



State of New Jersey

DEPARTMENT OF EDUCATION

PO Box 500

TRENTON, NJ 08625-0500

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

ROCHELLE R. HENDRICKS
Acting Commissioner

December 6, 2010

Dr. James Sheerin, Interim Superintendent
Beverly City Board of Education
601 Bentley Avenue
Beverly, NJ 08010

Dear Dr. Gross:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Beverly City 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 June 30, 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 Beverly City 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 Ronald Fisher at (609) 777-3723.

Sincerely,

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

RJC/LDM/tc: Beverly City Board of Education Cover Letter
Enclosures

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

ARRA MONITORING REPORT
DECEMBER 2010

District: Beverly City Board of Education
County: Burlington
Dates On-Site: June 30 and July 1, 2010
Case #: ARRA-016-09

FUNDING SOURCES

Program	Funding Award
State Fiscal Stabilization Fund - Education Stabilization Fund	\$345,384
State Fiscal Stabilization Fund - Government Services Fund	13,370
ARRA - Title I	108,884
ARRA - Title I SIA	6,253
ARRA - IDEA Basic	80,966
ARRA - IDEA Preschool	2,912
Total ARRA Funding	<u>557,769</u>
Title I	178,430
Title I SIA	0
IDEA Basic	112,488
IDEA Preschool	2,712
Total Non-ARRA Funding	<u>293,630</u>
Total Funding	<u>\$851,399</u>

**BEVERLY CITY SCHOOL DISTRICT
ARRA MONITORING REPORT
DECEMBER 2010**

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 Beverly City School District 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); Title I; Title I SIA; ARRA-Title I; ARRA-Title I SIA; IDEA Basic; IDEA Preschool; ARRA-IDEA Basic; and ARRA-IDEA Preschool for the period July 1, 2009 through June 30, 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

The following dollar amounts of expenditures were reviewed for each program monitored for the period of July 1, 2009 through June 30, 2010:

- ESF expenditures totaling \$265,182 were reviewed;
- GSF expenditures totaling \$13,370 were reviewed;
- Title I expenditures totaling \$112,646 were reviewed;
- ARRA-Title I expenditures totaling \$93,526 were reviewed;
- ARRA-Title I SIA had not been expended as of the date of the monitoring visit;
- IDEA Basic expenditures totaling \$46,145 were reviewed;
- IDEA Preschool expenditures totaling \$2,712 were reviewed;
- ARRA-IDEA Basic expenditures totaling \$46,990 were reviewed; and
- ARRA-IDEA Preschool expenditures totaling \$2,835 were reviewed.

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CONCLUSIONS

Due to the nature and extent of the findings noted during our review, specifically related to the administration of federally funded programs and the use of federal funds, the NJDOE has withheld any remaining 2009-2010 NCLB and IDEA funds until the district demonstrates compliance with specific findings contained in this report. Additionally, all expenditures of NCLB and IDEA funds will be reviewed by the NJDOE Fiscal Monitor currently assigned to the district for propriety prior to the issuance of purchase orders. The results of this monitoring were communicated to the Office of Fiscal Accountability and Compliance for consideration for further review of the district's use of federal funds. As of the date of the release of this report, the Office of Fiscal Accountability and Compliance is conducting a comprehensive review of the district's utilization of federal funds. This review began on October 26, 2010.

GENERAL DISTRICT OVERVIEW OF USES OF TITLE I AND IDEA FUNDS

ARRA-Title I

The ARRA-Title I funds were utilized to provide a summer camp for district students, beginning with the Summer 2009 and continuing in Summer 2010 and Summer 2011. The camp will be held over a 4-5 week period and will provide students with opportunities to read and write. In addition, the ARRA-Title I funds will be utilized for salaries and benefits of two Basic Skills teachers who will provide instruction during the summer camp programs. The ARRA-Title I funds were also utilized to purchase non-instruction equipment for the summer camp programs. The review of the equipment purchased determined that the equipment was a non-allowable cost and a finding noting this was prepared and is included in the Financial Management findings and recommendations section of this report.

ARRA-Title I SIA, Part A

The ARRA-Title I SIA, Part A funds will be utilized for educational consultants to work directly with students and for instructional supplies and materials. Although a budget was created in the ARRA-Title I application for the SIA, Part A funds, there has been no program activity and no expenditure of funds as of the date of our monitoring visit.

Title I

The Title I funds will be for salaries and benefits of two Basic Skills teachers. These two teachers will provide in-class programs for district students. In addition, a Saturday program was provided. The program director indicated that the program was offered for approximately four Saturdays in April 2010 and was an extension of the regular classroom program.

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Title I SIA, Part A

The Title I, Part A funds will be utilized to upgrade the computer program for the district. Specifically, the funds will be utilized for the upgrade of software and hardware to enhance and expand the district's Study Island program.

ARRA-IDEA Basic and Preschool

The district is using their ARRA-IDEA grant to hire a behaviorist and for out-of-district tuition for special education students.

Expectations and outcomes of the ARRA-IDEA grant:

- The number of students referred for initial Child Study Team classification will decrease.
- The number of classified students placed out-of-district will decrease.
- The number of students brought before the Intervention and Referral Services Committee will decrease and/or be successfully served at that level.
- Teachers will become familiar with and practice appropriate classroom management techniques.
- Teachers will demonstrate increased willingness to work with students who are displaying difficulties knowing that there is additional support.

The district is using their ARRA-IDEA Preschool funds for education consultants working directly with special education preschool students.

IDEA Basic and Preschool

The IDEA Basic and Preschool grant reflects expenditures for out-of-district tuition.

DETAILED FINDINGS AND RECOMMENDATIONS

ARRA-Title I

Findings one through six below are related to the use of ARRA–Title I funding for the provision of services during the 2009 Summer Camp program, as well as the 2010 Summer Camp program. These summer camp services were outlined in the district's 2009 Summer Program ARRA–Title I paper application, which was approved by the NJDOE on June 19, 2009.

For each of these findings, a required action is listed that details the specific documentation that must be submitted in order for the NJDOE to verify whether the 2009 Summer Camp program and the 2010 Summer Camp program are allowable costs as stipulated in the ARRA–Title I regulations. It must be noted that during the exit conference for this monitoring visit, the district

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was informed that it could not operate and/or fund its 2010 Summer Camp program in the same manner as the 2009 Summer Camp program. The district was informed it must provide sufficient documentation in order for the NJDOE to verify that both the 2009 Summer Camp program and the 2010 Summer Camp program are allowable costs as specified under the ARRA–Title I grant program. If such sufficient documentation is not provided, the district will be required to reimburse these federal funds used for non-allowable costs with state and local monies.

Finding 1:

Condition: The district utilized the ARRA-Title I Part A funds to provide a summer camp program in the Summer of 2009; however, the ARRA-Title I application did not meet the NJDOE procedural requirement that the online application had to contain the programmatic and fiscal information that was approved through the Summer 2009 paper application process.

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 must meet the NJDOE procedural requirements to enter the programmatic and fiscal information from the Summer 2009 paper application into the online ARRA–Title I application in the Electronic Web Enabled Grant (EWEG) system. The district must submit this programmatic and fiscal information to the NJDOE for review.

Finding 2:

Condition: The district did not provide the selection criteria used to determine student eligibility for the 2009 Summer Camp program or the 2010 Summer Camp program. The district did not provide class lists to determine which students attended the 2009 summer program, nor the class lists of the students scheduled to attend the 2010 summer program. There was evidence that the district allowed all district students to attend the 2009 Summer Camp program, regardless of eligibility criteria, as well as evidence that the district would allow all students to attend the 2010 Summer Camp program.

Citation: *NCLB § 1115 Targeted Assistance Schools*.

Required Action: The district, which is designated as a targeted assistance program, must submit to the NJDOE for review the selection criteria it utilized for determining which students were eligible for the 2009 Summer Camp program and which students would be eligible for the 2010 Summer Camp program.

Finding 3:

Condition: The district did not provide evidence that it had an established instructional curriculum that was utilized in the 2009 Summer Camp program or would be utilized in the 2010 Summer Camp program. Without evidence of the utilization of an instructional curriculum and

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instructional materials, it appears that the ARRA–Title I funds were used for recreational purposes rather than instructional purposes.

Citation: NCLB §1112 *Local Educational Agency Plans*.

Required Action: The district must submit to the NJDOE for review the instructional curriculum it utilized for instructional purposes in the 2009 Summer Camp program, as well as the instructional curriculum it proposed to utilize for the upcoming 2010 Summer Camp program. Included in this information must be copies of teachers’ lesson plans.

Finding 4:

Condition: The district did not provide teacher schedules for the 2009 Summer Camp program. Without these schedules, it was impossible to determine which two teachers provided instruction and to verify that these were the two teachers funded with the ARRA-Title I funds as listed in the ARRA-Title I application submitted by the district on September 25, 2009.

Citation: NCLB §1119 *Qualifications for Teachers and Paraprofessionals*; 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 must submit to the NJDOE for review the names of the two teachers funded with the ARRA-Title I funds, as well as their teaching schedules for the 2009 Summer Camp program.

Finding 5:

Condition: The district spent federal funds on entertainment-related activities that are unallowable under the federal cost principles. The district utilized ARRA-Title I funds to provide swimming activities and trips to the Philadelphia Zoo and Johnson Farm, as well as to purchase food to serve as incentives for student attendance. The utilization of ARRA-Title I funds by the district to support a recreational-oriented summer camp program and to use food as an incentive for student attendance reflects non-allowable Title I expenditures.

Citation: OMB Circular No. A-87: *Cost Principles for State, Local and Indian Tribal Governments*, Section 14, *Entertainment*.

Required Action: The district must reverse the charges for these activities and allocate state/local funds, rather than ARRA-Title I funds, to support these recreational expenditures.

Finding 6:

Condition: The district utilized ARRA-Title I funds for the purchase of a Wii game system, which was utilized in the 2009 Summer Camp program and proposed to be utilized in the upcoming 2010 Summer Camp program; however, the district did not provide documentation to

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confirm the instructional components that would be provided through the use of this Wii game system. The Wii game system was purchased directly from Target by a district employee, who was subsequently reimbursed personally for the expense. The district did not have a formal inventory of this Wii game system to include tag number and item location.

Citation: OMB Circular A-87, Attachment B, *Cost Principles for State, Local and Indian Tribal Governments*; EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.

Required Action: The district must reverse the charges for this activity to allocate state/local funds, rather than ARRA-Title I funds, to support this recreational expenditures. The district must revise its ARRA-Title I, Part A budget to remove this budgeted cost from the ARRA-Title I, Part A budget and to show these funds budgeted for other ARRA-Title I, Part A allowable costs. The district must submit this fiscal information to the NJDOE for review.

Finding 7:

Condition: The district did not complete Program Plan information in the Title I, Part A section of the ARRA-Title I application.

Citation: NCLB §1112 *Local Educational Agency Plans*.

Required Action: The district must correct the Title I, Part A section of the ARRA-Title I application by completing all required Program Plan information. The district must submit the revised Program Plan information to the NJDOE for review.

Finding 8:

Condition: The district did not complete Program Plan information in the Title I SIA, Part A section of the ARRA-Title I application.

Citation: NCLB §1112 *Local Educational Agency Plans*.

Required Action: The district must correct the Title I SIA, Part A sections of the ARRA-Title I application by completing all required Program Plan information. The district must create a budget that supports this revised, Title I SIA, Part A Program Plan information. The district must submit the revised Program Plan and budget information to the NJDOE for review.

Finding 9:

Condition: The district did not explain how the ARRA-Title I funds are being used to supplement programs, services, and activities in its Title I funded school. Additionally, the district could not clarify if the existing positions supported with ARRA-Title I funding for supplemental programs would have been eliminated without the ARRA-Title I funding.

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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 must provide details on how the funds are being used to supplement programs, services, and activities in its Title I funded school. The district also must provide documentation that the existing positions supported with ARRA-Title I funds would have been eliminated without the infusion of the ARRA-Title I funds.

Title I and NCLB

Finding 10:

Condition: The district did not provide evidence to verify that it is providing a distinguishable Title I targeted assistance program. Title I funding is being used to support the salaries of teachers who provide services to all students, not just to eligible Title I students. In the absence of a list of eligible Title I students, it was impossible to verify that services were restricted solely to eligible students.

Citation: NCLB §1115: *Targeted Assistance Programs.*

Required Actions: The school must implement a Title I targeted assistance program for its low-performing students in accordance with the required eight components of a targeted assistance program. The district must submit to the NJDOE for review a detailed description of its Title I targeted assistance program, with specific details on how the district provides supplemental services to identified eligible Title I students and how the district will implement this Title I targeted assistance program. The program description must include the following:

- Multiple, educationally related objective criteria used to enter and exit students in the program (e.g., New Jersey Assessment of Skills and Knowledge NJ ASK scores, teacher recommendations, grades and benchmark assessments);
- Specific multiple measures used to identify participating Title I students; and
- The methods used to assess students, as well as the timeframe of these assessments.

Finding 11:

Condition: The district is not using multiple, educationally related objective criteria to identify students for Title I services. The district presented a description of eligibility with income as the sole determination.

Citation: NCLB §1115(b)(1)(B): *Targeted Assistance Programs (Eligible Children From Eligible Population).*

Required Action: The district must revise its criteria for the identification of students for Title I services. The revised criteria should be based on students' academic performance only and include multiple, educationally related objective criteria (e.g. NJ ASK scores, teacher

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recommendations, grades and benchmark assessments). The revised Title I entrance and exit criteria must be included in the program description that is submitted to the NJDOE for review.

Finding 12:

Condition: The district did not provide evidence that each of its teachers and paraprofessionals who provide Title I services meet the requirements of a highly qualified teacher and highly qualified paraprofessional.

Citation: NCLB §1119: *Qualifications for Teachers and Paraprofessionals* and 34 CFR §200.58: *Qualifications of Paraprofessionals*.

Required Action: The district must provide evidence to the NJDOE that the teachers and paraprofessionals identified during the site visit have met the Title I requirements for highly qualified teachers and highly qualified paraprofessionals. If the district is unable to verify that these employees have met the Title I requirements, the district must immediately reassign these employees to non-Title I positions.

Finding 13:

Condition: The district did not send the required notification to parents of students eligible for participation in the Title I program, listing the Title I program selection criteria, how the child met the selection criteria, the course of action the district has determined to remediate the child, the option to refuse services, and the exit criteria. As stipulated in the Title I regulations, these elements must be included in the notification letter to parents about their child's participation in the Title I program.

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

Required Action: The district must develop a parent notification letter to include the following information: Title I program selection criteria, reasons the child met the selection criteria, and the course of action the district has determined it will implement to remediate the child. The district must distribute the revised letter with the required legislative components to the parents of its Title I students and provide a copy of the revised parent notification letter to the NJDOE for review.

Finding 14:

Condition: The district did not provide evidence to confirm it convened the Title I annual meeting for parents to inform them of the school's participation in Title I and the Title I parental involvement requirements and rights.

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

Required Action: The district must convene the Title I annual meeting for parents. The district must send copies of the invitational letter/flyer, the agenda from the 2009-2010 meeting, participants' attendance records, and minutes from the annual parent meeting to the NJDOE for review.

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Finding 15:

Condition: The district did not provide evidence of its written parental involvement policy that is distributed to parents of participating Title I students. Specifically, no documentation was presented to explain how or what mechanisms the district used to implement the required parental involvement components. Additionally, it was not clear how the district distributed the policy to the parents of Title I students.

Citation: NCLB §1118(b): *School Parental Involvement Policy*, United States Department of Education – Title I Part A Parental Involvement Non-Regulatory Guidance (Item D-1).

Required Action: The district must provide technical assistance to the school and its stakeholder group in the development of a school-level parental involvement policy. The district must develop a written parental involvement policy that is distributed to the parents of participating Title I students. The distribution date of the parental involvement policy must match the date entered into the FY 2010 NCLB application. A copy of this parental involvement policy must be submitted to the NJDOE for review.

Finding 16:

Condition: The district did not provide evidence that it had a policy in place for the requirement to complete and distribute a four-week follow-up Parents' Right-to-Know letter for staff members who are not highly qualified who replace staff during extended periods of absences. The district did not provide evidence that each of its teachers meets the requirements of a highly qualified teacher.

Citation: 34CFR §200.61 Parents' Right-to-Know, NCLB §1111(h)(6): *State Plans*.

Required Action: The district must develop a policy and a letter to address the Parents' Right-to-Know requirement that timely notice must be distributed to parents if their child has been assigned, or has been taught for four or more consecutive weeks by, a teacher of a core academic subject who is not highly qualified. The district must submit a copy of this policy and Parents' Right-to-Know follow-up letter to the NJDOE for review.

Finding 17:

Condition: The district's notification to inform parents of students attending the district school that the school was designated as a school in need of improvement (SINI), with accompanying sanctions, did not contain the following Title I legislative requirements:

- Date of notice (Month/Day/Year);
- Comparison of schools to others in district and state;
- Reasons why the school is in status;
- School's actions to address the problems;
- District's and state's actions to address the problems;
- Parent's actions to address the problems; and

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- Parental options: public school choice and supplemental educational services.

Citation: NCLB §1116(b): *Academic Assessment and Local Educational Agency and School Improvement (School Improvement)*.

Required Action: The district must revise its SINI letter to meet the legislative requirements. The revised letter must be distributed to parents and a copy of the letter must be submitted to the NJDOE for review.

Finding 18:

Condition: The district's implementation of the Title I Supplemental Educational Services (SES) requirement does not meet the legislative and regulatory requirements. The district did not establish eligibility criteria for low-income students to receive SES and there was evidence that the district allowed all district students the opportunity to participate in these services based on academic criteria as the initial eligibility factor for services. In addition, only one state-approved provider from the approved list provided services. As clarified in the January 2009 SES guidance distributed by the United States Department of Education, the school may "Help parents choose a provider, if requested," but the school does not have the authority to make the decision for the parent. The district did not provide evidence to confirm that it did not select this SES provider for parents.

Citation: NCLB §1116(e)(2): *Academic Assessment and Local Educational Agency School Improvement (Supplemental Educational Services)*. The United States Department of Education, Supplemental Educational Services, Non-Regulatory Guidance, January 14, 2009, Item A-5.

Required Action: Beginning immediately, the district must distribute a second round of SES eligibility letters to parents of all students who receive free/reduced lunch and submit a copy of this letter to the NJDOE for review. The district must send copies of the notification letter to parents, registration form, and enrollment documents to the NJDOE for review.

Finding 19:

Condition: The SINI letter for the district school did not meet the legislative guidelines. Specifically, the letter is missing the following required components: 1) an explanation of what the identification means, and how the school compares in terms of academic achievement to other schools in the state; and 2) the reasons for the SINI identification.

Citation: NCLB §1116 (b)(6) *Academic Assessment And Local Educational Agency And School Improvement*.

Required Action: The district must revise its SINI parental notification to meet the regulatory requirements and distribute a copy of the revised letter to parents. The district must submit a copy of the revised letter to the NJDOE for review.

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Finding 20:

Condition: The SINI Title I Unified Plan does not accurately reflect the instructional strategies the school is using to address the areas of low student achievement. As the basis for remediating its low-performing students, the school is implementing a push-in program. However, the plan does not articulate how this will occur and the way in which the success of the program will be measured. The components of the push-in program are not clearly integrated into the plan.

Citation: NCLB §1116(b)(3): *Academic Assessment and Local Educational Agency School Improvement (School Plan)*.

Required Action: The school must work with its stakeholder group to revise the Title I Unified Plan to integrate the components of the push-in program. The plan should highlight the key instructional strategies being used to address “the specific academic issues that caused the school to be identified for school improvement.” The revised plan must be uploaded to the school’s FY 2010 Title I application on the EWEG system.

Finding 21:

Condition: The district did not consult with nonpublic schools outside the district boundaries attended by district students, as required under Title I, Part A. No nonpublic schools are located within the district’s boundaries.

Citation: NCLB §1120 *Participation of Children Enrolled in Private School*.

Required Action: The district must immediately begin the consultation process with those nonpublic schools that enroll students who reside within the boundaries of the district’s eligible school attendance areas. The district must submit its Affirmation of Consultation forms and, if necessary, its Nonpublic School Refusal of Funds forms for FY 2010 Title I funds to the NJDOE for review.

Finding 22:

Condition: The district did not have an equipment inventory for items purchased with FY 2010 Title I funds. The FY 2010 Title I budget included \$10,005 for the purchase of five computers; however, the district did not provide documentation to verify that the funds were utilized for this purpose.

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 all federal grants. All inventoried items should include tag number, cost, location, and date of purchase and item description. The district must provide documentation that the FY 2010 Title I funds were utilized for the purchase of five computers. If these funds were not utilized in this way, the district must revise its FY 2010 Title I program detail and budget to reflect the actual

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use of these funds and submit this revised programmatic and fiscal detail to the NJDOE for review.

Finding 23:

Condition: The district does not have a mechanism in its accounting system to track mandatory reserves (including school-level reserves and SES per pupil costs).

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

Required Action: The district must track its restricted reserves to ensure and verify spending of restricted amounts. The district must submit a list of account numbers being used for this purpose with a description of the accounts to the NJDOE for review.

Finding 24:

Condition: The district does not have the required supporting documents to verify the activity of ARRA-Title I and FY 2010 Title I funded staff as required by federal law.

Citation: OMB Circular A-87, Attachment B, Section 11(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, and time and attendance records to date to the NJDOE for review including administrative staffing.

Finding 25:

Condition: The district did not provide documentation to verify that the No Child Left Behind (NCLB) Project Director had a current signed employment contract with the district to provide Title I services to district staff and students. The employment contracts that were provided by the district showed an expiration date of June 30, 2009, with no further provisions for contract extensions beyond that expiration date.

Citation: OMB Circular A-87, Attachment B, Section 11(h): *Cost Principles for State, Local and Indian Tribal Governments (Compensation for Personal Services)*; EDGAR Part 80: *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 20, Standards for financial management systems; *N.J.S.A 18A:27-4.1: Article 2:Employment in District Governed by Rules for Employment*; *N.J.A.C.6A:23A-3.1: Subchapter 3 Administrator and Board Member Accountability*.

Required Action: The district must verify that the NCLB Project Director provided Title I services to district staff and students under a current signed employment contract with the

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district. The district must submit to the NJDOE for review the signed employment contracts for the 2009 Summer Program and 2009-2010 school year. The contract information must delineate for each person the total cost of the contract for each applicable year, including salary and benefits (if applicable) and all other compensation, as well as the Title I services provided to staff and students.

ARRA-IDEA Basic and ARRA-IDEA Preschool

Finding 26:

Condition: The district's ARRA-IDEA plan and budget provides services for general education students without any split or co-funding. The district did not select the Coordinated Early Intervening Services option; instead it chose to indicate the use of funds for Intervention and Referral Services and Preschool Intervention Referral Team to reduce referrals and classification rates under the Permissive Use of Funds Tab. The district incorrectly explained these expenditures under the "Permissive Use of Funds" benefit to nondisabled students. The expenditures do not match the approved ARRA-IDEA Basic and ARRA-IDEA Preschool approved application which included funds being used for tuition, consultants working directly with students and support service salaries. The district did not mention the Preschool grant proposed expenditures and benefits in the ARRA-IDEA plan.

Citation: 34 CFR § 300.1 §300.202 §300.205(d); §300.226(a-d)

Required Action: The ARRA-IDEA Basic and ARRA-IDEA Preschool application must be amended to reflect actual expenditures allowable under ARRA-IDEA. The ARRA-IDEA plan and budget must be amended to include the ARRA-IDEA Preschool expenditures.

Finding 27:

Condition: The district failed to include in their ARRA-IDEA plan on the EWEG system the previously approved ARRA-IDEA funded summer Extended School Year (ESY) program that was provided during the summer of 2009 and 2010. The district provided no evidence of an Individualized Education Program (IEP) driven ESY program in any of the IEPs of the classified students attending. The program offered was a general education initiative offered to all students; therefore, ARRA-IDEA funds cannot be used for the program.

Citation: IDEA Regulations 34CFR § 300.1 §300.2024.

Required Action: The EWEG ARRA-IDEA Plan must be amended to include the ESY program. The ESY program funded with ARRA-IDEA funds must be driven by the ESY requirements of classified students IEPs and provided only to students with disabilities that have been determined to require ESY services.

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Finding 28:

Condition: Salary expenditures for the ESY program were part of the original summer paper application process; however, the approved EWEG ARRA-IDEA application on the EWEG system does not reflect expenditures in the 100-100 line for teacher salaries or expenditures in the 200-100 line for the program director and school nurse.

Citation: IDEA Regulations 34CFR § 300.1 §300.2024.

Required Action: The ARRA-IDEA plan and budget must be amended to include the ESY program salary expenditures.

Finding 29:

Condition: The class list for the ESY program indicated the program served both general education students and students eligible for special education and related services. This was not reflected in the original submission or program approval.

Citation: IDEA Regulations 34CFR § 300.1 §300.2024.

Required Action: The ARRA-IDEA funds must be used to support the IEP driven ESY program originally approved in the summer paper application. The district must reverse the charges for the general education student costs to allocate state/local funds, rather than ARRA-IDEA funds.

Finding 30:

Condition: The district was not able to provide required documentation related to the ARRA-IDEA funded ESY program. Specifically, the curriculum was not available, and the eligibility for ESY services was not documented in the IEPs.

Citation: EDGAR 80.20 NJAC 6A:23-2 34CFR § 300.106 (a) (2).

Required Action: Services for the ESY must be provided only if the Child Study Team determines that the services are necessary for the provisions of the Free Appropriate Public Education program. The need for participation in an ESY program must be documented on each student IEP. Curriculum for the ESY program must be developed and documented based on the needs of the students.

Finding 31:

Condition: The district was not able to produce conclusive documentation to support charges of part time or full time staff paid through the ARRA-IDEA grant funds, The summer ESY program salaries paid through the grant were for an integrated general education program as evidenced previously in this report. The district was unable to provide a conclusive way to document the employee “time commitment” to the grant. In addition, a social worker was listed

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in the grant application to serve as a “behaviorist.” No evidence of this professional service being provided or being paid by the grant was provided.

Citation: EDGAR 80.20, NJAC 6A:23-2 and OMB Circular A-87 (time commitment).

Required Action: The district must maintain signed certification by ARRA-IDEA funded employees and their supervisor documenting actual activity funded by the grant. If these services are not being provided the ARRA-IDEA plan and budget must be revised and resubmitted to the NJDOE. The district must revise its ARRA-IDEA plan and budget to remove this budgeted cost from the budget and to show these funds budgeted for other ARRA-IDEA allowable costs.

Finding 32:

Condition: The interview with the IDEA Program Director confirmed that Child Find activities are not conducted.

Citation: 34CFR §300.111.

Required Action: The district must implement the board approved Special Education Policy for Child Find and conduct all required Child Find activities.

Finding 33:

Condition: The field trips for the 2009 summer ESY program were inappropriately charged to the 100-500 appropriation account. The field trips funded by the ARRA-IDEA grant must be educationally relevant to be eligible for grant funding. In addition, the review of the related purchase orders indicate payment for food, transportation and admission fees.

Citation: IDEA Regulations 34CFR §300.130-300.144.

Required Action: The district must provide documentation of the educational relevance of the field trips. If the district cannot clearly demonstrate the educational relevance of the trips, then the district must revise its budget and allocate appropriate state/local funds. At a minimum, the district must amend the ARRA-IDEA Basic grant application and adjust its accounting records to reflect field trip expenditures on the required 200-500 budget line, transportation on the 200-500 line and food on the 200-600 line.

Finding 34:

Condition: The district could not produce the appropriate certifications for the teaching staff who participated in the ESY summer program. The district was not able to provide documentation to verify that staff had completed criminal history records checks and were appropriately certified to teach students with disabilities.

Citation: IDEA Regulations 34CFR § 300.156.

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Required Action: Teachers funded through ARRA-IDEA must be appropriately certified to provide services to students with disabilities. In addition, the district must provide documentation that staff had criminal history record checks conducted in accordance with statute.

IDEA Basic and Preschool

Finding 35:

Condition: The interview with the IDEA Program Director confirmed that Child Find activities are not conducted.

Citation: 34CFR §300.111.

Required Action: The district must implement the board approved Special Education Policy for Child Find and conduct all required Child Find activities.

Financial Management and Reporting

Finding 36:

Condition: A review of the district's fiscal year 2009–2010 general ledger for the Title I program disclosed that the detailed appropriations for three accounts did not agree with the Office of Grants Managements approved budgets.

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

Required Action: The district should adjust all appropriation accounts to reflect the current approved budget in the Title I grant application.

Finding 37:

Condition: On several occasions, the district failed to issue a purchase order prior to the receipt of supplies, materials, services and equipment being obtained (confirming order). District policy and state regulations require that a properly executed purchase order be issued prior to the purchase of these items.

Citation: N.J.S.A 18A:18A(2) Public School Contracts Law.

Required Action: Purchase orders should be issued to all vendors prior to the receipt of supplies, materials, services and equipment. Additionally, the district should ensure that all district staff are aware of and adhere to procurement policy.

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Finding 38:

Condition: The district was unable to provide signed employment contracts for the NCLB and IDEA program directors whose salaries were partially funded with over \$23,000 of federal funds. The employment contracts that were provided by the district showed both were per diem employees and the contracts had an expiration date of June 30, 2009, with no further provisions for contract extensions beyond that expiration date. The district provided a April 2009 board motion for approval of the reappointment of both; however, it appears contracts noting the daily rate, terms and conditions and duties were never generated.

Citation: OMB Circular A-87, Attachment B, Section 11(h): *Cost Principles for State, Local and Indian Tribal Governments (Compensation for Personal Services)*; EDGAR Part 80: *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 20, Standards for financial management systems; *N.J.S.A 18A:27-4.1: Article 2:Employment in District Governed by Rules for Employment*; *N.J.A.C.6A:23A-3.1: Subchapter 3 Administrator and Board Member Accountability*.

Required Action: The district must generate and maintain fully executed employment contracts for all employees. In the future, all non-affiliated staff should not be presented for reappointment to the board of education without having the completed signed employment contract.

Finding 39:

Condition: The district expended ARRA-Title I funds for supplies, materials, services and equipment which did not benefit ARRA-Title I instructional programs. Our testing noted eight transactions totaling \$3,361 of non-allowable ARRA-Title I expenditures.

Citation: NCLB Section 1120A(b) *Fiscal Requirements, Federal Funds To Supplement, Not Supplant, Nonfederal Funds*.

Required Action: The district must reverse the expenditure transactions for the non-allowable ARRA-Title I expenditures and charge an appropriate funding source.

Finding 40:

Condition: The district does not maintain formal written policies and procedures covering periodic review of suspended/disbarred vendors and reimbursement requests for federal funds from the EWEG system.

Citation: EDGAR Part 80.20 - *Standards for Financial Management Systems and New Jersey Administrative Code 6A:23A-6.6 - Standard Operating Procedures for Business Functions*.

Required Action: The district must develop and maintain complete written policies and procedures which as part of internal controls provides reasonable assurance that the following objectives are being achieved: effectiveness and efficiency of operations, reliability of financial

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reporting, and compliance with applicable laws and regulations. As a result of the findings identified during the review of the district, this matter has been referred to the Office of Fiscal Accountability and Compliance for additional investigation.

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 Ronald Fisher at (609) 777-3723 or via email at ronald.fisher@doe.state.nj.us.