



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

June 3, 2011

Dr. Jorden Schiff, Superintendent
Hillsborough Township Board of Education
379 South Branch Road
Hillsborough, NJ 08844

Dear Dr. Schiff:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Hillsborough 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 January 31, 2011. 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 Hillsborough 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 Roseann Lozinski at (609) 292-4452.

Sincerely,

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

RJC/LDM/tc:Hillsborough Township BOE Cover Letter

Enclosures

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HILLSBOROUGH TOWNSHIP BOARD OF EDUCATION
379 South Branch Road
Hillsborough, NJ 08844
PHONE: 908-431-6600



American Recovery & Reinvestment Act 2009

New Jersey K-12 Education

ARRA MONITORING REPORT
JUNE 2011

District: Hillsborough Township
County: Somerset
Dates on-Site: February 8-10, 2011
Case #: ARRA-036-09

FUNDING SOURCES

Program	Funding Award
State Fiscal Stabilization Fund - Education Stabilization Fund	\$3,308,250
State Fiscal Stabilization Fund – Government Services Fund	128,067
ARRA-IDEA Basic	1,615,531
ARRA-IDEA Preschool	58,430
Total ARRA Funds	<u>\$5,110,278</u>
Title I	\$293,250
IDEA Basic	1,637,308
IDEA Preschool	54,958
Title II Part A	211,284
Title II Part D	4,255
Title III	62,944
Title III Immigrant	39,106
Title IV	14,924
Total Non ARRA Funds	<u>\$2,318,029</u>
Total Funds	<u>\$7,428,307</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 Hillsborough 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 II, Part A; Title II, Part D; Title III; Title III, Immigrant; Title IV; IDEA Basic; IDEA Preschool; ARRA-IDEA Basic; and ARRA-IDEA Preschool for the period July 1, 2009 through January 31, 2011. 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 January 31, 2011:

- ESF salary and benefit expenditures totaling \$3,308,250 were reviewed;
- GSF salary expenditures totaling \$128,067;
- Title I expenditures totaling \$67,003 were reviewed;
- Title II, Part A expenditures totaling \$23,096 were reviewed;
- Title II, Part D funds had not been expended at the time of the monitoring visit;
- Title III expenditures totaling \$1,234 were reviewed;
- Title III Immigrant expenditures totaling \$2,110 were reviewed;
- Title IV expenditures totaling \$3,393 were reviewed;

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- IDEA Basic expenditures totaling \$420,724 were reviewed;
- IDEA Preschool expenditures totaling \$45,597 were reviewed;
- ARRA-IDEA Basic expenditures totaling \$655,878 were reviewed; and
- ARRA-IDEA Preschool expenditures totaling \$ 32,926 were reviewed.

GENERAL DISTRICT OVERVIEW OF USES OF SFSF, NCLB AND IDEA FUNDS

SFSF

The district used ESF and GSF funds to pay for selected staff salaries and benefits. The staff selected was appropriate to be used for these funds.

IDEA and ARRA-IDEA

The district is serving 1,304 classified students, 55 of these students are receiving services in the out-of-district setting. The district is also providing the services for one classified student parentally placed in the nonpublic school. The services for the nonpublic student are contracted through the Somerset County Educational Services Commission and consist of supplemental instruction.

The district allocated funds in Amendment 2 to the ARRA application for an additional special education teacher, child study team secretary, out-of-district tuitions, computer software, reading programs, technology, curriculum for preschool disabled, professional development for teachers and parents, and renovation of an existing room to accommodate a special education program for living and work skill development.

The district is going to use the teacher generated assessment as well as the standardized testing to measure the students' progress.

The district utilized the Maintenance of Effort option to free up local funds. A wireless connection will be installed in the district using these funds.

At the time of this review, the district created Amendment 3 to the ARRA application, but it has not been reviewed or approved by the NJDOE.

NCLB Consolidated Grant

The district receives \$247,599 in Title I, Part A funds; the district did not receive ARRA-Title I, Part A funds. The district funds and operates a targeted assistance program in three out of nine of its schools: Sunnymead, Woodfern, and Auten Road schools. None of the schools in the district have been designated as Schools in Need of Improvement (SINI).

The district has identified the following areas as its priority problems:

1. Language Arts Literacy – for all students
2. Mathematics - for all students

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DETAILED FINDINGS AND RECOMMENDATIONS

SFSF Funds

No findings or recommendations in this area.

NCLB Consolidated Grant

Finding 1: The district did not provide time sheets to support how its funded staff worked in the Title I grant.

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 provide signed and dated time sheets for staff charged to the grant and submit a list of 2009-2010 Title I funded staff, salaries, funding percentages and time sheets to date. This information must be submitted to the NJDOE for review.

Finding 2: The district's Title I Targeted Assistance program was not clearly identifiable at the time of the monitoring.

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 operation of a Title I Targeted Assistance program with emphasis placed on providing extended learning opportunities for its identified Title I students (before/after school program, week-ends, summer or transitional program). The district must submit a detailed description of its updated Title I program. The program description must include the multiple measures used to identify participating Title I students, how students will be assessed, and the frequency of these assessments and provide the criteria used to enter and exit students in the Title I program. The district must submit the updated program description to the NJDOE for review.

Finding 3: The district failed to inform parents of its Title I program selection criteria, why the 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 include in its parent notification letters the multiple measures used to identify the students as well as clearly defined exit criteria. The district must provide a copy of its parent notification letter to the NJDOE for review.

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Finding 4: The district did not provide evidence of translations for all required parent notification letters (Parents' Right to Know, Parent Involvement Policy, and Parent School Compact) in its Title I funded schools.

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

Required Action: The district must ensure that all Title I parental notification letters have the required translations for all of its parents/guardians of its identified Title I students. The district must submit copies of all translated parent notifications to the NJDOE for review.

Finding 5: The district did not provide evidence of a mechanism used to distribute its written Parent Involvement Policy.

Citation: NCLB §1118 (a)(2) and (b)(1): *Parental Involvement (Local Educational Agency Policy)*.

Required Action: The distribution date of the Parent Involvement Policy must be consistent with the distribution date reflected in the 2009-2010 NCLB Consolidated Application on the Electronic Web Enabled Grant system. The district must submit documented evidence to the NJDOE as to how and when its written Parent Involvement Policy was distributed.

Finding 6: The district did not provide documentation inviting parents to its required Annual Title I parent meeting.

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

Required Action: The district must reconvene its required Annual Title I parent meeting and ensure that it maintains invitational letter/flyer, meeting minutes/notes, and sign in sheets.

Finding 7: Title III Immigrant Support Services lines were used for a teacher's salary for summer programs. The amount of payroll paid from payroll records was not properly represented in the district's budgetary records.

Citation: EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 20, Standards for financial management systems. Uniform Minimum Chart of Accounts for New Jersey Public Schools.

Required Action: The district needs to revise expenditures and resubmit the final report to the NJDOE for review.

Recommendation 1: The district should consider centralizing all Title I parent notification letters to ensure they meet the legislative requirements by using templates provided by the NJDOE.

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

Recommended Action: The district must include its revised parent notification letters with its Corrective Action Plan submission to the NJDOE.

Recommendation 2: The district should ensure that appropriate attendance records are maintained for its before/after school Title I funded programs. Additionally, the district should devise a mechanism to track the distribution of its literacy packets for its identified Title I students at the Sunnymead School.

Citation: NCLB §1118 (a)(2) and (b)(1): *Parental Involvement (Local Educational Agency Policy)*.

Recommended Action: The district must establish a plan for tracking attendance and for the distribution of literacy packets.

IDEA and ARRA-IDEA

Finding 8: The district staff charged to the IDEA Basic grant were not approved by the district's board of education during 2009-2010. The district did appoint the staff during 2010-11.

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 to any federal grant must be approved by the board of education annually. The district must submit board approved staff appointments with their next submission of the IDEA grants.

Finding 9: The district does not have the required supporting documents to verify the activity of IDEA and ARRA-IDEA funded staff as required by federal regulation.

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 2009-2010 IDEA and ARRA-IDEA funded staff, salaries, funding percentages and time sheets to the NJDOE for review.

Financial Management

Recommendation 3: The district's Purchasing Manual does not address the issue of contracting with disbarred vendors although there were administrative controls in place to prevent it from occurring in the general bid specifications used by the district.

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Citation: EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 22; NJAC 6A:23A-6.6, *Standard Operating Procedures for Business Functions*.

Recommended Action: The district must update internal control and purchasing policies to prevent possible contracting errors from occurring.

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 Roseann Lozinski at (609) 292-4452 or via email at roseann.lozinski@doe.state.nj.us.