



State of New Jersey

DEPARTMENT OF EDUCATION

PO Box 500

TRENTON, NJ 08625-0500

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

July 29, 2010

BRET SCHUNDLER
Commissioner

Dr. John Alfieri, Superintendent
Vernon Township Board of Education
539 Route 515
PO Box 99
Vernon, NJ 07462-0099

Dear Dr. Alfieri:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Vernon 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 March 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 Vernon 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 Steven Hoffmann at (973) 621-2750.

Sincerely,

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

RJC/LDM/tc:Vernon Twp. Board of Education Cover Letter
Enclosures

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**STATE OF NEW JERSEY
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TRENTON, NJ 08625-0500**

VERNON TOWNSHIP BOARD OF EDUCATION
539 ROUTE 515
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American Recovery & Reinvestment Act 2009
New Jersey K-12 Education

**ARRA MONITORING REPORT
JULY 2010**

District: Vernon Township Board of Education
County: Sussex
Dates On-site: May 26 and 27, 2010
Case #: ARRA-080-09

FUNDING SOURCES

Program	Funding Award
State Fiscal Stabilization Fund – Education Stabilization Fund	\$2,961,108
State Fiscal Stabilization Fund – Government Services Fund	114,629
ARRA - IDEA Basic	966,561
ARRA - IDEA Preschool	34,938
Total ARRA Funds	4,077,236
IDEA Basic	906,288
IDEA Preschool	30,023
Total Non-ARRA Funds	936,311
Total Funding	\$5,013,547

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JULY 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 Vernon Township 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 March 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:

The following dollar amounts of expenditures were reviewed for each program monitored for the period of July 1, 2009 through March 31, 2010:

- ESF 100% of expenditures totaling \$2,961,108 were reviewed;
- GSF 100% of expenditures totaling \$114,629 were reviewed;
- ARRA-IDEA Basic 61% of expenditures totaling \$ 498,584 were reviewed;
- ARRA-IDEA Preschool 92% of expenditures totaling \$9,142 were reviewed;
- IDEA Basic 100% of expenditures totaling \$528,668 were reviewed; and
- IDEA Preschool 100% of expenditures totaling \$16,262 were reviewed.

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GENERAL DISTRICT OVERVIEW OF USES OF IDEA FUNDS

ARRA IDEA Projects

The district utilized the option to reduce the maintenance of effort at 50 percent of the ARRA-IDEA funding increase in the amount of \$472,622. It is anticipated that the freed up funds will support technology in classrooms along with facility improvements that include purchasing furniture and upgraded flooring. The ARRA-IDEA funds that were transferred in will support tuition for out-of-district students in special education settings that the district cannot provide. The remaining IDEA Preschool and ARRA-IDEA Basic funds will support the hiring of an additional special education supervisor for K-6; hire an additional administrator either as an assistant director or private consultant to support special education program development and work with child study team staff; support costs to improve existing facility conditions for special education programs; and to create capacity in developing new programs within the district in order to educate special education students in the least restrictive environment. The district does not have any nonpublic schools serving identified students and therefore did not have an allocation of nonpublic proportionate share monies.

IDEA Projects

IDEA funds have been allocated to support special education staff positions that include resource teachers, child study team staff and a preschool disabilities teacher.

DETAILED FINDINGS AND RECOMMENDATIONS

IDEA

Finding 1:

Condition: The district has not established a method to provide evidence of the impact the ARRA-IDEA Basic and ARRA-IDEA Preschool funded services will have on students. They have not established expectations for success for activities included in the ARRA-IDEA Basic and ARRA-IDEA Preschool Plan.

Citation: IDEA Regulations 34CFR §300.202.

Required Action: The district must have a detailed plan for the evaluation of each activity specified in the ARRA Plan. This could include comparative student placement data in regards to LRE, professional development pre and post test surveys for child study team members and outcome reports for staff progress.

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Finding 2:

Condition: The district is charging ARRA-IDEA Basic and ARRA-IDEA Preschool to the 200 series program codes in the general ledger when they should be charged to “Other Federal Projects” in the 450 to 469 series.

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

Required Action: The district must establish accounts using the appropriate program codes in the general ledger and transfer the balances from the incorrect accounts. The district was provided with the detailed transaction data accordingly.

Finding 3:

Condition: The district does not reappoint grant staff annually in the board minutes. Only new staff assignments are noted in the minutes.

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: All staff charged against grants should be reappointed annually by board resolution.

Finding 4:

Condition: The district does not maintain a master schedule for time and service charged to the IDEA grant for instructional and non-instructional staff.

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: All staff charged against grants should be included in a master schedule.

Finding 5:

Condition: The district does not have the required supporting documentation to verify the activity of IDEA funded 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)*.

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Required Action: The district must maintain records to verify the time and activity of staff charged to the grant.

Financial Management and Reporting

Finding 1:

Condition: On several occasions the district failed to issue a purchase order prior to services being rendered (confirming order). District policy and state regulations require that a properly executed purchase order be issued prior to services being rendered.

Citation: EDGAR, PART 80-*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 20, Standards for financial management systems. N.J.S.A 18A:8A(2)(v) *Public School Contract Law*.

Required Action: Purchase orders should be issued to all vendors prior to goods or services being provided.

Finding 2:

Condition: Expenditures were not charged to the correct general ledger account. Several expenditures for instructional supplies were incorrectly charged to a non-instructional supply account.

Citation: Uniform Minimum Chart of Accounts for New Jersey Public Schools, 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: All district expenditures should be recorded in the proper general ledger account in accordance with the Uniform Minimum Chart of Accounts.

Finding 3:

Condition: The budget appropriations in the district's general ledger for ARRA-IDEA Basic and ARRA-IDEA Preschool were incorrect as of March 31, 2010. The difference was the result of an erroneous transfer posted to the accounts which resulted in an over expenditure of the ARRA-IDEA Basic supplies account. The district has made all necessary adjustments to correct the error.

Citation: EDGAR, PART 80-*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 20, Standards for financial management systems.

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Recommendation: The district should ensure that grant appropriations agree to the amount of the award.

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.