



State of New Jersey

DEPARTMENT OF EDUCATION

PO Box 500

TRENTON, NJ 08625-0500

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Governor

KIM GUADAGNO
Lt. Governor

CHRISTOPHER D. CERF
Acting Commissioner

March 31, 2011

Mr. Robert Glowacky, Superintendent
Warren County Technical School District
1500 Route #57
Washington, NJ 07882-9801

Dear Mr. Glowacky:

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

Sincerely,

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

RJC/LDM/Warren County Technical School District Cover Letter
Enclosures

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WARREN COUNTY TECHNICAL SCHOOL DISTRICT BOARD OF EDUCATION
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American Recovery & Reinvestment Act 2009
New Jersey K-12 Education

ARRA MONITORING REPORT
MARCH 2011

District: Warren County Technical School District
County: Warren
Dates on-Site: December 14 and 15, 2010
Case #: ARRA-083-09

FUNDING SOURCES

Program	Funding Award
State Fiscal Stabilization Fund – Education Stabilization Fund	\$467,211
State Fiscal Stabilization Fund – Government Service Fund	18,086
ARRA-Title I	10,879
ARRA-IDEA Basic	99,443
Total ARRA Funds	<hr/> \$595,619
Title I	\$32,450
IDEA Basic	114,007
Title II, Part A	11,928
Title II, Part D	331
Title IV	1,028
Total Non-ARRA Funds	<hr/> \$159,744
Total Funds	<hr/> \$755,363

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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 Warren County Technical School District 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); Title I; ARRA-Title I; IDEA Basic; ARRA-IDEA Basic, Title II, Part A, Title II, Part D and Title IV for the period July 1, 2009 through June 30, 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 June 30, 2010:

- ESF expenditures totaling \$467,211 were reviewed;
- GSF expenditures totaling \$18,086 were reviewed;
- Title I expenditures totaling \$8,542 were reviewed;
- Title II, Part A expenditures totaling \$2,927.60 were reviewed;
- Title II, Part D had not been expended at the time of the monitoring visit;
- Title IV expenditures totaling \$859 were reviewed;
- ARRA-Title I had not been expended at the time of the monitoring visit;
- IDEA Basic expenditures totaling \$23,325 were reviewed; and

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- ARRA-IDEA Basic expenditures totaling \$17,507 were reviewed.

GENERAL DISTRICT OVERVIEW OF USES OF SFSF FUNDS

The district used ESF and GSF funds to pay for selected staff salaries, an appropriate use of these funds. The district reported that no new jobs were created, but 9.35 jobs were retained because these funds were part of the Equalization Aid.

GENERAL DISTRICT OVERVIEW OF USES OF TITLE I AND IDEA FUNDS

ARRA-Title I; Title I; Title II, Part A; Title II, Part D; and Title IV

The district operates as a single attendance area of 460 students with 16% of the student body eligible for free and reduced lunch. The district did not utilize the Title I funds in the 2009-2010 school year. The district has earmarked the Title I funds for the 2010-2011 school year to support a tutoring program targeting mathematics, language arts literacy and reading.

The district has budgeted its FY 2009-2010 Title I allocation to implement technology, small learning communities, extended day, tutoring, turnkey training and professional development, targeting mathematics, language arts literacy and reading. The district has also budgeted its FY2009-2010 Title II, Part A and Part D allocations for professional development. The Title II, Part D funds were not spent, as of June 30, 2010. The district has budgeted its FY 2009-2010 Title IV allocation to implement a school-based smoking prevention program.

ARRA-IDEA and IDEA Projects

The decision regarding the allocation was made collaboratively with the business administrator, the special education teachers and parents. The district allocated ARRA funds for a Summer Technology Program for the classified students. The program was designed for five days a week and lasted for four weeks. It included hands-on activities as well as academic instructions such as: writing, literature, mathematics and creative writing.

The district also allocated funds to purchase books, study island and evaluating/testing materials. A summer High School Proficiency Assessment (HSPA) program for the special education population was created to enhance instructions in standardized test strategies.

The plan as of this monitoring supports the utilization of funds to increase the participation of the special education students in general education, enhance instruction and provide exposure to a wider variety of programs. The guidance counselor will keep track of the students' grades and disciplinary referrals.

The district plans to compare assessment data of students placed in general education. Specifically, the district will compare students who were always in general education with special education supports and students who were in self-contained programs and were now included. The district expects that the students will demonstrate improved scores for both groups. Currently, teacher reports have not yielded any feedback due to the newness of the

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program. The district also expects that more students will be able to successfully transition from school to work or school to post school experiences.

It became apparent that the district does not have grant management personnel in place that have a thorough knowledge of the intricacies of the grants system. It would be in their best interest to seek out neighboring districts to arrange a shared service agreement or services for managing these grants.

DETAILED FINDINGS AND RECOMMENDATIONS

SFSF

Finding 1: The district was unable to provide all 1512 quarterly reports, reports of jobs created and jobs retained and supporting documentation for the reimbursement amounts for both ESF and GSF.

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 maintain formal tracking of SFSF funding and ensure that the backup documentation to support jobs created and jobs retained is in compliance with issued federal guidance.

Finding 2: The district staff charged to SFSF funds were not approved by the district's board of education.

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's board of education must approve all staff charged to any federal grant.

No Child Left Behind Consolidated Grant and ARRA-Title I

Finding 3: The district does not have the required supporting documentation to verify the activity of Title I 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)*.

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

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Finding 4: A written entrance and exit criteria for eligible students in the targeted assistance program could not be provided by the school district.

Citation: NCLB §1115 (b) (1) (B).

Required Action: The school district must develop a written entrance and exit criteria for eligible students in the targeted assistance program.

Finding 5: The district's notification letter to parents about their child's participation in the Title I program did not include a date for the 2009-2010 school year. Additionally, the district has not provided attendance records and minutes of the annual parent meeting.

Citation: NCLB §1118(b) through (f).

Required Action: The district must ensure its parental notification letter is dated and includes the required legislative components specifying the academic criteria used to identify students for Title I services. The district must provide a copy of the revised parental notification letter, the agenda, attendance records, and minutes of the annual parent meeting to the NJDOE for review.

Finding 6: The district is using Title I funds to benefit non-targeted students. Title I funds were allocated to purchase standard test assessments. However, the high school is not a designated Title I schoolwide program.

Citation: NCLB §1115 (b). *Targeted Assistance Schools (Eligible Children).*

Required Action: The district must ensure that only eligible Title I students benefit from the Title I program.

Finding 7: The district did not provide class lists or sign in sheets to determine which students attended tutoring programs. It is unclear whether all students attending the programs met the eligibility criteria.

Citation: NCLB § 1115 *Targeted Assistance Schools.*

Required Action: The district, which is designated as a targeted assistance program, must submit a list of students who were eligible for the tutoring programs to the NJDOE for review.

Finding 8: The district's records do not match the submitted Title I Electronic Web Enabled Grant (EWEG) application. The district failed to accept the grant funds as required by law. The budget allocation was not equal to the application.

Citation: NCLB §9306(a)(5): *Other General Assurances (Assurances).* EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to*

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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 reconcile its budget to correspond to the Title I EWEG Application. The district must adjust all appropriation accounts to reflect what actually occurred and submit the final report to the NJDOE for review. This will allow the district to carry funds forward to be used in FY 2010-2011.

Finding 9: The district is not using multiple, educationally related objective criteria to identify students for Title I services. The district presented a description of eligibility criteria with income as the sole determination.

Citation: NCLB §1115(b)(1)(B): *Targeted Assistance Programs (Eligible Children From Eligible Population)*.

Required Action: The district must revise its criteria for identification of students for Title I services. The revised criteria should be based on a student's academic performance and include multiple, educationally related objective criteria (e.g. NJ ASK scores, teacher recommendations, grades and benchmark assessments). The revised Title I entrance and exit criteria must be included in the program description that is submitted to the NJDOE for review.

Finding 10: The district made a purchase for recreational purposes, rather than instructional purposes, that is unallowable under Title IV regulations. The district purchased tee shirts, but did not provide evidence that the purchase benefitted an instructional program.

Citation: NCLB §1112 Local Educational Agency Plans.

Required Action: The district should reverse the charges for this activity to allocate state/local funds, rather than Title IV funds.

IDEA and ARRA-IDEA

Finding 11: The district staff charged to the IDEA Basic grant were not approved by the district's board of education

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's board of education must approve all staff charged to any federal grant.

Finding 12: The district has not established a method to provide evidence of the impact the ARRA-IDEA Basic funded services will have on students. Expectations for success for activities included in the ARRA plan have not been established by the district.

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Citation: IDEA Regulations 34CFR §300.202.

Required Action: The district must have a plan for the evaluation of each activity specified in the ARRA Plan. The district can consider individual progress towards IEP goals and objectives, pre and post test scores, report cards and classroom observations.

Finding 13: The district does not have the required supporting documents to verify the activity of ARRA-IDEA and IDEA funded staff: Psychologist; Social Worker; LDTC; and Speech Therapist, as required by federal law. The time sheets did not clearly articulate the grant-related duties of the staff.

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 district must verify the time and activity of staff charged to the grant.

Finding 14: The FY 2009-2010 district records do not match the submitted IDEA EWEG application. The board authorization for the application of the IDEA grant is not in agreement with the award for FY 2009-2010. The district failed to accept the IDEA funds as required by law. The district was awarded \$114,007, but their records show only \$102,842 was recorded and used. The balance should be reported as carryover when the final report is submitted.

Citation: NCLB §9306(a)(5): *Other General Assurances (Assurances)*. 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 reconcile its budget to correspond to the IDEA EWEG application. The final budget must be submitted to the NJDOE for review.

Finding 15: A purchase order (ARRA-IDEA Basic) was altered without written documentation and authorization.

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

Required Action: The district must implement internal controls over the purchasing function so that adjustments to purchase orders are approved by the district authorizing employee and the business administrator.

Financial Management and Reporting

Finding 16: A purchase order was executed which did not identify the program (IDEA BASIC) that was used to purchase goods or services. The review uncovered four occurrences (ARRA-Title I, Title II and ARRA-IDEA Basic) when the descriptive title of the funding source did not

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agree to the descriptive title of the accounts which were charged. As noted in Finding 15, a purchase order (ARRA-IDEA Basic) was altered without written documentation and authorization.

Citation: OMB Circular A-87, Attachment B, Section 11(h): *Cost Principles for State, Local and Indian Tribal Governments*; EDGAR Part 80: *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*. New Jersey Administrative Code 6A:23a. *Standard Operating Procedures for Business Functions*.

Required Action: The district must implement internal controls over the purchasing function.

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.

Recommended Action: The district should approve a policy for requesting reimbursement from the EWEG system at an upcoming board meeting and submit the policy to the NJDOE for review.

Recommendation 2: The district does not have a Purchasing Manual and 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 district should have a Purchasing Manual approved by the board to improve internal controls and purchasing policies to prevent possible contracting errors from occurring.

Recommendation 3: The district was not able to provide a Position Control Roster as required by statute.

Citation: New Jersey Administrative Code 6A:23a. *Standard Operating Procedures for Business Functions*.

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Recommended Action: The Business Office must establish and maintain the Position Control Roster. The Position Control Roster must be included in the next budget submission to the NJDOE for review.

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.