

**CHAPTER 23A**

**FISCAL ACCOUNTABILITY, EFFICIENCY AND BUDGETING PROCEDURES**

**Authority**

P.L. 2007, c. 63 and P.L. 2007, c. 260.

**Source and Effective Date**

R.2008 d.212, effective July 1, 2008.  
See: 40 N.J.R. 4610(a).

**Chapter Expiration Date**

Chapter 23A, Fiscal Accountability, Efficiency and Budgeting Procedures, expires on July 1, 2009.

**Chapter Historical Note**

Chapter 23A, Administrative Cost Limits, Transfers, and Budget Development, was adopted as Special New Rules by R.2005 d.17, effective December 7, 2004. See: 37 N.J.R. 136(a).

Chapter 23A, Administrative Cost Limits, Transfers, and Budget Development, was readopted as R.2005 d.411, effective October 27, 2005. See: 37 N.J.R. 2278(a), 37 N.J.R. 4403(a).

Chapter 23A, Administrative Cost Limits, Transfers, and Budget Development, was repealed by R.2006 d.361, effective October 2, 2006. See: 38 N.J.R. 2333(a), 38 N.J.R. 4178(b).

Chapter 23A, Fiscal Accountability, Efficiency and Budgeting Procedures, was adopted as special new rules by R.2008 d.212, effective July 1, 2008. See: Source and Effective Date.

Subchapter 2, Executive County Superintendent of Schools, Subchapter 4, School District Fiscal Accountability, Subchapter 7, School District Travel Policies and Procedures, Subchapter 8, Annual Budget Development and Submission, Subchapter 10, Spending Growth Limitation, Subchapter 11, Tax Levy Growth Limitation, Subchapter 12, Commissioner Waivers of Tax Levy Growth Limitation; Separate Voter Approval, Subchapter 13, Budget Transfers, Underestimated Surplus and Deficits, Subchapter 14, Reserve Accounts and Subchapter 15, State Aid Calculations and Aid Adjustments for Charter Schools, were adopted as special new rules by R.2009 d.35, effective December 18, 2008. See: 41 N.J.R. 642(a).

**CHAPTER TABLE OF CONTENTS**

**SUBCHAPTER 1. PURPOSE, SCOPE AND DEFINITIONS**

- 6A:23A-1.1 Purpose and scope
- 6A:23A-1.2 Definitions

**SUBCHAPTER 2. EXECUTIVE COUNTY SUPERINTENDENT OF SCHOOLS**

- 6A:23A-2.1 General powers and duties of Executive County Superintendent
- 6A:23A-2.2 School district regionalization and consolidation of services advisory committee
- 6A:23A-2.3 Consolidation and sharing of services; joint and cooperative purchasing
- 6A:23A-2.4 Elimination of school districts that are not operating schools
- 6A:23A-2.5 Plan for district consolidation to create regional school districts
- 6A:23A-2.6 Transportation efficiency study
- 6A:23A-2.7 Shared special education services

**SUBCHAPTER 3. ADMINISTRATOR AND BOARD MEMBER ACCOUNTABILITY**

- 6A:23A-3.1 Review of employment contracts for superintendents, assistant superintendents and school business administrators
- 6A:23A-3.2 Required actions relative to early termination of superintendent
- 6A:23A-3.3 Certification review under certain conditions
- 6A:23A-3.4 Noncompliance with GAAP, review of certification of a SBA

**SUBCHAPTER 4. SCHOOL DISTRICT FISCAL ACCOUNTABILITY**

- 6A:23A-4.1 Additional powers of Commissioner to achieve fiscal accountability
- 6A:23A-4.2 Compliance with requirements for income tax
- 6A:23A-4.3 Annual audit to assure income tax reporting compliance
- 6A:23A-4.4 Repeat annual audit recommendations; action required

**SUBCHAPTER 5. ADDITIONAL MEASURES TO ENSURE EFFECTIVE AND EFFICIENT EXPENDITURES OF DISTRICT FUNDS**

- 6A:23A-5.1 Order to show cause to withhold or recover State aid due to excessive, unreasonable, ineffective or inefficient expenditures
- 6A:23A-5.2 Public relations and professional services; board policies; efficiency
- 6A:23A-5.3 Failure to maximize Special Education Medicaid Initiative (SEMI)
- 6A:23A-5.4 Violation of public bidding laws
- 6A:23A-5.5 Expenditure and internal control auditing
- 6A:23A-5.6 District response to Office of Fiscal Accountability and Compliance (OFAC) investigation report
- 6A:23A-5.7 Verification of payroll check distribution
- 6A:23A-5.8 Board of Education expenditures for non-employee activities, meals and refreshments
- 6A:23A-5.9 Out-of-State and high cost travel events

**SUBCHAPTER 6. CONDITIONS FOR THE RECEIPT OF STATE AID**

- 6A:23A-6.1 Conditions precedent to disbursement of State aid
- 6A:23A-6.2 Nepotism policy
- 6A:23A-6.3 Contributions to board members and contract awards
- 6A:23A-6.4 Internal controls
- 6A:23A-6.5 Segregation of duties; organization structure
- 6A:23A-6.6 Standard operating procedures for business functions
- 6A:23A-6.7 Financial and human resource management systems; access controls
- 6A:23A-6.8 Personnel tracking and accounting
- 6A:23A-6.9 Facilities maintenance and repair scheduling and accounting
- 6A:23A-6.10 Approval of amounts paid in excess of approved purchase orders; board policy
- 6A:23A-6.11 Vehicle tracking, maintenance and accounting
- 6A:23A-6.12 District vehicle assignment and use policy
- 6A:23A-6.13 Board travel policy

**SUBCHAPTER 7. SCHOOL DISTRICT TRAVEL POLICIES AND PROCEDURES**

- 6A:23A-7.1 School district travel expenditures
- 6A:23A-7.2 Board policy for travel expenditures
- 6A:23A-7.3 Maximum travel budget
- 6A:23A-7.4 Travel approval procedures
- 6A:23A-7.5 Required documentation for travel
- 6A:23A-7.6 SBA responsibilities regarding accounting for travel
- 6A:23A-7.7 Sanctions for violations of travel requirements

- 6A:23A-7.8 Prohibited travel reimbursements
- 6A:23A-7.9 Travel methods
- 6A:23A-7.10 Routing of travel
- 6A:23A-7.11 Subsistence allowance – overnight travel
- 6A:23A-7.12 Meal allowance—special conditions—and allowable incidental travel expenditures
- 6A:23A-7.13 Records and supporting documents

**SUBCHAPTER 8. ANNUAL BUDGET DEVELOPMENT AND SUBMISSION**

- 6A:23A-8.1 Budget submission; supporting documentation; web-site publication
- 6A:23A-8.2 Public notice and inspection
- 6A:23A-8.3 Administrative cost limits
- 6A:23A-8.4 Capital outlay budget
- 6A:23A-8.5 Designation of general fund balances
- 6A:23A-8.6 Appropriation of unreserved debt service fund balance; exception
- 6A:23A-8.7 Tuition rate adjustment by districts receiving pre-school expansion aid or educational opportunity aid in the 2007-08 school year

**SUBCHAPTER 9. EXECUTIVE COUNTY SUPERINTENDENT BUDGET REVIEW PROCEDURES**

- 6A:23A-9.1 Executive County Superintendent budget review
- 6A:23A-9.2 Executive County Superintendent budget review and approval; administrative and non-instructional expenses
- 6A:23A-9.3 Efficiency standards for review of administrative and non-instructional expenditures and efficient business practices
- 6A:23A-9.4 Commissioner’s authority to direct expenditures to achieve T&E
- 6A:23A-9.5 Commissioner to ensure achievement of the Core Curriculum Content Standards; corrective actions
- 6A:23A-9.6 Appeal of Executive County Superintendent budget reductions
- 6A:23A-9.7 Procedures following voter defeat of proposed budget; municipal governing body or board of school estimate action
- 6A:23A-9.8 Municipal governing body failure to certify or agree; Commissioner sets tax levy
- 6A:23A-9.9 Application for Commissioner restoration of budget reductions
- 6A:23A-9.10 Executive County Superintendent ongoing budget review
- 6A:23A-9.11 Year-end financial procedures for Executive County Superintendent and fiscal monitor

**SUBCHAPTER 10. SPENDING GROWTH LIMITATION**

- 6A:23A-10.1 Moratorium on spending growth limitation and municipal governing body authority to determine amount to be raised upon voter rejection of separate proposal
- 6A:23A-10.2 Adjustments to spending growth limitation
- 6A:23A-10.3 Unused spending authority (banked cap)

**SUBCHAPTER 11. TAX LEVY GROWTH LIMITATION**

- 6A:23A-11.1 Adjusted tax levy growth limitation
- 6A:23A-11.2 Adjustment for increases in enrollments
- 6A:23A-11.3 Adjustment for a reduction in total unrestricted State aid
- 6A:23A-11.4 Adjustment for an increase in health care costs

**SUBCHAPTER 12. COMMISSIONER WAIVERS OF TAX LEVY GROWTH LIMITATION; SEPARATE VOTER APPROVAL**

- 6A:23A-12.1 Waivers subject to Commissioner authorization
- 6A:23A-12.2 Waivers to address failure to meet the Core Curriculum Content Standards
- 6A:23A-12.3 Waiver for energy cost increase

- 6A:23A-12.4 Waiver for capital outlay cost increases
- 6A:23A-12.5 Waiver for use of non-recurring general fund revenues
- 6A:23A-12.6 Waiver for increases in insurance costs
- 6A:23A-12.7 Waiver for increases in transportation costs to service hazardous routes
- 6A:23A-12.8 Waiver for increases in special education costs
- 6A:23A-12.9 Waiver for increases in tuition costs
- 6A:23A-12.10 Waiver for costs associated with opening a new school facility
- 6A:23A-12.11 Waiver for service essential to health, safety and welfare of children
- 6A:23A-12.12 Commissioner may direct reallocations up to the total amount of the waiver request
- 6A:23A-12.13 Voter authorization to exceed tax levy limitation; separate proposal(s)

**SUBCHAPTER 13. BUDGET TRANSFERS, UNDERESTIMATED SURPLUS AND DEFICITS**

- 6A:23A-13.1 Commissioner adjusted tax levies; Commissioner budget reallocations and directives; transfers and underestimated year-end surplus
- 6A:23A-13.2 Executive County Superintendent reduction of administrative and non-instructional expenses; transfers prohibited
- 6A:23A-13.3 Transfers during the budget year

**SUBCHAPTER 14. RESERVE ACCOUNTS**

- 6A:23A-14.1 Capital reserve
- 6A:23A-14.2 Maintenance reserve
- 6A:23A-14.3 Supplementation of capital reserve and maintenance reserve accounts
- 6A:23A-14.4 Establishment of other reserve accounts
- 6A:23A-14.5 Reserve accounts recorded in accordance with GAAP; audit

**SUBCHAPTER 15. STATE AID CALCULATIONS AND AID ADJUSTMENTS FOR CHARTER SCHOOLS**

- 6A:23A-15.1 Definitions
- 6A:23A-15.2 Per pupil calculations, notification and caps
- 6A:23A-15.3 Enrollment counts, payment process and aid adjustments
- 6A:23A-15.4 Procedures for private school placements by charter schools

**SUBCHAPTER 1. PURPOSE, SCOPE AND DEFINITIONS**

**6A:23A-1.1 Purpose and scope**

(a) The purpose of these rules is to assure the financial accountability of boards of education through enhanced State monitoring, oversight and authority, and to ensure that each district board of education adopts an annual budget that provides adequate resources to meet the State Constitution’s mandate for a thorough and efficient system of free public schools for all children. These rules set forth the roles of the Commissioner of Education and the Executive County Superintendent in overseeing board of education budgeting and expenditures. The rules also establish mechanisms to ensure the efficient expenditure of budgeted funds in a manner consistent with a district’s approved annual budget.

(b) Pursuant to these rules, the Commissioner of Education delegates to the Executive County Superintendent those powers, tasks and duties that further support efficiency of