

March 15, 2010

Mr. Michael Buccialia, Superintendent  
North Wildwood City Board of Education  
1201 Atlantic Avenue  
North Wildwood, NJ 08260

Dear Mr. Michael Buccialia:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **North Wildwood City 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 February 24, 2010. The resulting report is enclosed. Please provide a copy of the report to each board member.

Utilizing the process outlined in the attached "Procedures for LEA/Agency Response, Corrective Action Plan and Appeal Process," the North Wildwood City 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:North Wildwood City Board of Education Cover Letter  
Enclosures

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

**ARRA MONITORING REPORT  
MARCH 2010**

**District:** North Wildwood City Board of Education  
**County:** Cape May  
**Dates On-Site:** February 24, 2010  
**Case #:** ARRA-058-09

**FUNDING SOURCES**

Program	Funding Award
ARRA – IDEA –Basic	119,847
ARRA – IDEA –Preschool	4,324
<b>Total ARRA Funds</b>	<b>\$124,171</b>
IDEA – Basic	157,970
IDEA – Preschool	3,932
<b>Total Non-ARRA Funds</b>	<b>161,902</b>
<b>Total Funds</b>	<b>\$286,073</b>

**NORTH WILDWOOD CITY SCHOOL DISTRICT  
ARRA MONITORING REPORT  
MARCH 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 North Wildwood City 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: ARRA-IDEA Basic; ARRA-IDEA Preschool, fiscal year 2009-2010; IDEA Basic and fiscal year 2009-2010; and IDEA Preschool for the period July 1, 2009 through February 24, 2010. The monitoring also included a review of the district's most recent ARRA section 1512 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:

- ARRA IDEA Basic expenditures of \$15,400;
- ARRA IDEA Preschool expenditures of \$0;
- IDEA expenditures of \$72,221; and
- IDEA Preschool expenses of \$1,755.

In addition, the team reviewed the district's plans for spending the balance of the funding.

**NORTH WILDWOOD CITY SCHOOL DISTRICT  
ARRA MONITORING REPORT  
MARCH 2010**

**GENERAL DISTRICT OVERVIEW OF USES OF TITLE I AND IDEA FUNDS**

**ARRA IDEA Projects**

The district hired a one-to-one aide for the 2009-2010 school year for a student in conformance with the Individualized Education Plan (IEP). The district will reevaluate this during the annual review meeting and if the service is still needed, will fund the position from the IDEA Basic grant in subsequent years.

Sound enhancement systems have been purchased, in accordance with IEPs for special education students receiving resource supports (pull out or in-class in general education). The district claims that their research shows that a student's hearing doesn't fully develop until the student is around 13 to 14 years of age. It is important that students understand the sounds made by letters in order to read so the district has purchased sound enhancement systems. Non special education student's scores should also increase as a result of the residual benefit of being in an inclusion class where the instruction is enhanced by the use of sound enhancement systems. The district should also see a reduction in the number of referrals for special education services.

The district noted students' performance and skill mastery has improved for all students and is evidenced through report card grades and state assessment score results. Progress is charted through mastery of goals and objectives as documented in student IEPs.

**DETAILED FINDINGS AND RECOMMENDATIONS**

**IDEA:**

**Finding 1:** The district does not have the required supporting documents to verify the activity of ARRA IDEA and 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 and the IDEA funded staff, salaries, funding percentages and time sheets to date to the NJDOE for review.

**Finding 2:** The district has misclassified the accounting classification of one-to-one aides into instructional staff when they should be listed as support services in both their accounting system and the EWEG grant system.

**Citation:** EDGAR, PART 80--Uniform Administrative Requirements for grants and cooperative agreements to state and local governments, Section 20, Standards for financial management systems.

**NORTH WILDWOOD CITY SCHOOL DISTRICT  
ARRA MONITORING REPORT  
MARCH 2010**

**Required Action:** The district must update its applications and corresponding accounting records to classify staff according to their function. The revised budget summary for both the ARRA IDEA and the IDEA grants should be submitted.

**ADMINISTRATIVE**

**Recommendation 1:** The district's internal controls and standard operating procedures 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 (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.

**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 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 department 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 LFN 2010-3 issued January

**NORTH WILDWOOD CITY SCHOOL DISTRICT  
ARRA MONITORING REPORT  
MARCH 2010**

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).