



State of New Jersey

DEPARTMENT OF EDUCATION

PO Box 500

TRENTON, NJ 08625-0500

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

CHRISTOPHER D. CERF
Acting Commissioner

October 26, 2011

Dr. James Doran, Superintendent
Harrison Board of Education
501 Hamilton Avenue
Harrison, NJ 07029-1430

Dear Dr. Doran:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Harrison 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 17, 2009. The resulting report is enclosed. Please provide a copy of the report to each board member. All issued ARRA monitoring reports will be posted on the department's website at <http://www.nj.gov/education/arra/>.

Utilizing the process outlined in the attached "Procedures for LEA/Agency Response, Corrective Action Plan and Appeal Process," the Harrison 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'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 Roseann Lozinski at (609) 292-4452.

Sincerely,

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

RJC/LDM/tc:Harrison BOE Cover Letter
Enclosures

Distribution List

Christopher Cerf
Bari Erlichson
David Corso
Barbara Gantwerk
Justin Barra
Glenn Forney
Karen Campbell
Anne Corwell
Patricia Gray
John Worthington
Roseann Lozinski
Monica Tone
Stephen M. Eells

**STATE OF NEW JERSEY
DEPARTMENT OF EDUCATION
PO BOX 500
TRENTON, NJ 08625-0500**

HARRISON BOARD OF EDUCATION
517 Hamilton Street
Harrison, NJ 07029
PHONE: 973-483-4627



American Recovery & Reinvestment Act 2009

New Jersey K-12 Education

**ARRA MONITORING REPORT
OCTOBER 2011**

District: Harrison
County: Hudson
Dates on-Site: December 15-17, 2009
Case #: ARRA-005-09

FUNDING SOURCES

Program	Funding Award
State Fiscal Stabilization Fund – Education Stabilization Fund	\$3,181,631
State Fiscal Stabilization Fund – Government Services Fund	123,166
ARRA-Title I	648,679
ARRA-IDEA Basic	533,168
ARRA-IDEA Preschool	19,163
Total ARRA Funds	<u>\$4,505,807</u>
Title I	\$1,088,757
Title I SIA	83,321
IDEA Basic	443,444
IDEA Preschool	11,178
Total Non ARRA Funds	<u>\$1,626,700</u>
Total Funds	<u>\$6,132,507</u>

**HARRISON BOARD OF EDUCATION
ARRA FISCAL MONITORING
OCTOBER 2011**

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 Harrison 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; Title I; Title I SIA; ARRA-IDEA Basic; ARRA-IDEA Preschool; IDEA Basic and IDEA Preschool for the period July 1, 2009 through December 17, 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

The following dollar amounts of expenditures were reviewed for each program monitored for the period of July 1, 2009 through December 17, 2009:

- ESF expenditures totaling \$2,991,030.13 were reviewed;
- GSF expenditures totaling \$42,604.35 were reviewed;
- Title I expenditures totaling \$186,889.97 were reviewed;
- Title I SIA expenditures totaling \$9,669 were reviewed;
- ARRA-Title I expenditures totaling \$301,163.12 were reviewed;
- IDEA Basic expenditures totaling \$23,315.61 were reviewed;
- IDEA Preschool expenditures totaling \$11,092.00 were reviewed;
- ARRA-IDEA Basic expenditures totaling \$123,777.00 were reviewed; and
- ARRA-IDEA Preschool funds had not been expended at the time of the monitoring visit.

**HARRISON BOARD OF EDUCATION
ARRA FISCAL MONITORING
OCTOBER 2011**

GENERAL DISTRICT OVERVIEW AND USE OF ARRA FUNDS

ARRA-Title I and Title I SIA Projects

The district received \$1,088,757 in Title I, Part A funds; and an additional \$648,679 in ARRA-Title I, Part A funds. The district operates schoolwide programs in all three of its schools. None of the schools have been designated as Schools in Need of Improvement (SINI). The districts 2009-2010 Electronic Web Enabled Grant (EWEG) application has identified the following areas as its priority problems:

1. Closing the Achievement Gap - for all students
2. Language Arts Literacy - for all students
3. Mathematics - for all students

ARRA-IDEA Basic, ARRA-IDEA Preschool, IDEA Basic and IDEA Preschool Projects

The district submitted an ARRA-IDEA plan and IDEA grant that has not been approved at the time of the monitoring. However, the summer plan submitted and approved indicated that the district would spend the funds from ARRA for a summer enrichment program for special education students, the purchase and installation of computers and widescreen displays for seven inclusion classrooms and upgrading the computer and server for the child study team. As of this monitoring, the remainder of the ARRA plan has not been approved due to the various issues. The district is not eligible to utilize the MOE funds. The district has been designated as a “district in need of improvement.”

The district indicated that they intend to utilize the funds for salaries and benefits for two additional special education teachers and to provide professional development for the staff. Additional funds are being expended to outside contractors who provide services to the preschools. Preschool funds will provide a special education paraprofessional.

The projects described in the grants were developed in part from the district’s special education self-assessment. The district indicated in the interview that they identified two areas of need in least restrictive environment and transition that would be addressed by the plan.

The district plans to compare assessment data of students who were always placed in general education settings with special education supports and students who were in self-contained programs and were now included. The district expects improved scores for both groups. Current teacher reports have not yielded any feedback due to the newness of the program. The district also expects that more students will successfully transition from school to work or school to post school experiences.

The district indicated that the only nonpublic school in their community has closed. The district needs to revise their grant to indicate the closing of the nonpublic school and return the funds to the NJDOE. Further, the district has contracts with private providers that were included in the grant for continued services for the community based preschools.

**HARRISON BOARD OF EDUCATION
ARRA FISCAL MONITORING
OCTOBER 2011**

DETAILED FINDINGS AND RECOMMENDATIONS

SFSF Funds

There were no findings in the SFSF Review.

ARRA-Title I, Title I, and Title I SIA

Finding 1: The district has misclassified the accounting classification of computer equipment in the supplies account line.

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 update its applications and corresponding accounting records to classify expenses according to their function. The revised budget summary for the ARRA-Title I grant should be submitted to the NJDOE for review.

ARRA-IDEA Basic, ARRA-IDEA Preschool, IDEA Basic and IDEA Preschool

Finding 2: Based on a review of the professional development schedule for this year, the district is not offering professional development as indicated in their plan.

Citation: 34CFR300.208 (Permissive Use of Funds).

Required Action: The district must revise their plan to include the professional development to support the programs established by the ARRA funds as indicated in their budget detail.

Finding 3: The district does not have the required supporting documents to verify the activity of IDEA and ARRA-IDEA 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 FY 2009-2010 staff, salaries, funding percentages, and time sheets to date, to the NJDOE for review (including administrative staffing).

Finding 4: The district has misclassified the accounting classification of computer infrastructure work to the supplies account line. This work should be charged to 400-720.

**HARRISON BOARD OF EDUCATION
ARRA FISCAL MONITORING
OCTOBER 2011**

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 update its applications and corresponding accounting records to classify expenses according to their function. The revised budget summary for the ARRA-IDEA grant should be submitted to the NJDOE for review.

Recommendation 1: The district does not have formal written board policies for requesting reimbursement from the EWEG system; however, the district's practices for requesting reimbursement were 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 should approve the policy at an upcoming board meeting and submit the policy to the NJDOE for review.

Recommendation 2: The district has a Purchasing Manual, but the manual does not address the issue of contracting with disbarred vendors and needs to be updated.

Citation: EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 36, Procurement.

Recommended Action: The district must update its Purchasing Manual and have it approved by the board in order to improve internal controls and purchasing policies to prevent possible contracting errors from occurring.

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 Roseann Lozinski at (609) 292-4452 or via email at roseann.lozinski@doe.state.nj.us.