



State of New Jersey

DEPARTMENT OF EDUCATION

PO Box 500

TRENTON, NJ 08625-0500

CHRIS CHRISTIE  
*Governor*

KIM GUADAGNO  
*Lt. Governor*

December 6, 2010

ROCHELLE R. HENDRICKS  
*Acting Commissioner*

Mrs. Judith A. Wilson, Superintendent  
Princeton Regional Board of Education  
25 Valley Road  
Princeton, NJ 08540

Dear Mrs. Wilson:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Princeton Regional 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 March 7, 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 Princeton Regional 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:Princeton Regional BOE Cover Letter ARRA  
Enclosures

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**STATE OF NEW JERSEY  
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**American Recovery & Reinvestment Act 2009**  
*New Jersey K-12 Education*

**ARRA MONITORING REPORT  
DECEMBER 2010**

**District:** Princeton Regional Board of Education  
**County:** Mercer  
**Dates On-Site:** March 8 and 9, 2010  
**Case #:** ARRA-069-09

**FUNDING SOURCES**

	Program	Funding Award
ARRA – IDEA Basic		\$1,208,417
ARRA – IDEA Preschool		43,705
	Total ARRA Funds	<u>\$1,252,122</u>
IDEA - Basic		962,587
IDEA - Preschool		28,522
	Total Non-ARRA Funds	<u>\$991,109</u>
	Total Funds	<u><u>\$2,243,231</u></u>

**PRINCETON REGIONAL SCHOOL DISTRICT  
ARRA MONITORING REPORT  
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 Princeton Regional 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 onsite visit included staff interviews and documentation reviews related to the requirements of the following programs: IDEA Basic; IDEA Preschool; ARRA-IDEA Basic; and ARRA-IDEA Preschool for the period July 1, 2009 through March 7, 2010. The monitoring also included a review of the district's most recent ARRA section 1512 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 March 7, 2010:

- IDEA Basic expenditures totaling \$706,548 were reviewed;
- IDEA Preschool expenditures totaling \$ 22,704 were reviewed;
- ARRA-IDEA Basic expenditures totaling \$249,749 were reviewed; and
- ARRA-IDEA Preschool expenditures totaling \$12,066 were reviewed.

**PRINCETON REGIONAL SCHOOL DISTRICT  
ARRA MONITORING REPORT  
DECEMBER 2010**

**GENERAL DISTRICT OVERVIEW OF USES OF IDEA FUNDS**

**ARRA-IDEA Projects Basic and Preschool**

The district is using their ARRA-IDEA grant to enhance the services for students with disabilities. Goals for the funds are to improve and expand services through an extended school year, tutoring and diagnostics. Some of the funds will be used for out of district tuitions. One of the goals is to increase technology in Accelerated Intervention Services, English Language Learner programs and in Special Education programs. The district is attempting to increase in-district services for its classified and intervention and referral services (I&RS) students. Coordinating Early Intervening Services (CEIS) funds are being used to support a contract with the Counseling Center and System 44 Reading Program.

**IDEA Projects Basic and Preschool**

IDEA Basic funds are being used for out-of-district tuition and contracted services for Occupational and Physical Therapies, and Transportation for community based instruction. These funds are also used to increase Technology for Special Education programs and purchase equipment for health screening and classroom environment. Salaries for tutoring and expansion of in-district autism and behavioral disabilities programs are included in this grant.

CEIS funds are being used to reorganize the Accelerated Intervention Support Program. The Counseling Center has been contracted to work with I&RS teams to improve their effectiveness as well as additional professional development activities. Summer programs and tutoring activities as well as additional technology will be provided to assist at-risk students.

The district will measure the effectiveness of these interventions by tracking the student's progress through I&RS records, standardized test scores and annual Individualized Education Program (IEP) reviews. The use of CEIS funds will be reviewed by analyzing referral rates and disproportionality data.

The overall expectation for the use of these funds is to allow students to successfully participate in the least restrictive educational environment.

**PRINCETON REGIONAL SCHOOL DISTRICT  
ARRA MONITORING REPORT  
DECEMBER 2010**

**DETAILED FINDINGS AND RECOMMENDATIONS**

**IDEA**

**Finding 1:** The district is not in compliance with IDEA Regulations concerning services to nonpublic schools. District officials did not participate in consultation and collaborative decision making with the nonpublic schools; did not communicate with the nonpublic schools directly regarding the delivery of services or new requests for services; and did not maintain lists of students being served or current service plans. Also, contract with the nonpublic service provider is not specific as to services being delivered and is structured to provide incremental payments, not reimbursement for actual services rendered.

**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 its contract with its nonpublic service provider to provide for payments based on specific services provided; develop procedures to capture consultations specifically for IDEA and ARRA-IDEA services and obtain confirmation of consultation forms from the nonpublic schools; develop procedures for requests for additional services that come through the district and not the provider; 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 to the NJDOE for review.

**Finding 2:** The district did not have detailed equipment inventory for items purchased with ARRA IDEA funds used by the nonpublic students

**Citation:** EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 32, Equipment.

**Required Action:** The district must have formal tracking of equipment purchased with federal grants for use by nonpublic students. All inventoried items should include tag number, cost, location, date of purchase and item description. The equipment label must indicate it was purchased using federal funds.

**Finding 3:** The district has misclassified the accounting classification of related services in the instructional services line.

**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 update its applications and corresponding accounting records to classify expenses according to their function. The revised budget summary for both the ARRA-IDEA grants should be submitted to the NJDOE for review.

**PRINCETON REGIONAL SCHOOL DISTRICT**  
**ARRA MONITORING REPORT**  
**DECEMBER 2010**

**Administrative**

**Recommendation 1:** The district's internal controls must 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.

**Recommendation 2:** The district does not have formal written policies for requesting reimbursement from the Electronic Web Enabled Grant system; however, the district's practice for requesting reimbursement was 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.

**Recommendation 3:** 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 LFN 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.

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.

**PRINCETON REGIONAL SCHOOL DISTRICT  
ARRA MONITORING REPORT  
DECEMBER 2010**

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](mailto:anthony.hearn@doe.state.nj.us).