

**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 2011-2012**

**GALLOWAY TOWNSHIP BOARD OF EDUCATION
ATLANTIC COUNTY
101 SOUTH REEDS ROAD
GALLOWAY, NJ 08205**

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ATLANTIC COUNTY
REVIEW OF CHAPTER 192/193 AUXILIARY SERVICES TO NONPUBLIC STUDENTS
OFAC CASE # SAAU-11-14**

REPORT OF REVIEW

The New Jersey Department of Education (DOE), Office of Fiscal Accountability and Compliance (OFAC), has conducted a review of the enrollment of students and services received under the Chapter 192/193 Programs for Nonpublic School Students for Fiscal Year 2011-2012. 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 review process (review) was performed to evaluate the accuracy of the aggregate Chapter 192/193 Applications for State Aid funding. Records provided by the Galloway Township Board of Education (board) 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, the 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, English as a Second Language, 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, based solely on records presented, identified the number of documented state aid eligible Chapter 192/193 education services provided between July 1, 2011 and June 30, 2012. The review objective was to compare verified final documented services provided to the services reported on the Project Completion Report (PCR) for Chapter 192/193 Services for FY 2011-2012.

FINDINGS

Chapter 192

The board was funded for a total of 57 Chapter 192 services. On the Chapter 192 Auxiliary Services PCR for FY 2011-2012, the board reported 74 services provided. The board submitted 74 possible student records for review. The audit identified 69 students and services as being eligible for reporting on the PCR based upon review of actual 407-1 applications, testing information and service records on file. On the PCR no refund amount was identified. The net difference of five ineligible or unsupported student services did not cause a reduction to state aid. This is because the board received state aid payments for only 57 services while 69 services were identified. The board had been eligible to, but did not file a request for increased services during the school year. Because the number of documented services equaled at least 57, which was the basis for state aid payment, no further adjustment is necessary by the DOE.

Chapter 193

The board was funded for a total of 126 Chapter 193 services. On the Chapter 193 Auxiliary Services PCR for FY 2010-2011, the board reported 132 services provided. The audit procedures

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identified 110 student services as being eligible based upon review of actual 407-1 applications, Child Study Team Initial Evaluations, Reevaluations or Annual Reviews, testing information, and Speech and Supplemental Services records on file. On the PCR, an aggregate refund has been identified in the amount of \$6,640. The net difference of 22 undocumented student services resulted in \$6,132 of state aid overpayments made by the DOE.

Summary of Differences-Submitted and Verified Students

<u>Exception:</u>	<u>Difference:</u>
1. Chapter 192 compensatory education services not supported by Test scores or eligibility documentation	(5)
2. Chapter 193 Evaluations/Annual Reviews not supported by audit documentation	<u>(22)</u>
Total Net Differences	(27)

Audit Documentation Observations

The board did not use a separate service provider for Chapter 192/193 Nonpublic programs. The OFAC SAAU relied upon records on file with board administrators responsible for the program.

Ordinarily, the OFAC SAAU should be presented with a comprehensive listing of student services that is in agreement with the services reported on the Funding Statement and the PCR (i.e. 57 Chapter 192 services reported for funding and exactly 57 services submitted by student name in support of the PCR's reported services). This was not the case on this review. The board submitted 74 Compensatory Education Services to support the number identified on the PCR. However, no submission had been made to the DOE for additional funding for additional services (57 initial services plus 17 additional services). Therefore, when the OFAC review took exception to five services included in the review of 74 services, there was no impact on state aid payments due to the DOE payment that was based only on 57 services.

Chapter 193 services were difficult to identify with complete accuracy based on the maintenance of audit documentation. The OFAC review encountered significant problems with a lack of 407-1 Applications on file for each of the unique services reported on the PCR. Several attempts were made by the OFAC using an extended exit conference process to permit the board administrators to reconcile 407-1 applications, as well as Child Study Team Service Plans (SPs) to those students reported on the PCR. In most cases, when a child was identified as needing multiple services or evaluations under the Chapter 192 and 193 programs, only one 407-1 Form was prepared. According to the requirements contained in the DOE's document entitled Chapter 192 and Chapter 193 Programs for Nonpublic Schools, a separate and unique 407-1 Form is to be prepared for each and every service for each student. The OFAC review was expanded in order to provide consideration for each and every student who received a service or evaluation despite the lack of a separate 407-1. No Chapter 193 student service was verified as valid by the OFAC review unless there was at least one valid 407-1 form for each impacted student which served as the basis for multiple allowable Chapter 193 services.

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The board could not provide an exact reconciliation of services to the reported totals on the PCR. Compounding the review was the difficulty encountered in the manner that service timesheets were maintained. In many cases, complete first and last names of specific students were not identified for attendance at nonpublic schools. For itemized services associated with Speech Correction and Supplemental Services, the OFAC limited the identification of services to a maximum number which was equal to, but not in excess of the totals reported on the PCR.

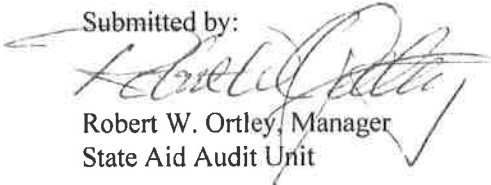
For the category of Initial Evaluations and Revaluations, the board was funded for 24 evaluations, while there were 37 reported evaluations on the PCR. However, the maximum total identified as eligible by the OFAC was 34. No state aid overpayment was identified since the board only received state aid based on 24 services. This was similar to the situation identified with Compensatory Education services. For Annual Reviews the board was funded for 30 services, while the PCR reflected 27 services. However, the OFAC was only able to identify eight possible Annual Reviews due to the lack of complete documentation available.

RECOMMENDATIONS


The Office of Fiscal Accountability and Compliance recommends that:

1. the board amends all applicable procedures for nonpublic student service reporting to ensure that only students that meet the eligibility requirements of the DOEs prescribed by N.J.A.C.6A: 14-6.2(e) and the prescribed publication entitled **Chapter 192 and 193 for Nonpublic Schools** are reported on state aid applications;
2. the board develops procedures to ensure that all students reported on the PCR have all necessary program information such as 407-1 files, proof of service eligibility and provision of service records available for review; and
3. the board ensures that when necessary, additional funding requests are timely filed with the DOE when the total identified students receiving services exceeds the amounts used for state aid payments during the school year.

Submitted by:


Robert W. Ortley, Manager
State Aid Audit Unit

Approved by:


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

OFAC- State Aid Audit Unit

FY 2011-2012

Chapter 192/193 Project Completion Report

District: Galloway Township

Number of Services-Comp Ed

Number of Services-ESL

Number of Services-Initial Exam and Class.

Number of Services-Annual Review

Number of Services-Corrective Speech

Number of Services-Supplementary Instr.

Plus Transportation

Totals

Exhibit A

	PCR Reported Services	SAAU Verified Services	Exceptions	Original Funding Entitlement	Previously Refunded To OSF	SAAU Gross Exception	SAAU Adjusted (# of svcs x rate)	Remaining Refund Due
Number of Services-Comp Ed	74	69	5	\$ 48,184	\$ -	\$ -	\$ 48,184	\$ -
Number of Services-ESL	0	0	0	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Services-Initial Exam and Class.	37	34	3	\$ 27,032	\$ -	\$ -	\$ 27,032	\$ -
Number of Services-Annual Review	27	8	19	\$ 9,682	\$ 1,200	\$ 6,132	\$ 2,350	\$ 6,132
Number of Services-Corrective Speech	24	24	0	\$ 26,855	\$ -	\$ -	\$ 26,855	\$ -
Number of Services-Supplementary Instr.	44	44	0	\$ 26,658	\$ 5,440	\$ -	\$ 21,218	\$ -
Plus Transportation				\$ -	\$ -	\$ -	\$ -	\$ -
Totals	206	179	27	\$ 138,411	\$ 6,640	\$ 6,132	\$ 125,639	\$ 6,132

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

**PROCEDURES FOR LEA/AGENCY RESPONSE
CORRECTIVE ACTION PLAN AND APPEAL PROCESS**

Resolution:

Pursuant to N.J.A.C. 6A:23A-5.6, within 30 days of receipt of the report, the board of education must discuss the findings of the report at a public meeting of the board. Within 30 days of the public meeting, the board must adopt a resolution certifying that the findings were discussed in a public board meeting and approving a corrective action plan to address issues raised in the undisputed findings and/or appeal of any findings in dispute. Within 10 days of adoption of the resolution by the board, such resolution together with the approved corrective action plan and/or appeal must be submitted to the Office of Fiscal Accountability and Compliance. The findings of the Office of Fiscal Accountability and Compliance's report and the board of education's corrective action plan must be posted on the district's website.

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 findings.

Within 10 days of the board's adoption of the resolution approving an appeal of the findings of the report, a written request by the LEA/Agency to review the "aggrieved" findings, recommendations or questioned costs must be submitted to the director, Office of Fiscal Accountability and Compliance. The notice of appeal must indicate the findings to be appealed.

The appeal itself may be written or a hearing may be scheduled so that the LEA/Agency can present its case. In either instance, documentation must be presented supporting the appeal. The director, Office of Fiscal Accountability and Compliance will issue a written decision.

If the decision is unsatisfactory to the LEA/Agency, the LEA/Agency may, within 10 calendar days, file a notice of appeal to the Chief of Staff.

If the final determination made by the Chief of Staff, is still unsatisfactory to the LEA/Agency, the LEA/Agency may access the formal appeal process described in 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 GALLOWAY TOWNSHIP BOARD OF EDUCATION
COUNTY ATLANTIC

AUDIT REVIEW OF FY 2011-2012 CHAPTER 192/193 SERVICES

DATE OF BOARD MEETING _____

CONTACT PERSON _____

TELEPHONE NUMBER _____

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