

**RUNNEMEDE BOARD OF EDUCATION
NCLB TITLE I AUDIT
FISCAL YEAR 2010-2011**

FINDINGS AND RECOMMENDATIONS

1. Expenditures of \$715.01 incurred and charged to the Title I grant supplanted local funding sources and are therefore deemed to be unallowable program costs.

According to Step 4, Title I Eligibility Page of the district's NCLB Consolidated Grant Application, the LEA was approved to operate targeted assistance programs at the Downing and Bingham Elementary Schools and Mary Volz School during the 2010-2011 project period. The LEA issued purchase order #11-0375 to Barnes & Noble on for the acquisition of 95 copies of "The Hunger Games" at a total cost of \$715.01. The expenditure was charged to account number 20-231-100-610-00-AD and benefited both eligible Title I students and non-eligible students. In particular, the quantity of books ordered significantly exceeded the number of students that were eligible for Title I services. According to student lists provided by the district, each grade level had approximately 85-95 students, of which 10-20 were identified as eligible Title I students.

The district is advised that purchases made with Title I funds must supplement, not supplant, local funding sources. The acquisition of services, supplies and materials for the benefit or use by an entire school population or grade levels are local obligations of the LEA. The use of federal funds for local obligations represents violations of Section 1120A(b) of NCLB, OMB Circular A-133 Compliance Supplement and Title I guidelines and regulations.

In order for expenditures to be charged to the Title I program, the item(s) acquired must be used as follows: exclusively by Title I students, rather than the entire population of the school for schools that operate targeted assistance programs or be used in schoolwide program, if this status is approved in the grant application. Based on the foregoing, these expenditures which totaled \$6,450.24 are deemed to be recoverable by the SEA (Refer to the Schedule of Audit Recovery Due to SEA at the end of this report).

Recommendation

The LEA must ensure Title I program expenditures supplement, not supplant, state and local funds.

2. Professional Development charges of \$600.00 were not incurred for eligible beneficiaries in accordance with Departmental guidelines.

The audit revealed the LEA charged the following expenditures to the grant for training provided to non-Title I funded personnel.

Line Item	PO #	Date	Description	Vendor	Amount
200-500	11-0808	5/27/11	"LEGO Mindstorms" workshop	Rowan University	\$300.00
	11-0809	5/27/11	"LEGO Mindstorms" workshop	Rowan University	\$300.00
Total					\$600.00

**RUNNEMEDE BOARD OF EDUCATION
NCLB TITLE I AUDIT
FISCAL YEAR 2010-2011**

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According to supporting documentation furnished by the district, the workshop taught attendees how to design and program robots, and also how to potentially create a "Robotics Club" within a school. It is unclear how the workshop and potential follow-up activities would directly benefit the Title I program.

According to the 2011 NCLB Reference Manual, page 124, "The cost of training personnel whose salaries are not paid with Title I funds is an allowable charge *if the training is specifically related to the Title I program* and is not designed to meet the general needs of the LEA, an entire school, or children in a school or class. All school staff in targeted assistance schools may participate, *if such participation will result in better addressing the needs of Title I participating students*. (Note: There must be a direct benefit to Title I students with training geared to the instructional needs of these specific students. Title I funds may not be used for a teacher's general professional development simply because there is a Title I student in the teacher's class.)"

Furthermore, OMB Circular A-87(C)(1) requires that costs must be allocable in order to be allowable under Federal awards. OMB Circular A-87(C)(3)(a) states a cost is allocable to a particular cost objective if the goods and services are chargeable or assignable to such cost objective in accordance with relative benefits received. Based on the foregoing, the disallowed Title I expenditures of \$1,000.00 must be refunded to the SEA (Refer to the Schedule of Audit Recovery Due SEA at the end of this report).

Recommendation

The LEA must implement controls to ensure expenditures of Title I funds are allocable to the federal program. In addition, the LEA must only expend funds for eligible beneficiaries at Title I designated schools.

3. The Title I, Part A Final Report (FR) for FY 2010-2011 reflects excess expenditures of \$2,661.96 which were not substantiated by actual program charges.

A reconciliation of the district's FY 2010-2011 general ledger to the Title I, Part A FR disclosed expenditures for line item 200-200 was overstated. Specifically, the general ledger substantiated expenditures of \$9,580.04 compared to the corresponding amount recorded on the final report of \$12,242.00, for a net difference of \$ 2,661.96.

To account for the difference noted, the LEA furnished records which supported FY 2010-2011 health benefits totaling \$8,874.12. The health benefit charges were attributable to the contractual salary of a Title I funded teacher and was paid from local funds. For future reference, the LEA is advised the pro-rata share of health benefits related to Title I personnel (based on the individual's Title I salary funding percentage) may be charged directly to the federal program to the extent of budgeted funds available. Please note credit will not be given in the future unless the expenditures noted are properly posted to a Title I account number and are adequately documented.

**RUNNEMEDE BOARD OF EDUCATION
NCLB TITLE I AUDIT
FISCAL YEAR 2010-2011**

FINDINGS AND RECOMMENDATIONS

OMB Circular A-87, Attachment A, Section (C)(1) provides that 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** (emphasis added). In addition, LEAs are required to prepare FRs using actual expenditures incurred during the project period of September 1 through August 31.

Recommendation

The LEA must improve the procedures utilized to account for expenditures related to the Title I, Part A program in accordance with the requirements of OMB Circular A-87.

4. Detailed time and activity reports failed to demonstrate the correct percentage of time chargeable to the federal program as required by OMB Circular A-87.

The LEA charged 100% of a teacher's contractual salary to the Title I program. However, time and activity records indicated "at least 60%" of the employees' time was spent on Title I services. The LEA may only charge salary costs to the federal program in a manner consistent with the actual percentage of time devoted to allowable program activities.

In particular, fully funded Title I 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 OMB Circular A-87, Attachment B, Section 8(h)(3). Split funded Title I personnel are required to complete and sign **monthly** time and activity reports pursuant to EDGAR, 34 CFR §80.20(b)(6) and OMB Circular A-87, Attachment B, Section 8(h)(4) (emphasis added).

In order to avoid potential audit findings and the recovery of funds, the LEA is directed to refer to a broadcast memorandum dated December 18, 2012 issued by the Office of Title I regarding "Time and Effort Reporting for Title I Funded Staff" (emphasis added). The memorandum can be accessed from the department's website at: <http://education.state.nj.us/broadcasts/2012/DEC/18/8643/Time%20and%20Activity%20Reporting.pdf>.

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. The LEA must be aware the supplanting of local funds is in violation of NCLB statutes and subject to SEA recovery.

Recommendation

The LEA must develop procedures to ensure Title I funded personnel prepare time and activity reports which conform to the requirements of EDGAR, 34 CFR §80.20(b)(6) and OMB Circular A-87, Attachment B, Sections 8(h)(3) and 8(h)(4).

**RUNNEMEDE BOARD OF EDUCATION
NCLB TITLE I AUDIT
FISCAL YEAR 2010-2011**

FINDINGS AND RECOMMENDATIONS

5. Appointments of Title I, Part A instructional personnel recorded in the board of education meeting minutes did not contain all of the required information.

The board of education meeting minutes evidencing appointments of Title I funded personnel did not include their funding percentage or assigned school. Federal regulations pursuant to OMB Circular A-87 and New Jersey Department of Education guidelines require LEA's to document all program related costs. To achieve compliance with these requirements, the designation of all Title I employees, both Part A and Carryover (if applicable), and their salaries, assigned school and funding percentage must be documented in the board minutes to provide a public record of approval for these expenditures.

Recommendation

The LEA must ensure all Title I employee appointments, including their salaries and funding percentages, are recorded in the board of education meeting minutes documenting proper authorization of these expenditures.

6. Records were not maintained in accordance with departmental and federal guidelines.

The district did not provide an adequate inventory log of federally funded equipment. EDGAR, 34 CFR §80.32(d)(1) requires districts to maintain property records which include (among other things) a property description, serial number or other identification, acquisition date, funding source and the percentage of federal cost participation. The district's inventory control log did not contain the acquisition /disposition date, evidence of physical inventory, funding source or the federal cost participation.

EDGAR 34 CAFR, Part §80.20(b)(2) states grantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities.

Recommendation

To facilitate an effective audit, the district must ensure its equipment purchased with federal funds meets the minimum requirements pursuant to EDGAR, 34 CFR §80.32(d)(1).

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

NAME OF SCHOOL Runnemede School District COUNTY Camden

TYPE OF AUDIT (OFAC) - NCLB Title I Audit for period ending August 31, 2011

DATE OF BOARD MEETING January 23, 2013

CONTACT PERSON Joanne Augustine, BA/BS

TELEPHONE NUMBER 856-931-5367 X202

RECOMMENDATION NUMBER	CORRECTIVE ACTION REQUIRED BY THE BOARD	METHOD OF IMPLEMENTATION	PERSON RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
1	LEA must ensure Title I program expenditures supplement, not supplant, state and local funds	Review at time of program development and review of PO information to ensure appropriate expenditure	NCLB Program Director and Business Administrator/Board Secretary	Immediate and ongoing
2	LEA must ensure expenditures of Title I funds are allocable to the federal program	Ensure expended funds are for eligible beneficiaries at Title I designated schools	NCLB Program Director and Business Administrator/Board Secretary	Immediate and ongoing
3	LEA must improve procedures utilized to account for Title I expenditures	Adjust benefit expenditures regularly with salaries, and keep documentation of calculation	Business Administrator / Board Secretary	Immediate and ongoing
4	LEA must develop procedures to ensure Title I personnel prepare time and activity reports.	Maintain time and activity reports and have them signed by supervisor to support time chargeable to Title I.	NCLB Program Director	Immediate and ongoing

RECOMMEN- DATION NUMBER	CORRECTIVE ACTION REQUIRED BY THE BOARD	METHOD OF IMPLEMENTATION	PERSON RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
5	LEA must ensure all Title I employee appointments, including salaries and funding percentages are recorded in BOE minutes.	Review BOE meeting agenda for appropriate language and detail.	Business Administrator / Board Secretary	Immediate and ongoing
6	LEA must ensure its equipment purchased with federal funds meets the minimum requirements.	Review at time of program development and review of PO information to ensure appropriate expenditure	NCLB Program Director and Business Administrator/Board Secretary	Fiscal year 2012-13

Ann B. Ward
Chief School Administrator

1/24/13
Date

Jeanne Augustino
Board Secretary/School Business Administrator

1/18/13
Date