



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

May 6, 2011

Dr. Marilyn E. Birnbaum, Superintendent
North Plainfield Borough Board of Education
33 Mountain Avenue
North Plainfield, NJ 07060-5336

Dear Dr. Birnbaum:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **North Plainfield Borough 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 North Plainfield Borough 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 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 Roseann Lozinski at (609) 292-4452.

Sincerely,

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

RJC/LDM/North Plainfield Borough BOE Cover Letter
Enclosures

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TRENTON, NJ 08625-0500**

NORTH PLAINFIELD BOROUGH BOARD OF EDUCATION
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American Recovery & Reinvestment Act 2009
New Jersey K-12 Education

**ARRA MONITORING REPORT
MAY 2011**

District: North Plainfield Borough
County: Somerset
Dates on-Site: January 5 and 6, 2011
Case #: ARRA-057-09

FUNDING SOURCES

Program	Funding Award
State Fiscal Stabilization Fund - Education Stabilization Fund	\$3,800,173
State Fiscal Stabilization Fund – Government Services Fund	147,110
ARRA-IDEA Basic	863,811
ARRA-IDEA Preschool	31,093
Total ARRA Funds	<u>\$4,842,187</u>
IDEA Basic	\$778,210
IDEA Preschool	17,471
Total Non ARRA Funds	<u>\$795,681</u>
Total Funds	<u>\$5,637,868</u>

NORTH PLAINFIELD BOROUGH PUBLIC SCHOOLS
ARRA MONITORING REPORT
MAY 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 North Plainfield 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 salary and benefit expenditures totaling \$1,206,291 were reviewed;
- GSF salary expenditures totaling \$47,118 were reviewed;
- IDEA Basic expenditures totaling \$256,654 were reviewed;
- IDEA Preschool expenditures totaling \$17,471 were reviewed;
- ARRA-IDEA Basic expenditures totaling \$116,991 were reviewed; and
- ARRA-IDEA Preschool had not been expended at the time of the monitoring visit.

**NORTH PLAINFIELD BOROUGH PUBLIC SCHOOLS
ARRA MONITORING REPORT
MAY 2011**

GENERAL DISTRICT OVERVIEW OF SFSF FUNDS

The district used ESF and GSF funds to pay for selected staff salaries. The staff selected was appropriate to be used for these funds. The district failed to maintain a copy of the 1512 Quarterly Report, but claimed that no new jobs were created with these funds as it was part of the Equalization Aid.

GENERAL DISTRICT OVERVIEW OF USES OF ARRA-IDEA AND IDEA FUNDS

The district had submitted their IDEA Preschool and Basic funds for tuitions for out-of-district placements. The district has proposed to use the ARRA-IDEA Basic and ARRA-IDEA Preschool funds to support special education students through the purchase of assistive technology devices and programs. The district also proposed to expand the role of the school behaviorist by increasing hours of service to classified students and their parents.

The original ARRA-IDEA grant proposal included a renovation of a school building to support the addition of four special education classrooms, provide daily skills and vocational training, and a behavioral support program for middle and high school disabled students. Discussions with the ARRA monitors indicated that the district could not start the building renovations as final approval of the grant building project had been delayed. Therefore, the district is proposing to amend their ARRA-IDEA application to support unexpected tuitions, technology, professional development, salaries and consulting fees. At this time, the only funds that have been expended have been for building/renovation fees and provision of services to the nonpublic students with disabilities.

IDEA nonpublic monies are used to support supplemental instruction and related services for students in the two nonpublic schools located within their community.

DETAILED FINDINGS AND RECOMMENDATIONS

SFSF

Finding 1: The district was unable to provide all of the 1512 quarterly reports at the time of the monitoring. The district's reporting and tracking of jobs created and jobs retained could not be reviewed.

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 was required to maintain formal tracking of SFSF funding and the backup documentation; however, they are unable to recreate these records. Moving forward with the Jobs Saved Money, the district must maintain records in compliance with issued federal guidance.

NORTH PLAINFIELD BOROUGH PUBLIC SCHOOLS
ARRA MONITORING REPORT
MAY 2011

ARRA-IDEA Basic, ARRA-IDEA Preschool, IDEA Basic and IDEA Preschool Projects

Finding 2: The district ARRA-IDEA budget is not in agreement with the Electronic Web Enabled Grant (EWEG) application submitted to the state. The district budget combined three line accounts from the EWEG grant into one account. This caused the expenditure which should have been correctly charged to 200-300 to be charged to 100-300.

Citation: EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 20, Standards for financial management systems. Uniform Minimum Chart of Accounts for New Jersey Public Schools.

Required Action: The district must revise its local budget accounts to agree with the Grant and resubmit the final report to the NJDOE for review.

Finding 3: The district does not segregate funds by program: ARRA-IDEA Basic and ARRA-IDEA Preschool are both program 251 and IDEA Basic and IDEA Preschool are both program 250. The district does not use separate program codes for these grants as required.

Citation: EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 20, Standards for financial management systems. Uniform Minimum Chart of Accounts for New Jersey Public Schools.

Required Action: The district must separate grants by program codes and submit the district's budget accounts to the NJDOE for review.

Finding 4: The district had planned to renovate classrooms to be in compliance with the Americans with Disabilities Act, but the entire project did not receive final approval from the NJDOE. The ARRA-IDEA Basic funds expended for these renovations are an inappropriate expenditure of funds and should be charged to local funding sources. The grant must be revised and resubmitted to the NJDOE for approval.

Citation: IDEA Regulation 34 CFR 300.202(a) (2) (Use of Funds).

Required Action: The district must remove the ineligible costs and submit adjusting entries showing the removal and board approval for the adjustments. A detailed listing of all adjusted costs must be submitted to the NJDOE for review.

NORTH PLAINFIELD BOROUGH PUBLIC SCHOOLS
ARRA MONITORING REPORT
MAY 2011

Financial Management and Reporting

Finding 5: Purchase orders reviewed did not identify the program (i.e., IDEA Basic, IDEA Preschool, ARRA-IDEA Basic and ARRA-IDEA Preschool) as required by law.

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: Internal controls over the purchasing function must be enhanced with an audit trail that identifies the program and location requesting the purchase of goods and service.

Finding 6: The review identified one purchase order (IDEA) without written documentation and authorization. Further, a payment for tuition was made for a student who was not on the original purchase order. (A contract was executed for the student without a corresponding purchase order.)

Citation: N.J.S.A. 18A:19-2 *Requirements for payment of claims; audit of claims in general.*

Required Action: Any and all payments should be brought to the authorizing agent for changes. Rigorous reviews of all purchase orders for authorization and documentation should be implemented in order to avoid unauthorized and/or incorrect payments.

Finding 7: The review identified two purchase orders to Somerset County Educational Services Commission, which were paid without any vendor invoice (IDEA and ARRA-IDEA).

Citation: N.J.S.A. 18A:19-2 *Requirements for payment of claims; audit of claims in general.*

Required Action: All payments to vendors must be supported by an original invoice from the vendor. Payments must not exceed the amount invoiced. Rigorous reviews of all purchase orders for authorization and documentation must be implemented in order to avoid unauthorized and/or incorrect purchases.

Recommendation 1: The district does not have formal written board policies for requesting reimbursement from the EWEG system; however, 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.

NORTH PLAINFIELD BOROUGH PUBLIC SCHOOLS
ARRA MONITORING REPORT
MAY 2011

Recommended Action: The district must approve an EWEG drawdown policy at an upcoming board meeting and submit the policy to the NJDOE for review.

Recommendation 2: The district's Purchasing Manual does not address the issue of contracting with disbarred vendors (even though this did not occur, there were no administrative controls in place to prevent it from occurring).

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 and purchasing policies to prevent possible contracting errors from occurring.

Recommendation 3: The district's internal control policies and standard operating procedures need to be updated to prevent improper use of budgetary accounts.

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

Recommended Action: The district must update internal control policies to prevent these errors from occurring. Grant management staff should have access to district budgetary records. The district should establish Standard Operating Procedures and train appropriate staff to keep budgetary controls in place.

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 Roseann Lozinski at (609) 292-4452 or via email at roseann.lozinski@doe.state.nj.us.