

STATE OF NEW JERSEY
DEPARTMENT OF EDUCATION
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE
PO BOX 500
TRENTON, NJ 08625-0500

WANAQUE BOARD OF EDUCATION
973 A RINGWOOD AVENUE
HASKELL, NJ 07520
PHONE: (973) 835-8200

REPORT ON EXAMINATION
NCLB TITLE I AUDIT
FOR THE PROJECT PERIOD
SEPTEMBER 1, 2012 TO AUGUST 31, 2013

District: Wanaque Board of Education
County: Passaic

AUTHORIZED REPRESENTATIVE: Donna Cardiello, Superintendent

DIRECTOR OF PROGRAM: Louis Cordileone

PERSONS CONTACTED (Name & Title):
Nancy Di Bartolo, Business Administrator/Board Secretary
Louis Cordileone, Program Director – Title I

FUNDING SOURCES

PROGRAM YEAR	N C L B				TOTAL
	TITLE I PART A	TITLE I PART A C/O	SIA PART A	SIA PART A C/O	
	APPROVED FUNDING				
2012-2013	\$105,381.00		\$0.00		\$105,381.00
2011-2012		\$10,478.00		\$0.00	\$10,478.00
TOTAL	\$105,381.00	\$10,478.00	\$0.00	\$0.00	\$115,859.00

WANAQUE BOARD OF EDUCATION
NCLB TITLE I AUDIT
FISCAL YEAR 2012-2013

FINDINGS AND RECOMMENDATIONS

- 1. Adequate documentation was not provided which demonstrates that certain charges to the Title I, Part A program represent allowable costs.**

During the audit, copies of payroll records and purchase orders were requested to document salary and non-salary expenditures charged to the FY 2012-2013 Title I, Part A grant. The district improperly reimbursed the Saint Francis of Assisi School, a nonpublic school for payroll costs of \$2,112.00 incurred for services provided to private school children. The expenditure represents a portion of the teachers' total compensation and was recorded under line item 200-300, Purchased Services. However, adequate documentation was not maintained supporting the allocation of costs to Title I or demonstrating the expenses comprise allowable charges.

OMB Circular A-87, Attachment A, Section (C)(1) provides that costs must be necessary and reasonable for proper and efficient performance and administration of federal awards, be allocable to federal awards, and be adequately documented. Furthermore, EDGAR, 34 CFR §76.730(e) requires the district to keep records in a manner that facilitates an effective audit. As a result, the sum of \$2,112.00 must be refunded to the SEA for unsubstantiated charges to the federal program (refer to the Schedule of Audit Recovery Due to State Education Agency (SEA) at the end of this report).

Finally, the LEA is advised that such reimbursements are not permissible for reasons detailed in Finding Two.

Recommendation

The LEA must improve procedures for the payment of expenditures related to the Title I program in accordance with the requirements of OMB Circular A-87.

- 2. The district did not properly administer Title I funds allocated for nonpublic schools.**

The reimbursement described in Finding One represents a contravention of the LEA's obligation to maintain control over federal funds designated for nonpublic schools. Specifically, United States Department of Education Non-Regulatory Guidance Title I Private Services to Eligible Private School Children, March 2003 (PS Guidance) stipulates that *no Title I funds may be paid to a nonpublic school* (emphasis added). The PS Guidance also indicates equitable services shall be provided by employees of a public agency (LEA) or through a contract by the public agency (LEA) with an individual, association, agency, or organization in accordance with Section 1120(d)(2) of NCLB.

The NCLB New Jersey Consolidated Formula Subgrant Fiscal Year 2011 Reference Manual further advised that "LEAs may not turn funds over to the nonpublic school and allow the nonpublic school to oversee their use. The LEA must administer funds, retain control over the funds, and retain equipment, materials, and property that are purchased with federal funds [NCLB §9501(d)]. The services and personnel or agencies providing services to nonpublic school children must be under the control and supervision of the LEA . . . The services must be

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FINDINGS AND RECOMMENDATIONS

provided independent of the nonpublic school and of any religious organization. These funds must not be commingled with nonfederal funds.”

Recommendation

The LEA must implement procedures to ensure control over Title I funds allocated for equitable services to private school students.

3. The LEA failed to issue a purchase order prior to services being rendered (confirming order).

The purchase orders for services rendered to nonpublic students were issued after the services performed.

N.J.S.A 18A:18A-2(v) indicates, in part, “Purchase order” means a document issued by the purchasing agent *authorizing a purchase transaction with a vendor to provide or perform goods or services to the board of education* (emphasis added). Therefore, a properly executed purchase order must be issued prior to services being rendered.

Recommendation

The LEA must implement a process to ensure purchase orders are issued before the receipt of goods and services from vendors.

4. Appointments of Title I, Part A instructional personnel recorded in the board of education meeting minutes did not contain all of the required information.

The board of education meeting minutes evidencing appointments of Title I funded personnel did not properly include funding percentages. OMB Circular A-87 and New Jersey Department of Education guidelines require LEA’s to document all program related costs. To achieve compliance with these requirements, the designation of all Title I employees, their salaries, assigned schools and funding percentages must be documented in the board minutes to provide a public record of approval for these expenditures (emphasis added).

Recommendation

The LEA must ensure that all Title I employee appointments, including their salaries and funding percentages, are recorded in the board of education meeting minutes documenting proper authorization of these expenditures.

5. Title I funded personnel did not prepare detailed time and activity reports in a manner consistent with the requirements of OMB Circular A-87.

The time and activity reports provided for review did not contain the percentage of time allocated to each funding source for split funded employees.

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FINDINGS AND RECOMMENDATIONS

In particular, fully funded Title I personnel must prepare and sign periodic time and activity reports, **at least twice a year** and have them signed by a supervisor to support their time chargeable to the Title I program in accordance with EDGAR, 34 CFR §80.20(b)(6) and OMB Circular A-87, Attachment B, Section 8(h)(3). Split funded Title I personnel are required to complete and sign **monthly** time and activity reports pursuant to EDGAR, 34 CFR §80.20(b)(6) and OMB Circular A-87, Attachment B, Section 8(h)(4) (emphasis added).

In order to avoid potential audit findings and the recovery of funds, the LEA is directed to refer to a broadcast memorandum dated December 18, 2012 issued by the Office of Title I regarding "Time and Effort Reporting for Title I Funded Staff" (emphasis added). The memorandum can be accessed from the department's website at: <http://education.state.nj.us/broadcasts/2012/DEC/18/8643/Time%20and%20Activity%20Reporting.pdf>.

Anytime a change of funding source occurs, the event must be recorded in the board of education meeting minutes. A revised certification must be prepared and signed by the appropriate parties. Further, the LEA is reminded that supplanting constitutes a violation of NCLB statutes and funds misspent for local obligations are subject to SEA recovery.

Recommendation

The LEA must develop procedures to ensure Title I funded personnel prepare time and activity reports which conform to the requirements of EDGAR, 34 CFR §80.20(b)(6) and OMB Circular A-87, Attachment B, Sections 8(h)(3) and 8(h)(4).

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NCLB TITLE I AUDIT
FISCAL YEAR 2012-2013

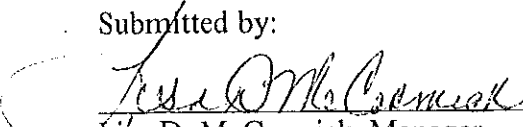
SCHEDULE OF AUDIT RECOVERY DUE TO SEA

<u>Audit Finding</u>	<u>Recovery</u>
Number One	<u>\$2,112.00</u>
Total Recovery Due to SEA	<u>\$2,112.00</u>

The check is to be made payable to "Treasurer, State of New Jersey" and mailed with the corrective action plan.

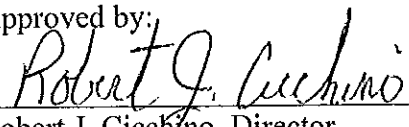
Robert J. Cicchino, Director
Office of Fiscal Accountability and Compliance
State of New Jersey
Department of Education
PO Box 500
Trenton, NJ 08625-0500

Submitted by:



Lisa D. McCormick, Manager
Office of Fiscal Accountability and Compliance

Approved by:



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

Auditor

Angela Jefferies

State of New Jersey
Department of Education
Office of Fiscal Accountability and Compliance

PROCEDURES FOR LEA/AGENCY RESPONSE
CORRECTIVE ACTION PLAN AND RECONSIDERATION PROCESS

Board of Education Response:

Pursuant to N.J.A.C. 6A:23A-5.6, the following actions shall occur:

- (a) Any school district or county vocational school district that has been subject to an audit or investigation by the Department of Education, Office of Fiscal Accountability and Compliance (OFAC) shall discuss the findings of the audit or investigation at a public meeting of the district board of education no later than 30 days after receipt of the findings.
- (b) Within 30 days of the public meeting required in (a) above, the district board of education shall adopt a resolution certifying that the findings were discussed in a public board meeting and approving a corrective action plan to address the issues raised in the findings. The resolution shall be submitted to the OFAC within 10 days of adoption by the board of education.
- (c) The findings of the OFAC audit or investigation and the board of education's corrective action plan shall be posted on the district's web site, if one exists.

If the board of education disputes any of the findings of the audit or investigation, it may, within 10 days of adoption of the resolution, seek an OFAC reconsideration of any disputed finding(s). Seeking a reconsideration of the findings does not preclude adherence to the provisions of (a), (b), and (c) listed above.

Corrective Action Plan:

The corrective action plan is to be used when the LEA/Agency is in agreement with any of the findings. To contest a finding, the reconsideration process must be used. After the reconsideration is settled, a corrective action plan must be filed for any finding upheld during the reconsideration process.

The corrective action plan must be prepared by completing the attached form. The LEA/Agency must submit the following information:

- Recommendation number
- Corrective action (approved by the board)
- Method of implementation
- Person responsible for implementation
- Completion date of implementation

If the corrective action plan is acceptable, a letter will be sent to the LEA/Agency indicating that it has been accepted.

If the corrective action plan is not acceptable, a letter will be sent to the LEA/Agency indicating whether further clarification is required or further action is necessary.

Reconsideration Process:

The reconsideration process is used to contest disputed findings.

Within 10 days of the board's adoption of the resolution approving a reconsideration of the findings of the audit or investigation, a written request by the LEA/Agency to review the disputed finding(s), recommendation(s), or questioned costs must be submitted to the OFAC Director. The Request for Reconsideration must indicate the finding(s) in question.

The Request for Reconsideration must be in writing and the LEA/Agency must present any supporting documentation for the reconsideration. Subsequent to the submission of the Request for Reconsideration, the OFAC Director will issue a written decision.

If the final determination made by the Director, is still unsatisfactory to the LEA/Agency, the LEA/Agency may file a Petition of Appeal pursuant to N.J.A.C. 6A:3-1.3.

**NEW JERSEY DEPARTMENT OF EDUCATION
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE
CORRECTIVE ACTION PLAN**

NAME OF SCHOOL DISTRICT Wanaque
TYPE OF EXAMINATION: No Child Left Behind (NCLB) Title I

COUNTY: Passiac

Office of Fiscal Accountability and Compliance (OFAC)
Report of Examination (Date) February 6, 2015

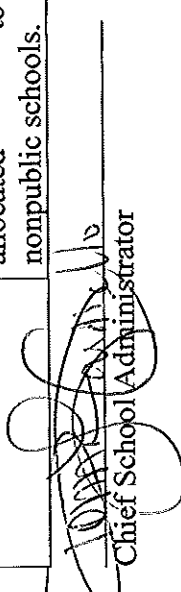
OFAC Case # _____

DATE OF BOARD MEETING: February 24, 2015

PROVIDER CONTACT INFORMATION: PROVIDER Nancy Di Bartolo
ADDRESS Haskell School, 973A Ringwood Avenue, Haskell, NJ 07420
TELEPHONE 973-835-8200x1531
FAX 973-835-8754

DIRECTOR Louis Cordileone

FINDING/ RECOMMENDATION NUMBER	FINDING	CORRECTIVE ACTION	METHOD OF IMPLEMENTATION	INDIVIDUAL RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
1	Adequate documentation was not provided which demonstrates that certain charges to the Title I, Part A program represent allowable costs.	A procedure was put in place that all expenses incurred for services will have proper documentation with evidence that the expenses are allowable.	Purchase orders will not be approved by the Business Administrator unless proper documentation is supplied/attached.	Business Administrator, Director.	September 1, 2014
2	The district did not properly administer Title I funds allocated to nonpublic schools.	Although, the non-public school closed on June 30, 2014 the district takes note that in the future if	The Business Administrator will ensure that funds are not relinquished for use at the discretion		


Chief School Administrator

2/24/15
Date

2-24-15
Date


Board Secretary/Business Administrator

Fiscal Specialist


Date


Provider

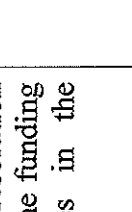
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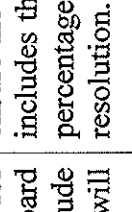
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CORRECTIVE ACTION PLAN**

3	The LEA failed to issue a purchase order prior to services being rendered.	there is non-public participation the LEA will retain control of funds and services provided to students of nonpublic schools and any religious organization.	of the nonpublic school. The Business Administrator will approve purchase orders for services and purchase made subsequent to the PO preparation.	Business Administrator. Business Administrator	September 1, 2014 September 1, 2014
4	Appointments of Title I, Part A. instructional personnel recorded in the board of education meeting minutes did not contain all of the required information.	Although, the non-public school closed on June 30, 2014 going forward the district will ensure that purchase orders are issued prior to the service or purchase.	The Business Administrator/Board Secretary will ensure the resolution includes the funding percentages in the resolution.	Business Administrator/Board Secretary.	August 26, 2014
5	Title I funded personnel did not	A procedure is now in place whereby all Title I	The Director provides an	Business Administrator and	September 1, 2014


 Chief School Administrator


 Date


 Board Secretary/Business Administrator


 Date

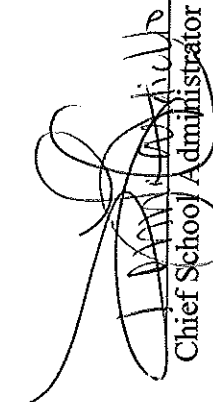
 Provider

 Date

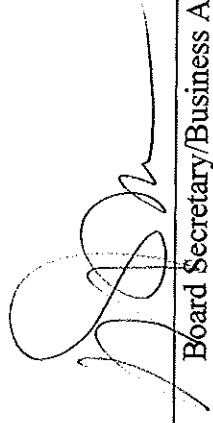
 Date

**NEW JERSEY DEPARTMENT OF EDUCATION
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CORRECTIVE ACTION PLAN**

	prepare detailed time and activity reports in a manner consistent with the requirements of OMB Circular A-87	funded or partially funded personnel prepare time and activity reports on a monthly basis.	example of the recommended report to the employee. The Business Administrator ensures reports are submitted prior to each payroll period.	Director.
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Chief School Administrator

2/24/15
Date


Board Secretary/Business Administrator

2-24-15
Date

Fiscal Specialist

Date

Provider

Date