

**STATE OF NEW JERSEY
DEPARTMENT OF EDUCATION
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE
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**REVIEW OF CHAPTER 192/193 AUXILIARY SERVICES TO NONPUBLIC STUDENTS
FY 2014-2015
OFAC CASE # SAAU-3-16**

**NEWARK PUBLIC SCHOOLS
ESSEX COUNTY
2 CEDAR STREET
NEWARK, NJ 07102**

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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 2014-2015. 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 Essex Regional Education Services Commission (ERESC), Catapult Learning Centers, Catholic Charities, Youth Development Clinic, and nonpublic schools were examined as part of the review.

The OFAC enrollment review was designed to determine compliance with the provisions of the NJDOE'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 Programs.

SCOPE

The enrollment review verified the number of State Aid eligible Chapter 192/193 education services provided between July 1, 2014 and June 30, 2015. 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 1,259 Chapter 192 services in the amount of \$1,130,467. On the Chapter 192 Auxiliary Services Project Completion Reports (PCR), the district reported 1,072 services provided. On the PCR an aggregate refund was identified in the amount of \$391,115, representing projected, unrealized services included on the initial Chapter 192/193 Application for Funding Allocations submitted to the NJDOE. See comments below.

The audit verified 996 eligible student services based upon the review of actual 407-1 applications, testing information and service records on file. The OFAC identified 76 exceptions to services provided. However, the district reported refunds due on the PCR which were in excess of the minimum amounts due to the NJDOE, as noted in the categories stated as follows.

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Excess Compensatory Education Services Refunds

The state rate per student service for Compensatory Education Services was \$897. Using this aid factor, the expected refund due would be \$155,181 (\$897 multiplied by 173 unrealized services). However, the amount refunded was \$355,854 based on actual expenditures for services. As a result, no further state aid overpayments are due to the NJDOE as a result of this audit.

Excess English as a Second Language Services Refunds

The state rate per student service for English as a Second Language Services was \$913.5. Using this aid factor, the expected refund due would be \$12,789 (\$913.5 multiplied by 14 unrealized services). However, the amount refunded was \$35,261 based on actual expenditures for services. As a result, no further state aid overpayments are due to the NJDOE as a result of this audit.

Chapter 193

The district was funded for a total of 450 Chapter 193 services. On the Chapter 193 Auxiliary Services PCR, the district reported 299 services provided. On the PCR an aggregate refund was identified in the amount of \$178,624, representing projected, unrealized services included on the initial Chapter 192/193 Application for Funding Allocations submitted to the NJDOE.

The audit verified 269 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 upon the review of actual 407-1 applications, testing information and service records on file, the OFAC identified 30 exceptions to services provided.

Excess Examination and Classification Refunds

The state rate per student service for Examination and Classifications was \$1,259. Using this aid factor, the expected refund due would be \$90,648 (\$1,259 multiplied by 72 unrealized services). However, the amount refunded was \$101,901 based on actual expenditures for services. As a result, no further state aid overpayments are due to the NJDOE as a result of this audit.

Excess Speech Correction Service Refunds

The state rate per student service for English as a Speech Correction Services was \$884. Because there were no unrealized services, no refunds were due. However, a refund of 8,924 was reported to the NJDOE. As a result, no further state aid overpayments are due to the NJDOE as a result of this audit.

Excess Supplemental Instruction Service Refunds

The state rate per student service for English as a Supplemental Instruction Services was \$784.70. Using this aid factor, the expected refund due would be \$52,574.90 (\$784.70 multiplied by 67 unrealized services). However, the amount refunded was \$67,799 based on actual expenditures for

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services. As a result, no further state aid overpayments are due to the NJDOE as a result of this audit.

Summary of Differences-Submitted and Verified Students

<u>Exception:</u>	<u>Difference:</u>
1. Chapter 192 Compensatory Education services to students deemed ineligible, based on test scores or service/attendance records	(64)
2. Chapter 192 ESL Services to students deemed ineligible, based on lack of 407-1 forms or test scores	(12)
3. Chapter 193 Initial/Reevaluation or Annual Reviews not supported by a complete evaluation.	(6)
4. Chapter 193 Corrective Speech services to students deemed ineligible, based on service/attendance records	(5)
5. Chapter 193 Supplemental Instruction services to students deemed ineligible, based on service/attendance records	(19)
Total Net Differences	(106)

RECOMMENDATIONS

The OFAC recommends that:

1. the public school district should compare documentation of student services and refunds for unrealized services reported on the PCR, to the records of the service providers to ensure more accurate reporting to the NJDOE;
2. student services should only be reported on the PCR if they are supported by attendance records demonstrating that the services were received; and
3. the service provider should ensure that evaluation and classification and annual review services are supported by file documentation.

Submitted by:

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Approved by:

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Office of Fiscal Accountability and Compliance