



State of New Jersey
DEPARTMENT OF EDUCATION
PO Box 500
TRENTON, NJ 08625-0500

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Commissioner

March 14, 2013

Mr. Frank Garguilo, Superintendent
Hudson County Schools of Technology
8511 Tonnelle Avenue
North Bergen, NJ 07047-4738

Dear Mr. Garguilo:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Hudson County Schools of Technology Board of Education**. The funding sources reviewed include titled programs for the Education Jobs Act of 2010 (Ed Jobs) in particular, and/or Elementary and Secondary Education (ESEA) and the Individuals with Disabilities Education Act (IDEA). The review covered the period July 1, 2010 through June 30, 2012. The resulting report is enclosed. Please provide a copy of the report to each board member. All issued Ed Jobs monitoring reports will be posted on the department's website at <http://www.state.nj.us/education/finance/jobs/monitor/>.

Utilizing the process outlined in the attached "Procedures for LEA/Agency Response, Corrective Action Plan and Appeal Process," the Hudson County Schools of Technology 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 Steven Hoffmann at (973) 621-2750.

Sincerely,

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

RJC/SH/dk:Hudson Co. Schools of Tech. BOE Cover Letter/ Ed Jobs
Enclosures

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Education Jobs Fund Program
New Jersey K-12 Education

EDUCATION JOBS CONSOLIDATED MONITORING REPORT
MARCH 2013

District: Hudson County Schools of Technology
County: Hudson
Dates On-Site: August 14, 15, 16 and 22, 2012
Case #: Ed Jobs-034-11

FUNDING SOURCES

| Program | Funding Award |
|-----------------|---------------------------|
| Ed Jobs | \$ 706,451 |
| Title I, Part A | 479,226 |
| Title I, Part D | 46,193 |
| IDEA Basic | 458,186 |
| Title IIA | 42,249 |
| Carl D. Perkins | 473,564 |
| Total Funds | <u><u>\$2,205,869</u></u> |

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BACKGROUND

The Education Jobs Act of 2010 (Ed Jobs) 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 and Ed Jobs). 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 Hudson County Schools of Technology to monitor the district's use of *Ed Jobs* 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: Ed Jobs, Title I, Part A; Title I, Part D, Title IIA; IDEA Basic, and the Carl D. Perkins Grant for the period July 1, 2010 through June 30, 2012.

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, student records, classroom visitations and interviews with instructional staff to verify implementation of the Individualized Education Programs (IEPs). The visit also included a review of student class and related service schedules, interviews of the child study team members and speech-language specialist, and an interview of the program administrator regarding the IDEA grant 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 grants that were reviewed included Ed Jobs, Title I, Part A, Title I, Part D, Title IIA, IDEA Basic and Carl D. Perkins from July 1, 2010 through June 30, 2012. A sampling of purchase orders and/or salaries was taken from each program reviewed.

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GENERAL DISTRICT OVERVIEW OF USES OF TITLE I, IDEA AND CARL D. PERKINS FUNDS

Title I Projects

Title I funds were expended to support staff salaries and benefits. In addition, funds were expended on supplies.

IDEA Projects (Special Education)

The majority of the FY 2012 IDEA Basic funds are being used to fund salaries for special education teaching staff members.

Carl D. Perkins

The district operates Career and Technical Education (CTE) programs for which they receive Carl D. Perkins funds to support the implementation of programs. The monitoring of the CTE program revealed that all Carl D. Perkins funds were utilized to support the strategies and activities identified in the district's current funding application.

DETAILED FINDINGS AND RECOMMENDATIONS

Education Jobs

Finding 1:

Condition: The district failed to maintain copies of their ARRA quarterly 1512 reports.

Citation: *American Recovery and Reinvestment Act of 2009 (ARRA)*. EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 20, Standards for financial management systems.

Required Action: Copies of all quarterly ARRA reports must be retained by the district.

Title I

Finding 2:

Condition: The district had entrance and exit criteria for Title I student identification, but incorrectly included as one of the entrance criteria poverty measures (free lunch, reduced lunch and/or TANF). Districts are required to have multiple measures of academic achievement to identify the low-performing students for supplemental services.

Citation: ESEA §1115: *Targeted Assistance Programs*.

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Required Action: The district must remove poverty measures as one of its entrance criteria for Title I student identification. The district must submit the revised FY 2012-2013 entrance and exit criteria to the NJDOE for review.

Finding 3:

Condition: The district did not provide evidence that multiple measures were consistently applied to determine which students were eligible to receive Title I services.

Citation: ESEA §1115: *Targeted Assistance Programs*.

Required Action: The district must establish a tracking mechanism for proper Title I student identification. This mechanism must include documentation of which criteria were applied and how the student either met or did not meet the criteria.

Finding 4:

Condition: The district does not have the required supporting documents to verify the activity of the Title I staff as required by federal law. The documentation must reflect what the staff is doing, when and where and it must match their funded percentage.

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 identify staff who are working exclusively with students in the Title I program. The district may then charge the salaries of these staff to the grant and verify the time and activity of staff charged to the grant. The district must submit a revised list of FY 2012-2013 Title I funded staff, salaries, funding percentages and time sheets to date to the NJDOE for review.

Finding 5:

Condition: The district's board of education did not conduct its annual review and adoption of the parental involvement policy.

Citation: ESEA §1118(a)(2): *Parental Involvement (Local Educational Agency Policy)*.

Required Action: The district's parental involvement policy was adopted in August 2008. The district must have a written parental involvement policy, developed in collaboration with parents of Title I students evaluated annually. The policy must be distributed to parents of Title I students in an understandable and uniform format, and to the extent practicable, in a language the parent understands. A copy of the board adopted parental involvement policy must be submitted to the NJDOE for review.

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Finding 6:

Condition: The district did not develop school-level Title I parental involvement policies.

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

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

Finding 7:

Condition: The district used its FY 2011-2012 Title I, Part A funds to pay for New Jersey Psychological Association dues, mentoring program fees, Hudson County professional development consortium, office supplies, in-service training (bullying, anger management, substance abuse, etc.) and anti-bullying training. These expenditures are either state mandated or benefit both Title I, non-Title I students and/or teachers respectively and as such, supplant state/local funds.

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

Required Action: This matter will be referred to the Office of Fiscal Accountability and Compliance for further review.

Title IIA

Finding 8:

Condition: The district is supplanting state/local funds through the use of Title II funds to support tuition reimbursement for staff members taking graduate courses. The district has a contractual obligation with its teachers to reimburse tuition costs; therefore, in the absence of federal funds the district would still have to provide reimbursement.

Citation: OMB Circular A-87, Attachment B, *Cost Principles for State, Local and Indian Tribal Governments*; NCLB §1120A(b) *Fiscal Requirements, (Federal Funds To Supplement, Not Supplant, Nonfederal Funds)*.

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Required Action: The district must reappropriate Title II funds earmarked for tuition reimbursement and apply local funds for these expenditures. Title II funds already expended for this purpose must be replaced with local funds.

IDEA (Special Education)

Finding 9:

Condition: In the 2010-2011 grant year, the district incorrectly expended funds for maintenance of all district copiers through line 100-600, Direct Supplies and Instruction. Maintenance for copiers identified for use for special education should have been expended through the account 200-600, Indirect Supplies and Instruction.

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 update its applications and corresponding accounting records to classify expenditures according to their correct function and object codes.

Special Education

Finding 10:

Condition: The district did not consistently convene identification and initial eligibility/IEP meetings for students eligible for special education and related services with general education teachers and/or special education teachers in attendance. Noncompliance was due to a lack of implementation of district procedures.

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 identification and eligibility/IEP 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 regarding the procedures for implementing the requirements in the citation listed above. A monitor from the NJDOE will conduct an on-site visit to review meeting documentation, including the sign in sheets, for meetings conducted between February 2013 and May 2013.

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Finding 11:

Condition: The district did not include the statement of transition from elementary to secondary in each IEP for students eligible for special education and related services. Noncompliance was due to a lack of implementation of district procedures.

Citation: N.J.A.C. 6A:14-3.7(e)10; 20 U.S.C. §1414(d)(3)(A)(B); and 34 CFR §300.324(a)(1)(2).

Required Action: The district must ensure each IEP contains a statement of transition from elementary to secondary for students eligible for special education and related services. 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. For assistance with correction of noncompliance, the district is referred to the state IEP sample form at www.state.nj.us/education/specialed/forms. A monitor from the NJDOE will conduct an on-site visit to review IEPs developed at meetings held between February 2013 and May 2013.

Finding 12:

Condition: The district does not have a policy for the provision of students with disabilities participating in district wide assessments. In addition, the district did not include in IEPs of students eligible for special education and related services and speech-language services, a statement of any individual modifications to be provided in the administration of district wide assessments. Noncompliance was due to a lack of compliant district procedures.

Citation: N.J.A.C. 6A:14-4.10(a)1; 20 U.S.C. §1414(d)(1)(A)(i)(VI)(aa) 34 CFR §300.160; §300.320(a)(6)(i).

Required Action: The district must revise policies and procedures to ensure students with disabilities participate in district wide assessment and each IEP contains a statement of any individual modifications to be provided to the student in the administration of district wide assessments. The policy must include the provision of accommodations and modifications and the provision of alternate assessments for those children who cannot participate in the regular assessment. If the district reports publicly on the district wide assessment, the district must also report with the same frequency and in the same detail as it reports on the assessment of nondisabled children. 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. In addition, a monitor from the NJDOE will conduct an on-site visit to review the policy and IEPs developed between February 2013 and May 2013.

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Finding 13:

Condition: The district did not consistently provide written invitations to meetings where post-school transition was being discussed to students beginning at age 14. Noncompliance was due to a lack of implementation of district procedures.

Citation: N.J.A.C. 6A:14-2.3(k)2x and 3.7(e)13, 3.7(h); 20 U.S.C. §1414 (d)(1)(A)(i)(1)(VIII); and 34 CFR §300.322.b(2).

Required Action: The district must ensure each student with an IEP age 14 and above is provided with a written invitation to any IEP meeting where transition to adult life will be discussed. The district must conduct training for child study team members regarding the procedures for implementing the requirements in the citations listed above. To demonstrate implementation of the procedures, a monitor from the NJDOE will conduct an on-site visit to review invitations to IEP meetings addressed to students, age 14 and above, for meetings conducted between February 2013 and May 2013.

Finding 14:

Condition: The district did not consistently provide interventions in general education to students exhibiting academic or behavioral difficulties prior to referring the students for evaluation. Instead of developing a plan of interventions for use in general education, the Intervention and Referral Service (I&RS) team request educational, psychological and psychiatric evaluations and identify interventions after the evaluations are completed. As a result, there is a delay in the provision of interventions in general education. In addition, when interventions were provided through the I&RS team, the district did not maintain documentation of the description, frequency, duration and effectiveness of the interventions. Noncompliance was due to a lack of compliant district procedures.

Citation: (I&RS) N.J.A.C. 6A:14-3.3(b); 20 U.S.C. §1413(f)(2); and 34 CFR §300.226(b).

Required Action: The district must ensure interventions are provided in the general education setting for students exhibiting academic and/or behavioral difficulties prior to referring the student for an evaluation. In addition, the district must ensure that when the I&RS team identifies interventions to meet the needs of a struggling learner that they identify and maintain documentation of the nature, description, frequency, and duration of the interventions and measure the effectiveness. In order to demonstrate correction of noncompliance, the district must conduct training for administrators and staff regarding the procedures for implementing the requirements in the citations listed above. Additionally, a monitor from the NJDOE will conduct an on-site visit to interview I&RS team members and teachers and review documentation for students who were provided interventions in general education between February 2013 and May 2013.

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Finding 15:

Condition: The district did not consistently conduct all required sections of the functional assessment as a component of initial evaluations for students referred for special education and related services and for students referred for speech-language services. Specifically, the district did not include the observation of the student in other than a testing setting and the review of prior interventions. Noncompliance was due to a lack of implementation of district procedures.

Citation: N.J.A.C. 6A:14-3.4(f)4(i-vi); 20 U.S.C. §1414(b)(4) and (5); and 34 CFR §300.306(c)(i).

Required Action: The district must ensure that all components of the functional assessment are conducted as part of the initial evaluations process. In order to demonstrate correction of noncompliance, the district must conduct training for child study team members and speech-language specialists regarding the district's procedures for implementing the requirements in the citation listed above. In addition, a monitor from the NJDOE will conduct an on-site visit to review evaluation reports developed between February 2013 and May 2013 for students referred for special education and related services and speech-language services to the NJDOE for review. For assistance with correction of noncompliance, the district is referred to the sample report form for speech-language evaluations at: www.state.nj.us/education/speced/forms.

Finding 16:

Condition: The district did not consistently document reevaluation planning meetings with required participants for students currently eligible for special education and related services. Noncompliance was due to a lack of implementation of district procedures.

Citation: N.J.A.C. 6A:14-2.3(k)2(i-x) and 7; 20 U.S.C. §1414(c)(1)(A)(i); and 34 CFR §300.305(a).

Required Action: The district must ensure reevaluation planning meetings are conducted with required participants and documentation of attendance is maintained in students' files. In order to demonstrate correction of noncompliance, the district must conduct training for child study team members regarding the procedures. A monitor from the NJDOE will conduct an on-site visit to review meeting documentation, including the sign in sheets, for reevaluation planning meetings conducted between February 2013 and May 2013.

Carl D. Perkins

Finding 17:

Condition: The district did not tag equipment that was purchased with federal funds.

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Citation: EDGAR, PART 80—*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 32, Equipment.

Required Action: Equipment purchased with federal funds must be labeled as such.

Finding 18:

Condition: The district did not provide documentation (evidence) that other parties such as the Workforce Investment Board (WIB) were consulted in the development of the district's FY 2012 application.

Citation: Carl D. Perkins Career and Technical Education Act of 2006 section 134(b)(5).

Required Action: The district must consult with other parties such as the WIB when developing their application.

Administrative

Finding 19:

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

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

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

Finding 20:

Condition: The district failed to formally appoint all individuals charged to federal programs by board resolution. Individuals charged to federal programs were noted in the board minutes after the end of the fiscal year; however, appointments were not made during the year as required.

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 federal grants should be reappointed annually by board resolution.

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Finding 21:

Condition: Monitors noted several payments made to vendors without a supporting 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: All payments must be supported by a vendor invoice.

Finding 22:

Condition: The district charged several expenditures to the incorrect general ledger accounts.

Citation: *Uniform Minimum Chart of Accounts (Handbook 2R2)*. 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 should ensure that expenditures are charged to the appropriate general ledger account in accordance with the Uniform Minimum Chart of Accounts.

Finding 23:

Condition: The district is recording Title I, Part A and Title I, Part D in the same program code (231) in their general ledger. Title I, Part A and Title I, Part D should be recorded under separate program codes.

Citation: *Uniform Minimum Chart of Accounts (Handbook 2R2)*.

Required Action: The district must establish a separate program code for Title I, Part D.

Finding 24:

Condition: Time sheets for employees charged to Title I were often incomplete, missing required elements such as signatures, dates, and location. In addition, time sheets for some Title I employees could not be located.

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: Time sheets must be prepared by all staff charged to federal programs. Time sheets must be fully completed and signed with copies retained for audit purposes.

Finding 25:

Condition: The district failed to adhere to New Jersey Public School Contracts Law (PSCL) and federal regulations when purchasing a digital color copier with Carl D. Perkins Grant funds. The district failed to publicly bid the purchase of the \$48,236 piece of equipment as required by PSCL.

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.

Recommendation 1: Although the district does not have formal written policies for requesting reimbursement from the Electronic Web Enabled Grant system, 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 district's current purchasing policies are outdated and reflect outdated bid/quote thresholds.

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

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

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.

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If you have any questions, please contact Steven Hoffmann via phone at (973) 621-2750 or via email at steven.hoffmann@doe.state.nj.us.