

**OCEAN MENTAL HEALTH SERVICES, INC.**  
**OCEAN ACADEMY**  
**FISCAL MONITORING REPORT**  
**JULY 1, 2006 TO JUNE 30, 2007**

**FINDINGS AND RECOMMENDATIONS**

- 1. The private school for students with disabilities (PSSD) charged \$777.00 for expenses that do not conform to the requirements of N.J.A.C. 6A:23-4.2(a)(1)(iv), N.J.A.C. 6A:23-4.5(a)(30) and N.J.A.C. 6A:23-4.5(a)(65) and are therefore disallowed.**

The audit disclosed that the PSSD charged yearbook costs of \$777.00 for the students to the certified actual cost per student during the 2006 – 2007 school year.

N.J.A.C. 6A:23-4.2(a)(1)(iv) requires costs of student instruction to be reasonable, that is, ordinary and necessary and not in excess of the cost which would be incurred by an ordinarily prudent person in the administration of public funds. In addition, N.J.A.C. 6A:23-4.5(a)(30) stipulates that an ordinary living expense for a student that is normally assumed by the parent of a student attending public day school be considered unallowable in the calculation of the certified actual cost per student. The cost of yearbooks is an expense that is incurred by the parents of students attending public school districts. As a result, the yearbook expenditures are deemed to be patently unreasonable pursuant to N.J.A.C. 6A:23-4.5(a)(65) and must be excluded from the calculation of the certified actual cost per student.

**Recommendation**

The PSSD must exclude \$777.00 of yearbook costs from the certified actual cost per student for the fiscal year ended June 30, 2007. In addition, any of these costs incurred for the same reasons must be excluded from the calculation of the certified actual cost per student for school years subsequent to 2006-2007.

- 2. Contracts executed by the PSSD do not conform to the requirements of N.J.A.C. 6A:23-4.4(c).**

Job descriptions for PSSD staff members were not included in the body of employee contracts above the signature lines. N.J.A.C. 6A:23-4.4(c) stipulates that an approved PSSD shall execute employment contracts annually with each school employee whose position requires a certificate, license or a bachelor's degree, which contains the following information: 1) Name of employee; 2) Dates of employment; 3) Work hours; 4) Certification(s) and/or degree(s) held; 5) **Job description**; 6) Job title and 7) Salary (emphasis added). It is the department's position that job descriptions must be incorporated within the body of the contract, rather than attached as a separate document, in order to satisfy the requirements of N.J.A.C. 6A:23-4.4(c). Furthermore, the PSSD is advised that the job titles reflected on the Annual Program & Fiscal Information forms, the staff members' contracts and position descriptions and the audited financial statements must agree.

**Recommendation**

The PSSD should make every effort to execute employment contracts with each employee whose position requires a certificate, license or bachelor's degree that conform to the requirements of N.J.A.C. 6A:23-4.4(c). Additionally, the PSSD must prepare contracts with position titles that

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are included on the recognized listing N.J.A.C. 6A:23-4.2(o) and (p) or be approved in accordance with N.J.A.C. 6A:9-5.5.