



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. Furkan Kosar, Lead Person
Paterson Charter School for Science and Technology
69-75 Lehigh Avenue
Paterson, NJ 07503

Dear Mr. Kosar:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Paterson Charter School for Science and Technology**. 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 Paterson Charter School for Science and Technology Board of Trustees 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'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/tc:Paterson Charter School for Science and Tech Cover Letter
Enclosures

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

**PATERSON CHARTER SCHOOL FOR SCIENCE AND TECHNOLOGY
BOARD OF TRUSTEES
276 WABASH AVENUE
PATERSON, NJ 07503
PHONE: 973-247-0600**



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

**ARRA MONITORING REPORT
DECEMBER 2010**

District: Paterson Charter School for Science and Technology
County: Passaic
Dates on-Site: September 21 and 22, 2010
Case #: ARRA-065-09

FUNDING SOURCES

Program	Funding Award
ARRA - Title I	\$245,754
ARRA - Title I SIA Part A	20,072
ARRA - IDEA Basic	166,830
Total ARRA Funds	<u>\$432,656</u>
 Title I	 \$452,131
IDEA Basic	107,595
Total Non ARRA Funds	<u>\$559,726</u>
Total Funds	<u>\$992,382</u>

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ARRA MONITORING
DECEMBER 2010**

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 Paterson Charter School for Science and Technology (school) to monitor the school's use of ARRA funds and the related program plans, where applicable, to determine whether the school'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: Title I; ARRA-Title I; ARRA-Title I SIA; IDEA Basic; and ARRA-IDEA Basic for the period July 1, 2009 through June 30, 2010.

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 school policies and procedures. The monitoring team members also conducted interviews with school 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:

- Title I expenditures totaling \$54,689.79 were reviewed;
- ARRA-Title I had not been expended at the time of the monitoring visit;
- ARRA-Title I SIA had not been expended at the time of the monitoring visit;
- IDEA Basic expenditures totaling \$55,630.06 were reviewed; and
- ARRA-IDEA Basic expenditures totaling \$5,938.50 were reviewed.

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GENERAL DISTRICT OVERVIEW OF USES OF TITLE I AND IDEA FUNDS

The school opened for the 2003-2004 school year and initially served students in grades 8-12. It has recently expanded to two buildings spanning grades 2-12. The school identified the following areas as its priority problems: Closing the Achievement Gap, Language Arts Literacy and Mathematics. Unfortunately, we saw little of planning, implementation and oversight which we would expect to find with the use of the federal funds.

The ARRA-Title I application was submitted to the DOE a year late, although it is a two year grant, it is expected to be used for the hiring of two additional teachers, educational and technical consultants and technology items. Unfortunately, the school should have invested time and efforts to do this more quickly to bring these additional staff and resources to the school. Previously the school used Title I funds for weekend enrichment. They have transitioned from a Saturday enrichment program to the Paterson Academy for Student Success (PASS), an after-school program, which is held on Thursday afternoons. They are using Title I and will use ARRA-IDEA funds to assist with salary expenses for this program.

The school was identified as a School In Need of Improvement (SINI) because of not meeting AYP. The school is currently using Title I funds as a Targeted Assistance School but plans to apply for Schoolwide status so they can better manage and utilize their federal funds in the future.

The IDEA funds were used to provide salaries for the school psychologist and social worker. In addition, the school contracts independent learning consultants to provide services to the students. The school also utilizes the funds to provide professional development and supplies. The IDEA and ARRA-IDEA grants have been approved. However, there are discrepancies between the written grant and the current plans. Of concern is the inability of the school to commit the funds to any project. Technical assistance was provided to the school during this visit on how it should amend the current year grants. Guidance was also offered on additional resources the school should investigate to better meet the needs of their students.

Although the school developed a plan for the ARRA-IDEA funds that included the purchasing of a reading program and the establishment of a summer remedial program that targeted developing skills in Reading and Mathematics, the school has not made any decisions as to what reading program they intend to utilize nor did they provide the summer remedial program in 2010. Further, a transition coordinator and career counselor were planned for in the grant. During the on-site visit, the school did not discuss the transition coordinator but did discuss hiring a behavioral consultant and utilizing funds to provide professional development to general education and special education teachers who provide in-class resource to the students.

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DETAILED FINDINGS AND RECOMMENDATIONS

ARRA-Title I

The school does not have a formal plan in place on how it plans to use its ARRA-Title I, Part A funds. The school has failed to develop a plan on how to use the Title I funds to provide support to their students despite the fact that the school is an SINI school as demonstrated by their AYP status.

No expenditures have taken place to date. The grant application was submitted to the NJDOE on September 18, 2010.

Title I

Finding 1: The school does not have the required supporting documents to verify the activity of Title I funded staff (including administrative staff) as required by federal law.

Citation: OMB Circular A-87, Attachment B, Section 8(h): *Cost Principles for State, Local and Indian Tribal Governments (Compensation for personal services)*.

Required Action: The school must verify the time and activity of staff charged to the grant. The district must submit a list of 2009-2010 Title I funded staff salaries (including administrative staff), funding percentages and time sheets to date to the NJDOE for review.

Finding 2: The school cannot provide evidence of convening the Title I annual meeting for parents to inform them of the school's participation in Title I and the Title I parent involvement requirements and rights.

Citation: NCLB §1118(c)(1) (2): *Parental Involvement (Policy Involvement)*.

Required Action: The school must submit the invitational letter/flyer, meeting notes, sign in sheets, and the agenda from the 2009-2010 meeting to the NJDOE for review.

Finding 3: The school could not provide evidence of its written parental involvement policy that is distributed to parents of participating Title I students.

Citation: NCLB §1118(b): *School Parental Involvement Policy*.

Required Action: The school must develop a written parental involvement policy that is distributed to the parents of participating Title I students. The distribution date of the parent involvement policy must match the date entered on Electronic Web Enabled Grant (EWEG) system. A copy of this parent involvement policy must be submitted to the NJDOE for review.

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Finding 4: Although there were invoices submitted for catering services for two parent involvement activities, the school could not provide any documented evidence (sign in sheets, agendas, and meeting notes) of parents attending these events.

Citation: NCLB §1118(e): *Building Capacity for Involvement*.

Required Action: The school must ensure that its parent involvement activities correlate to the identified priority problems established by the school in an effort to assist these parents in supporting the academic needs of their children. The school must provide documented evidence that parents attended the planned activities.

Finding 5: The letter to parents of eligible Supplemental Educational Services (SES) students does not meet the regulatory requirements. Parents were not given adequate time to respond to the school. The federal SES non-regulatory guidance advises schools that parents should have a response window of at least two weeks. The school's SES letter was not dated and does not contain a comprehensive list of SES providers, only the names of several local providers.

Citation: NCLB §1116(e): *Academic Assessment and Local Educational Agency and School Improvement (Supplemental Educational Services)*.

Required Action: The school must revise the SES notification letter to meet the statutory and regulatory requirements. The school must immediately issue a revised letter to parents of eligible students to offer another SES enrollment period. The school must submit a copy of the revised letter to the NJDOE for review.

Finding 6: The school does not have defined exit criteria for students in its Title I program.

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

Required Action: The school must develop multiple educationally related objective criteria to identify students that are no longer in need of Title I services. These criteria should be primarily quantitative in nature.

Finding 7: The school spent federal funds on entertainment-related activities and other expenditures that are not allowable under federal cost principles. The school utilized Title I funds to provide a trip to Great Adventure in Jackson, New Jersey to serve as an incentive based activity for student attendance. The utilization of Title I funds by the school to support a recreational-oriented activity that is not curriculum based is not allowed.

Citation: OMB Circular No. A-87: *Cost Principles for State, Local and Indian Tribal Governments*, Section 14, Entertainment.

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Required Action: The school must reverse the charges for these unallowable activities and allocate state/local funds, rather than Title I funds, to support these unallowable expenditures.

ARRA-IDEA Basic and IDEA Basic

Finding 1: The school has not established a method to provide evidence of the impact the ARRA-IDEA and IDEA funded services will have on students. They have not established expectations for success for activities included in the IDEA or ARRA-IDEA grant plan.

Citation: IDEA Regulations *34CFR §300.202*.

Required Action: The school must have a plan for the evaluation of each activity specified in the ARRA Plan. The school can consider individual progress towards IEP goals and objectives, pre and post test scores, report cards and classroom observations. They may also consider data to track math and reading scores using the purchased programs.

Finding 2: The school does not have the required supporting documents to verify the activity of IDEA funded staff (including administrative staff) as required by federal law.

Citation: OMB Circular A-87, Attachment B, Section 8(h): *Cost Principles for State, Local and Indian Tribal Governments (Compensation for personal services)*.

Required Action: The school must verify the time and activity of staff charged to the grant. The school must submit a list of 2009-2010 Title I funded staff salaries (including administrative staff), funding percentages and time sheets to date to the NJDOE for review.

Finding 3: The school does not have a procedure to eliminate unnecessary public labeling of its classified students when seeking services. Student names were included on purchase orders going to outside consultants.

Citation: N.J.A.C. 6A: 32 *Subchapter 7: Student Records*.

Required Action: The school must establish a procedure to assign a student identification code to their classified students for the purpose of maintaining student confidentiality. This code should be used in all future purchases. The procedure to be followed is to be submitted to the NJDOE for review.

Financial Management and Reporting

Recommendation 1: The school does not have formal written board policies for requesting reimbursement from the EWEG system; however, the school's practices for requesting reimbursement were verified through questions concerning the school's internal controls.

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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 school must have a formal board policy concerning the reimbursement of grant funds and should submit this to the NJDOE for review.

Recommendation 2: The school's internal controls and Purchasing Manual does not address the issue of contracting with disbarred vendors (even though this did not happen, 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 school should update internal control and purchasing policies to prevent possible contracting errors from occurring.

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.Loizinski@doe.state.nj.us.