

State of New Jersey

DEPARTMENT OF EDUCATION PO Box 500 Trenton, NJ 08625-0500

CHRIS CHRISTIE Governor

KIM GUADAGNO Lt. Governor

December 16, 2010

ROCHELLE R. HENDRICKS Acting Commissioner

Mr. Richard P. Starodub, Superintendent Lacey Township Board of Education 200 Western Boulevard Lanoka Harbor, NJ 08734

Dear Mr. Starodub:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the <u>Lacey Township Board of Education</u>. 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 October 12, 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 Lacey Township Board of Education is required, pursuant to <u>N.J.A.C.</u> 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 <u>N.J.A.C.</u> 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 Ronald Fisher at (609) 777-3723.

Sincerely,

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

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

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STATE OF NEW JERSEY DEPARTMENT OF EDUCATION PO BOX 500 TRENTON, NJ 08625-0500

LACEY TOWNSHIP BOARD OF EDUCATION

200 WESTERN BOULAVARD LANOKA HARBOR, NJ 08734 PHONE: (609) 971-2000



American Recovery & Reinvestment Act 2009

New Jersey K-12 Education

ARRA MONITORING REPORT DECEMBER 2010

District:	Lacey Township Board of Education
County:	Ocean
Dates On-Site:	October 13 and 14, 2010
Case #:	ARRA-042-09

FUNDING SOURCES

Program		Funding Award
State Fiscal Stabilization Fund - Education Stabilization Fund		\$3,276,885
State Fiscal Stabilization Fund - Government Services Fund		126,853
ARRA - Title I		278,559
ARRA - Title I SIA		14,163
ARRA - IDEA Basic		1,067,294
ARRA - IDEA Preschool		38,543
	Total ARRA Funds	\$4,802,297
Title I		\$381,195
Title I SIA		-
Title II - Part A		162,979
Title II - Part D		3,924
Title IV		11,211
IDEA Basic		1,029,180
IDEA Preschool		32,882
	Total Non-ARRA Funds	\$1,621,371
	Total Funding	\$6,423,668

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 Lacey 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); Title I; ARRA-Title I; ARRA-Title I SIA; Title II, Parts A and D; Title IV; IDEA Basic; IDEA Preschool; ARRA-IDEA Basic; and ARRA-IDEA Preschool for the period July 1, 2009 through October 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

The following dollar amounts of expenditures were reviewed for each program monitored for the period of July 1, 2009 through October 12, 2010:

- ESF salary expenditures totaling \$3,276,885 were reviewed;
- GSF salary expenditures totaling \$126,853 were reviewed;
- ARRA-Title I expenditures totaling \$31,585 were reviewed;
- ARRA-Title I SIA funds had not been expended at the time of our review;
- ARRA-IDEA Basic expenditures totaling \$88,602 were reviewed;
- ARRA-IDEA Preschool expenditures were not reviewed;
- Title I expenditures totaling \$106,423 funds had not been expended at the time of our review;
- Title II Part A expenditures totaling \$22,705 were reviewed;
- Title II Part D expenditures totaling \$1,245 were reviewed;

- Title IV expenditures totaling \$4,344 were reviewed;
- IDEA Basic expenditures totaling \$125,226 were reviewed; and
- IDEA Preschool expenditures totaling \$16,034 were reviewed.

GENERAL DISTRICT OVERVIEW OF USES OF TITLE I AND IDEA FUNDS

ARRA-Title I

The ARRA-Title I funds were utilized to fund 100% of the Salaries and Benefits for a Literacy coach and Mathematics coach in Grades 5-6. Prior to the beginning of the 2009-2010 school vear, district administrators and teachers examined the state assessment scores for all 5th and 6th grade students. From this analysis, a group of students, who did not make proficiency levels in mathematics and language arts literacy and reading, were identified in each grade. In order to better address the needs of this group of students, a Literacy coach and Mathematics coach were hired to work directly with the students. Each coach spent time in all 5th and 6th grade classrooms working with these students, either individually or in small group settings. A portion of the time, the coaches worked as co-teachers, as well as reviewed teachers' lesson plans. The coaches meet with teachers one on one during the common planning periods to discuss enhancements to individual lesson plans, such as the addition of varied instructional strategies and classroom management techniques to support the instruction. In addition, the coaches worked with teachers to develop ways to design and embed a variety of formative assessments in their daily instructional practices and to better utilize the data from these formative assessments to change their teaching methods. The district will measure the success of the Literacy coach and Mathematics coach through an increase in proficiency scores for both 5th and 6th grade students.

ARRA-Title I SIA, Part A

The ARRA-Title I SIA, Part A funds were utilized for the purchase of Promethean Smart Boards and professional development services to instruct teachers on the ways in which to utilize these boards in their daily instructional practices. In addition, a portion of the ARRA-Title I SIA, Part A funds were utilized to purchase various instructional supplies, such as mathematics manipulatives, mathematics books, and literacy books. The district measured the immediate success of this use of the ARRA-Title I SIA, Part A funds by having the teachers fully integrate the use of the boards in their daily lesson plans, which were reviewed by the building principals.

<u>Title I</u>

The Title I, Part A funds were utilized for a Basic Skills program in grades K-4, which focused on individualizing the instructional strategies to employ with students who did not make proficiency gains on state assessments. In order to assist the Basic Skills teachers in analyzing this assessment data, a portion of the funds was utilized for professional development. This professional development focused on examining the data to identify specific instructional disparities for each student and how each teacher could use this data to change their individual instructional practices. In addition, the Title I, Part A funds were utilized on a Study Skills program in Grades 7 and 8, as well as for two after-school enrichment programs. The after-

school programs provided Performing Academics with Students and Teacher Assistance in Learning Subjects. These programs were held daily from 3:00 p.m. to 4:30 p.m. The district will measure the success of the Basic Skills program, the Study Skills program, and the two after-school programs by increased numbers of students, per grade level, making adequate yearly progress.

ARRA IDEA Basic and Preschool

The district utilized the ARRA-IDEA Basic funds to hire special education teachers for new Autism and Multiply Disabled Special classroom programs. Four personal care assistants were hired for the Autism program and two for the Multiple Disabilities program. Funds were also used for instructional supplies including textbooks and classroom supplies. Support services and non-instructional supplies included four new computers for the Office of Special Education staff. Funds were also used to purchase 22 Promethean Smart Boards for use in special education classrooms. The district is also providing travel and workshops for continuing education for special education and related services staff. The district utilized the ARRA IDEA Preschool funds for new out-of-district tuition, instructional and non-instructional supplies.

Expectations and Benefits

The district plans to utilize the following in the measurement of student progress/impact due to ARRA funds:

- Increase the percentage of classified students in general education programs. The Special Education Annual Public Reporting of Local District Performance will be the progress indicator.
- Decrease in out-of-district placements.
 - Four students remained in district with the addition of the new Autism classroom and expanded programs.
 - One out-of-district placement student is in the process of transitioning back into the district's Autism program.
 - Establishment of the new Multiply Disabled program has allowed transitioning preschool disabled students to remain in the district programs.
 - Personal care assistants provide supports that allow the students to access programs in their local district programs.
- Completion of all students Individualized Education Programs goals and objectives.
- Student Report Cards including quarterly narratives.
- Staff observations documenting use of technology.
- New computers for Office of Special Education facilitate compliance with various Special Education Processes and Regulations.

IDEA Basic and Preschool

The district utilized IDEA Basic funds to obtain speech, occupational and physical therapy services and sign language interpreters. In addition, the district purchased specialized evaluations including psychiatric and neurological evaluations. IDEA Basic funds were also used

for out-of-district tuition, instructional and non-instructional supplies, special education secretary, staff travel and field trips. The district utilized the IDEA Preschool funds to pay for tuition, speech, occupational and physical therapy services.

Expectations and Benefits

The district plans to utilize the following in the measurement of student progress/impact:

- Completed specialized evaluations and related services to provide a free appropriate public education and implement students Individualized Education Programs;
- Students with disabilities accessed community activities to increase social/life skills;
- Assistive technology and direct student support services enhance instruction and allow instruction in the home school setting; and
- Students with disabilities participated in Special Olympics and the Challenger League programs.

DETAILED FINDINGS AND RECOMMEDATIONS

ARRA-Title I

Finding 1:

Condition: The district did not allocate 1% of its combined ARRA-Title I, Part A and FY 2010 Title I, Part A allocation for Parental Involvement activities. This condition is related to the condition under Finding 6 for the FY 2010 Title I, Part A program.

Citation: NCLB §1118 (a)(3)(A): Parental Involvement (Local Educational Agency Policy).

Required Action: The district must either revise its ARRA-Title I amendment to show that 1% of its ARRA-Title I allocation award was allocated and budgeted for Parental Involvement activities or revise its FY 2010 NCLB amendment to show that 1% of the combined awards (ARRA-Title I and FY 2010 Title I) was allocated and budgeted for Parental Involvement activities.

Finding 2:

Condition: For the 2009-2010 school year, the district did not consult with nonpublic schools outside the district boundaries attended by district students, as required under ARRA-Title I, Part A. This condition is related to the condition under Finding 11 for the FY 2010 Title I, Part A program.

Citation: NCLB §1120: Participation of Children Enrolled in Private School.

Required Action: The district must begin immediately the consultation process with those nonpublic schools that enroll students who reside within the boundaries of the district's eligible school attendance areas. The district must submit its Affirmation of Consultation forms and, if necessary, its Nonpublic School Refusal of Funds forms for ARRA-Title I funds to the NJDOE for review.

Finding 3:

Condition: The district did not complete the required Program Plan information to describe the use of the ARRA-Title I SIA, Part A funds.

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

Required Action: The district must enter the required Program Plan information (i.e., NCLB Priority Problems, Target Populations, Goals and Indicators, and Performance Targets) in its ARRA-Title I amendment application. The district must submit this information to the NJDOE for review.

Title I and NCLB

Finding 4:

Condition: Based on the documentation provided by the district, we were unable to substantiate that the district is providing a clear and distinguishable Title I targeted assistance program. The district was unable to provide a list of Title I eligible students making it impossible to verify that services provided were restricted solely to eligible students.

Citation: NCLB §1115: Targeted Assistance Programs.

Required Actions: The district must implement a Title I targeted assistance program for its lowperforming students in accordance with the required eight components of a targeted assistance program. The district must submit to the NJDOE for review a detailed description of its Title I targeted assistance program, with specific details on how the district provides supplemental services to identified eligible Title I students and how the district will implement this Title I targeted assistance program. The program description must include the following:

- Multiple, educationally related objective criteria used to enter and exit students in the program (e.g., New Jersey Assessment of Skills and Knowledge scores, teacher recommendations, grades and benchmark assessments);
- Specific multiple measures used to identify participating Title I students; and
- The methods used to assess students, as well as the timeframe of these assessments.

Finding 5:

Condition: The district does not separately record the mandatory Title I, Part A reserves such as School in Need of Improvement Professional Development (SINI PD) and Supplemental Educational Services (SES) in its accounting system.

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 separately track its restricted reserves to ensure timely and accurate spending of these restricted funds. The district must submit a list of account numbers that are used for this purpose with a description of the accounts to the NJDOE for review.

Finding 6:

Condition: The district did not allocate one per cent of its combined FY 2010 Title I, Part A and ARRA-Title I, Part A allocation for Parental Involvement activities. This condition is related to the condition under Finding 1 for the ARRA-Title I, Part A program.

Citation: NCLB §1118 (a)(3)(A): Parental Involvement (Local Educational Agency Policy).

Required Action: The district either must revise its FY 2010 NCLB amendment to show that one per cent of the combined awards (FY 2010 Title I and ARRA-Title I) was allocated and budgeted for Parental Involvement activities or revise its FY 2010 NCLB amendment to show that one per cent of the FY 2010 Title I award amount was allocated and budgeted for Parental Involvement activities.

Finding 7:

Condition: The district did not provide evidence of convening the Title I annual meeting for parents to inform them of the eligible schools' participation in Title I and the Title I parental involvement requirements and rights.

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

Required Action: The district must submit the invitational letter/flyer, the agenda, sign in sheets, and meeting notes or minutes from the 2009-2010 meeting to the NJDOE for review. In subsequent school years the district must convene and document that the annual meeting with the parents of Title I students was conducted.

Finding 8:

Condition: Each school did 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 each school works with its 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 forward a copy of each to the NJDOE for review.

Finding 9:

Condition: The district did not provide evidence of Title I school-parent compacts for any of its Title I served school attendance areas.

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

Required Action: The district must provide technical assistance to the Title I school attendance areas and their associated stakeholder groups in the development of the school-parent compact. The district must send to the NJDOE for review a copy of the policies and procedures for the following schools: Forked River Elementary, Mill Pond Elementary, Lacey Township Middle, and Lacey Township High. In addition, the district must ensure that each school attendance area redistributes the school-parent compact to the parents of the Title I students for the 2010-2011 school year.

Finding 10:

Condition: The district's notification to inform parents of students attending Mill Pond Elementary School that the school was designated as a SINI, with accompanying sanctions, did not contain the following Title I legislative requirements:

- Comparison of schools to others in district and state;
- School's actions to address the problems;
- District's and state's actions to address the problems;
- Parent's actions to address the problems; and
- Parental options: public school choice and supplemental educational services.

Citation: NCLB §1116(b): Academic Assessment and Local Educational Agency and School Improvement (School Improvement).

Required Action: The district must revise its SINI letter to meet the legislative requirements. The revised letter must be distributed to parents and a copy of the letter must be submitted to the NJDOE for review.

Finding 11:

Condition: For the 2009-2010 school year the district did not consult with nonpublic schools outside the district boundaries attended by district students, as required under Title I, Part A.

Citation: NCLB §1120: Participation of Children Enrolled in Private School.

Required Action: The district must begin immediately the consultation process with those nonpublic schools that enroll students who reside within the boundaries of the district's eligible school attendance areas. The district must submit its Affirmation of Consultation forms and, if necessary, its Nonpublic School Refusal of Funds forms for FY 2010 Title I funds to the NJDOE for review.

Finding 12:

Condition: The district did not provide a comprehensive list of SES providers to parents. The letter to parents of eligible students provided only a partial list of SES providers that were available to provide services.

Citation: NCLB §1116 (b)(6): Academic Assessment And Local Educational Agency And School Improvement.

Required Action: The district must revise its SES letter to include the entire list of providers that serve the nearby geographical area, as well as those providers that offer Web-based services. This revised letter should be redistributed during the 2010-2011 school year. The district must submit a copy of the revised letter to the NJDOE for review.

Finding 13:

Condition: The district commingled Title I, Part A funds with Title II, Part A funds for the single purpose of providing professional development services in the area of mathematics. The district utilized the Title I, Part A funds to hire an outside consultant to provide the professional development, but used the Title II, Part A funds to pay stipends for teachers to attend the professional development activity. The professional development was not restricted to only those teachers providing services to Title I students.

Citation: EDGAR PART 80 – Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, Subpart C: Post-Award Requirements; OMB Circular A-87, Attachment A, Section C(1)(h): Cost Principles for State, Local and Indian Tribal governments (Factors affecting allowability of costs); OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations.

Required Action: The district must reverse its expenditures of Title I, Part A funds to support the hiring of an outside consultant to provide professional development services in the area of mathematics. These professional and technical services must be paid with state/local funds.

ARRA-IDEA Basic and Preschool

Finding 14:

Condition: The district's approved ARRA-IDEA grant application does not reflect the expenditures for services provided to preschool disabled students. There was no mention of the preschool grant proposed expenditures and benefits in the NJDOE approved ARRA-IDEA grant application.

Citation: 34 CFR § 300.1 §300.202.

Required Action: The ARRA-IDEA grant application must be revised to reflect the actual allowable expenditures for the ARRA-IDEA funded activity. The revised application must include the expenditures for the new out-of-district tuition for students with disabilities, instructional supplies and non-instructional supplies.

Finding 15:

Condition: The district's ARRA-IDEA grant application references funding for in-district non-specialized transportation services. These services are not an allowable activity under ARRA IDEA.

Citation: 34 CFR § 300.1 §300.202.

Required Action: The ARRA-IDEA grant application must be revised to include only allowable services under ARRA-IDEA regulations. The reference to transportation costs which are not related to out-of-district specialized transportation services must be removed from the plan. All non-specialized transportation costs to and from the district's schools should be funded through the district's local resources.

Finding 16:

Condition: The district's ARRA-IDEA grant application reflects expenditures for 22 promethean smart boards for use in special education classrooms. Interviews and a school walk through indicate that five of the Smart Boards are located in common areas such as the library and media center.

Citation: 34 CFR § 300.1 §300.202 §300.144.

Required Action: The district must remove the whiteboards from the school common areas and relocate them into special education classrooms or refund the ARRA-IDEA account with local resources equal to the amount of the five Smart Boards.

IDEA Basic and Preschool

Finding 17:

Condition: The district's IDEA Basic and Preschool expenditures for instructional services and specialized evaluations are budgeted in the wrong appropriation account.

Citation: EDGAR 80.20.

Required Action: The IDEA Basic and Preschool grant application must be revised to properly reflect expenditures for contracted instructional services and specialized evaluations to the appropriate account. The 100-300 account should reflect the expenditures for consultants working directly with students in the classroom and the 200-300 account should reflect the expenditures for contracted specialized evaluations.

<u>Title II, Part A and D and Title IV</u>

The review in this area yielded no findings or recommendations.

Financial Management and Reporting

Finding 18:

Condition: A review of the district's fiscal year 2009–2010 general ledger disclosed that multiple detailed appropriations accounts covering ARRA-Title I, ARRA-IDEA Basic and IDEA Basic did not agree with Office of Grants Management approved budgets.

Citation: EDGAR, PART 80—Uniformed Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, Section 20, Standards for financial managements systems.

Required Action: The district should adjust all appropriation accounts to reflect the current approved budget in the Title I grant application.

Finding 19:

Condition: The district does not maintain formal written policies and procedures covering periodic review of suspended/disbarred vendors and reimbursement requests for federal funds from the Electronic Web Enabled Grant system.

Citation: EDGAR, PART 80—Uniformed Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, Section 20, Standards for financial managements systems and New Jersey Administrative Code 6A:23A-6.6 - Standard Operating Procedures for Business Functions.

Required Action: The district must develop and maintain complete written policies and procedures, which as part of internal controls provides reasonable assurance that the following objectives are being achieved: effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

Finding 20:

Condition: The district records payroll transactions for contractual salaries and stipends in the same account. The approved grant application for salary appropriations requires salaries submitted for FICA and TPAF to be recorded separately from FICA only stipends.

Citation: OMB Circular A-87, Attachment B, Section 8(h) *Cost Principles for State, Local and Indian Tribal Governments* (Compensation for personal services). Uniform Minimum Chart of Accounts (Handbook 2R2)

Required Action: Pensionable and non-pensionable wages should be recorded in separate accounts. Teacher stipends should be charged to Other Salaries as required by the Uniform Minimum Chart of Accounts.

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 Ronald Fisher at (609) 777-3723 or via email at ronald.fisher@doe.state.nj.us.