



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

February 8, 2011

Mr. Frank Borelli, Superintendent
Elk Township Board of Education
100 Unionville Road
Glassboro, NJ 08028-0338

Dear Mr. Borelli:

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

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

ARRA MONITORING REPORT
FEBRUARY 20110

District: Elk Township Board of Education
County: Gloucester
Dates On-Site: September 14, 2010
Case #: ARRA-028-09

FUNDING SOURCES

Program	Funding Award
State Fiscal Stabilization Fund – Education Stabilization Fund	\$317,262
State Fiscal Stabilization Fund – Government Services Fund	12,282
ARRA-Title I	20,099
ARRA-IDEA Basic	81,314
ARRA-IDEA Preschool	2,931
Total ARRA Funds	\$433,888
Title I	\$86,373
IDEA Basic	97,651
IDEA Preschool	2,715
Title IIA	18,088
Title IID	872
Title IV	1,479
Total Non-ARRA Funds	\$207,178
Total Funds	\$641,066

**ELK TOWNSHIP SCHOOL DISTRICT
ARRA MONITORING REPORT
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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 Elk Township Board of Education to monitor the district's use of *ARRA* funds and the related program plans, where applicable, to determine whether the district's programs are meeting the intended purposes and objectives, as specified in the current year applications and authorizing statutes, and to determine whether the funds were spent in accordance with the program requirements, federal and state laws, and applicable regulations. The on-site visit included staff interviews and documentation reviews related to the requirements of the following programs: State Fiscal Stabilization Funds (SFSF) including the Education Stabilization Fund (ESF) and Government Services Fund (GSF); ARRA-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 \$317,262;
- GSF expenditures for a salary of \$12,282;
- ARRA-IDEA Basic expenditures of \$54,660;
- ARRA-IDEA Preschool expenditures of \$1,657;
- ARRA-Title I expenditures of \$9,558;
- Title I expenditures of \$84,682;

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- IDEA Basic expenditures of \$93,846;
- IDEA Preschool expenses of \$2,715;
- Title IIA expenditures of \$14,709;
- Title IID expenditures of \$872; and
- Title IV expenditures of \$1,479.

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 \$86,373. In its FY 2010 NCLB Consolidated Application, the district dedicated \$5,500 of its Title I, Part A allocation for district professional development. The balance of the funds (\$80,873) was allocated to the district's one school, Aura Elementary School.

The district's FY 2010 Application identifies priority problems in the areas of professional development for teachers in standards-based assessments and using data to assess and improve instruction. The funds support the salaries of four Basic Skills teachers and two paraprofessionals as part of the district's in-class Basic Skills instructional program. The district also offers an after-school tutoring program for students scoring below the district minimum level of proficiency on standardized test scores in grades K, 1, and 2, and students scoring partially proficient on the NJ ASK tests in grades 3, 4, and 5.

The district's ARRA-Title I, Part A allocation is \$20,099. In its ARRA-Title I, Consolidated Application, the district reserved \$1,005 (5%) for district professional development. The balance of \$19,094 was allocated to Aura Elementary School. ARRA-Title I, Part A funds supported the purchase of below-level readers for at-risk students and staff development in literacy and mathematics to help basic skills/developmental teachers differentiate instruction. Additionally, the district enhanced its parental involvement program with activities such as mathematics nights, during the 2009-2010 and 2010-2011 school years, and a planned literacy night during the 2010-2011 school year.

The board has set minimum levels of proficiency (MLP) for student performance on standardized test to measure the effectiveness of the uses of the FY 2010 and ARRA-Title I, Part A funds. The MLPs, as measured by the percentage of partially proficient students, are 30% for literacy and 45% for mathematics. The district will also use end of the year benchmark tests in the district approved literacy and mathematics series to measure student progress.

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ARRA-IDEA Projects

The district used funds for additional professional development to get the Child Study Supervisor an Applied Behavior Analysis certification. Additional services include speech and occupational and physical therapy, investment in Smart Boards to help with special needs students and additional in-class support.

DETAILED FINDINGS AND RECOMMENDATIONS

SFSF Funds

Finding 1: The district's reporting and tracking of jobs created and jobs retained did not reconcile with the required supporting detail to identify the jobs reported for ESF and GSF funding on the 1512 Report.

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 have formal tracking of SFSF funding and the backup necessary to support the information submitted is consistent with the federal guidance recently issued with regard to jobs created and jobs retained.

Finding 2: The district's reporting and tracking regarding expenditures charged to Fund 16 and Fund 17 did not have the required detailed documentation.

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 formal tracking of SFSF funding and the backup necessary to support the charges consistent with the federal guidance issued. The district needs to charge direct salaries to Fund 16 and Fund 17 with identified list of staffing.

Title I

Finding 3: The district is supplanting funds by funding the per person cost of training for non-grant funded staff. Training for all staff is permissible where there is a flat rate and the non-funded staff incurs no additional costs.

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

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Required Action: The district must provide documentation to verify that the Basic Skills programs at its non-Title I schools are funded with supplemental state/local funds.

Finding 4: The district did not inform parents of its Title I program selection criteria, the reason their child met the selection criteria and the course of action that the school has determined to remediate the child. All of 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 revise its parent notification letter to include the required legislative components by specifying the academic criteria used to identify students for Title I services. The district must distribute the revised letter to the parents of its Title I students and provide a copy of the revised parent notification letter to the NJDOE for review.

Finding 5: The district did not have supporting documents to verify the activity of Title I paraprofessional 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 ensure that time sheets for split funded staff are completed monthly and signed by the staff and the supervisor. The district must submit a list of 2010-2011 Title I funded paraprofessionals and time sheets for October and November of 2010 to the NJDOE for review.

Finding 6: The district's Title I funded school (Aura Elementary School) does not have the required Title I school-parent compact.

Citation: NCLB §1118(d): *Parental Involvement (Shared Responsibilities for High Student Academic Achievement)*.

Required Action: The administration of Aura Elementary School must work with its stakeholder group to develop the Title I school-parent compact. The school must distribute the compact to parents of all students and submit a copy of the school-parent compact to the NJDOE for review.

Finding 7: The district's letter to nonpublic schools regarding the Title I consultation process does not meet the legislative and regulatory requirements. The correspondence sent to nonpublic schools did not specifically invite the schools to attend a meeting to consult on the use of Title I funds to provide services to eligible nonpublic school students. Instead, the district's correspondence announced the availability of Title I funds and directed the nonpublic schools to

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indicate if they would like to participate in the Title I program. Thus, nonpublic schools were not given an adequate opportunity to receive information on the services available to their students.

Citation: NCLB §1120(a): Participation of Children Enrolled in Private Schools (*General Requirement*).

Required Action: The district must ensure that documented and clear evidence of consultation is maintained to verify that the nonpublic schools know the criteria for eligibility of Title I. A copy of revised letters and agenda should be sent for the 2010-2011 grant as soon as meetings occur.

Finding 8: The district does not have a parental involvement policy that meets the legislative and regulatory requirements. The district's policy, *Role of Parents/Guardians*, addresses the district's expectations for parent/guardian involvement in the general educational program. The policy does not specify how the district/school will involve Title I parents in meeting the needs of students in the Title I program.

Citation: NCLB §1118(a): Parental Involvement (*Local Educational Agency Policy*).

Required Action: The district must convene its stakeholder group to develop a parental involvement policy that meets the legislative and regulatory requirements. The policy must include how the school will implement the following:

- Involve parents in the development of the policy;
- Include parents in the process of school review and improvement;
- Coordinate and provide technical assistance to help plan effective parental involvement activities and the activities that will be implemented;
- Coordinate and integrate parental involvement strategies under programs such as Head Start, Even Start, Parents As Teachers, Home Instruction Program for Preschool Youngsters, and State-operated preschool programs;
- Actions to involve parents in the annual evaluation of the content and effectiveness of the parental involvement policy; and
- build the schools' and parents' capacity for strong parental involvement, in order to ensure effective involvement of parents and to support a partnership among the school involved, parents, and the community to improve student academic achievement.

Title IIA

Finding 9: The district did not have 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)*.

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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.

IDEA

There were no findings in the IDEA grant.

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 Electronic Web Enabled Grant 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.

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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.