



State of New Jersey

DEPARTMENT OF EDUCATION

PO Box 500

TRENTON, NJ 08625-0500

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

CHRISTOPHER D. CERF
Acting Commissioner

February 18, 2011

Mr. Michael Livengood, Superintendent
Maple Shade Township Board of Education
170 Frederick Avenue
Maple Shade, NJ 08052

Dear Mr. Livengood:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Maple Shade 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 Maple Shade 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:Maple ShadeTownship BOE Cover Letter ARRA
Enclosures

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MAPLE SHADE TOWNSHIP BOARD OF EDUCATION
170 FREDERICK AVENUE
MAPLE SHADE, NJ 08052
PHONE: (856) 779-1750



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

**ARRA MONITORING REPORT
FEBRUARY 2011**

District: Maple Shade Township Board of Education
County: Burlington
Dates On-Site: January 24, 2011
Case #: ARRA-048-009

FUNDING SOURCES

Program	Funding Award
State Fiscal Stabilization Fund – Education Stabilization Fund	\$1,222,717
State Fiscal Stabilization Fund – Government Services Fund	47,333
ARRA-Title I	140,533
Total ARRA Funds	<u>\$1,410,583</u>
Title I	<u>\$ 194,601</u>
Total Non-ARRA Funds	<u>\$ 194,601</u>
Total Funds	<u><u>\$1,605,184</u></u>

**MAPLE SHADE TOWNSHIP SCHOOL DISTRICT
ARRA MONITORING REPORT
FEBRUARY 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 Maple Shade Township School District 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; Title I; 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 for salaries of \$1,222,717;
- GSF expenditures for salary of \$47,333;
- ARRA-Title I expenditures of \$104,756; and
- Title I expenditures of \$170,261.

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

**MAPLE SHADE TOWNSHIP SCHOOL DISTRICT
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GENERAL DISTRICT OVERVIEW OF USES OF TITLE I FUNDS

ARRA-Title I and Title I Projects

The district's Comprehensive Needs Assessment, as documented in the 2009-2010 Electronic Web Enabled Grants (EWEG) system, identifies Language Arts Literacy and Mathematics as the two priority areas to address utilizing Title I and ARRA-Title I resources. The district is a single attendance area and operates four Targeted Assistance programs in the Yocum Elementary School (grades K - 2), the Wilkins Elementary School (grades 3 - 4), the Steinhauer Elementary School (grades 5 - 6) and Maple Shade High School (grades 7 - 12). Title I Funds were used to meet the needs of identified at-risk students through the following funded activities:

- The Yocum Elementary School (grades K-2): The basic skills program is designed as a push-in small group instructional program for reading, balanced literacy, and mathematics.
- The Wilkins Elementary School (grades 3-4): The basic skills program is designed as a balanced literacy push-in small group instructional program.
- The Steinhauer Elementary School (grades 5-6): The basic skills program is designed as a push-in small group instructional program which uses Everyday Mathematics.
- The Maple Shade High School (grades 7-12): Basic skills class is an additional class covering both reading and mathematics.

The district's expectations for the success of the activities are to reduce the number of partially proficient students by 10 percent in the schools and increase the number of advanced proficient students by improving instruction.

DETAILED FINDINGS AND RECOMMENDATIONS

SFSF Funds

Finding 1: The district's reporting and tracking on jobs created and jobs retained supporting detailed documentation did not match the reports filed 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 support the charges consistent with the federal guidance issued with regard to jobs created and jobs retained.

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Title I

Finding 2: The design of the district's Title I Targeted Assistance program is neither clearly identifiable nor distinguishable from the basic skills program of the district.

Citation: NCLB §1115(c) *Targeted Assistance Programs, Components of a Targeted Assistance Program.*

Required Action: The district must organize the components of its Title I program to reflect the operation of a Title I Targeted Assistance program that is supplemental.

Finding 3: The district's allocation of Title I and ARRA-Title I funds to its schools does not agree with the Title I school allocations on the 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 2009-2010 NCLB Consolidated Application for Title I funds (Eligibility Page, Step 4) and ARRA-Title I funding. The revised budget must be submitted to the NJDOE for review.

Finding 4: The district does not have a mechanism to track mandatory reserves (including school-level reserves and SES per pupil costs) in its accounting system to ensure the accuracy of the final 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.

Required Action: The district must track its restricted reserves to ensure and verify spending of restricted amounts. The district must submit a list of account numbers being used for this purpose with a description of the accounts to the NJDOE for review.

Finding 5: The district is supplanting state/local funds to operate the Basic Skills program. The district charged items such as Rosetta Stone for the high school Spanish class, Promethian boards that were purchased for all classrooms in the district spread between ARRA-Title I, ARRA-IDEA and local funds, and British Literature books. Title I funds should be in addition to services provided for the entire district.

Citation: NCLB §1120A(b): *Fiscal Requirements (Federal Funds to Supplement, Not Supplant, Non-Federal Funds).*

Required Action: The district must provide documentation to verify that the Basic Skills programs at its non-Title I schools are funded with supplemental state/local funds.

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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: 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 Local Finance Notice 2010-3 issued January 15, 2010 for more information on competitive contracting for school districts and professional development services.

Citation: EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 36, Procurement.

Recommended Action: The district should review 34 CFR Part 80.36 and use open and competitive procedures where at all possible. The district should also analyze and include documentation in its files that demonstrates the district ensured the costs were reasonable.

The NJDOE thanks you for your time and cooperation during the monitoring visit and looks forward to a successful resolution of all findings and implementation of all recommendations contained in this report.

**MAPLE SHADE TOWNSHIP SCHOOL DISTRICT
ARRA MONITORING REPORT
FEBRUARY 2011**

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.