



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

May 1, 2012

Mr. John Saporito, Superintendent
Commercial Township School District
1308 North Avenue
Port Norris, NJ 08349

Dear Mr. Saporito:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Commercial Township Board of Education**. The funding sources reviewed include titled programs for the Education Jobs Act of 2010 (Ed Jobs) in particular, and/or Elementary and Secondary Education (ESEA) and the Individuals with Disabilities Education Act (IDEA). The review covered the period July 1, 2010 through January 31, 2012. The resulting report is enclosed. Please provide a copy of the report to each board member. All issued Ed Jobs monitoring reports will be posted on the department's website at <http://www.state.nj.us/education/finance/jobs/monitor/>.

Utilizing the process outlined in the attached "Procedures for LEA/Agency Response, Corrective Action Plan and Appeal Process," the Commercial 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 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/AH/dk:Commercial Twp. BOE Cover Letter/ Ed Jobs
Enclosures

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

COMMERCIAL TOWNSHIP SCHOOL DISTRICT
1308 NORTH AVENUE
PORT NORRIS, NJ 08349
PHONE: (856) 785-0362



Education Jobs Fund Program
New Jersey K-12 Education

EDUCATION JOBS CONSOLIDATED MONITORING REPORT
MAY 2012

District: Commercial Township School District
County: Cumberland
Dates On-Site: February 21, 2012
Case #: Ed Jobs-020-11

FUNDING SOURCES

Program	Funding Award
Ed Jobs	\$ 360,457
Title I	429,226
IDEA Basic	239,595
IDEA Preschool	6,732
Title IIA	69,274
Title VI	14,605
Total Funds	<u>\$ 1,119,889</u>

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BACKGROUND

The *Education Jobs Act of 2010 (Ed Jobs)* and other federal laws require local education agencies (LEAs) to provide programs and services to their districts based on the requirements specified in each of the authorizing statutes (ESEA, IDEA and Ed Jobs). 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 Commercial Township School District to monitor the district's use of *Ed Jobs* 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: Ed Jobs, Title I; Title IIA; Title VI; IDEA for the period July 1, 2010 through January 31, 2012.

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, a review of student records, classroom visitations and interviews with instructional staff to verify implementation of Individualized Education Programs (IEP), review of student class and related service schedules, interviews of child study team members, speech-language specialists and an interview of the program administrator regarding the IDEA grant, as well as 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 Educational Jobs Act, Title I, Title IIA, Title VI, and IDEA from July 1, 2010 through January 31, 2012. A sampling of purchase orders was taken from the entire population and later identified as to the grant that was charged.

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GENERAL DISTRICT OVERVIEW OF USES OF TITLE I AND IDEA FUNDS

Title I Projects

The district offered a schoolwide Title I program for 2011-2012. Guided reading and a new mathematics series are components of the program to increase student achievement along with the Champs program to improve school climate.

IDEA Projects

IDEA Basic and Preschool funds for FY 2012 are being used to fund child study team staff contracted through the Salem County Special Services School District. The contracted staff members assume full responsibility for evaluations of students referred for special education and related services and case management of all classified students. The grant is also being used to reduce district tuition expenditures for students receiving special educational services in public school programs in other districts and approved private schools for students with disabilities.

No nonpublic schools are located within the district.

DETAILED FINDINGS AND RECOMMENDATIONS

Ed Jobs Act

There were no findings in Ed Jobs.

Title I

Finding 1: There is no evidence the district notified nonpublic schools of students whose residence of record is in the public school attendance area of equitable Title I services.

Citation: ESEA §1120: *Participation of Children Enrolled In Private School.*

Required Action: For the 2011-2012 school year, the district must notify nonpublic schools, located both within and outside the district's boundaries, that enroll resident students of the opportunity for their eligible students to receive equitable services. In addition, the district must include the nonpublic enrollment numbers on the FY 2011-2012 NCLB Application in Step One of the Title I, Part A eligibility tab. The district must submit a copy of the letters and documentation of mailings, refusal forms and affirmation of consultations to the NJDOE. Information on equitable participation of nonpublic students for Title I can be found on the NJDOE website at: <http://www.state.nj.us/education/title1/leg/policy/equitable.shtml>.

Finding 2: The district does not have a school-parent compact developed in conjunction with parents of participating students. (It is noted that a district-level parent compact has been developed).

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Citation: NCLB §1118(d): Parental Involvement (*Shared Responsibilities for High Student Academic Achievement*).

Required Action: Each Title I school must work with its stakeholder group to develop the Title I school-parent compact. The school must distribute the compact to parents of all students and submit a copy of the school-parent compact to the NJDOE for review. Copies of each school-parent compact must be posted on the district's website.

Finding 3: On several occasions, the school failed to issue a purchase order prior to services being rendered (confirming order). The school's policy and state regulations require that a properly executed purchase order be issued prior to services being rendered.

Citation: N.J.S.A 18A:18A(2)(v) *Public School Contracts Law*.

Required Action: The school must implement a process to ensure that purchase orders are issued prior to receiving goods and services from vendors.

Finding 4: The district does not have a mechanism to track mandatory reserves, such as school in need of improvement (SINI) professional development and parental involvement, in its accounting system to ensure accuracy of final reports.

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 track its restricted reserves to ensure and verify spending of restricted amounts. The district must submit a list of account numbers being used for this purpose with a description of the accounts to the NJDOE for review.

Finding 5: The district's use of Title I, Part A funds to fund an in-school suspension teacher supplants state and local funds since these purchases are district obligations.

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

Required Action: The district must reverse the charges for these unallowable activities and allocate state/local funds, rather than Title I funds, to support these expenditures.

Finding 6: The district does not have a comprehensive equipment inventory for items purchased with Title I and IDEA funds.

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

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Required Action: The district must develop a system to track equipment purchased with federal grants. Although the state threshold for reporting equipment is \$2,000 in the Electronic Web Enabled Grant (EWEG) system, the district may have its own lower threshold. The district must track any amount that is less expensive to track than it is to replace. All inventoried items should include tag number, cost, location, date of purchase, grant that funded the purchase and item description. The district must submit a comprehensive inventory of all equipment purchased to the NJDOE for review.

Title IIA

There were no findings in Title IIA.

IDEA

Finding 7: The district does not have the required supporting documents to verify the activity of Title I staff as required by federal law, including schedules that show activity and funding percentage.

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 2012 Title I funded staff, salaries, funding percentages and time sheets that match funding percentage to the NJDOE for review (including administrative staffing).

Finding 8: The district provided an excess cost computation, but it did not reflect the most up-to-date information.

Citation: *Use of Amounts – Amounts provided to the LEA under Part B of the Act must be used only to pay the excess costs of providing special education and related services to children with disabilities. 34 CFR §300.202(a-b)*.

Required Action: The district must provide an Excess Cost Calculation that reflects the most up-to-date information to the NJDOE for review. That calculation must be in accordance with the guidance in 34 CFR §300.818, Appendix A.

Administrative

Recommendation 1: The district does not have internal control policies and procedures to prevent contracting with disbarred vendors.

Citation: EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 36, Procurement.

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Recommended Action: The district must update internal control policies to prevent potential errors from occurring.

Recommendation 2: The district does not have formal written policies for requesting reimbursement from the EWEG 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 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 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.

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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.