

June 2, 2010

Mr. Peter Carter
Interim Superintendent
Hoboken Board of Education
1115 Clinton Street
Hoboken, NJ 07030

Dear Mr. Carter:

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

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

**ARRA MONITORING REPORT
JUNE 2010**

District: Hoboken Board of Education
County: Hudson
Dates on Site: March 9 and 10, 2010
Case #: ARRA-037-09

FUNDING SOURCES

Program	Funding Award
ARRA - Title I	\$ 346,781
ARRA – Title I SIA	21,885
Total ARRA Funds	<u>368,666</u>
Title I	1,214,429
Title I SIA	-
Total Non-ARRA Funds	<u>1,214,429</u>
Total	<u>\$1,583,095</u>

**HOBOKEN SCHOOL DISTRICT
ARRA MONITORING REPORT
JUNE 2010**

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 Hoboken 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; ARRA-Title I and ARRA-Title I SIA 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 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 December 31, 2009:

- Title I - 100% of expenditures totaling \$58,546 were reviewed;
- ARRA - Title I - 100% of expenditures totaling \$8,750 were reviewed; and
- ARRA - Title I SIA had not been expended at the time of the monitoring visit.

GENERAL DISTRICT OVERVIEW OF USES OF TITLE I FUNDS

ARRA Title I Projects

The Hoboken School District is using Title I and Title I ARRA funds to support school-wide programs in three of their K-8 schools to improve overall student achievement. Targeted assistance is also being provided in the Demarest Alternate School with the focus on reading,

**HOBOKEN SCHOOL DISTRICT
ARRA MONITORING REPORT
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although identification procedures and parent notifications to parents in this targeted program were lacking.

After school programs are implemented to assist students using Read 180 as the intervention program of choice in the district. The district applied and was approved for a waiver requesting to exclude Title I, Part A ARRA funds in determining their 20% obligation for Choice-Related Transportation and Supplemental Educational Services. These additional funds that no longer need to be placed in reserve are being earmarked for all students in the seventh and eighth grade to receive laptops as part of a one to one laptop program. The initiative is coupled with on-going professional development so that teachers can infuse technology into the classroom and to assist students in reaching their potential as 21st Century Learners. While this is a beneficial use of these funds, this initiative was not contained in the Unified Plan.

As much as 46% or \$560,839 of the 2010 Title I allocation was budgeted into the school-wide blended function/object account 520-930, and the budget detail provided by the district revealed that almost 90% of those funds were budgeted for salary and benefits for instructional coaches, an assessment coordinator, and for after school programs.

Support for job embedded professional development in the core content areas of language arts, mathematics, and technology are also part of the program component of these funds, and additional support for data analysis that drives instruction is being provided to improve student performance on standardized assessments.

Parent involvement activities have been planned district wide and many of the efforts being made have been well received. Specific allocation of parent involvement reserves by attendance center could help the effort greatly along with inviting all stakeholders much earlier in the year to get more involved in the process.

DETAILED FINDINGS AND RECOMMENDATIONS

Title I

Finding 1:

Condition: Exit and entrance criteria for eligible students in targeted assistance programs in the Demarest Alternative School are not clearly defined.

Citation: NCLB §1115 (b)(1)(B) *Eligible Children from Eligible Population.*

Required Action: The district must clearly establish entrance and exit criteria based upon multiple measures for its identified Title I students.

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Finding 2:

Condition: The district's Unified Plan does not include any mention of the laptop program. While the needs assessment does reflect technology infusion as a priority need, both the budget and the anticipated funds released as a result of the ARRA waiver reflect the implementation of the laptop program which is not consistent with the Unified Plan.

Citation: NCLB §1116 (b)(3)(A) *Revised Plan*.

Recommendation: The district should revise and update the Unified Plan. Upload the revised plan into the Electronic Web Enabled Grant (EWEG) system while amending the application to move SES reserves as the result of the approved ARRA waiver. These revisions will make the needs assessment, the program plan, and the budget consistent with the laptop program being implemented.

Finding 3:

Condition: The 1% required reserves for parent involvement is not allocated correctly and accurate records reflecting the distribution of this reserve are not being recorded.

Citation: NCLB §1118 (a)(3)(C) *Distribution of Funds*.

Required Action: Not less than 95% of the 1% required reserve must be spent at the school level. Records must clearly indicate that this is occurring and a process to capture this information must be put into place using specific GAAP codes to identify specific attendance centers. A Parent Involvement facilitator charged to a specific school, and expenditures used for parental involvement purposes should be identified on an individual school basis. District wide expenditures for parent involvement activities must not exceed 5% of the 1% reserve requirement.

Finding 4:

Condition: The annual parent meeting occurred in May of 2009 for the prior year and is not scheduled until May of 2010 for the current year.

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

Recommendation: The annual parent meeting should be held earlier in the school year to discuss the current year cycle. It is designed to be meaningful and to provide parents with the opportunity to be informed and involved. The district could continue to use the meeting it conducts in May for input and evaluation of the program year that is about to conclude.

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Financial Management and Reporting Findings and Recommendations

Finding 1:

Condition: The district does not have a current written policy for the procurement of goods and services. This was also a finding in the district's most recent annual audit. The district is currently in the process of preparing a procurement policy.

Citation: NJAC: 6A:23A-6.6: *Standard operating procedures for business function.*

Required Action: The district must have a formal policy for the procurement of goods and services.

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

Recommendation: The district must have a formal board policy concerning the reimbursement of grant funds and should submit this to the NJDOE for review.

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 Steve Hoffmann via phone at (973) 621-2750 or via email at steven.hoffmann@doe.state.nj.us.