

## Timeline Concerning District Technology Purchases, Inventory and Disposals

May 13, 2019

The purpose of this document is to provide the Northern Valley Regional High School (“NVRHS”) Community with a historically accurate timeline and related information concerning various allegations regarding NVRHS’s prior technology purchases, disposals, and inventories. Since 2014, the NVRHS Board and Administration have engaged inventory companies, outside auditors, technology experts and consulted with legal counsel to improve its practices and policies concerning technology purchases, disposals, and inventories. Moreover, the NVRHS Board and Administration have worked cooperatively with the New Jersey Attorney General’s Office, the Bergen County Prosecutor’s Office, the Demarest Police Department and the New Jersey Department of Education’s Office of Fiscal Accountability and Compliance as each of these entities conducted thorough investigations into the various allegations.

The following are the results of the District’s and the various State and law enforcement agencies’ investigations:

- Prior to June 2015, the District’s policy and regulation concerning the disposal of District property was not consistent with best practices;
- Many of the District’s technology devices identified as “not accounted for” in the independent auditor’s report were purchased for other Northern Valley school districts or District employees who – despite written requests – did not provide the location/status of these devices. The independent auditor was able to confirm, however, that the District received payment for these various technology devices purchased for either other Northern Valley school districts and/or District employees;
- The various law enforcement agencies did not find any evidence that District technology assets were misappropriated and did not criminally charge any District employee and/or vendor with the misappropriation of District technology assets;
- Moreover, no evidence was discovered to suggest that District technology assets were disposed/discarded without prior Board approval.

To address the various problems with the District’s prior technology purchases, disposals, and inventories, the Board and Administration have taken the following measures:

- The Board engaged with multiple inventory companies to inventory all of the District’s technology assets (Sycamore, ABIZ, American Appraisal, Acclaim, SHI, and LVH);
- The most comprehensive district-wide inventory of all District technology devices was completed by Lerch, Vinci, and Higgins on 8/24/17;
- The Board and Administration ceased the practice of purchasing technology devices for other school districts and District staff;
- On July 20, 2015, the Board adopted a revised Policy and Regulation (3260/3270) regarding the disposal and discard of all District property, including, but not limited to District technology assets;
- On 10/19/15, the Board engaged an independent auditor to audit and verify specific District technology devices that were going to be sold at a public auction as obsolete devices in accordance with the newly revised Board Policy and Regulation (3260/3270);
- On 11/24/15, the independent auditor issued a report detailing the exact District devices that would be sold at a public auction;
- On 12/14/15, the Board sold the obsolete technology devices to IT Assets for \$257,000 following a public auction in conformance with the revised Board Policy and Regulation (3260/3270);
- On 12/14/15, the Board engaged the independent auditor to audit all District technology device purchases from 2009 to the present;

- The Board and Administration purchased inventory software in July 2017 and since June 2018 keep a complete and up-to-date inventory of all District technology devices using this system.

### **TIMELINE OF RELEVANT EVENTS SINCE JULY 2013**

#### **7/22/13**

- BOE unanimously approves the discard of the 272 old science department laptops (A11). [Link](#)
- [Link](#) to the board disposal policy at the time of the approval.
- Board approves the lease of new laptops for the science department. Vote 6-1 [Link](#)

#### **9/5/13**

- Urban Renewal take possession of the 272 old science laptops. See 7/22/13 BOE approval. [Link](#)
- [Link](#) to Urban Renewal documentation.

#### **6/17/14**

- Board Legal Counsel recommends that the District engage an inventory company to inventory all District technology devices before any are sold at a public auction.
- [Link](#) to letter.

#### **6/23/2014**

- BOE approves the 1:1 devices for students. [Link](#)
- [Link](#) to the 6/23/14 minutes.

#### **Summer 2014**

- All labs are striped of computers and networking cables (iMacs, etc.). The striped devices were stored in the academic theaters at the high schools.
- Principals request to have the academic theaters cleared out before school starts.

#### **Late Summer 2014**

- Interim Superintendent informs the principals of the plan to move the iMacs and other devices from the academic theaters to the Demarest High School basement after the eWaste is cleared out.

#### **8/25 and 8/27 2014**

- Sycamore International takes the eWaste from the basement in Demarest High School. Evidence is found to support the District's assertion that the items included in this eWaste discard consisted of prior Board approved discard/disposal lists dating back to 2007.
  - [9/25/07](#)
  - [2/25/08](#)
  - [9/22/08](#)
  - [2/23/09](#)
  - [3/23/09](#)
  - [9/21/09](#)
  - [5/24/10](#)
  - [7/19/10](#)
  - [7/14/14](#)
- [See attached](#) supporting documentation from Sycamore International.
- [Link](#) to the Board policy at the time of the disposal.

### **11/24/14**

- BOE discuss the inventory and approves the disposal of iMacs and other devices at the regular meeting. Vote 5-4.
- [Link](#) to minutes.

### **3/19/2015**

- OFAC Letter received. [Link](#) to letter.

### **7/20/2015**

- 3260, 3270 Sale and disposal of books and equipment policy and regulation updated and readopted. [Link](#) to the new policy and regulation.

### **6/1/15**

- iMacs and other old devices moved back onto the academic theater from the basement so bidders could assess them.

### **10/19/15**

- Independent Auditing Firm Lerch, Vinci, and Higgins approved “for the purpose of an inventory audit of technology as directed by the Board of 933 devices as well as a review of current inventory procedures...”. [Link](#) to minutes.

### **11/16/2015**

- Board President and Interim Superintendent confirm iMac inventory.

### **11/24/15**

- Lerch, Vinci, and Higgins confirms iMac inventory and issues Phase I device audit report (Approved by the BOE on 10/19/15). Link is located below.

### **11/30/15**

- Special Board Meeting to discuss the inventory. Public bid authorized. [Link](#) to minutes.

### **12/14/15**

- IT Assets awarded bid to purchase disposed iMacs and other devices in the amount of \$257,000. [Link](#) to minutes.
- LVH approved to “provide a forensic audit of all technology devices less the 932 devices that are scheduled for discard as well as verify devices that have been purchased for the sending districts have been billed to and payment received...”

### **December 2015 - 3/5/19**

- From December 2015 through March 5, 2019, the District fully cooperated with the Demarest Police Department, the Bergen County Prosecutor's Office, and the State Attorney General's Office to investigate the various criminal allegations concerning the District's technology devices and disposal.

### **6/20/16**

- NVRHS Board approved the proposal submitted by SHI International Corp., pursuant to New Jersey State Contract No. 89851, to assess District technology and services in the amount of \$50,000 contingent on the Board's Technology Committee review of sample report. [Click here](#) to view minutes.

## **12/12/16**

- SHI Presentation. [Click here](#) for link.

## **8/24/17**

- Board receives the final Lerch, Vinci, and Higgins Phase II device audit. [Link](#) to device audit.
- Report reviews District technology purchases, financial records, and inventory lists from a time period of July 2009 - November 30, 2015 excluding student 1:1 devices. From a financial perspective, the report identified "...115 purchase orders requested totaling \$3,999,007.08 which were tabulated by reviewing the detail District budget reports for that period." The report further noted that "... the detail support being provided for 109 P.O.s totaling \$3,973,689.29. The net result was that "support for the remaining 6 P.O.s totaling \$25,317.79 could not be supplied by the district or the vendors." The District conducted an internal investigation into the remaining 6 P.O.s and was able to find the supporting financial documentation.
- The report also identifies a large amount of devices that were purchased by the high school for various sending districts. It is important to note the NVRHS provided technology and purchasing services in previous years to 8 different districts. Although the financial documentation supported these transactions, many of the receiving districts did not provide a detailed inventory reports in compliance with this audit.

## **1/23/17**

- Board authorizes public bid for obsolete technology devices. [Link](#) to minutes.

## **3/27/17**

- Board approves the sale of obsolete technology devices to IT Assets in the amount of \$195,000. [Link](#) to minutes.
- Board authorizes the "School Business Administrator to advertise to Bid for the District to sell the student MacBook Airls."

## **9/25/17**

- The Board awards the bid for the sale of student laptops to JQ Recycling, Altamonte Springs, Florida at a price per unit of \$224.81.
- [Link](#) to minutes.

## **3/9/18.**

- Board receives the final Lerch, Vinci, and Higgins iPad report as part of the Phase II engagement.
- [Link](#) to the report.

## **3/5/19**

- Letter received from the Bergen County Prosecutor's office dismissing the criminal charges filed by citizen through the Old Tappan municipal court. [Link](#) to letter.