

CORRECTIVE ACTION PLAN

NAME OF SCHOOL: **Rainbow Land Learning Center**
TYPE OF AUDIT: **New Jersey Department of Education, Newark Internal Audit Unit (NJDOE-NIAU)**
DATE OF ADVISORY BOARD MEETING: **October 25, 2011**
CONTACT PERSON: **Office of Early Childhood, Director and/or Fiscal Specialist**
TELEPHONE NUMBER: **973 733-6234 or 7248**

Abbreviations:

NPS-OEC – Newark Public Schools, Office of Early Childhood

NJDOE-NIAU – New Jersey Department of Education, Newark Internal Audit Unit

NJDOE-OFAC – New Jersey Department of Education, Office of Fiscal Accountability and Compliance

NJDOE-DECE – New Jersey Department of Education, Division of Early Childhood Education

FINDING NUMBER	RECOMMENDATION	METHOD OF IMPLEMENTATION	PERSON(S) RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE
1 (a)	The auditor recommends that NPS-OEC review the quarterly expenditure reports on a timely basis.	NPS-OEC continues to move forward with the three year backlog created by under staffing issues and anticipates a completion date for the 2009-10 reviews by January 2012. All prior years have been completed. NPS-OEC will also put together a rotation plan for the detailed expenditure report reviews, in consultation with NJDOE-NIAU.	NPS-OEC Fiscal Specialist	2008-09 backlog complete; 2009-10 backlog is projected to be complete by January 1, 2012; 2010-11 reviews will commence once the backlog is complete
1 (b)	The provider under spent the 2008-09 approved budget by \$131,889, which includes \$77,610 of disallowed costs. After the hold back of funds the district is owed \$76,689.	NPS-OEC submitted a copy of the audit report to Rainbow Land Learning Center and met and discussed the audit report in detail as required. On November 9, 2010, Rainbow Land submitted a letter to NIAU appealing the disallowed costs for two items (rent and 401k contribution) and is requesting a hearing with NJDOE-DECE. NPS-OEC will collect the funds due from the provider.	NPS-OEC Fiscal Specialist	In process. Also see 1(c) and 1(d) below

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1 (c)	Included in the \$77,610 of disallowed costs is \$46,281 for leasehold improvements. The NJDOE-DECE guidelines disallow reimbursement for leasehold improvements on rental property. The auditor recommends that NPS-OEC revise the rent budget to the amount of the lease beginning in 2010-11 and reimburse NPS for the disallowed cost.	NPS-OEC requested Rainbow Land to seek a facility that would be in compliance with the NJDOE administrative code and serve the children in need of preschool services within the Ironbound section of Newark. NPS-OEC approved of the area and the building and was aware that the facility needed renovation to be in compliance with NJDOE administrative code. The renovation cost to the building exceeded \$450,000. Based upon the audit findings, Rainbow Land submitted a letter on November 9, 2010 to NJDOE-NIAU appealing the disallowed costs and requested a hearing with NJDOE-DECE. At this time, NPS-OEC will seek reimbursement of the leasehold improvements and will disallow the cost in future budgets.	NPS-OEC Fiscal Specialist	In process. Also see 1(b) and 1(d)

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1 (d)	Included in the \$77,610 of disallowed costs is \$30,871 for a 401K contribution. The provider did not treat all employees equitably as required by the guidelines, therefore, the auditor recommends that the provider revise its benefit policy and reimburse NPS for the disallowed cost.	NPS-OEC advised Rainbow Land of the provision that requires a uniform benefits policy and will request that Rainbow Land submit their benefits policy to NPS-OEC with the annual contract renewal. Based upon the audit findings, Rainbow Land submitted a letter on November 9, 2010 to NJDOE-NIAU appealing the disallowed costs and requested a hearing with NJDOE-DECE. At this time NPS-OEC will seek reimbursement of the disallowed 401K contribution.	NPS-OEC Fiscal Specialist	In process. Also see 1(b) and 1(c)

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2	The auditors recommend that the NPS-OEC ensure they receive and retain all CARI and CHRI results for all DOE funded preschool program employees for each contract year to verify contract compliance for future audit purposes.	NPS-OEC requests all current CARI and CHRI for all contracted preschool provider staffs throughout the school year. CARI checks are renewed every three years. In the past, expired CARI checks may have been archived or destroyed. Going forward, NPS-OEC will retain copies of CARI and CHRI results based on the required retention period. NPS-OEC will continue to issue instructions to all contracted preschool providers during the monthly director meetings regarding their responsibilities of obtaining the proper certifications and CHRI and CARI documentation. NPS-OEC will also provide the certification supervisor a list of employees added to the roster during the school year for compliance verification.	Rainbow Land, NPS-Certification Supervisor, NPS-OEC Fiscal Specialist	on-going

