



State of New Jersey

DEPARTMENT OF EDUCATION

PO Box 500

TRENTON, NJ 08625-0500

CHRIS CHRISTIE  
*Governor*

KIM GUADAGNO  
*Lt. Governor*

August 11, 2010

BRET SCHUNDLER  
*Commissioner*

Mr. James Campbell, Interim Superintendent  
Wayne Township Board of Education  
50 Nellis Drive  
Wayne, NJ 07470-3562

Dear Mr. Campbell:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Wayne 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 31, 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 Wayne 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 Steven Hoffmann at (973) 621-2750.

Sincerely,

Robert J. Cicchino, Director  
Office of Fiscal Accountability and Compliance

RJC/LDM/tc:Wayne Twp. 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:** Wayne Township Board of Education  
**County:** Passaic  
**Dates on Site:** May 3 and 4, 2010  
**Case #:** ARRA 084-09

**FUNDING SOURCES**

ARRA - IDEA Basic	\$2,135,826
ARRA – IDEA Preschool	77,263
Total ARRA Funds	<u>2,213,089</u>
Title I	290,230
Title I SIA	-
IDEA Basic	1,828,194
IDEA Preschool	69,994
Total Non-ARRA Funds	<u>2,188,418</u>
Total Funding	<u>\$4,401,507</u>

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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 Wayne 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: Title I; IDEA Basic; IDEA Preschool; ARRA-IDEA Basic; and ARRA-IDEA Preschool for the period July 1, 2009 through March 31, 2010. The monitoring also included a review of the district's most recent ARRA section 1512 quarterly report 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 March 31, 2010:

- Title I expenditures totaling \$5,217 were reviewed;
- IDEA Basic expenditures totaling \$506,101 were reviewed;
- IDEA Preschool expenditures totaling \$65,020 were reviewed;
- ARRA-IDEA Basic expenditures totaling \$182,580 were reviewed; and
- ARRA-IDEA Preschool had not been expended at the time of the monitoring visit.

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

**Title I Projects**

The Wayne School District did not receive an ARRA-Title I allocation. The district has budgeted its 2009-2010 Title I allocation to implement an ASK Prep and Basic Skills programs designed to improve student achievement for eligible students in grades 3-8. Balanced Literacy and Connected Math have been chosen to address the district's low performing target populations. Professional development is provided to staff through literacy coaches designed to improve classroom instruction. The long range plan is to have staff then turnkey these acquired strategies with other staff members during common prep time. Supplies that align with Connected Math and Balanced Literacy have been budgeted and represent 67% of the total allocation. The balance of the allocation or \$96,000 was dedicated to non-instructional salaries and benefits.

Sustained efforts have been made to make Adequate Yearly Progress and are evident based on State Assessment scores district wide. Five schools were reported as at or above district poverty levels and received Title I funds to implement a Targeted Assistance program. Once again it should be noted that none of these schools have been identified as in need of improvement.

Clear entrance and exit criteria were established using multiple measures to assess student performance. Parents of eligible students remain involved and are actively engaged and informed on an ongoing basis. Required Time and Activity Reports for partially funded teachers in Targeted Assistance programs were not made readily available.

Nonpublic students were not identified in the district's application. Revisions to the eligibility portion of the district's Electronic Web Enabled Grant (EWEG) application along with additional consultation with the nonpublic schools are necessary.

**IDEA Projects**

The district was unable to submit an approvable ARRA-IDEA grant application at the time of the monitoring. However, the district did have the 2009-2010 IDEA grant approved. The overall plans for IDEA funds indicated the district will fund child study team staff for the summer, professional development, general supplies for teachers, out of district placements and contracts with outside providers through the use of these funds.

As of May 3 - 4, 2010, the district monitoring dates, the ARRA-IDEA grant application had been returned to the district for changes. Furthermore, prior final reports and amendments dating back to the 2006-2007 school year to the present were not submitted and, therefore, not approvable.

During the monitoring, the district supervisors of child study and the business administrator collaborated with the ARRA monitors to develop a new plan and submit all prior final reports and amendments outstanding. Prior to this discussion with the monitors, district special education supervisors had not reviewed the ARRA plan nor did they provide any input. The ARRA monitors provided feedback to the district regarding the current application. The district

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indicated they will revise the plan and resubmit it for approval. Subsequent to the visit, an ARRA grant has been approved by the county office as well as all outstanding final reports and amendments.

The district indicated they intend to utilize the funds for the creation of self-contained autistic programs at the elementary and secondary levels. These programs will expand in-district placement options for students and reduce the number of out-of-district placements. Professional development for special education staff is proposed to facilitate and support inclusion initiatives, implement the new language arts program with supplemental materials, provide special education paraprofessionals with strategies to support students in various settings and to train Child Study Team members in special education processes and procedures. The district also wants to expand the transition program by providing training for special education staff in obtaining SLEC certification, refurbish and upgrade the equipment for their transition skills and multiple disabilities classrooms, and to support students receiving community based instruction by hiring and training additional job coaches. Tuition costs for students placed out-of-district are included in the grant. Further, the district wants to provide students and staff at the secondary level with the support of a full-time behaviorist to oversee the newly created secondary program. Parents of students with disabilities will also be assisted by providing resources and technical assistance in helping them generalize skills and manage challenging behaviors. Preschool funds will provide child study team services for the summer.

The projects described in the grants will be evaluated by the district, which will be exploring formative and summative assessments that will serve as the foundation for data-based decision making. These assessments will aid in guiding instruction. The district expectation is that student assessment data will improve. They also expect that more students will be placed in general education. Additionally, the district expects that more graduates find successful employment or seek additional education.

The district indicated that the only nonpublic schools in their community are serviced by the Essex County Educational Services Commission (ECESC). The nonpublic schools will utilize the funds for services, professional development and supplies. Although a sign-in sheet was supplied by the district to substantiate that consultation occurred the district did not provide a signed consultation form that they had included in the invitation letter. A sampling of nonpublic Individual Service Plans were reviewed and list of students served was supplied. The district verified during interviews and the contract with ECESC indicated that services are paid for after the service has been provided.

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**DETAILED FINDINGS AND RECOMMENDATIONS**

**Title I**

**Finding 1:**

**Condition:** Time and Activity Reports for all staff working with Title I eligible students are not maintained.

**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:** Time and Activity Reports for all staff working with Title I eligible students need to be maintained twice a month. Detailed schedules for all staff listing the number of students in each class and the portion of the day spent on implementing the basic skills instructional program would assist in maintaining these reports.

**Finding 2:**

**Condition:** Professional Development Records are not maintained.

**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:** A clear agenda along with a list of participants in attendance should be recorded and available for review. It should align with the professional development plan and identified needs assessment of the staff.

**Finding 3:**

**Condition:** Nonpublic enrollment data is required to be reported in the eligibility portion of the application along with the number of eligible students attending nonpublic schools.

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

**Recommended Action:** An amendment to the NCLB 2010 EWEG Application needs to be filed. Enrollment data needs to be entered into Eligibility Step I for nonpublic enrollment. Low income data should be entered as well to determine eligibility. Step four of this section will need to be adjusted accordingly along with budget detail.

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**Finding 4:**

**Condition:** Nonpublic consultation did not include discussions regarding Title I eligible students and the services they require and/or are receiving.

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

**Recommended Action:** Dialogue with the nonpublic schools should include all titles during the completion of the Affirmation of Consultation. Refusal of funds/services from federal funds should be signed if the nonpublic school is refusing such services or to participate in the Title I program being run by the public school.

**IDEA**

**Finding 1:**

**Condition:** 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:**

**Condition:** The district was not in compliance with the requirements for the provision of services to nonpublic schools. The district was not able to provide affirmations of the consultation with the nonpublic representative although evidence of a meeting was on file.

**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 submit a copy of the fully executed contract with the nonpublic service provider, develop procedures to capture consultations specifically for IDEA and ARRA-IDEA services, and obtain confirmation of consultation forms from the nonpublic schools.



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**FINANCIAL MANAGEMENT AND REPORTING**

**Finding 1:**

**Condition:** District accounting staff routinely increased purchase order amounts without authorization. An example of this was a purchase order for tuition originally issued by the purchasing agent and approved by the superintendent in the amount of \$51,906.08 which was subsequently increased by accounting department staff to \$181,573.20. Increasing purchase orders without proper authorization is a serious internal control weakness and a violation of the New Jersey Accountability Regulations.

**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 2:**

**Condition:** The district failed to formally appoint four individuals charged to IDEA 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.

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

**Finding 3:**

**Condition:** On several occasions the district failed to issue a purchase order prior to services being rendered (confirming order). District policy and state regulations require that a properly executed purchase order be issued prior to services being rendered.

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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. 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 4:**

**Condition:** The district issued a duplicate payment to a consultant in the amount of \$6,900. Once the district was informed of the overpayment by the monitors they stopped payment on one of the checks. The error was caused in part by district personnel issuing payment against an invoice copy rather than an original invoice.

**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:** In order to avoid potential duplicate payments, all payments should be supported by an original invoice.

**Finding 5:**

**Condition:** Some receiving reports verifying receipt of services were dated prior to the dates of service. It appears that photocopies of receiving reports for prior payments were attached to payment packets as support for payment to which they did not apply. In addition, receiving reports signed with a signature stamp were noted.

**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:** A separate receiving report authorized by an original signature of the employee verifying the receipt of services, should be prepared for each monthly invoice.

**Finding 6:**

**Condition:** The budget appropriations recorded in the district's general ledger for IDEA Basic and IDEA Preschool did not agree to the IDEA award as of March 31, 2010. This was the result of the district failing to include the budgeted amount for Materials and Supplies in the IDEA Basic appropriation and a posting error in the IDEA Preschool appropriation. The district has made the necessary adjustments to correct the errors during the monitoring site visit.

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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.

**Recommendation:** The district should ensure that grant appropriations agree to the amount of the award.

**Finding 7:**

**Condition:** The district purchased services outside the scope of the purchase order used to fund the purchase. An example was a purchase order which encumbered funds for tuition from September 2009 through November 2009; however, the district added funds to the purchase order and paid tuition for December 2009 through March 2010 against the purchase order.

**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:** Funds made available by a purchase order must only be disbursed to pay for the specific goods or services authorized by the purchase order.

**Finding 8:**

**Condition:** The district failed to comply with state and federal procurement regulations when hiring a reading specialist consultant. The payments to the consultant exceed the bid threshold established by New Jersey Public School Contracts Law (PSCL); however, the district could not provide any evidence to the monitors that the purchases were publicly bid or that any competitive process was followed.

**Citation:** N.J.S.A. 18A:18A-4 *Contracts and agreements requiring advertising*, EDGAR, PART 80—*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 36, Procurement.

**Required Action:** The district must comply with current federal and state procurement regulations.

**Finding 9:**

**Condition:** Expenditures were not always charged to the correct general ledger accounts. Two summer paraprofessionals were posted to the wrong account. In addition, the district charged one-on-one aids to object code 320 “purchased professional –educational services” when an aide is an extraordinary service of the vendor and should be charged to object code 500 “other purchased services.”

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**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.

**Finding 10:**

**Condition:** General ledger account numbers, per the purchase order and check remittance, were often inconsistent with the account number that the expenditure was actually charged to in the general ledger. Several purchase orders indicated account numbers that were not in use by the district. The district could not provide any documentation, such as transfer records, that would provide an audit trail as to how expenditures were posted to the general ledger.

**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:** Expenditure postings should be consistent with the approved account number indicated on the purchase order. In the event an expenditure must be reclassified, the district should maintain records as to the reason for the reclassification and by whom it was performed.

**Recommendation 1:** The district does not have formal written policies for requesting reimbursement from the 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 2:** The Wayne Public Schools current purchasing manual, dated 2006-2007, is outdated and incomplete. The manual does not address current purchasing regulations, such as advertised bidding, competitive contracting, multiple quotes, etc.

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

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financial management systems. N.J.A.C. 6A:23A-6.6 *Standard operating procedures for business functions.*

**Recommended Action:** The district's purchasing manual should be updated and expanded to ensure compliance with current state and federal procurement regulations.

**Recommendation 3:** District contract files were not clear as to the method of procurement used. Files did not clearly indicate the reason a purchase was or was not subject to competitive contracting or formal bidding.

**Citation:** EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 36, Procurement. N.J.S.A. 18A:18A-4 *Contracts and agreements requiring advertising.*

**Recommended Action:** The district should maintain in each contract file a cost or price analysis and justification that demonstrates the purchase price was reasonable. This is especially important if formal bidding or competitive contracting was not followed as the contract file should include justification for not bidding or receiving multiple quotes.

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 at (973) 621-2750 or via email at [steven.hoffmann@doe.state.nj.us](mailto:steven.hoffmann@doe.state.nj.us).