



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

April 11, 2013

Mr. Thomas Gialanella, Superintendent
Jackson Township School District
151 Don Connor Boulevard
Jackson, NJ 08527-3497

Dear Mr. Gialanella:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by **Jackson 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 August 6, 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 Jackson 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 Patricia Lagarenne at (609) 777-2168.

Sincerely,

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

RJC/PL/dk:Jackson Twp. BOE Cover Letter/ Ed Jobs
Enclosures

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JACKSON TOWNSHIP SCHOOL DISTRICT
151 DON CONNOR BOULEVARD
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Education Jobs Fund Program
New Jersey K-12 Education

EDUCATION JOBS CONSOLIDATED MONITORING REPORT
APRIL 2013

District: Jackson Township
County: Ocean
Dates On-Site: August 6 and 7, 2012
Case #: Ed Jobs-053-11

FUNDING SOURCES

Program	Funding Award
Ed Jobs	\$ 1,785,066
Title I	632,713
Title IIA	184,591
Title III	18,179
Carl D. Perkins	41,683
IDEA Basic	2,086,653
IDEA Preschool	69,285
Total Funds	<u>\$ 4,818,170</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 Jackson 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 August 6, 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 and speech-language specialists 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 Act, Title I, Title IIA, Title III, Carl D. Perkins and IDEA from July 1, 2010 through August 6, 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, CARL D. PERKINS AND
IDEA FUNDS**

Title I Projects

The district operates Targeted Assistance programs in three of its Title I funded schools - Sylvia Rosenauer Elementary School, Lucy Holman Elementary School and Crawford-Rodriguez Elementary School. The district has identified Closing the Achievement Gap for Limited English Proficient and Other Students as its priority problems.

Carl D. Perkins Projects

The district's FY 2011-2012 Carl D. Perkins Grant supports seven programs in Architecture and Construction, Arts, Audio Visual and Technology, Business Management/Administration, Information Technology and Government and Public Relations clusters. The funds provided industry-standard supplies and resources to align career and technical education to New Jersey Core Curriculum Content Standards, support career and technical student organizations activities, academic tutoring, professional development and technical equipment for student use.

IDEA Projects (Special Education)

The majority of the FY2012 IDEA Basic funds were used to reduce district tuition expenditures for students receiving special educational services in public school programs in other districts and approved private schools for students with disabilities. The IDEA preschool funds were used for the salary and benefits of one preschool special education teacher and the purchase of instructional supplies for students in the preschool special education program. The nonpublic proportionate share of the grant is being used for instructional supplies and equipment, as well as to provide supplemental instruction and related services through a vendor, Monmouth-Ocean Educational Services Commission (MOESC), for students with disabilities attending St. Aloysius School.

DETAILED FINDINGS AND RECOMMENDATIONS

Ed Jobs Act

Finding 1: The district had not appropriated funds for the Ed Jobs grant award prior to the commencement of the monitoring engagement.

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 appropriated the Ed Jobs Act funds and allocated expenditures accordingly. No further action is needed.

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Title I

Finding 2: The district does not have the required supporting documents to verify the time and 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. The time sheets sampled lacked the grant funding percentage for the employee. This documentation is necessary to verify that funded staff are actually performing allowable grant activities.

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 adjust the staff time and activity records to include the percentage of the staff members' salary that is funded by the grant for FY 2012-2013.

Finding 3: A review of the purchase order for the MOESC revealed a payment was made that exceeded the purchase order amount. Any payment in excess of the amount approved on the purchase order must be authorized by the district.

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 ensure that proper procedures are implemented regarding approving purchase orders and amending any purchase orders that warrant a change must be approved in advance.

Finding 4: Despite having established criteria for Title I services, the district opened its district funded Title I program (SOAR to Success Literacy Program) to non-Title I students. As a result, Title I students did not receive services above and beyond the services provided to non-Title I students.

Citation: ESEA §1115(c): *Targeted Assistance Programs (Components of a Targeted Assistance Program)*; and ESEA §1120A (b) (1): *Federal Funds to Supplement, Not Supplant, Non -Federal Funds*.

Required Action: To avoid violating the "supplement not supplant" provision of the Title I legislation, the district must ensure it is indeed providing supplemental instructional opportunities 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 5: The district included non-funded Title I schools (Elms, Johnson, and Switlik Elementary Schools) in its parental notification letters sent to the parents/guardians of identified Title I students notifying them of eligibility for participation in the Title I program. As a result, it would appear that Title I services were provided to these non-funded schools which would violate the supplement versus supplant provision of the Title I legislation.

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Citation: ESEA §1115(B): *Targeted Assistance Programs (Eligible Children from Eligible Population); and ESEA §1120A (b) (1): Federal Funds to Supplement, Not Supplant, Non-Federal Funds.*

Required Action: The district must ensure its parental notification letters are only sent to the parents/guardians of identified Title I students from its Title I funded schools. The district must provide a copy of its revised parental notification letter to the NJDOE for review.

Finding 6: The district did not include entrance and exit criteria in its parental notification letters sent to the parents/guardians of identified Title I students. Without this information, parents are unable to understand the reasons for their child being selected to participate in the Title I program, and what is needed for their child to exit the program.

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

Required Action: The district must include in its parental 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 2012-2013 school year parental notification letter to the NJDOE for review.

Finding 7: The district used Title I funds to purchase a myriad of expenditures that are unallowable in a Title I targeted assistance program. The expenditures include the following: the stipend for a webmaster; services from MJK Educational Consultants for SAM management of data and services to two non-Title I schools, Switlik and Johnson Schools; Scholastic U Implementation Training; Foundation for Education Administration & NJASCD services on Implementing the Common Core Standards; Rutgers Center for Literacy Development, iPads, and services from the Bureau of Educational Research. In a Title I targeted assistance program, Title I funds must be used exclusively to benefit the needs of the Title I students. The use of Title I funds also benefitted other students.

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

Required Action: The nature of this finding has been referred to the Office of Fiscal Accountability and Compliance (OFAC) for further review.

Finding 8: The district could not provide documented evidence as to when its Title I written parental involvement policy was distributed to the parents/guardians of its Title I students. The district must have a mechanism for parents to receive the information in the policy. This information allows parents to fully understand the school's options for their involvement in their children's educational program.

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

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Required Action: The district must ensure the distribution date is reflected on its written parental involvement policy. The district must provide documented evidence to the NJDOE for review.

Finding 9: The district could not provide documented evidence that consultation of services for all nonpublics was provided. Without this documentation, the monitoring team could not verify that eligible resident nonpublic students were afforded the opportunity to participate in the Title I program.

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

Required Action: The district must retain certified/signed receipts of its correspondence to nonpublic schools. The district needs copies of Affirmation of Consultation signed by all consulted parties to include copies of sign in sheets, and meeting minutes from consultation meeting. The district must also provide copies of Non-Refusal forms for all nonpublics not wishing to receive Title I services. The district must submit all verification of the above notices for the 2012-2013 school year to the NJDOE for review.

Finding 10: The district's third-party provider of Title I services to nonpublic students was servicing students in grades six and above. However, the district does not fund schools that serve grade six and above. Under the equitable services requirement, the district may offer Title I services only to nonpublic students that are in the same attendance areas as the district's funded Title I schools. Additionally, this resulted in Title I funds benefitting non-eligible students.

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

Required Action: The district must ensure that its contracted third-party provider of Title I services only services identified Title I students from the funded schools within the district's attendance area.

Finding 11: The district's contract with its third-party provider of services, MOESC, did not provide comprehensive detail 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 with the third-party provider includes detail for the following: the nonpublic school the students attend, students' grade level, the subject area in which the student is receiving services, the criteria to select students, the type of instructional program the student is receiving and the amount of funding that is being billed for services and professional development for the nonpublic teachers.

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Finding 12: In serving as the district's third-party provider of Title I services to eligible nonpublic students, MOESC billed the district for materials and supplies that benefitted the entire school and non-eligible students.

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

Required Action: The nature of this finding has been referred to the OFAC for further review.

Title IIA

A review of the Title IIA grant yielded no findings.

Title III

A review of the Title III grant yielded no findings.

Carl D. Perkins

Finding 13: A review of the district's general ledger records disclosed the district incorrectly used program code 331 to record Carl D. Perkins 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 program codes 361-399 to record such 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 that expenditures are charged to the appropriate general ledger account in accordance with the Chart of Accounts.

Finding 14: Computers (iMacs and Macbooks) and iPads were purchased for the Career and Technical Education (CTE) program(s). However, the warranty from Applecare consists of either two or three year warranty coverage periods. Warranties beyond the current grant year are non-allowable costs.

Citation: Perkins§135 (a)&(b)1-12; *Perkins One Year Grant Application Guidelines July 1,2011-June 30, 2012 page 46*.

Required Action: The cost of one year of warranty coverage must be calculated and included while the remaining two years of coverage must be paid from district or other funds. In the upcoming two years, the cost of each of the remaining two years of coverage can be included in the applications for the FY 2013 and FY 2014 grant cycles.

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An adjustment must be made to the FY 2012 Carl D. Perkins Final Report to list only the cost of one year warranty coverage as expended.

Finding 15: The district did not have Advisory Board meetings for each of their approved and active CTE programs. The district provided evidence of Advisory Board meetings being held for only one of their seven approved programs.

Citation: Perkins §134 (b);5 *Perkins One Year Grant Application Guidelines July 1,2011-June 30, 2012 page 55 and The Perkins Act of 2006: The Official Guide section 134 (b) (5) Local Plan for Career and Technical Education Programs.*

Required Action: Beginning in the FY 2012-2013 project period (July 1, 2012-June 30, 2013) the district must ensure that each approved and active CTE program has an advisory board that meets at least twice each year. The district must maintain documentation as evidence of such meetings. Examples of acceptable documentation are as follows: meeting agendas, attendance/sign in sheets, and meeting minutes.

Finding 16: Four supply items were purchased and charged to the grant that were not previously identified or itemized in the approved application. Each of these items (recorder, \$1,795.00; Canon Camera, \$1,999.00; Macbook, \$899.00; HDMI Marshall Camera, \$860.92) has a per unit cost of \$750.00 or more. These supplies require itemization and approval in the application or an amendment to the application.

Citation: Perkins §134 *Perkins One Year Grant Application Guidelines July 1, 2011-June 30, 2012 page 41 Any item with a per unit cost of \$750 or more must be itemized.*

Required Action: The district must provide a justification for not itemizing these supplies in the original application or submitting a budget amendment for the purpose of purchasing additional or different supplies that require itemization and approval.

IDEA (Special Education)

Finding 17: The board minutes approving services for students who are identified for out-of-district placement did not match the actual services and costs provided. For example, on August 23, 2011, five students were board approved to attend Alpha School, at a cost of \$79,523.00 per student, payable from Fund 11. A review of the NJDOE Mandated Tuition Contract revealed that the cost for a student for the 2011-2012 school year was \$54,602.00 and the cost of the extraordinary services (aide) was \$29,072.40, a total of \$83,674.40. The board minutes were not adjusted to reflect the actual costs for the services provided, nor did the board minutes reflect the correct fund from which the payments were made (Fund 20). Additionally, a review of the same board minutes for a student attending New Road Schools did not have the approved cost for the extraordinary service (aide) included in the motion.

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*

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Agreements to State and Local Governments, Section 20, Standards for financial management systems.

Required Action: The district must ensure all services encumbered on behalf of those students who are attending an out-of-district school reflect the actual services as contracted, actual amounts as contracted and include the proper funds that will be charged for such services.

Finding 18: The teacher aide whose salary was charged to the IDEA preschool grant was not approved in the district's board minutes.

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 all staff members charged to the grant are approved in the board minutes. The district must submit a list of FY 2011-2012 IDEA funded staff, salaries, funding percentages and a sample time sheet to date to the NJDOE for review.

Finding 19: The district has purchased materials, supplies (i.e. textbooks, software, technology and classroom supplies) and equipment (eight FM systems) for classified students who are educated in a general education setting in a nonpublic school. The Individual Service Plans (ISP) for students with disabilities at the Saint Aloysius School do not reflect that these students are receiving services through IDEA as the ISPs do not identify the need for these materials, supplies and equipment.

Citation: IDEA Regulation 34 CFR 300.144 (*Property, Equipment, and Supplies*).

Required Action: At the next regularly occurring annual review meeting, the district must list instructional materials, supplies and equipment purchased for students with disabilities in the nonpublic school in the individual student's service plan. The district must submit copies of the ISPs developed at the annual review meetings to the NJDOE for review.

Finding 20: The district did not participate in consultation and collaborative decision making with nonpublic schools serving children ages three-five.

Citation: IDEA Regulation 34 CFR 300 and 301 (*Assistance to States for the Education of Children with Disabilities and Preschool Grants for Children With Disabilities*).

Required Action: The district must conduct consultation activities with the nonpublic schools serving children ages three-five and develop procedures to participate in a collaborative decision making process with the nonpublic preschools. The district must

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submit copies of the procedures and evidence demonstrating consultation and collaborative decision making with the nonpublic schools to the NJDOE for review.

Administrative

Recommendation 1: 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.

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.