

March 15, 2010

Dr. Cheryl Simone, Superintendent
Washington Township Board of Education
206 East Holly Avenue
Sewell, NJ 08080-9231

Dear Dr. Simone:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Washington Township Board of Education**. The funding sources reviewed include titled programs for the American Recovery and Reinvestment Act (ARRA) in particular, and/or No Child Left Behind Act (NCLB), the Individuals with Disabilities Education Act (IDEA) and State Fiscal Stabilization Funds (Education Stabilization Fund and Government Stabilization Fund). The review covered the period July 1, 2009 through December 7, 2009. The resulting report is enclosed. Please provide a copy of the report to each board member.

Utilizing the process outlined in the attached "Procedures for LEA/Agency Response, Corrective Action Plan and Appeal Process," the Washington Township Board of Education 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 **monetary** findings in dispute (emphasis added). 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. Direct your response to my attention.

Also, pursuant to N.J.A.C. 6A:23A-5.6(c), you must post the findings of the report and the board's corrective action plan on your school district's website.

By copy of this report, your auditor is requested to comment on all areas of noncompliance and recommendations in the next certified audit submitted to the New Jersey Department of Education. If you have any questions, please contact Anthony Hearn at (609) 633-2492.

Sincerely,

Robert J. Cicchino, Director
Office of Fiscal Accountability and Compliance

RJC/LDM/tc:Washington Twp. Board of Education Cover Letter
Enclosures

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American Recovery & Reinvestment Act 2009
New Jersey K-12 Education

ARRA MONITORING REPORT
MARCH 2010

District: Washington Township Board of Education
County: Gloucester
Dates On-site: December 7, 8 & 9, 2009
Case #: ARRA-012-09

FUNDING SOURCES

Program	Funding Award
State Fiscal Stabilization Fund – Education Stabilization Fund	\$6,820,082
State Fiscal Stabilization Fund – Government Services Fund	264,016
ARRA- Title I	0
ARRA – Title I SIA	0
ARRA – IDEA –Basic	1,953,803
ARRA – IDEA –Preschool	70,500
Total ARRA Funds	\$9,108,401
Title I	276,696
Title I – SIA	-
IDEA – Basic	2,012,389
IDEA – Preschool	98,357
Total Non-ARRA Funds	2,387,442.00
Total Funds	\$11,495,843

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BACKGROUND:

The *American Recovery and Reinvestment Act of 2009 (ARRA)* and other federal laws require local education agencies (LEAs) to provide programs and services to their schools based on the requirements specified in each of the authorizing statutes (ESEA, IDEA and ARRA). The laws further require that state education agencies such as the New Jersey Department of Education (NJDOE) monitor the implementation of federal programs by sub recipients and determine whether the funds are being used by the district for their intended purpose and achieving the overall objectives of the funding initiatives.

INTRODUCTION:

The NJDOE visited the Washington Township Board of Education to monitor the district's use of ARRA funds and the related program plans, where applicable, to determine whether the district's programs are meeting the intended purposes and objectives, as specified in the current year applications and authorizing statutes, and to determine whether the funds were spent in accordance with the program requirements, Federal and state laws, and applicable regulations. The on-site visit included staff interviews and documentation reviews related to the requirements of the following programs: State Fiscal Stabilization Funds (SFSF) including the Education Stabilization Fund (ESF) and Government Services Fund (GSF); ARRA-IDEA Basic; ARRA-IDEA Preschool, Title I, IDEA and IDEA Preschool for the period July 1, 2009 through December 7, 2009. The monitoring also included a review of the district's most recent ARRA section 1512 and SFSF cash management quarterly reports to determine whether ARRA expenditures, jobs estimates and related information were reported accurately.

The scope of work performed included the review of documentation including grant applications, program plans and needs assessments, grant awards, annual audits, board minutes, payroll records, accounting records, purchase orders and current district policies and procedures. The monitoring team members also conducted interviews with district personnel, reviewed the supporting documentation for a sample of expenditures and conducted internal control reviews.

Scope of Review

Elements comprising the review included the following:

- Education Stabilization Fund (ESF) expenditures for salary of \$593,261 for staff of 28 employees;
- Government Services Fund (GSF) expenditures of \$118,429 for staff of five employees;
- ARRA IDEA Basic expenditures of \$40,227;
- ARRA IDEA Preschool has not been spent as of date of review;
- Title I expenditures of \$93,764;
- IDEA Basic expenditures of \$93,179; and
- IDEA PreSchool expenditures of \$22,566.

In addition, the team reviewed the district's plans for spending the balance of the funding.

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GENERAL DISTRICT OVERVIEW OF USES OF ARRA FUNDS

ARRA IDEA Projects

ARRA IDEA (BASIC) funds have been spent on a number of projects to assist students. Sound enhancement systems have been purchased for all special education preschool classes. Research shows that a student's hearing doesn't fully develop until the student is around 13 to 14 years of age. It is important that students understand the sounds made by letters in order to read so the district has purchased sound enhancement systems. In addition, the district is studying the impact of sound enhancement systems on student performance. In the lowest performing elementary school, the district has purchased sound enhancement systems for inclusive special education classes. The district will compare third grade test results with third grade test results in schools where sound enhancement systems have not been provided. The district has also placed sound enhancement systems in the 1st grade inclusion classes at the lowest performing elementary schools. The district expects that reading scores on the New Jersey ASK test at 3rd grade will show a significant increase and that special education students in the lowest performing elementary students will see results equivalent to special education scores in the other elementary schools. Non special education student's scores should also increase as a result of the residual benefit of being in an inclusion class where the instruction is enhanced by the use of sound enhancement systems. The district should also see a reduction in the number of referrals for special education services in our lowest performing school.

ARRA IDEA (BASIC) funds have also been used to provide laptop computers in the middle schools for all special education teachers. Previously one of the district's middle schools wrote a grant and was able to provide laptop computers in all classrooms. The Middle School Special Education Supervisor has noted that academic performance in this middle school has consistently been higher. She attributes this to the fact that teachers are using the laptops to provide instructional opportunities that are more motivational to students and have improved student attention. Based on her observations, the district purchased laptops for all special education teachers in all three middle schools. It is the district's belief that special education students will improve their performance on state tests by virtue of improved instruction provided by the use of technology in the classroom.

ARRA IDEA (BASIC) funds are being used to provide supplemental math instruction for special education students at the high school. Twice a week, classified special education students may remain after school to receive additional help in the area of math. Like many other districts, this district struggles to make adequate year progress (AYP) primarily due to the performance of special populations. The district believes that the supplemental math instruction will better prepare special needs students for the end of course algebra test and the High School Proficiency

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Assessment (HSPA). Additional math instruction should raise the scores of special education students and the district expects to see an

increase in the number of special education students obtaining pass proficient scores on the HSPA test. It is the district's expectation that supplemental math instruction should result in 3% to 5% of special needs students earning passing scores.

ARRA IDEA (BASIC) funds – Fifteen percent of the district's ARRA funds are being used to provide early intervention reading services at the elementary schools and math intervention at the middle schools. Washington Township has about 17% of its total student population identified and classified as special education students. The district believes that they have over identified students. The district also believes that early intervention reduces the number of referrals for special education services as well as improves student achievement. Since reading is a key to all learning, the district has employed two reading intervention specialists to provide reading intervention services to students at risk for special education identification and reading intervention services to previously classified students.

ARRA IDEA (BASIC) funds were also used to employ a full time math teacher to provide math instruction in the high school to classified students. The math teacher and one special education teacher co-teach math classes for classified math students. The math teacher is a math specialist and the special education teacher, although highly qualified in math, is an expert in instructional strategies. The district believes that math achievement scores for special education students will increase as the special education teacher improves her math skills and the math expert gains more knowledge in instructional strategies resulting in benefits to the special education students.

ARRA IDEA (PRESCHOOL) funds were used to provide funds to cover out-of-district placements for identified classified preschool students who required more services than could be provided within the district. Additional preschool funds were used to provide funding for an additional preschool instructional assistant. The remainder of the preschool funds will be used to provide instructional materials for preschool center-based programs being provided in district and to provide assistive technology for classified students who require assistive technology in order to receive benefit from their placement as well as free appropriate public education.

Method to provide evidence of the impact this has on students

The district will examine the impact ARRA IDEA funds have on student achievement and expect to see an increase in reading and math scores as a result of using ARRA IDEA funds to provide direct services to students and those persons charged with providing instruction to students.

Expectations for success in this program

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The district will feel that the program has been successful if the number of special education students passing math and reading on the state accountability program increase by 3% in each area.

In addition, the district believes the program will have met with success if they see a 5% reduction in the number of students being referred for a special education evaluation.

ARRA Title I Projects

The district did not receive ARRA Title I funding because the poverty rate was lower than the threshold for eligibility.

DETAILED FINDINGS:

TITLE 1:

Finding 1: The district does not have the required supporting documents to verify the activity of Title I funded staff as required by federal law.

Citation: OMB Circular A-87, Attachment B, Section 8(h): *Cost Principles for State, Local and Indian Tribal Governments (Compensation for personal services).*

Required Action: The district must verify the time and activity of staff charged to the grant. The district must submit a list of 2009-2010 Title I funded staff, salaries, funding percentages, job descriptions, job location and time sheets for December to the NJDOE for review. The time sheets did not clearly articulate the grant-related duties of the staff.

Finding 2: The district was charging expenses for Whitman School and the school was not eligible for funding based on the district ranking method.

Citation: OMB Circular A-87, Attachment B, *Cost Principles for State, Local and Indian Tribal Governments*, NCLB Section 1120A(b) *Fiscal Requirements, Federal Funds To Supplement, Not Supplant, Nonfederal Funds.*

Required Action: The district should remove all expenses for Whitman that are charged to the grant for the 2009-2010 grant year.

IDEA:

Finding 3: The district does not have the required supporting documents to verify the activity of IDEA funded staff as required by federal law.

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Citation: OMB Circular A-87, Attachment B, Section 8(h): *Cost Principles for State, Local and Indian Tribal Governments (Compensation for personal services)*.

Required Action: The district must verify the time and activity of staff charged to the grant. The district must submit a list of 2009-2010 IDEA funded staff, salaries, funding percentages, job descriptions, job location and time sheets for December to the NJDOE for review. The time sheets did not clearly articulate the grant-related duties of the staff.

Finding 4: The district did not have criteria for identifying students for early intervening services and were not tracking student progress.

Citation: IDEA Regulation 34 CFR 300.226 (*Early Intervening Services*).

Required Action: The district must organize criteria for services and track students involved in the program and submit the criteria and logs to the NJDOE for review.

Finding 5: The district purchased a sound enhancement system for special education students, but could not document that students in the classrooms where the system was installed were identified as special education students. Non-classified students can benefit from the purchase as long as the items are intended for special education purposes, data is collected on the outcomes and the district can ensure that all classrooms that have these systems are used by special education students.

Citation: IDEA Regulation 34 CFR 300.208 (*Permissive Use of Funds*).

Required Action: The district must organize criteria for services and track students involved in the program and submit the criteria and logs to the NJDOE for review.

Finding 6: The district was not in compliance with services to nonpublic schools with regard to their contract with an outside provider, communication of how requested services are handled and list of students being served.

Citation: IDEA Regulation 34 CFR 300 and 301 (*Assistance to States for the Education of Children With Disabilities and Preschool Grants for Children With Disabilities*).

Required Action: The district must revise contracts with its nonpublic provider that provide for payments based on specific services provided. The district must develop procedures to capture consultations specifically for IDEA and IDEA ARRA services and obtain confirmation of consultation from the nonpublic schools. The district must develop procedures for requests for additional services that come through the district and not the provider. The district must have a specific list of students and services under IDEA and IDEA ARRA and revise the service plans to match these lists. The district must submit its updated contract(s) and control procedures to the NJDOE for review.

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SFSF FUNDS:

The review in this area yielded no findings

ADMINISTRATIVE INFORMATION

Recommendation 1: Although the district does not have formal written policies for requesting reimbursement from the Electronic Web Enabled Grant (EWEG) system, the district's practice for requesting reimbursement were verified through questions concerning the district's internal controls.

Citation: EDGAR, PART 80--*Uniform Administrative Requirements for grants and cooperative agreements to state and local governments*, Section 20, Standards for financial management systems.

Recommended Action: The district must have a formal board policy concerning the reimbursement of grant funds and should submit this to the NJDOE for review.

Recommendation 2: The district's internal controls need to be refined to prevent non-allowable costs from being charged to the grant and miscoding of account numbers.

Citation: EDGAR, PART 80--*Uniform Administrative Requirements for grants and cooperative agreements to state and local governments*, Section 20, Standards for financial management systems.

Recommended Action: The district should update internal control policies to prevent these errors from recurring.

Recommendation 3: The district's reimbursement rate for mileage with their staff exceeds the amount that New Jersey authorizes and needs to be updated to reflect current state regulations.

Citation: NJAC 6A:23A-78-19 and State Office of Management and Budget Travel Regulations.

Recommended Action: The district should update their contract with the teachers union upon renewal of the contract.

Recommendation 4: The district purchased a sound enhancement system in the IDEA grant that exceeded the bid threshold and did not have the supporting documentation from the bid consortium to show that proper bidding activities were conducted.

Citation: NJSA 18A:18A-11, 18A:18A-12, 18A:18A-37.

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Recommended Action: The district should be sure to obtain all the supporting documentation from the consortium agency for amounts that exceed the state bid threshold.

Recommendation 5: Under the New Jersey's Public School Contracts Law (PSCL) districts do not need to advertise for bids or competitively contract the provision of goods and services by vendors on the state contract list. In accordance with the PSCL (N.J.S.A. 18A:18A:10(a)), a board of education may place its order with a vendor offering the lowest price, including delivery charges, that best meets the requirements of the board of education. However, for ARRA and all Federal funds, districts need to review 34 CFR Part 80.36 on procurement requirements. The Federal procurement regulations under this section do not include all the exemptions allowed under the PSCL and therefore, it is our understanding these Federal regulations require districts to competitively contract or bid all goods and services over the bid threshold, whether exempt under PSCL or not. The Federal rules do include provisions for procurement by "noncompetitive proposals" but only under certain circumstances. The department has requested clarification from the Federal government regarding vendors on the state contract list and we are still waiting for a definitive response. It is the department's position and recommendation to the Federal government that such contracts do not need any additional documentation beyond the statutory requirement under N.J.S.A. 18A:18A:10(c) that prior to placing orders, the board of education shall document with specificity that the goods and services selected best meet the requirements of the board of education.

Citation: EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 36, Procurement.

Recommended Action: The district should review 34 CFR Part 80.36 and use open and competitive procedures where at all possible. The district should also analyze and include documentation in its files that demonstrates the district ensured the costs were reasonable.

The NJDOE thanks you for your time and cooperation during the monitoring visit and looks forward to a successful resolution of all findings and implementation of all recommendations contained in this report.

If you have any questions, please contact Anthony Hearn via phone at (609) 633-2492 or via email at anthony.hearn@doe.state.nj.us.