



State of New Jersey

DEPARTMENT OF EDUCATION

PO Box 500

TRENTON, NJ 08625-0500

CHRIS CHRISTIE
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CHRISTOPHER D. CERF
Acting Commissioner

June 8, 2011

Dr. Ethel J. Hasty, Superintendent
Irvington Township Board of Education
One University Place, 4th Floor
Irvington, NJ 07111-2441

Dear Dr. Hasty:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Irvington 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 June 30, 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 Irvington 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 Steven Hoffmann at (973) 621-2750.

Sincerely,

Robert J. Cicchino, Director
Office of Fiscal Accountability and Compliance

RJC/LDM/tc:Irvington Twp. Board of Education Cover Letter
Enclosures

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

**ARRA MONITORING REPORT
JUNE 2011**

District: Irvington Board of Education
County: Essex
Dates on-Site: February 8, 9, 10, 11, 14 and 17, 2011
Case #: ARRA-038-09

FUNDING SOURCES

Program	Funding Award
State Fiscal Stabilization Fund – Education Stabilization Fund	\$14,018,454
State Fiscal Stabilization Fund – Government Services Fund	542,675
ARRA - Title I	2,731,738
ARRA - Title I, SIA	120,429
ARRA - IDEA Basic	1,972,149
ARRA - IDEA Preschool	70,968
ARRA - Food Service Grant	22,745
Total ARRA Funds	<u>\$19,479,158</u>
 Title I	 \$4,168,166
Title I, SIA	385,728
IDEA Basic	2,694,715
IDEA Preschool	95,532
Total Non-ARRA Funds	<u>\$7,344,141</u>
Total Funding	<u>\$26,823,299</u>

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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 Irvington 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); Title I; Title I, SIA; IDEA Basic; IDEA Preschool; ARRA-Title I; ARRA-Title I, SIA; ARRA-IDEA Basic; ARRA-IDEA Preschool and ARRA-Food Service Grant; for the period July 1, 2009 through June 30, 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

The following dollar amounts of expenditures were reviewed for each program monitored for the period of July 1, 2009 through June 30, 2010:

- ESF 100% of expenditures totaling \$14,018,454 were reviewed;
- GSF 100% of expenditures totaling \$542,675 were reviewed;
- Title I 23% of expenditures totaling \$3,098,361 were reviewed;
- Title I, SIA 55% of expenditures totaling \$160,082 were reviewed;
- ARRA-Title I 37% of expenditures totaling \$874,065 were reviewed;
- ARRA-Title I, SIA 100% of expenditures totaling \$20,387 were reviewed;
- ARRA-IDEA Basic 83% of expenditures totaling \$592,689 were reviewed;
- ARRA-IDEA Preschool 100% of expenditures totaling \$12,615 were reviewed;

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- IDEA Basic 60% of expenditures totaling \$951,724 were reviewed;
- IDEA Preschool 37% of expenditures totaling \$9,079 were reviewed; and
- ARRA-Food Service Grant 100% of expenditures totaling \$21,553 were reviewed.

GENERAL DISTRICT OVERVIEW OF USES OF ARRA FUNDS

ARRA-Title I Projects

The district has identified several critical areas that need to be addressed and have focused their efforts towards improving their extended day, extended week, and extended year programs for all eligible students. In addition, they have implemented several literacy initiatives including: Balanced Literacy, Kaplan Reading and Writing, Into English, Mastery of Writing, and Read 180. Ancillary materials and supplies make up nearly half of the budget for ARRA-Title I funds which have been purchased to support these programs and to provide students with the accompanying instructional tools.

Connected Math has been implemented into the curriculum for students that have demonstrated partial proficiency on state assessments, as well as those that have demonstrated below average performance on tests developed by their individual teachers. All of the identified eligible students are taking advantage of these extended program opportunities and the district expects to see noticeable progress.

The Title I Unified Plan for the district expands on the need to provide stipends to cover the costs of implementing the Saturday Academy, English as a Second Language and bilingual programs, and for teachers receiving professional development. More than \$500,000 has been budgeted for these purposes addressing both the needs of the teachers implementing these programs and the eligible students enrolled in these programs.

Parent involvement efforts are strong. Each school has a full time parent coordinator responsible for planning and organizing parent activities. A parent academy has also been established. Active involvement is celebrated widely in an effort to support this initiative and to increase the level of engagement by the community as a whole. Parents graduate and share the experience with their children to demonstrate their level of commitment.

Several non-allowable costs were charged to Fund 20. Those costs that were identified included stipends for a cheerleading coach and a chorus advisor and entertainment expenses for music that are non-allowable under the terms of the grant. These expenditures must be charged to and paid for with local funds.

ARRA-IDEA Projects

The district implemented a self-assessment survey that identified a variety of needs for their special education students that the ARRA-IDEA funds would enable them to support, which would have otherwise not been available. The district implemented activities that correlated with the survey, along with outcome targets and assessment measures to evaluate the impact of the

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funding on student progress. The following descriptions reflect the budgeting of ARRA-IDEA funds. The Irvington Department of Special Services identified a need for technology to infuse learning styles of special education students in the least restrictive environment. Purchases included laptop computers for each special education teacher and either smart boards or a portable projector so technology could be infused within the curriculum. Mobile laptop carts were purchased for special education student use in a variety of classes throughout the schools. Assessment measures include student grades, statewide testing, and a student survey in order to measure if the use of technology increased students' educational outcomes. Teacher lesson plans would also be reviewed by school administration to ensure infusion of technology during instruction.

The district hired new staff to expand program offerings and to facilitate transitioning of students coming back to the district and transition planning for student's ages 14 through 21. Three behaviorists and a transition coordinator were hired for the two year period of this grant. It is anticipated that these positions will be assumed by the district at the conclusion of the ARRA-IDEA grant due to recapturing monies from the reduction of the high cost of out-of-district placements.

Professional development activities were provided to instructional staff responsible for special education students. This includes the Orton Gillingham multi-sensory reading program that was contracted through Farleigh Dickinson University; positive behavioral support training for general and special education staff in targeted elementary, middle and high schools; and New Jersey Coalition of Inclusion Education training in order to develop and foster an inclusive environment for special education students through co-teaching training. Parent workshops were also offered through the use of consultants on the areas of inclusion, positive behavior support and special education law.

A transition consultant was hired to further the districts least restrictive environment (LRE) initiative in order to bring students back to the district through training, program development and planning. The district also contracted with Public Consulting Group to develop a more effective data system for monitoring autistic student behaviors in the LRE. A NJDOE approved summer program was implemented in 2009 to support students with disabilities.

Finally, the district purchased materials and supplies for classrooms. Nonpublic funds were used to purchase technology for the private schools through a contract with the Essex Regional Educational Services Commission.

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DETAILED FINDINGS AND RECOMMENDATIONS

Title I

Finding 1:

Condition: The district charged Fund 20 for the stipends of both a cheerleading coach and a chorus advisor. These expenditures are non-allowable under the terms of the grant. Also, an entertainment expense for music was charged to the grant and is non-allowable.

Citation: OMB Circular A-87, Attachment B, *Cost Principles for State, Local and Indian Tribal Governments*.

Recommended Action: The district must review items charged to the grant to make sure they are qualified purchases for identified Title I students and provide the adjusting entries to show the reclassification of the unallowable expenses. This information must be submitted to the NJDOE for review.

IDEA

Finding 1:

Condition: The district's ARRA-IDEA nonpublic expenditures under the 200-300 account indicate "Consultants Professional, Technical" rather than "Agreements with approved contract providers." When the information is provided on the correct line a text box will open allowing the district to list the agency used for nonpublic services and any administrative costs.

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's ARRA-IDEA nonpublic expenditures under the 200-300 account must be revised to reflect "Agreements with approved contract providers" and the associated agency, contracted services and administrative costs must be documented in the text box.

Finding 2:

Condition: The district was not in compliance with services to nonpublic schools with regard to their contract with an outside provider and communication of how requested services were handled.

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*).

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Required Action: The district must revise its contract with its nonpublic provider to provide for payments based on specific services provided, develop procedures to capture consultations specifically for IDEA and ARRA-IDEA services and develop procedures for requests for additional services that come through the district and not the provider. The district must submit its updated contract to the NJDOE for review.

Finding 3:

Condition: The ARRA-IDEA Basic plan does not specify the expenditures for nonpublic funds.

Citation: IDEA Regulations 34CFR §300.130-300.144.

Required Action: The plan for the ARRA-IDEA Basic must be revised to include how nonpublic funds will be expended.

Finding 4:

Condition: The district did not produce the Individual Service Plans. In addition, the ARRA-IDEA Nonpublic tab did not specify the services to be provided. Therefore, it was not possible to determine how the nonpublic funds were being expended.

Citation: IDEA Regulations 34CFR §300.130-300.144.

Required Action: The district must develop a specific list of nonpublic students and services under IDEA and ARRA-IDEA and revise the individual service plans to reflect the funding source and specify the services provided.

Finding 5:

Condition: The district conducted a summer program, approved by the NJDOE, during the 2009-2010 school year. However, the ARRA-IDEA plan did not specify this program or activities, nor did the budget reflect those allocations.

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 revise the ARRA-IDEA grant to reflect all activities funded by the grant. Those activities must also be budgeted in the respective line items following the GAAP guidelines.

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Finding 6:

Condition: The ARRA-IDEA application did not reflect the selection of the Early Intervening Services (EIS) option; however, the grant indicated professional development expenditures for Orton Gillingham training, to be provided to "teachers will be from every school and every grade, so the benefits can be district wide" in the 200-300 budget line. The district did not provide clarification during the on-site visit that all trained teachers are responsible for special education students.

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

Required Action: The ARRA-IDEA application plan must be revised to include EIS or amended to reflect expenses to train teachers who are responsible for special education students only. If the district chooses to use EIS funds, they shall follow all of the requirements in terms of student identification, and data collection.

Finding 7:

Condition: The district's ARRA-IDEA Basic grant listed five "other" positions under 100-100 TPAF eligible. They were specified in the corresponding text box as: three behavioralists and two transition coordinators. The two transition coordinators and the three behavioralists belong under 200-100 TPAF eligible

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 amend the ARRA-IDEA Basic grant application and move the five positions to the 200-100 TPAF eligible line item. The district amended the application during this on-site monitoring.

SFSF Funds

Finding 1:

Condition: The district's reporting of jobs created and jobs retained for ESF and GSF funding was not calculated using the proper federal methodology. The district's calculation was based on the average salaries of individuals charged to SFSF rather than being based on actual wages and hours worked.

Citation: *ARRA section 1512.*

Required Action: The jobs created and jobs retained reported on the 1512 report must be calculated using the appropriate federal methodology.

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Financial Management and Reporting

Finding 1:

Condition: On several occasions the district failed to issue a purchase order prior to services being rendered (confirming order). District policy and state regulations require that a properly executed purchase order be issued prior to services being rendered.

Citation: EDGAR, PART 80-*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 20, Standards for financial management systems. N.J.S.A. 18A:18A(2)(v) *Public School Contracts Law*.

Required Action: Purchase orders should be issued to all vendors prior to goods or services being provided.

Finding 2:

Condition: The district was not tagging applicable equipment purchases as being purchased with federal funds. In addition, the district did not segregate fixed assets purchased with federal funds in their fixed asset inventory.

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

Required Action: Equipment purchased with federal funds should be labeled as such and segregated in the district's fixed asset inventory.

Finding 3:

Condition: The district charged several expenditures to the incorrect general ledger accounts.

Citation: *Uniform Minimum Chart of Accounts (Handbook 2R2)*. 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 should ensure that expenditures are charged to the appropriate general ledger account in accordance with the Uniform Minimum Chart of Accounts.

Finding 4:

Condition: The district purchased of "Smart Boards" equipment totaling \$159,931 and charged the amount to supplies. New Jersey regulations and district policy require that equipment with a unit cost greater than \$2,000 be charged as equipment.

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Citation: Uniform Minimum Chart of Accounts for New Jersey Public Schools, EDGAR, PART 80—*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 32, Equipment.

Required Action: The district must comply with existing regulations and district policy and charge all equipment purchases of \$2,000 or greater to an equipment account. Any current year expenditures charged to the wrong account must be reclassified.

Finding 5:

Condition: The district charged two prior year invoices against current year ARRA-Title I funds. Copier charges totaling \$1,364 from the 2007/2008 fiscal year were charged to ARRA-Title I.

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: Only current year expenditures should be charged against grant funds.

Finding 6:

Condition: The district failed to bid consulting services which exceeded the New Jersey Public School Contracts Law (PSCL) bid threshold. The district entered into a \$24,000 contract with a consultant without public bidding. The bid threshold in the district at the time the contract was executed was \$21,000.

Citation: N.J.S.A. 18A:18A-1 *Public School Contracts Law*.

Required Action: Purchases must be procured in accordance with PSCL.

Finding 7:

Condition: The district failed to procure professional development services in accordance with New Jersey PSCL. PSCL requires that a competitive contracting process be conducted for professional development services which exceed the bid threshold.

Citation: N.J.S.A. 18A:18A-4 *Contracts and agreements requiring advertising*, EDGAR, PART 80—*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 36, Procurement.

Required Action: The district must comply with current federal and state procurement regulations and conduct a competitive contracting process when procuring professional development services.

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Finding 8:

Condition: The district did not provide detailed schedules by individual of Title I and IDEA salaries that agreed to the expenditures charged to the programs in the general ledger.

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 maintain records that account for the salary amounts charged to federal grants by individual.

Recommendation 1: Under the New Jersey's PSCL districts are not required to advertise for bids or competitively contract the provision of certain goods and services, such as professional services, even if they exceed the bid threshold. 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. Monitors noted several federally funded contracts, which were over the bid threshold and awarded by the district without bidding or competitive contracting because they were exempt under PSCL.

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 for all eligible contracts. The district should also analyze and include documentation in its files that demonstrates the district ensured the costs were reasonable.

Recommendation 2: The monitors noted that payment packages supporting disbursements were often disorganized and occasionally missing required documentation such as invoices and receiving 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 should implement procedures to ensure that all disbursements are supported by all required supporting documentation and documents are available for review.

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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 Steve Hoffmann via phone at (973) 621-2750 or via email at steven.hoffmann@doe.state.nj.us.