

**STATE FUNDS; FEDERAL FUNDS**

Each year, when it is believed that the District is eligible for Federal and/or State assistance under the provisions of public laws, application for said assistance may be submitted so long as acceptance of the funds does not include conditions contrary to the policies of the Board. The Superintendent or his/her designee shall inform the Board about specific assurances which may be required in addition to those addressed in this Policy, and will provide the required language for Board adoption.

When the law requires the development and implementation of administrative procedures for submitting state and federal financial reports, with specified time schedules, the Superintendent or his/her designee and Board Secretary shall ensure that the staff has properly completed the reports and that in each instance the reports have been submitted within the specified time.

The regular operating budget must include amounts anticipated to be received from state and/or federal sources, and a listing of projects describing how this money will be spent. These recommendations for expenditures will be approved by the Board before projects are submitted.

If additional amounts become available during the year, additional projects will be recommended to the Board and, with its approval, added to the budget.

**Maintenance of Effort**

The Board will maintain a combined fiscal effort per pupil or aggregate expenditures of state and local funds with respect to the provision of the public education for the preceding fiscal year that is not less than the required amount of the combined fiscal effort per pupil or the aggregate expenditures for the second preceding fiscal year.

**Equivalence**

To be in compliance with the requirements of Federal law, the Board directs the Superintendent or his/her designee to assign staff and distribute curriculum materials and instructional supplies to the schools in such a way that equivalence of personnel and materials is ensured among the schools.

**Supplement not Supplant**

Federal funds shall be used for supplementary services only, and shall not be used to replace services that the District would supply eligible pupils, if State and Federal funds were not available.

**Parent/Guardian Participation**

The Board shall implement parent/guardian consultation and participation, advisory councils, *etc.*, as mandated for the specific program.

**Control of Equipment**

Title to and control over equipment and/or property purchased with Federal funds shall be maintained in accordance with the pertinent Federal Regulations. The Superintendent or his/her designee shall develop written procedures outlining Federal ownership and District use, loan, loss and disposal of such equipment/property for public and private/nonpublic schools.

**Special Education Medicaid Initiative (SEMI) Program**

The Superintendent or his/her designee shall ensure that the District follows all required procedures to maximize its revenue from reimbursements under the Special Education Medicaid Initiative (SEMI) Program. This Program allows the District to recover a portion of the cost of certain health-related services considered medically necessary in a student's Individualized Education Program (IEP), including evaluation services, physical, occupational and speech therapy, and specialized transportation services.

Procedures to be followed are included in the SEMI Provider Handbook, which can be found at [www.state.nj.us/treasury/administration/SemiMac.htm](http://www.state.nj.us/treasury/administration/SemiMac.htm) and as set forth in N.J.A.C. 6A:23A-5.3. These procedures include maximizing the return rate of parental consent forms for all SEMI eligible students.

In accord with the Family Education Rights and Privacy Act (FERPA), the District shall obtain the parent's/guardian's informed written consent prior to any disclosures of personally identifiable information from education records, including health information, to the Medicaid program for Medicaid claim submission.

All supporting documentation for Medicaid claims shall be maintained on file and available for State or Federal audit for at least seven years from the date of service. Records shall fully document the basis upon which claims for reimbursement are made.

**Reimbursement Requests**

When school districts and other local educational agencies are sub grantees of grants awarded by the Federal government to the State of New Jersey, the sub grantees will submit reimbursement requests using the EWEG (Electronic Web-Enabled Grant) System. Expenditures must be supported by documentation at the sub grantee level. Documentation for salary expenditures will be according to the applicable federal circular. Expenditures must be for allowable costs. Expenditures must be related to the sub grantee's cost objectives.

Expenditures will be reviewed to determine that:

- A. Adequate description of expenditures is provided;
- B. No new budget category is created; and
- C. Reimbursement does not exceed the allowable threshold for an amendment as a result of cumulative transfers among expenditure categories.

Reimbursement requests will be certified by the sub grantee as being in accordance with approved grant applications. EWEG reimbursement requests will meet NJDOE timelines and deadlines. The district assumes responsibility for assuring that all funds requested through the EWEG system either have already been expended, or will be expended according the requirements of the Cash Management Improvement Act of 1990 (CMIA) and other applicable federal regulations.

#### **District Financial Fraud and Theft Prevention**

All District employees, Board members, consultants, vendors, contractors and other parties maintaining a business relationship with the District shall act with integrity and due diligence in matters involving state grants, federal grants, and other District fiscal resources.

The Superintendent or his/her designee is be responsible for developing internal controls designed to prevent and detect fraud, financial impropriety or fiscal irregularities within the District. Every member of the District's Administrative team shall be alert for any indication of fraud, financial impropriety or irregularity within his/her areas of responsibility.

As used in this policy, "fraud" refers to intentionally misrepresenting, concealing or misusing information in an attempt to commit fiscal wrongdoing. Fraudulent actions include, but are not limited to:

- A. Behaving in a dishonest or false manner in relation to District assets, including theft of funds, securities, supplies or other district properties;
- B. Forging or altering financial documents or accounts illegally or without proper authorization;
- C. Improper handling or reporting of financial transactions;
- D. Personally profiting as a result of insider knowledge;
- E. Disregarding confidentiality safeguards concerning financial information;
- F. Violating Board conflict of interest policies;
- G. Mishandling financial records of district assets (destroying, removing or misusing).

The Superintendent or his/her designee will investigate reports of fraudulent activity in a manner that protects the confidentiality of the parties and the facts. All employees

involved in the investigation shall be advised to keep information about the investigation confidential.

In the event the concern or complaint involves the Superintendent, the concern shall be brought to the attention of the Board President who is hereby empowered to contact the Solicitor, Board Auditor and any other agency to investigate the concern or complaint.

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Revised/Revised: August 30, 2010

**Legal References:**

N.J.S.A. 18A:7F-43 <i>et seq.</i>	School Funding Reform Act of 2008
N.J.S.A. 18A:7G-1	Educational Facilities Construction and Financing Act
N.J.S.A. 18A:11-1	General mandatory powers and duties
N.J.S.A. 18A:34-1	Textbooks; selection; furnished free with supplies; appropriations
N.J.S.A. 18A:38-7.7	Free public education for persons residing on federal property
N.J.S.A. 18A:38-7.8	Designation of districts
N.J.S.A. 18A:38-7.9	Allocation of equalized valuations on district incomes
N.J.S.A. 18A:38-7.10	Legislative findings and declarations
N.J.S.A. 18A:38-7.11	Multi-district federal enclave defined
N.J.S.A. 18A:38-7.12	Designation of single district for multi-district federal enclave by county superintendent of schools
N.J.S.A. 18A:38-7.13	Certification to Commissioner of Education; State aid and federal funds
N.J.S.A. 18A:38-7.14	Act not to alter school district boundaries or eligibility for federal funds
N.J.S.A. 18A:54-20	Powers of board
N.J.S.A. 18A:58-7.1	School lunch program; reimbursement
N.J.S.A. 18A:58-7.2	Additional reimbursement in Type A lunch program
N.J.S.A. 18A:58-11	Emergency aid
N.J.S.A. 18A:58-11.1	Special state aid; tuition loss
N.J.S.A. 18A:58-33.6	Additional State School Building Aid Act of 1970
N.J.S.A. 18A:58-37.1 – 37.7	Textbook Aid to Public and Nonpublic Schools
N.J.S.A. 18A:59-1 - 3	Federal aid
N.J.A.C. 6A:14-1.1 <i>et seq.</i>	Special Education
N.J.A.C. 6A:23-8.1	Annual Budget Development, Review and Approval
N.J.A.C. 6A:23A-1.1 <i>et seq.</i>	Fiscal Accountability, Efficiency and Budgeting Procedures
N.J.A.C. 6A:23A-5.3	Accountability Regulations
N.J.A.C. 6A:23A-19-1	Emergency Aid
N.J.A.C. 6A:26-1.1 <i>et seq.</i>	Educational Facilities
N.J.A.C. 6A:27-8.1 <i>et seq.</i>	State Aid

N.J.A.C. 6A:30-1.1 *et seq.* Evaluation of the Performance of School Districts  
 N.J.A.C. 6A:32-14.1 Review of mandated programs and services

Abbott v. Burke, 149 N.J. 145 (1997)

Hawkins-Stafford Elementary and Secondary School Improvement  
 Amendments of 1988 (Pub. L. 100-97)

20 U.S.C.A. 1401 - Individuals with Disabilities Education Act

29 U.S.C.A. 794 - Section 504 of the Rehabilitation Act of 1973

Drug-Free Workplace Act of 1988

34 CFR Part 85 - Governmentwide Debarment and  
 Suspension (nonprocurement) and Government wide  
 Requirements for Drug-Free Workplace (Grants)

34 CFR 200.1 - Title I -- Improving the Academic  
 Achievement of the Disadvantaged

No Child Left Behind Act of 2001

Manual for the Evaluation of Local School Districts

34 CFR 80 (7-1-05) monitoring districts' use of federal  
 grant funds

Education Department General Administrative Regulations  
 (EDGAR)

SEMI Provider Handbook  
 ([www.state.nj.us/treasury/administration/SemiMac.htm](http://www.state.nj.us/treasury/administration/SemiMac.htm))

**Possible Cross References:**

3100	Budget planning, preparation and adoption
3160	Transfer of funds between line items/amendments/purchases not budgeted
3500.1	Energy
3541.1	Transportation routes and services
3542.31	Free or reduced-price lunches/milk
3570	District records and reports
4119.23	Employee substance abuse
4219.23	Employee substance abuse
6142.2	English as a second language; bilingual/bicultural

6142.6	Basic skills
6142.12	Career education
6171.3	At-risk and Title 1
6171.4	Special education
9326	Minutes