



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

September 22, 2011

Dr. Frank R. Alvarez, Superintendent
Montclair Board of Education
22 Valley Road
Montclair, NJ 07042-2709

Dear Dr. Alvarez:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Montclair 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 Montclair 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:Montclair Board of Education Cover Letter
Enclosures

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

**ARRA MONITORING REPORT
SEPTEMBER 2011**

District: Montclair Board of Education
County: Essex
Dates on-site: August 17 and 18, 2011
Case #: ARRA-050-09

FUNDING SOURCES

Program	Funding Award
State Fiscal Stabilization Fund – Education Stabilization Fund	\$ 189,997
State Fiscal Stabilization Fund – Government Services Fund	7,355
ARRA-IDEA Basic	1,866,654
ARRA- IDEA Preschool	67,434
Total ARRA Funds	<u>\$2,131,440</u>
IDEA Basic	\$1,813,674
IDEA Preschool	76,382
Total Non-ARRA Funds	<u>\$1,890,056</u>
Total Funding	<u>\$ 4,021,496</u>

**MONTCLAIR PUBLIC SCHOOLS
ARRA MONITORING REPORT
SEPTEMBER 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 Montclair 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); IDEA Basic; IDEA Preschool; ARRA-IDEA Basic and ARRA IDEA Preschool for the period July 1, 2009 through June 30, 2010. The monitoring also included a review of the district's 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 \$189,997 were reviewed;
- GSF 100% of expenditures totaling \$7,355 were reviewed;
- ARRA-IDEA Basic 79% of expenditures totaling \$890,057 were reviewed;
- ARRA-IDEA Preschool 85% of expenditures totaling \$30,647 were reviewed;
- IDEA Basic 44% of expenditures totaling \$1,288,843 were reviewed; and
- IDEA Preschool 100% of expenditures totaling \$20,204 were reviewed.

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GENERAL DISTRICT OVERVIEW OF USES OF IDEA FUNDS

IDEA Projects

The district developed their IDEA and ARRA-IDEA plan in collaboration with other district administrators and program coordinators that had data driven documentation of student achievement and needs. By utilizing this data, the district was able to maximize their focus on addressing student needs in literacy and mathematics. The plan also includes additional support for behavioral issues, professional development and hiring outside consultants to assess efficiency in the use of paraprofessionals, therapies and secondary intervention services. The district has been identified as in need of improvement due to disproportionality. Coordinated Early Intervening Services are provided to elementary students by hiring reading specialists that provide supplemental instruction. Mathematics support is also provided. Three behavior intervention specialists are providing support and behavior intervention plans for students and guidance to general education teachers. At the high school and middle school, the district provides The D. West Show National Celebrity Youth Leadership Program that is geared to move students in a positive direction towards productive leadership roles and behavior in the community. Teachers are also provided with professional development to continue this program. Kindergarten students identified by screening are offered a language enrichment program.

The district also elected to utilize the IDEA and ARRA-IDEA funds by funding intensive reading and mathematics curriculum programs and instructional software to enhance skills (Americas Choice-Ramp Up Literacy/Math; Scholastic System 44; Americas Choice Literacy/Math Navigator; Read 180). In order to support these new programs the district allocated funds for 20 desktop computers. The district also identified the need to update computers so that pupil service personnel could comply with current special education compliance requirements. This need was identified by the district's self-assessment. New out-of-district placements were included in the plan. The district also utilized preschool funding for the sensory integration materials, professional development, purchasing the High Scope Curriculum, laptop computers and equipping three classrooms with digital FM systems for hearing impaired students.

Nonpublic funds were allocated to service students with service plans educated in nonpublic settings. The funds were spent on related therapies, materials and technology. Services are provided through the Essex County Educational Services Commission.

DETAILED FINDINGS AND RECOMMENDATIONS

IDEA

Finding 1:

Condition: The district is not in compliance with the requirements for services to nonpublic schools. The district does not participate in consultation and collaborative

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decision-making with the nonpublic schools; nor do they have a mechanism for oversight of the service plans to ensure compliance with current special education regulations.

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*).

Required Action: The district must conduct consultation activities with the nonpublic schools and the outside contractor to develop procedures to participate in a collaborative decision-making process with the nonpublic schools.

Finding 2:

Condition: The district was not in compliance with services to nonpublic schools with regard to their contract with an outside provider, communication of how requested services are handled, and a list of students being served.

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*).

Required Action: The district must revise contracts with its nonpublic provider that provide for payments based on specific services provided. The district must develop procedures to capture consultations specifically for IDEA and ARRA-IDEA services and obtain confirmation of consultation from the nonpublic schools. The district must develop procedures for requests for additional services that come through the district and not the provider. The district must have a specific list of students and services under IDEA and ARRA-IDEA and revise the service plans to match these lists. The district must submit its updated contract(s) and control procedures to the NJDOE for review.

Financial Management and Reporting

Finding 1:

Condition: The district charged ARRA-IDEA Basic and ARRA-IDEA Preschool expenditures to the 200 series program codes in the general ledger when they should have been charged to program codes in the 450 to 469 series "Other Federal Projects."

Citation: Uniform Minimum Chart of Accounts for New Jersey Public Schools.

Required Action: In the future, the district must establish accounts using the appropriate program codes in the general ledger accounts.

Finding 2:

Condition: The district was not tagging applicable equipment purchases as being purchased with federal funds.

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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.

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.