



State of New Jersey

DEPARTMENT OF EDUCATION

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*Lt. Governor*

ROCHELLE R. HENDRICKS  
*Acting Commissioner*

December 6, 2010

Mr. Anthony Arcodia, Superintendent  
Barrington Borough Board of Education  
311 Reading Avenue  
Barrington, NJ 08007

Dear Mr. Arcodia:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Barrington Borough 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 August 31, 2010. The resulting report is enclosed. Please provide a copy of the report to each board member. All issued ARRA monitoring reports will be posted on the department's website at <http://www.nj.gov/education/arra/>.

Utilizing the process outlined in the attached "Procedures for LEA/Agency Response, Corrective Action Plan and Appeal Process," the Barrington Borough 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:Barrington Borough BOE Cover Letter ARRA  
Enclosures

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

ARRA MONITORING REPORT  
DECEMBER 2010

**District:** Barrington Borough Board of Education  
**County:** Camden  
**Dates On-Site:** October 13, 2010  
**Case #:** ARRA-015-09

**FUNDING SOURCES**

Program	Funding Award
State Fiscal Stabilization Fund – Education Stabilization Fund	489,274
State Fiscal Stabilization Fund – Government Services Fund	18,941
ARRA- Title I	18,048
ARRA – IDEA Basic	264,385
ARRA – IDEA Preschool	9,559
<b>Total ARRA Funds</b>	<b>\$800,207</b>
Title I	54,998
IDEA - Basic	323,400
IDEA - Preschool	14,393
Title IIA	23,636
Title IID	437
Title IV	1,285
<b>Total Non-ARRA Funds</b>	<b>418,149</b>
<b>Total Funds</b>	<b>\$1,218,356</b>

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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 Barrington Borough 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-Title I; ARRA-IDEA Basic; ARRA-IDEA Preschool; Title I; IDEA; IDEA Preschool; Title IIA; Title IID; and Title IV for the period July 1, 2009 through August 31, 2010. 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.

**EXPENDITURES REVIEWED**

Elements comprising the review included the following:

- ESF expenditures for salaries of \$489,274;
- GSF expenditures for salary of \$18,941;
- ARRA-IDEA Basic expenditures of \$202,846;
- ARRA-IDEA Preschool expenditures of \$9,559;
- ARRA-Title I expenditures of \$13,518;
- Title I expenditures of \$54,998;
- IDEA expenditures of \$254,395;
- IDEA Preschool expenses of \$8,729;

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- Title IIA expenditures of \$23,636;
- Title IID expenditures of \$437; and
- Title IV expenditures of \$1,285.

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

**GENERAL DISTRICT OVERVIEW OF USES OF TITLE I AND IDEA FUNDS**

**ARRA and Fiscal Year 2009- 2010 Title I Projects**

The ARRA-Title I funds have been spent on the Measuring Academic Progress tool from NWEA that benefitted all students in a targeted assistance program, as well as extensive professional development for the staff. The regular Title I monies fund in-class support for the identified students.

**ARRA-IDEA Projects**

The ARRA-IDEA funds were used to purchase technology supplies and other instructional materials to be used with students with disabilities included in-district general education programs or in the district resource rooms and self contained class for preschool students with disabilities. ARRA funds were also used to increase Child Study Team staff time and to provide professional development opportunities for staff serving students with disabilities.

IDEA grant monies are annually used to support the tuition costs for students with disabilities attending private receiving schools.

**DETAILED FINDINGS AND RECOMMENDATIONS**

**SFSF Funds**

There were no findings in SFSF.

**Title I**

**Finding 1:** Currently, the district is servicing its identified students by operating a combination of in-class support and a pull-out program; however, this construct does not fully meet the intent of a Title I Targeted Assistance program. Title I students must benefit from the full academic program, all Title I services provided must be above and beyond the entitled academic program.

**Citation:** NCLB §1115(c) *Targeted Assistance Programs, Components of a Targeted Assistance Program*

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**Required Action:** The district must update its Title I program to reflect the dissolution of its pull-out services for identified Title I students. The district must submit a detailed description of its updated Title I program with emphasis on providing supplemental services to identified participating students (i.e. in-class support, before/after school program, summer program, or test preparation program) to the NJDOE for review.

**Finding 2:** The district may be supplanting funds for purchases of a Measuring Academic Progress (MAP) tool that is given to all students to determine eligibility for Title I services.

**Citation:** NCLB §1120A(b): Fiscal Requirements (*Federal Funds to Supplement, Not Supplant, Non-Federal Funds*).

**Required Action:** The district must be careful to charge costs that benefit the Title I students only. The district should review all expenditures for 2009-2010 and back out any unallowable expenses prior to filing the final report and submit a list to the NJDOE for review.

**Finding 3:** 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 2010-2011 funded staff, salaries, funding percentages and time sheets for October 2010 to the NJDOE for review (including administrative staffing).

**Finding 4:** The district's budget allocation of Title I and ARRA-Title I funds to its schools does not agree with the Title I school allocations on the 2009-2010 NCLB Consolidated Application for Title I funds (Eligibility Page, Step 4).

**Citation:** NCLB §9306(a)(5): *Other General Assurances (Assurances)*.

**Required Action:** The district must reconcile its budget to correspond to the Title I school-level allocations reflected in the 2010-2011 NCLB Consolidated Application for Title I funds (Eligibility Page, Step 4) and the ARRA-Title I Application. The budget must be submitted to the NJDOE for review.

**Finding 5:** The district cannot provide evidence of convening the Title I annual meeting for parents to inform them of the school's participation in Title I and the Title I parent involvement requirements and rights, parent school compact and distribution of parent involvement policy for 2009-2010; however, all these items were corrected in the 2010-2011 school year.

**Citation:** NCLB §1118(c)(1) (2): *Parental Involvement (Policy Involvement)*.

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**Required Action:** The district made all the corrective actions in 2010-2011 school year.

**Finding 6:** The district has not consulted with nonpublic schools in 2009-2010 outside the district boundaries that enroll students living within the district's eligible attendance areas. The Aide-in-Lieu report shows the district paid funds to transport students to nonpublic schools outside of the district boundaries. However, the district did not conduct consultation activities with any of these nonpublic schools.

**Citation:** NCLB §1120 (*Participation of Children Enrolled In Private Schools*).

**Required Actions:** The district made all the corrective actions in 2010-2011 prior to the monitoring visit.

**Finding 7:** The district did not inform parents of its Title I program exit criteria.

**Citation:** NCLB §1118(c): *Parental Involvement (Policy Involvement)*.

**Required Action:** The district must revise its parent notification letter to include the required legislative components by specifying the exit criteria. The district must provide a copy of the revised parent notification letter to the NJDOE for review.

**IDEA**

**Finding 8:** Based on a representative document review, customized supplies purchased through the ARRA-IDEA grant are not reflected in current student IEPs. The district could not demonstrate a link between the instructional supplies purchased and the delivery of services to students with disabilities in either segregated programs or included in the general education classes. The district must maintain appropriate documentation that purchases are consistent with the grant requirements in order to show that they are not supplanting federal funds by purchasing materials intended for school wide, general curriculum use.

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

**Required Action:** At the next annual review meeting, the district must list specialized materials and devices purchased to support instructional programs for students with disabilities in their IEPs.

**Finding 9:** The district has misclassified the accounting classification of related services on the instructional services line.

**Citation:** EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 20, Standards for financial management systems.

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**Required Action:** The district must update its applications and corresponding accounting records to classify expenses according to their function. The revised budget summary for both the ARRA-IDEA and the IDEA grants must be submitted to the NJDOE for review.

**Finding 10:** The district was unable to provide affirmation of consultation for IDEA and ARRA-IDEA services from the nonpublic school representatives, although they did have a copy of the invitation to the consultation meeting on file.

**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 develop procedures to capture consultations specifically for IDEA and ARRA-IDEA services, and obtain confirmation of consultation forms from the nonpublic schools. The ARRA plan should be revised to reflect how the nonpublic services purchased through this grant supplement services offered with regular IDEA funds.

**Finding 11:** The district does not have the required supporting documents to verify the activity of ARRA-IDEA 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 fiscal year 2009-2010 ARRA-IDEA funded staff, salaries, funding percentages and time sheets to date to the NJDOE for review.

**Finding 12:** The district did not have an equipment inventory for all items purchased with federal grants.

**Citation:** EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 32, Equipment.

**Required Action:** The district must have formal tracking of equipment purchased with federal grants. Although the state threshold for reporting equipment is \$2,000 in the Electronic Web Enabled Grant (EWEG) system, the district may have its own lower threshold. The district must track any amount that is less expensive to track than it is to replace. All inventoried items should include tag number, cost, location, date of purchase and item description.



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**Title IIA**

**Finding 13:** The district does not have the required supporting documents to verify the activity of Title IIA 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 fiscal year 2010-2011 Title IIA funded staff, salaries, funding percentages and time sheets to date to the NJDOE for review.

**Title IID**

There were no findings in Title IID.

**Title IV**

There were no findings in Title IV.

**Administrative**

**Recommendation 1:** The district's internal controls should be updated to include policies and procedures to prevent non-allowable costs from being charged to grants, prevent contracting with disbarred vendors and perform competitive contracting.

**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 update internal control policies to prevent these errors from recurring.

**Recommendation 2:** The district does not have formal written policies for requesting reimbursement from the EWEG system; however, the district's practice for requesting reimbursement was 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 3:** Under the New Jersey's Public School Contracts Law (PSCL), districts are not required to advertise for bids or competitively contract the provision of goods and

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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 NJDOE 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. See Local Finance Notice 2010-3 issued January 15, 2010 for more information on competitive contracting for school districts and professional development services.

**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](mailto:anthony.hearn@doe.state.nj.us).