

March 15, 2010

Dr. H. Victor Gilson, Superintendent
Bridgeton Board of Education
Bank Street
PO Box 657
Bridgeton, NJ 08303-0482

Dear Dr. Gilson:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Bridgeton Board of Education**. The funding sources reviewed include titled programs for the American Recovery and Reinvestment Act (ARRA) in particular, and/or No Child Left Behind Act (NCLB), the Individuals with Disabilities Education Act (IDEA) and State Fiscal Stabilization Funds (Education Stabilization Fund and Government Stabilization Fund). The review covered the period July 1, 2009 through December 14, 2009. The resulting report is enclosed. Please provide a copy of the report to each board member.

Utilizing the process outlined in the attached "Procedures for LEA/Agency Response, Corrective Action Plan and Appeal Process," the Bridgeton 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 school 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/LDM/tc:Bridgeton Board of Education Cover Letter
Enclosures

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American Recovery & Reinvestment Act 2009
New Jersey K-12 Education

ARRA MONITORING REPORT
MARCH 2010

District: Bridgeton Board of Education
County: Cumberland
Dates On-Site: December 14, 15, 16 & 17, 2009
Case#: ARRA-002-09

FUNDING SOURCES

Program	Funding Award
State Fiscal Stabilization Fund – Education Stabilization Fund	\$10,301,085
State Fiscal Stabilization Fund – Government Services Fund	398,770
ARRA- Title I	3,244,938
ARRA – Title I SIA	184,897
ARRA – IDEA –Basic	1,413,873
ARRA – IDEA –Preschool	50,741
Total ARRA Funds	<u>\$15,594,304</u>
Title I	3,053,735
Title I - SIA	0
IDEA - Basic	1,270,921
IDEA - Preschool	30,012
Total Non-ARRA Funds	<u>4,354,668</u>
Total Funds	<u><u>\$19,948,972</u></u>

**BRIDGETON SCHOOL DISTRICT
ARRA MONITORING REPORT
MARCH 2010**

BACKGROUND:

The *American Recovery and Reinvestment Act of 2009 (ARRA)* and other federal laws require local education agencies (LEAs) to provide programs and services to their schools based on the requirements specified in each of the authorizing statutes (ESEA, IDEA and ARRA). 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 Bridgeton Board of Education to monitor the district's use of *ARRA* 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: State Fiscal Stabilization Funds (SFSF) including the Education Stabilization Fund (ESF) and Government Services Fund (GSF); ARRA-Title I; ARRA-Title I SIA; ARRA-IDEA Basic; ARRA-IDEA Preschool; FY 2010 Title I, FY 2010 Title I SIA; FY 2010 IDEA Basic; and FY 2010 IDEA Preschool for the period July 1, 2009 through December 14, 2009. The monitoring also included a review of the district's most recent ARRA section 1512 and SFSF cash management quarterly reports to determine whether ARRA expenditures, jobs estimates and related information were reported accurately.

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 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:

Elements comprising the review included the following:

- Education Stabilization Fund (ESF) expenditures for salary of \$3,560,442 for staff of 644;
- Government Services Fund (GSF) expenditures of \$114,070 for staff of 25;
- ARRA IDEA Basic expenditures of \$486,907;
- ARRA IDEA Preschool expenditures of \$1,150;
- ARRA Title I expenditures of \$117,155 (Salaries were not properly allocated and could not be reviewed);
- ARRA Title I SIA of \$173,411;
- Title I expenditures of \$399,692; and
- IDEA expenditures of \$1,375,086.

**BRIDGETON SCHOOL DISTRICT
ARRA MONITORING REPORT
MARCH 2010**

- IDEA Preschool expenses of \$15,454

In addition, the team reviewed the district's plans for spending the balance of the funding.

GENERAL DISTRICT OVERVIEW OF USES OF TITLE I AND IDEA FUNDS

ARRA Title I Projects

The district has instituted the HOPE Academy, which is an alternative program under the umbrella of the Talent Development High School Program. The HOPE Academy has enabled the district to bring back approximately 45 students from out-of-district placements in order to provide a better, well-monitored, and more rigorous program for these students while attending to their academic and emotional needs. Counselors are in place to address anger issues, truancy, chronic absenteeism, low academic performance, and other issues these students face. Students benefit from an off-site facility that has small class sizes, the same rigor as the high school, support services, and opportunities to succeed. The ultimate goal is to return these students to the regular program at the high school. ARRA Title I funds are used at the HOPE Academy to support the salaries of teaching staff and provide supplies, materials and equipment.

At the district's other Title I schools, the ARRA Title I funds support the use of coaches to ensure that best practices are being implemented in the classrooms. District-level curriculum staff monitor the coaches on a regular basis as a method of overseeing their level of implementation and commitment to the program. The funds are also used to provide literacy tutors for the most at-risk readers.

ARRA IDEA Projects

IDEA Basic ARRA funding has been used to pay for eight supplemental instruction teachers, two learning/language disability teachers, two behavioral disability teachers, one resource teacher, one cognitive impairment teacher, and one auditory impairment teacher. Funding is also being used to pay for instructional supplies in these classrooms, and for instructional supplies to be used with identified students at the nonpublic school. The district has not taken into account the funding cliff for the following years and how these programs will be sustained.

**BRIDGETON SCHOOL DISTRICT
ARRA MONITORING REPORT
MARCH 2010**

DETAILED FINDINGS AND RECOMMENDATIONS

A. SFSF FUNDS:

Finding 1: The district's cash management report and 1512 report do not tie into the general ledger for salaries and jobs created/saved. The district does not have a mechanism to track funds which impacts the validity of the data submitted for the 1512 report.

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 have formal tracking of SFSF funding and the backup necessary to support the charges consistent with the federal guidance issued with regard to jobs created and jobs saved. The district must submit an updated list of charges with staffing detail through December 31, 2009.

B. TITLE I:

Finding 2: With the exception of the high school, the district could not explain how the funds are being used for supplemental programs in its Title I funded schools. Additionally, the district could not clarify if the existing positions supported with ARRA funds for supplemental programs would have been eliminated.

Citation: OMB Circular A-87, Attachment B, *Cost Principles for State, Local and Indian Tribal Governments*, NCLB Section 1120A(b) *Fiscal Requirements, Federal Funds To Supplement, Not Supplant, Nonfederal Funds*. 34CFR § 200.26 *Core elements of a schoolwide program*.

Required Action: The district must provide details on how the funds are being used for supplemental programs in the schools. The district must also provide documentation that the existing positions supported with ARRA Title I funds would have been eliminated without the infusion of the ARRA Title I funds.

Finding 3: The 2009-2010 Title I Unified Plan for Bridgeton High School does not include the HOPE Academy as a strategy to assist low-performing students. In a Title I schoolwide program the plan is the sole mechanism to verify that the school is using its Title I funds to meet the intents and purposes of the Title I legislation.

Citation: 34 CFR §200.29 *Consolidation of funds in a schoolwide program*.

Required Action: The district must provide technical assistance to Bridgeton High School in the revision of the school's Title I Unified Plan. The revised plan must incorporate the newly established Hope Academy as the school's program to address the needs of the students at the High School.

**BRIDGETON SCHOOL DISTRICT
ARRA MONITORING REPORT
MARCH 2010**

Finding 4: The district has not consulted with nonpublic schools outside the district boundaries attended by Bridgeton residents. The Aide-in-Lieu report showed the district expended funds to transport students to nonpublic schools outside of the district boundaries. However, the district did not conduct consultation activities, as required by Title I, with any of these nonpublic schools. There is one nonpublic school in the district's boundaries (Bridgeton Christian) that refused participation in the Title I program. Another resident nonpublic school, Our Lady of Guadeloupe, closed its doors, but the district did not consult with the nonpublic schools that may have received students from the closing school.

Citation: *NCLB §1120 Participation of Children Enrolled In Private School.*

Required Actions: The district must immediately begin the consultation process with those nonpublic schools that enroll students residing within the boundaries of the district's eligible attendance areas. For resolution the district must submit the signed Affirmation of Consultation forms and a narrative describing the eligibility criteria and services offered to participating students.

Finding 5: The district's initial Parents' Right-to-Know letter does not meet the regulatory requirements. The letter, sent in September 2009, does not indicate how parents may request information on the qualifications of their child's teacher. Additionally, the letter refers to the HOUSE (Highly Objective Uniform Standard of Eligibility) as a means by which the district is working to "meet the requirements of the federal law." This option no longer exists for meeting the federal definition of highly qualified teacher. The letter states that teachers "can demonstrate their expertise . . . through a combination of college coursework, professional development activities and experience."

Citation: 34 CFR §200.61 *Parents' Right to Know.*
34 CFR §200.56 *Definition of "highly qualified teacher."*

Required Action: The district must revise its initial Parents' Right-to-Know letter to include the process by which parents may request information on the highly qualified status of their child's teacher. The revised letter must also exclude the HOUSE as a means for teachers to meet the federal definition of a "highly qualified teacher." The district must send a copy of the revised letter to the NJDOE for review.

Finding 6: The district did not develop and distribute the follow-up Parents' Right-to-Know letter. Title I regulations require that a district provide, "Timely notice that the parent's child has been assigned, or has been taught for four or more consecutive weeks by, a teacher of a core academic subject who is not highly qualified." The district has long-term substitutes in hard to staff areas (e.g., bilingual, science), but the district did not send the four-week follow-up notification to the parents of students in the classes with long-term substitutes.

Citation: 34 CFR §200.61 *Parents' Right to Know.*

**BRIDGETON SCHOOL DISTRICT
ARRA MONITORING REPORT
MARCH 2010**

Required Action: The district must develop the Parents' Right-to-Know follow up letter and distribute the letter to the parents of the impacted students. The district must send a copy of the letter to the NJDOE for review.

Finding 7: The district cannot provide evidence of school-level parent involvement policies.

Citation: 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 school-level parent involvement policies. The schools must work with their respective School Leadership Council to develop a school-level parent involvement policy. The schools must distribute the school-level parent involvement policy to parents of all students and send a copy of the school-level parent involvement policy for each school to the NJDOE for review.

Finding 8: The district cannot provide evidence of the Title I school-parent compact. However, the district did send an email to principals on December 11, 2009 requesting that they develop and distribute the required school-parent compact.

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

Required Action: The principals must work with their School Leadership Councils to develop a Title I school-parent compact. The school must distribute the compact to parents of all students and send a copy of the school-parent compact to the NJDOE for review.

Finding 9: The district cannot provide evidence of convening the Title I annual meeting for parents to inform them of the school's participation in Title I and the Title I parent involvement requirements and rights.

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

Required Action: The district must convene the Title I annual meeting for parents. The district must send copies of the agenda, sign-in sheets and minutes from the annual parent meeting to the NJDOE.

Finding 10: The district combined the notification of School in Need of Improvement status with the notification of Choice/Supplemental Educational Services options. The School in Need of Improvement letter is missing the following required components: (1) An explanation of what the identification means, and how the school compares in terms of academic achievement to other elementary and secondary schools served by the LEA and the State Education Agency (SEA) involved; and (2) The reasons for the identification.

**BRIDGETON SCHOOL DISTRICT
ARRA MONITORING REPORT
MARCH 2010**

Citation: NCLB §1116 (b)(6) *Academic Assessment And Local Educational Agency And School Improvement*

Required Action: The district must revise its parental notification to meet the regulatory requirements and distribute a copy of the revised letter to parents. The district must submit a copy of the revised letter to the NJDOE for review. The district must send a notification to parents of students at Quarter Mile Lane to inform them the school is now in need of improvement.

Finding 11: The district's SES enrollment form does not contain a comprehensive list of providers. Parents were given a list of 15 providers from which to choose.

Citation: NCLB §1116 (b)(6) *Academic Assessment and Local Educational Agency and School Improvement.*

Required Action: The district must distribute a second round of SES eligibility letters to parents of eligible students. These letters must contain the complete list of SES providers including those serving "All of New Jersey" and those providers offering Web-based services. The district must submit a copy of the second SES notification letter to the NJDOE for review.

Finding 12: The district does not have the required supporting documents to verify the activity of Title I funded 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 must verify the time and activity of staff charged to the grant. The district must submit a list of 2009-2010 Title I funded staff, salaries, funding percentages and time sheets to date, to the NJDOE for review (including administrative staffing).

Finding 13: The district's budget allocation of Title I and ARRA Title I funds to its schools does not agree with the Title I school allocations on the 2009-2010 *NCLB* Consolidated Application for Title I funds (Eligibility Page, Step 4).

Citation: *NCLB §9306(a)(5) Other General Assurances (Assurances).*

Required Action: The district must reconcile its budget to correspond to the Title I school-level allocations reflected in the 2009-2010 *NCLB* Consolidated Application for Title I funds (Eligibility Page, Step 4) and Title I ARRA funding. The revised budget must be submitted to the NJDOE for review.

**BRIDGETON SCHOOL DISTRICT
ARRA MONITORING REPORT
MARCH 2010**

C. IDEA:

Finding 14: The district is not in compliance with the requirements for services to nonpublic schools. The district does not participate in consultation and collaborative decision-making with the nonpublic schools; does not communicate directly with the nonpublic schools regarding the delivery of service and new requests for service; nor does it maintain a list of students being served; and current service plans.

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 and develop procedures to participate in a collaborative decision-making process with the nonpublic schools. In its communication with the nonpublic schools, the district must clarify how services will be delivered and the process for authorizing new requests for services that come through the district and not the provider. Additionally, the district must generate a list of students receiving services under IDEA/IDEA ARRA, and revise the students' service plans to match the list. The district must submit its updated contract(s) and control procedures to the NJDOE for review

Finding 15: The district's contracts with the nonpublic service providers do not specify that payments must be tied to specific services.

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 revise the contracts with its nonpublic services providers to denote that payments will be based on specific services provided.

Finding 16: The district is using IDEA funds for CEIS (coordinated early intervening services), but does not have evidence of the required criteria to identify general education students for CEIS. Additionally, the district does not have a mechanism to track the progress of the students being served.

Citation: IDEA Regulation 34 CFR 300.226 (*Early Intervening Services*).

Required Action: The district must develop criteria for identifying at-risk students and referring them for early intervening services. The district must also develop a mechanism to track their progress when services are provided. The district must submit a copy of the criteria and logs to the NJDOE for review.

Finding 17: The district does not have the required supporting documents to verify the activity of IDEA funded staff as required by federal law.

**BRIDGETON SCHOOL DISTRICT
ARRA MONITORING REPORT
MARCH 2010**

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 2009-2010 Title I funded staff, salaries, funding percentages and time sheets to date, to the NJDOE for review (including administrative staffing).

D. ADMINISTRATIVE

Recommendation 1: Although the district does not have formal written policies for requesting reimbursement from the Electronic Web Enabled Grant (EWEG) system, 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 2: The district's internal controls should be updated to include policies and procedures to prevent non-allowable costs from being charged to grants, prevent contracting with disbarred vendors and perform competitive contracting.

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 these errors from recurring.

Recommendation 3: A review of 10 files of paraprofessionals indicates that all have met the Title I requirements. The district is classifying paraprofessionals as having 60 or more college credits although the paraprofessional's transcript indicates less than 60 credits.

Citation: 34CFR §200.58 *Qualifications of paraprofessionals*.

Recommended Action: The district should carefully screen transcripts to ensure that the paraprofessional has at least 48 credits, excluding developmental/remedial courses and classify as highly qualified via the option of "two years of college credits" rather than "60+ credits."

BRIDGETON SCHOOL DISTRICT
ARRA MONITORING REPORT
MARCH 2010

Recommendation 4: Under the New Jersey's Public School Contracts Law (PSCL) districts do not need 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 ARRA and 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 department 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 Local Finance Notice LFN 2010-3 issued January 15, 2010 for more information on competitive contracting for school 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.