



State of New Jersey

DEPARTMENT OF EDUCATION

PO Box 500

TRENTON, NJ 08625-0500

CHRIS CHRISTIE  
Governor

KIM GUADAGNO  
Lt. Governor

ROCHELLE R. HENDRICKS  
Acting Commissioner

December 16, 2010

Dr. Michael Gorman, Superintendent  
Pemberton Township Board of Education  
One Egbert Street  
PO Box 228  
Pemberton, NJ 08068

Dear Dr. Gorman:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Pemberton Township 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 2, 2010. 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 Pemberton 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 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:Pemberton Twp. BOE Cover Letter  
Enclosures

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

**ARRA MONITORING REPORT  
DECEMBER 2010**

**District:** Pemberton Township Board of Education  
**County:** Burlington  
**Dates On-site:** December 2 and 3, 2009  
**Case #:** ARRA-008-09

**FUNDING SOURCES**

Program	Funding Award
State Fiscal Stabilization Fund – Education Stabilization Fund	\$7,248,718
State Fiscal Stabilization Fund – Government Services Fund	280,609
ARRA - Title I	514,455
ARRA – Title I SIA	28,200
ARRA - Neglected and Delinquent	21,321
ARRA – IDEA Basic	1,207,521
ARRA – IDEA Preschool	43,444
<b>Total ARRA Funds</b>	<b>\$9,344,268</b>
Title I	\$ 838,556
Title I - SIA	33,072
Title I - Part D	35,417
IDEA Basic	1,535,862
IDEA Preschool	41,731
<b>Total Non-ARRA Funds</b>	<b>\$ 2,484,638</b>
<b>Total Funds</b>	<b>\$11,828,906</b>

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**BACKGROUND**

The *American Recovery and Reinvestment Act of 2009 (ARRA)* and other federal laws require districts/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 Pemberton Township School District 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-IDEA Basic; ARRA-IDEA Preschool; ARRA-Title I; ARRA-Title I, Part D; ARRA-SIA; Title I; Title I SIA, Title I, Part D; IDEA; and IDEA Preschool for the period July 1, 2009 through December 2, 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. 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:

- ESF expenditures for salary of \$5,165,591;
- GSF expenditures for salary of \$280,609;
- ARRA - IDEA Basic expenditures of \$264,265;
- ARRA - IDEA Preschool expenditures of \$12,219;
- ARRA - Title I expenditures of \$15,888;
- ARRA - Title I, Part D funds had not been expended at the time of the monitoring visit;
- ARRA - Title I SIA expenditures of 11,164;
- Title I expenditures of \$383,060;

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- Title I SIA funds had not been expended at the time of the monitoring visit;
- Title I, Part D funds had not been expended at the time of the monitoring visit;
- IDEA Basic expenditures of \$1,030,506; and
- IDEA Preschool funds had not been expended at the time of the monitoring visit.

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

**GENERAL DISTRICT OVERVIEW OF USES OF ARRA FUNDS**

**ARRA-IDEA Projects**

The district is using the ARRA-IDEA funds to support students with disabilities in transition activities (hiring a transition coordinator and job coach and specialized transportation), statewide assessment (additional skill building courses), programs and services (expansion of district special education programs) and least restrictive environment (professional development for teachers and improved technology for students in classrooms). These activities also assist the district's continued support of students with disabilities in inclusive opportunities. The grants were developed to support the district's identified areas of need during the Special Education Self-Assessment.

The IDEA funds are utilized to support tuition costs and the provision of specialists to increase student participation in district programs (nurses for students).

Funds were targeted for activities that would improve the district's student assessment data by providing a summer program for students in language arts and mathematics and professional development for staff. Supplies were purchased to increase the student's ability to participate in general education through the use of assistive technology (test talker, test scanners, video magnifiers and reading pens) as well as professional development for staff in co-teaching training. Smart Boards and Smart Tables were purchased for classrooms throughout the district where special education students are educated. Preschool students were supplied with board maker and sensory integration items. In order to access community based instruction, the district purchased a seven passenger van as well as the expansion of staff to include a job coach and transition coordinator. Further, to reduce the placement of students in out-of-district programs the district established a middle school level life skills program.

**ARRA Title I Projects**

Title I and ARRA-Title I funds are used for the following:

- Summer camp for struggling students in grades 7 through 9 for Algebra and Pre-algebra;
- Additional in-class support for grades K-6;
- Additional professional development in the areas of Response to Intervention, Developmental Reading Assessments, Measures for Academic Progress and differentiated instruction;
- Technology infusion into the classroom;
- Supplemental instructional supplies; and

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- Additional parent involvement supplies.

**DETAILED FINDINGS AND RECOMMENDATIONS**

**SFSF Funds**

There were no findings in the SFSF Review.

**Title I**

**Finding 1:** The district has one general ledger program code for Title I, Part A and Title I, Part D, but the district did have trailer codes to separate the grant. These are separate grants and need to be reported separately in the accounting system to ensure accuracy of the 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 has created a separate program code for Title I, Part D and has resolved the issue. No further action is needed.

**Finding 2:** The district may have been supplanting by using ARRA funds to pay for things such as gifted and talented programs, developmentally appropriate kindergarten and a pre-k program.

**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*.

**Required Action:** The district provided documentation that the expenditures were reversed and charged to local funds. No further action is needed.

**Finding 3:** The district does not have a mechanism to track mandatory reserves (including school-level reserves and SES per pupil costs) in its accounting system to ensure the accuracy of the 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 to the NJDOE for review.

**Finding 4:** The district did not inform parents of its Title I program selection criteria, why the child met the selection criteria, the course of action that the school has determined to remediate

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the child and the exit criteria. 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 revise its parent notification letter to include the required legislative components and distribute the revised letter to the parents of its Title I students. The district must provide a copy of the revised parent notification letter to the NJDOE for review.

**Finding 5:** The district did not provide evidence of convening the Title I annual meeting for parents to inform them of the school's participation in Title I, Title I parent involvement requirements and rights, parent school compact and distribution of parent involvement policy for 2009-2010; however, all these items were corrected in the 2010-2011 school year.

**Citation:** NCLB §1118(c)(1) (2): *Parental Involvement (Policy Involvement)*.

**Required Action:** The district made all the corrective actions in the 2010-2011 school year.

**IDEA**

There were no findings in the IDEA review.

**Administrative**

**Recommendation 1:** The district does not have formal written policies for requesting reimbursement from the electronic Web Enabled Grant (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 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 does not have a formal written policy to address the issue of contracting with disbarred vendors.

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

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**Recommended Action:** The district must update internal control policies to prevent these errors from occurring.

**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 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.

**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](mailto:anthony.hearn@doe.state.nj.us).