



State of New Jersey

DEPARTMENT OF EDUCATION

PO Box 500

TRENTON, NJ 08625-0500

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

CHRISTOPHER D. CERF
Acting Commissioner

December 20, 2011

Mr. Brian McBride, Chief School Administrator
New Hanover Township School District
122 Fort Dix Street
Wrightstown, NJ 08562

Dear Mr. McBride:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **New Hanover 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 June 30, 2011. 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 New Hanover 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 Anthony Hearn at (609) 633-2492.

Sincerely,

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

RJC/LDM/tc:New Hanover Twp. BOE Cover Letter ARRA

Enclosures

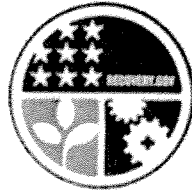
www.nj.gov/education

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NEW HANOVER TOWNSHIP BOARD OF EDUCATION
122 FORT DIX STREET
WRIGHTSTOWN, NJ 08562
PHONE: (609) 723-2139



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

ARRA MONITORING REPORT
DECEMBER 2011

District: New Hanover Township Board of Education
County: Burlington
Dates On-Site: December 8, 2011
Case #: ARRA-054-09

FUNDING SOURCES

Program	Funding Award
State Fiscal Stabilization Fund – Education Stabilization Fund	\$334,529
State Fiscal Stabilization Fund – Government Services Fund	12,960
ARRA-Title I	36,533
ARRA-IDEA Basic	72,331
ARRA-IDEA Preschool	2,611
Total ARRA Funds	<u>\$458,964</u>
Title I	\$86,513
IDEA Basic	175,597
IDEA Preschool	5,369
Total Non-ARRA Funds	<u>\$267,479</u>
Total Funds	<u><u>\$726,443</u></u>

**NEW HANOVER TOWNSHIP SCHOOL DISTRICT
ARRA MONITORING REPORT
DECEMBER 2011**

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 New Hanover 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); ARRA-Title I; ARRA-IDEA Basic; ARRA-IDEA Preschool, Title I, Title I SIA, IDEA and IDEA Preschool for the period July 1, 2009 through June 30, 2011. 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 grants that were reviewed included ESF and GSF. Title I, ARRA-Title I, IDEA and IDEA-PK and related ARRA funding from July 1, 2009 through June 30, 2011. A sampling of purchase orders was taken from the entire population and later identified as to the grant that was charged.

**NEW HANOVER TOWNSHIP SCHOOL DISTRICT
ARRA MONITORING REPORT
DECEMBER 2011**

GENERAL DISTRICT OVERVIEW OF USES OF TITLE I AND IDEA FUNDS

ARRA-Title I Projects

The district used its ARRA-Title I, Part A funds to implement positive promotions and positive behavior reinforcement throughout the entire school. The district also had an ARRA-Title I nonpublic allocation that went unspent according to their fiscal records.

The district's regular Title I program is an in-class support model that assists students in the normal classroom environment during the school day.

ARRA-IDEA Projects

The district used FY 2010-2011 IDEA Basic and Preschool funds to support the partial salary for a school psychologist. FY 2011-2012 IDEA Basic and Preschool funds will be used to support out-of-district placements for students who have educational needs which cannot be currently addressed within the existing district programs. In addition, both FY 2010-2011 and FY 2011-2012 funds will be utilized to contract for related service providers and to purchase updated assessment tools and supplies.

The ARRA-IDEA funds are dedicated to support out-of-district placements for students who have educational needs which cannot be currently addressed within the existing district programs.

DETAILED FINDINGS AND RECOMMENDATIONS

SFSF Funds

Finding 1: The district's reporting and tracking of jobs created and jobs retained did not have 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 necessary backup documentation to support that the information submitted is consistent with the federal guidance recently issued on jobs created and jobs retained. The district must submit updated information with detailed staffing data through the end of the grant to the NJDOE for review or return the funds.

Finding 2: The district's cash management report and 1512 report do not tie into the general ledger for salaries and jobs created and jobs retained. The district does not have a mechanism to track funds which impacts the validity of the data submitted for the 1512 report.

**NEW HANOVER TOWNSHIP SCHOOL DISTRICT
ARRA MONITORING REPORT
DECEMBER 2011**

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 charges consistent with the federal guidance issued with regard to jobs created and jobs retained. The district must submit an updated list of charges with staffing detail through the end of the grant to the NJDOE for review or return the funds.

Title I

Finding 3: The district reserved funds for nonpublic schools, but had no evidence of consultation with any nonpublic schools and the ARRA-Title I funds went unspent.

Citation: NCLB §1120 (*Participation of Children Enrolled In Private Schools*).

Required Actions: The district must immediately begin the consultation process with those nonpublic schools that enroll its resident students and ensure that eligible students receive services. The district must submit to the NJDOE evidence of consultation and expenditures for FY 2011-2012 that will be incurred.

Finding 4: The district 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 district must submit the invitational letter/flyer, meeting notes, sign-in sheets, and the agenda from the FY 2009-2010 meeting to the NJDOE for review.

Finding 5: The district did not inform parents of its Title I program selection criteria, why the child met the selection criteria and the course of action that the district has determined to remediate the child. All of these elements must be included in the notification letter to parents about their child's participation in the Title I program. The district's letter to parents of eligible students states, "*various academic criteria*" rather than specifying the criteria used to identify students for Title I services (e.g., NJ ASK 3 assessment, teacher recommendations, quarterly mathematics benchmark assessment).

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

Required Action: The district must revise its parent notification letter to include the required legislative components by specifying the academic criteria used to identify students for Title I services. The district must distribute the revised letter to the parents

**NEW HANOVER TOWNSHIP SCHOOL DISTRICT
ARRA MONITORING REPORT
DECEMBER 2011**

of its Title I students and provide a copy of the revised parent notification letter to the NJDOE for review.

Finding 6: The district does not have a school-level Title I parental involvement policy.

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

Required Action: The district should provide technical assistance to its school's staff in the development of school-level parent involvement policies and ensure that its school's staff work with their stakeholder groups to develop a school-level parent involvement policy. The school must distribute its school parent involvement policy to the parents of Title I students and send a copy to the NJDOE for review.

Finding 7: The district does not have the required supporting documents to verify the activity of Title I and 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)*.

Required Action: The district must verify the time and activity of staff charged to the grant. The district must submit a list of FY 2010-2011 Title I funded staff, salaries, funding percentages and time sheets to date to the NJDOE for review (including administrative staffing).

Finding 8: The district expended Title I funds to benefit students and staff not participating in the Title I program. Examples include: wristbands, general supplies, 24 Dell computers, positive behavior program and anti-bullying workshops for staff.

Citation: NCLB Section 1120A(b) *Fiscal Requirements, Federal Funds To Supplement, Not Supplant, Non- Federal Funds*.

Required Action: The district must reverse all Title I expenditures that supplant state and local funding. The district must submit a spreadsheet of the updated charges to the Title I and ARRA-Title I grants for FY 2010-2011 to the NJDOE for review.

IDEA

There were no findings in the area of IDEA.

Administrative

Finding 9: The district was not prepared for the monitoring visit. Upon the monitoring team's arrival, the district did not have all requested information available. Supporting detail was not available at the start of the meeting and third party data holders were not aware of the monitoring prior to the team's arrival.

**NEW HANOVER TOWNSHIP SCHOOL DISTRICT
ARRA MONITORING REPORT
DECEMBER 2011**

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 be more conscious of readiness since they were notified weeks prior to the meeting date and had a list of information which was required but did nothing to prepare for the visit.

Recommendation 1: The district's internal controls 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 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.

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 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

**NEW HANOVER TOWNSHIP SCHOOL DISTRICT
ARRA MONITORING REPORT
DECEMBER 2011**

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.

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.

State of New Jersey
Department of Education
Office of Fiscal Accountability and Compliance

PROCEDURES FOR LEA/AGENCY RESPONSE
CORRECTIVE ACTION PLAN AND APPEAL PROCESS

Resolution:

Pursuant to N.J.A.C. 6A:23A-5.6, within 30 days of receipt of the report, the board of education must discuss the findings of the report at a public meeting of the board. Within 30 days of the public meeting, the board must adopt a resolution certifying that the findings were discussed in a public board meeting and approving a corrective action plan to address issues raised in the undisputed findings and/or appeal of any findings in dispute. Within 10 days of adoption of the resolution by the board, such resolution together with the approved corrective action plan and/or appeal must be submitted to the Office of Fiscal Accountability and Compliance. The findings of the Office of Fiscal Accountability and Compliance's report and the board of education's corrective action plan must be posted on the district's website.

Corrective Action Plan:

The corrective action plan is to be used when the LEA/Agency is in agreement with any of the findings. To contest a finding the appeal process must be used. After the appeal is settled a corrective action plan must be filed for any finding upheld during the appeal process.

The corrective action plan must be prepared by completing the attached form. The LEA/Agency must submit the following information:

- Recommendation number
- Corrective action (approved by the board)
- Method of implementation
- Person responsible for implementation
- Completion date of implementation

If the corrective action plan is acceptable, a letter will be sent to the LEA/Agency indicating that it has been accepted.

If the corrective action plan is not acceptable, a letter will be sent to the LEA/Agency indicating whether further clarification is required or further action is necessary.

Appeal Process:

The appeal process is used to contest findings.

Within 10 days of the board's adoption of the resolution approving an appeal of the findings of the report, a written request by the LEA/Agency to review the "aggrieved" findings, recommendations or questioned costs must be submitted to the director, Office of Fiscal Accountability and Compliance. The notice of appeal must indicate the findings to be appealed.

The appeal itself may be written or a hearing may be scheduled so that the LEA/Agency can present its case. In either instance, documentation must be presented supporting the appeal. The director, Office of Fiscal Accountability and Compliance will issue a written decision.

If the decision is unsatisfactory to the LEA/Agency, the LEA/Agency may, within 10 calendar days, file a notice of appeal to the Chief of Staff.

If the final determination made by the Chief of Staff, is still unsatisfactory to the LEA/Agency, the LEA/Agency may access the formal appeal process described in N.J.A.C. 6A:3-1.3.

**NEW JERSEY DEPARTMENT OF EDUCATION
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE
CORRECTIVE ACTION PLAN**

SCHOOL DISTRICT NAME _____ COUNTY _____

TYPE OF EXAMINATION: _____

DATE OF BOARD MEETING: _____

CONTACT PERSON _____

TELEPHONE NUMBER _____ FAX NUMBER _____

RECOMMENDATION NUMBER	CORRECTIVE ACTION	METHOD OF IMPLEMENTATION	INDIVIDUAL RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION

Chief School Administrator _____ Date _____ Board Secretary/Business Administrator _____ Date _____