



State of New Jersey

DEPARTMENT OF EDUCATION

PO Box 500

TRENTON, NJ 08625-0500

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

August 24, 2010

BRET SCHUNDLER
Commissioner

Dr. David Campbell, Superintendent
Cherry Hill Township Board of Education
Malberg Administration Building
45 Ranoldo Terrace
Cherry Hill, NJ 08034-0391

Dear Dr. Campbell:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Cherry Hill 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 April 12, 2010. 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 Cherry Hill 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:Cherry Hill Twp. Board of Education Cover Letter
Enclosures

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

ARRA MONITORING REPORT
AUGUST 2010

District: Cherry Hill Township Board of Education
County: Camden
Dates On-Site: April 12, 13 and 14, 2010
Case #: ARRA-020-09

FUNDING SOURCES

Program	Funding Award
State Fiscal Stabilization Fund – Education Stabilization Fund	1,353,115
State Fiscal Stabilization Fund – Government Services Fund	52,381
ARRA - Title I	595,569
ARRA – Title I SIA	9,754
ARRA – IDEA Basic	2,500,032
ARRA – IDEA Preschool	111,549
Total ARRA Funds	<hr/> \$4,622,400
Title I	914,172
Title I SIA	-
IDEA Basic	2,912,396
IDEA Preschool	105,255
Total Non-ARRA Funds	<hr/> 3,931,823
Total Funds	<hr/> <hr/> \$8,554,223

CHERRY HILL TOWNSHIP SCHOOL DISTRICT
ARRA MONITORING REPORT
AUGUST 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 Cherry Hill 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; Title I; Title I SIA; IDEA and IDEA Preschool for the period July 1, 2009 through April 12, 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. 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:

- ESF expenditures for salary of \$1,353,115;
- GSF expenditures for salary of \$52,381;
- ARRA - IDEA Basic expenditures of \$615,692.48;
- ARRA - IDEA Preschool expenditures of \$2,826,22;
- ARRA - Title I expenditures of \$ 66,202;
- Title I expenditures of \$274,770;
- Title I SIA no funds had been expended at the time of the monitoring visit;
- IDEA expenditures of \$1,495,023;

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- IDEA Preschool expenditures of \$27,315; and
- District 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 is using its fiscal year 2010 and ARRA-Title I, Part A funds to implement targeted assistance programs in its Title I schools. Primarily, the district provides tutoring services, or an extended day program to supplement the instruction of identified low-performing students. The approach varies depending upon the grade level: elementary, middle, or high school.

At the elementary level, the district is using the ARRA-Title I, Part A funds to support the two-year plan to infuse technology into the curriculum. Year 1 of the plan targets two grade levels, while Year 2 focuses on an additional two grade levels. Title I, Part A funds are being used to purchase IPODs and laptops.

At the secondary level, the district is implementing a Summer Transitional Academy for students at the middle school. The five-week academy assigns a mentor to freshmen students with whom they meet monthly.

ARRA- IDEA Projects

IDEA and ARRA-IDEA monies are being used to fund out-of-district placements for students with disabilities; purchase instructional supplies to support academic program delivery; purchase computers for use by students; and related service providers. In ARRA, Maintenance of Effort (MOE) flexibility is being used to free funds in the local budget for acquiring technology and completing renovations and maintenance at the early childhood center.

The district is also initiating a coordinated early intervention program for students at-risk for referral and is providing training and supplies for this program through the grant. The district is also providing contracted mental health and behavioral support services at the secondary level in an effort to prevent out-of-district placements and return students to this district placement. Anticipated tuition savings would sustain the program beyond the grant period.

Nonpublic funds are providing related services and instructional supplies to students in eight nonpublic schools located within the district.

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DETAILED FINDINGS AND RECOMMENDATIONS

SFSF Funds

Finding 1: The district's reporting and tracking of jobs created and jobs saved did not have the required supporting detail to identify the jobs reported for ESF and GSF funding on 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 necessary backup documentation to support that the information submitted is consistent with the federal guidance recently issued on jobs created and jobs saved. The district must submit updated information with detailed staffing data through March 31, 2010 to the NJDOE for review.

Finding 2: The district's reporting and tracking of SFSF funding did not have the required supporting detail. The district needs to charge direct salaries to Fund 16 and Fund 17 with an identified list of staffing that reconciles to the ESF and GSF Cash Management 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 necessary backup documentation to support that the information submitted is consistent with the federal guidance recently issued on tracking ARRA funds. The district must submit updated information with detailed staffing data through March 31, 2010 to the NJDOE for review.

Title I

Finding 3: The letter distributed to parents to inform them of their child's participation in the Title I program does not meet the legislative/regulatory requirements. While the letter requests the parents' permission for their child to participate in a specific program (e.g., summer school or after-school tutoring), it does not include the required components of entrance and exit criteria, instructional/academic strategies used to remediate the student, and the request for parents' authorization for the student to participate in the Title I program.

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

Required Action: The district must revise its 2010-2011 letter sent to parents to inform them of their children's participation in the Title I program. The letter must include the

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following required components: entrance and exit criteria (both quantitative and qualitative measures), instructional and academic strategies used to remediate the student and section for parents to authorize their child's participation in the Title I program.

Finding 4: The district does not have quantitative, objective exit criteria for students in its Title I program. Students are exited from the Title I program upon the mutual agreement of the teacher and the parent.

Citation: NCLB §1115(b): *Targeted Assistance Program (Eligible Children)*.

Required Action: The district must provide technical assistance to its Title I schools as they develop multiple, educationally related objective criteria to identify students to enter and exit the Title I program. These criteria must be operational for the 2010-2011 Title I program.

Finding 5: 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) (2): *Parental Involvement (Policy Involvement)*.

Required Action: The district must submit the invitational letter/flyer, meeting notes, sign-in sheets, and the agenda from the 2009-2010 meeting to the NJDOE for review.

Finding 6: The schools do not have a school-level Title I parental involvement policy.

Citation: NCLB §1118(b): *School Parental Involvement Policy*, United States Department of Education's Title I, Part A Parent Involvement Non-Regulatory Guidance (Item D-1).

Required Action: The district should provide technical assistance to its schools in the development of school-level parent involvement policies and ensure that its schools work with their stakeholder groups to develop a school-level parent involvement policy. Each school must distribute its school parent involvement policy to parents of the Title I students and send a copy to the NJDOE for review.

Finding 7: The implementation of the requirement for a Title I school-parent compact is inconsistently implemented across each of the district's Title I schools. Neither the Alternative High School nor Joyce Kilmer Elementary School have a school-parent compact, while the compact for James Johnson Elementary School does not meet the legislative/regulatory requirements (the compact does not designate the responsibilities of the students in striving for high student achievement).

Citation: NCLB §1118(d): *Parental Involvement (Shared Responsibilities for High Student Academic Achievement)*.

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Required Action: The district must provide technical assistance to the Title I schools and their stakeholder groups in the development of the school-parent compact. The district must send a copy of the policies for the following schools to the NJDOE for review; Alternative High School, Joyce Kilmer Elementary School and James Johnson Elementary School. In addition, the district must ensure that each school distributes the compact to the parents of the Title I students at the beginning of the 2010-2011 school year.

Finding 8: For the 2009-2010 school year, the district directed principals of each school to develop and issue their respective Parents' Right-to-Know letter. With the exception of the letter issued to the parents of students at Thomas Paine Elementary School, the 2009-2010 Parents' Right-to-Know letters do not meet the legislative requirements. The letters sent from the other schools do not inform parents of the requirements for teachers to meet the federal definition of a "highly qualified teacher."

Citation: 34 CFR §200.61 Parents' Right-to-Know, NCLB §1111(h)(6): *State Plans*.

Required Action: The district must revise its 2010-2011 Parents' Right-to-Know letter to include the options for teachers to meet the federal definition of a "highly qualified teacher" (bachelor's degree, valid state certification, demonstrated content). The district must submit a copy of the revised letter to the NJDOE for review and ensure that the revised letter is distributed to parents at the beginning of the 2010-2011 school year.

Recommended Action: School-level administrators are not the primary recipients of the NJDOE's Title I technical assistance efforts. Therefore, the district should centralize the administrative responsibilities of the Title I grant with the central office personnel charged with implementing the grant. This would ensure consistent parent notification documents across the district's Title I schools.

Finding 9: The letter to parents of eligible Supplemental Educational Services (SES) students does not meet the regulatory requirements. Parents were not given adequate time to respond to the district. The federal SES non-regulatory guidance advises districts that parents should have a response window of at least two weeks. The district's letter is dated October 26, 2009 with a response due date of November 9, 2009. Additionally, the letter does not contain a comprehensive list of SES providers, only the names of several local providers.

Citation: NCLB §1116(e): *Academic Assessment and Local Educational Agency and School Improvement (Supplemental Educational Services)*.

Required Action: The district must revise the SES notification letter to meet the statutory and regulatory requirements. The district must immediately issue the revised letter to parents of eligible students to offer another SES enrollment period that extends service until the end of the project period (August 31, 2010). The district must submit a copy of the revised letter to the NJDOE for review.

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Finding 10: The district has not yet implemented its SES program for the 2009-2010 school year. To avoid obligating local funds, the district did not plan to start services until its fiscal year 2009-2010 NCLB application was approved (3/26/2010).

Citation: NCLB §1116(e): *Academic Assessment and Local Educational Agency and School Improvement (Supplemental Educational Services)*.

Required Action: The district must continue to implement the SES program until the end of the FY 2010 project period (August 31, 2010). Additionally, the district may not reallocate any portion of the 2009-2010 funds reserved for SES. The district must carry over these funds and use them for their original purpose of providing SES to income eligible students in identified Title I schools.

Finding 11: The district's nonpublic consultation process does not meet the legislative/regulatory requirements. The district's consultation process does not focus on the academic criteria to identify nonpublic students for Title I services. Rather, the district is using income as the criterion to identify students for equitable participation; thus low-performing students are not the beneficiaries of the Title I services.

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

Required Action: Beginning with the planning process for the FY 2011 Title I, Part A application, the district must implement a consultation process that meets the legislative/regulatory requirements.

Finding 12: There is no evidence that the district is providing instructional services to complement the supplies and materials that are being purchased for the use of Title I eligible students in the nonpublic schools.

Citation: NCLB §112 (b): *Participation of Children Enrolled in Private Schools (Consultation)*.

Required Action: Beginning with the planning process for the FY 2011 Title I, Part A application, the district must implement a consultation process that meets the legislative/regulatory requirements. The consultation process must identify the Title I instructional services that the district will provide for eligible students in nonpublic schools.

Finding 13: The district is using Cooper Learning Center to provide services for Title I "at-risk" students at the Politz Day School of Cherry Hill without the benefit of a formal contract. Title I services to eligible nonpublic students must be provided by either an employee of the district or a third-party contractor.

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Citation: NCLB §1120(d): *Participation of Children Enrolled in Private Schools (Public Control of Funds)*.

Required Action: The district must have a formal contract in place with the third-party contractor that details all the requirements including professional development, parental involvement, fees, and ownership of property. The district must submit a copy of the formal contract to NJDOE for review.

Finding 14: The district's Title I services in nonpublic schools do not begin at approximately the same time as the services in the district's public schools. The purchase order for reading services through Cooper Learning Center was not executed until February 24, 2010.

Citation: CFR § 200.62 Responsibilities for providing services to private school children.

Required Action: The district must begin its nonpublic consultation process in a more timely manner to ensure that eligible students receive Title I services at approximately the same time as the Title I program begins in the public schools.

Finding 15: The district is including students residing in non-Title I attendance areas in the identification of students eligible for Title I services. Nonpublic and public school students that do not reside in a participating attendance area may not benefit from Title I funds and services.

Citation: NCLB §1120(c): *Participation of Children Enrolled in Private Schools (Allocation for Equitable Services to Private School Students)*.

Required Action: The district must ensure that nonpublic students identified as eligible for Title I services reside in a participating attendance area.

Finding 16: There is no evidence that the district is providing equitable services to the families and teachers of eligible students in nonpublic schools that receive Title I services.

Citation: NCLB §1120(a): *Participation of Children Enrolled in Private Schools (General Requirement)*.

Required Action: The district must develop and implement a process to identify the needs of teachers and families of nonpublic students receiving Title I services.

Finding 17: The district does not have the required supporting documents to verify the activity of Title I, ARRA-Title I and IDEA 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)*.

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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).

IDEA

Finding 18: The district does not maintain affirmations of consultation from the nonpublic schools with which they hold consultations regarding services for students disabilities who attend the nonpublic school. The location, time and services table in the nonpublic tab of the Electronic Web Enabled Grant (EWEG) ARRA application provides summary information and does not list the actual services and the locations for the delivery of 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 obtain and maintain affirmations from the nonpublic schools that they consult with regarding services to IDEA eligible students. The ARRA-IDEA application needs to be revised to include necessary detail regarding the provision of nonpublic services.

Finding 19: The district is not using appropriate academic or behavioral data to identify students at-risk for referral to the child study team for participation in the proposed Coordinated Early Intervention Services (CEIS) program. The district developed log sheets for the CEIS initiative do not conform to the tracking log information required by the NJDOE to demonstrate the provision of CEIS services and student outcomes. The current program does not meet the requirements of the grant for funding for CEIS efforts.

Citation: 34CFR §300.205(d); §300.226(a-d).

Required Action: The district should adopt the state model CEIS tracking form or develop an internal logging system which incorporates all of the components of the OSEP log. Students who receive CEIS services must be followed and recorded on the log for a period of two years, even if they are subsequently referred for evaluation.

Finding 20: Components of the renovation/construction projects included in the ARRA-IDEA grant application are capital improvement or maintenance projects and are not permitted expenditures in the grant.

Citation: Section 605(a) of the Individuals with Disabilities Education Act of 2004 (IDEA 2004).

Required Action: The district must back out the costs of improvement/maintenance projects including carpeting of non instructional areas, security lighting, asphalt resurfacing and installation of curb cuts at the Barclay Early Childhood Center.

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Finding 21: The district did not have an equipment inventory for items purchased with federal grants (IDEA and Title I).

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: 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 2: The district does not have formal written policies for requesting reimbursement from the EWEG system; however, 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 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

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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 NJDOE 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 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.