R 1570 INTERNAL CONTROLS

A. Segregation of Duties; Organization Structure - N.J.A.C. 6A:23A-6.5

1. The school district shall evaluate business processes annually and allocate available resources appropriately in an effort to establish a strong control environment.

2. The School Business Administrator/Board Secretary shall identify processes that are a violation of sound segregation of duties when performed by the same individuals. The School Business Administrator/Board Secretary shall segregate the duties of all such processes among Business Office staff based on available district resources, assessed vulnerability, and the associated cost-benefit, except as required at N.J.A.C. 6A:23A-6.5(b)1. and 2. and A.2.a. and A.2.b. below.

   a. The functions of human resources and payroll shall be segregated and completed by different employees in the district.

   b. The functions of purchasing and accounts payable shall be segregated and completed by different employees in the district.

3. The district shall include in the Annual Comprehensive Financial Report (ACFR) detailed organizational charts for the Central Office that tie to the district's position control logs, including, but not limited to, the business, human resources, and information management functions.

B. Standard Operating Procedures (SOP~~s~~) for Business Functions – N.J.A.C. 6A:23A-6.6

1. The school district shall establish SOPs for each task or function of the business operations of the district.

2. The SOP manual shall include sections on each routine task or function in the following areas:

a. Accounting, including general ledger, accounts payable, accounts receivable, payroll and fixed assets, and year-end procedures for each;

b. Cash management;

c. Budget development and administration, including tasks such as authorization of transfers and overtime;

d. Position control;

e. Purchasing, including tasks such as preparation of requisitions, approval of purchase orders and encumbering of funds, bid and quote requirements, and verification of receipt of goods and services;

f. Facilities, including administration of work, and health and safety;

g. Security;

h. Emergency preparedness;

i. Risk management;

j. Transportation;

k. Food service;

l. Technology systems; and

m. Information management.

3. The district shall establish SOPs that ensure~~s~~ office supplies are ordered in appropriate quantities, maintained in appropriate storage facilities, and monitored to keep track of inventory.

C. Financial and Human Resource Management Systems; Access Controls - N.J.A.C. 6A:23A-6.7

1. If the school district has a budget in excess of $25,000,000 or more than three hundred employees, the district shall maintain an Enterprise Resource Planning (ERP) System that integrates all data and processes of the school district into a unified system. An ERP system uses multiple components of computer software and

hardware and a unified database to store data for the various system modules to achieve the integration.

2. Whenever considering financial systems or the automation of other services or functions, the Superintendent or School Business Administrator/Board Secretary shall notify the Executive County Superintendent in writing to see if opportunities for a shared service system exist.

3. Access controls shall be established for key elements of financial systems to ensure a single person does not have the ability to make system edits that would violate segregation of duties controls.

   a. The process for creating, modifying, and deleting user accounts shall include the use of user access request forms.

   b. All requests for financial applications shall be approved and specified by the School Business Administrator/Board Secretary.

   c. All requests for network access shall be granted by the head of the technology department, if one exists.

   d. A review of user access shall be conducted yearly at a minimum by the relevant department managers and an audit trail should be maintained to verify the performance of this review.

   e. Access to the network and key applications within the district shall be restricted to authorized users through the use of unique user names and passwords.

   f. Proper protocols shall be implemented that appropriately address password expiration and complexity.

D. Personnel Tracking and Accounting – N.J.A.C. 6A:23A-6.8

1. The school district shall maintain an accurate, complete, and up-to-date automated position control roster to track the actual number and category of employees and the detailed information for each. The position control roster shall:

   a. Share a common database and be integrated with the district's payroll system;

   b. Agree to the account codes in the budget software; and

c. Ensure the data within the position control roster system includes, at a minimum, the following information:

(1) The employee's name;

(2) The employee's date of hire;

(3) A permanent position tracking number for the employee, including:

(a) The expenditure account codes for the general fund consistent with the State prescribed budget, special revenue fund, and enterprise funds;

(b) The building(s) to which the position is assigned;

(c) The certificate(s) and endorsement(s) held, as applicable;

(d) The assignment position title as follows:

i. Superintendent or Chief School Administrator;

ii. Assistant Superintendent;

iii. School Business Administrator;

iv. Board Secretary (when other than N.J.A.C. 6A:23A-6.8(a)3.iii.(4)(A), (B), or (C) and D.1.c.(3)(d)i., D.1.c.(3)(d)ii., or D.1.c.(3)(d)iii. above);

v. Principal;

vi. Vice Principal;

vii. Director;

viii. Supervisor;

ix. Facilitator;

x. Instructional Coach by Subject Area;

xi. Department Chairperson by Subject Area;

xii. Certificated Administrator – Other;

xiii. Guidance;

xiv. Media Specialist/Librarian;

xv. School Nurse;

xvi. Social Worker;

xvii. Psychologist;

xviii. Therapist – Occupational (OT);

xix. Therapist – Physical (PT);

xx. Therapist – Speech;

xxi. Certificated Support Staff – Other;

xxii. Teacher by Subject Area;

xxiii. Instructional Assistants;

xxiv. Certificated Instructional – Other;

xxv. Aides supported by IEP;

xxvi. Other Aides;

xxvii. Maintenance Worker;

xxviii. Custodian;

xxix. Bus Driver;

xxx. Vehicle Mechanic;

xxxi. Food Service; and

xxxii. Other Non-certificated;

(4) A control number for substitute teachers;

(5) A control number for overtime;

(6) A control number for extra pay;

(7) The status of the position (filled, vacant, abolished, etc.);

(8) An indication, when available, of whether the employee is retiring in the budget year or not being renewed, including associated costs such as contractual buyouts, severance pay, paid vacation or sick days, etc.;

(9) Each of the following: base salary, step, longevity, guide, stipends by type, overtime, and other extra compensation;

(10) The benefits paid by the district, net of employee reimbursements or co-pays, by type of benefit and for FICA and Medicare;

(11) The position's full-time equivalent value by location;

(12) The date the position was filled; and

(13) The date the position was originally created by the Board of Education. If the date the position was originally created is not available, this item shall represent the date the person currently filling that position was approved by the Board.

Adopted:

R 6111 SPECIAL EDUCATION MEDICAID INITIATIVE (SEMI) PROGRAM

Every New Jersey school district, with the exception of any district that obtains a waiver of the requirements at N.J.A.C. 6A:23A-5.3(b) and A. below, shall take appropriate steps to maximize its revenue from the Special Education Medicaid Initiative (SEMI) program by following the policies and procedures to maximize participation in the program at N.J.A.C. 6A:23A-5.3(d) and C.1. below and to comply with all program requirements at N.J.A.C. 6A:23A-5.3(e) and C.2. below.

A. Waiver

1. The school district may seek, in the prebudget year, a waiver of the requirements of N.J.A.C. 6A:23A-5.3, Policy 6111, and this Regulation upon demonstration that for the subsequent school year: the district projects, based on reliable evidence, that it will have forty or fewer Medicaid-eligible classified students.

    a. The application for a waiver of the requirements of N.J.A.C. 6A:23A-5.3, Policy 6111, and this Regulation shall be made to the Executive County Superintendent no less than forty-five days prior to the submission of the district's proposed budget for the school year to which the waiver request applies. The Executive County Superintendent shall notify the district of the decision on the waiver application within twenty days of receipt of the waiver request. If the waiver is not granted, the district shall submit to the Executive County Superintendent a SEMI action plan required at N.J.A.C. 6A:23A-5.3(f) and D. below as part of its annual district budget submission, or shall demonstrate to the Executive County Superintendent that the district has achieved maximum participation in the SEMI program in the prebudget year.

B. Projection of Available SEMI Reimbursement

1. As part of the annual budget information, the New Jersey Department of Education shall provide the school district with a projection of available SEMI reimbursement for the budget year, as determined by the New Jersey Department of the Treasury's third-party administrator for SEMI.

a. The district shall recognize as revenue in its annual school district budget no less than ninety percent of said projection.

b. The district may seek approval from the Executive County Superintendent to use its own projection of SEMI reimbursement upon demonstration the numbers it used in calculating the projection are more accurate than the projection provided.

C. SEMI Program Requirements

1. The school district shall strive to achieve maximum participation in the SEMI program. For the purpose of Policy 6111 and this Regulation, "maximum participation" means obtaining a ninety percent return rate of parental consent forms for all SEMI-eligible students. Districts shall enter all students following their evaluations into the third-party system as determined by the New Jersey Department of the Treasury to identify the district's universe of eligible students. This may be done without parental consent.

2. If the district participates in the SEMI reimbursement program, the district shall comply with program requirements as follows:

a. The district shall implement Policy 6111 and this Regulation concerning the effective and efficient administration of the SEMI reimbursement program consistent with the requirements of N.J.A.C. 6A:23A-5.3. A complete listing of requirements and information are available at the SEMI/MAC website.

b. Any service submitted to Medicaid for reimbursement shall be rendered by a Medicaid qualified practitioner, or rendered by a provider under the supervision of a Medicaid qualified practitioner. The following outlines the required documentation for each related service provider:

(1) Nurses – copy of license (educational services certificate issued by the State Board of Examiners is not required for SEMI);

(2) Occupational Therapist – copy of license and educational services certificate issued by the State Board of Examiners;

(3) Physical Therapist – copy of license and educational services certificate issued by the State Board of Examiners;

(4) Psychologist – copy of educational services certificate issued by the State Board of Examiners;

(5) Social Worker – copy of educational services certificate issued by the State Board of Examiners; and

(6) Speech-language Specialist

(a) Qualification and documentation for provision of evaluation services shall include:

(i) Copy of licensed physician's orders, which shall be maintained with the student's IEP; or

(ii) Copy of New Jersey license as a speech-language pathologist and educational services certificate with a speech-language specialist endorsement (N.J.A.C. 6A:9B-14.6) for the individual whose signature appears on the IEP; or

(iii) Copy of documentation that identifies the referral of speech services included in or with the student's IEP.

(b) Qualification for provision of related services shall include:

(i) Copy of educational services certificate or endorsement issued by the State Board of Examiners and an American Speech-Language-Hearing Association (ASHA) Certificate of Clinical Competence; or

(ii) Copy of educational services certificate with a speech-language specialist endorsement and a valid license authorized by the State Audiology and Speech-Language Pathology Advisory Committee in accordance with N.J.S.A. 45:3B-1 et seq.

(7) Audiologist – copy of license issued by the State Audiology and Speech-Language Pathology Advisory Committee in accordance with N.J.S.A. 45:3B-1 et seq.

c. Practitioners who are not Medicaid qualified can deliver services under the direction of Medicaid qualified practitioners. Practitioners who are not Medicaid qualified include only certified occupational therapist assistants, physical therapist assistants, speech-language specialists who do not meet the qualifications at N.J.A.C. 6A:23A-5.3(e)2.vi(2)(A) or (B) and C.2.b.(6)(i) and C.2.b.(6)(ii) above, and licensed practical nurses.

d. Any direct therapy or other related service shall be prescribed in the related services section of the student's IEP prior to submitting a claim to Medicaid for reimbursement. Delivery of nursing services and dispensing of medication shall be referenced in the IEP and supported by physicians' orders or prescriptions, which shall be maintained on file. Supporting documentation to be maintained by the district shall be the cover/signature page, related services section of the IEP, therapy logs, and the evaluations and assessments conducted by the Medicaid-qualified practitioners.

e. Entities where the district has placed SEMI-eligible students shall take steps to enable districts to maximize participation, including either logging the eligible services provided directly through the third-party system as determined by the New Jersey Department of the Treasury or the sending district, as mutually agreed upon with the district, and obtaining SEMI provider qualification certifications. Every out-of-district placement shall provide copies of SEMI provider qualifications, certifications, and licenses. N.J.A.C. 6A:23A-5.3(e)5. applies to the following out-of-district placement options:

(1) Approved private schools for students with disabilities;

(2) Educational services commissions;

(3) Jointure commissions;

(4) Vocational half-time programs;

(5) New Jersey Department of Education regional day schools; and

(6) County special service school districts.

f. If the district does not have an approved waiver pursuant to N.J.A.C. 6A:23A-5.3(b) and A. above the district shall comply with the program requirements to assure the year-end cost settlement of SEMI claims is properly calculated with the standardized submission of quarterly and annual cost data, as well as staff pool lists transmitted directly through the third-party system as determined by the New Jersey Department of the Treasury.

g. To retain reimbursement, if the district does not have an approved waiver pursuant to N.J.A.C. 6A:23A-5.3(b) and A. above, the district shall ensure compliance with the necessary components of the cost settlement requirements which include completion of the online questionnaire – Random Moment Time Study (RMTS) – by staff provided directly through the third-party system as determined by the New Jersey Department of the Treasury.

h. All supporting documentation for a Medicaid claim shall be maintained on file and available for audit or State review for at least seven years from the date of service. Supporting documentation shall include provider certification (current and historical for each provider);~~,~~ provider service logs, licenses, and/or certificates issued by the Division of Consumer Affairs or the New Jersey Department of Education, as applicable; physician authorizations for nursing services; parental consent forms; attendance records; and copies of the student's IEP.

D. SEMI Action Plan

1. If the school district has less than ninety percent participation of SEMI-eligible students in the prebudget year or that has failed to comply with all program requirements at N.J.A.C. 6A:23A-5.3(e) and C.2. above, the district shall submit a SEMI action plan to the Executive County Superintendent for review and approval as part of the district's proposed budget submission.

2. The SEMI action plan shall include the following components:

   a. Procedures for obtaining parental consent forms, such as the Parental Consent Best Practices that are available from the New Jersey Department of Education.

   b. Establishment of a benchmark for the year of implementation or for the first year the district does not have an approved waiver pursuant to N.J.A.C. 6A:23A-5.3(b) and A. above, whichever is applicable, for obtaining maximum participation of all SEMI-eligible students by the start of the subsequent school year.

      (1) The benchmarks for the first year of implementation or for the first year the district does not have an approved waiver pursuant to N.J.A.C. 6A:23A-5.3(b) and A. above, whichever is applicable, for achieving maximum participation shall close, at a minimum, the gap between current participation and maximum participation by fifty percent by the beginning of the subsequent school year; and

      (2) The benchmarks shall be based on the percentage of parental consent forms collected from eligible students. The number of parental consent forms shall reflect one parental consent form or one document noting parental refusal for each eligible student;

   c. Procedures to ensure all IEP meetings are documented in the third-party administrator's system. IEPs are claimable only if a Medicaid qualified practitioner is present and it is documented that a health-related service is discussed;

   d. Procedures to ensure all SEMI-eligible services, including services provided by entities where the district has placed SEMI-eligible students, are documented in the third-party administrator's system;

   e. Procedures to ensure a valid IEP is on file and the IEP date is on file in the third-party administrator's system for

each SEMI-eligible student for whom parental consent has been obtained; and

f. Procedures to ensure service providers used by the school district and entities where the district has placed SEMI-eligible students have valid licenses and certifications documenting SEMI provider qualifications on file in the third-party administrator's system.

3. If the district does not achieve ninety percent participation, or does not achieve their approved benchmarks in the SEMI program for a given budget year and cannot demonstrate they fully implemented their New Jersey Department of Education-approved SEMI action plan required at N.J.A.C. 6A:23A-5.3(f) and (g) and D. above, the district shall be subject to review for the withholding of State aid by the Commissioner of Education, pursuant to N.J.S.A. 18A:55-3, in an amount equal to the SEMI revenue projection based on their approved benchmark for the budget year, if applicable, less actual SEMI reimbursements for the budget year. The State aid deduction shall be made in the second subsequent year after the budget year.

4. If the district does not meet the requirement of the cost-settlement components of SEMI, the district may be required to refund all or part of their SEMI reimbursements.

Issued:

R 6220 BUDGET PREPARATION

The annual school district budget will be prepared in accordance with the following procedure.

A. Responsibility

1. The School Business Administrator/Board Secretary or designee is responsible for the administration and coordination of all budget preparation activities and will be guided by the budget planning forecasts prepared in accordance with Policy 6210.

2. Each Principal will assess the educational needs of the students, collect and evaluate the requests for funds submitted by the teaching and support staff members in their building, and compile an estimate of the total building needs for the next budget year. The estimate will be submitted to the School Business Administrator/Board Secretary or designee.

3. Each central office administrator will assess the needs of the program operation for which they are responsible (such as staff recruiting, facilities maintenance, transportation, capital improvements) and will prepare an estimate of the program needs for the next budget year. The estimate will be submitted to the School Business Administrator/Board Secretary or designee

B. Priorities

1. All estimates submitted to the School Business Administrator/Board Secretary or designee in accordance with paragraph A.2. and paragraph A.3. above will be reasonably detailed and supported by appropriate documentation to justify the expenditures requested.

   The administrators charged with estimating budgetary needs will be guided by these cost priorities;

   a. Staffing adequate to sustain the current instructional program;

   b. Supplies and equipment adequate to sustain the current instructional program;

c. Maintenance of current facilities and programs;

d. New staff members to improve or expand the current program;

e. New supplies and equipment to improve or expand the current instructional program; and

f. New instructional programs.

2. The Superintendent or designee and the School Business Administrator/Board Secretary will review all estimates for budget allocations and, as necessary, discuss justifications and possible alternatives with the originating administrator. The Superintendent or designee and the School Business Administrator/Board Secretary will:

a. Compare budget requests with inventory to determine whether requested resources are presently available;

b. Analyze budget requests on a district-wide basis to determine whether requested resources can be shared; and

c. Analyze budget requests for staffing requirements and convert those requirements to dollar equivalents.

C. Form

1. The tentative budget shall contain:

a. The total expenditure for each item for the preceding school year, the amount appropriated for the current school year adjusted for transfers as of the date specified by the New Jersey Department of Education (NJDOE) of the current school year, and the amount estimated to be necessary to be appropriated for the ensuing school year, indicated separately for each item as determined by the Commissioner;

b. The amount of the surplus account available at the beginning of the preceding school year, at the beginning of the current school year and the amount anticipated to be available for the ensuing school year;

c. The amount of revenue available for budget purposes from the preceding school year, the amount available for the current school year as of the date specified by the NJDOE and the amount anticipated to be available for the ensuing school year in the following categories as applicable:

(1) Revenues to be raised by local sources;

(2) Revenues from State Aid;

(3) Revenues from Federal Aid;

(4) Revenues from intermediate sources; and/or

(5) Other sources of revenue;~~.~~

d. Transfers between current expense and capital outlay for the preceding school year, the current school year as of the date specified by the NJDOE of that year and transfers anticipated for the ensuing school year;

e. A presentation of the student population for the current school year and immediate past school year as reported in the application for State School Aid, and an estimate of the anticipated student population for the next school year;

f. An estimate of staff composition by numbers in each administrative, instructional, and educational services area for the next school year; and

g. Any additional information required by the NJDOE and the Board of Education.

h. All budgetary and accounting systems used in the school district must be in accordance with double-entry bookkeeping and Generally Accepted Accounting Principles as included in statutes and administrative code.

D. Timeline

The Superintendent or designee and the School Business Administrator/Board Secretary will submit the tentative budget recommendations to the Board of Education in accordance with the budget timeline established by the NJDOE and the Board. The proposed expenditures and anticipated revenues in the tentative budget will be

supported by sufficient explanatory information to enable the Board to determine their validity.

Issued: