



State of New Jersey

DEPARTMENT OF EDUCATION  
PO Box 500  
TRENTON, NJ 08625-0500

CHRIS CHRISTIE  
Governor

KIM GUADAGNO  
Lt. Governor

DAVID C. HESPE  
Commissioner

March 12, 2015

Mr. Antony Giordano, Board President  
Mount Olive Township Board of Education  
89 Route 46  
Budd Lake, NJ 07828



Dear Mr. Giordano:

SUBJECT: Mount Olive Township Board of Education – Carl D. Perkins Grant Audit  
OFAC Case # SG-0024-13

The Department of Education, Office of Fiscal Accountability and Compliance has completed a fiscal audit of the Carl D. Perkins Grant of the Mount Olive Township Board of Education (Mount Olive). The review covered the period July 1, 2012 through June 30, 2013. The results of the audit are detailed in the attached report of examination. Please provide a copy to each board member for his/her review.

Utilizing the process outlined in the attached “Procedures for LEA/Agency Response, Corrective Action Plan and Appeal Process,” the Mount Olive is required, pursuant to N.J.A.C. 6A:23A-5.6, to publicly review and discuss the findings in this report at a public board meeting no later than 30 days after receipt of the report. Within 30 days of the public meeting, the board must adopt a resolution certifying that the findings were discussed in a public meeting, and approving a corrective action plan which addresses the issues raised in the undisputed findings and/or an appeal of any findings in dispute. A copy of the resolution and the approved corrective action plan and/or appeal must be sent to this office within 10 days of adoption by the board. Please direct your response to my attention.

Also, pursuant to N.J.A.C. 6A:23A-5.6(c), you must post the findings of the report and the board’s corrective action plan on your District’s website. The submission of an appeal does not preclude adherence to the provisions of N.J.A.C. 6A:23A-5.6, et seq. Should you have any questions, please contact Lisa D. McCormick, Single Grants/Audit Unit at (609) 292-7742.

Sincerely,

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

RJC/LDM/tc: Mount Olive Township Cover Letter  
Attachment

- c: Robert Bumpus
- Susan Martz
- Marie Barry
- Anne Corwell
- Robyn Kay
- Lisa D. McCormick
- Rosalie S. Lamonte
- Kathryn Holbrook
- Stephen M. Eells
- Larrie Reynolds
- Margaret Conroy
- Thomas M. Ferry, CPA

www.nj.gov/education

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

**MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT  
89 ROUTE 46  
BUDD LAKE, NJ 07828  
PHONE: (973) 691-4000**

**REPORT ON EXAMINATION  
CARL D. PERKINS AUDIT  
FOR THE PROJECT PERIOD:  
JULY 1, 2012 TO JUNE 30, 2013**

DISTRICT: Mount Olive Township School District  
COUNTY: Morris

AUTHORIZED REPRESENTATIVE: Lynn Jones  
PROGRAM DIRECTOR: Timothy Kelly

**PERSONS CONTACTED:**

Larrie Reynolds, Superintendent  
Margaret Conroy, Business Administrator  
Lynn Jones, Board Secretary/Assistant Business Administrator  
Timothy Kelly, Perkins Administrator

**FUNDING SOURCE(S):**

<b>GRANT</b>	<b>AWARD</b>
SECONDARY- #PERK 3450-13	\$ 25,029.00
<b>TOTAL</b>	<b>\$ 25,029.00</b>

**MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT  
CARL D. PERKINS GRANT  
FISCAL YEAR 2012-2013**

**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 laws further require that State education agencies 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 grantees for their intended purpose and achieving the overall objectives of the funding initiatives.

**FINDINGS AND RECOMMENDATIONS**

**1. The district did not obligate or liquidate Perkins grant funds in a timely manner.**

During the audit, various records were requested to document salary and non-salary expenditures charged to the FY 2012-2013 Carl D. Perkins grant. An examination of the purchase orders (POs) summarized below suggests the documents were issued before the project period concluded on June 30, 2013. However, the corresponding vendor invoices reflect September 2013 order dates.

Purchase Order		Vendor		Amount
Number	Date	Name	Order Date	Disallowed
3989-13	5/22/2013	Hewlett Packard	9/10/2013	\$ 1,222.68
4259-13	6/14/2013	GovConnection	9/10/2013	579.15
Total				\$ 1,801.83

Absent evidence to the contrary, the order dates established by both vendors indicate *these orders were actually placed (obligated) after June 30, 2013* (emphasis added). This also serves to explain, in part, why the LEA disbursed payments to the vendors on October 14, 2013, past the September 30, 2013 liquidation deadline:

EDGAR, 34 CFR §80.23 requires that, where a funding period is specified as here, a grantee may charge to an award only costs resulting from obligations of the funding period and must liquidate all obligations incurred under an award not later than 90 days after the end of the funding period (or as specified in a program regulation) to coincide with the submission of the annual Financial Status Report (SF-269). Accordingly, all FY 2012-2013 Perkins funds were required to be obligated by June 30, 2013 and liquidated by September 30, 2013.

Pursuant to 2 CFR §225 (OMB Circular A-87), Appendix A (the Appendix), Section C.1.b, to be allowable under Federal awards, costs must be allocable in accordance with the provisions of 2 CFR §225. Section C.3.a of the Appendix states that 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. As a result, the district must remit \$1,801.83 to the department for the disallowed costs (refer to the Schedule of Recovery Due to SEA (State Education Agency) at the end of this report).

**MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT  
CARL D. PERKINS GRANT  
FISCAL YEAR 2012-2013**

**FINDINGS AND RECOMMENDATIONS**

**Recommendation**

The district must obligate/liquidate Perkins funds in accordance with department guidelines and EDGAR, 34 CFR §80.23. In addition, the LEA must implement procedures to ensure program costs are allocated the appropriate grant year.

**2. The district inappropriately charged extended service contracts to the FY 2012-2013 Perkins grant.**

During the FY 2012-2013 project period, the district acquired multi-year, extended service contracts from Apple Computers, as summarized below:

<b>Purchase Order #</b>	<b>Description</b>	<b>Beginning Date</b>	<b>Ending Date</b>	<b>Total Cost</b>	<b>Amount Disallowed</b>
3140-13	MacBook Pro AppleCare	3/07/2013	3/06/2016	\$ 183.00	\$ 163.80
4002-13	iPad AppleCare	6/21/2013	6/20/2015	99.00	97.78
Total					\$ 261.58

The grantee was only authorized to charge warranty and service contract costs from the beginning dates shown through the project period ended on June 30, 2013, to the FY 2012-2013 Perkins Grant. Conversely, costs associated with coverage beyond the applicable grant year are not allowable.

The Perkins One-Year Grant Application Guidelines July 1, 2012 – June 30, 2013 (Guidelines), Section D, page 52, advises grantees that equipment warranties and service contracts beyond the current grant year, including any warranties on computers and other electronic items that are considered supplies, are non-allowable costs. As a result, the district must remit the sum of \$261.58 to the department for the disallowed costs (refer to the Schedule of Audit Recovery Due to SEA at the end of this report).

**Recommendation**

The district must improve procedures to ensure that all Perkins expenditures represent allowable program costs and conform to requirements contained in the Guidelines.

**3. Perkins funded personnel did not prepare detailed time and activity reports in a manner consistent with the requirements of 2 CFR §225.**

The district did not provide time and activity reports to verify the work performed by personnel charged to the Perkins grant as prescribed. Going forward, the LEA must prepare the prescribed reports in accordance with federal and state regulations in order to avoid a potential monetary finding.

**MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT  
CARL D. PERKINS GRANT  
FISCAL YEAR 2012-2013**

**FINDINGS AND RECOMMENDATIONS**

In particular, fully funded Perkins personnel must prepare and sign periodic time and activity reports, **at least twice a year** and have them signed by a supervisor to support their time chargeable to the Title I program in accordance with EDGAR, 34 CFR §80.20(b)(6) and 2 CFR §225, Appendix B, Section 8.h.(3). Split funded Perkins personnel are required to complete and sign **monthly** time and activity reports pursuant to EDGAR, 34 CFR §80.20(b)(6) and 2 CFR §225, Appendix B, Section 8.h.(4) (emphasis added).

Anytime a change of funding source occurs, the event must be recorded in the board of education meeting minutes. A revised certification must be prepared and signed by the appropriate parties. Further, the LEA is reminded that supplanting constitutes a violation of ESEA statutes and funds misspent for local obligations are subject to SEA recovery.

**Recommendation**

The LEA must develop procedures to ensure Perkins funded personnel prepare time and activity reports which conform to the requirements of EDGAR, 34 CFR §80.20(b)(6) and 2 CFR §225, Appendix B, Sections 8.h.(3) and 8.h.(4).

**4. Inventory records not maintained as prescribed and a physical inventory was not conducted in the previous two years.**

The district did not maintain proper records of equipment purchased with Perkins funds for examination. Nor was there any indication that a physical inventory of equipment had been performed in the last two years and reconciled to the district's accounting records.

EDGAR, 34 CFR §80.32(d) requires management to establish property management standards and procedures for equipment acquired with Federal funds and federally-owned equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place. Such standards, as a minimum, are to meet the following requirements: (1) maintenance of equipment records that include a description of the equipment, a serial number or other identification number, the source of the equipment (including award number), who holds title, the acquisition date and cost of the equipment, percentage of federal participation in the cost of the equipment, the location and condition of the equipment, unit acquisition cost, and any ultimate disposition data including the date of disposal and sale price of the equipment; and (2) requires a physical inventory of all federally owned equipment be taken and the results reconciled with the accounting records at least once every two years.

**Recommendation**

The district must maintain an inventory listing of all federally-funded equipment in accordance with federal and state regulations. Grantees must also conduct a physical inventory of equipment that is reconciled to its accounting records, as required by EDGAR, 34 CFR §80.32(d).

**MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT  
CARL D. PERKINS GRANT  
FISCAL YEAR 2012-2013**

**FINDINGS AND RECOMMENDATIONS**

- 5. The district did not ensure compliance with certain Perkins guidelines while administering the grant.**

In addition to the preceding findings, it was determined the district failed to comply with program specific requirements for the Perkins grant, as follows:

- Equipment purchased using Perkins funds during FY 2012-2013 was not received, installed and available for student instruction by April 30<sup>th</sup>, 60 days prior to the end of the project period (Guidelines, Section D, page 50).
- The LEA did not file an amendment to the grant application, as required, due to transfers of Perkins funds which cumulatively exceeded 10 Percent of the total grant award (Guidelines, Section E, page 56).

EDGAR, 34 CFR §76.700 requires grantees 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 district must implement procedures to ensure personnel assigned to administer the Perkins grant comply with the program specific requirements applicable to each project period.

MOUNT OLIVE TOWNSHIP SCHOOL DISTRICT  
CARL D. PERKINS GRANT  
FISCAL YEAR 2012-2013

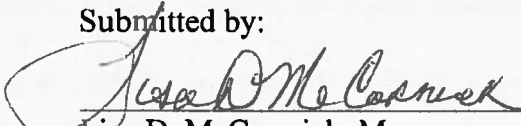
SCHEDULE OF RECOVERY DUE TO SEA

<u>Audit Finding</u>	<u>Recovery</u>
Number One	\$ 1,801.83
Number Two	<u>261.58</u>
<b>Total Recovery Due to SEA</b>	<b><u>\$ 2,063.41</u></b>

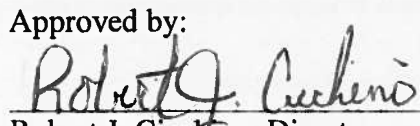
The check is to be made payable to "Treasurer, State of New Jersey" and mailed with the corrective action plan.

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:

  
\_\_\_\_\_  
Lisa D. McCormick, Manager  
Office of Fiscal Accountability and Compliance

Approved by:

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

Auditor

Kathryn Holbrook

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

PROCEDURES FOR LEA/GRANTEE 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 reconsideration process must be used. After the reconsideration is settled, a corrective action plan must be filed for any finding upheld, during the reconsideration 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 audit 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 board 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.



Appeal Process (cntd):

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.

**Finding 1:**

The district did not obligate or liquidate Perkins grant funds in a timely manner.

**District Response:**

The district disputes the State's assumption that the orders cited were placed after the June 30, 2013 project period. However, the district acknowledges that payment did occur after the September 30, 2013 liquidation deadline. This was due, in part, because the items ordered were out of stock when initially ordered and were back-ordered until the order was filled in mid-September. Purchase order deadlines will be established to ensure that all items purchased from Perkins funds are obligated on or before the June 30 project deadline and liquidated on or before the September 30 liquidation deadline.

**Finding 2:**

The district inappropriately charged extended service contracts to the FY 2012-2013 Perkins grant.

**District Response:**

The district was unaware that warranty and/or extended service contracts that extend beyond the grant period could not be charged to the grant. Going forward, warranty coverage or service contracts that extend beyond the current grant period will be charged to the general operating fund of the district.

**Finding 3:**

Perkins funded personnel did not prepare detailed time and activity reports in a manner consistent with the requirements of 2 CFR Part 225.

**District Response:**

The district feels that adequate documentation was available to support personnel costs. The only personnel costs charged to the Perkins grant were for: 1) a stipend for the Program Director and 2) curriculum writing stipends for approved subjects. Therefore, the district did not believe formal time and activity reports were warranted. The stipend for the Program Director was paid in accordance with the approved grant budget and was approved by a separate motion of the Board of Education. Curriculum writing stipends were paid in accordance with the negotiated EAMO contract and were approved by a separate motion of the Board of Education. Curriculum writing stipends were supported by approved time sheets. In the future, the district will require Perkins funded personnel to prepare time and activity reports in addition to the time sheets currently being submitted.

**Finding 4:**

Inventory records not maintained as prescribed and a physical inventory was not conducted in the previous two years.

**District Response:**

The district disputes the statement that inventory records are not maintained as prescribed. Detailed inventory records are maintained for all items over \$2,000 – the minimum capitalization threshold required by the state. However, the district accepts that a physical inventory has not been completed in several years. A physical inventory will be performed by September 1, 2015.

**Finding 5:**

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

**District Response:**

The district acknowledges that certain equipment purchases were not received, installed and available for student instruction by April 30. This was due, in part, because the items ordered were out of stock when initially ordered. Going forward, purchase orders for the Perkins program will be processed at least 30 days prior to the April 30 deadline. Back-ordered items will be cancelled and reordered through another vendor to ensure that they are received, installed and available for student instruction by April 30.

Additionally, no grant amendment was necessary since the district did not transfer Perkins funds in excess of 10 percent of the total grant award. The administration feels that this comment does not apply to the Mt. Olive School District.

**NEW JERSEY DEPARTMENT OF EDUCATION  
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE  
CORRECTIVE ACTION PLAN**

SCHOOL DISTRICT NAME Mount Olive Township School District COUNTY Morris

TYPE OF EXAMINATION Department of Education OFAC Case # SG-0024-13 (Carl D. Perkins Grant Audit)

DATE OF BOARD MEETING April 13, 2015

CONTACT PERSON Dr. Tim Kelly, Grant Manager

TELEPHONE NUMBER 973-927-2208

FAX NUMBER 973-927-2204

RECOMMENDATION NUMBER	CORRECTIVE ACTION	METHOD OF IMPLEMENTATION	INDIVIDUAL RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
1	Purchase order deadlines will be established to ensure that all items purchased from Perkins funds are obligated on or before the June 30 project deadline and liquidated on or before the September 30 liquidation deadline.	Purchase orders for the Perkins program will be submitted to the Business Office for processing at least 90 days prior to the June 30 project deadline. Back-ordered items will be cancelled and reordered through another vendor to ensure that they are liquidated by the September 30 liquidation deadline.	Program Director	June 30, 2015

\_\_\_\_\_  
Chief School Administrator

\_\_\_\_\_  
Date

\_\_\_\_\_  
Board Secretary/Business Administrator

\_\_\_\_\_  
Date

**NEW JERSEY DEPARTMENT OF EDUCATION  
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE  
CORRECTIVE ACTION PLAN**

SCHOOL DISTRICT NAME Mount Olive Township School District COUNTY Morris

TYPE OF EXAMINATION Department of Education OFAC Case # SG-0024-13 (Carl D. Perkins Grant Audit)

DATE OF BOARD MEETING April 13, 2015

CONTACT PERSON Dr. Tim Kelly, Grant Manager

TELEPHONE NUMBER 973-927-2208

FAX NUMBER 973-927-2204

RECOMMENDATION NUMBER	CORRECTIVE ACTION	METHOD OF IMPLEMENTATION	INDIVIDUAL RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
2	The district will ensure that costs associated with warranty and/or service contracts that extend beyond the applicable grant year will not be charged to the grant.	Warranty coverage or service contracts that extend beyond the current grant period will be charged to the general operating fund of the district.	Program Director	June 30, 2015

\_\_\_\_\_  
Chief School Administrator

\_\_\_\_\_  
Date

\_\_\_\_\_  
Board Secretary/Business Administrator

\_\_\_\_\_  
Date

**NEW JERSEY DEPARTMENT OF EDUCATION  
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE  
CORRECTIVE ACTION PLAN**

SCHOOL DISTRICT NAME Mount Olive Township School District COUNTY Morris

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DATE OF BOARD MEETING April 13, 2015

CONTACT PERSON Dr. Tim Kelly, Grant Manager

TELEPHONE NUMBER 973-927-2208

FAX NUMBER 973-927-2204

RECOMMENDATION NUMBER	CORRECTIVE ACTION	METHOD OF IMPLEMENTATION	INDIVIDUAL RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
3	The district will require Perkins funded personnel to prepare time and activity reports in addition to the time sheets currently being submitted.	Perkins funded personnel will prepare time and activity reports on an as needed basis. The reports will be submitted to, and approved by, the Program Director and be maintained on file in the Business Office.	Program Director	June 30, 2015

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Chief School Administrator

\_\_\_\_\_  
Date

\_\_\_\_\_  
Board Secretary/Business Administrator

\_\_\_\_\_  
Date

**NEW JERSEY DEPARTMENT OF EDUCATION  
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE  
CORRECTIVE ACTION PLAN**

SCHOOL DISTRICT NAME Mount Olive Township School District COUNTY Morris

TYPE OF EXAMINATION Department of Education OFAC Case # SG-0024-13 (Carl D. Perkins Grant Audit)

DATE OF BOARD MEETING April 13, 2015

CONTACT PERSON Dr. Tim Kelly, Grant Manager

TELEPHONE NUMBER 973-927-2208

FAX NUMBER 973-927-2204

RECOMMENDATION NUMBER	CORRECTIVE ACTION	METHOD OF IMPLEMENTATION	INDIVIDUAL RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
4	A physical inventory will be performed for all items in excess of the capitalization threshold.	An appraisal company will be hired to perform a physical inventory of all items in excess of the capitalization threshold.	Business Administrator/ Board Secretary	September 1, 2015

\_\_\_\_\_  
Chief School Administrator

\_\_\_\_\_  
Date

\_\_\_\_\_  
Board Secretary/Business Administrator

\_\_\_\_\_  
Date

**NEW JERSEY DEPARTMENT OF EDUCATION  
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE  
CORRECTIVE ACTION PLAN**

SCHOOL DISTRICT NAME Mount Olive Township School District COUNTY Morris

TYPE OF EXAMINATION Department of Education OFAC Case # SG-0024-13 (Carl D. Perkins Grant Audit)

DATE OF BOARD MEETING April 13, 2015

CONTACT PERSON Dr. Tim Kelly, Grant Manager

TELEPHONE NUMBER 973-927-2208

FAX NUMBER 973-927-2204

RECOMMENDATION NUMBER	CORRECTIVE ACTION	METHOD OF IMPLEMENTATION	INDIVIDUAL RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
5	Purchase order deadlines will be established to ensure that all items purchased from Perkins funds are received, installed and available for student instruction by April 30.	Purchase orders for the Perkins program will be processed at least 30 days prior to the April 30 deadline. Back-ordered items will be cancelled and reordered through another vendor to ensure that they are received, installed and available for student instruction by April 30.	Program Director	June 30, 2015

\_\_\_\_\_  
Chief School Administrator

\_\_\_\_\_  
Date

\_\_\_\_\_  
Board Secretary/Business Administrator

\_\_\_\_\_  
Date