

**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 2008-2009**

**RED BANK REGIONAL HIGH SCHOOL DISTRICT BOARD OF EDUCATION
MONMOUTH COUNTY
101 RIDGE ROAD
LITTLE SILVER, NJ 07739-1698**

**RED BANK REGIONAL/MONMOUTH-OCEAN EDUCATIONAL SERVICES
COMMISSION
MONMOUTH COUNTY
REVIEW OF CHAPTER 192/193 AUXILIARY SERVICES TO NONPUBLIC STUDENTS
OFAC CASE # SAAU-04-27-11**

REPORT OF REVIEW

The New Jersey Department of Education (Department), Office of Fiscal Accountability and Compliance (OFAC), has verified the enrollment of students serviced by the Monmouth-Ocean Educational Services Commission (MOESC) under the Chapter 192/193 Programs for Nonpublic School Students for Fiscal Year 2008-2009. 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 (hereinafter referred to as the 'review') was performed to evaluate the accuracy of the aggregate Chapter 192/193 Applications for State Aid funding. The total amount of services for all LEAs was reviewed for nonpublic students attending various nonpublic schools located in Monmouth and Ocean Counties during the period under review.

The OFAC enrollment review was designed to determine the MOESC compliance with the provisions of the Department'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 the MOESC 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 or compliance function as it pertains to the operation of the Chapter 192/193 Program, especially as it relates to the MOESC's entity-wide financial statements for the period under review.

SCOPE

The enrollment review, based solely on the MOESC records presented, verified the number of State Aid eligible Chapter 192/193 education services provided between July 1, 2008 and June 30, 2009. The review objective was to compare verified final services provided to the services reported on each LEA's Project Completion Report for Chapter 192/193 Services for FY 2008-2009.

FINDINGS

Chapter 192

On the Chapter 192 Auxiliary Services Project Completion Reports (PCR) for FY 2008-2009, the MOESC reported 44 services provided. The audit review verified 39 eligible student services based upon review of actual 407-1 applications, testing information and service records on file. On the PCR an aggregate refund amount was not identified representing projected unrealized services that were included on the initial Chapter 192/193 Application for Funding Allocations submitted to the Department. The difference of five ineligible Chapter 192 student services not properly documented for this OFAC review resulted in \$4,977 of State Aid overpayments made by the Department.

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Chapter 193

On the Chapter 193 Auxiliary Services Project Completion Report (PCR) for FY 2008-2009, MOESC reported 204 services provided. The audit review procedures verified 175 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. On the PCR, an aggregate refund amount has been identified in the amount of \$4,900 representing projected unrealized services that were included on the initial Chapter 192/193 Application for Funding Allocations submitted to the Department. The net difference of 29 ineligible Chapter 193 student services not properly documented for this OFAC review resulted in \$16,697 of State Aid overpayments made by the Department.

Summary of Difference Reported and Verified Students

<u>Exception:</u>	<u>Difference:</u>
1) Chapter 192 services based on lack of commercial testing or service documentation	5
2) Chapter 193 407-1 Application exceptions for students receiving a Reevaluation and Annual Review within the same academic period	23
4) Chapter 193 Supplemental Instruction or Speech Services not supported by attendance or service documentation	<u>6</u>
Total Differences	34

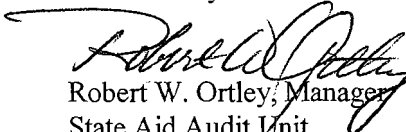
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RECOMMENDATIONS

The Office of Fiscal Accountability and Compliance recommends that:

1. Each LEA individually approve every 407-1 application for students services prior to authorizing services or payments to MOESC;
2. Each LEA and the MOESC must amend all applicable procedures for nonpublic student service reporting to ensure that only students that meet the eligibility requirements of the Department as 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;
3. Each individual LEA/school district verify all Chapter 192/193 services with the service provider (MOESC) as part of the project completion report process; and
4. The MOESC and each district must develop common procedures to ensure that all students reported on the Project Completion Report have all necessary program information such as 407-1 files, proof of service eligibility and provision of service records available for review.

Submitted by:


Robert W. Ortley, Manager
State Aid Audit Unit

Approved by:

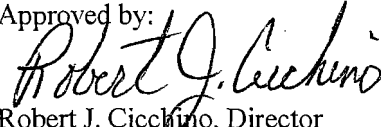

Robert J. Cicchino, Director
Office of Fiscal Accountability and Compliance

Exhibit A

OFAC- State Aid Audit Unit Revision due to Audit of FY 2008-2009 Chapter 192/193 Project Completion Report MOESC District: Red Bank Regional			SAAU Verified Services	Original Funding Entitlement	Previously Refunded To OSF	SAAU Gross Exception	SAAU Adjusted (# of svcs x rate)	Remaining Refund Due
Reported Services	Exceptions							
Number of Services-Comp Ed	44	39	-5	\$ 54,743	\$ -	\$ 4,977	\$ 49,766	\$ 4,977
Number of Services-ESL	0	0	0	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Services-Initial Exam and Class.	45	39	-6	\$ 68,960	\$ 3,970	\$ 7,957	\$ 57,033	\$ 7,957
Number of Services-Annual Review	82	59	-23	\$ 25,840	\$ -	\$ 8,740	\$ 17,100	\$ 8,740
Number of Services-Corrective Speech	0	0	0	\$ 930	\$ 930	\$ -	\$ -	\$ -
Number of Services-Supplementary Instr. Plus Transportation	77	77	0	\$ 60,958	\$ -	\$ -	\$ 60,958	\$ -
Totals	248	214	-34	\$ 211,431	\$ 4,900	\$ 21,674	\$184,857	\$ 21,674