



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

August 28, 2014

Mrs. Lisa Savoia, Superintendent
Keyport Board of Education
370 Broad Street
Keyport, NJ 07735

Dear Mrs. Savoia:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Keyport Board of Education**. The funding sources reviewed include titled programs for the Elementary and Secondary Education Act (ESEA) and the Individuals with Disabilities Education Act (IDEA). The review covered the period July 1, 2012 through November 22, 2013. The resulting report is enclosed. Please provide a copy of the report to each board member. All issued Consolidated Monitoring Reports will be posted on the department's website at <http://www.state.nj.us/education/finance/jobs/monitor/consolidated>.

Utilizing the process outlined in the attached "Procedures for LEA/Agency Response, Corrective Action Plan and Appeal Process," the Keyport 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 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 Lori Ramella at (609) 984-0937.

Sincerely,

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

RJC/LR/dk:Keyport BOE Cover Letter /consolidated monitoring
Enclosures

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**KEYPORT SCHOOL DISTRICT
370 BROAD STREET
KEYPORT, NJ 07735
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New Jersey K-12 Education

**CONSOLIDATED MONITORING REPORT
AUGUST 2014**

District: Keyport School District
County: Monmouth
Dates On-Site: November 21 and 22, 2013
Case #: CM-039-13

FUNDING SOURCES

Program	Funding Award
Title I, Part A	\$ 376,033
Title II, Part A	40,590
Title III	41,912
IDEA Basic	256,881
IDEA Preschool	7,571
Race To The Top	24,132
Total Funds	<u>\$ 747,119</u>

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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 Keyport 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 meet 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 November 22, 2013.

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 November 22, 2013. A sampling of purchase orders was taken from the entire population and later identified as to the grant that was charged.

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

Title I

The district operates targeted assistance programs at its Title I funded schools: Central Elementary School and Keyport High School. The district identified Closing the Achievement Gap and English Language Proficiency for its Economically Disadvantaged, Limited English Proficient and Disabled students as priority problems.

Title II

The district used Title II funding to build and develop teacher and principal leaders through mentoring, professional development, peer coaching and professional learning communities.

Title III

The district used Title III funding to fund teachers for an after school and summer school program for its English Language Learners.

IDEA (Special Education)

The district used IDEA funds for salaries and benefits of related service providers, as well as professional development, software and a copier for child study team members, and instructional supplies for students with disabilities. In addition, funds were allocated to reduce district tuition expenditures for students receiving special education services in an approved private school for students with disabilities.

Race to the Top

The district used Race to the Top funds for the implementation of the teacher and leader evaluation systems.

DETAILED FINDINGS AND RECOMMENDATIONS

Title I

Finding 1: The district's use of Title I funds for the following expenditures supplanted state/local funds:

- Pearson Assessments - PO #14-00921; and
- Monmouth County Curriculum Consortium - PO# 14-00890.

In a Title I targeted assistance program, funded services may benefit only targeted students attending Title I funded schools who meet the established eligibility criteria defined by the

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district/school. Services funded by Title I cannot benefit the entire school. Rather these funds must be used to supplement the existing educational program of the school, by devising programs and services to bolster the academic performance of low-achieving students.

Citation: ESEA §1120A (b) (1): *Federal Funds to Supplement, Not Supplant, Non - Federal Funds.*

Required Action: The district must reverse the charges and reallocate state/local funds to support these expenditures. The district must submit documentation of the adjusting journal entry reversing these charges to the NJDOE for review.

Finding 2: The notification letters sent to the parents/guardians of identified Title I students did not include clearly defined exit criteria. The parents/guardians of identified Title I students must be informed of the multiple educationally related criteria, as well as benchmark assessment scores used to identify their child/children for Title I services.

Citation: ESEA §1115(B): *Targeted Assistance Programs (Eligible Children from Eligible Population).*

Required Action: The district's Title I schools must revise their Title I parental notification letters to include clearly defined exit criteria. The district must provide a copy of the schools' revised FY 2014-2015 parental notification letters to the NJDOE for review.

Finding 3: The district could not provide evidence of when its Title I written parental involvement policy was distributed. Distribution of the policy informs parents/guardians of Title I students how they can further engage in the academic performance and achievement of their children.

Citation: ESEA §1118(b): *Parental Involvement (School Parental Involvement Policy).*

Required Action: For FY 2014-2015, the district must ensure it distributes its written parental involvement policy to parents/guardians of the Title I students. The district must send a copy of the policy, along with a description of the mechanism to distribute the policy, to the NJDOE for review.

Title II

There were no findings identified during the review of the Title II program.

Title III

Finding 4: The district's use of Title III funds to purchase language proficiency tests supplanted state/local funds. The district is required to purchase such tests under state bilingual

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administrative code requirements. Therefore, the district would need to carry out these activities in the absence of federal Title III funds.

Citation: ESEA 3115(g) *Supplement, Not Supplant*.

Required Action: The district must reverse these expenditures and use state/local funds for the purchase of the language proficiency test. The district must submit documentation of the adjusting journal entry to the NJDOE for review.

IDEA (Special Education)

Finding 5: 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. The IEPs did not consistently include the following:

- an explanation of why the supplementary aids and services were rejected;
- comparison of the benefits provided in the regular class and the benefits provided in the special education class;
- potentially beneficial or harmful effects which a placement may have on the student with disabilities or the other students in the class; and
- for those students placed in a separate setting, activities to transition the student to a less restrictive environment.

Citation: N.J.A.C. 6A:14-4.2 (a) 4 and (a) 8 (i), (ii) and (iii).

Required Action: The district must ensure, when determining the education placement of a child with a disability, the IEP team considers the general education setting first, and all required decisions regarding the placement are documented in the IEP for each student removed for more than 20 percent of the school day. 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 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, review the revised IEPs, a sample of IEPs for students whose annual review meetings were conducted between March 2014 and May 2014, and to review the oversight procedures. The names of the students with IEPs that were identified as noncompliant will be provided to the district by the monitor.

Finding 6: The district did not consistently ensure the required participants were in attendance at annual IEP review meetings, reevaluation planning meetings and eligibility determination meetings for students placed in a separate setting. Specifically, the district did not consistently have a general education teacher in attendance.

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Citation: N.J.A.C. 6A:14-2.3(k) 3.5; 20 U.S.C. §1414(b) (1); and 34 CFR §300.304(a).

Required Action: The district must ensure that IEP team meetings 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 and develop an oversight mechanism to ensure compliance with 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 2014 and May 2014, and to review the oversight procedures.

Race to the Top

There were no findings identified during a review of the Race to the Top grant.

Administrative

Finding 7: The district does not maintain a comprehensive log of equipment purchased with federal funds as prescribed. Further, the district had not performed a physical inventory within the previous two years as required.

Citation: 34 CFR §80.32: *Equipment*.

Required Action: The district must establish property management standards and procedures to track equipment purchased with federal grant funds that comply with federal and state requirements. Although the state threshold for reporting equipment is \$2,000, the district may have its own lower threshold and must track any item that is less expensive to inventory than it is to replace. At a minimum, these procedures must satisfy the following requirements: (1) maintenance of equipment records that include a description, serial number or other identification number, source of the equipment (including award number), who holds title, unit acquisition date and cost, percentage of federal participation, location and condition of the equipment, and any ultimate disposition data including the date of disposal and sale price of the equipment; and (2) performance of a physical inventory of all federally owned equipment and a reconciliation of the results with accounting records at least once every two years. Each piece of inventoried equipment must have a visible, permanently attached numbered inventory tag that identifies funding source.

Finding 8: On numerous occasions, the district failed to issue a purchase order prior to services being rendered (confirming orders). District policy and state regulations require that a properly executed purchase order be issued prior to services being rendered.

Citation: 34 CFR §80.20: *Standards for financial management systems*; and N.J.S.A. 18A:18A 2(v): *Public School Contracts Law*.

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

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