#### <u>SECTION II – SPECIFIC COMPLIANCE</u> SINGLE AUDIT

#### **Federal and State Audit Requirements**

#### Federal Single Audit Act

The Federal Office of Management and Budget on December 26, 2013 released the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* applicable to federal awards received by nonfederal entities beginning on or after December 26, 2014. The Uniform Grant Guidance consolidates the former grants administrative circulars (Circular A-102 and A-110), the cost principle circulars (Circular A-87), and Circular A-133 into a single guidance. These administrative rules and cost principle requirements apply to direct federal funding and also apply to any sub-awards made by the State of New Jersey to sub-recipients from new federal awards or incremental funding received on or after December 26, 2014. Nonfederal entities that have multi-year awards follow the old guidance for the pre-December 26, 2014 funding periods and the new guidance for the post-December 26 2014 funding periods.

The new administrative rules and cost principles revise other standards related to <u>audit requirements</u> that are <u>not</u> effective for the year ending June 30, 2015. LEA auditors should be aware that certain requirements included in the new standards are first effective for the fiscal year ending June 30, 2016. Of note, effective for the fiscal year ending June 30, 2016 the single audit threshold will increase from the current \$500,000 to \$750,000 of expenditures of federal awards; the reporting threshold for questioned costs increases from \$10,000 to \$25,000; and the major program determination calculation is modified to focus on areas identified as having internal control deficiencies that are also identified as material weaknesses.

As indicated above, auditors should be aware that until the uniform guidance becomes effective for audits of fiscal years beginning on or after December 26, 2014, auditors should continue to follow the audit requirements currently in Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, remain effective for the year ended June 30, 2015. The Act promotes sound financial management, including effective internal controls, with respect to federal awards administered by nonfederal entities. The Federal Office of Management and Budget (US OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, provides the government wide guidelines and policies on performing audits to comply with the Single Audit Act and requires the use of generally accepted government auditing standards (GAGAS). Non-federal entities that expend \$500,000 or more in a year in federal awards are required to have a Single Audit in accordance with provisions in Circular A-133.

Until the uniform guidance becomes effective for audits of fiscal years beginning on or after December 26, 2014, auditors continue to follow the provisions of the 2007 revision of *OMB Circular A-133* available at:

http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133\_revised\_2007.pdf.

The Act requires that GAGAS be followed in audits of state and local governments. *Government Auditing Standards (The 2011 Revision)* issued by the Comptroller General of the United States specifies the standards and guidance generally known as GAGAS. This document is commonly known as the Yellow Book and is available in electronic format through the GAO website <a href="www.gao.gov">www.gao.gov</a>. The printed

version of the December 2011 revision of *Government Auditing Standards* can be purchased through the Government Printing Office (GPO) online via the GPO website at <a href="http://bookstore.gpo.gov">http://bookstore.gpo.gov</a>

As of the date of this Audit Program the 2015 edition of OMB A-133 *Compliance Supplement* is available in DRAFT format only. This page will be updated with the date of final issuance and the active link when available. Link to draft for planning purposes only is:

 $\frac{http://www.aicpa.org/interestareas/governmentalauditquality/resources/ombcirculara133/pages/2015draft \\ombcompliancesupplement.aspx$ 

Once final, auditors should select from a list of Agency Program Requirements in Part 4 of the Supplement, (e.g., Dept. of Agriculture, Dept. of Education, Dept. of Health and Human Services) to determine compliance requirements for a specific program or grant. Appendix 5 of the document contains a list of changes for the 2015 *Compliance Supplement*.

The applicable Catalog of Federal Domestic Assistance (CFDA) number for a federal grant or federal aid can be found on the New Jersey Department of Education (NJDOE) Contract. A listing of grants available through NJDOE with their CFDA numbers can be found beginning on page II-SA.18 of this Audit Program and the auditor can look up a program at the CFDA website: <a href="http://www.cfda.gov">http://www.cfda.gov</a>. Click the heading "Search For Assistance Programs (HTML)." Here there are several different ways to search for programs including by number, or if necessary you can click on the heading of All Programs Listed Numerically. CFDA numbers will also be available in Part 4 of the 2015 Compliance Supplement.

#### State of New Jersey Single Audit Act

Effective December 26, 2014, the New Jersey Department of the Treasury-Office of Management and Budget has revised the State's Single Audit Policy in recognition of the administrative rules and cost principle requirements contained in the Federal Office of Management and Budget *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.* Refer to the federal information above. Circular Letter (CL) 15-08-OMB *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* replaces CL 04-04-OMB and specifies that rules and requirements contained in the federal OMB are also applicable to any sub-awards made by the State of New Jersey to sub-recipients from new federal awards or incremental funding received on or after December 26, 2014. CL 15-08-OMB revises State policy regarding audits of grant recipients to recognize that new and incrementally funded federal awards issued on or after December 26, 2014 are subject to the Federal Office of Management and Budget *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

NJ OMB 15-08 is available on the website: <a href="http://www.nj.gov/infobank/circular/circindx.htm">http://www.nj.gov/infobank/circular/circindx.htm</a>

The State's revised Single Audit Policy is effective December 26, 2014 and is established in the State of New Jersey Department of the Treasury Office of Management and Budget Circular Letter 15-08-OMB. Circular Letter 15-08-OMB establishes the single audit threshold as \$750,000 of expenditures of federal or State financial assistance during any fiscal year period beginning after December 26, 2014. Accordingly, for the fiscal year ended June 30, 2015 the single audit threshold in \$500,000 of expenditures of federal or State financial assistance as specified in Circular Letter 04-04-OMB remains in effect for audits of fiscal year ending June 30, 2015. Also still in effect for the year ended June 30, 2015, Circular Letter 15-08-OMB maintains that recipients that expend less than \$500,000 in federal or State financial assistance within the fiscal year, but expend \$100,000 or more in State and/or federal financial

assistance within the fiscal year must have either a financial statement audit performed in accordance with *Government Auditing Standards* (Yellow Book), or a program-specific audit in accordance with the *Uniform Grant Guidance* and State policy.

The provisions of OMB Circular A-133 Revised and the \$500,000 threshold remain effective for fiscal years ending after December 31, 2003 and prior to December 26, 2015. Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, (the Uniform Guidance) supersedes and combines the requirements of eight existing OMB Circulars and is effective December 26, 2014. New and incrementally-funded federal awards issued on or after December 26, 2014 will be subject to the Uniform Guidance. The Uniform Guidance raises the single audit expenditure threshold to \$750,000 for recipients and audit requirements under this guidance are effective for any fiscal year period beginning after December 26, 2014.

Compliance requirements of the Department of Education (and other departments) are contained in the *State Grant Compliance Supplement* which is published to assist auditors in testing recipient compliance with state grant and state aid financial assistance programs and applicable laws and regulations which is available on the Internet at <a href="http://www.state.nj.us/treasury/omb/">http://www.state.nj.us/treasury/omb/</a> (see Highlights). For Department of Education's 2015 Compliance Supplement, please visit the department's "Audit Information" webpage at: <a href="http://www.state.nj.us/education/finance/fp/audit/">http://www.state.nj.us/education/finance/fp/audit/</a>

#### AICPA Single Audit Guidance

The AICPA audit guide, *Government Auditing Standards and Circular A-133 Audits* (*Guide*) 2013 edition published April 17, 2013 is available for purchase from the AICPA website at http://www.aicpa.org/Publications/Pages/publications.aspx. The updated guide incorporates guidance from the following:

- AICPA clarified auditing standards
- Auditor report illustrations
- 2011 edition of Government Auditing Standards

#### Risk-based Approach

The single audit threshold for fiscal year ended June 30, 2015 is \$500,000 or more expended in federal financial assistance or state financial assistance within the recipient's fiscal year. For the fiscal year ended June 30, 2015 the major program determinations also remain unchanged by the release of the Uniform Grant Guidance. Section .520 of Circular A-133 requires auditors to utilize the following criteria to identify major programs:

#### § .520 Major program determination.

(a) **General**. The auditor shall use a risk-based approach to determine which federal programs are major programs. This risk-based approach shall include consideration of: Current and prior audit experience, oversight by federal agencies and pass-through entities, and the inherent risk of the federal program. The process in paragraphs (b) through (i) of this section shall be followed.

#### (b) **Step 1**.

(1) The auditor shall identify the larger federal programs, which shall be labeled Type A programs. Type A programs are defined as federal programs with federal awards expended during the audit period exceeding the larger of:

- (i) \$300,000 or three percent (.03) of total federal awards expended in the case of an auditee for which total federal awards expended equal or exceed \$300,000 but are less than or equal to \$100 million.
- (ii) \$3 million or three-tenths of one percent (.003) of total federal awards expended in the case of an auditee for which total federal awards expended exceed \$100 million but are less than or equal to \$10 billion.
- (iii) \$30 million or 15 hundredths of one percent (.0015) of total federal awards expended in the case of an auditee for which total federal awards expended exceed \$10 billion.

#### (c) Step 2.

(1) The auditor shall identify Type A programs which are low-risk. For a Type A program to be considered low-risk, it shall have been audited as a major program in at least one of the two most recent audit periods (in the most recent audit period in the case of a biennial audit), and, in the most recent audit period, it shall have had no audit findings under \$\_\_\_.510(a). However, the auditor may use judgment and consider that audit findings from questioned costs under \$\_\_\_.510(a)(3) and \$\_\_\_.510(a)(4), fraud under \$\_\_..510(a)(6), and audit follow-up for the summary schedule of prior audit findings under \$\_\_..510(a)(7) do not preclude the Type A program from being low-risk. The auditor shall consider: the criteria in \$\_\_..525(c), \$\_\_..525(d)(1), \$\_\_...525(d)(2), and \$\_\_...525(d)(3); the results of audit follow-up; whether any changes in personnel or systems affecting a Type A program have significantly increased risk; and apply professional judgment in determining whether a Type A program is low-risk.

The Report on the National Single Audit Sampling Project issued by the President's Council on Integrity and Efficiency in June 2007 indicated numerous errors in the single audits. To address single audit deficiencies and to enhance the overall quality of single audits, the NJDOE Office of Fiscal Accountability and Compliance (OFAC) designed the Single Audit Summary Sheet. This Summary replaces the Type A Programs Worksheets, and the CAFR Submission Checklist and is required as part of the CAFR Reporting Package submitted to New Jersey Department of Education. Shaded areas are entered by the department or are automatically calculated. The auditor must complete all questions in sections A, C and F for every district/charter school/renaissance school project, and all questions in Section D of the Summary for districts/charter schools/renaissance school projects that have a federal and/or state single audit. The form is accessible through the FY14 Single Audit Summary link at the OFAC website:

#### http://www.state.nj.us/education/business/audit.htm

If a school district/charter school/renaissance school project is being audited for the second time under Circular A-133 the auditor must follow the risk-based approach to determine major programs in accordance with section .520 of Circular A-133. Section .520(i) of Circular A-133 allows auditors to deviate from the use of the required risk-based approach when determining major programs during the first year that an entity is audited under the revised Circular A-133 or the first year of a change of

auditors. The AICPA's Guide *Government Auditing Standards and Circular A-133 Audits* and the USOMB Circular A-133 (Section .520) should be referenced for further guidance on this approach.

NJOMB Circular Letter 04-04 and/or 15-08 also requires the use of the same risk-based approach to audit and monitor state financial assistance as used in federal programs. The inclusion of on-behalf pension contributions should <u>not</u> result in the exclusion of other programs as Type A programs. Since the department publishes the dollar amounts provided by the NJ Division of Pensions of on-behalf pension contributions for all school districts/charter schools/renaissance school projects on an annual basis and no other audit procedures are performed, these amounts <u>must</u> be excluded from the Type A programs threshold calculations. This does not impact the compliance requirements for Reimbursed TPAF Social Security Contributions.

#### Schedules of Expenditures of Federal Awards and State Financial Assistance

All special projects including those funded by pass-through monies, other than those funded locally under the general fund, must be separately accounted for in the school district/charter school/renaissance school project accounting records. The CAFR must include a separate *Schedule of Expenditures of Federal Awards* (Schedule A) and a separate *Schedule of Expenditures of State Financial Assistance* (Schedule B). The format of the schedules included in the sample CAFR was designed to provide the history of a grant from its initial award to the final disposition of the funds through either their expenditure or their refund to the grantor. Instructions regarding schedule preparation are included in this section of the Audit Program. Please note the titles of these schedules are as indicated in USOMB Circular A-133 and NJOMB Circular Letter 04-04 and/or 15-08.

#### Federal Awards: Carryover/Deferred Revenue/Due Back to Granter

If the budgetary expenditures incurred by the district/charter school/renaissance school project are less than the amount of federal aid cash received (special revenue only), the district/charter school /renaissance school project shall apply for carryover where permissible by statute after completion of the project period. Excess cash received is reported as deferred revenue on the *Schedule of Expenditures of Federal Financial Assistance* (Schedule A) in the single audit section of the CAFR, in the column titled "Deferred Revenue." The 2014-15 federal entitlement (formula) grant period begins July 1 and ends June 30. For discretionary (competitive) grants, the grant period begins/ends at any time; there is no set period for all discretionary grants..

Upon approval of the Final Expenditure Report by the NJDOE Office of Grants Management (OGM), any unexpended funds a district/charter school/renaissance school project elects to carry over are identified as prior year carryover funds and are brought forward into a separate line in the Allocation section of the subsequent year Grant Application in the Electronic Web Enabled Grant (EWEG) system, or System for Administering Grants Electronically (SAGE) for IDEA and Perkins. In addition, any funds paid in excess of expenditures, are brought forward into a separate line marked "Overpayment" in the Allocation section of the subsequent year Grant Application. If the subsequent year application has final NJDOE approval, the district/charter school/renaissance school project must submit an Amendment Application to budget the prior year carryover and overpayment funds.

#### Unexpended Funds at Year End

When the district/charter school/renaissance school project elects not to carry over the unexpended current year balance approved through the Final Expenditure Report, or the unexpended balance exceeds any carryover limitation (e.g. for NCLB Title I, carryover is limited to 15% of the total allocation), and this balance of funds was not paid to the district/charter school/renaissance school project, the balance is considered "released" by the district/charter schools/renaissance school projects to the DOE. Released

funds are unexpended and unpaid funds that have been reported/recorded as "Released Funds" in the Final Expenditure Report. Those funds will not be claimed by the district/charter school/renaissance school project. The amount of funds released by the district/charter school/renaissance school project (not expended by the district/charter school/renaissance school project and not paid/remitted by the DOE) should be presented on Schedule A, in the column entitled "Adjustments". When the unexpended current year balance of funds has been paid/remitted by the DOE to the district/charter school/renaissance school project, this balance is recorded/reported in the Final Expenditure Report as a refund due from the district/charter school/renaissance school project to the DOE. Where the funds are expired (may not be expended in the subsequent year) the Final Expenditure Report will automatically classify and report those funds that have been received by the district/charter school/renaissance school project but are no longer available for expenditure by the district/charter school/renaissance school project as, "Refundable to the NJDOE." Report this amount on Schedule A in the column entitled, "Due to Grantor."

All funds that have been refunded during the fiscal year shall be shown on Schedule A, in the column entitled, "Repayment of Prior Year Balances."

In January 2009, the NJDOE moved to a reimbursement method of payment. If a district/charter school /renaissance school project submits for reimbursement of current year (2014--2015) expenditures and has carryover from the prior year (2013-2014) grant, the balance of the prior year carryover funds is offset against the reimbursement until the prior year carryover funds have been fully expended/deducted from the available funds. Generally, a district/charter school/renaissance school project submits for reimbursement for expenditures incurred as of that date or anticipated to be incurred by the end of the month. The reimbursement for that month will be made in the subsequent month. When the amount of cash received is less than budgetary expenditures, a receivable shall be shown as a negative amount on Schedule A, in the column entitled "(Accounts Receivable)." No negative cash balances are permissible in the balance sheet. There should be an interfund payable set up to reflect advances from the General Fund.

Beginning with the FY 2012 *NCLB* grant year, districts/charter schools/renaissance school projects were given a shortened liquidation period as a direct result of the notification by the United States Department of Education (USDE). The forty-five day liquidation period was in effect for the FYE 2013 (ended September 30, 2013) and FYE 2014 (ended September 30, 2014) *NCLB* grant years. For FYE 2015 and subsequent years, a sixty day liquidation period is in effect and is defined by the Office of Grants Management as ending on August 31, 2015.

Example – June 30, 2015

An NCLB award for the period July 1, 2014 to June 30, 2015 must have been obligated by June 30, 2015 and liquidated by August 31, 2015. Grant funds awarded to the district/charter school/renaissance school project and received by the district/charter school/renaissance school project that remained unencumbered or unexpended at June 30, 2015, should have been reported as deferred revenue in the June 30, 2015 Schedule of Expenditures of Federal Awards. Funds encumbered but unexpended at June 30, 2015 (the end of the grant obligations period), are considered carryover funds in EWEG/SAGE. Carryover funds (for which payments were received by the district/charter school/renaissance school project) that have not been reported as expended by the August 31, 2015 date are reported as overpayment funds in EWEG/SAGE. Upon OGM approval of the Final Expenditure Report for the 2014-15 grant period any carryover and/or overpayment funds were made available for budgeting in the current year (2015-16) project period. The district/charter school/renaissance school may budget carryover and/or overpayment funds in the original (subsequent year) grant application, or where the original grant application has received final NJDOE approval as recorded in EWEG/SAGE in advance of the carryover/overpayment determination, in an Amendment Application. The carryover/overpayment funds are considered expended first during the current grant period. Where a district/charter school/renaissance school has not obligated the full amount of prior year carryover (2013-14) by June 30, 2015 and does not liquidate the full amount of the prior year carryover (2013-14 grant) by August 31, 2015, the amounts not so obligated and liquidated are considered due back to the grantor in EWEG/SAGE. At June 30, 2015, any amounts received by the district/charter school/renaissance school project but not as yet remitted back to the DOE should be reported in the June 30, 2015 Expenditures of Federal Awards as Due to Grantor; and every year until the funds are repaid to the grantor.

The following state/federal guidelines are applicable for grant close out procedures:

Code of Federal Regulations: Title 34 Education [Part 80 – Sec. 80.50 Closeout]
(d)(2): "The grantee must immediately refund to the Federal agency any balance of unobligated (unencumbered) cash advanced that is not authorized to be retained for use on other grants."

The No Child Left Behind Act (NCLB) of 2001 (P. L. No. 107-110) reauthorized the Elementary and Secondary Education Act of 1965 (ESEA). NCLB contains fiscal compliance issues including, but not limited to, supplement not supplant, commingling of funds, allowable costs, administrative costs caps, maintenance of fiscal effort, comparability, transferability, and schoolwide programs. NCLB Policy Guidance is available at <a href="http://www2.ed.gov/policy/elsec/guid/states/index.html">http://www2.ed.gov/policy/elsec/guid/states/index.html</a>. Fiscal guidance on the FYE 2015 ESEA-NCLB Consolidated Formula Subgrant(s) is not available as of the date of this Audit Program. Please check the OGM website for subsequent release. For reference, FYE 2014 NCLB Application can be found in the New Jersey ESEA-NCLB of2011 Reference Manual Section IV "Fiscal Regulations and Responsibility" available at <a href="http://www.state.nj.us/education/grants/entitlement/nclb/2014NCLBReferenceManual.pdf">http://www.state.nj.us/education/grants/entitlement/nclb/2014NCLBReferenceManual.pdf</a>.

It should be noted that pursuant to the *Elementary and Secondary Education Act* (ESEA) as amended by NCLB, the U.S. Department of Education (USDOE) has provided guidelines for preparing the schedule of expenditures of federal financial awards when grantees transfer amounts among ESEA programs, consolidate administrative funds of ESEA programs or combine ESEA funds in a schoolwide program.

The USDE approved New Jersey's request for an ESEA Flexibility Waiver that may affect requirements that school districts would otherwise implement during the 2013-2014 and 2014-2015 school years. Auditors are encouraged to consult the 2014 and 2015 OMB Circular A-133 Compliance Supplements for a final listing of the waived requirements.

ESEA Flexibility.pdf

https://www2.ed.gov/policy/elsec/guid/esea-flexibility/index.html http://www2.ed.gov/policy/eseaflex/secretary-letters/nj2ltr.html

#### Federal Awards: Title I schoolwide status

All schools with approved Title I schoolwide programs may combine certain federal funds. If the school does combine these resources, the expenditures are then accounted for down to the function object level as a combined federal source. Those expenditures will need to be allocated back to the original federal funding sources at June 30, in a manner similar to that applied to the Blended Resource Fund 15 in a district that is required to use school-based budgeting. This activity for the districts not required to use school-based budgeting and charter schools/renaissance school projects will be recorded in Fund 20, not Fund 15. This applies to all schools with an approved Title I schoolwide program in the 2014-15 school year.

One of the requirements of implementing schoolwide programs is to integrate, whenever possible, all local, state and federal resources into one funding stream to implement the applicable year of the school's schoolwide plan. It is therefore important that districts/charter schools/renaissance school projects are cognizant of the federal laws permitting blending of federal resources, particularly the Improving America's Schools Act of 1994 (IASA) P.L. 103-382, amendments to the Elementary and Secondary Education Act of 1965 (ESEA), Title I, Part A. ESEA was reauthorized by the No Child Left Behind Act of 2001 (NCLB) (P. L. No. 107-110 enacted January 8, 2002). Refer http://www2.ed.gov/policy/elsec/guid/states/index.html and http://www.nj.gov/education/grants/entitlement/nclb/ for details of NCLB. In addition, the United States Department of Education (USDOE) website (www.ed.gov) provides written guidance, program ideas and audit information on schoolwide programs at <a href="http://www.ed.gov/admins/lead/account/swp.html?exp=0">http://www.ed.gov/admins/lead/account/swp.html?exp=0</a>. Included at that site is a July 2, 2004 document titled "Notice Authorizing Schoolwide Programs to Consolidate Federal Education Funds." A power point presentation on schoolwide programs can be found at http://www.ed.gov/admins/lead/account/sw/edlite-index.html. Information on Title I is available at http://www.ed.gov/programs/titleiparta/legislation.html?exp=0. Non-Regulatory Guidance "Title I Fiscal Issues: Maintenance of Effort, Comparability, Supplement, Not Supplant, Carryover, Consolidating Funds in Schoolwide Programs, Grantback Requirements" was issued in February 2008. This guidance is available at http://www.ed.gov/programs/titleiparta/fiscalguid.doc.

The basics of a schoolwide program are summarized below. The above resources should be referenced for more detailed and specific information related to operating a schoolwide program.

NCLB permits a local educational agency (LEA)/charter school/renaissance school project to consolidate and blend funds "together with other federal, state and local funds, in order to upgrade the entire educational program of a school that serves an eligible school attendance area in which not less than 40 percent of the children are from low-income families, or not less than 40 percent of the children enrolled in the school are from such families" (NCLB §1114). The purpose is to increase the academic achievement for **all** students in the school by allowing schools to integrate their programs, strategies and resources.

A Title I targeted assistance program uses Title I, Part A funds only for the provision of supplementary educational services to eligible children who are failing, or at risk of failing, to meet state standards. In a Title I schoolwide program, a school is not required to provide supplementary services to identified children but instead can upgrade the entire educational program in the school.

In order to be eligible for a Title I schoolwide program, the school must be eligible for the Title I program; receive Title I, Part A funds; have at least 40 percent of the children enrolled in the school or

residing in the school attendance area be from low-income families; comply with a year of planning; meet the nine essential program components and, have an approved schoolwide program plan. Simply being a school in a district required to use school-based budgeting does not make the school eligible to operate a schoolwide program. To promote effective, long-term planning, a school can maintain its schoolwide program eligibility even if it drops below the 40 percent poverty threshold. However, the school must still meet Title I eligibility and receive Title I funds.

Title I eligibility is a prerequisite of schoolwide program eligibility. Without an approved schoolwide program, a school is not permitted to blend federal funds with state and local finds. These ineligible schools that are required to use school-based budgeting may only blend state and local funds.

#### Only eligible Title I schools receiving Title I funds may operate schoolwide programs.

The auditor should review the schoolwide and school-based budgets to identify which funds were combined to support the schoolwide program.

The auditor should also ensure that the individual schools have approved schoolwide status if federal funds are being blended in the school's school-based budget and that only allowable program funds are blended in the school-based budget.

## <u>Fund 15 - GAAP Basis Expenditure Testing (Not applicable to charter schools/renaissance school projects)</u>

The district is required to prepare a *Schedule of Blended Expenditures – Budget and Actual* (Exhibit D-3) for each school-based budget school. This schedule accounts for all Fund 15 GAAP basis expenditures for a particular school. The auditor should obtain the detailed general ledger from which these statements were prepared, ensure that the amounts included in the schedules agree with the general ledger and then select specific expenditures for testing from the general ledger. Each expenditure tested is paid from the combined/blended funds, and therefore is paid for in part by each funding source combined/blended in Fund 15 and cannot be specifically identified to a particular funding source. Each expenditure selected for testing must be analyzed to determine whether it is consistent with the applicable year of the schoolwide plan for that school. The auditor must perform sufficient detailed expenditure testing to ensure that the GAAP expenditures recorded in Fund 15 are valid expenditures consistent with the school's approved schoolwide program plan. This procedure should be performed to test expenditures in all school-based budget schools in the district.

#### <u>Fund 15 – Blended Resources Testing (Not applicable to charter schools/renaissance school projects):</u>

A school **must** be operating an approved Title I schoolwide program in order to blend federal funds. If a school implementing school-based budgeting does not have approved Title I schoolwide status, they can only blend state and local funds in their school-based budgets.

The auditor should review the district's/charter school's/renaissance school project's approved FY 2015 NCLB Consolidated Application (Application) to determine which schools within the district have Title I approved schoolwide program status. Only schools with approved schoolwide status may blend federal funds with state and local funds. The auditor should ensure the amounts from each federal program blended in the individual school-based budgets agree with the approved Application. This procedure should be performed to test revenues in all school-based budget schools in the district.

Once the auditor has determined that the resources transferred to Fund 15 agree with the approved Application; that the expenditures reported in Fund 15 are valid expenditures consistent with the approved schoolwide plan and recorded any adjustments necessary to reflect the effect of errors noted during testing, the auditor should test the district's/charter school's /renaissance school project's calculations of allocated GAAP expenditures and allocated GAAP surplus/carryover to ensure that they are calculated in accordance with the instructions provided by the department. If the auditor recorded any Fund 15 adjustments, the district's/charter school's/renaissance school project's allocated GAAP expenditures and GAAP surplus/carryover should be recalculated. Instructions on how to perform this allocation are available on the department's CAFR website <a href="http://www.nj.gov/education/finance/fp/cafr/under">http://www.nj.gov/education/finance/fp/cafr/under</a> the link for "School Based Budget CAFR Presentation" select "Preparing the Blended Resource Fund 15 – Schedule of Expenditures Allocated by Resource Type – Actual (Exhibit D-2 series)."

## <u>Fund 15 – Budgetary Basis Encumbrance Testing</u> (not applicable to charter schools or to renaissance school projects)

Expenditures incurred in Fund 15 are recorded on the GAAP basis. Expenditures included in the *PreKEA*,(Exhibits E-2), the *Special Revenue Fund Combining Schedule of Program Revenues and Expenditures – Budgetary Basis* (Exhibit E-1) and the *Schedules of Expenditures of Federal Awards and State Financial Assistance* (Exhibits K-3 and K-4) are reported on the budgetary basis and therefore include encumbrances as expenditures. The amounts calculated on the *Schedule of Expenditures Allocated by Resource Type – Actual* (Exhibit D-2) are on the GAAP basis and will need to be adjusted for any encumbrances when including those expenditures in these schedules.

Once the auditor has determined that the encumbrances for each school are valid, and recorded any adjustments necessary to reflect the effect of errors noted during testing, the auditor is required to test the district's/charter school's/renaissance school project's calculations of allocated encumbrances to ensure that they are calculated in accordance with the instructions provided by the department. If the auditor recorded any encumbrance adjustments, the district's/charter school's/renaissance school project's encumbrances should be reallocated. Instructions on how to perform this allocation are available on the department's CAFR website <a href="http://www.nj.gov/education/finance/fp/cafr/">http://www.nj.gov/education/finance/fp/cafr/</a> under the link for Special Revenue Fund Combining Schedule of Program Revenues and Expenditures—Budgetary Basis (Exhibit E-1).

A sample encumbrance calculation (Exhibit D-2 Worksheet) is available on the department's website <a href="http://www.nj.gov/education/finance/fp/cafr/">http://www.nj.gov/education/finance/fp/cafr/</a> to illustrate the calculations and the reporting of the amounts on Exhibit D-2. This worksheet should not be included in the CAFR. The sample encumbrance calculation includes an allocation of encumbrances to the Combined General Fund Contribution and State Resources. This was done to illustrate how the total encumbrances are allocated based on the "% of Total Resources." Encumbrances are not reported as expenditures in Fund 15. The Reserve for Encumbrances is reported in the "Assigned" and/or "Committed" sections of the fund balance recapitulation as "Yearend Encumbrances" in the Fund 15 column of the Combining Balance Sheet (Exhibit D-1). The Combining Balance Sheet is required to be included in the CAFR.

Once the auditor has gained assurance that the Fund 15 expenditures and encumbrances are valid expenditures and encumbrances consistent with the approved schoolwide plan and the allocations of the total Fund 15 GAAP basis expenditures and encumbrances are correct, the auditor must ensure the correct amount of school-based budgetary expenditures has been included in the *Schedules of Federal Awards and State Financial Assistance* (Exhibits K-3 and K-4) for each restricted federal or state program, the *Special Revenue Fund – Combining Schedule of Program Revenues and Expenditures – Budgetary Basis* (Exhibit E-1) and the *PreKEA Restricted Aid Schedules* (Exhibit E-2 series). The school-based budget expenditures included on the *Schedules of Federal Awards and State Financial Assistance* for each

restricted federal or state aid the Special Revenue Fund Combining Schedule of Program Revenues and Expenditures – Budgetary Basis and the PreKEA Restricted Aid Schedule should be the total of the GAAP basis expenditures allocated to the particular restricted aid plus the total current year encumbrances allocated to the particular restricted aid less the total prior year encumbrances allocated to the particular restricted state aid at all school-based budget schools in the district.

#### State Awards: Carryover/Deferred Revenue/Due Back To Granter

The restricted formula aid Preschool Education Aid which is not fully expended or encumbered by year end must be carried over and reported as deferred revenue on Schedule B in the column entitled "Deferred Revenue."

Districts may not carry over Nonpublic state aid. In the event the budgetary expenditure incurred by a district is less than the amount of state aid cash received (Nonpublic), the district shall refund the unexpended state aid after the completion of the school year. Refunds of unexpended state aid for Chapters 192 and 193 shall be paid no later than December 1 (N.J.S.A. 18A:46-19.8 and 18A:46A-14). Any return of funds will be accomplished through the reduction of state aid payments to the district in the year immediately following the current year under audit. The Division of Finance will adjust the amount of aid based on the unexpended balances reported on the Schedule of Expenditures of State Financial Assistance (Schedule B) of the single audit report, column entitled "Due to Grantor". Where the public school district responsible for the provision of supplies or services enters into a contract with a third-party provider of supplies or services for nonpublic school students (parentally placed students with disabilities), the third-party provider must provide the school district with a monthly detailed statement of expenditures made by the third-party provider on behalf of the student(s) receiving the supplies or services. The school district's annual Nonpublic Project Completion Report (NPCR), and Schedule B, must reflect only the actual expenditures reported by the third-party provider. The transfer of funds by the district to the third-party provider is not an expenditure of funds for purposes of the NPCR, Schedule of Expenditures of State Awards, or Audsum.

The following state guidance is applicable for grant close out procedures:

#### Circular Letter 07-05-OMB: XXIV

(C) "The Grantee will, together with the submission of the final report, refund to the Department any unexpended funds or unobligated (unencumbered) cash advanced, except such sums that have been otherwise authorized in writing by the Department to be retained."

#### Preparing the Schedules of Expenditures of Federal Awards and State Financial Assistance

Two separate schedules, the Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Financial Assistance, are prepared from the district/charter school/renaissance school project records and must include all active (i.e. - not closed) financial assistance programs in which a district/charter school/renaissance school project is participating regardless of the fund in which they are accounted. Each schedule must reflect the current fiscal year's activity as well as total disbursements by program in the format presented in this chapter of the Audit Program (II-SA-21). The information presented on these schedules must agree with the amounts reported in the Budgetary Comparison Schedules and the Combining Schedule of Program Revenues and Expenditures, Special Revenue Fund – Budgetary Basis. Explanations of the information required to be included are presented below.

These schedules are prepared using budgetary expenditures which must be reconciled to the *Balance Sheet – Governmental Funds* on the *Budget to GAAP Reconciliation in the Notes to RSI*. The adjustment for the state aid payments made in July 2014 (recognized on GAAP in 2014-15) and July 2015 (not recognized on GAAP until 2015-16) (general and special revenue fund) as well as encumbrances in the special revenue fund will be reported as reconciling items. See Section I-8 and III-3 for additional guidance.

The Schedules of Expenditures of Federal Awards and Expenditures of State Financial Assistance must be in the same format as those shown in the sample schedules in this chapter. Where the final Expenditure Report has been approved, the prior year carryover grant funds and the current year grant funds may be combined on a single line of the *Schedule of Expenditures of Federal Awards*. The carryover portion of the approved grant amendment is considered expended first. See the guidance and illustration in the beginning of this chapter under the header Carryover/Deferred Revenue/Due Back to Grantor. Schedules must be subtotaled by grantor and reflect grand totals for the following columns: Budgetary Expenditures, (Intergovernmental Accounts Receivable), Deferred Revenue and Due to Grantor. The value of noncash assistance must be included on the applicable schedule or a note in the schedule. In addition, federal programs included in a cluster of programs must be listed individually.

Districts/charter schools/renaissance school projects may have received from the department grant funds in advance of the expenditure of the grant funds received. When the district/charter school/renaissance school project elects to carry over the unexpended current year balance approved through the Final Expenditure Report, and the district/charter school/renaissance school project has received advance funding, the Allocation Section of the subsequent year's Grant Application includes the received but unexpended funds on a separate line marked "Overpayment." At year end, any portion of the "Overpayment" funds for which the liquidation period associated with the prior year carryover funds has expired and has not yet been returned to the department, remains refundable to the department, and shall be reported on Schedule A, in the column entitled "Due to Grantor." When the district/charter school/renaissance school project elects not to carry over the unexpended current year balance approved through the Final Expenditure Report, and the district/charter school/renaissance school project has received advance funding that has not been returned to the department at year end, this amount remains refundable to the department, and shall be reported on Schedule A, in the column entitled "Due to Grantor."

When the district/charter school/renaissance school project elects not to carry over the unexpended current year balance approved through the Final Expenditure Report, and this balance of funds was not advance paid to the district/charter school/renaissance school project, the balance is considered "released" by the district/charter school/renaissance school project to the DOE. Released funds are unexpended award amounts that have not been received by the district/charter school/renaissance school project and are reported/recorded as a release of funds in the Final Expenditure Report. Those funds will not be claimed by the district/charter school/renaissance school project. The amount of funds released by the district/charter school/renaissance school project (not expended by the district/charter school/renaissance school project and not advanced/remitted by the DOE) should be presented on Schedule A, in the column entitled "Adjustments".

All funds that have been refunded during the fiscal year shall be shown on Schedule A, in the column entitled "Repayment of Prior Year Balances."

#### **Definitions/Headers**

1) **Grantor/Program Title:** This column designates the original grantor department/agency (grantor) of the financial assistance and the name of the assistance program. Programs are classified by

- grantor and are further delineated within grantor as to direct or pass-through programs. The schedule must identify the program as direct or pass-through. When there are several active grants within the same program they will be presented separately within the schedule.
- 2) **Federal CFDA Number:** This is applicable to the *Schedule of Expenditures of Federal Awards* only and represents the federal program number obtained from the Catalog of Federal Domestic Assistance (CFDA). When the CFDA number is not available, this fact should be noted and the program should be identified by another identifying number, if available.
- 3) **Grant (Contract) or State Project Number (State Aid NJCFS Number):** This is applicable to the *Schedule of Expenditures of State Financial Assistance* only and is the state identifying number that can be obtained in a latter page of this chapter of the Audit Program (II-SA) or from the NJ State Appropriations Handbook. It is used by the NJ Department of Education for monitoring and reconciling state awards.
- 4) **Grant Period:** Represents the initial period for which the program was awarded.
- 5) Program/Award Amount: Designates the amount of the initial program award. The full amount of the award or grant agreement should be reported in this column. Noncash awards such as a state grant for facilities (EDA/SCC grants) which are paid directly by the EDA/SCC to the vendors are included in this column and may be notated (NC).
- 6) Balance at June 30, 2014: This is used to report deferred revenue, intergovernmental accounts payable (due to grantor), or intergovernmental accounts receivable for those prior year programs which have balances as of the end of the prior fiscal year. On the Schedule of Expenditures of Federal Awards these amounts are shown netted in one column, but the district/charter school/renaissance school project may separate them into multiple columns. On the Schedule of Expenditures of State Assistance a separate column is presented for Due to Grantor. A positive amount reflects deferred revenue or intergovernmental accounts payable. A negative amount for unrestricted revenue sources represents an intergovernmental accounts receivable and a negative amount for restricted revenue sources represents a deficit in the program attributable to the deferral of the last state aid payment as required GAAP reporting under GASBS 33. The budgetary receivable included in the 2013-14 Schedule of Expenditures of State Assistance is not included in this column.
- 7) Carryover/(Walkover) Amount: Reflects the movement of award proceeds which have been approved for carryover into a carryover program code. Note that any walkover amount must be reflected as a negative amount on the line from which it was transferred, and a positive amount on the grant/aid program line to which it was transferred. Prior year state restricted formula aids would be reflected in this column. Where a deficit (negative in the Balance at June 30, 2014 column) in the preceding year was attributable to the deferral of the last state aid payment (GASBS 33 GAAP revenue recognition), the Carryover/(Walkover) column will show a positive on the line for the previous year and a negative on the line for the audit year. This would occur only in the restricted state aid programs.
- 8) **Cash Received:** Reflects the amount of cash received during the current fiscal year for the applicable financial assistance program.
- 9) **Budgetary Expenditures:** Represents the total costs chargeable to the program during the current fiscal year. The budgetary expenditures amount must agree with the *Budgetary Comparison Schedules* (General Fund (GAAP) and Special Revenue Fund (Grant Accounting)) and the

Budgetary Comparison Schedule, Note to RSI and the Special Revenue Combining Schedule of Program Revenues and Expenditures – Budgetary Basis.

For Preschool Education Aid, this reflects the total actual expenditures for Preschool Education. Budgetary expenditures include contribution to charter schools.

- 10) **Adjustments:** In instances where a grant period overlaps fiscal years and the grant has not closed out as of the end of the current fiscal year, favorable differences incurred in the liquidation of encumbrances charged as budgetary basis expenditures in the prior fiscal year should be included in the *Schedule of Expenditures of Federal Awards* (Schedule A) and *Schedule of Expenditures of State Financial Assistance* (Schedule B) in a column entitled "Adjustments." This column would not be used for differences in the liquidation of encumbrances on grants which have closed out as of the end of the current fiscal year since these differences would affect current year expenditures. Reporting this information separately from current year expenditures will provide a clearer indication of the grant activity during a period of time. Any amount reported as an adjustment in the Schedule A or Schedule B must be fully explained in the *Notes to the Schedules of Expenditures of Awards and Financial Assistance*, including the reason for the adjustment and the period to which it pertains. The district/charter school/renaissance school project should include a column for Adjustments only if it is applicable.
- 11) **Repayment of Prior Years' Balances:** Repayments are made during the current fiscal year to a grantor for unexpended funds on a program whose grant period has expired and no carryover was granted or allowed. Do not list Repayment of Prior Years' Balances unless refunds have been sent to the grantor during the current year. The district/charter school/renaissance school project should include a column for Repayment of Prior Years' Balances only if it is applicable.
- 12) (Intergovernmental Receivable) at June 30, 2015 Amounts due from the grantor, as of fiscal year end, are reflected here. The amounts reported must agree with the amounts reported in the Balance Sheet (Exhibit B-1) for the governmental funds or with the Food Service column in the Statement of Net Position (Exhibit B-4) for the Proprietary Funds.
- 13) **Deferred Revenue at June 30, 2015:** Unexpended award proceeds as of fiscal year end which are expendable in the subsequent fiscal year are reflected here. For Preschool Education Aid, if the district/charter school/renaissance school project has deferred revenue, the amount reported in the Schedule B plus the state aid payment made in July of the subsequent year should agree to the amount calculated on the Special Revenue Restricted Aid Schedules as actual carryover.
- 14) **Due to Grantor at June 30, 2015:** Unexpended award proceeds which are due back to the grantor as of fiscal year end are listed here. These amounts are reflected in the general ledger as Intergovernmental Accounts Payable and should reconcile to the amounts reported in the *Basic Financial Statements* and in the *Combining Schedules* by the amount of the state aid payment (general and special revenue fund) made in July of the subsequent year. This column will be utilized by the Department of Education to identify and collect moneys due to the state for federal and state programs. If a district/charter school/renaissance school project has amounts due back to the grantor at the end of the fiscal year, that amount must appear in the Due to Grantor column of the current fiscal year, and also in each subsequent year's CAFR as a balance at June 30 of the prior year until the amount is ultimately repaid. If a district/charter school/renaissance school project has no unexpended award proceeds due back to the grantor, show the column heading and leave the column blank. See the discussion on pages II-SA.5.

- 15) **Budgetary Receivable**: The amount reported in the first MEMO column on Schedule of Expenditures of State Financial Assistance is computed using the Program/Award amount less the cash received. A deficit in a program cannot exceed this amount.
- 16) **Cumulative Total Expenditures:** This column is a memo only column, used on the *Schedule of Expenditures of State Financial Assistance*, and reports the cumulative expenditure of a grant. If the grant crosses fiscal years the amount may differ from the budgetary expenditures since the budgetary expenditures represents expenditures for only the current fiscal year. These amounts will most likely be the same for most forms of state aid reported by NJ school districts/charter schools/renaissance school projects.

#### **Specific Program Information**

#### State:

The award amount and budgetary expenditure figures for general fund state aids other than TPAF/Social Security reimbursements should be equal and agree with the amount shown as revenues for the applicable state aid in the budgetary statements/schedules. This also applies to on-behalf TPAF Pension amounts which must be included in the *Schedule of Expenditures of State Financial Assistance*.

TPAF/Social Security reimbursements must be reflected on the *Schedule of Expenditures of State Financial Assistance*. Any receivable outstanding from the prior year should be shown on a separate line. The current year award and expenditure amount represents the total of the amounts submitted for reimbursement during the current year. The uncollected balance (cash received minus amount billed) is shown as intergovernmental accounts receivable at year-end.

#### Federal:

Food Distribution Program (formally USDA Commodities) should be presented in the schedule at the full cash equivalent value. The award and cash received amounts should be the value of the commodities distributed during the year. The budgetary expenditures amount is the amount of inventory consumed and the deferred revenue amount is the ending inventory amount.

Individuals with Disabilities Education Act (IDEA), expends funds on a first-in-first-out basis. School districts/charter schools/renaissance schools should expend available carry-over funds first during the fiscal year before expending current year IDEA-B funds. A portion of the IDEA-B funding may be available for expenditure on behalf of public school students with disabilities (public aid) and a portion of the IDEA funding is available for expenditure on behalf of parentally-placed nonpublic school students with disabilities (nonpublic aid). The portion of IDEA-B funding that is available for expenditures made for services provided to parentally-placed students with disabilities in private schools (nonpublic aid) must be expended in accordance with 34 CFR 300.133 (a)(3). When a school district has not expended for equitable services all of the funds described in paragraphs (a)(1) and (a)(2) of this section by the end of the federal fiscal year associated with those funds, the school district must obligate the remaining funds for special education and related services to parentally-placed private school children with disabilities during a carry-over period of one additional year. If there are unexpended funds at the end of the second federal fiscal year, and the district can provide an assurance that the district has consulted with the representatives of parentally-placed private school students with disabilities, the unexpended two-year-old nonpublic IDEA-B funding (nonpublic school aid) is recast as public school funds (public school aid). Any amount so transferred and recast as public school aid is first applied to expenditures of the most recently ended school district fiscal year. The resultant increase to unexpended and available public school aid may be used to increase the current public school aid grant.

IDEA-B funds may be provided for Coordinated Early Intervening Services (CEIS). School districts/charter schools /renaissance school projects are either classified as required to use these funds for this purpose or as having elected to use funds for this purpose. In general, CEIS expenditures are capped at 15 percent of the current grant defined as he combined amount of the Basic plus Preschool awards. School districts /charter schools/renaissance school projects that were required to use the funds for this purpose must carryover the unexpended CEIS dedicated funds for the same purpose. For the CEIS "required" districts/charter schools/renaissance school projects, current year funds available for CEIS are equal to 15 percent of the current year grant plus the carryover of unexpended CEIS funds. If a CEIS "required" district/charter school/renaissance school project has not expended the carryover CEIS funds by the end of the second year, the district/charter school/renaissance school project must return/release the unexpended funds to the department. School districts /charter schools/renaissance school projects that had elected to use the funds for CEIS must carryover unexpended funds at the end of the first year as regular public school funds (public school aid) and are not required to return unexpended elected CEIS funds to the department. CEIS "elected" districts/charter schools/renaissance school projects are capped at 15 percent each year.

#### **Audit Findings**

The identification of major programs with an asterisk (\*) in the schedule of expenditures of federal awards and state financial assistance is not required. This information is included in the Schedule of Findings and Questioned Costs prepared by the auditor.

The department's Office of Fiscal Accountability and Compliance (OFAC) acts on the Commissioner's behalf in the receipt, exchange, review and investigation of information relevant to the efficient supervision of all schools in the state receiving support or aid from federal and state appropriations, N.J.S.A. 18A:4-23. The office performs investigations and many auditing functions, including the coordination of monitoring activity related to allowable uses of federal funds. The auditor is required to perform follow-up tests/procedures, as necessary, to ensure that all the findings contained in audit reports issued by the OFAC have been properly resolved. The conclusions drawn from the follow-up tests and procedures performed on OFAC findings by the independent auditor where the district is subject to a federal and/or state single audit must be summarized in the Federal and/or State Financial Assistance Findings and Questioned Costs (Section III) of the Schedule of Findings and Questioned Costs. If the finding is not also determined to be a finding under the single audit section, the auditor is required to report the status of the finding in the AMR.

The Auditor's Management Report and the Schedule of Findings and Questioned Costs must indicate whether the district/charter school /renaissance school project has not complied with federal and state regulations in a timely manner. Grant refunds are to be submitted with the Final Expenditure Reports. Discretionary grant refunds are required by the department upon approval of the Final Expenditure Report. If grant periods extend beyond the audit deadline of June 30, unexpended funds should be listed as Deferred Revenue and refunded with the Final Expenditure Reports. Do not list Repayment of Prior Years' Balances unless refunds have been sent to the grantor. If the school district/charter school/renaissance school project Schedule of Finding and Questioned Costs or Audit Findings indicate that refunds are due, the refunds are to be submitted promptly with an explanation regarding the findings.

Corrective Action Plans filed by the district/charter school/renaissance school project with the grantor indicate noncompliance issues. Auditors should review the school district's/charter school's/renaissance school project's Findings, the Schedule of Findings and Questioned Costs and the schedules listed above. When a Corrective Action Plan has been adopted by

the district/charter school/renaissance school project, the auditor must consider the impact of the potential noncompliance with the grant terms on the financial statements (CAFR).

Note: A school district/charter school/renaissance school project that does not have any CAFR and AMR findings is not required to file a "NONE" corrective action plan with the New Jersey Department of Education.

#### FEDERAL PROGRAM NUMBERS FROM CATALOG OF FEDERAL DOMESTIC ASSISTANCE (List Not All Inclusive)

CFDA#	Award Name
10.553	School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program for Children
10.558	Child and Adult Care Food Program
10.559	Summer Food Service Program for Children
10.579	School Meals Equipment and School Breakfast Expansion
10.582	Fresh Fruits and Vegetable Program
84.010A	Title I Part A Grants to Local Educational Agencies
84.011A	Title I, Part C Education of Migrant Children
84.013A	Title I, Part D Neglected, Delinquent Children or Children At-risk of Dropping Out
84.027	Individuals with Disabilities - States Grant
84.048A	Career and Technical Education - Basic Grants (Perkins)
84.144F	MEP Consortium Incentive
84.173	Preschool Grants for Children with Disabilities
84.184S	Project SERV (SDFSC)
84.184Q	Safer Schools for a Better Tomorrow
84.196	Education for Homeless Children and Youth
84.282	Public Charter Schools
84.287C	21st Century Community Learning Centers
84.330	Advanced Placement Fee Program
84.318	Enhancing Education through Technology (Title II, Part D)
84.358B	Rural & Low-Income Education (Title VI, Part B)

CFDA#	Award Name
84.365A	English Language Acquisition (Title III)
84.366B	Mathematics & Science Partnerships
84.367A	Improving Teacher Quality State Grants (Title II Part A) SEA
84.367B	Improving Teacher Quality State Grants (Title II Part A) Higher Ed
84.369A	State Assessment Program (Title VI, Part A)
84.372A	State Longitudinal Data Systems
84.377A	School Improvement Grants
84.412A	ARRA- Race To The Top- Early Learning Challenge
84.413A	Race To The Top Phase 3 (RTT3)
84.419B	ARRA- Race To The Top- Preschool Development Grants-Expansion
84.CON	National Assessment of Ed Programs (NAEP)
93.600	Head Start Collaboration
93.778	Medical Assistance Program (SEMI)
93.778	ARRA - Medical Assistance Program (SEMI)
93.938	Comprehensive School Health/HIV

## STATE AID AND STATE GRANT STATE ACCOUNT NUMBERS

#### **GENERAL FUND**

Education Adequacy Aid   Special Education Categorical Aid   Adjustment Aid   Adjustment Aid   Additional Adjustment Aid   School Choice Aid   Transportation Aid   Family Crisis Transportation Aid   Family Crisis Transportation Aid   Family Crisis Transportation Aid   Payb-034-5120 -005   Payment for Institutionalized Children- Unknown District of Residence   Teachers' Pension and Annuity Fund - Post Retirement Medical   Social Security Tax   Social Security Tax   Teachers' Pension and Annuity Fund - Non-contributory Insurance   Teachers' Pension & Annuity Fund - Non-contributory Insurance   Career & Technical Education (Carl D. Perkins Grant)   Charter School Aid   Supplemental Enrollment Growth Aid   Under Adequacy Aid   Per Pupil Growth Aid	15	495-034-5120	-078	Equalization Aid
15         495-034-5120         -084         Security Aid           15         495-034-5120         -085         Additional Adjustment Aid           15         495-034-5120         -068         School Choice Aid           15         495-034-5120         -014         Transportation Aid           15         495-034-5120         -014         Family Crisis Transportation Aid           15         495-034-5120         -005         Payment for Institutionalized Children- Unknown District of Residence           15         495-034-5094         -001         Teachers' Pension and Annuity Fund – Post Retirement Medical           15         495-034-5094         -003         Social Security Tax           15         495-034-5094         -006         Teachers' Pension and Annuity Fund           15         495-034-5094         -007         Teachers' Pension & Annuity Fund – Non-contributory Insurance           15         495-034-5062         -032         Career & Technical Education (Carl D. Perkins Grant)           15         495-034-5120         -071         Charter School Aid           15         495-034-5120         -094         Supplemental Enrollment Growth Aid           15         495-034-5120         -096         Per Pupil Growth Aid	15	495-034-5120	-083	<u>^</u>
15       495-034-5120       -085       Adjustment Aid         15       495-034-5120       -068       School Choice Aid         15       495-034-5120       -014       Transportation Aid         15       495-034-5120       -010       Family Crisis Transportation Aid         15       495-034-5120       -005       Payment for Institutionalized Children- Unknown District of Residence         15       495-034-5094       -001       Teachers' Pension and Annuity Fund – Post Retirement Medical         15       495-034-5094       -003       Social Security Tax         15       495-034-5094       -006       Teachers' Pension and Annuity Fund         15       495-034-5094       -007       Teachers' Pension & Annuity Fund – Non-contributory Insurance         15       495-034-5120       -071       Charter School Aid         15       495-034-5120       -071       Charter School Aid         15       495-034-5120       -094       Supplemental Enrollment Growth Aid         15       495-034-5120       -096       Under Adequacy Aid)         15       495-034-5120       -097       Per Pupil Growth Aid	15	495-034-5120	-089	Special Education Categorical Aid
15       495-034-5120       -085       Additional Adjustment Aid         15       495-034-5120       -068       School Choice Aid         15       495-034-5120       -014       Transportation Aid         15       495-034-5120       -100       Family Crisis Transportation Aid         15       495-034-5120       -005       Payment for Institutionalized Children- Unknown District of Residence         15       495-034-5094       -001       Teachers' Pension and Annuity Fund – Post Retirement Medical         15       495-034-5094       -003       Social Security Tax         15       495-034-5094       -006       Teachers' Pension and Annuity Fund         15       495-034-5094       -007       Teachers' Pension & Annuity Fund – Non-contributory Insurance         15       495-034-5120       -071       Charter School Aid         15       495-034-5120       -071       Charter School Aid         15       495-034-5120       -094       Supplemental Enrollment Growth Aid         15       495-034-5120       -096       Under Adequacy Aid)         15       495-034-5120       -097       Per Pupil Growth Aid	15	495-034-5120	-084	Security Aid
15       495-034-5120       -068       School Choice Aid         15       495-034-5120       -014       Transportation Aid         15       495-034-5120       -100       Family Crisis Transportation Aid         15       495-034-5120       -005       Payment for Institutionalized Children- Unknown District of Residence         15       495-034-5094       -001       Teachers' Pension and Annuity Fund – Post Retirement Medical         15       495-034-5094       -003       Social Security Tax         15       495-034-5094       -006       Teachers' Pension and Annuity Fund         15       495-034-5094       -007       Teachers' Pension & Annuity Fund – Non-contributory Insurance         15       100-034-5062       -032       Career & Technical Education (Carl D. Perkins Grant)         15       495-034-5120       -071       Charter School Aid         15       495-034-5120       -094       Supplemental Enrollment Growth Aid         15       495-034-5120       -096       Under Adequacy Aid)         15       495-034-5120       -097       Per Pupil Growth Aid	15	495-034-5120	-085	Adjustment Aid
15       495-034-5120       -014       Transportation Aid         15       495-034-5120       -100       Family Crisis Transportation Aid         15       495-034-5120       -005       Payment for Institutionalized Children- Unknown District of Residence         15       495-034-5094       -001       Teachers' Pension and Annuity Fund – Post Retirement Medical         15       495-034-5094       -003       Social Security Tax         15       495-034-5094       -006       Teachers' Pension and Annuity Fund         15       495-034-5094       -007       Teachers' Pension & Annuity Fund – Non-contributory Insurance         15       100-034-5062       -032       Career & Technical Education (Carl D. Perkins Grant)         15       495-034-5120       -071       Charter School Aid         15       495-034-5120       -094       Supplemental Enrollment Growth Aid         15       495-034-5120       -096       Under Adequacy Aid)         15       495-034-5120       -097       Per Pupil Growth Aid	15	495-034-5120	-085	Additional Adjustment Aid
15       495-034-5120       -100       Family Crisis Transportation Aid         15       495-034-5120       -005       Payment for Institutionalized Children- Unknown District of Residence         15       495-034-5094       -001       Teachers' Pension and Annuity Fund – Post Retirement Medical         15       495-034-5094       -003       Social Security Tax         15       495-034-5094       -006       Teachers' Pension and Annuity Fund         15       495-034-5094       -007       Teachers' Pension & Annuity Fund – Non-contributory Insurance         15       100-034-5062       -032       Career & Technical Education (Carl D. Perkins Grant)         15       495-034-5120       -071       Charter School Aid         15       495-034-5120       -094       Supplemental Enrollment Growth Aid         15       495-034-5120       -096       Under Adequacy Aid)         15       495-034-5120       -097       Per Pupil Growth Aid	15	495-034-5120	-068	School Choice Aid
15       495-034-5120       -005       Payment for Institutionalized Children- Unknown District of Residence         15       495-034-5094       -001       Teachers' Pension and Annuity Fund – Post Retirement Medical         15       495-034-5094       -003       Social Security Tax         15       495-034-5094       -006       Teachers' Pension and Annuity Fund         15       495-034-5094       -007       Teachers' Pension & Annuity Fund – Non-contributory Insurance         15       100-034-5062       -032       Career & Technical Education (Carl D. Perkins Grant)         15       495-034-5120       -071       Charter School Aid         15       495-034-5120       -094       Supplemental Enrollment Growth Aid         15       495-034-5120       -096       Under Adequacy Aid)         15       495-034-5120       -097       Per Pupil Growth Aid	15	495-034-5120	-014	Transportation Aid
15 495-034-5094 -001 Teachers' Pension and Annuity Fund – Post Retirement Medical 15 495-034-5094 -003 Social Security Tax 15 495-034-5094 -006 Teachers' Pension and Annuity Fund 15 495-034-5094 -007 Teachers' Pension & Annuity Fund – Non-contributory Insurance 15 100-034-5062 -032 Career & Technical Education (Carl D. Perkins Grant) 15 495-034-5120 -071 Charter School Aid 15 495-034-5120 -094 Supplemental Enrollment Growth Aid 15 495-034-5120 -096 Under Adequacy Aid) 15 495-034-5120 -097 Per Pupil Growth Aid	15	495-034-5120	-100	Family Crisis Transportation Aid
15 495-034-5094 -003 Social Security Tax 15 495-034-5094 -006 Teachers' Pension and Annuity Fund 15 495-034-5094 -007 Teachers' Pension & Annuity Fund – Non-contributory Insurance 15 100-034-5062 -032 Career & Technical Education (Carl D. Perkins Grant) 15 495-034-5120 -071 Charter School Aid 15 495-034-5120 -094 Supplemental Enrollment Growth Aid 15 495-034-5120 -096 Under Adequacy Aid) 15 495-034-5120 -097 Per Pupil Growth Aid	15	495-034-5120	-005	Payment for Institutionalized Children- Unknown District of Residence
15 495-034-5094 -006 Teachers' Pension and Annuity Fund 15 495-034-5094 -007 Teachers' Pension & Annuity Fund – Non-contributory Insurance 15 100-034-5062 -032 Career & Technical Education (Carl D. Perkins Grant) 15 495-034-5120 -071 Charter School Aid 15 495-034-5120 -094 Supplemental Enrollment Growth Aid 15 495-034-5120 -096 Under Adequacy Aid) 15 495-034-5120 -097 Per Pupil Growth Aid	15	495-034-5094	-001	Teachers' Pension and Annuity Fund – Post Retirement Medical
15 495-034-5094 -007 Teachers' Pension & Annuity Fund – Non-contributory Insurance 15 100-034-5062 -032 Career & Technical Education (Carl D. Perkins Grant) 15 495-034-5120 -071 Charter School Aid 15 495-034-5120 -094 Supplemental Enrollment Growth Aid 15 495-034-5120 -096 Under Adequacy Aid) 15 495-034-5120 -097 Per Pupil Growth Aid	15	495-034-5094	-003	Social Security Tax
15 100-034-5062 -032	15	495-034-5094	-006	Teachers' Pension and Annuity Fund
15 495-034-5120 -071 Charter School Aid 15 495-034-5120 -094 Supplemental Enrollment Growth Aid 15 495-034-5120 -096 Under Adequacy Aid) 15 495-034-5120 -097 Per Pupil Growth Aid	15	495-034-5094	-007	Teachers' Pension & Annuity Fund – Non-contributory Insurance
15 495-034-5120 -094 Supplemental Enrollment Growth Aid 15 495-034-5120 -096 Under Adequacy Aid) 15 495-034-5120 -097 Per Pupil Growth Aid	15	100-034-5062	-032	Career & Technical Education (Carl D. Perkins Grant)
15 495-034-5120 -096 Under Adequacy Aid) 15 495-034-5120 -097 Per Pupil Growth Aid	15	495-034-5120	-071	Charter School Aid
15 495-034-5120 -097 Per Pupil Growth Aid	15	495-034-5120	-094	Supplemental Enrollment Growth Aid
•	15	495-034-5120	-096	Under Adequacy Aid)
15 405 024 5120 000 DADCC Data lines	15	495-034-5120	-097	Per Pupil Growth Aid
15 495-054-5120 -098 PARCC Readiness	15	495-034-5120	-098	PARCC Readiness

#### SPECIAL REVENUE FUND

15	495-034-5120	-086	Preschool Education Aid
15	100-034-5120	-064	N.J. Nonpublic Textbook Aid
15	100-034-5120	-066	N.J. Nonpublic Handicapped Aid
15	100-034-5120	-067	N.J. Nonpublic Auxiliary Services Aid
15	100-034-5120	-068	N.J. Nonpublic Auxiliary/Handicapped Transportation Aid
15	100-034-5120	-070	N.J. Nonpublic Nursing Services
15	100-034-5120	373	N.J. Nonpublic Technology Initiative
15	100-034-5062	-032	Vocational Aid

#### **DEBT SERVICE FUND**

15 495-034-5120	-017	School Building Aid
15 495-034-5120	-075	School Construction Debt Service Aid

#### ENTERPRISE FUND

15 100-010-3350 -023 State School Lunch Program

## INSERT SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS SCHEDULE A/ EXHIBIT K-3

Schedule of Expenditure of Federal Awards

To display the K-3 illustration, click on the following link:

SchSA-A.xlsx

Selecting print will produce page II-SA.21 of <u>The Audit Program.</u>

## INSERT SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE SCHEDULE B/ EXHIBIT K-4

Schedule of Expenditure of State Financial Assistance

SchSA-B.xls

To display the K-4 illustration, click on the following link:

Selecting print will produce page II-SA.22 of  $\underline{\text{The Audit Program.}}$ 

## SCHOOL DISTRICT/CHARTER SCHOOL/RENAISSANCE SCHOL PROJECT SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 20\_\_

#### Section I -- Summary of Auditor's Results

Financial Statements	201	
[Reference – Section .510 and .520 of Circular OMB-13	33]	
Type of auditor's report issued:		
Internal control over financial reporting:		
1) Material weakness(es) identified?	yes	no
2) Significant deficiencies identified?	yes	none reported
Noncompliance material to basic financial statements noted?	yes	no
Federal Awards		
Internal Control over major programs:		
1) Material weakness(es) identified?	yes	no
2) Significant deficiencies identified?	yes	none reported
Type of auditor's report issued on compliance for major	programs:	
Any audit findings disclosed that are required to be repoin accordance with section .510(a) of Circular A-133?		no
Identification of major programs:		
<u>CFDA Number(s)</u>	Name of Federal 1	Program or Cluster
Dollar threshold used to distinguish between type A and	type B programs:[520] \$	
Auditee qualified as low-risk auditee?	yes	no

#### SCHOOL DISTRICT/CHARTER SCHOOL/RENAISSANCE SCHOL PROJECT SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 20\_\_\_ (continued)

Section I -- Summary of Auditor's Results (cont'd.)

## **State Awards** Dollar threshold used to distinguish between type A and type B programs: Auditee qualified as low-risk auditee? \_\_\_\_\_ yes \_\_\_\_\_ no Internal Control over major programs: 1) Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ no 2) Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes \_\_\_\_\_ none reported Type of auditor's report issued on compliance for major programs: Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04 and/or 15-08 as applicable? \_\_\_\_\_ yes \_\_\_\_ no Identification of major programs: **State Grant/Project Number(s)** Name of State Program

Note to Preparer: When a federal or state single audit is not required -- do not include that Awards Section.

# SCHOOL DISTRICT/CHARTER SCHOOL/RENAISSANCE SCHOL PROJECT SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 20\_\_\_ (continued)

#### Section II -- Financial Statement Findings

[This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting in a Circular A-133 audit. See paragraphs 13.15 and 13.35. See the AICPA Audit Guide *Government Auditing Standards and Circular A-133 Audits* for further guidance on this schedule]

(Note to Preparer -- Identify each finding with a reference number and present in the following level of detail, as applicable. If there were no findings, state that no matters were reported.)

**Finding XXXX-XXX** 

riteria or specific requirement:	
Condition:	
Context:	
ffect:	
'ause:	
decommendation:	
iews of responsible officials and planned corrective actions:	

# SCHOOL DISTRICT/CHARTER SCHOOL/RENAISSANCE SCHOL PROJECT SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 20\_\_\_ (continued)

Section III -- Federal Awards and State Financial Assistance Findings and Questioned Costs

[This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular Letter 04-04 and/or 15-08, as applicable.]

(Note to Preparer -- Identify each finding with a reference number. If there are no findings, state that no matters were reported. Findings that are required to be included in both Section II and Section III may be summarized in one section with a reference to the detailed reporting in the other section. When a federal or state single audit is not required -- do not include that Awards Section. Refer to the AICPA Guide Government Auditing Standards and Circular A-133 Audits)

FEDERAL AWARDS
Finding XXXX-XXX
<u>Information on the federal program(1):</u>
Criteria or specific requirement:
Condition (2):
Questioned Costs (3):
Context (4):
Effect:
<u>Cause:</u>
Recommendation:
Views of responsible officials and planned corrective actions (5):

#### SCHOOL DISTRICT/CHARTER SCHOOL/RENAISSANCE SCHOL PROJECT SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 20\_\_\_ (continued)

Section III -- Federal Awards and State Financial Assistance Findings and Ouestioned Costs (cont'd.)

Section III Federal Awards and State Financial Assistance Findings and Questioned Costs (cont a.,
STATE AWARDS
Finding XXXX-XXX
<u>Information on the state program (1):</u>
Criteria or specific requirement:
Condition (2):
Questioned Costs (3):
Context (4):
Effect:
<u>Cause:</u>
Recommendation:
Management's response (5):

- (1) Provide the federal program (CFDA number and title) and state program (NJCFS number) and agency, the federal/state awards number and year, and the name of the pass-through entity, if
- (2) Include facts that support the deficiency identified in the audit finding.

applicable.

- (3) Identify questioned costs as required by section .510(a)(3) and .510(a)(4) of Circular A-133 and NJOMB Circular Letter 04-04 and/or 15-08, as applicable.
- (4) Provide sufficient information for judging the prevalence and consequences of the finding, such as the relation to the universe of costs and/or number of items examined and quantification of audit findings in dollars.
- (5) To the extent practical, indicate when management does not agree with the finding and/or questioned cost. For further guidance, auditors should refer to *Government Auditing Standards*, par. 5.26 through 5.30, Chapter 4 and par. 12.34 and 12.38 of the AICPA Guide *Government Auditing Standards* and Circular A-133 Audits.

#### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Districts/charter schools/renaissance school projects which are required to have a federal and/or state single audit conducted in accordance with USOMB Circular A-133 and/or NJOMB 04-04 and/or 15-08, as applicable, are responsible for preparing the summary schedule of prior audit findings and the corrective action plan as part of the Reporting Package required to be submitted to the Federal Clearinghouse and/or state funding departments. Districts/charter schools/renaissance school projects should refer to USOMB Circular A-133 ¶ .315 for guidance on preparing these schedules.

As reference, the following excerpts from USOMB Circular 133 are provided:

- OMB 133, 500(e) states "The auditor shall follow-up on prior audit findings, perform procedures to assess the reasonableness of the summary schedule of prior audit findings prepared by the auditee in accordance with ¶ 315(b) and report, as a current year audit finding, when the auditor concludes that the summary schedule of prior audit findings materially misrepresents the status of any prior audit finding. The auditor shall perform audit follow-up procedures regardless of whether a prior audit finding relates to a major program in the current year."
- OMB 133, 315 (b)(1) states "When the audit findings were fully corrected, the summary schedule need only list the audit findings and state that corrective action was taken."
- OMB 133, 315 (b)(2) states "When the audit findings were not corrected, or were only partially corrected, the summary schedule shall describe the planned corrective action as well as any partial corrective action taken."
- OMB 133, 315 (b)(3) states "When corrective action taken is significantly different from corrective action previously reported in a correction action plan or in the federal agency's or pass-through entity's management decision, the summary schedule shall provide an explanation."

Below is a sample of the summary schedule of prior audit findings.

#### SCHOOL DISTRICT/CHARTER SCHOOL/RENAISSANCE SCHOOL PROJECT SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT FOR THE FISCAL YEAR ENDED JUNE 30, 20

[This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB Circular A-133 (¶.315 (a)(b)) and NJOMB's Circular 04-04 and/or 15-08, as applicable.]

[Note to Preparer -- Identify each prior-year finding with its prior-year reference number and present in the following level of detail. The NJ Department of Education requests that repeat audit findings be cross referenced to the current year number. If there were no findings, state that no matters were reported.]

### STATUS OF PRIOR YEAR FINDINGS

Finding #
Condition
Current Status

#### THIS PAGE INTENTIONALLY LEFT BLANK