



State of New Jersey

DEPARTMENT OF EDUCATION
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CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

DAVID C. HESPE
Acting Commissioner

August 28, 2014

Via USPS and email to: mhayes@spfk12.org

Dr. Margaret Hayes, Superintendent
Scotch Plains-Fanwood School District
2280 Evergreen Avenue
Scotch Plains, NJ 07076

Dear Dr. Hayes:

SUBJECT: Scotch Plains-Fanwood School District – Theatrical Lighting Equipment Purchase
OFAC Case #INV-100-14

The Office of Fiscal Accountability and Compliance (OFAC) completed an investigation into Scotch Plains-Fanwood School District's (District) selection methodology and subsequent awarding of a purchase order for theatrical lighting equipment. The OFAC investigation found the District complied with the requirements of Public School Contracts Law (PSCL). Enclosed herewith please find a copy of OFAC's Report of Examination (ROE).

The OFAC investigation was initiated after OFAC received a copy of an anonymous, written complaint alleging possible violations of PSCL. There was no violation of educational statute or regulation. Although no Corrective Action Plan (CAP) is required, please provide a copy of the ROE to the District Board of Education members.

Although no CAP is required, you are required, under the provisions of N.J.A.C. 6A:23A-5.6(c), to discuss the findings in a public meeting and post the findings of the report on the District's website. Should you have any questions, please contact Mr. Thomas C. Martin, Manager, Investigations Unit, at (609) 633-9615.

Sincerely,


Robert J. Cicchino, Director

Office of Fiscal Accountability and Compliance

RJC/I:\tboney\Scotch Plains-Fanwood--Lighting Equip\Closing Letter August 2014.docx
Attachment

c: Robert Bumpus
Thomas C. Martin
Timothy G. Boney

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

SCOTCH PLAINS-FANWOOD SCHOOL DISTRICT
PUBLIC SCHOOL CONTRACTS LAW COMPLIANCE REVIEW
OFAC CASE #INV-100-14

REPORT OF EXAMINATION

AUGUST 2014

**SCOTCH PLAINS-FANWOOD SCHOOL DISTRICT
PUBLIC SCHOOL CONTRACTS LAW COMPLIANCE REVIEW**

INVESTIGATIVE SUMMARY

On or about August 1, 2014 the Office of Fiscal Accountability and Compliance (OFAC) received a copy of an anonymously written complaint concerning the selection methodology and the subsequent awarding of a purchase order for theatrical lighting equipment.

The complaint alleged the purchase order was in excess of the bid threshold provided by law; it was not advertised; it did not provide specifications; it “may not have been done with the lowest potential price quote submitted for the proposed equipment by a qualified supplier” and the school board “may be favoring a particular company and precluding competitive bidding.”

Finally, the complainant requested: “detailed information” about New Jersey Public School Contracts Law (PSCL) and procedures concerned with “entertaining quotes, bids and thresholds” and a timely response “if anything can be done” if improper procedures were utilized.

After receipt of this complaint OFAC initiated an inquiry on August 4, 2014. The OFAC has determined there was no violation of the applicable provisions of PSCL. The basis for the OFAC determination is detailed below.

On August 13, 2014 the OFAC investigator met with the Scotch Plains Township School Business Administrator (SBA), who is also a certified Qualified Purchasing Agent (QPA), to discuss the methodology used and review documents related to the selection of the theatrical lighting equipment vendor and the subsequent purchase of equipment from that vendor. During that interview the investigator learned a total of five potential vendors were contacted by the SBA/QPA. Three of those vendors submitted written price quotations (Hayden Productions, East Brunswick, NJ; Circuit Lighting, Green Brook, NJ and Nelson Enterprises Theatrical Supply Company, Bloomsbury, NJ.). Hayden Productions submitted the lowest price quotation (\$24,735.52) and was awarded the contract by the SBA/QPA.

In this case the total purchase amount for the equipment was \$24,735.52, an amount which is below *both* the current threshold purchase amount for non-QPAs (\$26,000.00) and for QPAs. (\$36,000.00)

Application of the Facts to the Issues Raised by Anonymous Complainant

As set forth above, the anonymous complainant raised five issues. Those issues are individually addressed below.

The first issue was that the purchase order was in excess of the bid threshold provided by law. This has no merit. In this case the total purchase amount for the equipment was \$24,735.52, an amount which is below *both* the current threshold purchase amount for SBAs who are non-QPAs (\$26,000.00) and for SBAs who are QPAs. (\$36,000.00)

The second issue raised was the contract/bid was not advertised. Since the total purchase amount for the equipment was \$24,735.52, public advertising for bids was not required. Public advertising

for bids is not required when the amount is below the current threshold purchase amount for SBAs who are non-QPAs (\$26,000.00) or for SBAs, as in this case, who are also QPAs (\$36,000.00).

The third issue is the allegation the contract/bid did not provide “specifications.” The allegation is belied by OFAC’s review of the documentary record in this case including submitted written quotations (both initial and revised) and an extensive e-mail trail between the SBA/QPA and the potential vendors regarding the quotations and specifications.

The fourth issue was that the award “may not have been done with the lowest potential price quote submitted for the proposed equipment by a qualified supplier.” The facts belie the allegation. The vendor who submitted the lowest price quotation was awarded the contract. (Hayden Productions, \$24,735.52).

The fifth issue raised was that the school board “may be favoring a particular company and precluding competitive bidding.” Once again, the facts belie the allegation. The school board was not involved in this particular vendor selection and award process as it fell under the threshold that allows the SBA/QPA to make discretionary purchases in accordance with the provisions of N.J.S.A. 18A:18A-3. Such was done in this case.

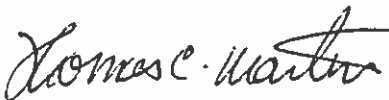
Finally, the complainant made two requests, the first being for “detailed information” about New Jersey Public School Contracts Law (PSCL) and procedures concerned with “entertaining quotes, bids and thresholds.” An August 6, 2014 letter sent from OFAC to the anonymous complainant’s mailing address (a post office box in Clinton, NJ) advised the complainant the District’s obligations as to the bidding procedures could be found at N.J.S.A. 18A:18A-1 et seq.

Regarding the second request, for a timely response “if anything can be done” if improper procedures were utilized, does not require any action since OFAC’s inquiry did not find any “improper procedure” having been utilized in this matter.

Conclusion

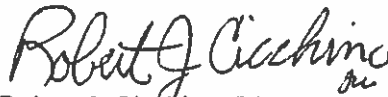
The District complied with the requirements of PSCL.

Submitted by:



Thomas C. Martin, Manager
Investigations Unit

Approved by:



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

Investigator

Timothy G. Boney