

STATE OF NEW JERSEY
DEPARTMENT OF EDUCATION
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE

NEWARK INTERNAL AUDIT UNIT
AUDIT OF HOME INSTRUCTION
2010-2011 FISCAL YEAR
DECEMBER 2011

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DECEMBER 2011

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EXECUTIVE SUMMARY

The Newark Internal Audit Unit has conducted an audit of the Newark Public Schools (NPS) Home Instruction Program (HIP) for fiscal year 2010-2011. The purpose of the audit was to determine if the HIP was in compliance with all applicable regulations and district policies. The audit was undertaken to determine whether or not students were receiving the appropriate home instruction as required by law and that adequate records were maintained. In addition, auditors reviewed contracts and payments to outside vendors providing home instruction services to verify proper billing and contract compliance.

As a result of the audit, the following deficiencies were noted:

- The district was not providing the New Jersey Department of Education (NJDOE), Essex County Executive County Office with written notification of their intent to provide a student with home instruction as required by N.J.A.C. 6A:14-4.8(a)1.
- Contracts with home instruction vendors were not executed in a timely manner.
- Deficiencies were noted in contracts with home instruction vendors.
- Payments to home instruction vendors charged to the incorrect fiscal year.
- The district did not always issue timely purchase orders for home instruction services.
- The district employed home instruction teachers who were teaching students outside their areas of certification.
- Vendor billings often lack sufficient detail and the review of invoices by the district prior to payment is inadequate.
- The district was not always providing students with the minimum hours of home instruction as required by N.J.A.C. 6A:16-10.1.
- Documentation supporting student home instruction was often incomplete and not in compliance with the requirements of N.J.A.C. 6A:14-4.8(3).
- District employed home instruction teachers are not being used to capacity.
- District maintained records of students receiving home instruction were incomplete and in several cases documentation authorizing home instruction services was not available.
- The district did not publish notices of home instruction contracts as required by N.J.S.A. 18A:18A-5a (1).

The remainder of this report details the auditor's findings.

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BACKGROUND

The NPS Office of Home Instruction (OHI) provides one on one instruction at the students place of residence (or an appropriate setting) due to a health condition, need for treatment or exclusion from general education for disciplinary or safety reasons. Home instruction is intended to provide the same caliber of education that would be found in a classroom setting.

The NPS home instruction process begins with a referral from one of three sources: the Office of Health Services, the Office of Special Education, or a Regional/Assistant Superintendent's Office. Each of these three offices has their own specific requirements and documents that are necessary to make a determination for and notification of the need for home instruction services. Upon receipt of a home instruction referral from one of the three sources the OHI reviews the required documents and assigns the student to an instructor.

Home instruction is provided by a pool of approximately 25 teachers employed by the district as well as various contracted vendors. A total of 13 vendors were contracted with during the 2010 – 2011 fiscal year to provide various home instruction services. Payments made by the district to these vendors totaled \$1,076,939. The OHI determines how a student's needs are best met and assigns an instructor from either the district teaching pool or a vendor.

The OHI consists of 25 employees. The Office is located at Newark Vocational High School and operates with an annual budget of approximately \$3,200,000.

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DETAILED FINDINGS

1. **The district was not providing the NJDOE Essex County Executive County Office with written notification of their intent to provide a student with home instruction as required by N.J.A.C. 6A:14-4.8(a)1.**

N.J.A.C. 6A:14-4.8(a)1 requires that for students with a disability “prior written notification that a district intends to provide home instruction shall be provided to the Department of Education (DOE) through its county office”. Notifications are effective for a maximum of 60 days at which time a renewal of the notification must be made. Per the Executive County Office, compliance lapsed during the 2010-2011 fiscal year and no written notifications were received from the NPS. Notifications were received in years prior to 2010-2011.

Recommendation:

The auditors recommend the district comply with N.J.A.C. 6A:14-4.8(a)1 and provide the NJDOE Executive County Office with written notification of students placed on home instruction and renewal notifications as necessary. At the auditor’s request, the district has started to provide the Executive County Office with the required notification.

2. **Contracts with home instruction vendors were not always executed in a timely manner.**

The district contracts with various vendors to supply required home instruction services. A review of the thirteen contracts with these vendors indicated that in five cases the contracts were not executed until well after the contract period had commenced. Seven contracts did not include the date the contract was executed. The following is a summary of the home instruction contracts executed after services commenced:

<u>VENDOR</u>	<u>CONTRACT PERIOD</u>	<u>DATE EXECUTED</u>
Essex Regional	7/01/10 – 6/30/11	2/15/11
Youth Consult SVC.	9/01/10 – 6/30/11	5/03/11
ECLC of NJ	9/01/10 – 6/30/11	11/17/10
Union County Ed SVC.	7/01/10 – 6/30/11	9/28/10
Brookfield Academy	7/01/10 – 6/30/11	1/31/11

Recommendation:

Contracts with home instruction vendors should be executed prior to any services being provided by the vendor. The date executed should be indicated on all contracts.

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3. Deficiencies were noted in contracts with home instruction vendors.

The auditors reviewed the district contracts with the 13 home instruction vendors contracted for the FY 2010 – 2011. The following deficiencies were noted:

- 12 of 13 contracts reviewed were open-ended. These open-end contracts contained no maximum dollar amount or a maximum number of hours/units of service to be provided as required by N.J.A.C. 6A:23-7.1(f)1.
- 8 of 13 contracts were not authorized by an executed Superintendent Action Form as required.
- 5 of 13 contracts were authorized by an action form. The action form set an aggregate not-to-exceed amount of \$650,000. The district has issued purchase orders in excess of the authorized amount of \$650,000.
- 2 of 13 contracts included the signature of the legal department. Review was to form only.
- Contracts were not maintained in one centralized location.
- 2 of 13 contracts did not specify an hourly rate for services.
- Contracts were not always signed by an appropriate district representative:
 - 2 contracts were appropriately signed by the Superintendent.
 - 6 contracts were signed with a Superintendent signature stamp.
 - 1 contract was signed by the SLT Assistant Superintendent.
 - 1 contract was signed by the Supervisor Office of Special Education.
 - 1 contract was signed for the SLT Assistant Superintendent by the Supervisor Office of Special Education.

Recommendation:

- Open-end contracts must include a maximum dollar amount or a maximum number of hours/units or service to be provided to the district.
- All contracts should be authorized by a properly executed action form.
- Not-to-exceed amount should be established by contract, not in aggregate on action form. Purchase orders should not be issued in excess of established not-to-exceed amounts.
- All contracts should be reviewed and approved by the legal department.
- District contracts should be centrally located. Contracts should originate out of the purchasing department.
- All home instruction contracts should establish an hourly rate for services provided.
- Contracts should only be signed by authorized individuals in accordance with district policy. Signature stamps should not be used.

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4. Payments to home instruction vendors charged to the incorrect fiscal year.

The auditors noted several payments of invoices for home instruction services incurred in one fiscal year that were charged to a subsequent year's purchase order and expensed in that year. Examples of this include an invoice for \$36,530 from Essex Regional Education Services for June 2010 services which were charged to a FY 2010–2011 purchase order. In addition, one invoice from 2008–2009 totaling \$1,586 and 11 invoices from FY 2009–2010 totaling \$16,198 from Brookfield Academy were charged to a FY 2010–2011 purchase order.

Recommendation:

The auditors recommend that the district ensure that home instruction expenditures be expensed in the year in which they are incurred.

5. The district did not always issue timely purchase orders for home instruction services.

The auditors noted several instances where purchase orders were issued subsequent to services being provided by home instruction vendors. These unauthorized purchases (confirming orders) are a violation of New Jersey statute and district policy.

Recommendation:

The auditors recommend that the district properly issue purchase orders prior to services being rendered.

6. The district employed home instruction teachers who were teaching students outside their areas of certification.

Pursuant to N.J.A.C.6A:14-4.8(a)3, the teacher providing home instruction “shall be appropriately certified as a teacher of students with disabilities or for the subject or level in which the instruction is given”. The auditors reviewed the home instruction assignments for five home instruction teachers employed by the district and noted that two of the teachers were instructing students in areas outside their area of certification. A teacher certified to teach grades K through 8 was providing home instruction to a 10th grade student and a teacher with an Industrial Arts certification was providing home instruction.

The OHI does not verify the certifications of vendor employed teachers.

Recommendation:

The district should match home instruction students with instructors who are properly certified. The district should periodically request that vendors submit documentation showing that their instructors are properly certified.

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7. Vendor billings often lack sufficient detail and the review of invoices by the district prior to payment is inadequate.

Auditors reviewed the invoices received from the various vendors providing home instruction services (identified in finding #2). Auditors noted that in almost all cases the billings received did not adequately detail the services provided. Some invoices only indicated total hours of service while others just indicated weekly totals. Vendor invoices, at a minimum, should identify the student services, date of service and hours of service. NPS home instruction contracts were often not specific as to what supporting documentation is to be provided by the vendor. For example, the contract with Essex Regional Educational Services Commission (ERESC) states that they will “complete all district invoices and required materials”. Required materials are not defined.

The auditors requested additional documentation from the ERESA in an attempt to verify dates and hours of service billed. Auditors were informed that all records were destroyed in a recent flood and were not available.

Prior to payment the Principal Fiscal Analyst reviews vendor invoices for mathematical accuracy. However, no review is done to determine students are receiving the appropriate hours of service nor is any documentation requested to verify services were provided as billed. The Supervisor of Home Instruction does not review invoices. Auditors also noted that the receiving reports certifying that services were provided were inappropriately signed by the Principal Fiscal Analyst.

Recommendation:

The district should request that vendors provide invoices in a format that allow the district to determine who received instruction, the date instruction services were provided and how many hours of instruction were given each day. The district should review billing to determine that students are receiving the appropriate services as required by statute. The Supervisor of Home Instruction should review sign-off on all vendor billings prior to payment. In addition, the district should (on a test basis) request documentation verifying that the instruction hours billed were provided. This would include documents signed by the students guardian indicating services were received by the student. Contracts should be revised to specifically require documentation needed to verify billing.

8. The district is not always providing students with the minimum hours of home instruction as required by N.J.A.C. 6A:16-10.1.

Pursuant to N.J.A.C. 6A:16-10.1 for students with disabilities, the district “shall provide one-on-one instruction for no fewer than five hours per week on three separate days of the week”. Pursuant to N.J.A.C. 6A:16-10.2 students on home instruction for reasons other than temporary or chronic health conditions require no fewer than 10 hours of weekly one-on-one instruction. A review of home instruction timesheets revealed that the district was not always providing the minimum hours required by law. Auditors reviewed weekly time

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records for eight students over a three month period. A total of 52 student instruction weeks were reviewed. Auditors noted 41 weeks or 79% where students did not receive the minimum hours of instruction. The district has no procedure to make-up instructional hours missed due to teacher or student absence, snow days, holidays, etc.

Recommendation:

The district must ensure that students receive no less than the minimum hours of instruction required by law.

9. Documentation supporting student home instruction was often incomplete and not in compliance with the requirements of N.J.A.C. 6A:14-4.8(3).

N.J.A.C. 6A:14-4.8(3) requires that the district maintain “a written record of the student’s home instruction, including dates and times during which home instruction is provided”. The home instruction teachers employed by the district are required to submit a weekly time sheet entitled “Home Instruction Schedule” (Attachment 1). The information required on the weekly report includes the names of students serviced, dates of service, hours of service, and the signature of the students’ authorized guardian/chaperone attesting that the student received the indicated instruction. The auditors reviewed a sample of 164 instructional work weeks between January and March 2011. The following deficiencies were noted:

- 66 or 40% of time sheets reviewed did not have the required hours of service recorded. Failure to record the hours of instruction made verifying that students received the required weekly hours of instruction impossible.
- 30 or 18% of weekly time sheets reviewed were missing the chaperone signature or were signed by someone other than the approved chaperone. 32 days had no signature, 63 days were approved by someone other than the authorized chaperone, and 30 were signed by the student.
- 17 or 10% of time sheets revealed that the student did not receive the required minimum hours of instruction.

The auditors noted that the time sheets were not reviewed or approved by a supervisor. Auditors also attempted to review supporting documentation for students serviced by the ERESC; however, the auditors were informed that the records were destroyed in a flood.

Recommendation:

Home instruction staff should be required to fully complete the weekly “Home Instruction Schedule” as required by N.J.A.C. 6A:14-4.8(3). All visiting hours of service should be indicated. Signatures of an authorized chaperone/guardian should be obtained in all cases. The Home Instruction Schedule should be modified so the chaperone can print their name below their signature for better identification. All weekly time sheets should be reviewed for completeness and approved via signature by the Supervisor of Home Instruction.

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10. District employed home instruction teachers are not being used to capacity.

NPS expends approximately \$1,900,000 annually on salaries of in-house home instruction teachers. The auditor's reviewed the instruction time provided by a sample of six district employed home instructors. The sample was for a three month period between January and March 2011 and was reviewed to determine the daily average of hours of home instruction provided by the district employed teachers. The calculation was based only on days worked; holidays, sick days etc. were not considered. One teacher in the sample served in an administrative capacity and did not provide any home instruction and was not considered in the calculation.

The review revealed that the teachers in the sample provided an average of 2.53 hours of daily home instruction. Individual teacher averages ranged for 1.63 to 3.58 hours per day. The following is a summary of our findings:

	<u>Days Worked</u>	<u>Hours of Instruction</u>	<u>Avg. Hours of Daily Instruction</u>
Teacher #1 E.C.	46	80	1.74
Teacher #2 J.F.	44	136	3.09
Teacher #3 T.K.	52	145	2.79
Teacher #4 K.N.	46	75	1.63
Teacher #5 E.S.	38	136	3.58

Home instruction teachers work a 6 ³/₄ hour day. Home instructors do require travel time and prep time; however, with proper management existing staff should be able to increase the hours of one-on-one home instruction provided.

Recommendation:

The district should revise current scheduling procedures to maximize the capacity of existing home instruction staff. Staff not assigned a full daily schedule should be used to cover for unavailable teachers to ensure students receive the required hours of instruction. In addition, the district should review the feasibility of outsourcing all home instruction services as this could result in significant cost savings.

11. Some home instruction staff members were not working the daily hours as required by contract.

Members of the district's in-house home instruction staff are required to log in and out daily using the districts KRONOS time and attendance system. The auditors reviewed a sample of six home instruction teachers and all were recording their time in KRONOS. Auditors did note that two employees were routinely leaving up to 15 minutes early each day without being docked in accordance with district policy. This is made possible by a failure to update the PeopleSoft system. For example, PeopleSoft reflects an elementary school teachers work day as 6.5 hours rather than the correct 6.75 hour work day. This gives employees a 15 minute daily or 2.5 hours bi-weekly grace period.

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Recommendation:

The PeopleSoft system should be revised to ensure that all staff work a full day as required by their contract.

12. The OHI operates without clearly defined responsibilities.

The OHI is loosely organized and lacks adequate policies and procedures to clearly define responsibilities. Through interviews with department staff the auditors noted a lack of consensus as to who was responsible for the various activities of the department. This lack of clear job responsibility resulted in several of the deficiencies noted in this report.

Recommendation:

The auditors recommend the OHI develop a departmental organization chart and detailed policies and procedures which clearly state in writing what work needs to be done and who is responsible for its completion. Policies should be designed to promote the conduct of required activities in an effective, efficient, and economical manner.

13. Auditors noted one home instruction teacher with no instructional responsibilities.

During the review of the in-house home instruction staff activity, auditors noted one instructor who did not have any instructional activity during the period under review. The individual is working under the job title Teacher Home Instruction and possesses a K-12 Teacher of Comprehensive Science certification. Per the home instruction Supervisor the individual does not perform any instruction but acts as an administrative assistant to the Supervisor. This employee's responsibilities are not consistent with the job title he is working under.

Recommendation:

The employee working in the title Teacher Home Instruction should be providing instructional services. If this individual is to continue in an administrative role he should be moved to an appropriate job title.

14. District maintained records of students receiving home instruction were incomplete and in several cases documentation authorizing home instruction services was not available.

Auditors reviewed time records for district employed home instructors and invoices from home instruction vendors for the period of January through March 2011. Auditors attempted to trace all students who were provided with home instruction to the OHI's master lists of students approved for home instruction. Twenty three students receiving home instruction services were not listed on the master list. Auditors verified that all 23 were NPS students through student services. Supporting documentation authorizing home instruction services

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for the 23 students was requested. Documentation for 17 students was provided. However, documentation for the remaining six students was not located.

Recommendation:

The OHI should maintain accurate lists of students eligible for home instruction. Billings from vendors should be compared to the list monthly. Documentation supporting a student's placement in home instruction should be maintained and be readily available.

15. The District did not publish notices of home instruction contracts as required by N.J.S.A. 18A:18A-5a (1).

New Jersey Public Contract Law requires that each time a professional services contract is awarded the district publish in an official newspaper a brief notice stating the nature, duration, service and amount of the contract, and that the resolution and contract are on file and available for public inspection. The district did not advertise the home instruction contracts awarded.

Recommendation:

The auditors recommend that the district ensure that notices for professional services contracts are published in an official newspaper as required.

Auditor:
Timothy Butler

Approved By:

Steven Hoffmann
Coordinating Auditor