



State of New Jersey

DEPARTMENT OF EDUCATION

PO Box 500

TRENTON, NJ 08625-0500

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

DAVID C. HESPE
Acting Commissioner

July 5, 2011

AMENDED REPORT

Mr. Kevin W. Ahearn, Superintendent
Carteret Borough Public Schools
599 Roosevelt Avenue
Carteret, NJ 07008

Dear Mr. Ahearn:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Carteret 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 Carteret 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/M:\ARRA-carteretcoverletter.docx
Enclosures

Distribution List

Christopher D. Cerf
Barbara Gantwerk
Yut'se Thomas
Alan Guenther
Karen Campbell
Anne Corwell
Patricia Gray
John Worthington
Steven Hoffmann
Samuel Stewart
Stephen M. Eells

**STATE OF NEW JERSEY
DEPARTMENT OF EDUCATION
PO BOX 500
TRENTON, NJ 08625-0500**

**CARTERET SCHOOL DISTRICT
599 ROOSEVELT AVENUE
CARTERET, NJ 07008
PHONE: (732) 541-8960**



New Jersey K-12 Education

**CONSOLIDATED MONITORING REPORT
DECEMBER 2014**

District: Carteret School District
County: Middlesex
Dates On-Site: June 25 and 26, 2014
Case #: CM-031-13

FUNDING SOURCES

Program	Funding Award
Title I, Part A	\$ 748,227
Title II, Part A	207,813
Title III	91,253
IDEA Basic	916,697
IDEA Preschool	32,055
Race To The Top	54,096
Total Funds	<u>\$ 2,050,141</u>

**CARTERET SCHOOL DISTRICT
CONSOLIDATED MONITORING REPORT
DECEMBER 2014**

BACKGROUND

The Elementary and Secondary Education Act (ESEA) and the Individuals with Disabilities Act (IDEA) and other federal laws require local education agencies (LEAs) to provide programs and services to their districts based on the requirements specified in each of the authorizing statutes (ESEA, IDEA, Race to the Top and Carl D. Perkins). 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 Carteret School District to monitor the district's use of federal 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, Part A (Title I); Title II, Part A (Title II); Title III; IDEA Basic and Preschool; and Race to the Top for the period July 1, 2012 through June 26, 2014.

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 reviewed the supporting documentation for a sample of expenditures and conducted internal control reviews, as well as conducted interviews with program administrators and other district personnel as required. Additionally, the IDEA grant review included a review of student records, classroom visitations and interviews with instructional staff to verify implementation of Individualized Education Programs (IEP), a review of student class and related service schedules, and interviews of child study team members and speech-language specialists.

EXPENDITURES REVIEWED

The grants that were reviewed included Title I, Title II, Title III, IDEA Basic and Preschool, and Race to the Top for the period July 1, 2012 through June 26, 2014. A sampling of purchase orders was taken from the entire population and later identified as to the grant that was charged.

**CARTERET SCHOOL DISTRICT
CONSOLIDATED MONITORING REPORT
DECEMBER 2014**

**GENERAL DISTRICT OVERVIEW OF USE OF TITLE I, TITLE II, TITLE III, IDEA
AND RACE TO THE TOP FUNDS**

Title I

The district used its FY 2013-2014 Title I funds to implement targeted assistance programs in two of its three elementary schools: Nathan Hale and Columbus. Primarily, the district utilized the Title I funds in the following ways:

- Tutoring services through pullout programs and in-class support programs (Response to Intervention);
- After school programs;
- Instructional materials and supplies; and
- Professional development.

In addition, the district used Title I funds to support teachers' salaries and benefits.

Title II

The district used Title II funds to provide professional development for teachers and principals above and beyond training that the district provides. The training supports teachers and principals with the knowledge and skills to implement technology and tiered interventions to improve academic instruction and to develop teacher leaders.

Title III

The district used Title III funds for after school and summer English as a Second Language programs, as well as to purchase supplies and materials.

IDEA (Special Education)

The district used FY 2014 IDEA funds to reduce district tuition expenditures for students receiving special educational services in approved private schools for students with disabilities. Grant funds were also allocated to support students who attend nonpublic schools located within the district. The remainder of the grant funds were allocated for Coordinated Early Intervening Services (CEIS). The funds set aside for CEIS were used to provide scientifically based interventions by two part-time intervention teachers.

Race to the Top

The district used Race to the Top funds to fund the Charlotte Danielson teacher evaluation model professional development.

**CARTERET SCHOOL DISTRICT
CONSOLIDATED MONITORING REPORT
DECEMBER 2014**

DETAILED FINDINGS AND RECOMMENDATIONS

Title I

Finding 1: The district indicated it provided instructional day services to Title I students using the Response to Intervention (RTI) model, while providing non-Title I students who are struggling academically with Basal Reading services. It was unclear whether the RTI services were provided through in-class support or through pullout sessions. In addition, it was unclear whether the non-Title I students received the same RTI services as the Title I students.

Citation: ESEA §1115(c): *Targeted Assistance Programs (Components of a Targeted Assistance Program)*; and ESEA §1120A(b): *Fiscal Requirements (Federal Funds to Supplement, Not Supplant, Non-Federal Funds)*.

Required Action: The district must provide to the NJDOE the class schedules for the Title I students and those for the general education students, as well as any other information that demonstrates the Title I students received services that were different or in addition to those services provided to the general education students. In addition, information must be provided to identify whether RTI services were delivered in an in-class support program or a pullout program.

Finding 2: The district contracted with a consultant to work directly with students from the two Title I schools in the areas of reading, writing, and literacy. The consultant also worked in the English language arts area with all preschoolers, some of whom came from the Private Nicholas Minue Elementary School, the non-Title I funded school. The documentation on these professional development services did not demonstrate that the services provided to the preschoolers from the Nathan Hale School and Columbus School were different or in addition to those services being provided to the preschoolers from the Private Nicholas Minue Elementary School.

Citation: ESEA §1120A(b): *Fiscal Requirements (Federal Funds to Supplement, Not Supplant, Non-Federal Funds)*.

Required Action: The district must submit documentation to the NJDOE (i.e., lesson plans, purchase orders, curricula, etc.) to illustrate that the preschool professional development provided to the two Title I schools differed or was in addition to the professional development services provided to the preschool students from the non-Title I school.

Finding 3: The district did not provide the completed and signed Affirmation of Consultation form for the Assumption Catholic School, or the completed and signed Title I Nonpublic Assurance form.

Citation: ESEA §1120: *Participation of Children Enrolled In Private School*.

**CARTERET SCHOOL DISTRICT
CONSOLIDATED MONITORING REPORT
DECEMBER 2014**

Required Action: The district must provide to the NJDOE the completed and signed Affirmation of Consultation form for the Assumption Catholic School, as well as the completed and signed Title I Nonpublic Assurance form.

Finding 4: The district did not provide documentation of a nonpublic school consultation process.

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

Required Action: The district must submit the invitational letters, agenda, sign in sheets, and meeting minutes from its nonpublic school consultation meetings to the NJDOE for review. In addition, the district must provide any telephone or e-mail logs that verify conversations with the nonpublic school administrator from the Assumption Catholic School.

Finding 5: In the FY 2014 ESEA-NCLB Application under Title I Eligibility Step 1, the district entered enrollment counts of two, low-income nonpublic school students in the Columbus School attendance area and one, low-income nonpublic student in the Nathan Hale School attendance area. The district did not provide documentation such as income surveys to support the entered, nonpublic low-income enrollment figures. Without this documentation, verification could not be made on the accuracy of the entered, nonpublic low-income enrollment figures used to generate nonpublic allocations as the equitable participation share for eligible nonpublic Title I students in the associated school attendance areas.

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

Required Action: The district must provide documentation to the NJDOE to verify the income eligibility enrollment count of three, low-income nonpublic school students that were entered in the Title I Eligibility Step 1 section of its FY 2014 ESEA-NCLB Application. For the 2014-2015 grant period, the district must maintain documentation, such as nonpublic income surveys to support the low-income nonpublic enrollment figures used to generate the associated nonpublic school allocations.

Finding 6: The district purchased 111 iTunes gift cards to distribute at the following Title I events: Awards Celebration and NJASK Parent Awareness Night. The district's records indicated that 62 iTunes gift cards were distributed and the remaining 49 iTunes gift cards were "left in drawers." The district staff members were not able to verify through documentation which students received the iTunes gift cards or whether all iTunes gift cards were distributed, nor could any district staff member show the monitors the secure location in which the remaining cards were stored.

Citation: 34 CFR 80.20: *Standards for financial management systems*; and USDE Policy Letter, January 15, 2008.

**CARTERET SCHOOL DISTRICT
CONSOLIDATED MONITORING REPORT
DECEMBER 2014**

Required Action: The district must provide to the NJDOE the tracking documentation that verifies a total of 111 iTunes gift cards were distributed to Title I students during both Title I events. In the absence of this documentation, the district must provide information to identify the physical location in which the remaining cards (approximately 49) are secured so that NJDOE staff members can visit and verify this information. The district should update internal control policies and procedures to establish a system for the distribution of any nominal incentives. In addition, the district must have a formal policy that only incentives of nominal value can be provided to students, and submit a copy of this incentives policy to the NJDOE for review.

Finding 7: In the FY 2014 ESEA-NCLB Application, the district budgeted Title I funds for nine teachers for the Instructional Day program and two teachers for the Extended Day/Year program. In the board minutes, 11 teachers were listed as working in the after school enrichment program, only. No teachers were listed as working in the Instructional Day program. The district indicated that of the 11 teachers, two teachers were employees of the district during the time they provided services to nonpublic school students; however, this fact could not be confirmed in the review of the board minutes documentation.

Citation: 2 CFR 225, Attachment B, Section 8(h): *Cost Principles for State, Local and Indian Tribal Governments (Compensation for personal services)*.

Required Action: The district must provide the following information to the NJDOE:

- A list of all Title I funded, public school teachers (name, salary amount, and portion budgeted under Title I), as well as the programs to which they were assigned (i.e., Instructional Day, After School Enrichment, or Summer Enrichment).
- A copy of the board minutes verifying that these positions and salary amounts were approved by the district's board of education.
- A copy of the board minutes verifying that the two, nonpublic school teachers were employees of the district for the time they provided Title I services to the academically at-risk nonpublic school students.

Finding 8: In the FY 2014 ESEA-NCLB Application, the district budgeted \$9,750 for Title I administrative costs, which could not be substantiated through any supporting documentation provided by the district.

Citation: 34 CFR 80.20: *Standards for financial management systems*; and ESEA §9306(a)(5): *Other General Assurances (Assurances)*.

Required Action: The district must provide to the NJDOE the accounting records to show how the \$9,750 was budgeted and expended for the administration of the district's Title I programs.

**CARTERET SCHOOL DISTRICT
CONSOLIDATED MONITORING REPORT
DECEMBER 2014**

Finding 9: Two purchase orders, each in the amount of \$5,130, showed that the district purchased the same reading series with state/local funds for students attending the non-Title I elementary school as was purchased with Title I funds for students attending the served Title I elementary schools. The district's use of the Title I funds supplants state/local funds, as the reading series benefits both Title I and non-Title I students. As required by legislation, Title I students must receive academic services that are supplemental to the academic services provided to students in non-Title I schools.

Citation: ESEA §1120A(b): *Fiscal Requirements (Federal Funds to Supplement, Not Supplant, Non-Federal Funds)*.

Required Action: To avoid violating the "supplement not supplant" provision of the Title I legislation, the district must allocate state/local funds rather than using Title I funds to support this expenditure. The district must provide evidence of the adjusting accounting entry for the expenditure of \$5,130 to the NJDOE for review. If the district is unable to expend at least 85% of its FY 2014 Title I allocation, it may request a carryover waiver to the 15% limitation through the submission of the FY 2014 Title I, Part A Final Expenditure Report.

Overall Recommendation – Fiscal Year 2015 Title I Summer Enrichment Program

Although, the FY 2015 Title I Summer Enrichment Program was not part of the grant year period being monitored, district staff provided information in two areas that appeared to represent unallowable uses of Title I funds. In an effort to ensure the allowability of all costs budgeted in the district's FY 2015 ESEA-NCLB Application, the following information is provided.

Area 1: District staff provided a calendar of events that were to occur during the summer enrichment program. Of note was the inclusion of three student field trips as follows: the Liberty Science Center; the Morris Museum; and the Brain Show.

The Director of Curriculum for the district indicated these field trips were tied to the academic areas of English Language Arts, mathematics, and science; however, the district's FY 2015 Needs Assessment did not include science as one of the Priority Problems to be addressed with Title I funds. In addition, the district was unable to provide documentation that demonstrated the instructional components of these field trips (i.e., lesson plans, required student projects/products, Common Core State Standards and/or Core Curriculum Content Standards (CCCS) being addressed, etc.).

While field trips can be an allowable use of Title I funds, they must include an instructional component for the students.

Citation: 2 CFR 225, Attachment B, Section 14: *Cost Principles for State, Local and Indian Tribal Governments (Entertainment Costs)*.

**CARTERET SCHOOL DISTRICT
CONSOLIDATED MONITORING REPORT
DECEMBER 2014**

Recommended Action: Unless the district revises its Needs Assessment to include science (CCCS) as a Priority Problem and provides documentation to demonstrate the instructional component of each of these field trips, these budgeted costs must be reversed and the associated Title I funds utilized for other allowable costs.

Area 2: District staff indicated that approximately 60 students will attend the FY 2015 Title I Summer Enrichment Program and provided a purchase order detailing the supplies and materials to be purchased using Title I funds. Of note, were the following items:

- 160 Each – Marker Pocket Accent – Yellow (\$158.40)
- 180 Each – Expo Marker Dry Eraser (\$603.00)
- 160 Each – Plastic Ruler (\$64.00)
- 140 Each – Sharpener (\$96.60)
- 140 Each – Crayola Crayons 16 ct (\$348.60)
- 160 Each – Colored Pencil Sets (\$296.00)
- 140 Each – Crayola Markers (\$677.60)
- 160 Each – Attachable Dry Erase Large (\$206.40)

TOTAL = \$2,450.60

While the purchase of supplies and materials can be an allowable use of Title I funds, the amount of supplies and materials to implement the Title I program must be reasonable and necessary.

Citation: ESEA §1115(c): *Targeted Assistance Programs (Components of a Targeted Assistance Program)*; and 2 CFR 225, Attachment A, Section C: *Cost Principles for State, Local and Indian Tribal Governments (General Principles for Determining Allowable Costs – Basic Guidelines)*.

Recommended Action: Since the district anticipates an enrollment of approximately 60 students for the FY 2015 Summer Enrichment Program, the quantities of supplies and materials as listed above appear to be excessive. The district must provide an explanation to justify how such a large quantity of supplies and materials will be utilized in this program. If a justification cannot be provided, or a portion of the supplies and materials will be utilized by non-Title I students, the budgeted costs must be reversed and the associated Title I funds utilized for other allowable uses.

Title II

Finding 10: The district did not properly maintain control of Title II funds at a nonpublic school. Purchase orders 14-01660 and 14-01447 were issued to reimburse Roseann Johnson, the principal of Saint Joseph School (SJS) for lodging (\$2,040.00) and registration (\$500.00) costs, respectively. Ms. Johnson and three other SJS employees attended a NCEA convention in Pittsburgh, Pennsylvania. Supporting documentation showed Ms. Johnson paid for the lodging with her personal credit card, while SJS paid the registration fee from the school's bank account.

**CARTERET SCHOOL DISTRICT
CONSOLIDATED MONITORING REPORT
DECEMBER 2014**

However, reimbursements for the aggregate costs of \$2,540.00 were inadvertently issued to Ms. Johnson on June 25, 2014, via check #43714. On June 26, 2014, district personnel disclosed the check had not yet been released to Ms. Johnson, that it would be cancelled and reissued to the appropriate parties. To date, the NJDOE has yet to receive documentation supporting this contention.

Citation: 34 CFR §76.651: *Responsibility of a State and a Subgrantee*; ESEA §9501(d): *Public Control of Funds*.

Required Action: The district must exercise its responsibilities as the fiscally accountable entity and maintain control of all funds generated for equitable services to resident nonpublic school students. Additionally, the district must provide documentation evidencing reimbursement to both Ms. Johnson and SJS for the correct amounts to the NJDOE for review.

Recommendation: The completed appropriate New Jersey Highly Qualified Teacher Approved Forms located at www.state.nj.us/education/profdev/nclb should be included in every teacher's personnel file along with a copy of any supporting documentation(s) such as: teaching certificate(s), Praxis scores, transcripts, and/or National Board Certification.

Title III

Finding 11: The district's use of Title III funds to purchase supplies supplanted state/local funds.

Citation: ESEA §3115: *Supplement not Supplant*.

Required Action: The district must allocate state/local funds rather than using Title I funds to support this expenditure. The district must provide evidence of the adjusting accounting entry for the expenditure to the NJDOE for review.

IDEA (Special Education)

Finding 12: The district did not consistently document in the IEPs of students removed from the general education setting for more than 20 percent of the school day, including students placed in separate settings, consideration of placement in the least restrictive environment. Specifically, IEPs did not consistently include:

- the supplementary aids and services considered and an explanation of why the supplementary aids and services were rejected; and
- for those students placed in separate settings, activities to transition the student to a less restrictive environment.

Citation: N.J.A.C. 6A:14-4.2 (a)8(i),(ii) and (iii): *Least Restrictive Environment (LRE)*.

**CARTERET SCHOOL DISTRICT
CONSOLIDATED MONITORING REPORT
DECEMBER 2014**

Required Action: The district must ensure that when determining the educational placement of a child with a disability, the IEP team considers the general education class first and that all required decisions regarding the placement are documented in the IEP for each student removed from general education for more than 20 percent of the school day. The district must also ensure for students placed in separate settings, the IEP team identifies activities to transition the student to a less restrictive environment and document them in each IEP. In order to demonstrate correction of noncompliance, the district must conduct training for child study team members and develop an oversight mechanism to ensure compliance with the requirements in the citation listed above. To demonstrate that the district has corrected the individual instances of noncompliance, the district must conduct annual review meetings and revise the IEPs for specific students with IEPs that were identified as noncompliant. A monitor from the NJDOE will conduct an on-site visit to interview staff and review the revised IEPs, along with a random sample of IEPs for students whose annual review meetings were conducted between March 2015 and May 2015. The names of the students with IEPs that were identified as noncompliant will be provided to the district by the monitor.

Finding 13: The district did not consistently ensure that required participants were in attendance at IEP team meetings for students eligible for special education and related services who attend an out-of-district placement.

Citation: N.J.A.C. 6A:14-2.3(k)1(i-vii); 20 U.S.C. §1414(d)(1)(B); and 34 CFR §300.321(a).

Required Action: The district must ensure that IEP team meetings for out-of-district students are conducted with required participants and that documentation of attendance and/or written parental consent to excuse a member of the team is maintained in student files. In order to demonstrate correction of noncompliance, the district must conduct training for child study team members regarding the procedures for implementing the requirements in the citation listed above. A monitor from the NJDOE will conduct an on-site visit to interview staff, review meeting documentation, including the sign in sheets, for meetings conducted between March 2015 and May 2015, and to review the oversight procedures.

Recommendation:

The district's Director of Special Education retired in December 2013. Since vacating that post, no individual has been hired or assigned to direct or supervise special education programs and services. Interviews with staff indicated that the Superintendent of Schools, has been assigned the duties of this position. It is imperative that the district hire or assign sufficient staff to maintain oversight of the identification of students with disabilities and the implementation of a free and appropriate public education for each eligible student. Oversight of implementation of federal and state special education laws and regulations is a critical component to ensuring appropriate programs and services for students with disabilities.

**CARTERET SCHOOL DISTRICT
CONSOLIDATED MONITORING REPORT
DECEMBER 2014**

Race to the Top

A review of the expenditures charged to the Race to the Top grant yielded no findings.

Administrative

Finding 14: The amounts appropriated for NCLB titled grants in the district's accounting records could not be reconciled with corresponding amounts budgeted in the Electronic Web Enabled Grant system.

Citation: 34 CFR §80.20: Standards for financial management systems; and ESEA Reference Manual Section IV: *Fiscal regulations and responsibility*.

Required Action: The district must implement a process to ensure that amounts awarded through a grant are recorded appropriately in the financial records.

Finding 15: On several occasions, the district failed to issue a purchase order prior to services being rendered (confirming order) in contravention of state regulations. It is imperative that purchase orders are issued by the purchasing agent to: authorize vendors to provide goods and perform services to the district; reduce the duplication of items and services acquired; and avoid the likelihood of overpayment to vendors.

Citation: N.J.S.A. 18A:18A (2) (v): *Public School Contracts Law*.

Required Action: The district must implement a process to ensure that purchase orders are issued prior to receiving goods and services from vendors.

Recommendation: The district executed a contract with the Monmouth/Ocean Educational Services Commission (MOESC) for purchased professional services for students with disabilities which reflects a period of 10 years.

Citation: N.J.S.A. 18A:18A-42: *Public School Contracts Law*.

Required Action: The district must review the terms and conditions of the MOESC contract on a yearly basis. All new contracts must adhere to the Public School Contracts Law.

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 Lori Ramella via phone at (609) 984-0937 or via email at lori.ramella@doe.state.nj.us.