



State of New Jersey

DEPARTMENT OF EDUCATION

PO Box 500

TRENTON, NJ 08625-0500

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

CHRISTOPHER D. CERF
Acting Commissioner

May 3, 2012

Dr. James Parla, Chief School Administrator
Hamilton Township Board of Education
90 Park Avenue
Hamilton, NJ 08690

Dear Dr. Parla:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Hamilton Township 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 February 13, 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 Hamilton Township Board of Education is required, pursuant to N.J.A.C. 6A:23A-5.6, to publicly review and discuss the findings in this report at a public board meeting no later than 30 days after receipt of the report. Within 30 days of the public meeting, the board must adopt a resolution certifying that the findings were discussed in a public meeting and approving a corrective action plan which addresses the issues raised in the undisputed findings and/or an appeal of any **monetary** findings in dispute (emphasis added). A copy of the resolution and the approved corrective action plan and/or appeal must be sent to this office within 10 days of adoption by the board. Direct your response to my attention.

Also, pursuant to N.J.A.C. 6A:23A-5.6(c), you must post the findings of the report and the board's corrective action plan on your 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 Daniel Burke at (609) 633-2492.

Sincerely,

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

RJC/AH/dk:Hamilton Twp. BOE Cover Letter/ Ed Jobs
Enclosures

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HAMILTON TOWNSHIP SCHOOL DISTRICT
90 PARK AVENUE
HAMILTON, NJ 08690
PHONE: (609) 631-4100



Education Jobs Fund Program
New Jersey K-12 Education

EDUCATION JOBS CONSOLIDATED MONITORING REPORT
MAY 2012

District: Hamilton Township School District
County: Mercer
Dates On-Site: March 21, 22 and 23, 2012
Case #: Ed Jobs-019-11

FUNDING SOURCES

Program	Funding Award
Ed Jobs	\$ 2,607,972
Title I	1,559,902
IDEA Basic	4,573,871
IDEA PreSchool	219,470
Title IIA	301,265
Title III	63,626
Carl D. Perkins	67,506
	<hr/>
	\$ 9,393,612

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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, Carl D. Perkins 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 Hamilton Township School District 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; Title IIA; Title III; Carl D. Perkins and IDEA for the period July 1, 2010 through February 13, 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, a review of student records, classroom visitations and interviews with instructional staff to verify implementation of Individualized Education Programs (IEP), review of student class and related service schedules, interviews of child study team members, speech-language specialist and an interview of the program administrator regarding the IDEA grant, as well as 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 Educational Jobs Act, Title I, Title IIA, Title III, Carl D. Perkins and IDEA from July 1, 2010 through February 13, 2012. 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 USES OF TITLE I AND IDEA FUNDS

Title I Projects

The district is using its FY 2011-2012 Title I, Part A funds to implement targeted assistance programs in seven of its 17 elementary schools. Primarily, the district provides tutoring services through in-class support, summer programs, coaches (funded with the School In Need of Improvement (SINI) professional development reserve) and a pull-out program.

IDEA Projects

The majority of the FY 2012 IDEA Basic funds are being used to fund salaries for special education teachers, support staff including a student assistant guidance counselor, interpreters, instructional aides, personal care assistants and a nurse. In addition, funds are being utilized to support employment of administrative staff and education secretaries. Child study team members will be funded to conduct summer evaluations. Funds are also being utilized for professional development, curriculum development, instructional and non-instructional equipment and supplies. IDEA Basic and Preschool allocations are being used to reduce tuition expenditures for students receiving special educational services in other public school districts and approved private schools for students with disabilities.

Carl D. Perkins

The district's FY 2011-2012 Carl D. Perkins grant supports three programs within the Business, Management/Administration and Marketing Clusters throughout the district's high schools. The program included an Accounting Technology program, a Management Information program and a Sales, Distribution and Marketing Operations program. The funds provide industry-standard supplies and resources to align Career and Technical Education learning to New Jersey Core Curriculum Content Standards, and support for Career and Technical Student Organizations activities.

DETAILED FINDINGS AND RECOMMENDATIONS

ED Jobs Act Funding

There are no findings in Ed Jobs.

Title I

Finding 1: The district did not develop a school-level Title I parental involvement policy in conjunction with parents. (It is noted that the district distributed the district-level Title I parent involvement policy to parents of Title I students).

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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).

Required Action: The district must provide technical assistance to its schools in the development of Title I school-level parent involvement policies and ensure that its schools work with their stakeholder groups to develop each school-level parent involvement policy. For FY 2012-2013, each Title I school must distribute the school-parent involvement policy to parents of the Title I students and send a copy to the NJDOE for review. The school-level parent involvement policies must be posted to the district's website.

Finding 2: The letter to parents informing them of the Title I program selection criteria did not clearly explain the Title I program and referenced the district's basic skills program.

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

Required Action: The district must include in its parent notification letters the multiple measures used to identify the students and the reason for identification, as well as clearly defined exit criteria. The district notification letters must be updated for 2012-13 to clearly describe the identified Title I program. The letter must first be submitted to the NJDOE for review.

Finding 3: The Title I school-parent compact for McGalliard Elementary School did not include the required components, specifically the students' role in sharing the responsibility for improved student academic achievement.

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

Required Action: The Title I school-parent compact for McGalliard Elementary School must be amended to include a section on how students will share the responsibility for improved student academic achievement. The school must distribute the updated compact to parents in FY 2012-2013 and send a copy of the school-parent compact to the NJDOE for review.

Finding 4: The district did not include the District In Need of Improvement (DINI) reserve in its FY 2011-2012 Electronic Web Enabled Grant (EWEG) application.

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 amend its EWEG application to reserve the mandatory reserves in the FY 2011-2012 NCLB Consolidated Application for Title I

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funds. The district must notify the NJDOE when it revises the Title I section of the FY 2011-2012 application.

Finding 5: The district is not tracking expenditures by attendance areas to ensure that the expenses for Title I schools are consistent with each attendance area's allocation on Eligibility Page, Step 4 of the FY 2011-2012 NCLB Consolidated Application.

Citation: EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 20, Standards for financial management systems; NCLB §9306(a)(5): *Other General Assurances (Assurances)*.

Required Action: The district must track Title I school-level allocations reflected in the FY 2011-2012 NCLB Consolidated Application for Title I funds (Eligibility Page, Step 4). The tracking for FY 2011-2012 must be submitted to the NJDOE for review.

Finding 6: On several occasions, the district failed to issue a purchase order prior to services being rendered (confirming order). The district's policy and state regulations require that a properly executed purchase order be issued prior to services being rendered.

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.

Finding 7: The district does not have a mechanism to track mandatory reserves, such as 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 to the NJDOE for review.

Finding 8: The district does not have the required supporting documents to verify the activity of Title I staff as required by federal law. The documentation must reflect what the staff is doing, when and where and 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)*.

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Required Action: The district must verify the time and activity of staff charged to the grant. The district must submit a list of FY 2011-2012 Title I funded staff, salaries, funding percentages and time sheets to date to the NJDOE for review (including administrative staffing).

Finding 9: The district could not provide evidence that it had a Title I program in place for the nonpublic students consistent with the legislation.

Citation: NCLB §1120 (b): Participation of Children Enrolled in Private Schools.

Required Action: The district must consult with the nonpublic schools to plan and organize a Title I program consistent with the legislation and have defined entrance and exit criteria. The district needs to submit a copy of the signed plan to the NJDOE for review.

Finding 10: The district's use of Title I, Part A funds to purchase iPads and library books for nonpublic schools supplants state and local funds, since these purchases will benefit students beyond those in the Title I program.

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

Required Action: The district must reverse the charges for these unallowable activities and allocate state/local funds, rather than Title I funds, to support these expenditures. The district must provide a list of items that it has identified as supplanting to the NJDOE for review.

Title IIA

Finding 11: The district's use of Title IIA funds for nonpublic expenditures, which include anti-virus software and 5,200 library books supplants state and local funds, since these purchases are not within the allowable uses of Title IIA Funds.

Citation: NCLB §2123(b): *Fiscal Requirements (Federal Funds to Supplement, Not Supplant, Non-Federal Funds)*. Title II, Part A Non-Regulatory Guidance (p. 29, G. Private School Participation).

Required Action: The district must reverse the charges for these unallowable activities and allocate state/local funds, rather than Title IIA funds, to support these expenditures. The district must provide a list of items that it has identified as supplanting to the NJDOE for review.

Recommendation 1: The district's comprehensive annual financial report includes a line item entitled Due to Grantor for Title IIA funds from FY 2008-2009 that appears to be incorrect.

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

Recommended Action: The district must perform an internal review of the grant and submit the results and documentation to support its outcome to the NJDOE for review.

Title III

There were no findings in Title III.

IDEA

Finding 11: The district does not have the required supporting documents to verify the activity of IDEA staff as required by federal law. The documentation must reflect what the staff is doing, when and where and 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 verify the time and activity of staff charged to the grant. The district must submit a list of FY 2011-2012 IDEA funded staff, salaries, funding percentages and time sheets to date to the NJDOE for review (including administrative staffing).

Administrative

Recommendation 1: The district does not have internal control policies and procedures to prevent contracting with disbarred vendors.

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 errors from potentially occurring.

Recommendation 2: The district does not have formal written policies for requesting reimbursement from the 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.

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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 4: Under the New Jersey's Public School Contracts Law (PSCL), districts are not required 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 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 LFN 2010-3 issued January 15, 2010 for more information on competitive contracting for 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 Daniel Burke via phone at (609) 633-2492 or via email at daniel.burke@doe.state.nj.us.