

April 22, 2010

Dr. Joseph Ramos, Superintendent
Guttenburg Board of Education
301 69th Street
Guttenburg, NJ 07093-2411

Dear Dr. Ramos:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Guttenburg 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 December 31, 2009. The resulting report is enclosed. Please provide a copy of the report to each board member. Beginning in May, 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 Guttenburg 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:Guttenburg Board of Education Cover Letter
Enclosures

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

ARRA MONITORING REPORT
APRIL 2010

District: Guttenburg Board of Education
County: Hudson
Case #: ARRA 034-09

FUNDING SOURCES

Program	Funding Award
State Fiscal Stabilization Fund - Education Stabilization Fund	\$ 625,999
State Fiscal Stabilization Fund - Government Services Fund	24,233
ARRA -Title I	543,112
ARRA - Title I SIA	39,580
ARRA – IDEA - Basic	347,882
ARRA – IDEA - Preschool	12,505
Total ARRA Funds	1,593,311
Title I	832,326
Title I SIA	-
IDEA – Basic	265,226
IDEA - Preschool	9,352
Total Non-ARRA Funds	1,106,904
Total Funding	\$2,700,215

**GUTTENBURG 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 Guttenburg 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 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 December 31, 2009. 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 December 31, 2009:

- ESF salary and benefit expenditures totaling \$ 144,752 were reviewed;
- GSF had not been expended at the time of the monitoring visit;
- Title I expenditures totaling \$192,241 were reviewed;
- ARRA Title I expenditures totaling \$79,900 were reviewed;
- ARRA Title I SIA had not been expended at the time of the monitoring visit;
- IDEA Basic had not been expended at the time of the monitoring visit;
- IDEA Preschool had not been expended at the time of the monitoring visit;
- ARRA IDEA Basic had not been expended at the time of the monitoring visit; and
- ARRA IDEA Preschool had not been expended at the time of the monitoring visit.

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GENERAL DISTRICT OVERVIEW OF USES OF TITLE I AND IDEA FUNDS

ARRA Title I Projects

The Guttenberg School District consists of one Title I school. The Anna L. Klein School which has a Pre-K-8 population of 990 students is a targeted assistance school with 66.46% of its students identified as low-income. The district employs multiple methods for determining eligibility and has established clear exit criterion for these eligible students as required under federal law. A large percentage of the district's allocation has been budgeted for salaries and associated benefits. The budgeted ARRA Title I salaries and benefits represent nearly 39% of the aggregate award. Salaries and benefits budgeted in their 2010 Title I application represented 62.5% of their allocation. These budgeted funds are designed to address class size and to reduce student-to-teacher ratios. The district is making a concerted effort to extend the instructional day, the school week, and the academic calendar year.

The needs assessment clearly identifies both Math and Language Arts Literacy and Reading scores as priority problems and is being addressed.

Additional efforts are being focused on developing more effective use of technology and to provide teachers with the support they need to implement new hardware and software components. These technologies will inform teachers and help to target instruction. In addition, the district infuses balanced literacy and everyday math into the daily curriculum. This allows instructional staff to address the target populations most in need of focused instruction.

All of the programs mentioned that are being implemented were strongly supported with professional development to prepare the staff with turnkey effective strategies and methodologies and to continue these efforts through an ongoing coaching and mentoring program.

Parent involvement is an area cited in the district's application as a priority concern. They have well documented scheduled meetings, agendas, and attendance records were well maintained.

The district uploaded all of the required documents into the Electronic Web Enabled Grant Application (EWEG), but not all of the required components were evident in the letter informing parents of the school's status under No Child Left Behind (NCLB).

IDEA Projects

The district budgeted the 2010 IDEA grant to support purchasing related services for students that includes speech, applied behavioral analysis, and physical therapy; professional development for special education staff; and salaries for a resource teacher and two child study team personnel. Preschool monies were also budgeted for purchasing related services.

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Funds for the ARRA IDEA grant were budgeted to expand and support special education programs in the district. The decisions reflected in the IDEA and IDEA ARRA grants were collaboratively made by the district after reviewing the special education programs and services, improvement plan, and student achievement data. The areas defined as district needs included additional opportunities for students to be educated in their home school and in general education, professional development with an emphasis on supporting children within the Autistic Spectrum, and parent education. Funds budgeted in the ARRA IDEA application include salary stipends for teachers who are providing parent training beyond the school day, tuition for out-of-district students, classroom supplies, SMART boards and computers for classroom use, professional development activities for special education staff and purchased related services.

The impact of the initiatives funded through IDEA/IDEA-ARRA will be assessed through varied methods based on the anticipated outcome that include:

- To increase access to technology and materials that is current and supportive of the curriculum for special education staff. To have students make progress towards achieving his/her Individual Education Plan goals and objectives and to increase student achievement on locally developed and state testing;
- To enhance teacher/staff performance in the classroom through professional development activities; and
- To increase the number of special education students served in the least restrictive environment.

DETAILED FINDINGS AND RECOMMENDATIONS

Title I

Finding 1:

Condition: The Adequate Yearly Progress letter (AYP) that was used did not provide all of the required information for parents. It failed to include an explanation of what the identification means, and how the school compares in terms of academic achievement to other elementary schools or secondary schools served by the local educational agency and the state educational agency involved. The majority of the letter issued was consistent with the template provided by the NJDOE but was abbreviated in an effort to simplify the information given to the parents.

Citation: NCLB §1116 (b)(6)(a-f) *Academic Assessment and Local Educational Agency and School Improvement.*

Recommended Action: The district should use the template provided for reporting the AYP Status to the parents and avoid abbreviating the requirements from the standard template. The letter should contain the following information:

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- A. An explanation of what the identification means, and how the school compares in terms of academic achievement to other elementary schools or secondary schools served by the local educational agency and the state educational agency involved;
- B. The reasons for the identification;
- C. An explanation of what the school identified for school improvement is doing to address the problem of low achievement;
- D. An explanation of what the local educational agency or state educational agency is doing to help the school address the achievement problem;
- E. An explanation of how the parents can become involved in addressing the academic issues that caused the school to be identified for school improvement; and
- F. An explanation of the parents' option to transfer their child to another public school or to obtain supplemental educational services for the child, in accordance with subsection (e).

IDEA

Finding 1:

Condition: The district supplanted existing out-of-district tuition costs for two students and failed to request maintenance of effort reduction.

Citation: IDEA Regulation 34 CFR §300.204-300.205 *Adjustments to Local Fiscal Efforts in Certain Fiscal Years.*

Required Action: Create an amendment to the ARRA IDEA application in order to correctly document the maintenance of effort (MOE) reduction of local funds supporting special education costs, in addition to completing the appropriate MOE tabs to account for the freed up funds and budgeted ARRA funds.

Finding 2:

Condition: The district did not follow General Accepted Accounting Practices Budget Category Guidelines.

Citation: *Uniform Minimum Chart of Accounts (Handbook 2R2), Issued 1992.*

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Required Action: Create an amendment to the ARRA IDEA application in order to correctly document the maintenance of effort (MOE) reduction of local funds supporting special education costs, in addition to completing the appropriate MOE tabs to account for the freed up funds and budgeted ARRA funds.

Financial Management and Reporting Findings and Recommendations

Finding 1:

Condition: On several 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:8A(2)(v) *Public School Contract Law*.

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

Finding 2:

Condition: The district issued payments to certain professional development providers without a supporting invoice from the vendor.

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:19-4 *Expenditure of Funds; Audit and Payment of Claims*.

Required Action: Payments for goods and services must be supported by a vendor invoice.

Finding 3:

Condition: The district does not reappoint grant staff annually in the board minutes. Only new staff assignments are noted in the minutes.

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: All staff charged against grants should be reappointed annually by board resolution.

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Recommendation 1: The district does not have formal written policies for requesting reimbursement from the EWEG system; however, 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.
The review in this area yielded no findings or recommendations.

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.