



State of New Jersey

DEPARTMENT OF EDUCATION

PO Box 500

TRENTON, NJ 08625-0500

CHRIS CHRISTIE  
Governor

KIM GUADAGNO  
Lt. Governor

December 16, 2010

ROCHELLE R. HENDRICKS  
Acting Commissioner

Mr. Joseph P. Conroy, Superintendent  
East Greenwich Township Board of Education  
559 Kings Highway  
Mickleton, NJ 08056-1412

Dear Mr. Conroy:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **East Greenwich 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 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 East Greenwich 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:East Greenwich Twp. BOE Cover Letter  
Enclosures

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**EAST GREENWICH TOWNSHIP BOARD OF EDUCATION**  
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**American Recovery & Reinvestment Act 2009**  
*New Jersey K-12 Education*

**ARRA MONITORING REPORT  
DECEMBER 2010**

**District:** East Greenwich Township Board of Education  
**County:** Gloucester  
**Dates On-Site:** September 29, 2010  
**Case #:** ARRA-023-09

**FUNDING SOURCES**

Program	Funding Award
State Fiscal Stabilization Fund – Education Stabilization Fund	\$ 347,195
State Fiscal Stabilization Fund – Government Services Fund	13,440
ARRA - Title I	13,351
ARRA – IDEA Basic	195,303
ARRA – IDEA Preschool	7,059
Total ARRA Funds	\$576,348
Title I	40,788
IDEA – Basic	151,138
IDEA – Preschool	11,554
Title IIA	11,731
Title IID	415
Title IV	1,767
Total Non-ARRA Funds	\$217,393
Total Funds	\$793,741

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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 East Greenwich 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); ARRA-Title I; ARRA-IDEA Basic; ARRA-IDEA Preschool; Title I; IDEA; IDEA Preschool; Title IIA; fiscal year 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 \$347,195;
- GSF expenditures for salary of \$13,440;
- ARRA-IDEA Basic expenditures of \$157,993;
- ARRA-IDEA Preschool funds had not been expended at the time of the monitoring visit;
- ARRA-Title I expenditures of \$9,107;
- Title I expenditures of \$40,788;
- IDEA expenditures of \$111,138;
- IDEA Preschool expenses of \$11,554;
- Title IIA expenditures of \$11,731;
- Title IID expenditures of \$415; and

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- Title IV expenditures of \$1,767.

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-Title I and Title I Projects**

The district's FY 2010 Title I, Part A allocation was \$40,788. In its FY 2010 NCLB Consolidated Application, the district dedicated \$2,040 of its Title I, Part A allocation for district professional development. The balance of the funds (\$38,748) was allocated to the district's two schools. The district allocated \$9,600 to the Jeffrey Clark Elementary School, which contains grades K-3, and \$29,148 to the Samuel Mickle Elementary School, which houses grades 3-5. The district received \$13,351 in ARRA-Title I funds, of which \$668 was reserved for district professional development. The portion allocated to the schools was \$5,514 to the Jeffrey Clark Elementary School and \$7,169 to the Samuel Mickle Elementary School.

The district's FY 2010 NCLB Consolidated Application, and subsequently its ARRA-Title I Application, identifies priority problems in the areas of student achievement in Language Arts Literacy, as well as professional development for teachers in the areas of Language Arts Literacy and Mathematics. To address these areas, the district is using its FY 2010 and ARRA-Title I, Part A funds to support the salaries of the Basic Skills teachers for Language Arts Literacy. The teachers provide pull-out services to students in Languages Arts Literacy and/or Mathematics. With the ARRA-Title I funds, the district hired a part-time teacher to complement the services of the full-time Title I teachers.

The district also purchased supplies and materials for the Title I program. Purchases include leveled readers for kindergarten through sixth grades to provide supplemental instruction in conjunction with the Core Reading Program, as well as posters, blend boards, and cards. The Title I funds were also used to enhance the Touch Math Program for kindergarten through second grades.

The district used multiple criteria to identify students for placement in the Title I program. Placement criteria include standardized assessment results (DIBELS, Terra Nova and/or NJ ASK), teacher recommendations and referrals from the Intervention and Referral Services Team.

To determine the effectiveness of the use of the Title I funds, the measurable goals for student achievement are improved reading skills and comprehension. The district uses teacher designed tests, unit literacy tests, and weekly assessments for each new reading selection to monitor student progress. DIBELS assessments are administered three times a year for the early elementary grades.

**ARRA-IDEA Projects**

ARRA-IDEA funds were used primarily to provide instructional staff and related services to support eligible students who been receiving services in programs within the local district. In

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addition, funds were used to purchase supplemental instructional materials for eligible students in order to facilitate the mastery of core curriculum content. Finally, Smart Boards were purchased for use in the resource center classrooms as a way to vary instructional presentation and to infuse technology literacy into the content instruction.

**DETAILED FINDINGS AND RECOMMENDATIONS**

**SFSF Funds**

**Finding 1:** The district's cash management report for the third and fourth quarters did not reconcile to the specific periods.

**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 better controls over cash management reporting and follow all reporting guidelines for the grants.

**Title I**

**Finding 2:** Currently, the district is servicing its identified students by operating 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 and 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*

**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 3:** The district may be supplanting funds for the purchase of professional development that is out-of-district.

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

**Required Action:** The district must ensure that only Title I funded staff attends out-of-district Title I professional development. The district should review all professional

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development activities and staff attendance and charge any unallowable expenses to the correct funding source.

**Finding 4:** The district did not maintain the required supporting documents to verify the activity of Title I, IDEA and 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 2010-2011 funded staff, salaries, funding percentages and time sheets for October 2010 to the NJDOE for review (including administrative staffing).

**Finding 5:** 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 2009-2010 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 6:** 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.

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

**Required Action:** The district must submit the invitational letter/flyer, meeting notes, sign in sheets, and the agenda from the 2010-2011 meeting to the NJDOE for review.

**Finding 7:** The district did not provide evidence that the district parent involvement policy, school parent involvement policy and school parent compact are on the district's website.

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

**Required Action:** The district must submit the link to the district's website showing that the documents have been posted on it.

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**IDEA**

**Finding 8:** 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.

**Title IIA**

**Finding 9:** 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.



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**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 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.

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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 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).