



State of New Jersey

DEPARTMENT OF EDUCATION

PO Box 500

TRENTON, NJ 08625-0500

CHRIS CHRISTIE
Governor

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Lt. Governor

BRET SCHUNDLER
Commissioner

June 25, 2010

Mr. Steven Crispin, Superintendent
Mantua Township Board of Education
684 Main Street
Sewell, NJ 08080

Dear Mr. Crispin:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Mantua 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 March 29, 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 Mantua 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:Mantua Twp. 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: Mantua Township Board of Education
County: Gloucester
Dates On-Site: March 29 & 30, 2010
Case #: ARRA-047-09

FUNDING SOURCES

Program	Funding Award
State Fiscal Stabilization Fund – Education Stabilization Fund	921,969
State Fiscal Stabilization Fund – Government Services Fund	35,691
ARRA- Title I	27,938
ARRA – IDEA –Basic	372,292
ARRA – IDEA –Preschool	13,458
Total ARRA Funds	\$1,371,348
Title I	85,031
IDEA – Basic	359,731
IDEA – Preschool	34,291
Title IIA	38,797
Title IID	865
Title IV	3,744
Total Non-ARRA Funds	522,459
Total Funds	\$1,893,807

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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 Mantua 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; fiscal year 2009-2010 Title I; fiscal year 2009-2010 IDEA; fiscal year 2009-2010 IDEA Preschool; fiscal year 2009-2010 Title IIA; fiscal year 2009-2010 Title IID; and fiscal year 2009-2010 Title IV for the period July 1, 2009 through March 29, 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 \$717,087 for 24 employees;
- GSF expenditures for salary of \$27,755 for one employee;
- ARRA-IDEA Basic expenditures of \$79,958;
- ARRA-IDEA Preschool was not expended at the time of the monitoring visit;
- ARRA-Title I expenditures of \$7,880;
- Title I expenditures of \$43,550;
- IDEA expenditures of \$12,480;
- IDEA Preschool expenses of \$16,064;

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- Title IIA was not expended at the time of the monitoring visit;
- Title IID was not expended at the time of the monitoring visit; and
- Title IV was not expended at the time of the monitoring visit.

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 and FY 2010 Title I Projects

The district uses Title I funds to support the salaries of Basic Skills teachers to provide interventions to low-performing students. The FY 2010 Title I funds are being used to partially fund the salaries of four Basic Skills teachers. The infusion of the ARRA-Title I funds enabled the district to expand the Basic Skills program by hiring one part-time instructional assistant/paraprofessional.

In Language Arts Literacy classrooms, the district used the Basic Skills teachers and newly hired instructional staff as part of its push-in instructional approach. In the content area of mathematics, the district employs a pull-out model to address the needs of low-performing students.

Both FY 2010 and ARRA-Title I funds are used to provide professional development for the Basic Skills teachers. The district contracts with a consultant to conduct monthly literacy training workshops for the Basic Skills teachers.

ARRA-IDEA Projects

The FY 2010 IDEA funds are allocated primarily to the cost of out-of-district placements for students with disabilities. Basic funds also support the salary of a related service provider, specifically an occupational therapist. IDEA Preschool funds support the salary of a speech therapist. The ARRA-IDEA funds are being used to fund four part-time special education teachers to support students with disabilities who are included in general education programs. It is anticipated that by the close of the grant period these positions will not be required as the district is experiencing student attrition. ARRA funds are also reserved for the purchase of smart boards once the locations for installation are determined based on the district's restructuring for the 2010 – 2011 school year.

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DETAILED FINDINGS AND RECOMMENDATIONS

SFSF FUNDS

There were no findings in SFSF.

Title I

Finding 1: The district is supplanting state/local funds to operate the Basic Skills program at the Title I school (Center City). The use of *additional* state/local funds to support a program that meets the intents and purposes of a Title I program is allowable. If the district is not using *additional* state/local funds to support the Basic Skills program at its non-Title I schools (J. Mason Tomlin and Sewell), the district is violating the Title I supplement not supplant provision.

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

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 2: The district is using Title I funds to purchase materials and supplies for its non-Title I schools. The district used Title I funds to purchase a subscription to Star Reading for the use of Basic Skills students in both the Title I funded and non-Title I funded schools. Thus, the Title I students' instructional program is not supplemental to the instructional program of the non-Title I students.

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

Required Action: The district must reverse its expenditure of Title I funds to purchase a subscription to Star Reading. The district must allocate state/local funds to support the subscription.

Finding 3: The district is using Title I funds to support the salary of a paraprofessional at the J. Mason Tomlin School, a non-Title I funded school. Thus, a non-Title I school is benefitting from Title I funds.

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

Required Action: The district must reverse its expenditures of Title I funds to support the salary of the one paraprofessional at the J. Mason Tomlin School. The paraprofessional's salary must be paid with state/local funds.

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Finding 4: The district's Parent Involvement Policy does not meet the legislative requirements. The policy, adopted in August 2006, is titled "*Cooperation Between Parents and School.*" This policy outlines expectations for parent intervention in student behavior and communication with the school. It is not specific to the Title I program. The existing policy does not inform Title I parents of their rights and responsibilities such as participating in the planning of parental involvement activities, assisting in the development of the Title I plan and providing input in the evaluation of the district's parental involvement program.

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

Required Action: The district must work with the parents of its Title I students to update the Parental Involvement Policy to include descriptions of how the school will do the following:

- Involve parents in jointly developing the district's Title I plan;
- Provide the coordination, technical assistance, and other support necessary to assist Title I, Part A schools in planning and implementing effective parental involvement activities to improve student academic achievement and school performance;
- Build the schools' and parents' capacity for strong parental involvement;
- Coordinate and integrate parental involvement strategies under Title I, Part A with parental involvement strategies under other programs (e.g., Head Start, Reading First, Early Reading First, Even Start);
- Conduct, with the involvement of parents, an annual evaluation of the content and effectiveness of the parental involvement policy in improving the academic quality of the schools served with Title I, Part A funds; and
- Involve parents in the activities of the Title I school.

Finding 5: The district's Title I funded school (Center City School) does not have a school-level parental involvement policy.

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

Required Action: The district must provide technical assistance to the Center City School and its stakeholder group in the development of a school-level parent involvement policy. The school must distribute the policy to parents of all the Title I students and send a copy of the school-level parent involvement policy to the NJDOE for review.

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Finding 6: The district's Title I funded school (Center City 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 Center City 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 FY 2010 Title I Application does not contain enrollment data on nonpublic students residing in its attendance areas.

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

Required Action: The district must amend its FY 2010 Title I Application (Eligibility Page-Step 1) to include the number of nonpublic students residing in each attendance area. The district may use its Aide-in-Lieu Report to capture the data for resident students attending nonpublic school outside the district's boundaries.

Finding 8: The district encumbered Title I funds in July and August of 2009 for expenses related to the 2009-2010 project period (all 2008-2009 Title I funds were expended by July 1). The district did not have authorization from the Office of Grants Management to expend funds prior to the start of the project period.

Citation: EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 23, Period of Availability of Funds.

Required Action: The district must review Title I, Part A expenditures charged in July and August of 2009. The district must reverse any expenditures encumbered prior to the start of the project period (September 1, 2009) and submit the list of reversed expenditures and a corrective action plan to the NJDOE.

IDEA

Finding 9: The district does not have the required supporting documents, such as time sheets or verified master schedules to certify the activity of IDEA and ARRA-IDEA 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 FY 2009-2010 IDEA and ARRA-IDEA funded staff, salaries, funding percentages and time sheets to date to the NJDOE for review (including administrative staffing).

Finding 10: The district was not in compliance with the requirements for the provision of services to students enrolled in nonpublic schools. The contract with the service provider agency does not specify the frequency of invoices/bills to be issued by the provider agency or actual services to be rendered. Also, the district was not able to provide affirmations of the consultation with the nonpublic representative although evidence of a meeting was on file. Services supported by the ARRA funds were indistinguishable from those provided using the FY 2010 IDEA funds.

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 develop procedures to capture consultations specifically for IDEA and ARRA-IDEA services, and obtain confirmation of consultation forms from the nonpublic schools. The ARRA plan should be revised to reflect how the nonpublic services purchased through this grant supplement services offered with regular IDEA funds.

Finding 11: The Board of Education did not review and approve the ARRA-IDEA grant application. The online application for ARRA funds reflects the board approval date for the FY 2010 IDEA application. There are no board minutes to demonstrate consideration of the ARRA grant plan or expenditures.

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 ARRA-IDEA plan and grant application should be included on the next board agenda. A copy of the board resolution approving the application should be forwarded to the Office of Grants Management.

Title IIA

Finding 12: The district does not have the required 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 FY 2009-2010 Title IIA funded staff, salaries, funding percentages and time sheets to date to the NJDOE for review.

Title III

Finding 13: The district did not issue a letter to parents informing them that the district did not meet its Annual Measurable Achievement Objectives (AMAO).

Citation: NCLB §3122, Language Instruction for Limited English Proficient and Immigrant Students, Achievement Objectives and Accountability.

Required Action: The district must mail a letter to the parents notifying them of the status and send a copy to the NJDOE. Sample letters can be found at <http://www.nj.gov/education/bilingual/title3/accountability/notification/>.

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 do not need 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. However, for ARRA and all federal funds, districts need to review 34 CFR Part 80.36 on procurement requirements. The

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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.