

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Chapter 23A, Administrative Cost Limits, Transfers, and Budget Development, was repealed by R.2006 d.361, effective October 2, 2006.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.

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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 district operation pursuant to N.J.S.A. 18A:7F-43 et seq. and that complement the powers, tasks and duties set forth in N.J.S.A. 18A:7-1 et seq.

1. The rules effectuate the provisions of P.L. 2007, c. 260 and P.L. 2007, c. 63.

2. These rules supersede the rules at N.J.A.C. 6A:10, 6A:10A and 6A:23 where the provisions of those rules are inconsistent.

6A:23A-1.2 Definitions

The words and terms used in this chapter shall have the following meanings, unless the context clearly indicates otherwise:

“Adjusted tax levy” means the property tax levy for current purposes, excluding any debt pursuant to N.J.S.A. 18A:7F-37.

“Administrative cost” means total administrative costs as reflected in the Comparative Spending Guide and defined in the Uniform Minimum Chart of Accounts for New Jersey Public Schools and by the National Center for Educational Statistics (NCES)), as referred to at N.J.A.C. 6A:23-2.2(f)1, and other reporting directives published and distributed by the Commissioner pursuant to N.J.S.A. 18A:4-14 and N.J.A.C. 6A:23-2.

“Administrator” means as set forth in N.J.S.A. 18A:12-23.

“Annual audit” means the audit conducted pursuant to the provisions of N.J.S.A. 18A:23-1 et seq. and the Federal Single Audit Act of 1984, Public Law 98-502, amended by Public Law 104-156, of the district board of education's Comprehensive Annual Financial Report.

“Annual audit program” means the uniform program published and distributed by the Commissioner for preparation of the Comprehensive Annual Financial Report by a district board of education pursuant to N.J.S.A. 18A:4-14 and N.J.A.C. 6A:23-2.2(i).

“Base budget” means the district board of education's school budget that contains an adjusted tax levy calculated pursuant to the provisions of N.J.S.A. 18A:7F-38 and 39, State aid, other than preschool education aid, received pursuant to the provisions of N.J.S.A. 18A:7F-43 et seq., miscellaneous revenue estimated pursuant to GAAP, and designated general fund balance; but exclusive of additional spending proposals submitted to the voters or board of school estimate.

“Board of trustees” means the public agents authorized by the State Board of Education to supervise and control a charter school pursuant to the provisions of N.J.S.A. 18A:36A-1 et seq.

“Business” means any corporation, partnership, firm, enterprise, franchise, trust, association, sole proprietorship, union, political organization, or other legal entity, but shall not include a local public school district or any other public entity.

“Capital project” means as defined in N.J.A.C. 6A:26-1.2.

“Capital projects fund” means the governmental fund that accounts for financial resources used to acquire or construct capital facilities (other than those of proprietary funds and fiduciary funds). The source of revenue in this fund includes the sale of bonds, grants received pursuant to N.J.S.A. 18A:7G-15, and other sources as defined in N.J.A.C. 6A:26-4.1. Separate accounting is required for each capital project.

“Capital projects fund deficit” means the amount of the sum of expenditures and encumbrances for a capital project that exceeds the total amount of funds authorized for the capital project by the State, district's voters by referendum, the board of school estimate or the capital projects control board as applicable.

“Chart of accounts” means the Department's prescribed classification structure for the accounting system that permits the standardization of reported financial data whereby analyses may be performed within and between district boards of education and on a nationwide basis using common terminology and classifications established by the NCES.

“Chief school administrator” means the superintendent pursuant to N.J.S.A. 18A:17-15, or the administrative principal pursuant to N.J.S.A. 18A:17-20.5, or the State district

superintendent pursuant to N.J.S.A. 18A:7A-35 or 18A:7A-49 in the case of a district under full or partial intervention.

“Commissioner” means the Commissioner of Education or his or her designee.

“Comparative Spending Guide” means the annual report of comparative financial statistics of districts compiled and published for general distribution by the Commissioner pursuant to N.J.S.A. 18A:4-30 and available on the Department’s website at <http://www.state.nj.us/njded/guide>.

“Comprehensive Annual Financial Report” or “CAFR” means the official annual report of a governmental unit containing the basic financial statements, management discussion and analysis (MD&A) and other required supplementary information and statistical data prepared in accordance with standards established by the Governmental Accounting Standards Board.

“Core Curriculum Content Standards” means the student achievement standards adopted and revised every five years by the State Board of Education, pursuant to N.J.S.A. 18A:7F-46. The standards ensure that all children are provided the educational opportunity needed to equip them for the role of citizen and labor market competitor.

“County special services school district” or “CSSSD” means any entity established pursuant to N.J.S.A. 18A:46-29 et seq.

“County vocational school district” or “CVSD” means any entity established pursuant to N.J.S.A. 18A:54-1 et seq.

“CPI” means as defined at N.J.S.A. 18A:7F-45 and 18A:7F-5.

“Debt service” means as defined at N.J.S.A. 18A:7G-3 and N.J.A.C. 6A:26-1.2.

“Debt service fund” means a governmental fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

“Department” means the New Jersey Department of Education.

“Educational Service Commission” or “ESC” means Educational Service Commission established pursuant to N.J.S.A. 18A:6-52.

“Efficiency standards” means the standards established pursuant to N.J.S.A. 18A:7F-46 that are contained in Appendix E of the publication, A Formula for Success: All Children, All Communities dated December 18, 2007 and available on the Department’s website at: <http://www.state.nj.us/education/sff/reports/AllChildrenAllCommunities.pdf>. The standards shall be reestablished every three years in the Educational Adequacy Report pursuant to N.J.S.A. 18A:7F-46 beginning with the 2011-12 school year.

“Enterprise fund” means a proprietary fund used to report activities for which a fee is charged to external users for goods and services. Activities are required to be reported if the pricing policies of the activity establish fees and charges designed to recover its costs, or if the activity meets other criteria established by Governmental Accounting Standards Board Statement No. 34, paragraph 67.

“Executive County Superintendent” means the Executive County Superintendent of Schools or Acting Executive County Superintendent of Schools pursuant to N.J.S.A. 18A:7-1 et seq.

“Fiduciary funds” means the funds used to account for assets held by a district board of education in a trustee capacity or agency capacity for others, and therefore cannot be used to support the district board of education’s own programs.

“Fund” means a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

“GAAP” means the generally accepted accounting principles that are uniform minimum standards of and guidelines to financial accounting and reporting that are generally recognized as essential to effective management control and financial reporting, and are promulgated and published by the Governmental Accounting Standards Board as prescribed by the State Board pursuant to N.J.S.A. 18A:4-14.

“General fund” means a governmental fund that accounts for all financial resources of the district board of education or charter school board of trustees, except those required to be accounted for in another fund.

“Internal control” means a process, effected by an entity’s management, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

1. Effectiveness and efficiency of operations;
2. Reliability of financial reporting; and
3. Compliance with applicable laws and regulations.

“Job description” means a written specification of the function of a position, duties and responsibilities, the extent and limits of authority, and work relationships within and outside the school and district.

“Local public school district” or “school district” means any local or regional school district established pursuant to N.J.S.A. 18A:8 or 18A:13, or a school district under full State intervention pursuant to N.J.S.A. 18A:7A-34, but not

including a charter school established pursuant to N.J.S.A. 18A:36A-1 et seq. unless specified otherwise.

“Local share” means as calculated pursuant to N.J.S.A. 18A:7F-52 for purposes of N.J.S.A. 18A:7F-43 et seq. and for purposes of a school facilities project as defined at N.J.A.C. 6A:26-1.2 and pursuant to N.J.S.A. 18A:7G-3.

“Member of immediate family” means the spouse, civil union partner pursuant to N.J.S.A. 37:1-33, domestic partner pursuant to N.J.S.A. 26:8A-1 et seq. or dependent child of the individual residing in the same household.

“National Center for Education Statistics” or “NCES” means the organization that publishes the Federal accounting manual, Financial Accounting for Local and State School Systems, that contains the financial accounting terminology and classifications required by N.J.S.A. 18A:4-14 for use in the chart of accounts prescribed by the Commissioner with the approval of the State Board of Education.

“New Jersey Quality Single Accountability Continuum” or “NJQSAC” means the New Jersey Quality Single Accountability Continuum for evaluating local public school district performance established pursuant to N.J.S.A. 18A:7A-3 et seq.

“OFAC” means the Office of Fiscal Accountability and Compliance within the New Jersey Department of Education.

“Permanent fund” means a fund used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting district board of education’s programs.

“Prebudget year” as defined by N.J.S.A. 18A:7F-45, means the school fiscal year preceding the year in which the school budget is implemented.

“Presumptive efficient spending level” means the State median cost per pupil of the prebudget year as reflected in the Comparative Spending Guide by indicator for the applicable operating type and enrollment range adjusted by the increase in CPI, or the efficiency standards established pursuant to N.J.S.A. 18A:7F-46 and used in the calculation of the adequacy budget pursuant to the provisions of N.J.S.A. 18A:7F-51, whichever is more appropriate and comparable for the particular spending category under review as determined by the Commissioner.

“Proposed budget” means the budget required pursuant to N.J.S.A. 18A:7F-5(c).

“Proprietary funds” means the funds used to account for district board of education activities where the reporting focus is on the determination of operating income, financial position and cash flow. Proprietary funds include enterprise and internal service funds.

“Regional school district” means a limited-purpose or all-purpose public school district established on a regional basis pursuant to N.J.S.A. 18A:13-1 et seq.

“Relative” means an individual’s spouse, civil union partner pursuant to N.J.S.A. 37:1-33, domestic partner as defined in N.J.S.A. 26:8A-3, or the parent, child, sibling, aunt, uncle, niece, nephew, grandparent, grandchild, son-in-law, daughter-in-law, stepparent, stepchild, stepbrother, stepsister, half-brother or half-sister of the individual or of the individual’s spouse, civil union partner or domestic partner, whether the relative is related to the individual or the individual’s spouse, civil union partner or domestic partner by blood, marriage or adoption.

“School business administrator” or “SBA” means the school business administrator appointed pursuant to N.J.S.A. 18A:17-14.1 or any other title used for the chief financial officer of the district, such as assistant superintendent for business or assistant superintendent for finance, and requiring the school business administrator endorsement pursuant to the provisions of N.J.A.C. 6A:9-12.3(d).

“School district” means any local or regional school district established pursuant to chapter 8 or chapter 13 of Title 18A of the New Jersey Statutes or a school district under full State intervention pursuant to N.J.S.A. 18A:7A-34, but not including a charter school established pursuant to N.J.S.A. 18A:36A-1 et seq. unless specified otherwise.

“School district vehicle” means a vehicle purchased, leased, lease-purchased or acquired without cost by gift, donation or other method by the school district regardless of funding source.

“School facilities project” means as defined in N.J.A.C. 6A:26-1.2 and pursuant to N.J.S.A. 18A:7G-3.

“School Employees’ Health Benefit Program” or “SEHBP” means the School Employees’ Health Benefit Program pursuant to N.J.S.A. 52:14-17.46.1 et seq., which shall be the successor plan to the SHBP for school employees.

“School report card” means the school report card prepared and disseminated to parents and other interested taxpayers within each local school district pursuant to N.J.S.A. 18A:7E-2.

“Sending/receiving relationship” means an agreement between two district boards of education, one of which does not have the facilities to educate in-district an entire grade(s) or provide an entire program(s), and as an alternative sends such students to a district board of education having such accommodations and pays tuition, pursuant to N.J.S.A. 18A:38-8 et seq.

“Shared service” means any educational or administrative service required to be performed by a district board of education in which the district, with board approval, is able and willing to share in the costs and benefits of that service

with another district board of education, municipality, or other governmental unit, as authorized by the Interlocal Services Act at N.J.S.A. 40:8A-1 et seq. and in compliance with existing school laws at N.J.S.A. 18A, but does not include sending/receiving relationships.

“State Health Benefits Program” or “SHBP” means the State Health Benefits Program pursuant to N.J.S.A. 52:14-17.25 et seq.

“Special revenue fund” means the governmental fund that accounts for the proceeds of specific revenue sources (other than trusts, or revenues for major capital projects) that are legally restricted to expenditures for specified purposes.

“Standard operating procedures” or “SOPs” mean procedures that cover all business functions and are detailed with specific steps and instructions; are realistic based on the employment structure and business system; tie with job descriptions; and are supported by management.

“Student Activity Fund” means a fund used to account for monies derived from athletic events or other activities of pupil organizations and to account for the accumulation of money to pay for student group activities.

“Superintendent” means the superintendent of schools appointed pursuant to N.J.S.A. 18A:17-15, or where there is no superintendent the administrative principal appointed pursuant to N.J.S.A. 18A:17-20.5, or the State district superintendent appointed pursuant to N.J.S.A. 18A:7A-35 or 18A:7A-49 in the case of a school district under full or partial State intervention.

“Surplus” means the amount of undesignated, unreserved fund balance as of July 1 of each year.

“T&E” means the thorough and efficient system of free public schools for the instruction of all children in the State between the ages of five and 18 years as required by the State Constitution and defined by the Core Curriculum Content Standards and efficiency standards established pursuant to N.J.S.A. 18A:7F-46.

“Thoroughness standards” means the Core Curriculum Content Standards as approved by the State Board pursuant to N.J.S.A. 18A:7F-46a.

SUBCHAPTER 2. EXECUTIVE COUNTY SUPERINTENDENT OF SCHOOLS (RESERVED)

SUBCHAPTER 3. ADMINISTRATOR AND BOARD MEMBER ACCOUNTABILITY

6A:23A-3.1 Review of employment contracts for superintendents, assistant superintendents and school business administrators

(a) The Executive County Superintendent shall review and approve, for all superintendents, deputy superintendents, assistant superintendents and school business administrators in school districts, county vocational school districts, county special services school districts and other districts, except charters, within the county under the supervision of the Executive County Superintendent:

1. New employment contracts, including contracts that replace expired contracts for existing tenured and non-tenured employees;
2. Renegotiations, extensions, amendments, or other alterations of the terms of existing employment contracts that have been previously approved by the Executive County Superintendent; and
3. Provisions for contract extensions where such terms were not included in the original employment contract or are different from the provisions contained in the original approved employment contract.

(b) In counties where there is no Executive County Superintendent, the Assistant Commissioner for Field Services shall review and approve all above contracts.

(c) The contract review and approval shall take place prior to any required public notice and hearing pursuant to N.J.S.A. 18A:11-11 and prior to the board approval and execution of those contracts to ensure compliance with all applicable laws, including, but not limited to, N.J.S.A. 18A:30-3.5, 18A:30-9, 18A:17-15.1 and 18A:11-12.

1. The public notice and public hearing required pursuant to N.J.S.A. 18A:11-11 is applicable to a board of education that renegotiates, extends, amends, or otherwise alters the terms of an existing contract with a superintendent of schools, deputy superintendent, assistant superintendent, or school business administrator. It does not apply to new contracts, which includes contracts that replace expired contracts for existing employees in one of these positions, whether tenured or not tenured. Nothing precludes a board of education from issuing a public notice and/or holding a public hearing on new contracts, including new contracts that replace expired contracts for existing tenured and non-tenured employees.

(d) In connection with the Executive County Superintendent's review of the contract, the board of education shall provide the Executive County Superintendent with a detailed statement setting forth the total cost of the contract for each applicable year, including salary, longevity (if applicable), benefits and all other emoluments.

(e) The contract review and approval shall be consistent with the following additional standards:

1. Contracts for each class of administrative position shall be comparable with the salary, benefits and other emoluments contained in the contracts of similarly credentialed and experienced administrators in other districts in the region with similar enrollment, academic achievement levels and challenges, and grade span.

2. No contract shall include provisions that are inconsistent with the travel requirements pursuant to N.J.S.A. 18A:11-12 including, but not limited to, the provisions for mileage reimbursement and reimbursement for meals and lodging in New Jersey. Any contractual provision that is inconsistent with law is superceded by the law.

3. No contract shall include provisions for the reimbursement or payment of employee contributions that are either required by law or by a contract in effect in the district with other teaching staff members, such as payment of the employee's State or Federal taxes, or of the employee's contributions to FICA, Medicare, State pensions and annuities (TPAF), life insurance, disability insurance (if offered), and health benefit costs.

4. No contract shall contain a payment as a condition of separation from service that is deemed by the Executive County Superintendent to be prohibited or excessive in nature. The payment cannot exceed the lesser of the calculation of three months pay for every year remaining on the contract with proration for partial years, not to exceed 12 months, or the remaining salary amount due under the contract.

5. No contract shall include benefits that supplement or duplicate benefits that are otherwise available to the employee by operation of law, an existing group plan, or other means; for example, an annuity or life insurance plan that supplements or duplicates a plan already made available to the employee. Notwithstanding the provisions of this section, a contract may contain an annuity where those benefits are already contained in the existing contract between that employee and the district.

6. Contractual provisions regarding accumulation of sick leave and supplemental compensation for accumulated sick leave shall be consistent with N.J.S.A. 18A:30-3.5. Supplemental payment for accumulated sick leave shall be payable only at the time of retirement and shall not be paid to the individual's estate or beneficiaries in the event of the individual's death prior to retirement. Pursuant to N.J.S.A. 18A:30-3.2, a new board of education contract may include

credit of unused sick leave days in accordance with the new board of education's policy on sick leave credit for all employees.

7. Contractual provisions regarding accumulation of unused vacation leave and supplemental compensation for accumulated unused vacation leave shall be consistent with N.J.S.A. 18A:30-9. Contractual provisions for payments of accumulated vacation leave prior to separation can be included but only for leave accumulated prior to June 8, 2007 and remaining unused at the time of payment. Supplemental payments for unused vacation leave accrued consistent with the provisions of N.J.S.A. 18A:30-9 after June 8, 2007 as well as unused vacation leave accumulated prior to June 8, 2007 that has not been paid, shall be payable at the time of separation and may be paid to the individual's estate or beneficiaries in the event of the individual's death prior to separation.

8. Contractual provisions that include a calculation of per diem for 12-month employees shall be based on a 260-day work year.

9. No provision for a bonus shall be made except where payment is contingent upon achievement of measurable specific performance objectives expressly contained in a contract approved pursuant to this section, where compensation is deemed reasonable relative to the established performance objectives and achievement of the performance objectives has been documented to the satisfaction of the district board of education.

10. No provision for payment at the time of separation or retirement shall be made for work not performed except as otherwise authorized above.

11. No contract shall include a provision for a monthly allowance except for a reasonable car allowance. A reasonable car allowance cannot exceed the monthly cost of the average monthly miles traveled for business purposes multiplied by the allowable mileage reimbursement pursuant to applicable law and regulation and New Jersey Office of Management and Budget (NJOMB) circulars. If such allowance is included, the employee cannot be reimbursed for business travel mileage nor assigned permanently a car for official district business. Any provision of a car for official district business must conform with N.J.A.C. 6A:23A-6.12 and be supported by detailed justification. No contract can include a provision of a dedicated driver or chauffeur.

12. All superintendent contracts shall include the required provision pursuant to N.J.S.A. 18A:17-51 which states that in the event the superintendent's certificate is revoked, the contract is null and void.

(f) Any actions by the Executive County Superintendent undertaken pursuant to this subchapter may be appealed to the Commissioner pursuant to the procedures set forth at N.J.A.C. 6A:3.

SUBCHAPTER 4. DISTRICT FISCAL
ACCOUNTABILITY (RESERVED)

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**

(a) If the Department of Education identifies ineffective or inefficient expenditure(s) by a school district or county vocational school district, including, but not limited to, the practices prohibited in N.J.A.C. 6A:23A-5.2 through 5.9, the Commissioner shall, except as otherwise provided in (h) below, provide the school district or county vocational school district the opportunity to be heard as to why the amount of the ineffective or inefficient expenditure(s) shall not be withheld from State aid or refunded to the Department.

(b) The proceeding shall be instituted by an Order to Show Cause filed by the petitioner. The filing shall include a statement of factual findings along with a letter memorandum setting forth the basis for the position that the expenditure(s) were ineffective or inefficient.

(c) The respondent(s) to whom the order is directed shall file, within 15 days, a response to the letter memorandum and an answer that meets the filing, service and format requirements for answers as set forth in N.J.A.C. 6A:3, Controversies and Disputes.

(d) The petitioner may file a reply to the response within 10 days.

(e) Upon review of the filings, the Commissioner may decide to hear the matter directly pursuant to N.J.S.A. 52:14F-8 or refer the matter to the Office of Administrative Law. If the Commissioner decides to transmit the matter to the Office of Administrative Law, such transmission shall be done on an expedited basis.

(f) If the Commissioner is hearing the matter directly, upon receipt of the filings set forth above, or upon expiration of the time for their submission, the Commissioner shall review the total record before him or her and render a written decision.

(g) The Commissioner's decision shall include a determination of whether the expenditure was ineffective or inefficient and, if so, the amount of funds to be withheld from State aid or refunded by the district.

(h) Nothing shall preclude the Commissioner from immediately and summarily withholding State aid, consistent with N.J.S.A. 18A:55-2, if, at any time, it is determined that the fiscal practices, actions or expenditures of a school official,

board member, board or any other party under the Commissioner's jurisdiction are in violation of any statute, regulation, rule or directive of the State Board of Education or Commissioner of Education.

**6A:23A-5.2 Public relations and professional services;
board policies; efficiency**

(a) Each school district and county vocational school district board shall establish by policy or policies a strategy or strategies in order to minimize the cost of public relations as defined in N.J.A.C. 6A:23A-9.3(c)14, and professional services. The policy or policies shall include, to the extent practical and cost effective, but need not be limited to, the following provisions:

1. A maximum dollar limit, established annually prior to budget preparation, for public relations, as defined in N.J.A.C. 6A:23A-9.3(c)14, and each type of professional service, with appropriate notification to the board of education if it becomes necessary to exceed the maximum. Upon such notification, the board of education may adopt a dollar increase in the maximum amount through formal board action;

2. Establishment of procedures to ensure the prudent use of legal services by employees and board of education members and the tracking of the use of those services that should include:

i. A limitation on the number of contact persons with the authority to request services or advice from contracted legal counsel;

ii. Criteria or guidance to prevent the use of legal counsel unnecessarily for management decisions or readily available information contained in district materials such as policies, administrative regulations or guidance available through professional source materials;

iii. A provision that requests for legal advice shall be made in writing and shall be maintained on file in the district offices and a process to determine whether the request warrants legal advice or if legal advice is necessary; and

iv. A provision to maintain a log of all legal counsel contact including name of legal counsel contacted, date of contact, issue discussed and length of contact. Legal bills shall be compared to the contact log and any variances shall be investigated and resolved;

3. A provision that requires that contracts for legal services comply with payment requirements and restrictions pursuant to N.J.S.A. 18A:19-1 et seq. and as follows:

i. Advance payments shall be prohibited;

ii. Services to be provided shall be described in detail in the contract;

iii. Invoices for payment shall itemize the services provided for the billing period; and

iv. Payment shall only be for services actually provided;

4. Professional services contracts are issued in a deliberative and efficient manner such as through a request for proposals based on cost and other specified factors or other comparable process that ensures the district receives the highest quality services at a fair and competitive price or through a shared service arrangement; and

5. Professional services contracts are limited to non-recurring or specialized work for which the district does not possess adequate in-house resources or in-house expertise to conduct.

(b) School districts and county vocational school districts are prohibited from contracting with legal counsel or using in-house legal counsel to pursue any affirmative claim or cause of action on behalf of district administrators and/or any individual board members for any claim or cause of action in which the damages to be awarded would benefit an individual rather than the district as a whole.

(c) School district and county vocational school district publications shall be produced and distributed in the most cost-efficient manner possible that will enable the district to inform and educate the target community. The use of expensive materials or production techniques where lower cost methods are available, such as the use of multi-color glossy publications instead of suitable, less expensive alternatives, is prohibited.

(d) School districts and county vocational school districts are prohibited from distributing, via mass mailings or other means to the district community at large, publications that include the picture(s) of any members of the district board of education within 90 days before any election in which any board member is seeking any elective office or any election relating to district operations held in the district. Moreover, any publication(s) distributed by the district board of education via mass mailings or other means to the district community at large within 60 days before any election in which any board member is seeking any elective office or any election relating to district operations held in the district must be submitted to the Executive County Superintendent for review prior to distribution to ensure that the public funds are being expended in a reasonable and cost-effective manner.

(e) Public relations activities, such as booths at Statewide conferences, marketing activities and celebrations for opening schools and community events, and TV productions that are not part of the instructional program or do not provide, in a cost-effective way, information about district or board operations to the public, that are excessive in nature are prohibited. All activities involving promotional efforts to advance a particular position on school elections or any referenda are prohibited.

(f) Nothing in this section shall preclude boards of education from accepting donations or volunteer services from community members, local private education foundations and local business owners to conduct or assist in public relations services. Examples include, but are not limited to:

1. Providing district flyers, newsletters or other materials containing district related information of public concern to local businesses, public meeting places or other local organizations to display or make available for dissemination;

2. Making district related information of public concern available to local newspapers to publish related articles; and

3. Utilizing volunteered services of local community members, district employees, members of parent organizations or local businesses with expertise in related areas such as printing, advertising, publishing or journalism.

6A:23A-5.3 Failure to maximize Special Education Medicaid Initiative (SEMI)

(a) Every school district and county vocational school district, with the exception of any district that obtains a waiver of the requirements of N.J.A.C. 6A:23A-5.3 pursuant to the procedures set forth at (b) 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 as set forth in (d) below and to comply with all program requirements as set forth in (e) below.

(b) School districts and county vocational school districts may seek, in the prebudget year, a waiver of the requirements of N.J.A.C. 6A:23A-5.3 upon demonstration that for the subsequent school year: the district projects, based on reliable evidence, that it will have 30 or fewer Medicaid eligible classified students; or the district demonstrates that efforts to participate in SEMI would not provide a cost benefit to the district, based on the projection of the district's available SEMI reimbursement for the budget year as set forth in (c) below.

1. For the 2008-09 school year, the waiver request must be submitted to the Executive County Superintendent by September 1, 2008. The Executive County Superintendent shall promptly review the request and render a decision no later than September 30, 2008.

2. Beginning with the 2009-2010 school year, the application for a waiver of the requirements of this section shall be made to the Executive County Superintendent no less than 45 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 20 days of receipt of the waiver request. If the waiver is not granted, the district shall submit a

SEMI action plan to the Executive County Superintendent as required by (f) below as part of its annual district budget submission or demonstrate to the Executive County Superintendent that the district has achieved maximum participation in the SEMI program in the prebudget year.

(c) As part of the annual budget information, the Department shall provide each school district and county vocational school district with a projection of available SEMI reimbursement for the budget year, as determined by the State Department of Treasury's third party administrator for SEMI. The projection shall be based on the following: the number of Medicaid eligible students; assumption of 20 services per eligible students per year; one IEP meeting per eligible student per year; and applicable SEMI reimbursement rates.

1. Beginning with the 2009-2010 school year, the district shall recognize as revenue in its annual district budget no less than 90 percent of said projection.

2. A school district or county vocational school district may seek approval from the Executive County Superintendent to use its own projection of SEMI reimbursement upon demonstration that the numbers it used in calculating the projection are more accurate than the projection provided.

(d) Each school district or county vocational school district shall strive to achieve maximum participation in the SEMI program. For purposes of this section, "maximum participation" means obtaining a 90 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 to identify the district's universe of eligible students. This can be done without parental consent.

(e) Districts participating in the SEMI reimbursement program shall comply with program requirements as follows:

1. Each school district or county vocational school district board shall implement a policy concerning the effective and efficient administration of the SEMI reimbursement program consistent with the requirements of this section. A complete listing of requirements and information are available at the SEMI/MAC website <http://www.state.nj.us/treasury/administration/SemiMac.htm>.

2. 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:

- i. Nurses – copy of license (Department of Education (DOE) certification is not required for SEMI);
- ii. Occupational Therapist – copy of license and DOE certification;
- iii. Physical Therapist – copy of license and DOE certification;

- iv. Psychologist – copy of DOE certification;
- v. Social Worker – copy of DOE certification; and
- vi. Speech Therapist – copy of license, DOE certification, and American Speech-Language-Hearing Association (ASHA) certification or masters degree in speech pathology on or after January 1, 1993.

3. Practitioners who are not Medicaid qualified can deliver services under the direction of Medicaid qualified practitioners. These include certified occupational therapist assistants (COTAs), physical therapist assistants (PTAs) and speech correctionists.

4. Any direct therapy or other related service shall be prescribed in the related services section of the student's Individualized Education Plan (IEP) prior to submitting a claim to Medicaid for reimbursement. Delivery of nursing services and dispensing of medication must be referenced in the IEP and supported by physicians' orders or prescriptions. These documents must 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.

5. 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 vendor or the sending district, as mutually agreed upon with the district, and obtaining SEMI provider qualification certifications. Every out-of-district placement must provide copies of SEMI provider qualifications, certifications and licenses. This paragraph applies to the following out-of-district placement options:

- i. Approved private schools for students with disabilities;
- ii. Educational services commissions;
- iii. Jointure commissions;
- iv. Vocational half-time programs;
- v. Department of Education regional day schools; and
- vi. Special Service School Districts.

6. 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 certifications, physician authorizations for nursing services, parental consent forms, attendance records, and copies of the student IEP.

(f) Each district that has less than 90 percent participation of SEMI eligible students in the 2007-2008 school year or has

failed to comply with all program requirements set forth in (e) above, shall demonstrate a good faith effort to achieve maximum participation and to maximize available SEMI revenue during the 2008-2009 school year by submitting a SEMI action plan to the Executive County Superintendent for review and approval by September 1, 2008. In subsequent years, each district that has less than 90 percent participation of SEMI eligible students in the prebudget year or that has failed to comply with all program requirements set forth in (e) above shall submit a SEMI action plan to the Executive County Superintendent for review and approval as part of the district's proposed budget submission.

(g) The SEMI action plan shall include the following components:

1. Procedures for obtaining parental consent forms including the Parental Consent Best Practices which are available from the Department;

2. Establishment of a benchmark for the 2008-2009 school year or for the first year that the district does not have an approved waiver pursuant to the provisions of (b) above, whichever is applicable, for obtaining maximum participation of all SEMI eligible students by the start of the subsequent school year.

i. The benchmarks for the 2008-2009 school year or for the first year that the district does not have an approved waiver pursuant to (b) above, whichever is applicable, for achieving maximum participation shall at a minimum close the gap between current participation and maximum participation by 50 percent by the beginning of the subsequent school year; and

ii. 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 for each eligible student. This should include documentation of parental refusal to give consent;

3. Procedures to ensure that all IEP meetings are documented in the third-party administrator's system. IEPs are only claimable if a Medicaid qualified practitioner is present;

4. Procedures to ensure that 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;

5. Procedures to ensure that 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

6. Procedures to ensure that service providers used by the district and entities where the district has placed SEMI eligible students have valid licenses and certifications doc-

umenting SEMI provider qualifications on file in the third-party administrator's system.

(h) Districts that did not achieve 90 percent participation or achieve their approved benchmarks in the SEMI program for a given budget year and cannot demonstrate that they fully implemented their Department approved SEMI action plan required under (f) and (g) above shall be subject to review for the withholding of State aid by the Commissioner 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.

6A:23A-5.4 Violation of public bidding laws

(a) Pursuant to the authority granted the Commissioner under N.J.S.A. 18A:55-2 and 18A:7F-60, the Commissioner shall subject to review for the withholding of State funds any school district or county vocational school district which fails to obey the provisions of the Public School Contracts Law, N.J.S.A. 18A:18A-1 et seq.

(b) The amount of funds withheld shall equal the amount of the contract awarded in violation of the provisions of N.J.S.A. 18A:18A-1 et seq., except for violations related to the award of contracts under the extraordinary unspecifiable services (EUS) provision which shall be governed by the provisions of N.J.S.A. 18A:18A-46.1.

6A:23A-5.5 Expenditure and internal control auditing

(a) Pursuant to a phase-in schedule to be determined by the Commissioner, a school district or county vocational school district board that receives 50 percent or more of its general fund budget in State aid during the 2008-2009 school year shall engage an independent certified public accountant or independent certified public accounting firm, other than the accountant or firm that performs the annual audit pursuant to N.J.S.A. 18A:23-1 et seq., to conduct a valid sampling of expenditures made during the most recently completed school year that the district received 50 percent or more of its general fund budget in State aid. The purpose of the audit is to determine the educational value and/or reasonableness of said expenditures and to conduct a sampling of internal controls sufficient to determine the adequacy of the district's internal control structure. In establishing the phase-in schedule for the audits, the Commissioner shall take into account the time period that has elapsed since any other expenditure and/or comprehensive internal control audit beyond the CAFR, has been conducted in the district, the district's performance on the fiscal management section of the most recent NJQSAC evaluation, and any other factors determined to be relevant by the Commissioner.

(b) A school district or county vocational school district board not subject to (a) above but that receives 50 percent or more of its general fund budget in State aid in a school year

subsequent to 2008-2009 shall engage an independent certified public accountant or independent certified public accounting firm, other than the accountant or firm that performs the annual audit pursuant to N.J.S.A. 18A:23-1 et seq., to conduct a valid sampling of expenditures made during the school year in which it received 50 percent or more of its general fund budget in State aid to determine the educational value and/or reasonableness of said expenditures and to conduct a sampling of internal controls sufficient to determine the adequacy of the district's internal control structure.

(c) For districts receiving between 50 and 75 percent of its general fund budget in State aid in the seventh year following the audit required by (a) or (b) above, an audit shall be conducted once every seven years.

(d) For districts that receive greater than 75 percent of its general fund budget in State aid in the fourth year following the audit required by (a) or (b) above, an audit shall be conducted once every four years.

(e) The cost of the required audit under this section shall be considered to be outside the calculation of the per pupil administrative cost limit pursuant to N.J.S.A. 18A:7F-5.

6A:23A-5.6 District response to Office of Fiscal Accountability and Compliance (OFAC) investigation report

(a) Any school district or county vocational school district that has been subject to an audit or investigation by the Department's Office of Fiscal Accountability and Compliance (OFAC) shall discuss the findings of the audit or investigation at a public meeting of the district board of education no later than 30 days after receipt of the findings.

(b) Within 30 days of the public meeting required in (a) above, the district board of education shall adopt a resolution certifying that the findings were discussed in a public board meeting and approving a corrective action plan to address the issues raised in the findings. This resolution shall be submitted to OFAC within 10 days of adoption by the board of education.

(c) The findings of the OFAC audit or investigation and the board of education's corrective action plan shall be posted on the district's web site, if one exists.

6A:23A-5.7 Verification of payroll check distribution

(a) Beginning with the 2008-2009 school year, at least once every three years, between the months of October through May, school districts and county vocational school districts shall require each district employee to report to the central office and produce picture identification and sign for release of his or her paycheck or direct deposit voucher.

(b) Picture identification shall be in the form of a district issued identification card, valid drivers' license, official pass-

port or other picture identification issued by a state, county or other local government agency.

(c) The Chief School Administrator shall designate an appropriately qualified staff member to match the picture identification to the position control roster maintained by the office of personnel or human resources prior to release of the pay check or direct deposit voucher.

(d) Where no appropriate identification can be produced, the school business administrator shall withhold paychecks or stop direct deposits until such time that the payee/district employee can produce appropriate identification or until an investigation and corrective action is concluded, as appropriate to the circumstances.

(e) Upon completion of the payroll check distribution verification procedures set forth in this section, the chief school administrator shall submit a certification of compliance, in a form prescribed by the Department, to the Executive County Superintendent. Verification of the district's compliance with the provisions of this section will be required as part of the annual audit.

6A:23A-5.8 Board of Education expenditures for non-employee activities, meals and refreshments

(a) The words and terms used in this section shall have the following meanings, unless the context clearly indicates otherwise:

1. "Activities" means events or functions provided or held for the benefit of students, dignitaries, and other "non-district" employees (for example, parents) which are paid from public funds.

2. "Dignitary" means a notable or prominent public figure; a high level official; or one who holds a position of honor. A dignitary, for purposes of this section, is not a school district employee or board of education member.

(b) Allowable expenditures for non-employee school district or county vocational school district board of education activities shall include:

1. All reasonable costs, including light meals and refreshments, directly related to activities that benefit students and are part of the instructional program including expenditures for field trips and extracurricular programs that are not solely for entertainment. Nothing in this subsection shall preclude boards of education from using student activity funds or accepting donations to support student activities that are solely for student entertainment;

2. All reasonable costs directly related to activities of dignitaries and other "non-district" employees (for example, parents), including light meals and refreshments and any other directly related expense. It is expected that expenditures for this purpose will be minimal and infrequent;

3. All reasonable costs of commencement and convocation activities for students; and

4. Expenditures related to district employees to the extent such employees are essential to the conduct of the activity.

(c) A school district and county vocational school district board shall, at a minimum, take actions regarding student activities as follows:

1. Pre-approve field trip destinations;
2. Establish dollar thresholds for awards to recognize special accomplishments; and
3. Establish a not-to-exceed budget for each category of activity in a non-discriminatory manner.

(d) Pursuant to N.J.S.A. 18A:11-12 and State of New Jersey Department of Treasury, Office of Management and Budget Circular 08-19-OMB and 06-14-OMB, the following costs shall not be permitted using public funding:

1. Receptions, dinners or other social functions held for or honoring any employee or group of employees of the district (retirement, awards, appointments, recognition, etc.);
2. Meals or refreshments served to guests at any athletic event or other games or contests; and
3. Expenses for alcoholic beverages.

(e) Documentation required to support activities, meals and refreshments at district events shall be:

1. A description of the activity;
2. The purpose/justification of the activity, expressed in terms of the goal(s) or objective(s) of the district;
3. The make-up of the group participating in the activity; and
4. The names and titles of board members or employees included in the group.

6A:23A-5.9 Out-of-State and high cost travel events

(a) Reimbursement for all in-State and out-of-State travel shall be made pursuant to N.J.S.A. 18A:11-12.

(b) Out-of-State travel events shall be limited to the fewest number of board members or affected employees needed to acquire and present the content offered to all board members or staff, as applicable, at the conclusion of the event. Lodging may only be provided if the event occurs on two or more consecutive days and where home to event commute exceeds 50 miles.

(c) Where a travel event has a total cost that exceeds \$5,000, regardless of the number of attendees, or where more than three individuals from the district are to attend, the

school district or county vocational school district shall obtain the prior written approval of the Executive County Superintendent. The requirement for prior Executive County Superintendent approval where more than three individuals from the district are to attend an event, may be waived for in-State conferences if part of an approved waiver application to the Commissioner for lodging and meals reimbursement pursuant to the OMB travel circular.

SUBCHAPTER 6. CONDITIONS FOR THE RECEIPT OF STATE AID

6A:23A-6.1 Conditions precedent to disbursement of State aid

The Commissioner shall not disburse any State aid to a school district or county vocational school district that fails to comply with the standards set forth at N.J.S.A. 18A:55-3 and the requirements concerning nepotism, contributions to board members and contract awards, and internal controls set forth in this subchapter.

6A:23A-6.2 Nepotism policy

(a) As a condition of receiving State aid, the school district or county vocational school district board shall implement the nepotism policy established by this subsection by October 1, 2008, except that districts previously subject to N.J.A.C. 6A:10 and 6A:10A shall implement such policy on July 1, 2008. The nepotism policy shall include the following:

1. A definition of "relative" that is consistent with N.J.S.A. 52:13D-21.2 and N.J.A.C. 6A:23A-1.2;

2. A provision prohibiting any relative of a school board member or chief school administrator from being employed in an office or position in that district except that a person employed by the district on the effective date of the policy or the date a relative becomes a school board member or administrator shall not be prohibited from continuing to be employed in the person's current position or, in the case of a reduction in force, in any position to which that person has a legal entitlement. The policy may also provide that the district may seek approval from the Executive County Superintendent to promote such an existing employee where such promotion is justified by the needs of the district to ensure implementation of the Core Curriculum Content Standards and upon a demonstration that the existing employee is the most qualified candidate for the position after full advertising and interviewing has occurred;

3. A provision prohibiting the chief school administrator from recommending to the school board pursuant to N.J.S.A. 18A:27-4.1 any relative of a school board member or chief school administrator unless the person is subject to the exception in (a)2 above;

4. A provision prohibiting a district administrator from supervising, or exercising authority with regard to personnel actions over a relative of the administrator;

5. A provision prohibiting a district administrator who has an immediate family member who is a member of the bargaining unit from discussing or voting on the proposed collective bargaining agreement with that unit or from participating in any way in negotiations, including, but not limited to, being a member of the negotiating team; nor should that district administrator be present with the school board in closed session when negotiation strategies are being discussed; and

6. A provision prohibiting a district administrator who has an immediate family member who is a member of the same Statewide union in another district from participating in any way in negotiations, including, but not limited to, being a member of the negotiating team or being present with the school board in closed sessions when negotiation strategies are being discussed, prior to the school board attaining a tentative memorandum of agreement with the bargaining unit; once the tentative memorandum of agreement is established, a district administrator with an immediate family member who is a member of the same Statewide union in another district may fully participate in the process, absent other conflicts.

6A:23A-6.3 Contributions to board members and contract awards

(a) As a condition of receiving State aid, school districts and county vocational school district shall have policies that comply with the provisions of this section to ensure that the district shall maintain honest and ethical relations with vendors and shall guard against favoritism, improvidence, extravagance and corruption in its contracting processes and practices. Such policies shall be adopted by the school district and implemented by October 1, 2008, except that districts previously subject to N.J.A.C. 6A:10 and 6A:10A shall adopt and implement such policies on July 1, 2008. The terms "business entity" and "interest" as used below are defined as set forth in P.L. 2004, c. 19.

1. No school board will vote upon or award any contract in the amount of \$17,500 or greater to any business entity which has made a contribution reportable by the recipient under P.L. 1973, c. 83 (N.J.S.A. 19:44A-1 et seq.) to a member of the district board of education during the preceding one-year period.

2. Contributions reportable by the recipient under P.L. 1973, c. 83 (N.J.S.A. 19:44A-1 et seq.) to any member of the school board from any business entity doing business with the district are prohibited during the term of a contract.

3. When a business entity referred to in (a)2 above is a natural person, a contribution by that person's spouse or child that resides therewith shall be deemed to be a con-

tribution by the business entity. Where a business entity is other than a natural person, a contribution by any person or other business entity having an interest therein shall be deemed to be a contribution by the business entity.

4. The disclosure requirement set forth in section 2 of P.L. 2005, c. 271 (N.J.S.A. 19:44A-20.26) also shall apply when the contract is required by law to be publicly advertised for bids.

5. This subsection shall not apply to a contract when a district emergency requires the immediate delivery of goods or services.

6. With the exception of districts previously subject to the requirements of N.J.A.C. 6A:10-2.1(e), this subsection shall not apply to contributions made prior to the effective date of these rules.

6A:23A-6.4 Internal controls

(a) As a condition of receiving State aid, each school district and county vocational school district shall establish specific policies and procedures on internal controls designed to provide management with reasonable assurance that the district's goals and objectives will be met and that meet the requirements of N.J.A.C. 6A:23A-6.5 through 6.13. Internal controls shall promote operational efficiency and effectiveness, provide reliable financial information, safeguard assets and records, encourage adherence to prescribed policies and comply with law and regulation.

(b) The specific internal controls contained in this subchapter shall be established together with other internal controls contained in N.J.A.C. 6A and other law and regulations, required by professional standards and as deemed necessary and appropriate by district management. Any district may submit a written request to the Commissioner to approve an alternative system, approach or process for implementing the internal controls required in this subchapter. The application must include documented evidence that includes but is not limited to, an independent, third-party written assessment that the alternative system, approach or process will achieve the same safeguards, efficiency and other purposes as the specified internal control requirement(s).

6A:23A-6.5 Segregation of duties; organization structure

(a) All school districts and county vocational school districts shall evaluate business processes annually and allocate available resources appropriately in an effort to establish a strong control environment.

(b) The SBA shall identify processes that when performed by the same individuals are a violation of sound segregation of duties. The SBA 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 by (b)1 and 2 below.

1. The functions of human resources and payroll shall be segregated and completed by different employees in all districts.

2. The functions of purchasing and accounts payable shall be segregated and completed by different employees in all districts.

(c) Districts shall include in the Comprehensive Annual Financial Report (CAFR) detailed organizational charts for the central office that tie to the districts' position control logs, including, but not limited to, the business, human resources and information management functions.

6A:23A-6.6 Standard operating procedures for business functions

(a) By July 1, 2009, each school district and county vocational school district shall establish SOPs for each task or function of the business operations of the district.

(b) An SOP manual shall include sections on each routine task or function of the following areas:

1. Accounting including general ledger, accounts payable, accounts receivable, payroll and fixed assets and year-end procedures for each;
2. Cash management;
3. Budget development and administration including tasks such as authorization of transfers and overtime;
4. Position control;
5. Purchasing including such tasks as preparation of requisitions, approval of purchase orders and encumbering of funds, bid and quote requirements; and verification of receipt of goods and services;
6. Facilities including administration of work and health and safety;
7. Security;
8. Emergency preparedness;
9. Risk management;
10. Transportation;
11. Food service;
12. Technology systems; and
13. Information management.

(c) An SOP shall be established that ensures office supplies are ordered in appropriate quantities, maintained in appropriate storage facilities and monitored to keep track of inventory.

6A:23A-6.7 Financial and human resource management systems; access controls

(a) School districts and county vocational school districts with budgets in excess of \$25,000,000 or with more than 300 employees shall maintain an enterprise resource planning (ERP) system which integrates all data and processes of an organization 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.

(b) Districts affected by (a) above that do not currently maintain an ERP system shall fully implement one by the 2010-2011 school year and maintain both the existing system(s) and run a beta test ERP system during the 2009-2010 school year.

(c) Whenever considering financial systems or the automation of other services or functions, the district shall notify the Executive County Superintendent in writing to see if opportunities for a shared service system exist.

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

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

2. All requests for financial applications shall be approved and specified by the SBA.

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

4. 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.

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

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

6A:23A-6.8 Personnel tracking and accounting

(a) A school district and county vocational 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. Districts that do not currently maintain a position control roster as defined, or were not previously required to maintain a position control roster, shall fully implement one by July 1, 2009. The position control roster shall:

1. Share a common database and be integrated with the district's payroll system;
2. Agree to the account codes in the budget software; and
3. Ensure that the data within the position control roster system includes, at a minimum, the following information:
 - i. The employee name;
 - ii. The date of hire;
 - iii. A permanent position tracking number for each employee including:
 - (1) The expenditure account codes for the general fund consistent with the State prescribed budget, special revenue fund and enterprise funds;
 - (2) The building(s) the position is assigned;
 - (3) The certification title and endorsement held, as applicable;
 - (4) The assignment position title as follows:
 - (A) Superintendent or Chief School Administrator;
 - (B) Assistant Superintendent;
 - (C) School Business Administrator;
 - (D) Board Secretary (when other than (a)3iii(4)(A), (B) or (C) above);
 - (E) Principal;
 - (F) Vice Principal;
 - (G) Director;
 - (H) Supervisor;
 - (I) Facilitator;
 - (J) Instructional Coach by Subject Area;
 - (K) Department Chairperson by Subject Area;
 - (L) Certificated Administrator – Other;
 - (M) Guidance;
 - (N) Media Specialist/Librarian;
 - (O) School Nurse;
 - (P) Social Worker;
 - (Q) Psychologist;
 - (R) Therapist – OT;
 - (S) Therapist – PT;
 - (T) Therapist – Speech;
 - (U) Certificated Support Staff – Other;

- (V) Teacher by Subject Area;
- (W) Instructional Assistants;
- (X) Certificated Instructional – Other;
- (Y) Aides supported by IEP;
- (Z) Other Aides;
- (AA) Maintenance Worker;
- (BB) Custodian;
- (CC) Bus Driver;
- (DD) Vehicle Mechanic;
- (EE) Food Service; and
- (FF) Other Non-certificated;
- iv. A control number for substitute teachers;
- v. A control number for overtime;
- vi. A control number for extra pay;
- vii. The status of the position (filled, vacant, abolished, etc.);
- viii. 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.;
- ix. Each of the following: base salary, step, longevity, guide, stipends by type, overtime and other extra compensation;
- x. The benefits paid by the district, net of employee reimbursements or co-pays, by type of benefit and for FICA and Medicare;
- xi. The position's full-time equivalent value by location;
- xii. The date the position was filled; and
- xiii. The date the position was originally created by the board. 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.

6A:23A-6.9 Facilities maintenance and repair scheduling and accounting

(a) Any school district or county vocational school district with three or more district buildings shall have an automated work order system by July 1, 2009 for prioritizing, performing and recording all maintenance and repair requests for all district buildings and grounds.

1. The Superintendent or designee shall establish standard operating procedures (SOPs) for the approval and prioritization of work order requests which take into account

the health and safety of building occupants, priorities and objectives established annually to carryout the district Strategic Plan, the need for the work requested, and other factors the district deems appropriate.

2. The work order system shall include the following information for a request for work before work begins, except in an emergency where the work is necessary to correct a situation that poses an imminent threat to the health or safety of students and/or staff:

- i. The name of the person making the request;
- ii. The date of the request;
- iii. The appropriate approval(s) as established by SOP;
- iv. The date of approval(s);
- v. The location of work requested;
- vi. The priority level (for example, urgent, high, average, low);
- vii. The scheduled date(s) of service;
- viii. The trade(s) needed such as general maintenance worker; custodian; carpenter; plumber; electrician; heating, ventilation and air conditioning (HVAC); grounds; roofer; masonry; glazer; other;
- ix. A description of the work requested;
- x. A projection of the materials and supplies needed for the work;
- xi. The estimated man hours needed to complete task;
- xii. The name of the work order assigner; and
- xiii. The name of the employee(s) working on the order.

3. The work order system shall include the following close-out information for each request for work:

- i. The actual hours worked by date for each assigned staff member;
- ii. The actual hourly rate paid, both regular and over-time, for each assigned staff member;
- iii. The aggregate cost of labor by regular, over-time and total;
- iv. The actual materials and supplies needed to complete the work order;
- v. Actual cost of materials and supplies; and
- vi. The name of the employee responsible for attesting that the job was completed satisfactorily.

4. Except where prohibited by collective bargaining agreement, the SOP shall require for any work, which

cannot be completed during regular working hours by the needed completion date, an assessment of the cost-benefit of outsourcing any such work in excess of the quote threshold as determined under N.J.S.A. 18A:18A-37.

5. Where, according to the assessment, the cost of outsourcing work is less than the in-house estimated cost of labor, at over-time rates, and materials for the same work, the work shall be outsourced provided the work can be contracted in accordance with N.J.S.A. 18A:18A-1 et seq., completed by the projected completion date contained in the prioritized work order system and does not violate the terms of the collective bargaining agreement for maintenance workers and/or custodians.

6. The SBA in consultation with the supervisor responsible for this work shall conduct an analysis of the information in the work order system no later than February 1 of the prebudget year for consideration during budget preparation. The analysis should include productivity of staff as a whole and individually, significant variations between estimated labor time and materials and actual labor time and materials, unusual trends for like projects and other factors that will improve productivity and efficiency.

6A:23A-6.10 Approval of amounts paid in excess of approved purchase orders; board policy

(a) A school district and county vocational school district board shall adopt a policy establishing the approval process for any remittance of payment for invoice amounts greater than the approved purchase order. The policy shall include the following:

1. Any dollar or percentage thresholds for adjustments the board, at its discretion, will permit the SBA to approve without issuing a new purchase order.
 - i. In no instance shall an adjustment be made to a purchase order that changes the purpose or vendor of the original purchase order or a bid award price.
 - ii. In no instance shall an adjustment to a purchase order exceed 10 percent of the original purchase order dollar amount.

2. If the board does not authorize adjustments in its board policy to purchase orders or the adjustment exceeds the threshold established in (a)1 above, the board policy shall require that a new purchase order must be issued and the original purchase order voided.

(b) Financial systems shall be programmed to:

1. Limit system access so that only appropriate business office staff may make purchase order adjustments;
2. Reject adjustments in excess of any established approval thresholds;
3. Prevent unauthorized changes to be processed;

4. Reject payments where the sum of the invoice amount plus any previous invoices charged to the purchase order exceeds the sum of the original purchase order amount plus any authorized adjustments;

5. Reject duplicate purchase order numbers;

6. Reject duplicate invoice numbers; and

7. Prepare an edit/change report listing all payments made in excess of the originally approved purchase order amount.

(c) The SBA shall review on a monthly basis edit/change reports listing all payments made in excess of the originally approved purchase order amount to ensure that all payments made are properly authorized.

6A:23A-6.11 Vehicle tracking, maintenance and accounting

(a) The school district and county vocational school district board shall adopt a policy for the management, control and regulatory supervision of school district vehicles including, but not limited to, the following:

1. A vehicle inventory control record including:

i. The vehicle make, model and year;

ii. The vehicle identification numbers (VIN);

iii. The original purchase price;

iv. The date purchased;

v. The license plate number;

vi. The person assigned or the pool if not individually assigned;

vii. The driver license number of the person assigned and the expiration date;

viii. The insurer and policy number of the person assigned; and

ix. The usage category such as regular business, maintenance, security or pupil transportation;

2. A driving record of the operators of district vehicles including:

i. The name of the driver;

ii. The driver license number and expiration date;

iii. The insurer and policy number of person assigned;

iv. Motor vehicle code violations;

v. Incidents of improper or non-business usage;

vi. Accidents; and

vii. Other relevant information; and

3. A record of maintenance, repair and body work for each district vehicle including:

i. The vehicle make, model and year;

ii. The vehicle identification numbers (VIN);

iii. The original purchase price;

iv. The date purchased;

v. The license plate number;

vi. The usage category such as regular business, maintenance, security or pupil transportation;

vii. The manufacturer's routine maintenance schedule;

viii. The category of work performed (routine maintenance, repair or body work);

ix. The purchase order number;

x. The date the work was performed;

xi. A detailed description of the work performed;

xii. The mileage on the date work was performed; and

xiii. The cost of the work performed.

6A:23A-6.12 District vehicle assignment and use policy

(a) Each school district and county vocational board shall adopt a policy or policies regarding district vehicle assignment that will ensure compliance with this section, in accordance with OMB Circular 08-16-ADM or any superseding circulars.

(b) The Board upon the recommendation of the Superintendent may authorize, at its discretion, by an affirmative vote of the board's full membership, the lease, lease-purchase or purchase and assignment of district vehicles for the conduct of official district business. The vehicles may be assigned either to individuals or to units within the organization for pool use according to the following classifications:

1. Vehicles may be assigned permanently and individually to the superintendent, SBA, head of facilities services, head of security services or other supervisory employees who based on their job duties may be called upon on a 24 hour, seven-day a week basis. No individual assignment shall be made for the primary purpose of commuting.

2. A unit may be permanently assigned one or more district pool vehicles only if employees of the unit will collectively use the vehicle or each vehicle for more than an average of 750 miles per month on official district business. Pool vehicles shall not be used for the purpose of commuting and shall remain at a district facility when not in official use.

(c) Board members or employees may be temporarily assigned a district vehicle for travel events.

(d) Each school district and county vocational school district board shall ensure that an employee, such as the SBA, insurance or risk management staff member, head of facilities or other appropriate employee is assigned the functions of district vehicle coordinator.

(e) Vehicle use logs shall be maintained for all individual and pool assignments in order to accurately record all usage of each vehicle, including the driver, mileage, and starting and destination points.

(f) All complaints of a potential misuse shall be investigated and appropriate disciplinary action taken.

(g) All changes to vehicle assignment, whether pool or individual, shall require prior written approval of the Superintendent and the authorization of an affirmative majority vote of the full board.

(h) No luxury vehicle, one which exceeds the greater of \$30,000 or any current dollar limit established in Internal Revenue Service (IRS) law or regulation, shall be purchased, lease-purchased or leased by the district. If a vehicle is assigned to the superintendent, it may be a full-size or intermediate, four-door sedan of the non-luxury class. All other vehicles shall be compact sedans, unless special passenger, cargo, equipment, or use requirements make the standard vehicle unsuitable for documented district needs.

(i) The district vehicle shall be used primarily for business purposes; however, incidental and reasonable personal use is permitted.

(j) All damage to district vehicles, regardless of cause, shall be reported within 24 hours to the vehicle coordinator and the employee assigned to file insurance claims.

(k) No physical alterations shall be made to a vehicle without prior board approval.

(l) Drivers of district vehicles shall possess a valid driver's license to operate a vehicle in New Jersey.

(m) When a vehicle is due for routine maintenance in accordance with the manufacturer's schedule, the driver of an individually assigned vehicle or, in the case of a pool vehicle, the vehicle coordinator shall be responsible for ensuring that the vehicle receives the scheduled service.

(n) A driver assigned a district vehicle shall be responsible for the security of the vehicle and its contents.

(o) Drivers shall be personally responsible for all fines accrued as a result of traffic violations related to operation of district vehicles.

(p) The driver, or the driver's supervisor, if the driver is incapacitated, of a district vehicle involved in an accident

resulting in damage to the district vehicle or other vehicle shall file, within 24 hours of the accident, a detailed written report with the vehicle coordinator and the district staff member responsible for making insurance claims.

(q) Police shall be immediately notified of an accident by the driver or vehicle coordinator, if the driver is incapacitated. A copy of the police report shall be submitted to the vehicle coordinator and the district staff member responsible for making insurance claims as soon as possible.

(r) If a district vehicle is misused in any of the following ways, the driver's driving privileges for district vehicles shall be suspended or revoked, and additional disciplinary action shall be taken as appropriate.

1. Frequent violation of traffic laws;
2. Flagrant violation of the traffic laws;
3. Operation of a vehicle which the police or insurance coordinator determined was the cause of an accident;
4. Use of a vehicle for unauthorized use whether personal use, business use, or commuting;
5. Violation of these rules or district policy governing the assignment, use, operation, repair, and/or maintenance of vehicles. This includes the failure to submit a vehicle for routine maintenance as called for in the manufacturer's routine maintenance schedule;
6. Operation of a vehicle while impaired to any degree, or under the influence of alcohol or narcotics as defined by State statutes;
7. Use of a district vehicle by an unauthorized individual while assigned to an employee;
8. Use of a district vehicle to transport any person or child, other than in the course of their assigned duties and responsibilities; or
9. Use of radar detectors in district vehicles.

(s) The board shall establish a policy for progressive, uniform, and mandatory disciplinary actions to be applied as necessary.

6A:23A-6.13 Board travel policy

As a condition of receiving State aid, each school district and county vocational school district shall establish specific policies and procedures on travel that comply with the requirements of N.J.S.A. 18A:11-12.

SUBCHAPTER 7. DISTRICT TRAVEL POLICIES AND PROCEDURES (RESERVED)

SUBCHAPTER 8. ANNUAL BUDGET DEVELOPMENT AND SUBMISSION (RESERVED)

SUBCHAPTER 9. EXECUTIVE COUNTY SUPERINTENDENT BUDGET REVIEW PROCEDURES

6A:23A-9.1 Executive County Superintendent budget review

(a) A district board of education shall submit the budget application and all required supporting documentation as prescribed in this section to the Executive County Superintendent for review and approval.

(b) The Executive County Superintendent as designated by the Commissioner shall review and approve each district board of education’s proposed budget prior to its advertisement, except when the Commissioner has granted authority to advertise prior to budget approval. The Executive County Superintendent shall only approve budgets when:

1. The base budget portion of the budget application and supporting documentation submitted by the district board of education includes measures to ensure that curriculum and instruction are designed and delivered in a way that all students will have the opportunity to achieve the knowledge and skills defined by the Core Curriculum Content Standards and that all proposed expenditures are suitable and appropriate for that purpose;
2. The base budget contains funds sufficient to meet all existing statutory and regulatory mandates; and
3. The base budget is within the applicable regional limit pursuant to N.J.S.A. 18A:7F-5.

(c) In reaching a determination, the Executive County Superintendent’s review shall include, but not be limited to, the following information and records:

1. The thoroughness and efficiency standards established pursuant to N.J.S.A. 18A:7F-46 and defined in N.J.A.C. 6A:23A-1.2;
2. Any progress report or other annual report required by the Commissioner regarding compliance with the quality performance indicators pursuant to N.J.S.A. 18A:7A-3 et seq., and N.J.A.C. 6A:30;
3. Pupil achievement or progress in meeting existing State assessment standards;
4. Annual independent audits and other external reviews by a State or Federal agency or reviews required by statute and regulation;
5. The comparative spending guide;
6. The school report card;

7. Contractual obligations;

8. The Comprehensive Maintenance Plan pursuant to N.J.A.C. 6A:26A; and

9. The section of Long-Range Facilities Plan (LRFP), submitted pursuant to N.J.S.A. 18A:7G-4, that includes the capital projects proposed in the budget.

(d) The Executive County Superintendent shall order any changes in proposed expenditures that are found unsuitable or inappropriate, including administrative spending, pursuant to N.J.S.A. 18A:7F-5.

(e) The Executive County Superintendent shall not approve any base budget unless it includes the required annual maintenance amount pursuant to N.J.A.C. 6A:26A.

(f) The Executive County Superintendent shall annually review expenditures of each district board of education pursuant to N.J.S.A. 18A:7F-5, and shall not predicate budget determinations on past practices. The Executive County Superintendent shall direct in the proposed budget as appropriate an increase, decrease or the elimination of expenditures contained in the prior year’s approved budget.

6A:23A-9.2 Executive County Superintendent budget review and approval; administrative and non-instructional expenses

(a) The Executive County Superintendent shall, prior to advertisement by the district board of education:

1. Review all budgets of the districts within the county, pursuant to N.J.S.A. 18A:7F-5, and may, pursuant to N.J.S.A. 18A:7-8, disapprove a portion of a district’s proposed budget if the district has not implemented all potential efficiencies in its administrative operations or if the budget includes excessive non-instructional expenses. In making this determination, the Executive County Superintendent will consider, but need not be limited to, a district’s failure to meet efficiency standards or failure to implement efficient business practices established for this purpose pursuant to N.J.A.C. 6A:23A-9.3. The district shall deduct the disapproved amounts from the budget prior to publication, and shall not transfer funds back into those accounts during the budget year.

i. Budget reallocations may be calculated using the presumptive efficient spending levels as defined in 6A:23A-1.2; and

2. Review and approve separate proposals to be submitted to the voters for additional funds pursuant to N.J.S.A. 18A:7F-5 or 18A:7F-39, as applicable, provided that:

i. The district provides written documentation that it has made efforts to enter into shared arrangements with other districts, municipalities, counties, and other units of local government for the provision of admin-

istrative, business, purchasing, public and nonpublic transportation, and other required district services;

ii. The district certifies and provides written documentation that the district participates in on-going shared arrangements; or

iii. The district certifies and provides written documentation that entering such shared arrangements would not result in cost savings or would result in additional expenses for the district.

6A:23A-9.3 Efficiency standards for review of administrative and non-instructional expenditures and efficient business practices

(a) For purposes of Executive County Superintendent budget reviews pursuant to N.J.A.C. 6A:23A-9.1 through 9.5 and tax levy cap waivers pursuant to N.J.S.A. 18A:7F-39, the standards and requirements set forth in this section shall apply.

(b) In making a determination as to whether a district has implemented all potential administrative efficiencies and/or eliminated all excessive non-instructional costs, the Executive County Superintendent shall consider the efficiency standards and Comparative Spending Guide indicators in (c) below, the impact on the stability of district operations given the need for long-term planning and budgeting to meet the efficiency standards and indicators, district specific cost factors beyond the control of the district and any phase-in period needed to implement any efficiencies the Executive County Superintendent deems feasible based on the standards and indicators in (c) below.

(c) Efficient administrative and non-instructional costs include, but are not limited to, the following:

1. Resources and costs that are equal to or less than the "efficiency standards" established pursuant to N.J.S.A. 18A:7F-46 and defined in N.J.A.C. 6A:23A-1.2;

2. Indicators from the Comparative Spending Guide for districts' operating type and enrollment range indexed to the budget year by the applicable growth in the Consumer Price Index (CPI) as follows:

i. Administrative cost per pupil equal to or less than the State median;

ii. Support Services cost per pupil equal to or less than the State median;

iii. Operation and Maintenance of Plant cost per pupil equal to or less than the State median;

iv. A ratio of Students to Administrative Personnel equal to or more than the State average;

v. A ratio of Faculty to Administrative Personal equal to or more than the State average; and

vi. A ratio of Students to Educational Support Personnel equal to or more than the State average;

3. Custodians and janitors on a ratio of one for every 17,500 square feet of building space calculated on a district-wide basis;

4. A transportation efficiency rating equal to or more than 120 percent;

5. Overtime pay for any given function of 10 percent or less of regular wages for that function;

6. District participation in the SHBP or SEHBP that permits employees with other health care coverage to waive health care coverage and may pay consideration therefore not to exceed 50 percent of the savings resulting from such waiver of health care coverage;

7. Districts with two or more buildings or buildings configured by two or more grade spans (for example, kindergarten through five, six through eight or nine through 12) that established a tiered system of pupil transportation or demonstrate that doing so would not result in savings or would be more costly. Any district that does not have a tiered system of pupil transportation and cannot demonstrate that such a system would not result in savings or would be more costly shall submit to the Executive County Superintendent on or before December 31, 2009 a plan to establish a tiered system of pupil transportation no later than the opening of schools for the 2011-2012 school year;

8. Vacant positions budgeted at no more than step one of the salary guide unless justification for the additional amount has been approved by the Department;

9. Aides that are not mandated by law or required by an IEP employed only when supported by independent research-based evidence that demonstrates the use of aides is an effective and efficient way of addressing the needs of the particular student population served;

10. The food service fund is self-sufficient and does not require a contribution from the general fund budget;

11. The district solicits competitive proposals with fee quotes or uses a comparable process to ensure the district receives the highest quality services at a fair and competitive price prior to the award of contracts for professional services;

12. Textbook purchases meet one of the following conditions:

i. The purchase is in accordance with a textbook replacement plan;

ii. Textbooks have been identified as stolen or destroyed;

iii. A change in curriculum or new edition requires a new textbook; or

iv. The current supply of a textbook edition or editions is not adequate due to enrollment increases;

13. Library books, magazine subscriptions, video tapes and DVDs are for educational purposes; and

14. Public relations services that are incorporated into the duties of the superintendent, business administrator and/or other staff position or positions and not provided by a dedicated public relations staff position or contracted service provider. Public relations functions as defined in (c)14i and ii below should not comprise more than 50 percent of the duties of any one staff position.

i. For the purpose of this paragraph, public relations services include activities directly relating to promotional efforts that advance a particular position and/or communicate information to the news media and district community at large through such means as press releases, press conferences, newsletters, flyers, mass community mailings and emails, television and radio broadcasting, and school-related community events.

ii. Public relations activities do not include activities such as crisis communications, website maintenance, data collection and dissemination, school operations and development of the district calendar or handbook.

(d) The district shall either document that it has taken steps to improve administrative efficiency and reduce non-instructional costs through shared service arrangements or demonstrate that doing so would not result in savings or would be more costly.

6A:23A-9.4 Commissioner's authority to direct expenditures to achieve T&E

(a) In those instances in which a district board of education submits a budget with a general fund tax levy and equalization aid set at less than its adequacy budget, the Commissioner may, when deemed necessary to ensure implementation of the thoroughness and efficiency standards, direct additional expenditures, in specific accounts and for specific purposes, up to the district's adequacy budget.

(b) In those instances in which a district board of education submits a budget with a general fund tax levy and equalization aid set at less than its adequacy budget and which fails to meet the Core Curriculum Content Standards in any school year, the Commissioner shall direct the district board of education to increase expenditures to meet at least the adequacy budget within the next two budget years in a manner that addresses the cause or causes of the failure.

(c) In all cases, including those instances in which a district submits a budget with a general fund tax levy and equalization aid above its adequacy budget, the Commissioner may direct such budgetary reallocations and programmatic adjustments, or take such other measures, as deemed necessary to ensure implementation of the required thoroughness and efficiency standards.

(d) The Commissioner may approve a budget with an increase in its adjusted tax levy by more than the allowable amount authorized pursuant to N.J.S.A. 18A:7F-38, up to the amount required to support the directed increases in expenditure accounts in (a) and (b) above.

6A:23A-9.5 Commissioner to ensure achievement of the Core Curriculum Content Standards; corrective actions

(a) A district board of education shall be subject to action by the Commissioner, as part of the budget approval process, upon the failure of one or more schools within the district to achieve the Core Curriculum Content Standards as evidenced by existing Statewide assessment methods or other statutory or regulatory methods of evaluation.

(b) In a situation where the Commissioner deems progressive actions would not be sufficient due to the magnitude of the failure and/or other factors, the Commissioner shall, pursuant to the summary authority granted the Commissioner by N.J.S.A. 18A:7F-6(b), take immediate corrective actions as deemed appropriate including, but not limited to:

1. Restructuring of curriculum or programs consistent with the thoroughness standards established pursuant to N.J.S.A. 18A:7F-46;

2. Retraining or reassignment of staff and the development and implementation of a formal plan for professional development at the amount provided for in the efficiency standards established pursuant to N.J.S.A. 18A:7F-46;

3. Conducting a comprehensive budget evaluation;

4. Redirecting expenditures consistent with the thoroughness and efficiency standards established pursuant to N.J.S.A. 18A:7F-46;

5. Enforcing spending at the full adequacy budget consistent with the thoroughness and efficiency standards established pursuant to N.J.S.A. 18A:7F-46;

6. Reviewing of the terms of future collective bargaining agreements prior to final approval by the district board of education and an assessment of the impact of such terms on the district's budget, education program and the local property tax levy; and

7. Requiring a district board of education to implement enhanced budget procedures, as deemed appropriate, as follows:

i. Consider revenue payable pursuant to N.J.S.A. 18A:7F-43 et al., School Funding Reform Act of 2008, and all other State, local and Federal revenue as revenue of the general fund unless expressly restricted by Federal law or written contract, for the purpose of implementing the directives of the Commissioner;

ii. Record appropriations and expenditures by school for classroom instruction, school level technology, student

support services, curriculum development, educational media and library, professional development, security and school level administration. A district board of education may require other types of expenditures, such as maintenance and custodial and transportation, to be recorded by school at its discretion;

iii. Obtain written Commissioner approval on forms prescribed by the Commissioner for school level appropriation transfers necessary during the year to effectuate the directives of the Commissioner; and

iv. Obtain written Commissioner approval prior to appropriating for new purposes school level appropriation balances occurring during the year from salary breakage, unanticipated circumstances, overestimated costs, or other events.

(1) Upon such approval, a district board of education may, in accordance with the provisions of N.J.S.A. 18A:22-8.1, transfer such appropriation balances between schools or for district-wide purposes, except where prohibited by any Federal law that may restrict such transfers.

(2) A district board of education shall cause any school level appropriation balances remaining at the end of the year to lapse and be commingled with the general fund balance of the district, except where prohibited by any Federal law that may restrict such commingling or otherwise required by law or regulation.

(c) The Commissioner will report any action taken under N.J.S.A. 18A:7F-6b to the State Board within 30 days.

(d) A district board of education may appeal any actions taken by the Commissioner under N.J.S.A. 18A:7F-6b to the Appellate Division of the Superior Court pursuant to P.L. 2008, c. 36.

(e) Nothing in this section shall be construed to limit such general or specific powers as are elsewhere conferred upon the Commissioner pursuant to law.

6A:23A-9.6 Appeal of Executive County Superintendent budget reductions

(a) Any formal budgetary action of the Executive County Superintendent may be appealed directly to the Commissioner, who shall render a decision within 15 days of the receipt of the appeal. If the Commissioner fails to issue a decision within 15 days of the filing of an appeal, the budgetary action of the Executive County Superintendent shall be deemed approved.

(b) The procedure for appealing a budget reduction(s) made by the Executive County Superintendent for administrative inefficiency or excess non-instructional costs shall be as follows:

1. A district board of education in which the general fund tax levy proposed in the base budget has been reduced or a separate proposal(s) has been reduced or rejected shall, within five business days of the written notice of said action, submit to the Commissioner the following information:

i. The complete line-item budget as originally submitted to the Executive County Superintendent and all supporting documentation and narrative explanations including any copies of additional spending proposals;

ii. A disk in Microsoft Excel with a list of the line-items reduced by the Executive County Superintendent showing in separate columns:

(1) Budget line number;

(2) Account description;

(3) Account number;

(4) Actual audited expenditure of prior year budget;

(5) Expenditure as of February 1 of the prebudget year (current year);

(6) Originally proposed expenditure for the budget year;

(7) Amount of Executive County Superintendent reduction; and

(8) Proposed expenditure after Executive County Superintendent reduction;

iii. A copy of the Executive County Superintendent's written explanation for each line-item reduction;

iv. The district's written itemized argument(s) for the restoration of all or part of each line-item reduction accompanied by any available supporting documentation;

v. The numbers of professional administrative and professional non-instructional staff by line-item account during the current school year and projected staff for the ensuing school year, together with reasons for any increase or decrease;

vi. The numbers of nonprofessional administrative and nonprofessional non-instructional staff by line-item account during the current school year and projected staff for the ensuing school year, together with reasons for any increase or decrease;

vii. Pupil enrollment by grade for the district as of the preceding June 30, the last school day prior to the preceding October 16 and as projected for October of the ensuing school year;

viii. Salaries or salary schedules for all administrative and non-instructional staff by job title; and

ix. The number of schools and classrooms in each school.

6A:23A-9.7 Procedures following voter defeat of proposed budget; municipal governing body or board of school estimate action

(a) Procedures following voter defeat of the proposed budget are as follows:

1. A district board of education in which the general fund tax levy proposed in the base budget has been rejected by the voters at the annual school election shall, within two days of the certification of election results, submit to the Executive County Superintendent and the governing body or bodies comprising the district, the following information:

i. A complete line-item budget listing each item by code and line description, including actual expenditures for the previous school year, actual budgeted amount for the current school year, proposed budgeted amount for the ensuing school year as proposed to the voters, the advertised budget for the ensuing school year, and all supporting documentation and narrative explanations including copies of approved spending proposals, indicating which were approved;

ii. A copy of the annual progress report, if any, submitted to the Commissioner pursuant to N.J.S.A. 18A:7A-11 and N.J.A.C. 6A:30;

iii. A copy of the district's most recent annual audit;

iv. An explanation of any action(s) to reallocate, direct additional expenditures, and so forth, taken by the Commissioner, or the Executive County Superintendent on behalf of the Commissioner, pursuant to N.J.S.A. 18A:7F-5 through 7, 18A:7F-39, or 18A:7-8 or a statement to the effect that no such actions were taken;

v. The numbers of professional and nonprofessional staff during the current school year and projected staff for the ensuing school year, together with reasons for any increase or decrease;

vi. Pupil enrollment by grade for the district as of the preceding June 30, the last school day prior to the preceding October 16 and as projected for October of the ensuing school year;

vii. Salary schedules for all employees;

viii. The number of schools and classrooms in each school;

ix. Tuition received or paid during the previous school year, anticipated for the current school year and projected for the ensuing school year;

x. Substantiation of need for any proposed capital projects and/or deposits into the capital reserve, includ-

ing documentation of the projects' inclusion in the long-range facilities plan (LRFP);

xi. Any information required for budget submission to the Executive County Superintendent and not specifically enumerated in (a)1i through x above;

xii. The applicable portions of the comparative spending guide;

xiii. The applicable portions of the school report card;

xiv. Pursuant to N.J.S.A. 18A:7F-5(d)9, beginning in 2012-2013, separate questions that were rejected by the voters; and

xv. Any other documentary materials or records the Commissioner deems appropriate for a specific district board of education.

2. The governing body or bodies shall transmit to the district board of education a letter of receipt acknowledging the receipt of the information in (a)1 above.

3. The governing body or bodies comprising the district, or a formally approved committee thereof, shall, as soon as immediately practicable, consult with the district board of education, or a formally approved committee thereof, for purposes of determining the amount of general fund tax levy sufficient to ensure provision of a T&E education or to maintain the stability of a district's programs.

4. If either the board of education or municipal governing body, or both, will have a majority present at the meeting, then the meeting must be publicly announced and advertised according to the Open Public Meetings Act by the body(ies) with the majority present.

5. On or before May 19, the governing body or bodies shall certify to the county board of taxation an amount to be appropriated for this purpose pursuant to N.J.S.A. 18A:22-37. Copies of such certification shall be forwarded to the district board of education and Executive County Superintendent. The governing body or bodies shall not certify an amount less than the minimum tax levy required to meet the required local share established pursuant to N.J.S.A. 18A:7F-5. The governing body does not have the authority to recommend a reduction in the debt service levy, only the general fund tax levy.

i. The general fund tax levy certification, in the form of a resolution, shall be for the sum of the base budget amount and additional amounts approved by the voters through separate questions.

ii. If the amount so certified for the base budget is less than proposed to the voters by the board of education, the governing body or bodies in the form of a resolution shall present to the district board of education and the Executive County Superintendent a statement of the specific line-item expenditure reductions or increases in budgeted revenues or designated general fund balance

recommended by the governing body or bodies. The governing body or bodies shall also submit with the statement, a certification attesting that the governing body or bodies has reviewed the budget proposed by the district board of education and that it deems the revised budget sufficient for provision of a thorough and efficient system of education.

iii. If the sum of the equalization aid and general fund tax levy resulting from such review is at or below the district's adequacy budget as calculated pursuant to N.J.S.A. 18A:7F-51, the governing body or bodies shall concurrently present to the district board of education, and to the Executive County Superintendent, a specific written explanation and document by clear and convincing evidence for each line item reduced that it either will not adversely affect the ability of the district board of education to meet the thoroughness and efficiency standards established pursuant to N.J.S.A. 18A:7F-46, or will not adversely affect the stability of a district board of education's overall operations given the need for long term planning and budgeting as required by N.J.S.A. 18A:7F-5e(2).

(b) Procedures following review of the budget by the board of school estimate are as follows:

1. A district board of education, when submitting its proposed budget to the board of school estimate, shall also submit to the board of school estimate, the governing body or bodies and the Executive County Superintendent, the documents enumerated in (a)1 above.

i. If the amount of money appropriated by the board of school estimate for general fund purposes for the ensuing year, which amount may not be less than the minimum tax levy required to meet the required local share established pursuant to N.J.S.A. 18A:7F-5b, is less than the amount proposed by the district board of education, the board of school estimate shall present to the board of education, the governing body or bodies and the Executive County Superintendent, a statement of the specific line-item reductions made by the board of school estimate. The board of school estimate shall submit with the statement a certification that the board of school estimate has reviewed the budget proposed by the board of education and that it deems the revised budget sufficient for provision of a thorough and efficient system of education.

2. The governing body of each municipality comprising the district shall appropriate the amount certified by the board of school estimate.

i. If the amount of money appropriated by the governing body or bodies for general fund purposes for the ensuing year pursuant to N.J.S.A. 18A:22-17, which amount may not be less than the minimum tax levy required to meet the required local share established pursuant to N.J.S.A. 18A:7F-5b, is less than the amount

certified by the board of school estimate, the governing body or bodies shall present to the board of school estimate, the board of education and the Executive County Superintendent, a statement of the specific line-item reductions made by the governing body or bodies. The board of school estimate shall submit with the statement a certification that the amount appropriated for school purposes is sufficient for provision of a thorough and efficient system of education.

ii. If the sum of the equalization aid and general fund tax levy resulting from board of school estimate review or subsequent governing body certification is at or below the district's adequacy budget as calculated pursuant to N.J.S.A. 18A:7F-51, the board of school estimate and/or governing body or bodies, as the case may be, shall concurrently present a specific written demonstration as to why such reductions will not adversely affect the ability of the district to provide a thorough and efficient education or the stability of the district given the need for long term planning and budgeting as required by N.J.S.A. 18A:7F-5e(2).

(c) In those instances where the governing body or bodies or the board of school estimate has certified an amount of tax levy less than that proposed by the district board of education as a result of reductions eligible for restoration through application to the Commissioner as set forth in N.J.A.C. 6A:23A-9.9, the Executive County Superintendent shall schedule a conference between the district board of education, or a formally approved committee thereof, and the governing body or bodies or the board of school estimate, as the case may be, or a formally approved committee thereof, for the purpose of assisting the respective bodies in reaching agreement on the amount of tax levy sufficient to ensure provision of a T&E education consistent with the requirements of N.J.S.A. 18A:7F-5 through 63.

1. If an agreement is reached, any resultant adjustment in tax levy shall be certified forthwith to the county board of taxation.

2. If an agreement is not reached, where tax levy has already been certified pursuant to N.J.S.A. 18A:22-37, the levy will stand as originally certified and application to the Commissioner for restoration of reductions may be made in accordance with the provisions of this section.

3. Paragraphs (c)1 and 2 above shall not apply to any instance where governing body or bodies or board of school estimate reductions are not eligible for restoration through application to the Commissioner as set forth in N.J.A.C. 6A:23A-9.9, in which case the amount certified by the governing body or bodies or the board of school estimate shall remain final without further review or consultation.

6A:23A-9.8 Municipal governing body failure to certify or agree; Commissioner sets tax levy

Pursuant to N.J.S.A. 18A:22-38, in those instances where the governing body or bodies fail to certify by May 19 an amount of tax levy for any item rejected at the annual school election, or certify different amounts, to the county board of taxation, a district board of education shall submit the budget and any reductions recommended pursuant to N.J.S.A. 18A:7F-5e(1) or (2) by the governing bodies following voter defeat for review and determination by the Commissioner of the tax levy amount to be certified to the county board of taxation.

6A:23A-9.9 Application for Commissioner restoration of budget reductions

(a) The requirements for application to the Commissioner for restoration of reductions are as follows:

1. A district board of education which has proposed to the voters or the board of school estimate, as the case may be, a general fund budget pursuant to N.J.S.A. 18A:7F-5 with a sum of general fund tax levy and equalization aid in excess of the district's adequacy budget as calculated pursuant to N.J.S.A. 18A:7F-51 may apply for restoration of reductions made pursuant to N.J.S.A. 18A:7F-5e(1) by the governing body or bodies following voter defeat, or by the board of school estimate, only on grounds that such reductions will negatively impact on the stability of the district given the need for long term planning and budgeting ("stability grounds"), and shall document by clear and convincing evidence its need for restoration of each item reduced. In such cases, a district board of education shall not argue that any of the reductions will adversely affect the district board of education's ability to meet the thoroughness and efficiency standards established pursuant to N.J.S.A. 18A:7F-46.

i. "Stability grounds" as used in the School Funding Reform Act of 2008, N.J.S.A. 18A:7F-43 et al., means reductions which would require long term planning or budgeting and cannot be accomplished within the budget year; which would adversely affect the district board of education's ability to operate a school system; and which are not a program, service or other expenditure contained within the efficiency standards established pursuant to N.J.S.A. 18A:7F-46 or that are expenditures for items which are in excess of those contained in the efficiency standards established pursuant to N.J.S.A. 18A:7F-46.

2. A district board of education which has proposed to the voters or the board of school estimate, as the case may be, a general fund budget pursuant to N.J.S.A. 18A:7F-5 with a sum of general fund tax levy and equalization aid at or below the district's adequacy budget as calculated pursuant to N.J.S.A. 18A:7F-51 may apply for restoration of reductions made pursuant to N.J.S.A. 18A:7F-5e(2) by the governing body or bodies following voter defeat, or by

the board of school estimate, on grounds that such reductions either will adversely affect the district board of education's ability to meet the thoroughness and efficiency standards established pursuant to N.J.S.A. 18A:7F-46 ("T&E grounds"), or will adversely affect the stability of a district board of education's overall operations given the need for long term planning and budgeting ("stability grounds").

i. "T&E grounds" means that the reduction or reductions would adversely affect the district board of education's ability to implement programs and services at the level contained in the efficiency standards in order to ensure that its students achieve the Core Curriculum Content Standards. For the 2008-09 school year through the 2010-2011 school year, the efficiency standards are those contained in the report, A Formula for Success: All Children, All Communities dated December 18, 2007 and available on the DOE Website. Beginning in the 2011-2012 school year and thereafter, the efficiency standards shall be established every three years in the Educational Adequacy Report prepared pursuant to N.J.S.A. 18A:7F-46.

3. Within 10 business days after certification of the general fund tax levy by the governing body or bodies, or the board of school estimate, a district board of education eligible for restoration pursuant to (a)1 or 2 above may submit to the Commissioner an application for restoration on a form deemed appropriate by the district, but shall:

i. Address each line-item reduction made by the governing body or bodies or the board of estimate; and

ii. Provide a specific written explanation supported by attached documentation, or specific reference to information contained in materials submitted pursuant to N.J.A.C. 6A:23A-9.7(a)1, as to why each reduction will adversely affect the ability of the district to provide a thorough and efficient education or the stability of the district given the need for long term planning and budgeting, whichever criterion or criteria will apply under (a)1 or 2 above.

4. A district board of education shall submit an application for restoration to the appropriate Executive County Superintendent, and a copy of the complete application shall concurrently be submitted to the governing body or bodies, or the board of school estimate, as the case may be.

5. Within 10 business days of receipt of the district board of education's application, the governing body or bodies, or the board of school estimate, may submit to the Executive County Superintendent any comments it may wish to make on the district board of education's application. A copy of such comments shall concurrently be submitted to the district board of education.

6. For the purposes of determining the grounds on which a district board of education can submit an application to the Commissioner pursuant to (a)1 and 2 above,

the calculation of the district's adequacy budget does not include a sending district's required tuition payment or number of students sent.

(b) Commissioner review and certification of tax levy, and determination of application for restoration shall be as follows:

1. Upon receipt of a district board of education's application and the governing body or board of school estimate's comments thereon or upon expiration of the time for their submission, the Commissioner will review the materials submitted and issue an order directing such restorations or reallocations as he or she deems warranted pursuant to the appropriate standard as set forth in N.J.S.A. 18A:7F-5 consistent with the overall intent of the Act. For purposes of assessing budgets for certification of tax levy, and assessing applications, the Commissioner may engage the assistance of such Department of Education staff as he or she deems appropriate.

2. In addition to application materials and responsive comments, and those materials submitted to the Executive County Superintendent in accordance with the requirements of (a)1 above, the Commissioner, assessing budgets for certification of tax levy, and assessing applications for restoration, may consider such additional information as may be available to him or her through established reporting requirements and Department of Education data collection processes, for example, the Fall Report. Additionally, should the Commissioner or a designee determine during the course of review that further information or explanation is required from a district board of education, or a governing body or board of school estimate, such information may be requested at any time during the review process.

3. In the case of budgets subject to Commissioner tax levy certification pursuant to N.J.A.C. 6A:23A-9.8 or applications submitted pursuant to (a) above, the Commissioner may consider enrollment increases or decreases within the district, the history of voter or board of estimate approval or rejection of district budgets, the impact on the local tax levy, whether reductions made will impact on the ability of the district to fulfill its contractual obligations, and the other factors listed in (b)4 below.

4. In determining the impact of reductions on the stability of a district, the Commissioner may consider the following information:

- i. Increases or decreases in enrollment;
- ii. The history of voter approval or rejection of district budgets;
- iii. The impact on the local tax levy;
- iv. The ability of the district to fulfill its existing contractual obligations on the effective date of N.J.S.A. 18A:7F-43 et seq. and the relationship of contractual

obligations since the effective date of N.J.S.A. 18A:7F-43 et seq. to Statewide trends in bargaining practices;

v. The impact on class sizes relative to instructional space;

vi. The impact on class sizes relative to teaching staff reductions under existing teacher contracts;

vii. The link between the proposed reduction and classroom instruction or health and safety;

viii. The nature of the reduction as to whether it is a continuation expenditure or a new or increased expenditure;

ix. The district's relative standing in the Comparative Spending Guide on the indicators for Total Administration, Administrative Salaries and Benefits, Total Operations and Maintenance of Plant, Board Contributions to the Food Service Program and Extracurricular Costs;

x. The district's original budget to actual spending and undesignated general fund balance usage and projections trend histories;

xi. Nonrecurring costs;

xii. The degree to which a district exceeds the adequacy budget; and

xiii. Any facts or data which would provide evidence of the reduction's impact.

5. In directing adjustments to budgets which are subject to Commissioner certification, application for restoration or required review, the Commissioner may reallocate or sustain reductions to surplus where such reallocations or reductions do not decrease surplus below \$250,000 or the minimum amount necessary based on the district's specific circumstances and needs, whichever is greater, notwithstanding that budgeted amounts are within the level permitted by N.J.S.A. 18A:7F-7.

6. Any reallocations directed as a result of review under this subsection shall be made consistent with the provisions of N.J.S.A. 18A:7F-6e.

7. Decisions of the Commissioner issued pursuant to this subchapter are final decisions that may be appealed to the Appellate Division of the Superior Court pursuant to P.L. 2008, c. 36.

6A:23A-9.10 Executive County Superintendent ongoing budget review

(a) The Executive County Superintendent shall, subsequent to voter or board of school estimate approval, as applicable, but prior to submission of the subsequent school budget:

1. Reexamine and monitor all district budgets of the districts within the county to identify any potential efficiencies in administrative operations or any excessive non-instructional expenses that were not identified during the initial budget review or are the result of subsequent events or new information. During the reexamination, the Executive County Superintendent shall consider the following:

- i. The efficiency standards and efficient business practices established pursuant to N.J.A.C. 6A:23A-9.3;
- ii. The district's year-end board secretary's report;
- iii. The district's independent annual audits and Comprehensive Annual Financial Reports;
- iv. Recent evaluations and progress reports of the five key components of district effectiveness under NJQSAC;
- v. The results of year-end financial procedures conducted pursuant to N.J.A.C. 6A:23A-9.11;
- vi. Routine district inspections made pursuant to N.J.S.A. 18A:7-8(a); and
- vii. Other information or documentation obtained during the performance of the duties of the Executive County Superintendent pursuant to N.J.S.A. 18A:7-8; and

2. Notify in writing any district where administrative efficiencies and/or excessive non-instructional costs are identified of the findings and amounts by account that shall not be included in the district's subsequent budget and that transfers shall not be made during the budget year from those accounts.

6A:23A-9.11 Year-end financial procedures for Executive County Superintendent and fiscal monitor

(a) Within 30 days of receipt of a district's audited CAFR, the office of the Executive County Superintendent or State monitor, where one has been appointed in the district pursuant to N.J.S.A. 18A:7A-55, shall review each school district's and county vocational school district's I-1, Schedule of Serial Bonds, for compliance with N.J.S.A. 18A:55-3(e).

1. The Executive County Superintendent or State monitor, as applicable, shall notify each school district and county vocational school district of any debt that might result in a three percent net present value savings if refinanced and shall document whether the district board of education has passed a resolution to refinance or taken any other action to study the refinancing of such debt; and

2. The Executive County Superintendent or State monitor, as applicable, shall recommend to the Commissioner that he institute an action pursuant to this subchapter to seek the withholding of state aid in an amount equal to the projected savings to be achieved through refinancing in

those cases where no action has been commenced to study refinancing or refinance such debt.

(b) The office of the Executive County Superintendent or State monitor, as applicable, shall annually review each school district's and county vocational school district's audited account payables and encumbrances that are part of the reserve for encumbrances as of June 30 that are in excess of \$5,000.

1. No earlier than October 15 but no later than December 1 of each year, each school district and county vocational school district shall submit to the Executive County Superintendent or State monitor, as applicable, a detailed list for encumbrances and a detailed list for accounts payable that comprise the aggregate amount of the respective balance sheet accounts reflected in the annual independent audit of the most recently completed fiscal year-end. Each list shall indicate for each item:

- i. The purchase order number;
- ii. The date of purchase order issuance;
- iii. The vendor name;
- iv. The purchase order amount;
- v. A brief description of goods or service, and when available;
- vi. The invoice number;
- vii. The invoice date;
- viii. The invoice amount;
- ix. The check number; and
- x. The check date.

(c) The Executive County Superintendent or State monitor, as applicable, may request back-up documentation for some or all of the items, when deemed warranted, to be reviewed at district offices, or in the case of the Executive County Superintendent, may be delivered to the office of the Executive County Superintendent.

(d) The Executive County Superintendent or State monitor, as applicable, may lower the dollar amount of transactions to be reviewed, if, after reviewing those over \$5,000, it is deemed warranted.

(e) Except for construction projects and other long-term contracts, the reserve for encumbrances or undesignated general fund balance created by cancelled encumbrances, as applicable, shall be reclassified to "designated general fund balance for tax relief in the subsequent school year" in the aggregate amount of the following:

1. Encumbrances reflected in the independent audit report's reserve for encumbrances that are cancelled on or after July 1; or

2. Encumbrances for goods or services that have not been liquidated by September 30 of the fiscal year subsequent to the recently audited fiscal year.

(f) Account payables at year-end shall include only amounts for goods or services that have been received or rendered as evidenced by the invoice date on or before June 30 of the audited fiscal year.

(g) Account payables that do not meet the criteria in (f) above shall be treated as encumbrances in accordance with (e) above. Prior year accounts payables that were actually encumbrances or undesignated general fund balance created by cancelled accounts payables/encumbrances, as applicable, shall be reclassified to "designated general fund balance for tax relief in the subsequent school year" in the aggregate amount of accounts payable at June 30 of the audited fiscal year.

SUBCHAPTER 10. SPENDING GROWTH LIMITATION (RESERVED)

SUBCHAPTER 11. TAX LEVY GROWTH LIMITATION (RESERVED)

SUBCHAPTER 12. COMMISSIONER WAIVERS OF TAX LEVY GROWTH LIMITATION; SEPARATE VOTER APPROVAL (RESERVED)

SUBCHAPTER 13. BUDGET TRANSFERS, UNDERESTIMATED SURPLUS AND DEFICITS (RESERVED)

SUBCHAPTER 14. RESERVE ACCOUNTS (RESERVED)