

March 19, 2010

Dr. Gloria Grantham, Superintendent
Pleasantville Board of Education
801 Mill Road
PO Box 960
Pleasantville, NJ 08232

Dear Dr. Grantham:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Pleasantville 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 22, 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 Pleasantville 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:Pleasantville 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: Pleasantville Board of Education
County: Atlantic
Dates On-Site: January 25, 26 and 27, 2010
Case #: ARRA-068-009

FUNDING SOURCES

Program	Funding Award
State Fiscal Stabilization Fund – Education Stabilization Fund	8,488,910
State Fiscal Stabilization Fund – Government Services Fund	328,618
ARRA- Title I	724,097
ARRA – Title I SIA	76,785
ARRA – IDEA –Basic	989,846
ARRA – IDEA –Preschool	35,538
Total ARRA Funds	\$10,643,794
Title I	1,475,710
Title I - SIA	76,785
IDEA - Basic	949,105
IDEA - Preschool	25,541
Total Non-ARRA Funds	2,527,141.00
Total Funds	\$13,170,935

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SECTION I: 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.

SECTION II: INTRODUCTION:

The NJDOE visited the Pleasantville 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; Fiscal Year 2009-2010 Title I; Fiscal Year 2009-2010 Title I SIA; Fiscal Year 2009-2010 IDEA; and Fiscal Year 2009-2010 IDEA Preschool for the period July 1, 2009 through January 22, 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.

A. Scope of Review

Elements comprising the review included the following:

- Education Stabilization Fund (ESF) expenditures for salary of \$1,950,421 for 88 employees;
- Government Services Fund (GSF) expenditures for salary of \$277,932 for five employees;
- ARRA IDEA Basic expenditures of \$4,087;
- ARRA IDEA Preschool expenditures of \$8,086;

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- ARRA Title I expenditures of \$40,318;
- ARRA Title I SIA of \$6,719;
- Title I expenditures of \$114,623;
- Title I SIA expenditures of 26,062;
- IDEA expenditures of \$949,105; and
- IDEA Preschool expenses of \$4,538.

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

SECTION III: GENERAL DISTRICT OVERVIEW OF USES OF ARRA FUNDS

A. ARRA IDEA Projects

IDEA and/or ARRA IDEA funds are being utilized to improve student success:

- Professional development training of staff;
- Software/hardware and student supplies;
- Hiring of a behavior specialist and a reading specialist;
- Smart boards in classrooms; and
- Preschool "hatch" computer systems.

The major goal for the use of the ARRA IDEA funds will be to increase the reading ability of special needs students. This goal is to be supported by the implementation of the READ 180 program and the hiring of a reading specialist.

The district claims READ 180 will be instituted in special education classrooms, but no formal plans have been implemented as of the monitoring visit. Pre-testing will be completed. Post-testing will be able to determine gains and advancements by the students.

During the interviews there was only a wish list of items, but none other than "hatch" systems had been purchased and IDEA director did not have a formal plan for spending the monies.

B. ARRA Title I Projects

The Fiscal Year 2010 Title I and ARRA Title I funding is being used to continue the following strategies/programs/practices (activities) that were implemented during the 2008-2009 school year, with the following focus areas:

- Push-in Tutors/BSI Teachers – Language Arts Literacy (LAL) and Math focus areas targeting K-12 identified students;
- Professional Development - "Professional Learning Communities" - LAL and Math focus areas targeting all K-12 students;
- Title I After-School Academic Academy - LAL and Math focus areas targeting K-12 identified students;

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- Title I Saturday Academic Academy – LAL and Math focus areas targeting grades 6-8 identified students;
- Title I Summer Academic Academy – LAL and Math focus areas targeting all K-12 students;
- District Title I Parent Group - Policy and Compacts focus areas targeting all K-12 students;
- District Special Education Parent Group - Establish an advocacy group for special education students focus areas targeting grades K-12; and
- Newcomers program - LAL focus areas targeting immigrant students.

The following are the measurable goals for student achievement as a result of the programs/activities/strategies being implemented with the Fiscal Year 2010 Title I and ARRA Title I funds:

- NJASK 3-5
All schools, including all NCLB sub groups, will make Adequate Yearly Progress (AYP) or Safe Harbor in LAL and Math as measured by the applicable State Assessment.
- NJASK 5-8
All schools, including all NCLB sub groups, will make AYP or Safe Harbor in LAL and Math as measured by the applicable State Assessment.
- HSPA
All schools, including all NCLB sub groups, will make AYP or Safe Harbor in LAL and Math as measured by the applicable State Assessment.

The measures that the district will use to evaluate the impact of the aforementioned programs/activities/strategies on student achievement are individual, school, and district scores on the applicable State Assessments for each grade; i.e., NJASK 3-5, NJASK 5-8, and HSPA.

SECTION IV: DETAILED FINDINGS:

A. SFSF FUNDS:

Finding 1: The district's cash management report did not tie into the general ledger and the charges of expenditures were not clear.

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 backup necessary to support the charges consistent with the federal guidance issued with regard to jobs created and jobs saved.

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Finding 2: The districts 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 maintain formal tracking of SFSF funding and ensure that the backup documentation to support jobs created and jobs saved is in compliance with the recently issued federal guidance. The district should submit updated detailed information for staffing through December 31, 2009.

B. TITLE I:

Finding 3: The district staff charged to the Title I grant in fund 20 were not approved by the district's Board of Education.

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 should have all staff charged to any federal grant approved by the Board of Education. The district should submit minutes showing the approval of staff funded by Title I.

Finding 4: The district has not consulted with nonpublic schools outside the district boundaries where their students attend. The Aide-in-Lieu report showed amounts of \$25,636 to transport students to eight nonpublic schools outside of the district boundaries. However, the district did not conduct consultation activities, as required by Title I, with any of these nonpublic schools. This same issue was a finding when the Office of Fiscal Accountability and Compliance audited the district's 2006-2007 Title I grant and has yet to be resolved.

Citation: NCLB §1120 (*Participation of Children Enrolled In Private Schools*).

Required Actions: The district must immediately begin the consultation process with those nonpublic schools that enroll students residing within the boundaries of the district's eligible attendance areas. For resolution the district must submit the signed Affirmation of Consultation forms and a narrative describing the eligibility criteria and services offered to participating students.

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Finding 5: A review of the personnel files of 12 paraprofessionals indicates that the files of four instructional aides did not contain evidence of meeting the requirements for Title I paraprofessionals. All 12 employees are classified as “Instructional Aides” on 2009-2010 staff list dated January 26, 2010.

Citation: NCLB §1119: *Qualifications for Teachers and Paraprofessionals*;
34CFR §200.58: *Qualifications of paraprofessionals*.

Required Action: The district must provide evidence to the NJDOE that the four instructional aides identified during the site visit have met the Title I requirements for paraprofessionals. If the district is unable to verify that these employees have met the Title I requirements, the district must immediately reassign the employees to full-time non-instructional positions, or terminate their employment with the district.

Finding 6: The district did not provide a full list of Supplemental Education Services (SES) providers to parents as required under the Title I statutes. The letter to parents of eligible students includes a list of those SES providers that have previously worked with the district and have an existing contract with the district. This language gives preferential treatment to a selected group of providers.

Citation: NCLB §1116 (b)(6): *Academic Assessment and Local Educational Agency and School Improvement*.

Required Actions: The district must offer an additional period of SES enrollment to parents of eligible students. The letter for this enrollment period must include the entire list of providers that serve the nearby geographical area, as well as those providers that offer Web-based services.

Finding 7: The district was unable to provide a description of the Blitz 36 program, funded with ARRA Title I funds, and how it relates to the programs/strategies/activities in the schools’ Title I Unified Plans.

Citation: NCLB §1114(b)(2): *Schoolwide Programs*
CFR §200.26: *Core elements of a schoolwide program*

Required Action: The district must submit a description of the Blitz 36 initiative including a breakdown of the funding associated with the program. The district must ensure that its schools have integrated the Blitz 36 initiative in their Title I Unified Plans.

Finding 8: The district’s allocation of Title I and ARRA Title I funds to the schools does not agree with the Title I school allocations on the 2009-2010 *NCLB* Consolidated Application for Title I funds (Eligibility Page, Step 4).

Citation: *NCLB* §9306(a)(5): *Other General Assurances (Assurances)*.

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Required Action: The district must reconcile its budget to correspond to the Title I school-level allocations reflected in the 2009-2010 *NCLB* Consolidated Application for Title I funds (Eligibility Page, Step 4) and Title I ARRA funding. The revised budget must be submitted to the NJDOE for review.

Finding 9: The district did not have an equipment inventory for items purchased with federal grants (Title I and 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.

Finding 10: The district's unified plan did not specify that the Guidance Counseling system, funded with Title I, SIA funds was a priority problem at the high school, but the district expended funds on the purchase.

Citation: NCLB §1003(c), *School Improvement*.

Required Action: The district must reverse the charges for this activity to allocate state/local funds, rather than Title I funds, to support the guidance system expenditures.

Finding 11: The district spent federal funds on entertainment-related activities that are non-allowable under the federal cost principles. The district's use of Title I funds to support parent involvement reflects unallowable Title I expenditures. The district hosted a "Unity Celebration," a three hour event described as a parent involvement activity. As reflected by purchase order #10000961 for Kids-to-Go (dated September 1, 2009), the district incurred an expenditure of \$1,039.00 for entertainment-related items such as inflatable arenas, a cotton candy machine, World Sports Game, a popcorn machine, etc.

Citation: OMB Circular No. A-87: *Cost Principles for State, Local and Indian Tribal Governments, Section 14, Entertainment*.

Required Action: The district must reverse the charges for this activity to allocate state/local funds, rather than Title I funds, to support the Unity Celebration expenditures.

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C. IDEA:

Finding 12: At the time of the on-site visit, the district had not encumbered any of the funds for the IDEA – ARRA Basic grant. Interviews with district administrative staff suggested that the ARRA spending plan recorded in the EWEG may be incomplete in describing the intended use of these funds for services to special education students.

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 should review its local spending plan next to the ARRA spending plan recorded in EWEG and, if necessary, amend the application to assure concurrence between the grant application and the program expenditures.

D. ADMINISTRATIVE

Recommendation 1: The district's internal control policies need to be updated 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's ARRA-Title I Consolidated application did not contain any reserve for Administrative Expenses, yet administrative expenses are being charged.

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 needs to amend its Title I application to show the administrative expenses in the Title I Eligibility Page, Step 4.

Recommendation 3: The November 2009 board secretary report shows a difference in revenues and expenditures of \$422,842 in ESF. GSF totals are established and match allocation. The district corrected this difference in the December board secretary report.

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Citation: EDGAR, PART 80--*Uniform Administrative Requirements for grants and cooperative agreements to state and local governments*, Section 20, Standards for financial management systems. NJAC 6A:23A-16.

Recommended Action: The district's accounting records should match the SFSF allocation notice by type (ESF and GSF) on a monthly basis.

Recommendation 4: The district did not provide the backup evidence to support the TPAF/FICA Reimbursement Report for 2008-2009 and all supporting evidence should accompany the 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.

Recommended Action: The district should send the supporting work papers to backup the report and this data should always be readily available with the report.

Recommendation 5: 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.

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.

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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.