



State of New Jersey
DEPARTMENT OF EDUCATION
PO Box 500
TRENTON, NJ 08625-0500

PHILIP D. MURPHY
Governor

TAHESHA L. WAY
Lt. Governor

KEVIN DEHMER
Commissioner

December 26, 2025

Ms. Jeanette Peña, Chair
Board of Trustees
Hudson County Community College
70 Sip Avenue
Jersey City, NJ 07306

Dear Ms. Peña:

SUBJECT: Hudson County Community College – Carl D. Perkins Audit
OFAC Case #SG-0002-21

The New Jersey Department of Education has completed a fiscal audit of federal funds disbursed by the **Hudson County Community College** (referred to hereinafter as “HCCC” or “college”). The funding sources reviewed include federal funding through the Carl D. Perkins postsecondary grant. The review covered the period July 1, 2020, through June 30, 2021. The results of the audit are detailed in the attached report of examination. Please provide a copy to each board member for his/her review.

Utilizing the process outlined in the attached “Procedures for LEA/Agency Response, Corrective Action Plan and Appeal Process,” the college is required, pursuant to N.J.A.C. 6A:23A-5.6, to publicly review and discuss the findings in this report at a public board meeting no later than 30 days after receipt of the report. Within 30 days of the public meeting, the board must adopt a resolution certifying that the findings were discussed in a public meeting and approving a corrective action plan which addresses the issues raised in the undisputed findings and/or an appeal of any findings in dispute. A copy of the resolution and the approved corrective action plan and/or appeal must be sent to this office within 10 days of adoption by the board. Please direct your response to my attention via email at Lisa.McCormick@doe.nj.gov and copy Kathryn Holbrook via email at Kathryn.Holbrook@doe.nj.gov.

Should you have any questions, please contact me at (609) 376-3608 or via the email above.

Sincerely,

Lisa D. McCormick, Director 2
Single Grants Audit Unit & State Aide Audit Unit

LDM/KH/hp: Hudson County Community College Cover Letter
Enclosures

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**STATE OF NEW JERSEY
DEPARTMENT OF EDUCATION
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE
PO BOX 500
TRENTON, NJ 08625-0500**

**HUDSON COUNTY COMMUNITY COLLEGE
70 SIP AVENUE
JERSEY CITY, NJ 07306
PHONE: (201) 714-7100**

**REPORT ON EXAMINATION
CARL D. PERKINS AUDIT
FOR THE PROJECT PERIOD:
JULY 1, 2020 TO JUNE 30, 2021**

DISTRICT: Hudson County Community College
COUNTY: Hudson

AUTHORIZED REPRESENTATIVE: Christopher Reber, President
PROGRAM DIRECTOR: Nydia James, Assistant Grants Officer

PERSONS CONTACTED:
Richard Stineman, Director of Grants and Sponsored Programs
Nydia James, Assistant Grants Officer
Nicole Sanchez, Senior Accountant
Andres Estrella Cifuentes, Senior Accountant

FUNDING SOURCE(S):

GRANT	AWARD
POSTSECONDARY - #PSFS 7140-21	\$ 1,030,207.00
TOTAL	\$ 1,030,207.00

**HUDSON COUNTY COMMUNITY COLLEGE
CARL D. PERKINS FEDERAL POSTSECONDARY GRANT
FISCAL YEAR 2020-2021**

BACKGROUND

The Strengthening CTE for the 21st Century Act - more commonly referred to as Perkins V - became law (Pub. L. 115-224) and requires grantees to provide career and technical education (CTE) programs and services to secondary and postsecondary students based on the authorizing statutes contained therein. In accordance with Section 112(a)(3)(C) and (D) of Perkins V, the New Jersey Department of Education (NJDOE) monitors and evaluates subrecipients' implementation/ effectiveness of CTE programs and compliance with all applicable Federal laws/departmental guidelines.

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (UGG), 2 C.F.R. 200.332(e) also requires NJDOE to monitor the implementation of Federal programs by subrecipients and determine whether the funds are being used for their intended purposes and to achieve the overall objectives of the funding initiatives.

As part of its oversight, NJDOE performed a fiscal audit of the college's use of Perkins funds and related program plans for FY 2015-2016. During the onsite visit, the Auditor-in-Charge (AIC) conducted a review of the programmatic records and documentation, as well as various purchases orders. As a result, the AIC determined that Federal funds were, in part, not used in a manner that fulfilled applicable legislative requirements and identified several internal control issues. Additional oversight has also included annual audits conducted by the college's Independent Public Accountant (IPA). In each fiscal year from FY 2015-2016 through FY 2020-2021, the IPA audit yielded no significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs.

At the time of the audit, the college was approved to operate 35 department recognized CTE postsecondary programs. In FY 2020-2021, the college received a Perkins postsecondary award totaling \$1,030,207. The department approved the college to spend the award primarily on payroll and related costs, instructional equipment, and software site licenses. The college was approved to expend the residual funds on professional development, computing devices, and other instructional supplies.

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EXECUTIVE SUMMARY

The department conducted a remote audit of the college's use of Perkins postsecondary funds and related program plans, where applicable, to determine whether:

1. the college's programs are meeting the intended purposes and objectives, as specified in the current year applications and authorizing statutes; and
2. the funds were spent in accordance with the program requirements, Federal and state laws, and applicable regulations.

The scope of work performed consisted of a review of records including, but not necessarily limited to:

1. accounting records;
2. annual audits and inspections;
3. articulation agreements;
4. board meeting minutes;
5. board policies and procedures;
6. CTE program applications or renewal applications;
7. grant applications and related performance reports;
8. a sample of purchase orders, along with the related invoices, contracts, quotes, etc.;
9. reimbursement requests; and
10. final expenditure reports.

The AIC also: conducted interviews with college personnel and the program administrator regarding the Perkins grants to the extent applicable; conducted internal control reviews; and completed a virtual inspection of Perkins funded equipment and computers.

The Perkins subgrant reviewed during the examination consisted of a Federally funded postsecondary grant from July 1, 2020, through June 30, 2021, which totaled \$1,030,207. The college spent \$566,000 on personnel and non-personnel costs in a manner consistent with the college's approved budget in the department's Electronic Web-Enabled Grant (EWEG) system¹. The unexpended funds of \$464,207 (\$1,030,207 - \$566,000) were released to the department.

Our examination revealed four findings with questioned costs that were attributable to material internal control deficiencies. The examination also disclosed four questioned costs, six non-compliance matters, and one program issue.

¹ NJDOE has transitioned from EWEG to the New Jersey Grants Management System (NJGMS).

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AUDIT RESULTS

Generally, our testing of selected transactions disclosed the college's Perkins postsecondary expenditures were allowable and allocable in accordance with applicable laws and regulations. However, we detected four questioned costs, six non-compliance matters, and one program specific compliance issue as more fully described below.

FINDINGS AND REQUIRED ACTIONS

The Findings and Required Actions are disaggregated in the following subsections in continuous numerical order:

1. those resulting in questioned costs;
2. other non-compliance matters; and
3. program specific compliance issues.

QUESTIONED COSTS

Finding One: Adequate documentation was not provided demonstrating that personnel expenditures charged to the Perkins program represent allowable costs.

As part of the audit, Hudson County Community College (HCCC) was requested to provide copies of documents to support personnel expenditures the college charged to the FY 2020-2021 Perkins award. Records relating to the instructional and non-instructional personnel costs shown below were not provided.

Instructional

Specifically, HCCC was requested to provide timesheets or pay forms for staff paid on an hourly basis with federal funds. These records, or any other documentation verifying each employee's funded activity were not furnished for examination. The unsubstantiated payroll costs are summarized as follows:

Employee Name	Compensation	Fringe	Disallowed
S. Nasri	\$ 3,036.00	\$ 267.74	\$ 3,303.74
D. Paton	5,060.00	446.31	5,506.31
B. Putt	2,700.00	238.16	2,938.16
M. Siciliano	0.00	176.40	176.40
Total	\$ 10,796.00	\$ 1,128.61	\$ 11,924.61

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Federal regulations require that charges to grants for salaries and wages must be based on records accurately reflecting the work performed. Timesheets or pay forms for staff paid on an hourly basis must be based on records that accurately reflect the hours worked and the work performed.

Non-Instructional

HCCC paid Connie Silletti-Cafaro on a periodic basis as its “Perkins Equity Coordinator” starting in July 2020 and ending in June 2021. The aggregate amount incurred and charged to the Perkins award for this purpose was \$54,023.63 (compensation of \$46,800 + fringe benefits of \$7,223.63).

A form completed by the college’s Human Resources department at the time of Ms. Silletti-Cafaro’s hire, along with the job description for the position used during the hiring process was provided. However, HCCC did not furnish Time and Activity reports for Ms. Silletti-Cafaro, whose salary was funded 100% by the Perkins award. Additionally, the college did not furnish any work product or other documentation evidencing her work performed in connection with any of the institution’s approved CTE programs. This lack of supporting documentation calls into question the reasonableness and necessity of these costs and prevents a determination as to whether the costs are allocable to the award.

UGG, 2 C.F.R. § 200.403 sets forth general criteria for costs to be considered allowable. Subsection 200.403(a) stipulates that costs must be necessary and reasonable for the performance Federal awards and be allocable thereto under these principles. Subsection 200.403(g) also stipulates that costs must be adequately documented. UGG sets forth specific Standards for Documentation of Personnel Expenses which are discussed in Finding Six.

In addition, Education Department General Administrative Regulations (EDGAR), 34 C.F.R. § 76.730 requires a state and subgrantee [to] keep records that fully show:

- a) The amount of funds under the grant or subgrant;
- b) How the state or subgrantee uses the funds;
- c) The total cost of the project;
- d) The share of the cost provided from other sources; and
- e) Other records to facilitate an effective audit.

EDGAR, 34 C.F.R. § 76.731 further requires a State and a subgrantee to keep records that show its compliance with program requirements.

Based on the foregoing, HCCC must remit \$65,948.24 (\$54,023.63 + \$11,924.61) to NJDOE for the disallowed costs (refer to the Schedule of Audit Recovery due to SEA at the end of the report).

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AUDIT RESULTS

Required Action(s):

The college must strengthen its internal control procedures to ensure charges to the Perkins V award for salaries and wages are documented in accordance with the requirements of UGG, 2 C.F.R. § 200 et seq. The internal controls should provide reasonable assurance that the charges are accurate, allowable, and properly allocated.

Finding Two: An extended, multi-year service contract was improperly charged to the FY 2020-2021 Perkins grant in contravention to department guidelines.

During the 2020-2021 project period, HCCC issued PO number P0017384 in the amount of \$60,200 to acquire a mannequin replacement package for its Nursing Program. The total cost included \$6,235 for a four-year Platinum Protection Plan from Avkin Inc. Coverage under the protection plan commenced upon the expiration of the two-year manufacturer's warranty period, May 26, 2023, and is valid through May 25, 2027.

Although no benefit was derived from a portion of the service contract during the FY 2020-2021 Perkins project period, all the associated cost was reported on HCCC's FY 2020-2021 Final Report (FR). Of the total charged, the entire amount is allocable to subsequent project periods and as such, is deemed to be unallowable.

The Perkins Postsecondary application in EWEG requires eligible recipients to certify that it has read, understood and will comply with the general assurances included in the application that are applicable to the program for which funding is requested. Eligible recipients of the Perkins grant were also required to accept the specific assurances applicable only to the Perkins award. HCCC agreed to both assurances on May 26, 2020, and June 25, 2020, respectively.

Among the specific assurances applicable only to the Perkins award was the requirement to comply with the Perkins One-Year Guidelines (Guidelines) and the NJDOE State Plan. Section 7.9, of the Guidelines, page 21, states that warranties and service contracts on computers, printers, and other electronic items beyond the period are not allowable. This restriction is repeated in the Guidelines under Non-Allowable Costs in Appendix F, page 53.² Expenditures which do not benefit a project period are not allocable to that project period.

² Perkins Grant Application Guidelines revised May 18, 2018. The subsequent Guidelines, revised April 1, 2021, include the same prohibition on pages 24 and 74.

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Based on the foregoing, the cost allocable to subsequent project periods is questioned and subject to recovery. As a result, HCCC must remit \$6,235 to the department for this disallowed cost. Refer to the Schedule of Recovery Due to SEA at the end of this report.

Required Action(s):

HCCC must implement procedures to provide reasonable assurance that program costs are charged to the appropriate grant year.

Finding Three: Non-personnel expenditures charged to the Perkins grant were not adequately documented and failed to demonstrate that the costs were necessary or reasonable for administration of the program as required by federal cost principles.

The college charged non-personnel costs to the FY 2020-2021 Perkins grant absent verifiable/adequate documentation. The absence of such documentation prohibited our determination of whether the costs were reasonable and allocable to the Perkins award or what, if any, relative benefit the costs provided to the Perkins award. The following is a summary of the associated questioned costs disaggregated by vendor:

Dairyland USA Corp

On June 17, 2021, the college issued a check request in the amount of \$2,203.90 to pay Dairyland Invoice 19097758, dated June 30, 2021. No purchase order (PO) related to this transaction was issued. The check request was paid on July 15, 2021, via check number 0331224.

Although the invoice was difficult to read, it appeared to cover food and related items ordered under the college's contract with Dairyland. Under this contract, Dairyland was responsible for supplying various dairy products to the HCCC Culinary Conference Center. From the documentation provided, HCCC failed to establish a reasonable connection between the cost, and a department approved CTE program. Specifically, the documentation provided did not include evidence disclosing when or for what purpose the items were used.

Kettering National Seminars

HCCC provided Kettering Receipt A220213-019 for a payment of \$2,805 on February 13, 2020, for the registration of 17 attendees at the "Radiology Review" to be held July 15-16, 2020. The receipt shows that the registration fees were billed to Cheryl Cashell. Supporting documentation, such as a check copy or stub, was not provided.

In the absence of additional records, it is unclear whether the registration fees were paid by Ms. Cashell or by HCCC. If Ms. Cashell made the payment, there is no evidence showing whether

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the college reimbursed her. Furthermore, no documentation identifies the intended attendees, their connection to an approved CTE program, or confirms their participation. This lack of documentation prohibits a determination of whether the expenditure was, in fact, paid for by the college or what, if any, benefit the expenditure provided to the award.

Section 135 (b) of Perkins V specifies that funds made available to eligible recipients under this part shall be used to support career and technical education programs that are of sufficient size, scope, and quality. Subsections (3) and (4), respectively, specify that CTE programs must provide within career and technical education the skills necessary to pursue careers in high-skill, high-wage, or in-demand industry sectors or occupations, and support integration of academic skills into career and technical education programs and programs of study to support...CTE participants at the postsecondary level in achieving academic skills.

As noted previously, UGG, 2 C.F.R. § 200.403(a) states costs must be necessary and reasonable for the performance Federal awards and be allocable thereto under these principles. Also, as noted previously, Section 200.403(g) stipulates that costs must be adequately documented.

Section 200.405(a) provides that, in general, a cost is allocable to a Federal award or other cost objective if the cost is assignable to that Federal award or other cost objective in accordance with the relative benefits received.

For the reasons noted above, the aforesaid expenditures were not adequately documented and are not deemed to be allowable or reasonable for the proper and efficient performance and administration of Perkins award as set forth by the federal cost principles. Accordingly, HCCC must remit the sum of \$5,008.90 (\$2,805.00 + \$2,203.90) to the SEA for these disallowed costs (refer to the Schedule of Audit Recovery Due to SEA at the end of this report).

Required Action(s):

HCCC must ensure that expenses charged to the Perkins grant are allowable and support authorized program activities.

Finding Four: Non-personnel expenditure charged to the FY 2020-2021 Perkins grant, in part, provided no benefit to the project period.

On April 22, 2021, HCCC issued PO number P0017349 to Allegheny Educational Systems to acquire 12 software licenses for use in HCCC's Manufacturing Engineering CTE program. The total cost was \$1,800, and the licenses were valid from June 16, 2021 through June 15, 2022.

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Although no benefit was derived from a portion of the licenses during the FY 2020-2021 Perkins project period, all the associated cost was reported on HCCC's FY 2020-2021 FR. Of the total cost, \$1,730.96 is allocable to the subsequent project period and, as such, is deemed to be an unallowable cost.

As noted in previous findings, UGG, 2 C.F.R. § 200.403(a) stipulates costs must be necessary and reasonable for the performance of the Federal award and be allocable thereto. Subsection 200.405(a) clarifies that a cost is allocable to Federal award or other cost objective if the cost is assignable to that Federal award or other cost objective in accordance with relative benefits received. Expenditures which do not benefit a project period are not allocable to that project period.

Consistent with previous findings, the portion of the cost not allocable to the award is questioned and subject to recovery. As a result, HCCC must remit \$1,730.96 to NJDOE for this disallowed cost (refer to the Schedule of Recovery Due to SEA at the end of this report).

Required Action(s):

HCCC must strengthen its processes for reviewing and approving the costs charged to the Perkins award to provide assurance that program costs are allocated to the appropriate grant year and funds are obligated/liquidated as prescribed.

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OTHER NON-COMPLIANCE MATTERS

Finding Five: Several district board policies relating to internal controls were not provided for examination or require revision.

During the audit, HCCC furnished a copy of its Grants Management Handbook along with copies of various board policies and procedures pertaining to internal controls for inspection. Overall, the examination revealed that while HCCC has established policies, they do not include required references to the UGG, 2 C.F.R. § 200 et seq , nor do they consistently address pertinent Federal requirements. For example, the college's conflict of interest and ethics policies omit the requirement for written disclosure of potential conflict of interest, as set forth in UGG, 2 C.F.R. § 200.112.

The examination also revealed the college lacks formal written policies and procedures addressing certain requirements under the Uniform Grant Guidance requirements. A non-exhaustive list includes the following:

- The mandatory disclosure of all violations of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations potentially affecting the Federal award pursuant to UGG, 2 C.F.R. § 200.113. Such disclosures must occur in a timely manner and be submitted in writing to the United States Department of Education or NJDOE.
- Verifying that potential vendors are neither debarred nor suspended before entering contracts and issuing purchase orders over \$25,000 in a manner consistent with UGG, 2 C.F.R. § 200.214. This information is available through the System for Award Management at www.sam.gov and compliance must be demonstrated with written evidence. Examples of evidence include printouts from SAM, imprints from an ink stamp, or Avery labels affixed to purchase orders memorializing performance of this verification.
- Cash management procedures that conform with the requirements of UGG, 2 C.F.R. § 200.305 and that include procedures for requesting grant reimbursement. The procedures should also include a requirement for the college to maintain written documentation supporting the amounts claimed for reimbursement.
- Written cost allowability procedures necessary to implement the college's cost allowability policy as required by Subpart E – Cost Principles of this part and the terms and conditions of the federal award, as set forth by UGG, 2 C.F.R. § 200.302(b)(7). To be compliant, such procedures cannot simply reiterate the Federal requirements or policies or goals. Rather, the procedures should be robust and clearly identify roles and

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responsibilities. They should also provide a series of steps to be followed for determining the allowability of costs in accordance with Federal cost principles and the terms and conditions of the Federal award. Steps that—

1. offer a detailed description of activities;
2. describe the process used throughout the entire grant life cycle, including the proper submission of applications and amendments in accordance with department instructions; and
3. serve as guide and training tool for employees.

Pursuant to UGG, 2 C.F.R. § 200.303(a), non-Federal entities must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entities are managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. The internal controls should be following guidance in the “Standards for Internal Control in the Federal Government” (Green Book) issued by the Comptroller General of the United States, and the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Required Action(s):

The college must prepare written policies and procedures or revise existing versions as necessary for consistency and conformity with UGG, 2 C.F.R. § 200 et seq.

Finding Six: **The time and activity reports prepared by college staff did not satisfy all requirements set forth by UGG, 2 C.F.R. § 200.430(g).**

HCCC did not provide time and activity reports (TARs) to verify the work performed by salaried personnel charged to the Perkins program. For example, the sole fully funded employee failed to prepare any reports detailing her activities. In addition, documentation supporting non-salaried personnel costs was not readily available, incomplete, or lacked a detailed description of the work performed.

Going forward, college staff members must prepare documentation for personnel costs to be charged to all grant awards accurately and in accordance with federal and state regulations **to avoid potential monetary findings.**

As mentioned before, UGG, 2 C.F.R. §§ 200.403(a) and (g), respectively, stipulate that costs must be necessary and reasonable for the performance of the federal award, and must be adequately documented.

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The specific requirements for the documentation related to the compensation of employees are outlined in UGG, 2 C.F.R. § 200.430(g), Standards for Documentation of Personnel Expenses. These requirements include, but are not limited to the following:

- Subsection (1)(i), Be supported by a system of internal control which *provides reasonable assurance that the charges are accurate, allowable, and properly allocated*;
- Subsection (1)(iii), Reasonably *reflect the total activity* for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities;
- Subsection (1)(vi), Support the *distribution of the employee's salary or wages among specific activities or cost objectives* if the employee works on more than one Federal award; a Federal award and non-Federal award;
- Subsection (3), In accordance with Department of Labor regulations implementing the Fair Labor Standards Act (FLSA) (29 C.F.R. part 516), *charges for the salaries and wages of nonexempt employees*, in addition to the supporting documentation described in this section, must also be supported by records indicating the total number of hours worked each day.

The Guidelines, 8.3.3, page 26, further requires grant recipients to maintain, among other things, grant funded employee time and activity records, signed and dated by the employee and designated supervisor.³

Required Action(s):

HCCC must strengthen its internal control procedures to ensure charges to the award for salaries and wages are documented in accordance with the applicable regulations and provide reasonable assurance that the charges are accurate, allowable, and properly allocated.

³ Perkins Grant Application Guidelines revised May 18, 2018. The subsequent Guidelines, revised April 1, 2021, include the same requirement on page 34.

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Finding Seven: HCCC failed to obtain price quotations as required by New Jersey and federal purchasing regulations.

During the project period, HCCC disbursed aggregate payments of \$15,209.52 to MAPP International for culinary equipment and \$37,439.25 to Follette Higher Education for various textbooks. Even though the dollar amount of these purchases exceeded the threshold established for quotations by N.J.S.A. 18A:64A-25.3 of the New Jersey County College Contracts Law (CCCL), HCCC failed to obtain the requisite number of quotations or to engage in an open competitive contracting process as required by federal regulations, state contracting laws, and the board approved policy regarding purchasing.

UGG, 2 C.F.R. § 200.318 requires non-federal entities that receive federal grants to—

- (a) Maintain and use documented procedures for procurement transactions under a Federal award or subaward, including for acquisition of property or services. These documented procurement procedures must be consistent with State, local, and tribal laws and regulations and the standards identified in §§ 200.317 through 200.327.
- (i) Maintain records sufficient to detail the history of each procurement transaction. These records must include the rationale for the procurement method, contract type selection, contractor selection or rejection, and the basis for the contract price.

Where the federal standards are in conflict or more restrictive than CCCL, the federal standards prevail. Of note, the federal standards do not include all the exemptions allowed under the CCCL. In the instant matter, the dollar amount of this purchase exceeds the Micro-Purchase Threshold of \$10,000 but is less than the Simple Acquisition Threshold of \$250,000.⁴ As a result, the LEA was required to follow the Procurement by Small Purchases Procedures set forth by Section 200.320(a)(2). These procedures stipulate in part that price or rate quotations must be obtained from an adequate number of qualified sources.⁵

⁴ The Small Purchases threshold requiring multiple quotes in New Jersey is lower than the federal threshold. During the project period, the applicable New Jersey threshold was \$8,320 to \$41,600.

⁵ An adequate number of qualified sources is more than one (1). N.J.S.A. 18A:2519 requires a minimum of two (2) quotes be solicited prior to the award of such a purchase. Moreover, the college's Policy on Procurement, page 2, states that the college's practice is to obtain three (3) quotes.

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Further, UGG, 2 C.F.R. § 200.324 requires non-Federal entities to perform a cost or price analysis and to maintain adequate documentation in the contract files demonstrating price reasonableness. Contracts awarded for professional services must contain the specific services to be provided, rates for the services and a maximum amount to be paid through the contract.

Required Action(s):

HCCC must adhere to the CCCL or UGG, 2 C.F.R. §§ 200.317-327, et seq, whichever is most restrictive when obtaining goods and services for the Perkins program.

Finding Eight: HCCC did not review vendors for suspension and debarment.

The audit disclosed no indication college staff members performed procedures to ensure vendors are neither debarred nor suspended from receiving federal funds before seeking the provision of materials or services.

UGG, 2 C.F.R. § 200.214 states that non-Federal entities (LEAs)—

...are subject to the nonprocurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, as well as 2 CFR part 180. The regulations in 2 CFR part 180 restrict Federal awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from receiving or participating in Federal awards.

This UGG requirement applies to contracts or purchase orders over \$25,000 unless the LEA chooses a lower threshold. The System for Award Management (SAM) is utilized for searching debarred/suspended vendors and is accessible at [SAM.gov](https://sam.gov) | [Exclusions](#). Compliance must be demonstrated by written evidence. Examples of evidence include printouts from SAM, imprints from an ink stamp, or Avery labels affixed to purchase orders memorializing performance of this verification.

Required Action(s):

Consistent with UGG, 2 C.F.R. § 200.214, the college must develop and maintain complete written policies and internal control procedures to ensure verifications are performed to identify any vendors suspended or debarred from participation in Federal programs.

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Finding Nine: Services or materials were improperly purchased prior to procurement approvals.

In contravention to the college's procurement procedures, HCCC's staff bypassed the requirement for approval of a transaction prior to the purchase on numerous occasions by either—

- 1) issuing purchase orders after the services were performed or invoices were received, or
- 2) issuing payment to a vendor absent a properly authorized purchase order relying instead on a college Check Request Form submitted after receipt of the vendor invoice.

Purchasing goods and services in such a manner may increase the risk of fraud or that purchased items/services may not meet the intent and purpose of the federal program. Such anomalies are also indicative that the college's internal controls must be strengthened to include proper authorization and careful review of purchase documents.

EDGAR, 34 C.F.R. § 76.702 requires sub-grantees to use fiscal control and fund accounting procedures that ensure proper disbursement of and accounting for Federal funds. Additionally, UGG, 2 C.F.R. § 200.302(b)(4) requires grantees to maintain effective control and accountability for all funds, property, and assets. Stated differently, grant recipients must adequately safeguard all assets and ensure the items are used solely for authorized purposes.

Clearly, the proper disbursement of Federal funds and maintenance of effective control requires that a properly executed purchase order **must** be issued prior to services being rendered.

Required Action(s):

HCCC must implement a process to ensure all transactions are properly authorized prior to the acquisition of materials and supplies or services being rendered by vendors.

Finding Ten: Certain expenditures were posted to an inappropriate line item on the Perkins Final Report.

A reconciliation of the college's actual expenditures incurred during the 2020-2021 project period to the HCCC's Final Report (FR) disclosed several expenditure category misclassifications; refer to the examples below:

**HUDSON COUNTY COMMUNITY COLLEGE
CARL D. PERKINS FEDERAL POSTSECONDARY GRANT
FISCAL YEAR 2020-2021**

AUDIT RESULTS

Description	Incorrect Line Item	Correct Line Item
Specialty ingredients for culinary demonstration	Instructional Supplies (100-600)	Non-Instructional Supplies (200-600)
Equipment warranty	Instructional Equipment (400-731)	Purchased Property Services (200-400)
Tables (per unit cost less than \$2,000)	Instructional equipment (400-731)	Instructional Supplies (100-600)

UGG, 2 C.F.R. § 200.302(b)(2) requires grantees to maintain records that provide an accurate, current, and complete disclosure of the financial results of each Federal award or program. Section 302(b)(3) further requires grantees to maintain records that sufficiently identify the amount, source, and expenditure of Federal funds for Federal awards.”

Section 6.2, page 31 of the Guidelines requires the following:

[A]ll eligible recipients prepare budgets and submit expenditure reports in accordance with a minimum chart of accounts consistent with the Financial Accounting for Local and State School Systems (Handbook 2R2). Eligible recipients must use the coding of accounts consistent with the GAAP⁶. Handbook 2R2 describes the coding of accounts in New Jersey school financial operation. The coding system creates a common language for recording, reporting and controlling the financial activities of eligible recipients.

Section 6.3, page 32, advises grantees that “[i]nappropriate coding [of expenditures] is considered to be in noncompliance with the [regulations] outlined in N.J.A.C. 6A:23A-16.1 et seq.”

Required Action(s):

HCCC must improve procedures used to account for expenditures related to the Perkins program for conformity with the Guidelines.

⁶ Generally Accepted Accounting Principles

**HUDSON COUNTY COMMUNITY COLLEGE
CARL D. PERKINS FEDERAL POSTSECONDARY GRANT
FISCAL YEAR 2020-2021**

AUDIT RESULTS

PROGRAM SPECIFIC NON-COMPLIANCE ISSUES

Finding Eleven: HCCC did not ensure compliance with certain departmental guidelines while administering the grant.

In addition to the preceding findings, it was determined HCCC failed to comply with certain implementing regulations and program specific requirements of the Guidelines, as follows:

- An instructional supply acquired at a unit cost greater than \$750 was not itemized in the approved application or in an amendment to the approved application. [Guidelines, 7.9, page 21⁷]
- Certain program equipment purchased was not received, installed and available for student instruction by April 30th of the project period. [Guidelines, 7.10, page 23⁸]
- Purchase orders were not issued with all the required information, such as classification and instructional program (CIP) codes and the intended location of equipment, personal computers and/or other portable devices. [Guidelines, 8.3.3, page 26⁹]

EDGAR, 34 C.F.R. §76.700 requires a sub-grantee, like HCCC, to “...comply with § 76.500, the State plan, applicable statutes, regulations, and approved applications, and [to] use Federal funds in accordance with those statutes, regulations, plans and applications.”

Required Action(s):

The college must implement procedures to ensure personnel assigned to administer the Perkins grant comply with the program specific requirements applicable to each project period.

⁷ Perkins Grant Application Guidelines revised May 18, 2018. The subsequent Guidelines, revised April 1, 2021, included the same requirement on pages 23 and 36.

⁸ Perkins Grant Application Guidelines revised May 18, 2018. The subsequent Guidelines, revised April 1, 2021, included the same deadline on page 24.

⁹ Perkins Grant Application Guidelines revised May 18, 2018. The subsequent Guidelines, revised April 1, 2021, included the same requirement on page 34.

**HUDSON COUNTY COMMUNITY COLLEGE
CARL D. PERKINS FEDERAL POSTSECONDARY GRANT
FISCAL YEAR 2020-2021**

SCHEDULE OF RECOVERY DUE TO SEA

<u>Audit Finding</u>	<u>Questioned Costs</u>
Number One	\$ 65,948.24
Number Two	6,253.00
Number Three	5,008.90
Number Four	<u>1,730.96</u>
Total Recovery Due to SEA	\$ <u>78,941.10</u>

The college's corrective action plan is to be submitted to NJDOE personnel as follows:

Mail paper copies to:

Lisa D. McCormick, Director 2
Single Grants & State Aid Audit Units
State of New Jersey
Department of Education
PO Box 500
Trenton, NJ 08625-0500

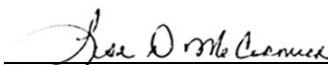
Email scanned copies to:

Lisa.McCormick@doe.nj.gov
Kathryn.Holbrook@doe.nj.gov

Submitted by:

Single Grants Audit Unit Team Members
David Chan, Supervising Auditor
Kathryn Hollbrook, Auditor

Approved by:



Director 2, Single Grants & State Aide Audit Units

**STATE OF NEW JERSEY
DEPARTMENT OF EDUCATION
DIVISION OF FINANCE AND BUSINESS SERVICES**

**PROCEDURES FOR LEA/AGENCY
AUDIT RESPONSE CORRECTIVE ACTION PLAN AND APPEAL PROCESS**

Board of Directors Response:

The LEA/Grantee is required to develop and submit to a corrective action plan (CAP) to NJDOE, following receipt a report of examination that indicates noncompliance detected through a monitoring visit or fiscal audit, as provided for by Section 6.6 of the department's Perkins Grant Application Guidelines.

Corrective Action Plan:

The CAP is to be used when the LEA/Agency agrees with any findings in the report of examination and submitted to NJDOE personnel as outlined on the previous page. The CAP must be prepared by completing the attached form and contain the following information:

- Required Actions number
- Corrective action (approved by the board)
- Method of implementation
- Person responsible for implementation
- Completion date of implementation

If the corrective action plan is acceptable, a letter will be sent to the LEA/Agency indicating that it has been accepted.

If the corrective action plan is not acceptable, a letter will be sent to the LEA/Agency indicating whether further clarification is required, or further action is necessary.

Appeal Process:

To contest any of the findings, the appeal process must be used.

Within 10 days of the board's adoption of the resolution approving an appeal of the findings of the audit or investigation, a request by the LEA/Grantee for a review of the disputed finding(s), recommendation(s), or questioned costs must be submitted to the Executive Director, Division of Finance and Business Services. The Request for Appeal must indicate the finding(s) in question.

Appeal Process (cntd):

The Request for Appeal must be in writing and the LEA/Grantee must present any supporting documentation for the appeal. After the submission of the Request for Appeal, the Executive Director will issue a written decision.

If the final determination made by the Executive Director is still unsatisfactory to the LEA/Grantee, the LEA/Grantee may file a Petition of Appeal pursuant to N.J.A.C. 6A:3-1.3.

State of New Jersey
Department of Education
Division of Finance and Business Services

PROCEDURES FOR LEA/AGENCY
AUDIT RESPONSE CORRECTIVE ACTION PLAN AND APPEAL PROCESS

Board of Directors Response:

The LEA/Grantee is required to develop and submit to a corrective action plan to NJDOE, following receipt a report of examination that indicates noncompliance detected through a monitoring visit or fiscal audit, as provided for by Section 6.6 of the department's Perkins Grant Application Guidelines.

Corrective Action Plan:

The corrective action plan is to be used when the LEA/Grantee agrees with any of the findings. To contest a finding, the appeal process must be used. After the appeal is settled, a corrective action plan must be filed for any finding upheld during the appeal process.

The corrective action plan must be prepared by completing the attached form. The LEA/Grantee must submit the following information:

- Recommendation number
- Corrective action (approved by the board)
- Method of implementation
- Person responsible for implementation
- Completion date of implementation

If the corrective action plan is acceptable, a letter will be sent to the LEA/Grantee indicating that it has been accepted.

If the corrective action plan is not acceptable, a letter will be sent to the LEA/Grantee indicating whether further clarification is required or further action is necessary.

Appeal Process:

The appeal process is used to contest disputed findings.

Within 10 days of the board's adoption of the resolution approving an appeal of the findings of the audit or investigation, a request by the LEA/Grantee for a review of the disputed finding(s), recommendation(s), or questioned costs must be submitted to the Executive Director, Division of Finance and Business Services. The Request for Appeal must indicate the finding(s) in question.

Appeal Process (cntd):

The Request for Appeal must be in writing and the LEA/Grantee must present any supporting documentation for the appeal. After the submission of the Request for Appeal, the Executive Director will issue a written decision.

If the final determination made by the Executive Director is still unsatisfactory to the LEA/Grantee, the LEA/Grantee may file a Petition of Appeal pursuant to N.J.A.C. 6A:3-1.3.

**NEW JERSEY DEPARTMENT OF EDUCATION
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE
CORRECTIVE ACTION PLAN**

NAME OF SCHOOL DISTRICT _____

COUNTY _____

TYPE OF EXAMINATION _____

DATE OF BOARD MEETING _____

CONTACT PERSON _____

TELEPHONE NUMBER _____

RECOMMENDATION NUMBER	CORRECTIVE ACTION REQUIRED BY THE BOARD	METHOD OF IMPLEMENTATION	PERSON RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
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CHIEF SCHOOL ADMINISTATOR

DATE

BOARD SECRETARY/SCHOOL BUSINESS ADMINISTRATOR

DATE