

March 15, 2010

Dr. Scott McCartney, Superintendent  
Egg Harbor Township Board of Education  
13 Swift Drive  
Egg Harbor Township, NJ 08234-9697

Dear Dr. McCartney:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Egg Harbor 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 January 31, 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 Egg Harbor 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:Egg Harbor Twp. Board of Education Cover Letter  
Enclosures

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

**ARRA MONITORING REPORT  
MARCH 2010**

**District:** Egg Harbor Township Board of Education  
**County:** Atlantic  
**Dates On-Site:** February 9, 2010  
**Case #:** ARRA-026-09

**FUNDING SOURCES**

| Program  | Funding Award      |
|--|--------------------|
| State Fiscal Stabilization Fund – Education Stabilization Fund | 5,566,542          |
| State Fiscal Stabilization Fund – Government Services Fund     | 215,489            |
| ARRA- Title I  | 431,641            |
| ARRA – Title I SIA   | 16,070             |
| <b>Total ARRA Funds</b>  | <b>\$6,229,742</b> |
| <br>   |                    |
| Title I  | 611,640            |
| Title I - SIA  | -                  |
| <b>Total Non-ARRA Funds</b>                                    | <b>611,640</b>     |
| <b>Total Funds</b>   | <b>\$6,841,382</b> |

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**SECTION I: 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.

**SECTION II: INTRODUCTION:**

The NJDOE visited the Egg Harbor Township Board of Education to monitor the district's use of FY 2010 and 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; 2009-2010 Title I, fiscal year 2009-2010 Title I SIA, for the period July 1, 2009 through January 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.

**A. Scope of Review**

Elements comprising the review included the following:

- Education Stabilization Fund (ESF) expenditures for salary of \$5,566,542 for 471 employees;
- Government Services Fund (GSF) expenditures for salary of \$215,489 for three employees;
- ARRA Title I expenditures of \$39,028;
- ARRA Title I SIA have not been expended as of the date of the monitoring; and
- Title I expenditures of \$193,136.

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

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**SECTION III: GENERAL DISTRICT OVERVIEW OF USES OF ARRA FUNDS:**

**A. ARRA Title I Projects**

The fiscal year 2009-2010 Title I and ARRA Title I funds being used for the following programs, activities, and strategies that benefit students:

- Title I teachers during school day split funded salaries and benefits for 2009-2010;
- After-school program for Miller School;
- Summer 2010 Educational Program for Title I students only at Davenport and Miller, Summer Program instructs Title I students in reading and math;
- Transportation for Title I students only to Title I Summer 2010 Educational Program;
- Title I Professional Development Summer 2010 Institute;
- Title I Parent Coordinators;
- Professional Development for Title I teachers from outside provider (M and E Associates);
- Consultant stipend for math coach for 2009-2010 and 2010-2011 (only posting has occurred);
- Additional Title I teacher salary and benefits for Davenport School for 2009-2010 and 2010-2011;
- Title I Parent Technology Coordinators; and
- Based upon current budget concerns coming out of the newly elected Governor's office, as well as furloughs of state employees, EHT is awaiting budget figures for 2010-11 as well as 2009-2010 before purchasing various technology and professional development activities originally planned with Title I ARRA.

The measurable goals for student achievement as a result of the programs, activities, and strategies being implemented with the fiscal year 2009-2010 Title I and ARRA Title I funds include:

- 80% of Title I students will score 80% or above on EHT Fourth Quarterly Test in LAL/Math in Spring 2010; and
- Title I students will score proficient or above Performance on the ASK/NJPASS test in Spring 2010 at the appropriate AYP benchmark level for the grade per November 2009:
  - Grades 3-5            Language Arts Literacy            59%
  - Grades 3-5            Mathematics                                    66%

There will be an increase of 5% of the number of parents attending Title 1 Parent Programs.

The district WILL EVALUATE the impact of these programs, activities, strategies on student achievement to include:

- ASK scores in LAL and Math from Spring 2010;
- Fourth quarterly test results in LAL and Math in May/June 2010;
- Pre-post curriculum measures in reading and mathematics for the summer program; and
- Student counts for SES services, student counts for district parent meetings.

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**SECTION IV: DETAILED FINDINGS:**

**A. SFSF FUNDS:**

**Finding 1:** The district's reporting and tracking on jobs created and saved did not have the required detail. The district needs to charge direct salaries to Fund 16 and Fund 17 with identified list of staffing.

**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 regard to jobs created and jobs saved. The district must submit updated list of charges with detail staffing up through December 31, 2009.

**B. TITLE 1:**

**Finding 2:** 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. The district's letter to parents of eligible students state, "*various academic criteria*" rather than specifying the criteria used to identify students for Title I services (e.g. NJASK 3 assessment, teacher recommendations, quarterly math benchmark assessment).

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

**Required Action:** The district must revise its parent notification letter to include the required legislative components by specifying the academic criteria used to identify students for Title I services. The district must distribute the revised letter to the parents of its Title I students and provide a copy of the revised parent notification letter to the NJDOE for review.

**Finding 3:** The two Title I schools, Davenport and Miller, did not have a school-level Title I parental involvement policy, but the district had a district level 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).

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**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 4:** The district did not complete the four-week follow-up Parents Right-to-Know letter for staff that are not highly qualified and being used to replace staff during extended periods of absences.

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

**Required Action:** The district must develop the Parents Right-to-Know follow up letter, and distribute a copy to the parents of the impacted students. The district must send a copy of the pro forma letter to the NJDOE for review.

### **C. ADMINISTRATIVE**

**Recommendation 1:** Although the district does not have formal written policies for requesting reimbursement from the Electronic Web Enabled Grant (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 policies need to be improved to 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 possible errors from occurring.

**Recommendation 3:** Under the New Jersey's Public School Contracts Law (PSCL) districts do not need 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

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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).