



State of New Jersey

DEPARTMENT OF EDUCATION

PO Box 500

TRENTON, NJ 08625-0500

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

CHRISTOPHER D. CERF
Acting Commissioner

January 26, 2010

Mr. Robert Becker, Superintendent
Dover Town Board of Education
100 Grace Street
Dover, NJ 07801

Dear Mr. Becker:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Dover Town 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 Dover Town 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 Steven Hoffmann at (973) 621-2750.

Sincerely,

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

RJC/LDM/tc:Dover Town Board of Education Cover Letter
Enclosures

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American Recovery & Reinvestment Act 2009

New Jersey K-12 Education

**ARRA MONITORING REPORT
JANUARY 2011**

District: Dover Town Board of Education
County: Morris
Dates on-Site: November 15, 16, 17 and 23, 2010
Case #: ARRA-022-09

FUNDING SOURCES

Program	Funding Award
State Fiscal Stabilization Fund – Education Stabilization Fund	\$3,667,812
State Fiscal Stabilization Fund – Government Services Fund	141,987
ARRA-Title I	974,490
ARRA-IDEA Basic	818,746
ARRA-IDEA Preschool	29,406
Total ARRA Funds	<hr/> \$5,632,441
Title I	\$1,709,116
Title I SIA	16,057
Title IIA	181,129
Title IID	16,785
Title III	61,952
Title III Immigrant	64,875
Title IV	28,835
IDEA Basic	712,667
IDEA Preschool	13,634
Total Non-ARRA Funds	<hr/> \$2,805,050
Total Funding	<hr/> \$8,437,491

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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 Dover Town 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); Title I, Title IIA, Title IID, Title III, Title III Immigrant, Title IV, IDEA Basic; IDEA Preschool; ARRA-Title I; 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 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 100% of expenditures totaling \$3,667,812 were reviewed;
- GSF 100% of expenditures totaling \$141,987 were reviewed;
- Title I 63% of expenditures totaling \$1,341,967 were reviewed;
- Title I SIA had not been expended at the time of the monitoring visit;
- ARRA-Title I 81% of expenditures totaling \$494,190 were reviewed;
- Title IIA 81% of expenditures totaling \$96,195 were reviewed;
- Title IID 96% of expenditures totaling \$12,193 were reviewed;
- Title III 83% of expenditures totaling \$59,143 were reviewed;

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- Title III Immigrant 90% of expenditures totaling \$53,397 were reviewed;
- Title IV 98% of expenditures totaling \$23,282 were reviewed;
- ARRA-IDEA Basic 60% of expenditures totaling \$560,742 were reviewed;
- ARRA-IDEA Preschool 83% of expenditures totaling \$23,111 were reviewed;
- IDEA Basic 83% of expenditures totaling \$674,018 were reviewed; and
- IDEA Preschool 30% of expenditures totaling \$11,276 were reviewed.

GENERAL DISTRICT OVERVIEW OF USES OF ARRA FUNDS

ARRA-Title I Projects

The district has identified several key areas in their needs assessment and have started to implement their program plan to meet their educational objectives. Several teachers have been hired to address the need to create small learning communities and to provide additional in-class support. Extended day and extended year opportunities have been made available to Title I eligible students to focus on improving their performance on state assessments. In addition, efforts have been made to provide professional development to teachers in order to improve the effectiveness of these extended day and extended year programs.

The district has worked collaboratively with parents in the development of their parent involvement policies, and in the development of a parent-school compact. They have delivered all of the required documentation and notification to parents and have provided broader means of dissemination through the use of various media formats including the internet.

The district has reached out to many of the nonpublic schools, but did not acquire the proper documentation from several schools within and outside their community eligible for Title I services. A written record of communication efforts with nonpublic schools that have refused services along with maintaining an affirmation of consultation should be maintained.

Clear exit and entrance criteria have been established for eligible students using multiple methods necessary for identification. Instructional staff does maintain and submit accurate time and activity reports and expenditures for stipends for extended day and year assignments which align with payroll records.

The district has infused technology into the curriculum and provides technical assistance to the staff in order to meet the New Jersey Core Curriculum Content Standards.

The district's budgeted Title I funds that were earmarked for professional development were used to provide tuition reimbursement to teachers taking graduate courses. Tuition reimbursement is a guarantee in the employment contract and is a form of supplanting. These funds should be redirected for other allowable uses.

ARRA-IDEA Projects

The ARRA-IDEA Plan and Electronic Web Enabled Grant application identified a number of areas that focused on supporting students with disabilities. They include: 1) ARRA-IDEA

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Preschool funds that were allocated to support an instructional aide to support preschool students being educated in the least restrictive environment; 2) the hiring of three content area mathematics specialists to support special education students and train elementary and high school special education teachers in an effort to elevate mathematics proficiency for special education students; 3) a reduction in the Maintenance of Effort (MOE) for FY 2010 was completed in the amount of \$375,380 that freed up public funds which supported retaining general education staff and reducing class size. The transferred in ARRA-IDEA funds were allocated for a special education student's out-of-district tuition, a wheelchair accessible van for student transportation, supplies and special education staff salaries; and 4) contracts with approved service providers and professional technical consultants were also budgeted.

IDEA Projects

IDEA-B grant preschool expenditures were allocated for contracting with approved service providers that include the Morris County Educational Services Commission and Morris County Head Start for related services. Basic expenditures include: 1) instructional supplies for teacher use; 2) related services budgeted through contracts with approved service providers; 3) child study team and special education administrator salaries and benefits; 4) bus rental for special education field trips; 5) non-instructional supplies for child study team members; and 6) a FM system for student use was purchased under instructional equipment.

DETAILED FINDINGS AND RECOMMENDATIONS

Title I

Finding 1:

Condition: The district is supplanting state/local funds through the use of Title I funds to support tuition reimbursement for staff members taking graduate courses. The district has a contractual obligation with its teachers to reimburse tuition costs; therefore, in the absence of federal funds the district would still have to provide reimbursement.

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

Required Action: The district must reappropriate Title I funds earmarked for tuition reimbursement and apply local funds for these expenditures. Title I funds already expended for this purpose must be replaced with local funds and re-budgeted towards allowable uses that align with the needs assessment and the program plan.

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Finding 2:

Condition: The district did not have completed Affirmation of Consultation forms for seven nonpublic schools eligible for FY 2010 Title I, Part A services.

Citation: NCLB § 1120 and § 9501 and §200.63 of the Title I regulations.

Required Action: The district must submit the completed Affirmation of Consultation forms to the NJDOE, or provide evidence that an attempt was made to reach all nonpublic schools both within and outside the district eligible for Title I services.

Title II, III and IV

The review of this area yielded no findings or recommendations.

IDEA

Finding 1:

Condition: MOE reduction, as noted in the ARRA-IDEA plan, does not match the ARRA-IDEA Basic budget or the MOE use of released funds worksheet. Upon further investigation it was discovered that the special education expenditures were not transferred from the local budget as no board minutes reflected the district taking such action. The expenditures in the ARRA-IDEA grant are new expenditures for special education.

Citation: IDEA Regulations 34CFR §300.203.

Required Action: The district must revise their ARRA-IDEA grant application to remove the use of the MOE option.

SFSF FUNDS

Finding 1:

Condition: The district's reporting of jobs created and jobs retained for ESF funding was calculated incorrectly resulting in the under reporting of jobs retained.

Citation: *ARRA section 1512.*

Required Action: The jobs retained reported on the 1512 report must be calculated using the appropriate federal methodology.

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Financial Management and Reporting

Finding 1:

Condition: On numerous occasions the district failed to issue a purchase order prior to services being rendered (confirming order). District policy and state regulations require that a properly executed purchase order be issued prior to services being rendered.

Citation: 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:18A (2)(v) *Public School Contracts Law*.

Required Action: Purchase orders must be issued to all vendors prior to goods or services being provided.

Finding 2:

Condition: On several occasions the district did not obtain multiple quotes for purchases between \$4,350 and the bid threshold of \$29,000, as required by New Jersey Public School Contracts Law (PSCL), federal procurement law and district policy.

Citation: 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:18A-37 *Award of purchases, contracts or agreements*.

Required Action: The district must comply with current federal and state procurement regulations and obtain multiple quotes as required.

Finding 3:

Condition: District accounting staff increased a purchase order amount without authorization. This purchase order for tuition was originally issued by the purchasing agent and approved by the superintendent in the amount of \$5,684.04, which was subsequently increased by accounting department staff to \$11,683.86. Increasing purchase orders without proper authorization is an internal control weakness and a violation of the New Jersey Accountability Regulations.

Citation: 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.A.C. 6A:23A-6.10 *Approval of amounts paid in excess of approved purchase orders; board policy*.

Required Action: The district must adopt a policy establishing the approval process for any remittance of payment for invoice amounts greater than the approved purchase order.

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The policy shall require the school business administrator (SBA) to identify, and investigate, if necessary, the reason for any increase to the purchase order. If it is found that such an increase is warranted, the SBA shall either approve a revision to the original purchase order with the reason noted, approve the issuance of a supplemental purchase order for the difference, or cancel the original purchase order and issue a new purchase order.

Finding 4:

Condition: The district does not comply with required timekeeping standards for NCLB and IDEA grants. For example, the district provided no timesheets for salaried employees that were signed by employees and counter-signed and dated by the employee's supervisor. Payroll time and activity must be provided on a quarterly basis for all employees who receive IDEA funds.

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 ensure that employees submit quarterly timesheets that have been verified and dated by supervisors.

Finding 5:

Condition: The district approved Title I and IDEA employee timesheets which were submitted before hours were worked. Other timesheets were submitted months after hours were worked, and some timesheets had no submission date.

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 initiate a procedure to approve timesheets that are submitted in a timely manner after all hours have been worked.

Finding 6:

Condition: The district charged several expenditures to the incorrect general ledger accounts.

Citation: *Uniform Minimum Chart of Accounts (Handbook 2R2)*. 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 ensure that expenditures are charged to the appropriate general ledger account in accordance with the Uniform Minimum Chart of Accounts.

Finding 7:

Condition: The amounts appropriated in the district's general ledger for federal grants did not agree to the final grant awards.

Citation: *Uniform Minimum Chart of Accounts (Handbook 2R2)*. 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: Amounts appropriated for each grant should agree to the final approved grant.

Finding 8:

Condition: The board minutes showed several NCLB and IDEA employees as more than one Full Time Employee (FTE). For example, minutes showed employees charged 100% to two grants. In addition, the board minutes did not always reflect the actual salary of NCLB and IDEA employees.

Citation: *Uniform Minimum Chart of Accounts (Handbook 2R2)*. 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 amend board minutes to record names, positions, actual salaries, and funding source of all NCLB and IDEA employees in the board minutes and reconcile employees' FTEs to annualized payroll.

Recommendation 1: The district does not have a purchasing manual that details procedures for the procurement of goods and services.

Citation: 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.A.C. 6A:23A-6.6 Standard operating procedures for business functions.

Recommended Action: The district should prepare and adopt a detailed purchasing manual to ensure compliance with current state and federal procurement regulations.

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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 Steven Hoffmann via phone at (973) 621-2750 or via email at steven.hoffmann@doe.state.nj.us.