



State of New Jersey

DEPARTMENT OF EDUCATION

PO Box 500

TRENTON, NJ 08625-0500

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Governor

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Acting Commissioner

February 8, 2011

Dr. Bessie LeFra Young, Superintendent
Camden City Board of Education
201 North Front Street
Camden, NJ 08102-1935

Dear Dr. Young:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Camden City 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 November 15, 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 Camden City 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:Camden City BOE Cover Letter ARRA
Enclosures

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

**ARRA MONITORING REPORT
FEBRUARY 2011**

District: Camden City Board of Education
County: Camden
Dates On-Site: November 15, 16 and 17, 2010
Case #: ARRA-018-09

FUNDING SOURCES

Program	Funding Award
State Fiscal Stabilization Fund – Education Stabilization Fund	\$37,051,541
State Fiscal Stabilization Fund – Government Services Fund	1,434,320
ARRA-Title I	6,397,060
ARRA-Title I SIA	474,845
ARRA-IDEA Basic	4,011,818
ARRA-IDEA Preschool	144,021
Total ARRA Funds	<hr/> \$49,513,605
Title I	\$11,882,264
Title I SIA	698,962
IDEA Basic	4,168,247
IDEA Preschool	148,559
Total Non-ARRA Funds	<hr/> \$16,898,032
Total Funds	<hr/> <hr/> \$66,411,637

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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 Camden City 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-IDEA Basic; ARRA-IDEA Preschool; ARRA-Title I; ARRA-Title I, SIA; Title I; Title I SIA; IDEA Basic; and IDEA Preschool for the period July 1, 2009 through November 15, 2010. 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 \$37,051,541;
- GSF expenditures for salary of \$1,434,320;
- ARRA-IDEA Basic expenditures of \$2,310,062;
- ARRA-IDEA Preschool expenditures of \$78,398;
- ARRA-Title I expenditures of \$4,673,646;
- ARRA-Title I SIA expenditures of \$399,732;
- Title I expenditures of \$12,619,298;
- Title I SIA expenditures of \$456,607;

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- IDEA Basic expenditures of \$4,331,738; and
- IDEA Preschool expenditures of \$121,178.

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-Title I Projects

The district's FY 2010 Title I, Part A allocation was \$11,882,264. In its FY 2010 NCLB Consolidated Application, the district dedicated \$594,113 of its Title I, Part A allocation for administrative costs, \$558,872 for district-wide professional development, \$118,823 for parent involvement and \$2,376,453 for supplemental educational services. Additionally, as a district in need of improvement (DINI), the district was required to set aside \$594,113 for DINI professional development. The balance of the funds was allocated to the district's 31 eligible attendance areas.

The district's ARRA-Title I, Part A allocation is \$6,464,538. In its ARRA-Title I, Consolidated Application, the district reserved \$319,853 for administrative costs, \$4,787,132 for district-wide professional development, \$64,646 for parental involvement and \$1,292,907 for supplemental educational services. The district elected not to allocate any funds to its eligible attendance areas.

The district identified its priority problems as student performance in language arts literacy and mathematics, as well as teachers' use of instructional skills and strategies. To address these priority problems, the district is using its FY 2010 Title I funds to support the 100 Book Challenge by increasing the number of books available for students' independent reading, to supply each classroom teacher with a new library of books for independent reading and to provide professional development in the best practices in literacy instruction.

The ARRA-Title I, Part A funds are being used to implement WiggleWorks, an early elementary program that focuses on phonics and vocabulary development, in kindergarten classrooms. To implement this program, the district purchased computers for each kindergarten classroom and provided two days of professional development - one day was for all kindergarten teachers and another day to train the literacy coaches. The funds are also being used for SchoolPace, a program that allows teachers to enter their classroom data (e.g., reading levels for each child) and principals to receive a daily report to monitor and track student progress. To evaluate the impact of WiggleWorks on student achievement, the district will assess the growth in students' Developmental Reading Assessment (DRA2) scores as well as their overall reading performance. Teachers will be able to print a Reading Record from the WiggleWorks system to monitor how many books their students are reading and gains in the students' independent reading levels.

The infusion of ARRA funding enabled the district to expand the Read 180 program into fifth grade classrooms. Nine schools also expanded the Read 180 program into sixth grade classrooms. The district purchased materials from Scholastic for Read 180 and increased

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professional development offerings for administrators to include monthly visits to each Read 180 classroom and monthly articulation meetings. In addition to increased teacher support, the vendor conducted administrative trainings for all principals that have Read 180 in their buildings. Students participating in the Read 180 program will take the Scholastic Reading Inventory (SRI) every eight weeks. The district expects that Read 180 students will show increases in Lexile scores, which measure students' reading levels, and growth on the SRI, DRA2, and Learnia (New Jersey's formative assessment initiative).

To address student performance in mathematics, the district's Title I funds support the enVision Math program in grades K-2. To effectively implement enVisionMath, which focuses on conceptual understanding, problem solving and program organization, the district expended Title I funds for materials in Spanish and English, on-site support (facilitators and publisher representatives) and professional development for staff. Students in grades 2-5 are using First in Math, an online program that incorporates games to teach mathematics skills such as addition and multi-step Algebra equations. For both programs the district will evaluate the programs success through student performance on quarterly assessments and unit assessments, as well as teacher evaluations, mathematics learning-walks, representative site visits and oral feedback.

ARRA-IDEA Projects

The district is using ARRA-IDEA funds to reduce the obligation for the maintenance of effort by offsetting tuition costs for students with disabilities enrolled by the child study team in special education receiving schools. The district is providing extended school year services for students with disabilities and supporting the costs of child study team evaluations. The Preschool grant includes funds for the renovation of an early childhood playground so that it will be accessible to students with physical disabilities. Supplies were purchased for use by related service providers and related services were provided on a contractual basis. Additionally, funds will be used to provide targeted professional development aimed at enhancing services and to purchase supplementary educational or diagnostic materials intended to support academic growth among students with disabilities.

DETAILED FINDINGS AND RECOMMENDATIONS

SFSF Funds

Finding 1: The district's reporting and tracking of jobs created and jobs retained did not have the required detailed documentation.

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 formal tracking of SFSF funding and the backup necessary to support the charges consistent with the federal guidance issued with

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regard to jobs created and jobs retained. The district should update their records to include all names, salary charges and position for each staff member charged to the grant.

Finding 2: The district charged custodian salaries to Fund 16, which is not an allowable expenditure for ARRA funds.

Citation: American Recovery & Reinvestment Act, Section 14003.

Required Action: The district must remove non-allowable costs for custodial staff from the SFSF charges.

Finding 3: The district's cash management report did not reconcile to the district's financial records (Board Secretary reports and general ledger). Salaries and benefits were posted to the district's financial records after the cash management report due date.

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 and cash draw downs consistent with the federal guidance issued.

Finding 4: The district charged benefits to the grant, but did not maintain documentation to support the charges.

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 formal tracking of SFSF funding and the backup necessary to support the charges consistent with the federal guidance issued and ensure that only benefits for qualified staff were charged.

Title I

Finding 5: The district is supplanting by using Title I and ARRA-Title I funds to pay for Credit Recovery Programs in the high school and the salaries of vice principals. The district is using federal funds to support a program and positions that would still be required in the absence of federal funds.

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*.

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Required Action: The district must reverse the expenditures for both the Credit Recovery programs and the salaries of the vice principals. Also, the district must identify state/local funds to support these expenditures.

Finding 6: A review of the personnel files of 26 paraprofessionals indicated that the files of four instructional aides do not contain evidence of meeting the requirements for Title I paraprofessionals. Also, of the 26 files sampled, 18 employees were classified as “Instructional Aides” on 2009-2010 staff list.

Citation: NCLB §1119: *Qualifications for Teachers and Paraprofessionals*;
34CFR §200.58: *Qualifications of paraprofessionals*.

Required Action: The district must provide evidence that the four paraprofessionals in question have met the requirements for instructional paraprofessionals in Title I schoolwide programs. If this documentation is not available, the district must immediately reassign the employees to full-time non-instructional positions or terminate their employment with the district.

Finding 7: The district is not using multiple, educationally related entrance criteria to identify nonpublic school students eligible for Title I services.

Citation: NCLB §1120 (*Participation of Children Enrolled In Private Schools*).

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 8: The district has not consulted with nonpublic schools that enroll resident high school students.

Citation: NCLB §1120 (*Participation of Children Enrolled In Private Schools*).

Required Actions: The district must immediately begin the consultation process with those nonpublic schools that enroll high school 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 9: The district is supplanting by expending funds on non-allowable uses such as materials, supplies and Smart Boards for the nonpublic schools. The items purchased were used by the entire school and not just the identified low-performing students identified as Title I eligible.

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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*. 34 CFR § 200.26 *Core elements of a schoolwide program*.

Required Action: The district must reverse the expenditures for the materials, supplies and Smart Boards in the nonpublic schools, and identify state/local funds to support these expenditures. Additionally, the district must review all other similar expenditures. The district must provide a list of the expenses being removed, show adjusting entries and a plan on how to prevent these costs from occurring in the future to the NJDOE for review.

Finding 10: The district does not have a comprehensive equipment inventory for items purchased with Title I funds at the nonpublic schools. Smart Boards were the only items on the inventory; however, the district has documentation of purchasing computers for use in the nonpublic schools.

Citation: EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 32, Equipment.

Required Action: The district must have formal tracking of equipment purchased with federal grants. Although the state threshold for reporting equipment is \$2,000 in the Electronic Web Enabled Grant (EWEG) system, the district may have its own lower threshold. The district must track any amount that is less expensive to track than it is to replace. All inventoried items should include tag number, cost, location, date of purchase, and item description. The district must submit a comprehensive inventory of all equipment purchased for the use of the nonpublic school students to the NJDOE for review.

IDEA

Finding 11: The district has used ARRA-IDEA funds to supplant out-of-district tuition costs without completing the appropriate tabs within the EWEG on-line grant application. Prior review and approval is required for this Maintenance of Effort Reduction.

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 immediately complete a grant application amendment in the EWEG on-line ARRA-IDEA grant application.

Finding 12: The district does not have supporting documents to verify the activity of ARRA-IDEA funded staff as required by federal law. The district did not have sufficient documentation to demonstrate why the salaries for two summer attendance officers and one security officer were appropriately charged to the IDEA grant as an allowable cost.

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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 submit a rationale/justification statement and supporting documents to support these salary expenditures for review and approval or back these costs out of the grant in the amendment required and reallocate the funds for a permitted expenditure. Staff who are serving the total population may not be funded with IDEA funds.

Finding 13: The district did not have an equipment inventory for all items purchased with federal grants.

Citation: EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 32, Equipment.

Required Action: The district must have formal tracking of equipment purchased with federal grants. Although the state threshold for reporting equipment is \$2,000 in the EWEG system, the district may have its own lower threshold. The district must track any amount that is less expensive to track than it is to replace. All inventoried items should include tag number, cost, location, date of purchase, and item description.

Administrative

Recommendation 1: Although the district does not have formal written policies for requesting reimbursement from the EWEG system, 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's internal control manual does not address the issue of contracting with disbarred vendors (even though this did not happen, there were no administrative controls in place to prevent it from occurring).

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 possible errors from occurring.

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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.