



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

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*Governor*

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*Lt. Governor*

CHRISTOPHER D. CERF  
*Commissioner*

January 17, 2013

Mr. Michael Pfister, Superintendent  
South River Public Schools  
15 Montgomery Street  
South River, NJ 08882

Dear Mr. Pfister:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by **South River 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 July 25, 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 South River 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 Patricia Lagarenne at (609) 777-2168.

Sincerely,

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

RJC/PL/dk:South River BOE Cover Letter/ Ed Jobs  
Enclosures

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**STATE OF NEW JERSEY  
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**Education Jobs Fund Program**  
*New Jersey K-12 Education*

**EDUCATION JOBS CONSOLIDATED MONITORING REPORT  
JANUARY 2013**

**District:** South River Public Schools  
**County:** Middlesex  
**Dates On-Site:** July 25 and 26, 2012  
**Case #:** Ed Jobs-048-11

**FUNDING SOURCES**

<b>Program</b>	<b>Funding Award</b>
Ed Jobs	\$ 426,521
Title I	510,244
IDEA Basic	614,309
IDEA Preschool	17,656
Title IIA	79,709
Title III	32,065
Carl D. Perkins	<u>14,871</u>
Total Funds:	<u>\$ 1,695,375</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 South River Public Schools 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; IDEA and Carl D. Perkins for the period July 1, 2010 through July 25, 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), a review of student class and related service schedules, interviews of child study team members, 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 Ed Jobs Act, Title I, Title IIA, Title III , IDEA and Carl D. Perkins from July 1, 2010 through July 25, 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, IDEA AND CARL D. PERKINS FUNDS**

**Title I Projects**

The district operates Targeted Assistance programs in all four of its schools- South River High School, South River Middle School, South River Elementary School, and South River Primary School. The district has identified Closing the Achievement Gap, Language Arts - for All students, Economically Disadvantaged, and race/ethnic as its priority problems.

**IDEA Projects**

The majority of funds were used for salaries and benefits of special education instructional aides and assistants, special education secretaries, and a full time special education supervisor. In addition, funds were used to reduce district tuition costs for students receiving special educational services in approved private schools for students with disabilities. The district has contracted with Middlesex Regional Educational Services Commission (MRESC) for related services providers for student placed at the Academy Learning Center. The district also allocated funds for instructional supplies/materials and professional development.

**Carl D. Perkins Projects**

The district maintains two Career and Technical Education programs, both in the Business Management Cluster. The current programs are Accounting Technology/Technical & Bookkeeper (520302) and the Administrative Assistant & Secretarial Science (520401). Both programs are in good standing with the program approval process. For the FY13 period, it is required that a program of study be in place. The district is in the initial stages of forging a working relationship with Middlesex Community College for the Administrative Assistant & Secretarial Science program.

**DETAILED FINDINGS AND RECOMMENDATIONS**

**Ed Jobs**

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

**Title I**

**Finding 1:** The district's Title I program (Academic Support Instruction-ASI) is not clear and distinguishable relative to providing supplemental services for identified Title I eligible students.

**Citation:** ESEA §1115(c): *Targeted Assistance Programs (Components of a Targeted Assistance Program).*

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**Required Action:** To avoid violating the “supplement not supplant” provision of the Title I legislation, the district must revamp its Title I program to ensure it is indeed providing supplemental instruction for its identified Title I students. The district must provide a copy of its revised Title I program in narrative form to the NJDOE for review.

**Finding 2:** The district does not have clear and distinguishable identification criteria for its Title I students.

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

**Required Action:** The district must establish clear and distinguishable identification criteria based solely upon multiple educationally related objective criteria for identifying its Title I students to be served in all four of its Title I funded schools.

**Finding 3:** The notification letters sent to the parents/guardians of identified Title I students did not include entrance and exit criteria.

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

**Required Action:** The district must include in its parent notification letter the multiple measures used to identify students, as well as clearly defined exit criteria. The district must provide a copy of its revised parent notification letter to the NJDOE for review.

**Finding 4:** The district convened a summer school program for the purposes of retention at its middle school with Title I funds in a Targeted Assistance environment, which is unallowable.

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

**Required Action:** The district must immediately provide documented evidence to the NJDOE that these expenditures were reversed and charged to local funds. However, the district may use Title I funds to purchase supplemental applications, materials, and resources for the IPADs to be used by its identified Title I students.

**Finding 5:** The district’s use of Title I funds to purchase Smart Boards is an unallowable expenditure. In a school operating a Title I Targeted Assistance program, the installation of Smart Boards in classrooms that are not used exclusively by Title I students benefits non-Title I students, which is a violation of the supplement not supplant requirement.

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

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**Required Action:** The district must immediately provide documented evidence to the NJDOE that these expenditures were reversed and charged to local funds.

**Finding 6:** The district did not convene its Annual Title I parent meeting until late in the school year (January 10, 2012).

**Citation:** ESEA §1118(c) (1): *Parental Involvement (Policy Involvement)*.

**Required Action:** The district must convene its FY 2012-2013 annual Title I meeting at the beginning of the school year for the parents/guardians of its identified Title I students and submit evidence of said meeting to the NJDOE for review (invitational letter/flyer, agenda, meeting minutes, and sign in sheets must be obtained).

**Finding 7:** The district did not reflect the true representation of its eligible nonpublic low-income students in its FY 2011-2012 Electronic Web Enabled Grant (EWEG) system NCLB Consolidated Application.

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

**Required Action:** The district must ensure its nonpublic low-income student counts are reflected in its FY 2012-2013 EWEG NCLB Consolidated Application.

**Finding 8:** The district's contract with MRESC did not provide details as to what services it would provide for Title I eligible students of the district.

**Citation:** ESEA §1120 (a)(5): *Provision of Services*.

**Required Action:** The district must ensure its contract service provider provides the following details: nonpublic school being served, grades/grade span, subject area, selection criteria of students, and amount of funding that is being billed for services, and professional development for the nonpublic school teachers.

### **Title IIA**

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

### **Title III**

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

### **Carl D. Perkins**

**Finding 9:** The district did not hold the requisite two advisory board meetings for the FY 2012 grant period.

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**Citation:** *Perkins§134 (b)5 Perkins One Year Grant Application Guidelines July 1,2011-June 30, 2012 page 55.*

**Required Action:** The district must hold two advisory board meetings for the FY 2013 grant period.

**Finding 10:** A review of the district's general ledger records disclosed the district incorrectly used program code 360 to record Carl D. Perkins expenditures. The (Uniform Minimum Chart of Accounts) for New Jersey School Districts, as required by N.J.A.C. 6A:23-2.2(g) designates program codes 361-399 to record expenditures. The use of distinct fund/program codes provides an audit trail of amounts expended for each project.

**Citation:** N.J.A.C. 6A:23-2.2(g) *Uniform Minimum Chart of Accounts (Handbook 2R2)*. EDGAR, Part §80.20-*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 ensure expenditures are charged to the appropriate general ledger account in accordance with the Uniform Chart of Accounts.

**IDEA**

**Finding 11:** The district does not have the required supporting documents to verify the time and activity of IDEA district staff, as required by federal law. The documentation must reflect what task the staff is performing, when the activity occurred and location of such activity and must match their funded percentage, as approved by the board.

**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 all staff members 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.

**Finding 12:** The district does not have the required supporting documents to verify the activity of IDEA funded outside service staff, as required by federal law.

**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 has contracted with MRESC to provide related services to classified students in their out-of-district placement (Academy Learning Center). The district must verify the time and activity of staff charged to the grant. The district must submit evidence documenting the provision of related services through the MRESC at Academy Learning Center that were funded through the FY 2011-2012 IDEA grant. The



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district has developed and submitted a sign in sheet to be used to document the provision of related services beginning with the FY 2012-2013 school year. The time sheets will clearly articulate the dates, staff signatures, type of service provide and the initials of the students to whom this service was provided. The district will be responsible for overseeing the provision of related services by collecting the time sheets prior to expending IDEA funds for this purpose. A monitor from the NJDOE will conduct an on-site visit to review timesheets and supporting documentation verifying use of IDEA funds.

**Finding 13:** A review of the purchase order for the Verbal Behavioral Institute revealed payments were made against an adjusted purchase order amount. Any adjustments to a purchase order must follow the process for approval and any payment in excess of the original amount approved on the purchase order must be authorized.

**Citation:** EDGAR § 80.20-*Standards for financial management systems.*

**Required Action:** The district must ensure that proper procedures are implemented regarding approving and amending purchase orders.

**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.

**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

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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 Patricia Lagarenne via phone at (609) 777-2168 or via email at [patricia.lagarenne@doe.state.nj.us](mailto:patricia.lagarenne@doe.state.nj.us).