



State of New Jersey

DEPARTMENT OF EDUCATION

PO Box 500

TRENTON, NJ 08625-0500

CHRIS CHRISTIE  
*Governor*

KIM GUADAGNO  
*Lt. Governor*

August 4, 2010

BRET SCHUNDLER  
*Commissioner*

Dr. David Gentile, Superintendent  
Millville Board of Education  
110 North Third Street  
PO Box 5010  
Millville, NJ 08332

Dear Dr. Gentile:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Millville 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 15, 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 Millville 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:Millville Board of Education Cover Letter  
Enclosures

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

ARRA MONITORING REPORT  
AUGUST 2010

**District:** Millville Board of Education  
**County:** Cumberland  
**Dates On-Site:** June 15 and 16, 2010  
**Case #:** ARRA-049-09

**FUNDING SOURCES**

Program	Funding Award
State Fiscal Stabilization Fund – Education Stabilization Fund	8,757,186
State Fiscal Stabilization Fund – Government Services Fund	339,004
ARRA - Title I	1,707,657
ARRA – Title I SIA	84,226
ARRA – IDEA Basic	1,550,861
ARRA – IDEA Preschool	55,694
<b>Total ARRA Funds</b>	<b>\$12,494,628</b>
Title I	2,158,053
Title I - SIA	97,487
IDEA - Basic	1,526,364
IDEA - Preschool	31,911
<b>Total Non-ARRA Funds</b>	<b>3,813,815</b>
<b>Total Funds</b>	<b>\$16,308,443</b>

**MILLVILLE SCHOOL DISTRICT  
ARRA MONITORING REPORT  
AUGUST 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 Millville 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-Title I SIA; ARRA-IDEA Basic; ARRA-IDEA Preschool; Title I; Title I SIA; IDEA and IDEA Preschool for the period July 1, 2009 through June 15, 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 salary of \$6,646,996;
- GSF expenditures for salary of \$299,127;
- ARRA-IDEA Basic expenditures of \$552,246;
- ARRA-IDEA Preschool expenditures of \$14,178;
- ARRA-Title I expenditures of \$461,826;
- ARRA-Title I SIA expenditures \$84,226;
- Title I expenditures of \$546,661;
- Title I SIA expenditures of \$54,464;
- IDEA expenditures of \$628,321; and

**MILLVILLE SCHOOL DISTRICT  
ARRA MONITORING REPORT  
AUGUST 2010**

- IDEA Preschool expenses of \$2,580.

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 - Title I Projects**

The district utilized the ARRA-Title I funds to provide extended learning opportunities for its students. During the summer of 2009, the ARRA funds were used to support summer programs. These programs, designed to prevent regression of students during the summer months, were open to students in grades PK through eighth. The funds were budgeted for salaries, supplies, snacks and transportation. To extend student learning at home, the district purchased Everyday Math online games to supplement the math program. Students are provided an access code enabling them to use the games at home.

ARRA Title I funds were also dedicated to the purchase of materials and supplies. As part of its technology infusion initiative, the district obtained two Smart Tables for each of the six elementary schools, Pixie 2 software for each elementary school building and mobile laptop carts. Another technology component is the READ 180 program, which required the purchase of software, hardware, along with materials and supplies. This program is being used for struggling readers at Lakeside Middle School (grades sixth-eighth) and Memorial High School (grade 9). ARRA funds will also support the district's literacy program in the 2010-2011 school year through the salaries of six Literacy Curriculum and Instruction Coaches.

**FY 2010 Title I Funds**

The FY 2010 Title I funds continue to support at-risk students with supplemental materials such as DIBELS (*Dynamic Indicator of Early Literacy Skills*, K-Pals, First Grade Pals, Foundations, Headsprout, Read Naturally, Visualizing and Verbalizing, and software for computer assisted instruction. Desktop computers were added for student use in guided reading and literacy centers in grades sixth-eighth. The district provides extended day programs for students who need additional instructional support in language arts literacy and mathematics. Title I funds are used to pay the salaries of staff working in the extended day program and to provide transportation for students attending the program.

Teacher effectiveness is being addressed through the use of iPods for administrators. This technology assists administrators in their documentation of the effectiveness or ineffectiveness of lessons during classroom walkthroughs. To engage parents the district purchased instructional materials for parents to use with their children at home. The district also offered workshops in strategies for high stakes testing. Teachers were given stipends to participate in the workshops.

**MILLVILLE SCHOOL DISTRICT  
ARRA MONITORING REPORT  
AUGUST 2010**

**ARRA - IDEA Projects**

ARRA - IDEA funds are being used for professional development activities for staff who provide support services to general education students identified as being at risk for referral to the child study team for evaluation and to support instruction of students with disabilities who are included in the general education population. In-district programs for students with autism are being developed and expanded. Supplies and equipment are being purchased to support these programs. Instructional supplies, software and equipment are being purchased to support the instructional programs for students with disabilities, including lap tops, i-pods and smart tables/boards.

**DETAILED FINDINGS AND RECOMMENDATIONS**

**SFSF Funds**

**Finding 1:** The district's reporting and tracking of jobs created and jobs saved did not have the required supporting detail to identify the jobs reported for ESF and GSF funding on the 1512 Report.

**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 have formal tracking of SFSF funding and the necessary backup documentation to support that the information submitted is consistent with the federal guidance recently issued on jobs created and jobs saved. The district must submit updated information with detailed staffing data through December 31, 2009.

**Title I:**

**Finding 2:** A review of the files of 14 paraprofessionals indicates that the district does not have adequate documentation to verify that 35% (or five) have met the federal requirements. The vitae of the five paraprofessionals report the method of meeting the federal requirements, but the files are lacking either an official transcript or documentation of completion of an appropriate assessment.

**Citation:** NCLB §1119(d): *Qualifications for Teachers and Paraprofessionals (Existing Paraprofessionals)*.

**Required Action:** The district must update the files of the five paraprofessionals (identification numbers: 191, 1966, 3606, 5094 and 1642) to include either an official transcript from an accredited institution of higher education or documentation of successful completion of an appropriate assessment.

**MILLVILLE SCHOOL DISTRICT  
ARRA MONITORING REPORT  
AUGUST 2010**

**Finding 3:** The district reports eight income-eligible nonpublic students on its FY 2010 NCLB Consolidated Application; yet, the district is using Title I funds to support 74.33% of the salary of a full-time teacher at St. Mary Magdalen School. The number of students receiving services is not consistent with the need for .75 FTE.

**Citation:** NCLB §1120(b): *Participation of Children Enrolled in Private Schools (Consultation)*.

**Required Action:** The district must ensure that the consultation process with the nonpublic schools verifies the number of students for which Millville is responsible and the strategies the district will use to remediate these students.

**Finding 4:** The district reports eight income-eligible nonpublic students on its FY 2010 NCLB Consolidated Application; yet, the teacher assigned to St. Mary Magdalen School provides services to 21 students. The district is not responsible for providing services to students who do not reside in the district's eligible attendance areas. Additionally, the district does not report any nonpublic students residing in the high school attendance areas.

**Citation:** NCLB §1120 (b): *Participation of Children Enrolled in Private Schools (Consultation)*.

**Required Action:** The district must develop a process to collect more accurate data on nonpublic students who reside in the district's eligible attendance areas. The district must use this data to consult with nonpublic schools that are both inside and outside the district's boundaries, and to provide service to eligible nonpublic school students.

**Finding 5:** The district does not have documentation of the eligibility criteria for nonpublic students receiving Title I services. The district used the eligibility criteria for Chapter 192 to identify students for Title I services. Title I legislation requires that districts consult with nonpublic schools to determine the multiple educationally related objective criteria that will be used to identify students for services.

**Citation:** NCLB §1120 (b): *Participation of Children Enrolled in Private Schools (Consultation)*.

**Required Action:** For the FY 2011 Title I, Part A application, the district's consultation process with nonpublic schools must incorporate the determination of the multiple educationally related objective criteria that will be used to identify students for Title I services. A copy of the minutes from the district's consultation meeting with the nonpublic schools must be sent to the NJDOE for review.

**Finding 6:** The district's use of Title I funds to purchase materials/supplies for the nonpublic school (St. Mary Magdalen School) is supplanting local funds. The purchase of classroom sets of textbooks, television mounts and splitter cables does not exclusively benefit Title I students.

**MILLVILLE SCHOOL DISTRICT  
ARRA MONITORING REPORT  
AUGUST 2010**

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

**Required Action:** The district must reverse all Title I expenditures that supplant state and local funding to benefit students and staff not participating in the Title I program. The district must submit a spreadsheet of the updated charges to the Title I and ARRA - Title I grants for 2009-2010.

**Finding 7:** The district is not maintaining control of the Title I funds used to purchase materials and supplies for the nonpublic school. The district allowed a nonpublic school to negotiate a deal with Catholic Purchasing Services, a division of the Catholic Church that advertises as “exclusively serving religious institutions,” to purchase an Egan Teamboard.

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

**Required Action:** The district must develop internal controls to maintain control of all purchasing decisions and transactions that involve Title I funds. The district must ensure that when using federal funds, materials/supplies are purchased from secular vendors.

**Finding 8:** There is no evidence that the district is providing equitable services to the families of eligible students in nonpublic schools that receive Title I services.

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

**Required Action:** The district must develop and implement a process to identify the needs of the families of nonpublic students receiving Title I services. The district must utilize the Title I nonpublic parental involvement reserve to provide secular family involvement activities that are academic in nature.

**IDEA**

**Finding 9:** The district did not have equipment inventory for items purchased with federal grants (IDEA).

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

**Required Action:** The district must have formal tracking of equipment purchased with federal grants. Although the state threshold for reporting equipment is \$2,000 in the Electronic Web Enabled Grant (EWEG) system, the district may have its own lower threshold. The district must track any amount that is less expensive to track than it is to replace. All inventoried items should include tag number, cost, location, date of purchase, and item description.



**MILLVILLE SCHOOL DISTRICT  
ARRA MONITORING REPORT  
AUGUST 2010**

**Finding 10:** The district does not have the required supporting documents to verify the activity of 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)*.

**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 ARRA IDEA funded staff, salaries, funding percentages and time sheets to date to the NJDOE for review (including administrative staffing).

**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 EWEG 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 are not required 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 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

**MILLVILLE SCHOOL DISTRICT  
ARRA MONITORING REPORT  
AUGUST 2010**

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](mailto:anthony.hearn@doe.state.nj.us).