



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

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

CHRISTOPHER D. CERF
Commissioner

October 9, 2012

Dr. Richard O'Malley, Superintendent
Edison Township Public Schools
312 Pierson Avenue
Edison, NJ 08837

Dear Dr. O'Malley:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Edison 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 May 21, 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 Edison 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 Anthony Hearn at (609) 633-2492.

Sincerely,

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

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

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EDISON TOWNSHIP SCHOOL DISTRICT
312 PIERSON AVENUE
EDISON, NJ 08837
PHONE: (732) 452-4963



Education Jobs Fund Program
New Jersey K-12 Education

EDUCATION JOBS CONSOLIDATED MONITORING REPORT
OCTOBER 2012

District: Edison Township School District
County: Middlesex
Dates On-Site: May 21, 22 and 23, 2012
Case #: Ed Jobs-021-11

FUNDING SOURCES

Program	Funding Award
Ed Jobs	\$ 597,154
Title I	1,129,788
IDEA Basic	3,330,777
IDEA Preschool	112,004
Title IIA	311,336
Title III	76,250
Total Funds	<u>\$ 5,557,309</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 Edison 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; and IDEA for the period July 1, 2010 through May 21, 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 Plans (IEP), a review of student class and related service schedules, interviews of child study team members and speech-language specialists 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, and IDEA from July 1, 2010 through May 21, 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 the district. Primarily, the district provides tutoring services through replacement Read 180 at the middle school, Successmaker replacement English at the high school and extended day and year at the elementary level.

IDEA Projects (Special Education)

The majority of the FY 2011-2012 IDEA Basic funds is being used to reduce district tuition costs for students receiving special educational services in other public school districts and approved private schools for students with disabilities. FY 2012 IDEA funds are also being used for in-district occupational and physical therapy services. The nonpublic proportionate share of the grant is being used to provide in-class-resource instruction/support and related services through the vendor, Middlesex Regional Educational Services Commission (MRESC), for students with disabilities attending nonpublic schools in the district.

DETAILED FINDINGS AND RECOMMENDATIONS

Ed Jobs Act

A review of the expenditures charged to the Ed Jobs grant yielded no findings.

Title I

Finding 1: The district is not operating a valid Title I program. The district is operating a full replacement program for all students and using Title I funds to support the Middle and High School; therefore, supplanting state/local funds. Districts must use state and/or local funds, rather than federal funds, to provide core academic programs required for all students. This is the same finding from the April 2009 monitoring and remains uncorrected.

Citation: NCLB §1115(c) *Targeted Assistance Programs, Components of a Targeted Assistance Program*; USDE Policy letter October 6, 2008; NCLB §1120A(b): *Fiscal Requirements (Federal Funds to Supplement, Not Supplant, Non-Federal Funds)*.

Required Action: For the 2011-2012 school year, the district must reverse the charges for the replacement program staff and revise its Title I program for the 2012-2013 school year to provide supplemental instructional opportunities to identified students, rather than instruction in the core academic areas. The district must submit the documentation or changes to the NJDOE for review, or risk withholding of reimbursement requests for Title I funds. The matter will be referred to the Office of Fiscal Accountability and Compliance for further

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investigation of the Title I expenditures by the district during FY 2009-2010 and FY 2010-2011.

Finding 2: The district did not inform parents of its Title I program selection criteria, why the child met the selection criteria and the course of action the district has determined to remediate the child. All of these elements must be included in the notification letter to parents about their child's participation in the Title I program.

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 the 2012-2013 school year to include more specificity regarding entrance and exit criteria. The letter must first be submitted to the NJDOE for review.

Finding 3: For the 2011-2012 school year, there is no evidence the district's written parent involvement policy was distributed or board adopted. The board adoption date was not accurately reflected in the FY 2011-2012 NCLB Consolidated Application on the Electronic Web Enabled Grant (EWEG) system.

Citation: ESEA §1118 (a)(2) and (b)(1): *Parental Involvement (Local Educational Agency Policy)*.

Required Action: The district must finalize the "draft" district written parent involvement policy developed in conjunction with parents, obtain board approval for the policy and distribute it to parents of Title I students. The board adoption date of the parent involvement policy must be consistent with the date reflected in the NCLB Application on the EWEG system. The district parent involvement policy must also be posted to the district's website.

Finding 4: The district does not have the required supporting documents to verify the activity of staff charged to the NCLB and IDEA grants 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 Title I, Title IIA, Title III and IDEA funded staff, salaries, funding percentages and time sheets to date to the NJDOE for review (including administrative staffing), or risk withholding of reimbursement requests for Title I funds.

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Finding 5: The amounts appropriated in the district's accounting records for the NCLB and IDEA grants did not match the amounts budgeted on the EWEG system.

Citation: 34 CFR 300.144(a) A public agency must control and administer the funds used to provide special education and related services under Secs. 300.137 through 300.139, and hold title to and administer materials, equipment, and property purchased with those funds for the uses and purposes provided in the Act.

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

Finding 6: 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 it has identified as supplanting to the NJDOE for review, or risk withholding of reimbursement requests for Title I funds.

Finding 7: The district's use of Title I, Part A funds to purchase 21 Smart Boards, science probes, computer networking devices (Big Red Pin and Exticom) and iPads for all schools supplants state and local funds since these purchases will benefit students and parents 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 it has identified as supplanting to the NJDOE for review, or risk withholding of reimbursement requests for Title I funds.

Title IIA

Finding 8: A review of the district's general ledger records disclosed the district incorrectly used fund code "2J" and program code 291 to record Title IIA expenditures. The Uniform Chart of Accounts for New Jersey School Districts (Chart of Accounts), as required by N.J.A.C. 6A:23-2.2(g) designates fund code 20 and program codes 270-279 to record Title IIA expenditures. The use of distinct fund/program codes provides an audit trail of amounts expended for each project.

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Citation: N.J.A.C. 6A:23-2.2(g).

Required Action: To facilitate an effective audit, the district must (1) revise its coding system to conform to the department's prescribed Chart of Accounts to ensure the proper recording of all financial transactions, and (2) ensure compliance with EDGAR 34 CAFR, Part §80.20(b)(2) and §76.730(e).

Finding 9: On several occasions, the district did not include an invoice for expenditures using Title IIA and IDEA grant funds.

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

Required Action: The district must implement a process to ensure all supporting documentation for purchase orders are issued prior to receiving goods and services from vendors and maintained with the accounting records.

Title III

A review of the expenditures charged to Title III grant yielded no findings.

IDEA (Special Education)

Finding 10: The invoices for services provided by the vendor, MRESC, do not provide the specific students' initials with the frequency and duration of service for which payment is requested. In addition, the vendor did not supply sign in sheets to document the provision of services for in-class support, supplemental instruction, pull-out resource, related services, and support by an instructional aide. As a result, it was not possible to verify the services billed by the vendor were provided to the students as required by the service plans.

Citation: IDEA Regulations 34 CFR §300.130-300.144.

Required Action: The district will meet with the vendor, MRESC, to ensure all bills reflect the Service Plans to include the following details of service: student initials, frequency, total minutes per session and total minutes per week for each services being provided through the IDEA grant. A monitor from the NJDOE will conduct an onsite visit to verify the required actions conducted by the district.

Finding 11: The district did not consistently provide parents of students eligible for special education and related services, and students eligible for speech-language services, meeting notices for the following meetings:

- Identification meetings
- Reevaluation planning meetings
- Eligibility meetings
- IEP team meetings

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Additionally, the district's notices of meetings did not consistently inform the parent of all intended purposes of the meeting when a meeting was conducted for more than one purpose. Noncompliance was due to a lack of consistent implementation of district procedures.

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 parents are provided notice of a meeting that contains all required components, early enough to ensure the parent has an opportunity to attend. In order to demonstrate correction of noncompliance, the district must conduct training for child study team members and speech-language specialists regarding the procedures for implementing the requirements in the citation listed above. Additionally, a monitor from the NJDOE will conduct an onsite visit to review notices of identification, reevaluation planning, eligibility and IEP meetings that occurred between October 2012 and January 2013.

Finding 12: The district did not consistently inform parents of students eligible for speech-language services of proposed actions through provision of written notice, containing all required components. Specifically, written notice did not include the options considered and the reasons they were rejected for reevaluation planning meetings and determination of continued eligibility. Noncompliance was due to a lack of compliant district procedures.

Citation: 20 U.S.C. §1414(b)(1)(c)(4)(A); 34 CFR §300.304(a)(4); and 34 CFR §300.305(a) and N.J.A.C. 6A:14-2.3(f) and 2.3(g)1-7.

Required Action: The district must ensure parents are provided written notice of a meeting that contains all required components within 15 calendar days of the meeting. In order to demonstrate correction of noncompliance, the district must provide training for speech-language specialists regarding the procedures for implementing the requirements in the citations listed above. In addition, a monitor from the NJDOE will conduct an onsite visit to review written notice of eligibility and reevaluation planning meetings that will be held between October 2012 and January 2013.

Finding 13: The district did not consistently ensure general education teachers were in attendance at identification, eligibility and IEP meetings 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:14-2.3(k)1(i-vii); 20 U.S.C. §1414(d)(1)(B); and 34 CFR §300.321(a).

Required Action: The district must ensure identification, eligibility and IEP team meetings are conducted with required participants and that 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. To demonstrate implementation of the procedures, a monitor from the NJDOE will conduct

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an on-site visit to review documentation of meeting participants from initial, annual review, and reevaluation meetings for students eligible for special education and related services whose IEP team meetings will be held between October 2012 and December 2012.

Finding 14: The district did not consistently provide to students beginning at age 14, written invitations to meetings where post-school transition was being discussed. Noncompliance was due to a lack of consistent implementation of the 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 or above is provided with a written invitation to any IEP meeting where transition to adult life will be discussed. Additionally, a monitor from the NJDOE will conduct an onsite visit to review invitations to IEP meetings to students age 14 and above for meetings that will be held between October 2012 and January 2013.

Finding 15: The district did not consistently complete transition planning for students ages 14 and above and document decisions in the IEP. Noncompliance was due to a lack of consistent implementation of district procedures.

Citation: N.J.A.C. 6A:14-3.7(e)11.

Required Action: The district must ensure that transition is discussed at each IEP meeting for students age 14 or above, and decisions are documented in the IEP. 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. Additionally, the district must conduct annual review meetings to review/revise IEPs for the specific students whose IEPs were identified as noncompliant during monitoring. A monitor from the NJDOE will conduct an on-site visit to review the revised IEPs and IEPs for students whose annual review meetings will be held between October 2012 and January 2013. Names of the students whose IEPs were identified as noncompliant will be provided to the district by the monitor.

Finding 16: The district did not conduct meetings within 20 calendar days of receipt of a written request for a speech-language evaluation to determine if an evaluation was warranted. Noncompliance was due to a lack of implementation of district procedures.

Citation: N.J.A.C. 6A:14-2.5(b)6; 3.3(e) and 3.6(b).

Required Action: The district must ensure identification meetings are conducted within 20 calendar days of receipt of a written request for evaluation and that required participants are in attendance. In order to demonstrate correction of noncompliance, the district must conduct training for speech-language specialists regarding the district's procedures. To demonstrate implementation of the procedures, a monitor from the

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NJDOE will conduct an on-site visit to review the dated initial request for evaluation for students referred for speech-language services and the signed participation pages from the resulting meetings that will be conducted between October 2012 and January 2013.

Finding 17: The district did not consistently conduct multi-disciplinary initial evaluations for students referred for speech-language services by obtaining an educational impact statement from the classroom teacher. Noncompliance was due to a lack of consistent implementation of district procedures.

Citation: N.J.A.C. 6A:14-2.5(b)6 and 3.6(b).

Required Action: The district must ensure a multidisciplinary evaluation is conducted for students referred for speech-language services by obtaining a statement from the general education teacher that details the educational impact of the speech problem on the student's progress in general education. In order to demonstrate correction of noncompliance, the district must conduct training for speech-language specialists regarding the procedures for implementing the requirements in the citation listed above. Additionally, a monitor from the NJDOE will conduct an on-site visit to review the initial evaluation reports for students referred for speech-language services whose eligibility meetings will be held between October 2012 and January 2013.

Finding 18: The district did not consistently conduct reevaluations within three years of the previous classification date for students eligible for speech-language services. Noncompliance was due to a lack of consistent implementation of district procedures.

Citation: N.J.A.C. 6A: 14-3.7(i) and 14-3.8(a) and 20 U.S.C. §1414(a)(2)(B)(ii) and (d); and 34 CFR §300.324(b)1.

Required Action: The district must ensure reevaluations are conducted within required timelines with required participants in attendance. In order to demonstrate correction of noncompliance, the district must conduct training for speech-language specialists regarding the procedures for implementing the requirements in the citations listed above. A monitor from the NJDOE will conduct an on-site visit to review the signed participation page from eligibility meetings that will be held as part of the reevaluation process between October 2012 and January 2013 for students eligible for speech-language services.

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.

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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.

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 3: 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.

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If you have any questions, please contact Anthony Hearn via phone at (609) 633-2492 or via email at anthony.hearn@doe.state.nj.us.