

**STATE OF NEW JERSEY
DEPARTMENT OF EDUCATION
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE
P.O. BOX 500
TRENTON, NEW JERSEY 08625-0500**

**REVIEW OF THE APPLICATION FOR EXTRAORDINARY AID FOR SPECIAL
EDUCATION COSTS FOR FISCAL YEAR 2014-15
OFAC CASE # SAAU-20A-15**

**BELLEVILLE BOARD OF EDUCATION
ESSEX COUNTY
102 PASSAIC AVENUE
BELLEVILLE NJ 07109**

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ESSEX COUNTY
REVIEW OF THE APPLICATION FOR EXTRAORDINARY AID
FOR SPECIAL EDUCATION COSTS
FISCAL YEAR 2014-2015
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SCOPE

The Office of Fiscal Accountability and Compliance (OFAC) reviewed the educational and special services costs for resident students reported on the Application for Special Education Extraordinary Aid (EXAID). This review verified the actual educational and special services costs for resident students in comparison to students and costs listed on the EXAID Applications in excess of \$40,000, or \$55,000, as prescribed by N.J.S.A. 18A:7F-55. The review verified the total enrollment and costs for all categories, as applicable to the district, for all special education placements in the district, as well as all out-of-district placements. Costs were verified to the district's accounting records and supporting documentation to ensure that all costs were incurred. Student individualized education programs (IEP's) were also verified to ensure that all costs were for required services and that all services met the Department of Education (DOE) criteria for intensive services.

EXTRAORDINARY AID (EXAID) APPLICATION FY 2014-2015

The district filed a 2014-2015 Application for EXAID based upon submitted costs in the amount of \$4,366,797 for 57 students. The itemized student costs exceeding \$40,000 for all In-District Students or Public School students (Class 1 and Class 2) and itemized costs exceeding \$55,000 for Private Schools for Students with Disabilities (Class 3) were reported as \$1,336,797 which was the basis for the EXAID totaling \$590,185. The OFAC examined supporting documentation and determined that not all costs were accurately reported by the district on the application to the DOE. The OFAC examined substantiating cost documentation for all reported students and determined a revised EXAID award.

The OFAC verified costs for 49 eligible students, a decrease of eight eligible students. The actual total costs were verified in the amount of \$3,777,550. Of this amount, total itemized eligible excess student costs exceeding \$40,000 for all public student placements and \$55,000 for all private placements were verified as \$1,127,550. As a result, the excess costs used to determine EXAID decreased by \$209,247. Upon that basis, EXAID was revised to a total of \$497,122 for a reduction of \$93,062 in aid to the district. There were 34 eligible students with no changes in EXAID eligible costs and 12 students with costs that were overstated by the district. These students were offset by three other student with costs that were understated by the district.

The audit identified cost disqualifications for eight students with aggregate qualifying costs less than \$40,000 or \$55,000, who were not eligible for EXAID. The non-eligible students based on a lack of required intensive services are further itemized as follows:

- One Class 1 student with less than six hours of intensive related services.
- Three Class 2 or 3 students with no payments verified for assistant technology as referenced in the IEP.
- Two Class 2 or 3 students with no proof of actual 3:1 class ratio as referenced in the IEP. No other intensive service required in the IEP.
- Two Class 3 students enrolled in Extended School Year classes < 30 days, and total school year < 210 days.

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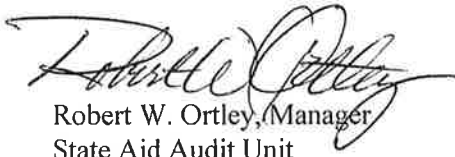
Prior to the exit conference for this audit, possible exceptions were considerably greater than reported here. At the exit conference, additional supporting documentation was provided for 15 students and the costs were added to the verified costs to significantly reduce the potential state aid recovery. In summary, the district received state aid overpayments for EXAID totaling \$93,062.

RECOMMENDATIONS


The OFAC recommends that:

1. The district make enhancements to the EXAID application supporting work papers in the area of intensive services such as: extended school year, 3:1 student/teacher ratio, and assistive technology devices to better clarify cost calculations for future audit purposes; and
2. the supporting audit documentation system be enhanced by coordination between the school district business office and the special services office at the time of submission of the EXAID application.

Submitted by:


Robert W. Ortley, Manager
State Aid Audit Unit

Approved by:


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

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

PROCEDURES FOR LEA/AGENCY RESPONSE
CORRECTIVE ACTION PLAN AND APPEAL 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 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.

CORRECTIVE ACTION PLAN

Essex

COUNTY:

Belleville Board of Education

NAME OF SCHOOL:

TYPE OF AUDIT: OFAC FY 2014-2015 EXAID Application

DATE OF BOARD MEETING: December 19, 2016

CONTACT PERSON: Wayne Demikoff

TELEPHONE NUMBER: 973-450-3500 X1021

RECOMMENDATION NUMBER	CORRECTION ACTION APPROVED BY THE BOARD	METHOD OF IMPLEMENTATION	PERSON RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
Office of Fiscal Accountability and Compliance Recommendation #1	The district make enhancements to the EXAID application supporting work papers in the area of intensive services such as: extended school year, 3:1 student/teacher ratio, and assistive technology devices to better clarify cost calculations for future audit purposes.	The district has made enhancements to the EXAID application supporting work papers in the area of intensive services such as: extended school year, 3:1 student/teacher ratio, and assistive technology devices to better clarify cost calculations for future audit purposes.	Director of Special Education	October 31, 2016 Complete
Office of Fiscal Accountability and Compliance Recommendation #2	The supporting audit documentation system be enhanced by coordination between the school district business office and the special services office at the time of submission of the EXAID application.	The supporting audit documentation system has been enhanced by coordination between the school district business office and the special services office at the time of submission of the EXAID application.	Director of Special Education	October 31, 2016 Complete

BSL

Chief School Administrator

12/20/16

Date

Wayne Demikoff

Interim Business Administrator/
Board Secretary

12/20/16

Date



State of New Jersey

DEPARTMENT OF EDUCATION

PO Box 500

TRENTON, NJ 08625-0500

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

KIMBERLEY HARRINGTON
Acting Commissioner

October 26, 2016

Mr. John Rivera, Board President
Belleville Board of Education
102 Passaic Avenue
Belleville, New Jersey 07109

Dear Mr. Rivera:

Enclosed please find a copy of the Office of Fiscal Accountability and Compliance's (OFAC) review of the Belleville Board of Education's Application for Extraordinary Aid (EXAID) for Special Education Costs, for FY 2014-2015, OFAC Case #SAAU-20A-15. Please distribute a copy to all of your current board members. The audit findings have identified an adjustment to be made to your district's state aid payments for EXAID in the amount of \$93,062. The Department of Education will not initiate a recovery of the amount from your district's state aid payments until pending further response and corrective actions to be submitted by your board of education to the OFAC.

Utilizing the process outlined in the attached "Procedures for LEA/Agency Response, Corrective Action Plan and Appeal Process," the board 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. Should you have any questions, please contact Mr. Robert Ortley, State Aid Audit Unit, at (609) 984-4940.

Thank you for your cooperation.

Sincerely,

Robert J. Cicchino
Office of Fiscal Accountability and Compliance

RJC/rwo/jj/rc bellevilleexaid
Attachment

www.nj.gov/education

Distribution List

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