

March 16, 2010

Dr. David Hesse, Interim Superintendent
Willingboro Board of Education
440 Beverly-Rancocas Road
Willingboro, NJ 08046

Dear Dr. Hesse:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Willingboro 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 Willingboro 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:Willingboro 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: Willingboro Board of Education
County: Burlington
Dates On-Site: February 17 and 18, 2010
Case #: ARRA-088-09

FUNDING SOURCES

Program	Funding Award
State Fiscal Stabilization Fund – Education Stabilization Fund	6,151,760
State Fiscal Stabilization Fund – Government Services Fund	238,144
ARRA- Title I	490,197
ARRA – Title I SIA	34,078
ARRA – IDEA –Basic	1,239,412
ARRA – IDEA –Preschool	44,590
Total ARRA Funds	\$8,198,181
Title I	645,619
Title I - SIA	-
IDEA - Basic	1,314,847
IDEA - Preschool	35,420
Total Non-ARRA Funds	1,995,886.00
Total Funds	\$10,194,067

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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 Willingboro 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.

EXPENDITURES REVIEWED:

Elements comprising the review included the following:

- Education Stabilization Fund (ESF) expenditures for salary of \$6,182,569 for 103 employees;
- Government Services Fund (GSF) expenditures for salary of \$238,143 for five employees;
- ARRA IDEA Basic expenditures of \$390,873;
- ARRA IDEA Preschool expenditures of \$28,780;
- ARRA Title I expenditures of \$ 113,221;
- Title I expenditures of \$95,461;

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- Title I SIA expenditures of \$0;
- IDEA expenditures of \$1,497,683; and
- IDEA Preschool expenses of \$354.20.

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 is funding professional development opportunities for staff and administrators on topics such as data analysis; assessment; instructional planning; and differentiated learning. ARRA Title I funds are also being used to provide Instructional Support Teachers (ISTs) who work directly with identified low-achieving students.

The following programs, either continuing or newly acquired, are funded for 2010: Accelerated Reader; Accelerated Math; Study Island; Criterion Writing Program; Read 180; Springboard; Green Technology; End of Course (EOC) Array; High Schools/Middle Schools That Work; and Small Learning Communities.

ARRA IDEA Projects

The district is implementing a Job Transition Program starting in the 2009-2010 year. The district's goal is to keep special needs high school students in their home district when they experience difficulties in their regular day environment. The ARRA IDEA funds will be used to staff new employees for the program.

The district is implementing Read 180, a research based reading program, in grades 5-8. The ARRA IDEA funds will be used to support the salaries of new employees assigned to the reading program.

Additionally, the district is hiring a professional development specialist to support the district's mission and to comply with special education code requirements of least restrictive environment.

DETAILED FINDINGS AND RECOMMENDATIONS

SFSF FUNDS:

Finding 1: The district's reporting and tracking of jobs created and 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.

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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: The district has not consulted with nonpublic schools outside the district boundaries that enroll students living within the district's eligible attendance areas. The Aide-in-Lieu report shows the district paid funds to transport students to nonpublic schools outside of the district boundaries. However, the district did not conduct consultation activities with any of these nonpublic schools.

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 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 nonpublic students.

Finding 3: The district's letter to parents of students in the three schools in need of improvement does not meet the legislative guidelines.

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

Required Action: The district must revise its parental notification to indicate how its three schools in need of improvement compare academically to other schools in the state. The district must distribute a copy of the revised letter to parents and submit a copy of the revised letter to the NJDOE for review.

Finding 4: The district's selection criteria for identifying Supplemental Educational Services (SES) eligible students does not meet the Title I requirements. To identify eligible students, the district instructed its principals to refer to the roster of students receiving free/reduced lunch and identify the students meeting certain academic criteria. Academic criteria are not an initial eligibility factor to determine SES eligible students.

Citation: *United States Department of Education, Supplemental Educational Services, Non-Regulatory Guidance, January 14, 2009, Item A-5.*

Required Action: The district must distribute a second round of SES eligibility letters to parents of all students that receive free/reduced lunch and submit a copy of this letter to the NJDOE for review.

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Finding 5: The district did not provide a comprehensive list of SES providers to parents. The letter to parents of eligible students provides 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 6: The district cannot provide evidence of convening the Title I annual meeting for parents to inform them of the school's participation in Title I and the Title I parent involvement requirements and rights.

Citation: NCLB §1118(c)(1) (2): *Parental Involvement (Policy Involvement).*

Required Action: The district must submit the invitational letter/flyer, meeting notes, sign-in sheets, and the agenda from the 2009-2010 meeting to the NJDOE for review.

Finding 7: The district did not inform parents of its Title I program selection criteria, why the child met the selection criteria and the course of action that the school has determined to remediate the child. All of these elements must be included in the notification letter to parents about their child's participation in the Title I program. The district's letter to parents of eligible students state, "*various academic criteria*" rather than specifying the criteria used to identify students for Title I services (e.g., NJ ASK 3 assessment, teacher recommendations, quarterly math benchmark assessment).

Citation: NCLB §1118(c): *Parental Involvement (Policy Involvement).*

Required Action: The district must revise its parent notification letter to include the required legislative components by specifying the academic criteria used to identify students for Title I services. The district must distribute the revised letter to the parents of its Title I students and provide a copy of the revised parent notification letter to the NJDOE for review.

Finding 8: The schools do not have a school-level Title I parental involvement policy.

Citation: NCLB §1118(b): *School Parental Involvement Policy, United States Department of Education's Title I, Part A Parent Involvement Non-Regulatory Guidance (Item D-1).*

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Required Action: The district should provide technical assistance to its schools in the development of school-level parent involvement policies and ensure that its schools work with their stakeholder groups to develop a school-level parent involvement policy. Each school must distribute its school parent involvement policy to parents of the Title I students and send a copy to the NJDOE for review.

Finding 9: The district did not complete the four-week follow-up Parents' Right-to-Know letter for staff that are not highly qualified and being used to replace staff during extended periods of absences.

Citation: 34 CFR §200.61 Parents' Right-to-Know, NCLB §1111(h)(6): *State Plans*.

Required Action: The district must develop the Parents' Right-to-Know follow-up letter, and distribute a copy to the parents of the impacted students. The district must send a copy of the pro forma letter to the NJDOE for review.

Finding 10: The district does not have the required supporting documents to verify the activity of Title I, ARRA Title I 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 Title I funded staff, salaries, funding percentages and time sheets to date to the NJDOE for review (including administrative staffing).

Finding 11: The district does not have a mechanism to track mandatory reserves such as School In Need of Improvement (SINI) professional development and parental involvement in its accounting system to ensure accuracy of final 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: The district must track its restricted reserves to ensure and verify spending of restricted amounts. The district must submit a list of account numbers being used for this purpose with a description of the accounts.

Finding 12: The district expended Title I funds to benefit students and staff not participating in the Title I program. Examples include: food for testing day for all children; mentoring for school administrator certificates; graphing calculators for all students; the services of a library consultant; and other professional development expenditures.

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Citation: NCLB Section 1120A(b) *Fiscal Requirements, Federal Funds To Supplement, Not Supplant, Nonfederal 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 13: The district is unable to adequately support or explain \$12,890 in expenditures for Title I related to transportation.

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 provide supporting documents for this expenditure and detail the purpose of the charges.

Finding 14: The district's budget allocation of Title I and ARRA Title I funds to its 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).*

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 15: The district's 2008-2009 Comprehensive Annual Financial Report (CAFR) identifies amounts due to grantor for federal funds of \$55,259 from expired NCLB and IDEA grants.

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 refund the NCLB amounts of \$55,259 in a check made payable to "Treasurer, State of NJ" with clear identification as to the grant and the grant year to which the funds pertain. The check can be mailed to the Office of Student Achievement and Accountability for processing.

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IDEA:

Finding 16: The district is not in compliance with services to nonpublic schools in that they do not participate in consultation and collaborative decision-making with the nonpublic schools; they do not communicate with the nonpublic schools directly regarding the delivery of services or new requests for services; and they do not maintain lists of students being served or current service plans. The contract with the service provider is not specific as to services being delivered and is structured to provide incremental payments, not reimbursement for actual services rendered.

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 revise its contract with its nonpublic provider to provide for payments based on specific services provided; develop procedures to capture consultations specifically for IDEA and IDEA ARRA services and obtain confirmation of consultation forms from the nonpublic schools; develop procedures for requests for additional services that come through the district and not the provider; have a specific list of students and services under IDEA and IDEA ARRA; and revise the service plans to match these lists. The district must submit its updated contract to the NJDOE for review.

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 Electronic Web Enabled Grant (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.

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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 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 LFN 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.