

**STATE OF NEW JERSEY
DEPARTMENT OF EDUCATION
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE
PO BOX 500
TRENTON, NJ 08625-0500**

**BLACK HORSE PIKE REGIONAL SCHOOL DISTRICT
580 ERIAL ROAD
BLACKWOOD, NJ 08012
PHONE: (609) 646-7911**

**REPORT ON EXAMINATION
CARL D. PERKINS AUDIT
FOR THE PROJECT PERIOD:
JULY 1, 2014 TO JUNE 30, 2015**

**DISTRICT: Black Horse Pike Regional School District
COUNTY: Camden**

**AUTHORIZED REPRESENTATIVE: Brian Repici
PROGRAM DIRECTOR: Glenn Smith**

**PERSONS CONTACTED:
Jean Grubb, Business Administrator
Glenn Smith, District Art & Technology Education Supervisor**

FUNDING SOURCE(S):

GRANT	AWARD
SECONDARY- #PERK 0390-15	\$ 30,931.00
TOTAL	\$ 30,931.00

**BLACK HORSE PIKE REGIONAL SCHOOL DISTRICT
CARL D. PERKINS SECONDARY GRANT
FISCAL YEAR 2014-2015**

BACKGROUND

The Carl D. Perkins Career and Technical Education Improvement Act of 2006 (Perkins Act) require grantees to provide programs and services to secondary and postsecondary students based on the authorizing statutes contained therein. The law further requires that state education agencies (SEAs) such as the New Jersey Department of Education (NJDOE) monitor the implementation of federal programs by sub-recipients and determine whether the funds are being used by the grantees for their intended purpose and achieving the overall objectives of the funding initiatives.

FINDINGS AND RECOMMENDATIONS

1. Expenditures incurred and charged to the Perkins federal grant supplanted other funding sources and therefore, are deemed to be an unallowable program cost.

BHPRSD used Perkins grant funds to support the district's 7th Annual Career Day for all eleventh grade students. The associated costs are summarized below:

Purchase Order #	Date	Vendor	Description (Quantity)	Disallowed
5PR244	5/29/15	6 District Staff	Career Day program coordinators	\$ 6,448.14
504849	11/18/14	Epromos	Logo drawstring backpacks (650)	775.68
505131	12/1/14	Epromos	Logo drawstring backpacks (325)	359.25
505133	12/1/14	School Specialty	Portfolios (1,000)	125.20
Total				\$ 7,708.27

The use of grant funds to support events available to all district students generally or members of a given class supplants other funding sources and therefore, constitutes a non-allowable cost. The Carl D. Perkins Career and Technical Education Improvement Act of 2006 (Perkins Act) §311(a) stipulates funds made available under this Act for Career Technical and Education (CTE) activities shall supplement, and shall not supplant, non-Federal funds expended to carryout CTE activities. The New Jersey Perkins One-Year Grant Application Guidelines July 1, 2014 – June 30, 2015 (Guidelines) Section A, page 17, advises grantees of this supplement not supplant provision.

The Guidelines also advise grantees that a presumption of supplanting arises when, among other things, a grantee used Perkins funds to provide services that the grantee (1) was required to make available under other federal, state or local laws; or (2) provided with non-federal funds for non-CTE students but charged to Perkins funds for CTE services. As a result, BHPRSD must remit \$7,708.27 to NJDOE for the disallowed costs (refer to the Schedule of Recovery Due to SEA at the end of this report).

Recommendation

The LEA must ensure CTE program expenditures supplement, not supplant, other federal, state and local funds.

**BLACK HORSE PIKE REGIONAL SCHOOL DISTRICT
CARL D. PERKINS SECONDARY GRANT
FISCAL YEAR 2014-2015**

FINDINGS AND RECOMMENDATIONS

2. Expenditures to support an unapproved program were charged to the grant.

The district charged the grant for the following costs related to its S.T.E.A.M. Academy program:

Purchase Order #	Date	Vendor	Description	Disallowed
5PR237	2/13/15	3 District Staff	S.T.E.A.M. video and brochure	\$ 1,397.13
5PR244	5/29/15	1 District Staff	Robotics promotional video	2,149.39
5PR244	5/29/15	2 District Staff	Robotics team coaches	3,224.08
Total				\$ 6,770.60

During FY 2014-2015, this program was not a NJDOE approved CTE program and all costs incurred are non-allowable. Consistent with 2 CFR §225 (formerly OMB Circular A-87), Appendix A (the Appendix), Section C.1.c, in order for costs to be allowable under Federal awards, the costs must be authorized or not prohibited under State or local laws or regulations.

The Guidelines, Section D, page 43, states that "support of unapproved CTE programs or support of CTE programs for which no data were received on the most recent VEDS data report" is a non-allowable cost. Therefore, the sum of \$6,770.60 must be refunded to the NJDOE for questionable charges to the grant (refer to the Schedule of Audit Recovery Due to State Education Agency (SEA) at the end of this report).

Recommendation

The LEA must implement procedures to ensure that only expenditures related to NJDOE approved programs are charged to the grant.

3. Expenditures incurred and charged to the Perkins grant were inadequately documented and/or deemed to be unnecessary for the efficient performance of the federal program.

The district issued purchase orders #502763 and #504095 for substitute teaching and other costs during the FY 2014-2015. The associated costs of \$375.93 were charged to the Perkins grant absent verifiable/adequate documentation. BHPRS was unable to produce a purchase order, invoice, and/or after-the-fact confirmation to substantiate these charges. As a result, it could not be determined if the costs were reasonable and allocable to the federal award.

Pursuant to the Appendix, Section C.1.a and b, costs must be necessary and reasonable for proper and efficient performance and administration of federal awards, be allocable to federal awards, and be adequately documented. Section C.3 of the Appendix states a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. Section C.3.a clarifies a cost is allocable to a particular cost objective if the goods or services are chargeable or assignable to such cost objective in accordance with relative benefits received.

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FINDINGS AND RECOMMENDATIONS

In addition, EDGAR, §80.20(b)(2) and (b)(3) require grantees and subgrantees to maintain records which adequately identify the source and application of funds provided for financially-assisted activities and to maintain effective control and accountability for all grant assets. Based on the foregoing, the district must refund the sum of \$375.93 to the NJDOE for these disallowed costs (refer to the Schedule of Audit Recovery Due to SEA at the end of this report).

Recommendation

The LEA must improve procedures for the payment of expenditures related to the Perkins grant or for charges thereto in accordance with the requirements of applicable federal and state regulations. The LEA must develop procedures to adequately safeguard all grant assets.

4. The grantee's FY 2014-2015 Perkins Final Report (FR) includes inaccurate or misclassified expenditures.

A reconciliation of the district's FY 2014-2015 general ledger and the Perkins FR disclosed inaccurate reporting, as depicted below:

Expenditure Category	General Ledger	Final Report	Difference
100-300	\$ 1,700.00	\$ 3,000.00	\$ (1,300.00)
100-600	7,264.50	5,964.00	1,300.50
200-100	17,926.00	16,626.00	1,300.00
200-200	1,341.00	1,341.00	0.00
200-300	375.00	0.00	375.00
200-500	1,806.00	2,000.00	(194.00)
200-600	518.50	2,000.00	(1,481.50)
Total	\$ 30,931.00	\$ 30,931.00	\$ 0.00

LEAs are required to prepare FRs using actual expenditures incurred during the project period of July 1 through June 30. In addition, EDGAR, 34 CFR §80.20(b)(1) requires that accurate, current, and complete disclosure of the financial results of financially assisted activities be made in accordance with the financial reporting requirements of the grant or sub-grant.

Recommendations

The LEA must establish a system of internal control sufficient to provide reasonable assurance that it reports complete and accurate financial information to the department.

5. The LEA used improper account codes to classify expenditures in its accounting system.

A review of the district's FY 2014-2015 general ledger disclosed that revenue source code 4432 was incorrectly used to account for the receipt of Perkins grant funds. In accordance with N.J.A.C. 6A:23A-16.1, the New Jersey Uniform Minimum Chart of Accounts for New Jersey School Districts (Chart of Accounts) designates 4430 as the appropriate revenue source code.

**BLACK HORSE PIKE REGIONAL SCHOOL DISTRICT
CARL D. PERKINS SECONDARY GRANT
FISCAL YEAR 2014-2015**

FINDINGS AND RECOMMENDATIONS

In addition, a reconciliation of the general ledger expenditures to the BHPRSD's FR disclosed a number of expenditure category misclassifications; refer to the examples below:

Description	Incorrect Line Item	Correct Line Item
Onsite staff professional development/training	100-300	200-300
Onsite assessments	200-500	100-500
Study guides	200-500	100-600

N.J.A.C. 6A:23A-16.2(f) requires each school district to use common terminology and classification consistently through the budget, the accounts and the financial reports of each fund and to adopt the Chart of Accounts. EDGAR 34 CFR §80.20(b)(2) further requires grantees to maintain records which adequately identify the source and application of funds provided for financially-assisted activities.

Recommendation

The LEA must revise its coding system to conform to the NJDOE's prescribed Chart of Accounts to ensure the proper recording of all financial transactions and to ensure compliance with applicable federal and state regulations.

6. The district did not ensure compliance with the certain NJDOE guidelines while administering the grant.

It was determined the district failed to comply with implementing regulations and program specific requirements for the grant. Specifically, the district incurred expenses attributable to an unapproved expenditure category without filing an amendment application as required Section E of the Guidelines. In addition, certain program costs were charged to the wrong line item.

EDGAR, 34 CFR §76.700 requires a sub-grantee, like the district, to comply with the State plan and applicable statutes, regulations, and approved applications, and to use Federal funds in accordance with those statutes, regulations, plan and applications.

Recommendation

The LEA must implement procedures to ensure personnel assigned to administer the Perkins grant comply with the program specific requirements applicable to each project period.

BLACK HORSE PIKE REGIONAL SCHOOL DISTRICT
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FISCAL YEAR 2014-2015

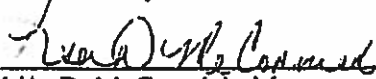
SCHEDULE OF RECOVERY DUE TO SEA

<u>Audit Finding</u>	<u>Recovery</u>
Number One	\$ 7,708.27
Number Two	6,770.60
Number Three	<u>375.93</u>
Total Recovery Due to SEA	<u>\$ 14,854.80</u>

The check is to be made payable to "Treasurer, State of New Jersey" and mailed with the corrective action plan.

Robert J. Cicchino, Director
Office of Fiscal Accountability and Compliance
State of New Jersey
Department of Education
PO Box 500
Trenton, NJ 08625-0500

Submitted by:


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Auditor

Kathryn Holbrook

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

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

Board of Directors Response:

The LEA/Grantee is required to develop and submit to a corrective action plan to NJDOE, following receipt a report of examination that indicates noncompliance detected through a monitoring visit or fiscal audit, as provided for by Section E of the Perkins Guidelines.

Corrective Action Plan:

The corrective action plan is to be used when the LEA/Grantee 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/Grantee 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/Grantee indicating that it has been accepted.

If the corrective action plan is not acceptable, a letter will be sent to the LEA/Grantee 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/Grantee 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.

Appeal Process (cntd):

The Request for Appeal must be in writing and the LEA/Grantee 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/Grantee, the LEA/Grantee may file a Petition of Appeal pursuant to N.J.A.C. 6A:3-1.3.

The Director, Office of Fiscal Accountability and Compliance will issue a written decision. If the final determination made by the Director is still unsatisfactory, the LEA/Grantee 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

COUNTY: CAMDEN

NAME OF SCHOOL DISTRICT: BLACK HORSE PIKE REGIONAL

TYPE OF EXAMINATION: Fiscal Audit of Carl. D. Perkins

DATE OF BOARD MEETING: September 22, 2016

CONTACT PERSON: GLENN SMITH

TELEPHONE NUMBER: 856-227-4100 ext. 4307

Recommendation number	Corrective Action Required by the Board	Method of Implementation	Person Responsible for Implementation	Completion date of Implementation
Number 1	Expenditures using Perkins money must be directly related to CIP 151303 to supplement and not supplant	Expenditures will be approved by multiple people prior to purchase. Expenditures will be directly related to CIP 151303 to supplement.	Supervisor of Technology Director of Curriculum Business Administrator	
Number 2	Expenditures can only be for approved programs.	Expenditures will be approved by multiple people prior to purchase. Expenditures will be directly related to CIP 151303. Unapproved programs will no longer be allowed	Supervisor of Technology Director of Curriculum Business Administrator	
Number 3	Expenditures must be adequately documented	When items are charged to the Perkins grant, log-in sheets, time-sheets and other appropriate documentation will be procured before funds are charged to the grant	Supervisor of Technology Director of Curriculum Business Administrator	

Number 4	Perkins final report must have expenditures classified accurately	In the final expenditure report, money spent will be in direct line with what was in the original grant. Specific accounts will be created that directly align with the budget and money will be charged to the correct line.	Supervisor of Technology Business Administrator	
Number 5	Perkins budget must conform to the DOE's prescribed Chart of Accounts	When the grant is submitted, budget items will be checked against approved accounts so line items are put in the proper budget.	Supervisor of Technology Business Administrator	
Number 6	Money must be spent according to the budget that was submitted and approved	If money is anticipated to be spent out of a line item not budgeted for, prior to the expenditure, an amendment will be submitted and approved.	Supervisor of Technology Business Administrator	

CHIEF SCHOOL ADMINISTRATOR

DATE



BOARD SECRETARY/SCHOOL BUSINESS ADMINISTRATOR

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