



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
Acting Commissioner

April 20, 2012

Mr. Charles Sampson, Superintendent
Freehold Regional High School District
11 Pine Street
Englishtown, NJ 07726

Dear Mr. Sampson:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Freehold Regional High School District**. 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 29, 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 Freehold Regional High School District 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:Freehold Reg. H.S. District Cover Letter/ Ed Jobs
Enclosures

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Education Jobs Fund Program
New Jersey K-12 Education

EDUCATION JOBS CONSOLIDATED MONITORING REPORT
APRIL 2012

District: Freehold Regional High School District
County: Monmouth
Dates On-Site: March 7, 8 and 9, 2012
Case #: Ed Jobs-049-11

FUNDING SOURCES

Program	Funding Award
Ed Jobs	\$ 1,818,761
Title I	523,291
IDEA Basic	2,176,957
Title IIA	164,707
Title III	23,481
Carl D. Perkins	73,748
Total Funds	<u>\$ 4,780,945</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, 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 Freehold Regional High 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; IDEA; and Carl D. Perkins for the period July 1, 2010 through February 29, 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 Program (IEP), review of student class and related service schedules, interview of child study team members and a speech-language specialist and an interview of the program administrator regarding 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 29, 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 FY 2011-2012 funds are being spent on supplemental services for the identified students including in-class support programs, enhanced after school program and technology upgrades.

IDEA Projects (Special Education)

The majority of funds are being used for salaries and benefits of special education teachers. A portion of the funds are allocated for instructional supplies and to provide supplemental instruction and related services for classified students in local nonpublic schools through a vendor (MOESC). The remainder of the funds are being used to fund out-of-district tuition charges for district students. Finally, a small portion of the funds have been allocated for instructional supplies of district students with disabilities.

Carl D. Perkins

The district's FY 2011-2012 Carl D. Perkins grant supports two programs: a food prep program at Freehold High School and a horticulture program at Freehold Township High School. The funds provide industry-standard supplies and equipment, supplies to align Career and Technical Education lessons to New Jersey Core Curriculum Content Standards, and support for Career and Technical Student Organizations activities.

DETAILED FINDINGS AND RECOMMENDATIONS

Ed Jobs

There were no findings for Ed Jobs.

Title I

Finding 1: The district did not issue the required letter to parents of students in the Title I program. The district is required to inform parents of its Title I program selection criteria, why the child met the selection criteria and the course of action that the school 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: NCLB §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 FY 2012-2013 to include more specificity regarding entrance and exit criteria. It is also recommended

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that the Title I annual meeting date(s) be included on this letter or another written notification.

Finding 3: The Title I school-parent compact 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 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 does not have a mechanism to track mandatory reserves, such as District in Need of Improvement (DINI) 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.

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: The district does not have the required supporting documents to verify the activity of Title I staff as required by federal law, including schedules that show activity and funding 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 2012 Title I funded staff, salaries, funding percentages and time sheets that match funding percentage to the NJDOE for review (including administrative staffing).

Title IIA

There were no findings for Title IIA.

Title III

There were no findings for Title III.

IDEA (Special Education)

Finding 7: The district did not consistently document in the IEPs of students placed in separate settings, discussions of activities to transition the student to a less restrictive environment. Noncompliance was due to a lack of implementation of the district procedures.

Citation: *Least Restrictive Environment* N.J.A.C. 6A:14-4.2 (a)4.

Required Action: The district must ensure that for students placed in separate settings, activities to transition the student to a less restrictive environment are discussed at each annual review meeting and that the decision making process is documented in the IEPs. 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 and submit to the NJDOE for review, along with IEPs for students placed in separate setting whose annual review meetings were conducted between May 2012 and July 2012.

Finding 8: The district did not consistently conduct all required components of the functional assessment, as part of initial evaluations for students referred for special education and related services. Noncompliance was due to lack of implementation of district procedures.

Citation: *Initial Evaluation: Functional Assessments* 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 all initial evaluations. In order to demonstrate correction of noncompliance, the district must conduct training for child study team members regarding the district's procedures for implementing the requirements in the citation listed above. In addition, an on-site visit will be conducted in the fall of 2012 to

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verify that evaluation reports contain all components of the functional assessment. The district is referred to the sample report form at www.state.nj.us/education/speced/forms.

Finding 9: The district did not consistently document all required considerations and statements in each IEP for students eligible for speech-language services. Specifically, IEPs did not consistently include:

- frequency, duration and location of related services; and
- measurable goals and objectives.

Noncompliance was due to a lack of implementation of district procedures.

Citation: N.J.A.C. 6A:14-3.7(c)1-11, (e) 1-17, and (f) N.J.A.C. 6A:14-4.10(a); 20 U.S.C. §1414(d)(3)(A)(B); and 34 CFR §300.324(a)(1)(2).

Required Action: The district must ensure that each IEP contains all required components. In order to demonstrate correction of noncompliance, the district must conduct training for speech-language specialists regarding district procedures. To demonstrate that the district has corrected the individual instances of noncompliance, the district must conduct annual review meetings and revise IEPs for specific students whose IEPs were identified as noncompliant and submit the revised IEPs to NJDOE for review. In addition, the NJDOE will conduct an on-site visit in the fall of 2012 to verify that evaluation reports contain all components of the functional assessment.

Carl D. Perkins

There were no findings for Carl D. Perkins.

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 potential errors from occurring.

Recommendation 2: The district does not have formal written policies for requesting reimbursement from the Electronic Web Enabled Grant system; however, the district's practice for requesting reimbursement was verified through questions concerning the district's internal controls.

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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 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.

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.