



State of New Jersey

DEPARTMENT OF EDUCATION

PO Box 500

TRENTON, NJ 08625-0500

CHRIS CHRISTIE  
Governor

KIM GUADAGNO  
Lt. Governor

September 20, 2010

ROCHELLE R. HENDRICKS  
Acting Commissioner

Dr. Richard Segall, Superintendent  
Englewood City Board of Education  
12 Tenafly Road  
Englewood, NJ 07470

Dear Dr. Segall:

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

Sincerely,

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

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

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

**ARRA MONITORING REPORT  
SEPTEMBER 2010**

**District:** Englewood Board of Education  
**County:** Bergen  
**Dates on –Site** July 19, 20, and 21, 2010  
**Case #:** ARRA 030-09

**FUNDING SOURCES**

Title I	\$ 323,731
ARRA – Title I SIA	34,265
ARRA – IDEA – Basic	1,206,507
ARRA – IDEA – Preschool	43,487
Total ARRA Funds	<u>1,607,990</u>
Title I	500,981
Title I SIA	22,093
IDEA – Basic	1,175,915
IDEA – Preschool	37,702
Total Non-ARRA Funds	<u>1,736,691</u>
Total Funding	<u>\$3,344,681</u>

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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 Englewood City 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: 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 quarterly report 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:

- Title I 69% of expenditures totaling \$406,515 were reviewed;
- Title I SIA 41% of expenditures totaling \$21,974 were reviewed;
- ARRA-Title I 22% of expenditures totaling \$34,533 were reviewed;
- ARRA-Title I SIA 40% of expenditures totaling \$27,212 were reviewed;
- IDEA Basic 32% of expenditures totaling \$968,612 were reviewed;
- IDEA Preschool 93% of expenditures totaling \$37,702 were reviewed;
- ARRA-IDEA Basic 72% of expenditures totaling \$460,695 were reviewed; and
- ARRA-IDEA Preschool 84% of expenditures totaling \$18,404 were reviewed.

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

**Title I Projects**

The district has budgeted their 2010 Title I, Part A, SIA, and ARRA-Title I funds to hire two full time reading specialists. These teachers provide supplemental instruction for students in grades K-4. In addition, stipends have been budgeted for teachers to provide extended day programs for eligible students in all of their targeted assistance schools. Each of their Title I eligible schools also provide extended week programs designed to augment instruction in Math, Language Arts Literacy, and Reading. The district has further developed programs that are implemented during both the winter and spring recess that compliment all of their academic efforts.

Funds for professional development have been earmarked for writing workshops and for programs designed to improve teaching methods in reading and math. Differentiated instruction for low performing students is being employed by the instructional staff. Understanding by Design is also being implemented to coordinate efforts across multiple grade spans.

While the district has developed a clear exit and entrance criteria for all Title I eligible students, it does not have a clear picture of what that criteria is in the nonpublic schools. In addition, there were no records of Time and Activity Reports for teachers instructing Title I students and of those teachers partially funded by the grant.

All of the parent involvement pieces are in place and the district has met the requirements for their middle school which has been designated as a School in Need of Improvement. They have documented their efforts in establishing community projects which involve the local police, fire, and health organizations, as well as the local public library. While these efforts are strong, the district needs to address its parent involvement policy which is outdated (2006). No evidence was available to demonstrate that a parent was involved in the development of the policy. The current policy did not include a complaint policy for parents to follow in the event they wish to submit a formal complaint.

The district has not submitted a Final Report in the Electronic Web Enabled Grant Application (EWEG) for three consecutive years (2007-2009). This is a critical report that allows carry-over funds to flow through to the ensuing project period. Not submitting these Final Reports in a timely fashion adversely impacts the district's ability to apply restricted reserves for the intended specific purpose as required.

**IDEA Projects**

The district has an approved grant for both IDEA and ARRA-IDEA. The district has been directed by the NJDOE to utilize 15% of their federal grant funds for Coordinated Early Intervening Services (CEIS) to address the over classification of black males placed in special education. The district also provides services to nonpublic schools within their community through Bergen County Special Services School District (BCSS) and Bergen County Region 5,

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Council for Special Education. Funds were also dedicated to providing professional staff for summer programs designed to remediate skills for students with disabilities participating in NJASK and HSPA. During the school year, students with disabilities also participate in a Saturday school and extended school day to address academic weaknesses. Professional development has been provided to district teachers who deal with special education students in their classrooms.

The mandated CEIS program was designed to address the district's disproportionate identification of black males determined eligible for special education. The district has provided professional development in a nationally recognized program that focuses on academic tasks, organizational skills, note taking and test taking. The program, Advancement Via Individual Determination (AVID), also includes a parent partnership. Parent training in these techniques will help them assist their children at home. The AVID program was initiated at the McCloud Elementary School that houses students in grades four, five, and six. The district determined through analysis that by targeting these grade levels with skills designed for academic survival students would be more successful in middle school. Additionally, the Eagle Program, an alternative high school option, provides students with vocational programs that are not currently available in other vocational facilities. Equipment such as an embroidery machine, an engraving machine and a silk screening machine are located at Liberty School. Students are also provided the opportunity to participate at Capri Academy and Eastwick Schools.

Nonpublic funds provide supplies and services to schools within the community through BCSS and Bergen County Region 5, Council for Special Education. The district maintains a list of students and comprehensive child study team records that support the students identified as in need of services.

The district is hopeful that the programs funded by IDEA and IDEA ARRA will increase student performance on standardized testing and increase post secondary options upon graduation. Parents that participate in these programs become more supportive and knowledgeable about district expectations and requirements. Data supporting the decrease in out-of-district placements and placements in the least restrictive environment will indicate the success of the CEIS programs.

## **DETAILED FINDINGS AND RECOMMENDATIONS**

### **Title I**

#### **Finding 1:**

**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) to ensure the accuracy of the final reports.

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**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 2:**

**Condition:** All Title I schools have a Title I parental involvement policy, but there was no evidence that it was developed in concert with parents. The policy was last adopted by the board in 2006. Additionally, it is not clear how the schools distribute the policy to the parents of Title I students or that a complaint policy exists for parents to follow.

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

**Required Action:** The district should provide technical assistance to the schools in the development of school-level parent involvement policies and ensure the schools work with their respective parent counsels to revise their school-level parent involvement policy. The policy should include a complaint policy for parents to follow in the event they need to file a complaint. Evidence that the policy has been disseminated to the parents of Title I students should be maintained.

**Finding 3:**

**Condition:** The district did not have evidence that eligible students attending nonpublic schools were being identified as academically at-risk using multiple educationally-related objective criteria.

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

**Required Action:** The district must review its roster of nonpublic students receiving Title I services to verify that each student has been identified as academically at-risk using "multiple, educationally-related objective criteria." The district may not provide Title I services to any nonpublic student that is identified using a single criterion.

**Finding 4:**

**Condition:** The district does not maintain Time and Activity Reports for teachers that are working with Title I eligible students in nonpublic schools.

**Citation:** NCLB §1120(d): *Participation of Children Enrolled in Private Schools (Public Control of Funds)*.

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**Required Action:** The district must develop a mechanism to verify and authorize the nonpublic Title I teacher's Time and Activity Report.

**Finding 5:**

**Condition:** The district has not submitted a Final Report in the EWEG system for three consecutive years (2007-2009).

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

**Required Action:** The district needs to revise its 2006 Amendment in order to complete their 2007 final report. This process must be completed for the 2008 and 2009 final reports as well. Carry-over funds from the 2007 and 2008 final reports that were not budgeted and exceed the Tidings Amendment period must be returned to the NJDOE.

**IDEA**

**Finding 1:**

**Condition:** The district has not established a method to provide evidence of the impact the ARRA-IDEA Basic and Preschool funded services will have on students. They have not established expectations for success for activities included in the ARRA-IDEA Basic and Preschool Plan.

**Citation:** IDEA Regulations 34CFR §300.202.

**Required Action:** The district must have a plan for the evaluation of each activity specified in the ARRA Plan. The district can consider individual progress towards Individualized Education Program (IEP) goals and objectives, pre and post test scores, report cards and classroom observations. They may also consider including tracking post secondary outcomes and proficiency on statewide testing.

**Finding 2:**

**Condition:** Through document reviews and interviews with district administrative staff, district staff stated that the ARRA-IDEA plan recorded in EWEG is incomplete in describing the intended use of these funds for services to special education students. Upon the monitoring there was a new director who was unfamiliar with the district's ARRA-IDEA plan as to where the funds were being directed.

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



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**Required Action:** Monitoring team members assisted the new director in revising the ARRA-IDEA plan to match the intended use of the funds.

**Finding 3:**

**Condition:** The district did produce a list of students identified for ARRA-IDEA and IDEA nonpublic services. However, the Individual Service Plans (ISP) did not include all the services and the funding source.

**Citation:** IDEA Regulations 34CFR §300.130-300.144.

**Required Action:** The district must develop a separate list of nonpublic students and services for the grant. The ISP must be revised to reflect the funding source and specify the services provided.

**Finding 4:**

**Condition:** The district is not in compliance with services to nonpublic schools in that they do not have documentation of consultation and collaborative decision making with the nonpublic schools; they do not communicate with the nonpublic schools directly regarding the delivery of services or new requests for services. However, they do maintain service plans and lists of students being served. The contract with the service provider is not specific as to services being delivered and is structured to provide incremental payments, not reimbursement for actual services rendered as required.

**Citation:** IDEA Regulation 34 CFR 300 and 301 (*Assistance to States for the Education of Children With Disabilities and Preschool Grants for Children With Disabilities*).

**Required Action:** The district must revise its contract with its nonpublic providers to provide for payments based on specific services provided; develop procedures to capture consultations specifically for IDEA and ARRA-IDEA services and obtain confirmation of consultation forms from the nonpublic schools; develop procedures for requests for additional services that come through the district and not the provider; have a specific list of students and services under IDEA and ARRA-IDEA; and revise the service plans to match these lists. The district must submit its updated contract to the NJDOE for review.

**Finding 5:**

**Condition:** The district was not in compliance with services to nonpublic schools with regard to their ensuring that they retain fiscal and decision making control related to services for parentally placed students with disabilities in private schools in their community. Although the administrator from BCSS signs administrative acknowledgement of the service plans, the district does not appear to have policies and procedures to ensure fiscal and decision making control.

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**Citation:** IDEA Regulation 34 CFR 300 and 301 (*Assistance to States for the Education of Children With Disabilities and Preschool Grants for Children With Disabilities*).

**Required Action:** The district must revise its contract with its nonpublic providers to provide for payments based on specific services provided; develop procedures to capture consultations specifically for IDEA and ARRA IDEA services and obtain confirmation of consultation forms from the nonpublic schools; and develop procedures for requests for additional services that come through the district and not the providers.

**Finding 6:**

**Condition:** Although the district tracks students who participate in CEIS as required, there is no evidence that the district has established the required criteria to identify general education students for the program.

**Citation:** IDEA Regulation 34 CFR 300.226 (*Early Intervening Services*).

**Required Action:** The district must develop criteria for identifying at-risk students and referring them for early intervening services. The district must submit a copy of the criteria to the NJDOE for review.

**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 (PSCL)*.

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

**Finding 2:**

**Condition:** The district was not tagging applicable equipment purchases as being purchased with federal funds. In addition, the district did not segregate fixed assets purchased with federal funds in their fixed asset inventory.

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

**Required Action:** Equipment purchased with federal funds should be labeled as such and segregated in the district's fixed asset inventory.

**Finding 3:**

**Condition:** The district did not always obtain multiple quotes for purchases between \$4,350 and the bid threshold of \$29,000 as required by 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.

**Recommendation 1:** Although the district does not have formal written policies for requesting reimbursement from the EWEG system, the district's practices for requesting reimbursement were 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 2:** District contract files were not clear as to the method of procurement used. Files did not clearly indicate the reason a purchase was or was not subject to competitive contracting or formal bidding.

**Citation:** EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 36, Procurement. N.J.S.A. 18A:18A-4 *Contracts and Agreements Requiring Advertising*.

**Recommended Action:** The district should maintain in each contract file a cost or price analysis and justification that demonstrates the purchase price was reasonable. This is especially important if formal bidding or competitive contracting was not followed as the contract file should include justification for not bidding or receiving multiple quotes.

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**Recommendation 3:** The district's internal control manual does not address the issue of contracting with disbarred vendors (even though this did not happen, there were no administrative controls in place to prevent it from occurring).

**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 possible contracting errors from occurring.

**Recommendation 4:** Under the PSCL districts are not required to advertise for bids or competitively contract the provision of certain goods and services, such as professional services, even if they exceed the bid threshold. 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. Monitors noted several federally funded contracts, which were over the bid threshold, awarded by the district without bidding or competitive contracting because they were exempt under PSCL.

**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 for all eligible contracts. 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 Steven Hoffmann at (973) 621-2750 or via email at [steven.hoffmann@doe.state.nj.us](mailto:steven.hoffmann@doe.state.nj.us).