



State of New Jersey

DEPARTMENT OF EDUCATION

PO Box 500

TRENTON, NJ 08625-0500

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

ROCHELLE R. HENDRICKS
Acting Commissioner

November 10, 2010

Dr. Richard B. Weisenfeld, Superintendent
Wanaque Board of Education
973A Ringwood Avenue
Haskell, NJ 07420

Dear Dr. Weisenfeld:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Wanaque 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 30, 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 Wanaque 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:Wanaque Board of Education Cover Letter ARRA
Enclosures

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PO BOX 500
TRENTON, NJ 08625-0500**

WANAQUE BOARD OF EDUCATION
973A RINGWOOD AVENUE
HASKELL, NJ 07420
PHONE: (973) 835-8484



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

**ARRA MONITORING REPORT
NOVEMBER 2010**

District: Wanaque Board of Education
County: Passaic
Dates On-Site: September 15 and 16, 2010
Case #: ARRA-082-09

FUNDING SOURCES

Program	Funding Award
Fiscal Stabilization Fund – Education Stabilization Fund	\$ 340,386
State Fiscal Stabilization Fund – Government Services Fund	13,177
ARRA – Title I	31,152
ARRA – IDEA Basic	241,847
ARRA - IDEA Preschool	8,734
Total ARRA Funds	635,296
Title I	107,179
Title IIA	34,911
Title IID	1,074
Title IV	2,776
IDEA – Basic	243,964
IDEA – Preschool	13,586
Total Non-ARRA Funds	403,490
Total Funding	\$1,038,786

**WANAQUE PUBLIC SCHOOLS
ARRA MONITORING REPORT
NOVEMBER 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 Wanaque 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); Title I; Title IIA; Title IID; Title IV; IDEA Basic; IDEA Preschool; ARRA-Title I; ARRA-IDEA Basic and ARRA-IDEA Preschool for the period July 1, 2009 through June 30, 2010. The monitoring also included a review of the district's 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

The following dollar amounts of expenditures were reviewed for each program monitored for the period of July 1, 2009 through June 30, 2010:

- ESF 100% of expenditures totaling \$340,386 were reviewed;
- GSF 100% of expenditures totaling \$13,177 were reviewed;
- Title I 94% of expenditures totaling \$90,571 were reviewed;
- Title IIA 36% of expenditures totaling \$14,477 were reviewed;
- Title IID 100% of expenditures totaling \$250 were reviewed;
- Title IV 54% of expenditures totaling \$2,776 were reviewed;
- ARRA-IDEA Basic 82% of expenditures totaling \$147,984 were reviewed;
- ARRA-IDEA Preschool 100% of expenditures totaling \$8,734 were reviewed;
- IDEA-Basic 69% of expenditures totaling \$231,242 were reviewed; and
- IDEA-Preschool 100% of expenditures totaling \$13,586 were reviewed.

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GENERAL DISTRICT OVERVIEW OF USES OF ARRA FUNDS

ARRA-Title I Projects

The district has identified in their district needs assessment Language Arts Literacy and Reading along with Mathematics as funded priorities for the 2010-11 school year. The district also seeks to strengthen the instructional skills and strategies of its teaching staff. The district used more than 97% of its Title I allocation to hire one teacher to work with students that have been identified for Title I services. The ARRA-Title I funds were used to provide additional in-class support by hiring a part-time teacher to assist in the delivery of the curriculum.

ARRA-IDEA Projects

The district has elected to utilize the IDEA and ARRA-IDEA funds for out-of-district tuitions, staff, professional development and for a comprehensive reading program for special education students. Initially, funds were expended to support the salary of a social worker (split funded/funded for one year only) who provided counseling to the newly established behavioral disabilities program and to special education students at-risk of requiring a more restrictive setting. The intervention of counseling was considered successful as the at-risk second graders behavior improved and were not placed in a more restrictive setting and the self-contained behavioral disabilities program was able to maintain these students in district. Funds were also expended for an instructional aide for the preschool program. The Rigby Literacy program is designed to be utilized by students who require additional skills and strategies in guided reading, shared reading, phonics, phonemic awareness and writing. Assessment tools are available to teachers so they will not only be able to create strong assessments but plan instruction and monitor student progress. The district expects that the special education students will be able to demonstrate grade level reading skills. Of the three tuition students funded through ARRA, two were placed in other public schools and one was placed in a private school for students with disabilities. Nonpublic students receive supplemental instruction, related therapies and in-class resource services. Supplies were also purchased for the nonpublic setting. The district utilizes the Essex County Educational Services Commission for their nonpublic students.

DETAILED FINDINGS AND RECOMMENDATIONS

Title I

Finding 1:

Condition: The school district was not able to support the development of the needs assessment by providing data and other supporting documentation. This statement relates to all Titles (Overarching Requirement).

Citation: NCLB §1112, §2112.

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Required Action: The school district must develop a written protocol regarding the review of data and other documentation for the development of the needs assessment.

Finding 2:

Condition: A written entrance and exit criteria for eligible students in targeted assistance program could not be provided by the school district.

Citation: NCLB §1115 (b) (1) (B).

Required Action: The school district must develop a written entrance and exit criteria for eligible students in the targeted assistance program.

Finding 3:

Condition: Nonpublic consultation could not be verified by review of the completion of the Affirmation of Consultation.

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

Required Action: Dialogue with the nonpublic school must include the completion of the Affirmation of Consultation.

Finding 4:

Condition: The district does not have the required supporting documentation to verify the activity of Title I or 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 maintain records to verify the time and activity of staff charged to the grant.

Title II, Part D

Finding 1:

Condition: The school district utilized Title II, Part D funds to purchase Bio E-Learning Frog Guts. This expenditure did not correspond to the district's Needs Assessment. Science was not listed as a Priority Problem on the Needs Assessment.

Citation: NCLB §2413 (b) (6).

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Required Action: The district must accurately charge to the grant. This expenditure should have been charged to local funds.

Title IV, Part A

Condition: The school district could not provide evidence that it evaluated the program to assess the effectiveness.

Citation: NCLB § 4114-4115.

Required Action: Title IV is no longer a funded program. However, the school district should have a protocol to ensure that all funded programs are assessed for effectiveness.

IDEA

Finding 1:

Condition: The district did not provide written verification of consultation with nonpublic schools for both IDEA Basic and ARRA-IDEA Basic. The Individual Service Plans (ISP) did not consistently specify the services provided by separate funding sources; specifically IDEA Basic and ARRA-IDEA nonpublic proportionate share. The monitors also noted that the current ISPs combine Chapter 193 and IDEA services.

Citation: IDEA Regulations 34CFR §300.130-300.144.

Required Action: The district must develop procedures to consistently capture consultation with nonpublic schools and obtain confirmation of consultation. The ISPs must be revised to reflect the funding source and services.

SFSF Funds

Finding 1:

Condition: The district failed to maintain copies of their ARRA quarterly 1512 and cash management reports. In addition, the district could not document or explain the methodology used to calculate the number of jobs created and jobs retained submitted on the 1512 report.

Citation: *American Recovery and Reinvestment Act of 2009 (ARRA)*. 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: Copies of all quarterly ARRA reports should be retained by the district. The method used to calculate the jobs created and jobs retained reported on the quarterly 1512 report should be documented and retained.

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Financial Management and Reporting

Finding 1:

Condition: On numerous occasions the district failed to issue a purchase order prior to goods being purchased or services being rendered (confirming order). District policy and state regulations require that a properly executed purchase order be issued prior to the purchase of goods or the rendering of services.

Citation: EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 20, Standards for financial management systems. N.J.S.A 18A:18A(2)(v) *Public School Contracts Law*.

Required Action: Purchase orders should be issued to all vendors prior to goods or services being provided.

Finding 2:

Condition: Monitors noted that accounting staff had issued payment to a vendor in excess of the purchase order amount without authorization.

Citation: EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 20, Standards for financial management systems. N.J.A.C. 6A:23A-6.10 *Approval of amounts paid in excess of approved purchase orders; board policy*.

Required Action: The district must adopt a policy establishing the approval process for any remittance of payment for invoice amounts greater than the approved purchase order. The policy shall require the school business administrator (SBA) to identify, and investigate, if necessary, the reason for any increase to the purchase order. If it is found that such an increase is warranted, the SBA shall either approve a revision to the original purchase order with the reason noted, approve the issuance of a supplemental purchase order for the difference, or cancel the original purchase order and issue a new purchase order.

Finding 3:

Condition: The district failed to formally appoint individuals charged to IDEA and Title I by board resolution.

Citation: EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 20, Standards for financial management systems.

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Required Action: All staff charged against grants should be reappointed annually by board resolution.

Finding 4:

Condition: The district retroactively charged staff to the ARRA-Title I grant by making a payroll adjustment in June 2010. As a result, the employee was not included in the jobs created and jobs retained reported on the quarterly 1512 reports.

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: Staff charged against the grant should be charged throughout the fiscal year. The district must include all staff funded by the ARRA grant in the jobs created and jobs retained calculation.

Finding 5:

Condition: The district consistently charged IDEA and ARRA-IDEA non-salary expenditures to incorrect general ledger accounts. Of the 27 IDEA and ARRA-IDEA expenditures tested by monitors, 24 were charged to an incorrect object code and seven were charged to an incorrect function code.

Citation: Uniform Minimum Chart of Accounts for New Jersey Public Schools, 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: All district expenditures should be recorded in the proper general ledger account in accordance with the Uniform Minimum Chart of Accounts.

Recommendation 1: The district does not have a purchasing manual that details procedures for the procurement of goods and services.

Citation: EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 20, Standards for financial management systems. N.J.A.C. 6A:23A-6.6 Standard operating procedures for business functions.

Recommended Action: The district should prepare and adopt a detailed purchasing manual to ensure compliance with current state and federal procurement regulations.

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