



February 19, 2014

Mr. Robert J. Cicchino, Director  
Office of Fiscal Accountability and Compliance  
State of New Jersey  
Department of Education  
P.O.Box 500  
Trenton, NJ 08625-0500

Re: Appeal of Certain Findings of 2011-2012 Fiscal Monitoring Report

Dear Mr. Cicchino,

We are appealing certain findings of our recent fiscal monitoring report. Please accept this request to review these findings along with our explanations and documentation:

***Finding #2: Salary and fringe benefits were improperly charged to the CACPS for two "permanent substitute teachers" who worked in excess of the number of days authorized by their credentials in contravention to N.J.A.C. 6A:9-6.5, N.J.A.C 6A:23A-18.5(a)(6) and (a)(10).***

This comment was not identified or discussed with Midland prior to the December 17<sup>th</sup> report being issued or we would have gladly provided the following documentation and explanation for our substitute coverage procedures. As a response to the comment we are enclosing the following documentation:

- Instructional Substitute Coverage Analysis worksheet for Jean LaZaro and Viera Liska
- Daily Staff Absence sheets for the 2011 – 2012 school year

We have highlighted these two staff members on the Daily Staff Absence sheets and indicated whether they were substituting for a teacher ("T") and thus the day would be counted as instructional time or as an aide ("A") which is not counted toward instructional time. Each of their substitute coverage is totaled on the Instructional Substitute Coverage Analysis worksheet.

The monitoring report comment #2 indicates that, according to the limitations imposed by their credentials:

- Ms. LaZaro may not devote more than 60 days of substitute instructional time to The Midland School
- Ms. Liska may not devote more than 20 days of substitute instructional time in the same position at The Midland School.

The Instructional Substitute Coverage Analysis worksheet shows that Ms. LaZaro subbed a total of 23 instructional days and Ms. Liska subbed a total of 17 instructional days; both within the limitations of their credentials. You will also note upon reviewing the Daily Absence sheets that rarely do they sub more than one day in the same instructional position. The balance of their time was spent as substitute classroom aides or as an additional aide in areas needing extra coverage on a particular day. At Midland, every classroom has a teacher providing instruction and a teacher aide assisting the teacher with managing the classroom; however, on some days additional help is needed and these two employees fill-in for those instances.

We believe the focus on these two substitute employees resulted from our use of the term "Permanent" in their job titles which we agree is misleading to outside parties. In our case, because of the difficulty in retaining properly credentialed substitutes and the competition for substitute availability in our area, we employ two individuals as full-time substitutes. They come to Midland each day and are assigned where needed. To distinguish them from the on-call per diem substitutes, we gave them the title of "Permanent" Substitute.

We think the documentation shows that Midland uses these individuals as occasional instructional substitutes for actual teacher absences and not as on-going budgetary replacements for full-time instructional staff and that their number of days of instructional substitute time was within the limitations of their credentials. Thus, their salary and fringe benefits were properly charged to the CACPS. Also, please note that we have discontinued the use of the Permanent Substitute title for these employees.

***Finding #6: The PSSD utilizes a chart of accounts which does not conform to the requirements of N.J.A.C. 6A:23A-18.4(a)7.***

The finding detail says that the "chart of accounts could not be independently cross-walked during the completion of the audit." This comment was also not identified or discussed with Midland prior to the December 17<sup>th</sup> report being issued; however, crosswalk schedules and reconciliation worksheets from Midland's chart of accounts to the Department of Education accounts were provided to the auditors during fieldwork as requested in their pre-audit checklist. We would have gladly walked them through the reconciliations had we known there was an issue.

We find the DOE chart of accounts cumbersome and it does not lend itself to modifications or additions to break down account categories for better analysis. Also, the account numbering scheme is incompatible with our accounting software. Our internal chart of accounts is much more flexible and provides the accounting detail necessary for more precise financial analysis leading to better decision making.

N.J.A.C. 6A:23A-18.4(a)7 requires that "a chart of accounts issued by the commissioner shall be maintained" and "shall be used for financial reporting to the Department". As evidenced by our annual auditor's reports, and our quarterly reports to the Board of

Trustees, we maintain the DOE chart of accounts and use it for all our financial reporting. As the requirement does not address internal accounting, we believe this satisfies the requirements of N.J.A.C. 6A:23A-18.4(a)7.

With respect to the crosswalk, enclosed are the following schedules which were provided to the auditors during fieldwork:

- New Jersey Department of Education Chart of Accounts Crosswalk to Midland Accounts – this is the master crosswalk key
- Reconciliation of General Ledger to Statement of Expenditures By Line Item – this is the actual crosswalk of the Midland general ledger to the DOE statement.
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We would be happy to walk the auditors through these schedules to accomplish their crosswalk.

Please review our responses above and the documentation enclosed. All of these documents were previously sent to Lisa McCormick with the above explanations subsequent to the audit. As mentioned above, we would be happy to meet with the auditors and go over any of these documents or provide any additional documentation requested.

Thank you for your consideration of our appeal.

Sincerely,



Stephen S. Bruce  
Executive Director

cc: Gregg J. Sweetman, Business Manager  
Daniel P. Dougherty, CPA, Noke and Heard