



State of New Jersey  
DEPARTMENT OF EDUCATION  
PO Box 500  
TRENTON, NJ 08625-0500

CHRIS CHRISTIE  
*Governor*

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*Lt. Governor*

CHRISTOPHER D. CERF  
*Acting Commissioner*

August 12, 2011

Mr. Scott Streckenbein, Superintendent  
Edgewater Park Township Board of Education  
Anne C. Jacques School  
25 Washington Avenue  
Edgewater Park, NJ 08010

Dear Mr. Streckenbein:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Edgewater Park 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 August 31, 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 Edgewater Park 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:Edgewater Park Twp. BOE Cover Letter ARRA  
Enclosures

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

**ARRA MONITORING REPORT  
AUGUST 2011**

**District:** Edgewater Park Township Board of Education  
**County:** Burlington  
**Dates On-Site:** May 10, 2011  
**Case #:** ARRA-025-09

**FUNDING SOURCES**

Program	Funding Award
State Fiscal Stabilization Fund – Education Stabilization Fund	\$969,067
State Fiscal Stabilization Fund – Government Services Fund	37,514
ARRA-Title I	81,587
ARRA-IDEA Basic	235,552
ARRA-IDEA Preschool	8,492
Total ARRA Funds	<hr/> \$1,332,212
Title I	\$211,280
IDEA Basic	254,952
IDEA Preschool	11,019
Title IIA	33,192
Title IID	3,799
Title IV	6,304
Total Non-ARRA Funds	<hr/> \$520,546
Total Funds	<hr/> <hr/> \$1,852,758

**EDGEWATER PARK TOWNSHIP SCHOOL DISTRICT**  
**ARRA MONITORING REPORT**  
**AUGUST 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 Edgewater Park Township 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-IDEA Basic; ARRA-IDEA Preschool; Title I; IDEA Basic; IDEA Preschool; Title IIA; Title IID; and Title IV for the period July 1, 2009 through August 31, 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 totaling \$969,067;
- GSF expenditures totaling \$37,514;
- ARRA-IDEA Basic expenditures totaling \$175,644;
- ARRA-IDEA Preschool expenditures totaling \$4,450;
- ARRA-Title I expenditures totaling \$24,547;
- Title I expenditures totaling \$211,280;
- IDEA expenditures totaling \$254,952;

**EDGEWATER PARK TOWNSHIP SCHOOL DISTRICT**  
**ARRA MONITORING REPORT**  
**AUGUST 2011**

- IDEA Preschool expenditures totaling \$11,019;
- Title IIA expenditures totaling \$33,192;
- Title IID expenditures totaling \$3,799; and
- Title IV expenditures totaling \$6,304.

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 and Title I Projects**

According to its 2009-2010 NCLB Consolidated Application submitted via the Electronic Web Enabled Grant system (EWEG), the district received \$211,280 in Title I, Part A funds. The district also received an additional \$81,587 in ARRA-Title I, Part A funds. The district operates Targeted Assistance Title I programs in both of its funded schools - Magowan School and the Samuel Ridgway School.

Title I funding provides additional in-classroom support for students who demonstrate academic deficiencies in the language arts and mathematics area. All classrooms at the 2-4 grade level have a trained paraprofessional available to work collaboratively with the classroom teacher. The district utilizes an in-class support model for grades 2-8. Reading Recovery is provided for grade 1 students and READ 180 is utilized for students meeting criteria in grades 6-8. Students are identified by multiple measures. Small group reinforcement/review lessons were planned by the teacher and implemented by the language arts staff to meet individual needs. Supplemental student materials were provided when appropriate. Student performance is measured by the use of a variety of tools including Developmental Reading Assessment, Qualitative Reading Inventory, KidBiz lexile levels, as well as teacher made classroom assessments. Intervention and Referral Services (IR&S) plans may be utilized if a student requires additional supports or interventions. The administrative team in conjunction with IR&S and classroom teachers review student assessment data to inform instruction and make appropriate adjustments.

The district has ongoing professional development through the use of consultants, professional learning communities, professional reading and teacher-to-teacher coaching. Title I funding is utilized to provide in-district consultants for teachers, and support staff, as well as professional texts used by language arts and mathematics teachers.

**ARRA-IDEA Projects**

The ARRA-IDEA funds were used to support a teacher's position to expand the special class program options offered in-district. The district accepts students on a tuition basis, from surrounding communities who would benefit from the program within a public school. Two school buses, each with a wheelchair lift, were purchased. Instructional supplies in the form of frequency modulating systems were purchased to meet the needs of classified students.

**EDGEWATER PARK TOWNSHIP SCHOOL DISTRICT**  
**ARRA MONITORING REPORT**  
**AUGUST 2011**

Unanticipated tuition costs were met and additional tuition expenses were met through an allowable reduction in the maintenance of effort.

**DETAILED FINDINGS AND RECOMMENDATIONS**

**SFSF Funds**

**Finding 1:** The district's reporting and tracking of jobs created and jobs retained did not reconcile with 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 backup necessary to ensure that the information submitted is consistent with the federal guidance recently issued with regard to jobs created and jobs retained. Also, the district must put stronger controls in place for the use of Ed Jobs funding.

**Finding 2:** The district did not retain copies of all its ESF and GSF 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.

**Recommended Action:** The district must keep copies of all records relating to the filing of both cash management and jobs created and jobs retained for the Ed Jobs reporting.

**Title I**

**Finding 3:** The district is currently running a replacement program for its identified students at the Ridgway School. Per the Title I legislation and policy letter, replacement programs are strongly discouraged. In a targeted assistance environment, all identified Title I students must benefit from the full academic core curriculum. The LEA must effectively demonstrate that the services provided to these identified students are in addition to the core program.

**Citation:** NCLB §1115(c) *Targeted Assistance Programs, Components of a Targeted Assistance Program*; USDE Policy letter October 6, 2008.

**Required Action:** The district must demonstrate that the services are in addition to the core program or update its Title I program for FY 2011-2012 to reflect the change. The district must submit the documentation or changes to the NJDOE for review.

**EDGEWATER PARK TOWNSHIP SCHOOL DISTRICT**  
**ARRA MONITORING REPORT**  
**AUGUST 2011**

**Finding 4:** The district is required to inform parents of its Title I program selection criteria, why the child met the selection criteria and the course of action that the school has determined to remediate the child. 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 include in its parent notification letters the multiple measures used to identify the students, as well as clearly defined exit criteria. The district must provide a copy of its revised parent notification letter to the NJDOE for review.

**Finding 5:** The district could not provide evidence of a mechanism used to distribute its written parental involvement policy.

**Citation:** NCLB §1118 (a)(2) and (b)(1): *Parental Involvement (Local Educational Agency Policy)*.

**Required Action:** The distribution date of the parent involvement policy must be consistent with the distribution date reflected in the 2009-2010 NCLB Consolidated Application on EWEG. The district must submit documented evidence to the NJDOE as to how and when its written parental involvement policy was distributed.

**Finding 6:** The district did not retain documentation to substantiate the convening of its required Annual Title I parent meeting.

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

**Required Action:** The district must ensure that it maintains invitational letter/flyer, meeting minutes/notes, and sign in sheets from its required Annual Title I Parent meeting.

**Finding 7:** The district provided professional development opportunities (Reading Recovery training) to non-funded Title I staff.

**Citation:** NCLB §1115(2)(d) : *Integration of Professional Development*, NCLB §1120A(b): *Fiscal Requirements (Federal Funds to Supplement, Not Supplant, Non-Federal Funds)*.

**Required Action:** The district must ensure that all external professional development opportunities are provided exclusively to Title I funded staff. The district must reverse the charges for this unallowable activity and allocate state/local funds, rather than Title I funds, to support this unallowable expenditure.

**Finding 8:** The district funded two vice-principals, who were 10-month employees, to perform data analysis during the Summer of 2010. This data analysis was performed for the sole purpose

**EDGEWATER PARK TOWNSHIP SCHOOL DISTRICT**  
**ARRA MONITORING REPORT**  
**AUGUST 2011**

of analyzing student performance data to better inform intervention services provided to all students. This activity and use of funds violates the supplement versus supplant provision as the data analysis performed benefited the entire district.

**Citation:** *The American Recovery and Reinvestment Act of 2009 (ARRA) (Public Law 111-5), NCLB §1120A(b): Fiscal Requirements (Federal Funds to Supplement, Not Supplant, Non-Federal Funds).*

**Required Action:** As a result of the data analysis performed by the vice-principals, the district must use the remainder of its ARRA-Title I, Part A funds to provide the needed/suggested interventions for its identified Title I students. The district must submit a copy of the planned interventions to the NJDOE for review.

**Finding 9:** The district used its Title I, Part A funds to pay for its Read 180 program, accompanying software, and laptop computers that were used by the whole school. All of these expenditures in a targeted assistance environment are unallowable.

**Citation:** OMB Circular A-87, Attachment B, Section 8(h): *Cost Principles for State, Local and Indian Tribal Governments*, NCLB §1120A(b): *Fiscal Requirements (Federal Funds to Supplement, Not Supplant, Non-Federal Funds).*

**Required Action:** The district must reverse the charges for this unallowable activity and allocate state/local funds, rather than Title 1 funds, to support this expenditure.

**Finding 10:** The district did not retain the supporting documents to verify the activity of Title I and ARRA 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 FY 2010-2011 Title I funded staff, salaries, funding percentages and time sheets for May 2011 date to the NJDOE for review.

**Finding 11:** The district's allocation of Title I and ARRA-Title I funds to its schools does not agree with the Title I school-level allocations on the FY 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 FY 2009-2010 Consolidated Application for Title I funds (Eligibility Page, Step 4) and NCLB ARRA-Title I funding. The revised budget must be submitted to the NJDOE for review.



**EDGEWATER PARK TOWNSHIP SCHOOL DISTRICT**  
**ARRA MONITORING REPORT**  
**AUGUST 2011**

**Finding 12:** The district is charging administrative salary costs to Title I and ARRA-Title I but did not have the costs in the FY 2009-2010, FY 2010-2011 Title I, and ARRA-Title I in the NCLB Consolidated Application for Title I funds (Eligibility Page, Step 4).

**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 amend its Title I application for FY 2010-2011 and ARRA-Title I application and submit the Title I Eligibility Page, Step 4 to the NJDOE to show the administrative costs.

**Title IIA**

**Finding 13:** The district did not retain the required supporting documents to verify the activity of Title IIA 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 fiscal year 2010-2011 Title IIA funded staff, salaries, funding percentages and time sheets for May 2011 to the NJDOE for review.

**Title IID**

**Finding 14:** The district is not spending its Title IID funds on a timely basis. Grant funds for FY 2009 had not been expended, as of June 30, 2010.

**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 spend its grants money on a timely basis. The district must submit a list of planned expenses FY 2010-2011.

**Finding 15:** The district spent most of its funds on computers and did not retain the supporting documents to verify the activity of Title IID funded staff, as required by federal law.

**Citation:** NCLB §2414: *Enhancing Education Through Technology, Section (Local Applications)*

**Required Action:** The district must submit a list of FY 2009-2010 and FY 2010-2011 Title IID expenses and show that 25% of the grant was spent on professional development related activities.

**EDGEWATER PARK TOWNSHIP SCHOOL DISTRICT**  
**ARRA MONITORING REPORT**  
**AUGUST 2011**

**Title III**

**Finding 16:** The district did not retain the required supporting documents to verify the activity of Title III 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 FY 2010-2011 Title III funded staff, salaries, funding percentages and time sheets for May 2011 to the NJDOE for review.

**Title IV**

There were no findings in Title IV.

**IDEA**

**Finding 17:** Interviews with district administrative staff revealed that the ARRA spending plan recorded in the EWEG may not accurately reflect actual use of these funds for services to special education students. In particular, the Maintenance of Effort reduction does not reflect the reallocation of expenses to the tuition line in the grant.

**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 reconcile its local spending plan to the ARRA spending plan recorded in EWEG system and, if necessary, amend the application to assure concurrence between the grant application and the program expenditures.

**Finding 18:** The district did not retain the required supporting documents to verify the activity of 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)*.

**Required Action:** The district must verify the time and activity of staff charged to the grant. The district must submit a list of FY 2010-2011 IDEA funded staff, salaries, funding percentages and time sheets for May 2011 to the NJDOE for review.

**EDGEWATER PARK TOWNSHIP SCHOOL DISTRICT**  
**ARRA MONITORING REPORT**  
**AUGUST 2011**

**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 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 LFN 2010-3 issued January 15, 2010 for more information on competitive contracting for school districts and professional development services.

**EDGEWATER PARK TOWNSHIP SCHOOL DISTRICT**  
**ARRA MONITORING REPORT**  
**AUGUST 2011**

**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).