

The West New York Board of Education, County of Hudson, State of New Jersey, convened in public session on September 14, 2011, at 5:30 p.m., in the auditorium of PS# 4, 6300 Palisades Avenue, West New York, New Jersey. The following members of the West New York Board of Education were present:

Cosmo Cirillo, President
Sara Gastanadui, Trustee
Alexander Locatelli, Trustee
Janet Passante, Vice-President
Dr. Christine Piscitelli, Trustee

The following motion was offered by Cosmo Cirillo and seconded by Sara Gastanadui and adopted by the West New York Board of Education by the following roll call vote:

Ayes: 5
Nays: 0
Abstentions: 0

Text of Resolution: **R 1.11**

WHEREAS, N.J.A.C. 6A:23A-5.6 requires a school district to discuss the findings of an OFAC audit at a public meeting of the district board of education, and

WHEREAS, the West New York Board of Education Early Childhood Education Provider, Bright Beginnings Too, underwent such an audit for the 2008-2009 school year, and

WHEREAS, the New Jersey Department of Education letter of Final Report dated June 14, 2011 was received by the District on June 17, 2011,

NOW, THEREFORE, BE IT RESOLVED, the Office of Fiscal Accountability and Compliance, based upon their review, considers that some of the corrective actions have been implemented and recommends that the district, in collaboration with the provider, review the corrective actions which have not been implemented and continue to develop a plan for implementation.

I, Jack Steffens, Assistant School Business Administrator of the West New York Board of Education in the county of Hudson, State of New Jersey, hereby certify that the foregoing extract from the minutes of the meeting of the West New York Board of Education duly called and held on September 14, 2011, has been compared by me with the original minutes as officially recorded in my office in the minutes book of said West New York Board of Education. This true, complete copy thereof, and or the whole of said original minutes, so far as the same related to the subject matter referred to in said contract. In witness I have hereunto set my hand and affixed the corporate seal of the West New York Board of Education, this 20th day of September, 2011.


Jack Steffens

Assistant School Business Administrator



State of New Jersey
DEPARTMENT OF EDUCATION
PO Box 500
TRENTON, NJ 08625-0500

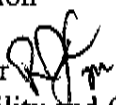
CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

CHRISTOPHER D. CERF
Acting Commissioner

June 14, 2011

TO: Ellen Wolock, Ed.D., Director
Office of Preschool Education

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

SUBJECT: West New York School District
Early Childhood Preschool Education Program
Bright Beginnings Too, LLC
OFAC Case #INV-097-09-CAP

The Office of Fiscal Accountability and Compliance (OFAC) completed a review of the corrective action plan (CAP) submitted by the West New York School District for Bright Beginnings Too, LLC, a West New York School District contracting preschool provider. The CAP was submitted in response to the OFAC Final Report of Examination dated May 10, 2010 that detailed several concerns requiring corrective action by the district and the provider.

Based upon the OFAC review, some of the corrective actions have been successfully implemented; however, the OFAC recommends that the district, in collaboration with the provider, review the corrective actions which have not been implemented and continue to develop a plan for implementation. These issues are outlined in the Findings and Recommendations section of the attached CAP report.

If you have any questions, please contact Thomas C. Martin, Manager, Investigations Unit, at (609) 633-9615.

RJC/I:\ECE\Final ECE Reports\09-10 Reports\CAPs\097-09-CAP Bright Beginnings Too Final.doc
Attachment

c: Alan Guenther
James McBee
John Fauta
Thomas C. Martin
Crismely Mordan
Donato Marinelli
Lori Ossowski

STATE OF NEW JERSEY
DEPARTMENT OF EDUCATION
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE

WEST NEW YORK SCHOOL DISTRICT
EARLY CHILDHOOD PRESCHOOL EDUCATION PROGRAM

REPORT ON THE CORRECTIVE ACTION PLAN

JUNE 2011

**NEW JERSEY DEPARTMENT OF EDUCATION
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE**

**REPORT ON THE CORRECTIVE ACTION PLAN - JUNE 2011
WEST NEW YORK SCHOOL DISTRICT
EARLY CHILDHOOD PRESCHOOL EDUCATION PROGRAM**

EXECUTIVE SUMMARY

The Office of Fiscal Accountability and Compliance (OFAC) previously completed a limited review of the 2008-2009 contract, budget and financial records of Bright Beginnings Too, LLC (the provider), a contracting preschool provider in the West New York School District (the district). In reviewing the financial records and operations of the provider, several deficiencies were identified and addressed in the OFAC Final Report of Examination dated May 10, 2010. The district issued a corrective action plan (CAP) to the Division of Early Childhood Education (DECE).

The CAP process identifies the corrective actions necessary for the provider to remain in compliance with the DECE guidelines and federal and state regulations. The CAP should be a collaborative effort between the provider and the district to develop and implement a plan of action and correct inadequacies of the operations as reported in the OFAC Final Report of Examination. The district must coordinate the submission of the CAP with the provider and ensure that the corrective actions disclosed are those that have been implemented by the provider.

The OFAC review evaluated the CAP process to ensure it was prepared by both the provider and the district. The CAP was then verified to make certain it adequately and completely addressed the findings identified in the OFAC Final Report of Examination and it mandated the modifications to be implemented to correct those findings. The CAP review process is complete if the changes to the CAP were implemented by the provider and monitored by the district.

The CAP review included an examination of the supporting documentation and discussions with the provider and the district to verify that the corrective actions have been implemented as disclosed in the CAP.

BACKGROUND

Bright Beginnings Too, LLC is co-owned by Donato and Lissette Marinelli. Mr. Marinelli is the full-time, on-site director. The provider leases the facility at 6100 Monroe Place, West New York, New Jersey, and operates five DOE funded classrooms and one non-DOE funded classroom.

Mr. and Mrs. Marinelli also co-own Bright Beginnings Early Learning Center, LLC (BB1), a separate legal entity which is also funded by the DOE. BB1 is located at 570 57th Street, West New York, New Jersey. Mrs. Marinelli is the full-time, on-site director. BB1 was reviewed for the 2008-2009 school year and a separate CAP report issued.

Based on the OFAC review, some of the corrective actions have been successfully implemented. Although the district and the provider have collaborated and submitted a CAP, the following corrective actions have not been implemented.

FINDINGS AND RECOMMENDATIONS

Accounting and Financial Controls

Finding #1

RESOLVED

Finding #2

UNRESOLVED

The CAP indicated the provider will contract with an independent accountant to perform an annual audit; however, an independent audit was not performed or an engagement letter to perform an audit was not submitted.

Recommendation #2

The provider should ensure the financial activities related to the DOE funded program are in accordance with Generally Accepted Accounting Principles, as required by the contract.

Finding #3

UNRESOLVED

The provider remains non-compliant regarding the implementation of a financial management system that includes internal controls.

- **Resolved.**
- **Unresolved.** A review of the supporting documentation revealed the provider used a monthly summary sheet to indicate where invoices and receipts were posted; however, the summary sheet and the invoices did not record the check number to indicate the payment was made.
- **Unresolved.** The provider recorded a food expense in the general ledger that was not supported by an invoice or a receipt.
- **Resolved.**
- **Resolved.**
- **Resolved.**

Recommendation #3

The provider must make the necessary adjustments to its operations to ensure strong internal controls. The district should consider monitoring the provider to ensure appropriate controls are maintained over the financial transactions.

Budget and the Contract

Finding #1

RESOLVED

However, during a review of the 2010-2011 Schedule A, it was revealed that the family workers' salaries recorded in the "2010-2011 School Calendar Year Salary" column included 12 month salaries rather than the school calendar year salary of 200/245 days. Therefore, the salaries budgeted were overstated to the DOE funded program.

Recommendation #1

In accordance with the DECE guidelines, the provider and the district should include the correct information on the budget planning worksheet. An amended 2010-2011 budget planning worksheet should be completed to include the correct DOE funded employees' salaries.

Finding #2 and #3

RESOLVED

Child Abuse Record Information

Finding #1

RESOLVED

Payroll

Finding #1

RESOLVED

However, a review of the provider's time sheets and the payroll register for the period ended September 30, 2010 revealed the part-time family worker was not paid for all hours worked. A review of the time sheet revealed the employee worked 60.5 hours; however, the employee was paid for 53.6 hours.

Recommendation #1

The provider must review the payroll records for the part-time family worker and ensure the employee is compensated for the actual hours worked.

Quarterly Expenditure Report

Finding #1

UNRESOLVED

The OFAC Final Report of Examination included six issues pertaining to the provider's quarterly expenditure reports. The CAP indicated that the provider will work closely with the accountant and be more cautious in recording expenses. However, a review of the supporting documentation revealed some of the corrective actions have not been successfully implemented.

- **Unresolved.** A review of the final 2009-2010 quarterly expenditure report received from the district was not identical to the quarterly expenditure report received from the provider.
- **Unresolved.** In addition, the final 2009-2010 quarterly expenditure report was not signed or certified by the director or an officer of the corporation.
- **Resolved.**
- **Unresolved.** The provider did not submit the requested invoices to support the expenditures for the insurance line item on the 2010-2011 quarterly expenditure report.

- **Unresolved.** The director's medical benefits are not supported by an invoice. The medical benefits charged to the quarterly expenditure report are a percentage shared under a family plan in the name of the director of BB1. In addition, the medical, the vision and the dental benefits are charged to the quarterly expenditure report at 100%, rather than reduced by the school calendar year allocation of 182/245 days and the DOE share of center-wide costs of 83.33%.
- **Resolved.**

Recommendation #1


The provider and the district must ensure that the 2010-2011 quarterly expenditure report includes an accurate report of actual, approvable, reasonable and customary expenditures with supporting documentation and follows the 2010-2011 DECE guidelines.

Submitted by:



Thomas C. Martin, Manager
Investigations Unit

Approved by:



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

Special Investigator:

Lori Ossowski