

April 1, 2010

Ms. Lynda Anderson-Towns, Superintendent
Woodbine Board of Education
801 Webster Street
Woodbine, NJ 08270

Dear Ms. Anderson-Towns:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Woodbine 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 February 28, 2010. The resulting report is enclosed. Please provide a copy of the report to each board member.

Utilizing the process outlined in the attached "Procedures for LEA/Agency Response, Corrective Action Plan and Appeal Process," the Woodbine 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:Woodbine Board of Education Cover Letter
Enclosures

Distribution List

Bret Schundler
Willa Spicer
Barbara Gantwerk
Yut'se Thomas
Suzanne Ochse
Kathryn Forsyth
Anne Corwell
Roberta Wohle
Anthony Hearn
Terrence J. Crowley

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

WOODBINE BOARD OF EDUCATION
801 WEBSTER STREET
WOODBINE, NJ 08270
PHONE: (609) 861-5174



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

**ARRA MONITORING REPORT
APRIL 2010**

District: Woodbine Board of Education
County: Cape May
Dates On-Site: March 1, 2010
Case #: ARRA-090-09

FUNDING SOURCES

Program	Funding Award
State Fiscal Stabilization Fund – Education Stabilization Fund	391,045
State Fiscal Stabilization Fund – Government Services Fund	15,138
ARRA – IDEA – Basic	74,665
Total ARRA Funds	<hr/> \$480,848
IDEA - Basic	97,749
Total Non-ARRA Funds	97,749
Total Funds	<hr/> <hr/> \$578,597

**WOODBINE SCHOOL DISTRICT
ARRA MONITORING REPORT
APRIL 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 Woodbine Board of Education to monitor the district's use of fiscal year 2009-2010 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); and IDEA Basic for the period July 1, 2009 through February 28, 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:

Elements comprising the review included the following:

- ESF expenditures for salary of \$390,469 for 7.45 employees;
- GSF expenditures for salary of \$15,833 for .34 employees;
- ARRA IDEA Basic expenditures of \$22,464; and
- IDEA expenditures of \$97,749.

In addition, the team reviewed the district's plans for spending the balance of the funding.

**WOODBINE SCHOOL DISTRICT
ARRA MONITORING REPORT
APRIL 2010**

GENERAL DISTRICT OVERVIEW OF USES OF TITLE I AND IDEA FUNDS

ARRA IDEA Projects

The district identified instructional supplies, materials and devices including software, laptops and curriculum materials to be used with students with educational disabilities in general education settings and the self-contained in-district program to support their educational programs in accordance with their Individualized Educational Plans (IEPs). The district is also supporting increased tuition expenses for students placed out-of-district at the Salem County Special Services School District and a local Private School for Students with Disabilities because their individual needs for support exceed what is available in this very small district. A small portion of the grant has been reserved for professional consultation and staff development.

DETAILED FINDINGS AND RECOMMENDATIONS

IDEA:

Finding 1: Based on a representative document review, customized supplies purchased through the ARRA IDEA grant are not reflected in current student IEPs. Based on a representative document review, there was no demonstration of a link between the instructional supplies purchased and the delivery of services to students with disabilities in either segregated programs or included in the general education classes. The district must maintain appropriate documentation that purchases are consistent with the grant requirements in order to show that they are not supplanting federal funds by purchasing materials intended for school wide, general curriculum use.

Citation: IDEA Regulation 34 CFR 300.208 (*Permissive Use of Funds*).

Required Action: At the next regularly occurring annual review meetings, list specialized materials and devices purchased to support instructional programs for students with disabilities in their IEPs.

Finding 2: The district has misclassified the accounting classification of supplies into equipment category even though all items were under the \$2,000 equipment cost threshold in both their accounting system and the Electronic Web Enabled Grant (EWEG) grant system.

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 and IDEA Basic grants should be submitted.

**WOODBINE SCHOOL DISTRICT
ARRA MONITORING REPORT
APRIL 2010**

SFSF

Finding 3: The districts reporting and tracking on jobs created and jobs saved did not reconcile with the required supporting detail to identify the jobs reported for ESF and GSF funding on the 1512 Report.

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 have formal tracking of SFSF funding and the backup necessary to support the information submitted is consistent with the federal guidance recently issued with regard to jobs created and jobs saved.

Finding 4: The district's cash management report did not tie into the general ledger.

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 must have formal tracking of SFSF funding and the backup necessary to support the charges consistent with the federal guidance issued with regard to jobs created and jobs saved.

ADMINISTRATIVE

Recommendation 1: The district's internal controls and standard operating procedures should 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.

Recommended Action: The district should update internal control policies to prevent these errors from recurring.

Recommendation 2: The district does not have formal written 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.

WOODBINE SCHOOL DISTRICT
ARRA MONITORING REPORT
APRIL 2010

Recommended Action: The district must have a formal board policy concerning the reimbursement of grant funds and should submit this to the NJDOE for review.

Recommendation 3: Under the New Jersey's Public School Contracts Law (PSCL) districts do not need 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 department 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 Local Finance Notice 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.

Recommended Action: The district should review 34 CFR Part 80.36 and use open and competitive procedures where at all possible. The district should also analyze and include documentation in its files that demonstrates the district ensured the costs were reasonable.

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 Anthony Hearn via phone at (609) 633-2492 or via email at anthony.hearn@doe.state.nj.us.