May 4, 2016

Mr. Broderick, Board President
City of Bayonne Board of Education
669 Avenue A
Bayonne, NJ 07002

Dear Mr. Broderick:

The Office of Fiscal Accountability and Compliance (OFAC) has completed a review of the enrollment data used for the FY 2012-2013 Applications for Chapter 192/193 Nonpublic Auxiliary Services Aid, OFAC Case #SAAU-13B-15. Attached is a copy of a report detailing the specific findings related to your school district. The findings indicate that state aid overpayments were identified for your district’s FY 2012-2013 nonpublic state aid in the amount of $160,016. Please refer to details contained in the body of the attached report for further information regarding the actual amount of state aid recovery, pending further corrective action and response by your district.

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, developed in coordination with the Hudson County Educational Services Commission, 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.

Sincerely,

[Signature]
Robert J. Cicchino
Office of Fiscal Accountability and Compliance

RJC/rwo/jc/bayonnehudsonsccch192/193
Attachment
Distribution List

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

REVIEW OF CHAPTER 192/193 AUXILIARY SERVICES TO NONPUBLIC STUDENTS
FY 2012-2013
OFAC CASE # SAAU-13B-15

CITY OF BAYONNE BOARD OF EDUCATION
HUDSON COUNTY
669 AVENUE A
BAYONNE, NJ 07002
CITY OF BAYONNE BOARD OF EDUCATION
HUDSON COUNTY
REVIEW OF CHAPTER 192/193 AUXILIARY SERVICES TO NONPUBLIC STUDENTS
OFAC CASE # SAAU-13B-15

REPORT OF REVIEW

The New Jersey Department of Education (NJDOE), Office of Fiscal Accountability and Compliance (OFAC), has verified the enrollment of students under the Chapter 192/193 Programs for Nonpublic School Students for Fiscal Year 2012-2013. The review was made in accordance with standards, rules and regulations established by the New Jersey Department of Education and included such auditing tests and procedures as were considered necessary under the circumstances. The verification process (review) was performed to evaluate the accuracy of the aggregate Chapter 192/193 Applications for State Aid funding. Records provided by Bayonne Board of Education and the nonpublic schools were examined as part of the review.

The OFAC enrollment review was designed to determine compliance with the provisions of the DOE’s document entitled Chapter 192 and Chapter 193 Programs for Nonpublic Schools detailing student eligibility for State Aid reimbursement. Accordingly, OFAC audit tests and procedures were specifically designed to determine adherence to Chapter 192/193 programs only, which are intended to provide eligible nonpublic school students with auxiliary services; such as compensatory education services in reading, writing and mathematics, special education evaluations and annual reviews, corrective speech evaluations or services and supplementary instruction. The OFAC review was not designed to perform an attest function on the financial condition as it pertains to the operation of the Chapter 192/193 Program.

SCOPE

The enrollment review verified the number of State Aid eligible Chapter 192/193 education services provided between July 1, 2012 and June 30, 2013. The review objective was to compare verified final services provided to the services reported on the Project Completion Report (PCR) for Chapter 192/193 programs.

FINDINGS

Chapter 192
The district was funded for a total of 264 Chapter 192 services in the amount of $220,725. On the Chapter 192 Auxiliary Services Project Completion Reports (PCR), the district reported 273 services provided. On the PCR an aggregate refund was identified in the amount of $588, representing projected, unrealized services included on the initial Chapter 192/193 Application for Funding Allocations submitted to the NJDOE.

The audit verified 91 eligible student services based upon review of actual 407-1 applications, testing information and service records on file. Based on the allowable rate per service, the audit resulted in maximum allowable funding of $76,083. The difference between the net funding received on the PCR of $220,137, and the audited allowable funding of $76,083 resulted in $144,054 of state aid overpayments made by the NJDOE.

Chapter 193
The district was funded for a total of 167 Chapter 193 services. On the Chapter 193 Auxiliary Services PCR, the district reported 166 services provided. On the PCR an aggregate refund was
CITY OF BAYONNE BOARD OF EDUCATION
HUDSON COUNTY
REVIEW OF CHAPTER 192/193 AUXILIARY SERVICES TO NONPUBLIC STUDENTS
OFAC CASE # SAAU-13B-15

identified in the amount of $21,017, representing projected, unrealized services included on the initial Chapter 192/193 Application for Funding Allocations submitted to the NJDOE.

The audit verified 138 student services as being eligible based upon review of actual 407-1 applications, Child Study Team Initial Evaluations, Reevaluations or Annual Reviews, testing information, as well as Speech and Supplemental Services records on file. Based on the allowable rate per service, the audit resulted in maximum allowable funding of $77,222. The difference between the net funding received on the PCR of $93,184 and the audited allowable funding of $77,222 resulted in $15,962 of state aid overpayments made by the NJDOE.

Summary of Differences-Submitted and Verified Students

<table>
<thead>
<tr>
<th>Exception</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Chapter 192 Compensatory Education additional students submitted, but not reported</td>
<td>5</td>
</tr>
<tr>
<td>2. Chapter 192 Compensatory Education net services to students receiving both Reading and Writing Services</td>
<td>(62)</td>
</tr>
<tr>
<td>3. Chapter 192 Compensatory Education net services to students not supported by service records</td>
<td>(125)</td>
</tr>
<tr>
<td>4. Chapter 193 Initial/Reevaluation Examination and Classification net services to an additional student not claimed</td>
<td>3</td>
</tr>
<tr>
<td>5. Chapter 193 Annual Reviews, Speech services and Supplemental Instruction Services not supported by current child study team files, 407-1 applications</td>
<td>(31)</td>
</tr>
</tbody>
</table>

Total Net Differences (210)

Conclusion:
The district received a net overpayment of Chapter 192 and 193 state aid as identified by this audit of the FY 2012-2013 PCR, in the amount of $160,016.

OTHER MATTERS-SUPPLEMENTAL INSTRUCTION

The district service submitted a listing of 64 students receiving Supplementary Instruction, of which 53 were supported by adequate documentation. The school district disclosed that two instructors were providing the instruction for these students. One instructor was a school district employee. The public school district records disclosed that the public school employee was paid in part from a Federal grant. At the exit conference for this review the district administrators demonstrated that the amount of services paid for by Federal grant funds was for additional special services provided to Chapter 193 students.
CITY OF BAYONNE BOARD OF EDUCATION
HUDSON COUNTY
REVIEW OF CHAPTER 192/193 AUXILIARY SERVICES TO NONPUBLIC STUDENTS
OFAC CASE # SAAU-13B-15

In accordance with “Chapter 192 & 193 Programs for Nonpublic School Students 2012-2013”, pages 8-9, “The public school district in which the nonpublic school is located must provide, with state funds, the required service itself or may contract with another district, an educational services commission or an NJDOE approved clinic or agency to provide all or part of the required services. If the public school district contracts with a third-party provider, the district retains complete responsibility for overseeing the Chapter 192 and Chapter 193 services.”

One of the instructors was an employee of the nonpublic school where the instruction took place. In accordance with N.J.S.A.18A:46A-7, “Any board of education may contract with an educational improvement center, an educational services commission or other public or private agency, other than a church or sectarian school, approved by the commissioner for the provision of auxiliary services.”

Since the required service was not provided by an educational improvement center, an educational services commission or other public or private agency, other than a church or sectarian school, noncompliance was noted with the aforementioned statute. The district should consider contracting directly with the teacher who provides services to Chapter 193 students.

RECOMMENDATIONS

The Office of Fiscal Accountability and Compliance recommends that:

1. The public school district contracts only with an educational improvement center, an educational services commission or other public or private agency, other than a church or sectarian school, approved by the commissioner for the provision of auxiliary services;

2. If the public school district contracts with a third-party provider, the district must retain complete responsibility for overseeing the Chapter 192 and Chapter 193 services, including retention of all documentation related to the service provided;

3. The public school district only reports as services provided only those services provided using state funds; and

4. The public school district reports Language Arts Literacy (reading and/or writing) as one service for state aid payment in accordance with “Chapter 192 & 193 Programs for Nonpublic School Students 2012-2013”, page 15.

Submitted by:  
Robert W. Ortley, Manager  
State Aid Audit Unit

Approved by:  
Robert J. Cicchino, Director  
Office of Fiscal Accountability and Compliance
<table>
<thead>
<tr>
<th>SAAU</th>
<th>Adjusted (# of svc x rate)</th>
<th>Remaining</th>
<th>Refunded Due</th>
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<tr>
<td>$76,083</td>
<td>$144,054</td>
<td>$144,054</td>
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<table>
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<tr>
<th>PCR</th>
<th>Previously Refunded Funding To OSF</th>
<th>Original Funding</th>
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<tr>
<td>$220,725</td>
<td>$588</td>
<td>$220,725</td>
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<table>
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<tr>
<th>SAAU</th>
<th>Verified Services</th>
<th>Services Excluded</th>
<th>Exceptions</th>
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<td>91</td>
<td>91</td>
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<table>
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<tr>
<th>Hudson County</th>
<th>Number of Services-Comp Ed</th>
<th>Number of Services-Initial Exam and Class.</th>
<th>Number of Services-Annual Review</th>
<th>Number of Services-Corrective Speech</th>
<th>Number of Services-Supplementary Instr.</th>
<th>Plus Transportation</th>
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<tbody>
<tr>
<td>273</td>
<td>16</td>
<td>81</td>
<td>5</td>
<td>64</td>
<td>64</td>
<td>439</td>
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<td></td>
<td>(1)</td>
<td>18</td>
<td>11</td>
<td>11</td>
<td>11</td>
<td>229</td>
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<td>$42,331</td>
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<td>$10,639</td>
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<td>$10,259</td>
<td>$13,134</td>
<td>$119</td>
<td>$10,639</td>
<td>$1,405</td>
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<td>$13,134</td>
<td></td>
<td></td>
<td>$9,474</td>
<td>$160,016</td>
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</tbody>
</table>

| Totals        | 439                       | 229                                      | 210                              | $334,926                            | $21,605                                | $160,016            |
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.
NEW JERSEY DEPARTMENT OF EDUCATION
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE
CORRECTIVE ACTION PLAN

NAME OF SCHOOL DISTRICT  BAYONNE BOARD OF EDUCATION
COUNTY  HUDSON

AUDIT REVIEW OF FY 2012-2013 CHAPTER 192/193 SERVICES

DATE OF BOARD MEETING

CONTACT PERSON

TELEPHONE NUMBER

<table>
<thead>
<tr>
<th>RECOMMENDATION NUMBER</th>
<th>CORRECTIVE ACTION APPROVED BY THE BOARD</th>
<th>METHOD OF IMPLEMENTATION</th>
<th>PERSON RESPONSIBLE FOR IMPLEMENTATION</th>
<th>COMPLETION DATE OF IMPLEMENTATION</th>
</tr>
</thead>
</table>

CHIEF SCHOOL ADMINISTRATOR  DATE  BOARD SECRETARY/SCHOOL BUSINESS ADMINISTRATOR  DATE