

[Second Reprint]

ASSEMBLY, No. 5206

STATE OF NEW JERSEY

222nd LEGISLATURE

INTRODUCED JUNE 4, 2026

Sponsored by:

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District 27 (Essex and Passaic)

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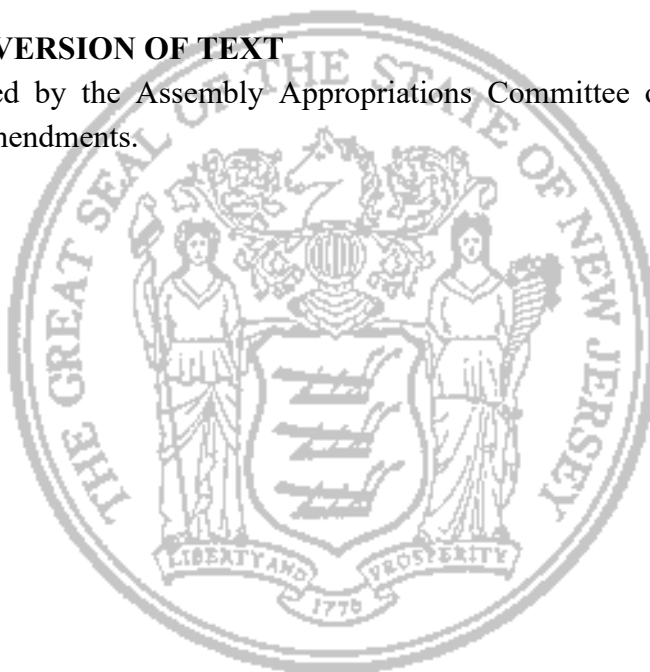
Assemblywoman Lopez, Assemblymen Calabrese and Simonsen

SYNOPSIS

Establishes additional procedures for financial oversight and reporting to ensure fiscal stability of school districts.

CURRENT VERSION OF TEXT

As reported by the Assembly Appropriations Committee on October 22, 2026, with amendments.



(Sponsorship Updated As Of: 9/17/2026)

AN ACT concerning school district financial procedures, amending N.J.S.18A:17-9, and supplementing N.J.S.18A:18A-1 et seq. and chapters 6, 11, and 17 of Title 18A of the New Jersey Statutes.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. N.J.S.18A:17-9 is amended to read as follows:

18A:17-9. a. The chief school administrator, or board designee other than the secretary, shall prepare the monthly reconciliation of bank account statements and, in conjunction with the secretary, take any steps necessary to bring the cash record balance and reconciled bank balance into agreement prior to completion of the secretary's monthly report.

b. The secretary's monthly report shall be provided to the board of education in a format to be established by the Commissioner of Education and include:

(1) the amount of total appropriations and the cash receipts for each account;

(2) the amount for which warrants have been drawn against each account;

(3) the amounts of orders or contractual obligations incurred and chargeable against each account year to date and since the date of the last report;

(4) the cash and appropriation balances for each account and fund;

(5) the reconciled bank account balances;

(6) the projected year-end surplus or deficit;

(7) identification of any structural operating deficits;

(8) current and projected fund balance levels;

(9) analysis of budget-to-actual expenditures;

(10) any multi-year contractual commitments, including salary and benefit obligations;

(11) the results of the ²~~monthly~~ quarterly² reconciliation of the school district's position control roster and payroll and human resource staffing records required pursuant to section 2 of P.L. , c. (C.) (pending before the Legislature as this bill); and

(12) financial certifications and objections made by the school business administrator pursuant to section 4 of P.L. , c. (C.) (pending before the Legislature as this bill).

c. The district's school business administrator shall certify the monthly report is accurate, financial obligations of the district have been disclosed, and projections are based on available data.

d. The secretary shall:

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AED committee amendments adopted September 14, 2026.

²Assembly AAP committee amendments adopted October 22, 2026.

1 **[a.] (1) [Report]** provide testimony to the board, at each
2 regular meeting, but not more often than once each month, **[the**
3 amount of total appropriations and the cash receipts for each account,
4 the amount for which warrants have been drawn against each account,
5 the amounts of orders or contractual obligations incurred and
6 chargeable against each account year to date and since the date of his
7 last report, the cash and appropriation balances for each account and
8 fund, and the reconciled bank account balances in the manner and
9 form prescribed by the commissioner**]** summarizing the monthly
10 report, clarifying the financial conditions of the district, identifying
11 any fiscal concerns, and recommending corrective action, if
12 appropriate;

13 **[b.] (2) [Keep]** keep and maintain **[in his office]** all contracts,
14 records and documents belonging to the board in the secretary's office,
15 except **[such as shall]** those that are required to be kept by the
16 treasurer of school moneys pursuant to law, under **[such]** any
17 conditions as the board shall prescribe; and

18 **[c.] (3) [Perform]** perform any other duties prescribed by law.
19 (cf: P.L.2010, c.39, s.11)
20

21 2. (New section) a. In addition to the monthly reconciliation of
22 bank account statements required pursuant to N.J.S.18A:17-9, the
23 chief school administrator, or board designee other than the secretary,
24 shall perform a ²**[monthly]** quarterly² reconciliation of the school
25 district's position control roster, as maintained pursuant to regulations
26 of the State Board of Education, and the district's payroll and human
27 resources staffing records. The chief school administrator or board
28 designee shall verify that all payroll expenditures are aligned with the
29 number of board-approved positions and available school district
30 budget appropriations.

31 b. The district's school business administrator shall certify to the
32 board of education, ¹**[on a monthly basis]** prior to each meeting of the
33 board of education in which funds will be encumbered¹, that:

34 (1) the ²quarterly² reconciliation required pursuant to subsection a.
35 of this section has been completed;

36 (2) any discrepancies between the position control roster and
37 payroll and human resources records have been identified and
38 addressed; and

39 (3) payroll expenditures are consistent with approved staffing and
40 budget appropriations.

41 c. In the event that the school business administrator determines
42 that all discrepancies have not been identified and addressed, the
43 school business administrator shall document the discrepancies in
44 writing. The written report on the discrepancies shall be presented to
45 the chief school administrator and the board of education. If the
46 discrepancies are not resolved within a time period as may be
47 established by the Commissioner of Education, the commissioner shall

1 require the school district to take corrective action or the commissioner
2 may impose additional oversight on the district as deemed appropriate.

3 d. The commissioner shall establish standardized procedures for
4 the ¹monthly¹ ²quarterly² reconciliation required pursuant to
5 subsection a. of this section and the reporting requirements established
6 pursuant to subsection c. of this section. The procedures shall ensure
7 compatibility with existing school district payroll and human resources
8 systems and allow for the phased implementation of the requirements
9 of this section for school districts that require system upgrades.

10 e. The commissioner shall provide school districts with any
11 guidance and technical assistance that may be necessary to implement
12 the provisions of this section.

13
14 3. (New section) School staff appointment recommendations
15 made to the local board of education that require a vote of the board
16 pursuant to law shall include, as applicable:

17 a. the position control roster number of the individual being
18 hired and the position control roster number of the individual being
19 replaced;

20 b. the hired employee's name, position, department, school
21 location, salary or hourly rate, and applicable step in the appropriate
22 salary guide;

23 c. the account to which the hired employee's pay will be
24 charged; and

25 d. information on whether the new hire is replacing a position,
26 filling a vacant position, or filling a new position.

27
28 4. (New section) a. As used in this section, "financial
29 commitment" means the hiring of school district personnel, the
30 award of salary adjustments and stipends, the approval of collective
31 bargaining agreements and amendments thereto, vendor contracts,
32 and professional services agreements, and any action resulting in a
33 financial obligation that extends beyond the current school budget
34 year.

35 b. A board of education shall not approve any financial
36 commitment unless the school business administrator certifies
37 ¹prior to the meeting of the board that the funds for the financial
38 commitment will be encumbered¹ that:

39 (1) sufficient funds are available in the current school budget
40 year to fund the financial commitment; and

41 (2) the financial commitment is consistent with the school
42 district's financial plan.

43 c. If the school business administrator is not able to certify the
44 financial commitment, the school business administrator shall issue
45 a written objection that indicates either that sufficient
46 appropriations are not available in the current school budget year to
47 fund the commitment or the commitment may create or contribute
48 to a structural deficit of the school district's budget. The written

1 objection shall be presented to the chief school administrator and
2 the board of education. The board shall acknowledge the receipt of
3 the written objection in the board minutes.

4 Any action taken by the board of education in contravention of
5 the written objection shall be approved by the adoption of a board
6 resolution that includes a statement acknowledging the fiscal risk,
7 and identifying how the board intends to address the fiscal impact.

8 d. If a board takes action to override the financial objection of
9 the school business administrator, the action shall be reported to the
10 executive county superintendent of schools who shall forward
11 information on the action of the board to the Commissioner of
12 Education. The commissioner shall review the action of the board
13 and if deemed necessary may require corrective action.

14 e. Information on the financial certifications and objections
15 made by the school business administrator shall be included in the
16 school district's monthly financial reports, and the annual audit of
17 the school district required pursuant to N.J.S.18A:23-1 and any
18 other required audits.

19 f. The commissioner shall:

20 (1) develop standardized certification and objection forms to be
21 used by school districts;

22 (2) ensure that certification and objection procedures are aligned
23 with existing school budget and procurement procedures and ensure
24 timely certification without delaying school district operations; and

25 (3) provide training to school business administrators and
26 members of boards of education on compliance with the provisions
27 of this section.

28
29 5. (New section) a. The Commissioner of Education shall, in
30 consultation with interested stakeholders in the education
31 community, establish a training program on the creation and
32 interpretation of the monthly reports required pursuant to
33 N.J.S.18A:17-9, school budgeting, governmental accounting,
34 financial commitments, and any other fiscal responsibility
35 requirement the commissioner deems necessary. The training shall
36 be provided to school business administrators, board of education
37 members, and any individual serving as the secretary of a board of
38 education.

39 b. The Department of Education may enter into an agreement
40 with one or more private or non-profit entities to make a training
41 program available, free of charge, to persons subject to the
42 requirements of subsection a. of this section.

43
44 6. (New section) a. A board of education shall adopt a policy
45 establishing a procedure regarding the reporting of fiscal concerns
46 in the district.

47 b. The board shall have control over the policy, except that the
48 policy shall, at a minimum:

1 (1) include a definition of fiscal concern, that at a minimum
2 includes violations of financial policies of internal controls;
3 discrepancies in financial records or reporting; unrecorded
4 liabilities or financial obligations; actions that may result in a
5 structural deficit; or the misuse or misallocation of district funds;

6 (2) provide for the creation of a reporting form, based on the
7 model reporting form developed by the Commissioner of Education
8 pursuant to subsection c. of this section, that shall be submitted by a
9 school employee to the school business administrator or the chief
10 school administrator to initiate a review of an alleged fiscal
11 concern. The reporting form shall require the school employee to
12 provide, in writing, an explanation of the alleged violation;

13 (3) require the school business administrator or chief school
14 administrator to review the reporting form and, within a timeframe
15 established by the commissioner, document in writing the results of
16 any investigation that was conducted into the alleged fiscal concern
17 and whether any action was taken;

18 (4) permit a school employee to submit a written complaint of
19 the alleged fiscal concern directly to the executive county
20 superintendent and the commissioner if the alleged fiscal concern
21 was not resolved by the school business administrator or the chief
22 school administrator within a timeframe established by the
23 commissioner; and

24 (5) safeguard confidentiality in the reporting of the alleged
25 fiscal concern and protect school employees from retaliatory action
26 in accordance with the provisions of the "Conscientious Employee
27 Protection Act," P.L.1986, c.105 (C.34:19-1 et seq.).

28 c. To assist boards of education in developing a policy on the
29 reporting of fiscal concerns in the district, the commissioner shall
30 develop a model policy and model complaint form. The model
31 policy and model complaint form shall be updated as the
32 commissioner deems necessary.

33 d. A school district shall provide annual training to school
34 employees on the school district's policy on the reporting of fiscal
35 concerns. A school district shall require a school employee to
36 certify, at the completion of the training, that the employee attended
37 the training and has been informed of the district's procedures and
38 the employee's reporting rights.

39
40 7. (New section) The Commissioner of Education shall review
41 a school employee's written complaint regarding fiscal concerns in
42 a school district submitted pursuant subsection b. of section 6 of
43 P.L. , c. (C.) (pending before the Legislature as this bill).
44 The commissioner may require corrective action of the school
45 district, if deemed appropriate.

46
47 8. (New section) ¹a. (1) Notwithstanding any other law, rule or
48 regulation to the contrary, the purchasing agent shall, prior to the

1 awarding or approval of a purchase, contract, or agreement by the
2 board of education at a meeting of the board, certify that the board
3 has, to that point, acted in accordance with the provisions of the
4 “Public School Contracts Law,” N.J.S.18A:18A-1 et seq.

5 (2) If the purchasing agent determines that the board has not
6 acted in accordance with the provisions of the “Public School
7 Contracts Law,” N.J.S.18A:18A-1 et seq., the purchasing agent
8 shall report that finding to the Office of Controversies and Disputes
9 within the Department of Education.

10 (3) Notwithstanding any other law, rule, or regulation to the
11 contrary, the Office of Controversies and Disputes shall determine,
12 within 30 days of the purchasing agent’s report, if the board acted
13 in accordance with the provisions of the “Public School Contracts
14 Law,” N.J.S.18A:18A-1 et seq.

15 (4) Notwithstanding any other law, rule, or regulation to the
16 contrary, if the Office of Controversies and Disputes determines the
17 board has not acted in accordance with the appropriate procedures,
18 the purchase, contract, or agreement shall not be approved or
19 awarded by the board of education.

20 b. (1)¹ Notwithstanding any other law, rule, or regulation to the
21 contrary, the purchasing agent shall have the authority to override
22 any purchase, contract, or agreement approved or awarded by the
23 board of education if the purchasing agent determines that the
24 purchase, contract, or agreement was not properly awarded or
25 approved by the board in accordance with the “Public School
26 Contracts Law,” N.J.S.18A:18A-1 et seq.

27 ¹(2) Notwithstanding any other law, rule, or regulation to the
28 contrary, if the purchasing agent determines that the purchase,
29 contract, or agreement was not properly awarded or approved by the
30 board in accordance with the “Public School Contracts Law,”
31 N.J.S.18A:18A-1 et seq. pursuant to subsection a. of this section,
32 the purchasing agent shall immediately provide written notice to the
33 superintendent and the board of education.

34 (3) Notwithstanding any other law, rule, or regulation to the
35 contrary, the implementation of the purchase, contract, or
36 agreement that the purchasing agent determines was not properly
37 awarded or approved by the board in accordance with the “Public
38 School Contracts Law,” N.J.S.18A:18A-1 et seq. pursuant to
39 subsection a. of this section shall remain suspended pending further
40 review of the Office of Controversies and Disputes within the
41 Department of Education. The Office of Controversies and Disputes
42 shall determine if the purchase, contract, or agreement was properly
43 awarded or approved by the board in accordance with the “Public
44 School Contracts Law,” N.J.S.18A:18A-1 et seq. and shall provide
45 written notice to the board of the office’s determination.¹

46
47 9. This act shall take effect in the first full school year
48 following the date of enactment.