



State of New Jersey

DEPARTMENT OF EDUCATION

PO Box 500

TRENTON, NJ 08625-0500

PHILIP D. MURPHY
Governor

SHEILA Y. OLIVER
Lt. Governor

LAMONT O. REPOLLET, ED.D.
Acting Commissioner

March 12, 2019

Ms. Leslie Septor, Board President
Plumsted Township School District
117 Evergreen Road
New Egypt, NJ 08533

Dear Ms. Septor:

SUBJECT: Plumsted Township School District – NCLB Title I Audit
OFAC Case #SG-0031-17

The New Jersey Department of Education, Office of Fiscal Accountability and Compliance, has completed a fiscal audit of federal funds disbursed by the Plumsted Township School District (Plumsted Township). The funding sources reviewed include one or more titled programs under the Elementary and Secondary Education Act (ESEA) of 1965, as amended by the No Child Left Behind Act (NCLB) of 2001. The review initially covered the period July 1, 2016 through June 30, 2017. The results of the NCLB Title I audit are detailed in the attached report of examination. Please provide a copy to each board member for his/her review.

Utilizing the process outlined in the attached "Procedures for LEA/Agency Response, Corrective Action Plan and Appeal Process," Plumsted Township 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 which addresses the issues raised in the undisputed findings and/or an appeal of any findings in dispute. A copy of the resolution and the approved corrective action plan and/or appeal must be sent to this office within 10 days of adoption by the board. Please 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 corrective action plan on your district's website. The submission of an appeal does not preclude adherence to the provisions of N.J.A.C. 6A:23A-5.6, et seq. Should you have any questions, please contact Lisa D. McCormick, Manager, Single Grants/Audit Unit at (609) 376-3608 or via email at Lisa.McCormick@DOE.NJ.GOV.

Sincerely,

Christine A. Soto, Executive Legal Affairs Officer
Acting Director, Office of Fiscal Accountability and Compliance

CAS/LDM/hp: Plumsted Township School District Cover Letter
Enclosures

www.nj.gov/education

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

**PLUMSTED TOWNSHIP SCHOOL DISTRICT
117 EVERGREEN ROAD
NEW EGYPT, NJ 08533
PHONE: (609) 758-6800**

**REPORT ON EXAMINATION
NCLB TITLE I AUDIT
FOR THE PROJECT PERIOD
JULY 1, 2016 TO JUNE 30, 2017**

District: Plumsted Township School District
County: Ocean

AUTHORIZED REPRESENTATIVE: Gerald North, Superintendent

DIRECTOR OF PROGRAM: Michelle Halperin-Krain, Program Director – Title I

PERSONS CONTACTED (Name & Title):
Sean Gately, Board Secretary/Business Administrator
Michelle Halperin-Krain, NCLB Coordinator

FUNDING SOURCES

PROGRAM YEAR	N C L B				TOTAL
	TITLE I PART A	TITLE I PART A C/O	S I A PART A	S I A PART A C/O	
	APPROVED FUNDING				
2016-2017	\$262,631.00		\$0.00		\$262,631.00
2015-2016		\$0.00		\$0.00	\$0.00
TOTAL	\$262,631.00	\$0.00	\$0.00	\$0.00	\$262,631.00

**PLUMSTED TOWNSHIP SCHOOL DISTRICT
NCLB TITLE I AUDIT
FISCAL YEAR 2016-2017**

FINDINGS AND RECOMMENDATIONS

- Expenditures totaling \$74,461.74 were incurred and charged to the Title I, Part A grant for ineligible beneficiaries, and thus, were not deemed to be reasonable and necessary for the efficient performance of the federal program.**

According to Step 4, Title I Eligibility Page of the district's NCLB Consolidated Application, the LEA was approved to operate *targeted assistance programs* at all four of its schools – New Egypt Primary School (NEPS), New Egypt Elementary School (NEES), New Egypt Middle School (NEMS), and New Egypt High School (NEHS). The FY 2016 -2017 Title I Performance Final Report indicates there were 127 student participants in the federal program.

During the audit, it was determined the district improperly allocated certain expenditures to the Title I program which benefited both Title I and non-Title I students in the district. The following is a summary of the questioned costs identified:

Purchase Order Nbr.	Date	Vendor	Comments	Amount
17-1711	12/1/16	Performance Matters	Professional development services and unify modules for 1,407 students.	\$ 19,449.00
17-1720	12/1/16	The Flourishing Center	Registration for two School Psychologists, E. Shappio and J. Brodto, to attend the 2017 Certificate in Applied Positive Psychology program.	7,800.00
17-1955	7/21/16	Troxell	Five 65" flat panel interactive televisions with flat panel carts and viewing tables	18,082.35
17-1959	3/31/17	School Specialty	Furniture supplies (chairs, seat cushions, tables)	23,160.38
17-1960	3/31/17	Virco	Desks and chairs	4,841.31
17-2225	5/22/17	Fed Ex	Shipping costs for Virco order	288.70
17-2228	5/24/17	Apple Computer	Five Apple televisions and HDMI cables	840.00
Total				\$74,461.74

With respect to purchase order number 17-1711, the number of students approximates the total public student enrollment of 1,574 reported by the district on its Step 1, Title I Eligibility Page.

Section 1113(a) of the Elementary and Secondary Education Act (ESEA) stipulates that a LEA shall use funds received under this part only in eligible school attendance areas. Section 1113(a)(2)(B) defines an eligible school attendance area as "a school attendance area in which the percentage of children from low-income families is at least as high as the percentage of children from low-income families served by the local educational agency as a whole."

Additionally, Section 1115(a) of ESEA provides that in all schools selected to receive funds under Section 1113(c) that are ineligible for a schoolwide program under Section 1114, or that choose not to operate such a schoolwide program, a local educational agency serving such school may use funds received under this part *only for* programs that provide services to *eligible children under subsection (b) identified as having the greatest need for special assistance.*

**PLUMSTED TOWNSHIP SCHOOL DISTRICT
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Further, Section 1115(b)(1)(B) describes eligible children as “children identified by the school as failing, or most at risk of failing, to meet the State’s challenging student academic achievement standards on the basis of multiple, educationally related, objective criteria.”

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (UGG), 2 C.F.R. § 200.403 sets forth general criteria in order for costs to be considered allowable. Of note, 2 C.F.R. § 200.403(a) costs must be *necessary* and *reasonable* for the performance of the Federal award and allocable thereto under these principles. Section 200.404 clarifies that a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. Further, Section 200.405(a) states a cost is allocable to a particular cost objective if the goods or services are chargeable or assignable to such cost objective in accordance with relative benefits received.

The questioned costs identified should have been paid with State and/or local funds. Based on the foregoing, the sum of \$74,461.74 must be refunded to the department for these unallowable costs (refer to the Schedule of Audit Recovery Due to State Education Agency (SEA) at the end of this report).

Recommendation

The LEA must improve its procedures for the payment of expenditures related to the Title I, Part A program to ensure conformity with the requirements of 2 C.F.R. § 200 et seq.

2. The Title I, Part A Final Expenditure Report (FER) for FY 2016-2017 reflects excess expenditures of \$9,999.28 which were not substantiated by actual program charges.

The district reported expenditures of \$82,734.00 on line item 100-600, Instructional Supplies of its FY 2016-2017 Title I, Part A FER. The district was reimbursed for these costs following the department’s approval of its FER on November 13, 2017. The general ledger, however, substantiates aggregate costs of \$72,734.02, for a net difference of \$9,999.98. The district was unable to provide records demonstrating this overage represented allowable program costs.

Pursuant to 2 C.F.R. § 200.403(g) costs must be necessary and reasonable for the performance of the Federal award and allocable thereto under these principles. In addition, Section 200.403(g) stipulates that costs must be adequately documented. Further, LEAs are required to prepare FERs using actual expenditures incurred during the project period of July 1 through June 30. As a result, the district must remit \$9,999.98 to the department for these unsubstantiated costs (Refer to the Schedule of Audit Recovery Due to SEA at the end of this report).

Recommendation

The LEA must make certain all Title I expenditures are adequately documented and improve its procedures for the payment of expenditures attributable to the federal program to ensure conformity with the requirements of 2 C.F.R. § 200 et seq.

PLUMSTED TOWNSHIP SCHOOL DISTRICT
NCLB TITLE I AUDIT
FISCAL YEAR 2016-2017

FINDINGS AND RECOMMENDATIONS

3. The district did not provide evidence of consultation with nonpublic school officials.

The LEA was unable to produce documentation evidencing consultation with nonpublic school officials occurred during the design and development of the Title I program.

Consistent with Section 1120(a) of ESEA, districts must obtain a complete list of all nonpublic schools with students who are residents of the LEA and contact nonpublic school officials to ask if they want their eligible students to participate in Title I services. Conducting internet searches and making telephone calls to nonpublic schools is probably the fastest and most common way to locate such schools.

In addition, districts can access a list of nonpublic schools located in their county or a list of all nonpublic school from the department's website at: <https://homeroom5.doe.state.nj.us/directory/nonpub.php>. Districts can also download a list of all school to filter on those schools located in their city and neighboring towns at the website: <https://homeroom5.doe.state.nj.us/directory/districtDL.php>.

In order to document the searches were performed, it is recommended that districts print the nonpublic school location data obtained from relevant websites and/or pages from the NJDOE website listing the schools *and* write contemporaneous notes identifying:

- 1) The date and time the preparer called the school,
- 2) The name of the nonpublic school official he/she spoke with, and
- 3) The number of students attending the nonpublic school who reside in the district or outside of its boundaries.

Districts may opt to create and print a telephone call log to memorialize their contact with school officials, the address and record pertinent data for items 1) through 3). Sections 1120(b) of ESEA and Section 200.63 of the Title I regulations require that timely and meaningful consultation occur between LEA and nonpublic school officials prior to any decision that affects the opportunities of eligible nonpublic school children, their teachers, and their families to participate in Title I programs, and shall continue throughout the implementation and assessment of activities. The LEA's consultation with nonpublic schools officials must occur before completing the NCLB application.

Finally, districts must maintain records of all consultation, including the Affirmations of Consultation and any Nonpublic School Participation Refusal Forms for each nonpublic school in accordance with Section 200.63(e)(1) of the Title I regulations.

Recommendation

The LEA must implement procedures to locate nonpublic schools and ensure ongoing consultation with its nonpublic school officials in accordance with Sections 1120(a) and (b) of ESEA, respectively. In addition, the LEA must keep records related to consultation on file to demonstrate compliance with Section 200.63(e)(1) of the Title I regulations.

**PLUMSTED TOWNSHIP SCHOOL DISTRICT
NCLB TITLE I AUDIT
FISCAL YEAR 2016-2017**

FINDINGS AND RECOMMENDATIONS

4. A comparative analysis of the amounts expended for each Title I funded school and corresponding school-based allocations reflected on the district's NCLB Consolidated Grant Application disclosed significant variances.

Documentation provided demonstrating Title I funds were expended for eligible schools in accordance with Step 4, Title I Eligibility Page of the district's NCLB Consolidated Grant Application (Step 4) was reviewed with significant school level variances. Our examination disclosed approximately \$65,349.00 more in Title I funds were spent for NEES, \$39,066.00 less was spent for NEMS and \$51,300.00 less was spent for NEHS. In addition, some costs were unable to be traced to a specific school. Such variances typically result when:

1. Expenditures are not being tracked at the school level in the financial management system;
2. School names are not recorded on purchase orders and/or a single purchase order is utilized to acquire supplies for multiple schools without school by school accounting (i.e. how much was spent on supplies for each school);
3. Less funds are expended at one or more eligible schools; or
4. There is excessive carryover.

These anomalies also serve to illustrate why the OFAC has recommended LEAs use of school codes to monitor spending at Title I schools and to track school level expenditures for years, while other LEAs have opted to utilize school codes on their own.

LEAs are required to spend funding allocations to run Title I programs at Title I funded schools as set forth by Step 4, Title I Eligibility Page of the district's NCLB Consolidated Grant Application (Step 4). Section 1113 of ESEA details the process for identifying, selecting and allocating Title I funds to eligible school attendance areas. UGG, 2 C.F.R. § 200.302(b)(5) stipulates that the financial management system of each non-Federal entity must provide for the comparison of expenditures with budget amounts for each Federal award.

Recommendation

In order to achieve compliance with Section 1113 of ESEA, the LEA must implement procedures to ensure that funds are expended for each Title I funded school in a manner consistent with Step 4.

5. The LEA did not provide evidence the Parent's Right-to-Know letter was distributed to parents, as required by federal legislation and regulations.

The district provided an undated Parents' Right-to-Know Highly Qualified Teacher (HQT) template absent any indication the letter was distributed to parents at the beginning of the 2016-2017 school year.

Consistent with Sections 1111(h)(1)(6)(A) and (B)(ii) of ESEA and 34 C.F.R. § 200.61(a)(1) and (2) of the Title I Regulations, LEAs that receive Title I, Part A funds are required at the beginning of each school year to inform parents of students attending Title I schools, the parents may request, and the LEA then

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FISCAL YEAR 2016-2017**

FINDINGS AND RECOMMENDATIONS

will provide, certain information on the professional qualifications of the student's classroom teachers and paraprofessionals providing services to the child.

Recommendation

The LEA must ensure that Parent's Right-to-Know HQT letters are prepared and distributed annually at the beginning of the school year in accordance with Sections 1111(h)(1)(6)(A) and (B)(ii) of ESEA and 34 C.F.R. § 200.61(a)(1) and (2) of the Title I Regulations.

6. Certain records were not maintained in accordance with departmental and Federal guidelines.

The LEA did not properly track its computing devices charged to federal programs. UGG, 2 C.F.R. § 200.313(d)(1) requires LEAs to maintain property records that include (among other things) a serial number or other identification number, the source of funding for the property, the acquisition date, the percentage of Federal participation in the project costs for the Federal award under which the property was acquired, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property. UGG, 2 C.F.R. § 200.313(d)(2) further requires LEAs to conduct a physical inventory of the property and reconcile the results with the property records at least once every two years.

Recommendation

To facilitate an effective audit, LEAs must make certain equipment purchased with federal funds, including computing devices, meets the minimum requirements pursuant to UGG, 2 C.F.R. § 200.313(d)(1).

**PLUMSTED TOWNSHIP SCHOOL DISTRICT
NCLB TITLE I AUDIT
FISCAL YEAR 2016-2017**

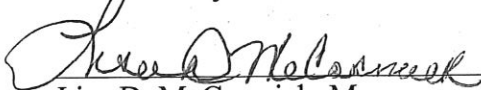
SCHEDULE OF RECOVERY DUE TO SEA

<u>Audit Finding</u>	<u>Recovery</u>
Number One	\$74,461.74
Number Two	<u>9,999.98</u>
Total Recovery Due to SEA	<u>\$84,461.72</u>

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

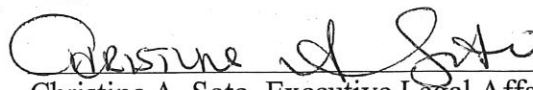
Christine A. Soto
Executive Legal Affairs Officer and Acting OFAC Director
Office of Fiscal Accountability and Compliance
State of New Jersey
Department of Education
PO Box 500
Trenton, NJ 08625-0500

Submitted by:



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

Approved by:



Christine A. Soto, Executive Legal Affairs Officer
Acting 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 APPEAL PROCESS

School District 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 School District disputes any of the findings of the audit or investigation, it may file a written appeal with the OFAC of any disputed finding(s) within 10 days of adoption of the resolution. Seeking an appeal 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 appeal process must be used. After the appeal is settled, a corrective action plan must be filed for any finding upheld during the appeal 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.

Appeal Process:

The appeal process is used to contest disputed findings.

Within 10 days of the board's adoption of the resolution approving an appeal 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 Appeal must indicate the finding(s) in question.

The Request for Appeal must be in writing and the LEA/Agency must present any supporting documentation for the appeal. Subsequent to the submission of the Request for Appeal, 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

COUNTY _____

NAME OF SCHOOL DISTRICT _____

TYPE OF EXAMINATION _____

DATE OF BOARD MEETING _____

CONTACT PERSON _____

TELEPHONE NUMBER _____

RECOMMENDATION NUMBER	CORRECTIVE ACTION REQUIRED BY THE BOARD	METHOD OF IMPLEMENTATION	PERSON RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATIO
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CHIEF SCHOOL ADMINISTRATOR _____ DATE _____ BOARD SECRETARY/SCHOOL BUSINESS ADMINISTRATOR _____ DATE _____

Plumsted Township School District

117 Evergreen Road
New Egypt, NJ 08533
Telephone (609) 758-6800 Ext. 4200
Fax (609) 758-6808
www.newegypt.us

Gerald North
Superintendent of Schools

Sean Gately
Business Administrator/Board Secretary

Mr. Surdo moved with a second by Mrs. Sempervive that E.8 be approved:

8. Recommend receipt of the Office of Fiscal Accountability and Compliance (OFAC) Case #SG-0031-17 NCLB Title I Audit conducted by the State of New Jersey, Department of Education for the period July 1, 2016 through June 30, 2017; certify that the findings were discussed during the public portion of the meeting of April 10, 2019. The action per each finding is as follows:

Finding & Recommendation	Action
1	Appeal
2	Accept
3	Accept
4	Accept
5	Appeal
6	Accept

Discussion: Mr. Gately read each finding and recommendation.

Roll Call

Yes

No

Absent

Mr. Surdo, Mrs. Sempervive,
Mr. Burnett, Mr. Kudrick,
Mr. Witham, Mrs. Septor
None
Mrs. Potter

I certify this to be a true copy
of the minutes from the
Plumsted Township Board
of Education meeting held
on April 10, 2019.

Certified:


Sean Gately
Business Administrator/Board Secretary