

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 1.9**

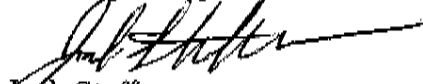
WHEREAS, N.J.A.C. 6A:23A-5.6 requires a school district to discuss the findings of an OFAC audit at a public meeting of the district board of education, and

WHEREAS, the West New York Board of Education Early Childhood Education Provider, Children's Garden, 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

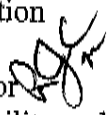
CHRIS CHRISTIE
Governor

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
Children Garden
OFAC Case #INV-101-09- 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 Children Garden, a West New York School District contracting preschool provider. The CAP was submitted in response to the OFAC Final Report of Examination dated May 21, 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\101-09-CAP Children Garden Final.Doc
Attachment

c: Alan Guenther
James McBee
John Fauta
Thomas C. Martin
Crismely Mordan
Rogelia Zarruk
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 Children Garden (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 21, 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 were implemented as disclosed in the CAP.

BACKGROUND

Children Garden is a Subchapter S Corporation co-owned by William and Rogelia Zarruk. Ms. Zarruk is the full-time, on-site director. The provider leases the facility at 6500 Bergen Line Avenue, West New York, New Jersey, and operates three DOE funded classrooms and two non-DOE funded classrooms.

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

UNRESOLVED

The OFAC Final Report of Examination dated May 2010, included \$22,058.00 as an expenditure variance. The CAP indicated that the district performed a detailed analysis and recovered \$2,423.00 from the provider; however, of the analysis of the salaries was not submitted. The remaining expenditure variance of \$19,635.00 requires further investigation or the supporting documentation to substantiate the analysis was performed.

Recommendation #1

The remaining expenditure variance of \$19,635.00 related to the salaries of the floating teacher assistant, the food worker, the director, the clerical worker and the janitor should be recovered.

Finding #2

UNRESOLVED

The CAP indicated the provider would contract with an independent accountant to perform an annual audit; however, a letter of engagement was not submitted by the provider.

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.

Budget and the Contract

Finding #1, #2 and #3

RESOLVED

Child Abuse Record Information

Finding #1

RESOLVED

Finding #2

UNRESOLVED

The provider indicated in the CAP that all Child Abuse Record Information (CARI) consent forms were up-to-date. During a review of the CARI consent forms for all new hires, it was revealed that two DOE funded employees and three non-DOE funded employees did not submit a completed CARI form to the Department of Children and Families (DCF) within two weeks of the first day of employment at the center.

Recommendation #2

According to the contract, Section III(I)(1), the provider must ensure that a completed CARI consent form for new staff members is submitted to the DCF within two weeks of the first day of employment at the center.

Criminal History Record Information

Finding #1

RESOLVED

Finding #2

UNRESOLVED

The provider indicated in the CAP that all Criminal History Record Information (CHRI) fingerprint background checks were up-to-date. During a review of the CHRI fingerprint background checks, it was revealed that three non-DOE funded employees did not complete a CHRI fingerprint background check within two weeks of the first day of employment at the center.

Recommendation #2

According to the contract, Section III(H)(1), the provider must ensure that a new staff member completes the fingerprint background check within two weeks of the first day of employment at the center.

Facility

Finding #1

UNRESOLVED

The facility lease agreement is not current and complete.

- **Resolved**
- **Unresolved.** The CAP indicated the lease agreement included all the terms and conditions of the use of the facility. However, a review of the lease agreement revealed the lease did not include the due date of the monthly rent, the space allocation details or any additional costs that may have been associated with the use of the space, applicable to the DOE funded program.

Recommendation #1

The district and the provider should ensure that the facility lease agreement includes the necessary terms and conditions related to the use of the facility.

Payroll

Finding #1

UNRESOLVED

A review of the provider's payroll records revealed the provider does not maintain adequate timekeeping records for the DOE funded employees.

- **Resolved**
- **Resolved**
- **Resolved**
- **Unresolved.** The provider did not address this issue in the CAP. The hours worked for the DOE funded program do not reconcile to the hours recorded on the payroll register. For

example, a review of the floating teacher assistant time sheets for the 12 day pay period ending September 24, 2010 revealed the total hours worked were 36; however, the payroll register indicated 50 hours.

Recommendation #1

The provider must ensure all issues in the OFAC Final Report of Examination are addressed in the CAP. In addition, a time reporting system should be established that ensures accurate reporting of employee time and attendance.

Quarterly Expenditure Report

Finding #1

UNRESOLVED

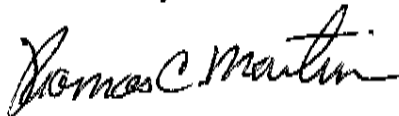
The OFAC Final Report of Examination included four issues pertaining to the provider's quarterly expenditure reports. The provider's CAP did not address each issue, rather, the CAP stated the "provider's quarterly expenditure reports will accurately reflect the expenses incurred during the proper quarter."

- **Unresolved.** A review of the benefits line item revealed that one teacher that did not work during the 2010-2011 school year appeared on the September 2010 benefits invoice.
- **Unresolved.** The CAP indicated the provider's accounting system would differentiate between the DOE funded program, the Department of Human Services (DHS) wrap-around program and the private programs. However, a review of the benefit invoices did not include the proper program allocation to reconcile to the quarterly expenditure report. A review of the quarterly expenditure report revealed the provider expensed 1/12 of the budget amount.
- **Unresolved.** The CAP indicated the provider was responsible for 100% of the utilities, as specified in the lease agreement; however, the method of charging 100% of the cost for the utilities to the DOE funded program is excessive. The provider operates the DOE funded program for five days during the week and should not absorb the entire cost of the utilities for the church.
- **Resolved.**

Recommendation #1

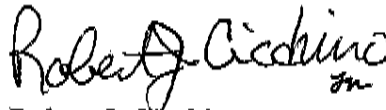
The provider and the district must ensure that the 2010-2011 quarterly expenditure report includes an accurate report of actual, approvable, reasonable and customary expenditures with supporting documentation in accordance with the 2010-2011 contract and the DECE guidelines.

Submitted by:



Thomas C. Martin, Manager
Investigations Unit

Approved by:



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

Special Investigator:

Lori Ossowski