015 through December 2015. In addition, during January 2016, Counsel was paid \$12,700.00, which included a new monthly fee of \$7,900.00 and retroactive pay dating back to the inception of the contract. The Board, by paying Counsel a monthly flat fee without receiving an itemized bill, failed to adhere to the provisions of N.J.A.C. 6A:23A-5.2(a)4 i, ii, iii, and iv, which states: "A provision that requires that contracts for legal services to comply with payment requirements and restrictions pursuant to N.J.S.A. 18A:19-1 et seq. and as follows:

- i. Advance payments shall be prohibited;
- ii. Services to be provided shall be described in detail in the contract;
- iii. Invoices for payment shall itemize the services provided for the billing period; and
- iv. Payment shall only be for services actually provided."

In May 2016, the OFAC received and accepted the District's Board approved CAP detailing the methods which would be implemented to correct the issues of noncompliance identified in the Report.

In July 2017, the OFAC investigator initiated the CAP follow-up review and conferred with District personnel thought to have knowledge of the contract award. The investigator also reviewed relevant District documents including Board minutes, purchase orders/invoices, payments, and Board policy.

The information obtained during the OFAC follow-up review, along with the bases for the OFAC determinations, are detailed below:

In November 2016, the Board resolved to renew the contract with Mr. Brovarone for a 12-month term from July 1, 2016, through June 30, 2017. The contract between the Board and Counsel stipulated that Counsel would be compensated for the term at a rate of \$7,900.00 per month against an hourly rate of \$185.00. The contract further stated that Counsel shall submit a detailed invoice for services rendered on a bi-monthly basis to the business administrator. The approval of this contract, specifically the monthly fee, is contrary to the provisions outlined in the Board approved CAP.

A review of the District's documents disclosed that Counsel did not submit itemized bills from July 2016 to February 2017. On June 22, 2017¹, Counsel submitted an itemized invoice for March, April and May of 2017. On July 12, 2017, Counsel submitted an itemized invoice for June 2017. However, in September 2016, the District paid Counsel \$15,800.00 for July and August 2016. From October 2016 to May 2017, the District made monthly flat fee payments of \$7900.00. All payments were disbursed prior to receiving the invoices. As with the previous report, the Board, by paying Counsel a monthly flat fee without receiving an itemized bill, again failed to adhere to the provisions of N.J.A.C. 6A:23A-5.2 (a) 4 i, ii, iii, and iv.

CONCLUSION

The OFAC review determined the District failed to implement the provisions outlined in the Board approved CAP and consequently was noncompliant with the provisions of N.J.A.C. 6A:23A-5.2 (a) 4 with respect to the billing practices and payment of legal fees for its Counsel.

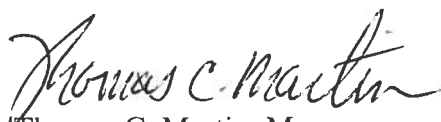
The District will be subject to a recovery of the state funded portion of those expenditures, totaling **\$32,611.20**, for its failure to comply with the provisions of N.J.A.C. 6A:23A-5.2 (a) 4.

RECOMMENDATIONS

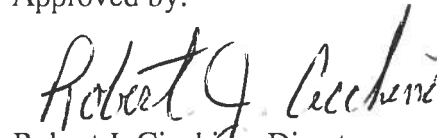
The District must develop and submit a CAP indicating the measures it will implement to ensure compliance with the applicable provisions of the N.J.S.A. 18A:19-1 et seq., and N.J.A.C. 6A:23A-5.2. (a) 4.

The Department of Education, Division of Finance will be notified of this finding and will determine the timing of the recovery.

Submitted by:


Thomas C. Martin, Manager
Investigations Unit

Approved by:


Robert J. Cicchino, Director
Office of Fiscal Accountability and Compliance

Investigator:
Francesco Frangella

¹ These three invoices were submitted after the OFAC requested invoices from the then Bogota business administrator during April 2017.