



State of New Jersey
DEPARTMENT OF EDUCATION
PO Box 500
TRENTON, NJ 08625-0500

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

DAVID C. HESPE
Commissioner

September 21, 2015

Dr. Louis Muenker, Superintendent
South Hunterdon Regional School District
301 Mt. Airy-Harbourton Road
Lambertville, NJ 07076

Dear Dr. Muenker:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **South Hunterdon Regional Board of Education**. The funding sources reviewed include titled programs for the Elementary and Secondary Education Act (ESEA) and the Individuals with Disabilities Education Act (IDEA). The review covered the period July 1, 2014 through March 19, 2015. The resulting report is enclosed. Please provide a copy of the report to each board member. All issued Consolidated Monitoring Reports will be posted on the department's website at <http://www.state.nj.us/education/finance/jobs/monitor/consolidated>.

Utilizing the process outlined in the attached "Procedures for LEA/Agency Response, Corrective Action Plan and Appeal Process," the South Hunterdon Regional 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 Kathryn Holbrook at (609) 292-0198.

Sincerely,

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

RJC/KH/dk: South Hunterdon Reg. BOE Cover Letter /consolidated monitoring
Enclosures

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**SOUTH HUNTERDON REGIONAL SCHOOL DISTRICT
301 MOUNT AIRY-HARBOURTON ROAD
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New Jersey K-12 Education

**CONSOLIDATED MONITORING REPORT
SEPTEMBER 2015**

District: South Hunterdon Regional School District
County: Hunterdon
Dates On-Site: March 18 and 19, 2015
Case #: CM-026-14

FUNDING SOURCES

Program	Funding Award
Title I, Part A	\$ 71,907
Title II, Part A	15,047
IDEA Basic	210,135
IDEA Preschool	6,463
Carl D. Perkins	1,956
Total Funds	<u>\$ 305,508</u>

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BACKGROUND

The Elementary and Secondary Education Act (ESEA) and the Individuals with Disabilities Act (IDEA) 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, Race to the Top and Carl D. Perkins). 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 South Hunterdon Regional School District to monitor the district's use of federal 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: Title I, Part A (Title I); Title II, Part A (Title II); and IDEA Basic and Preschool for the period July 1, 2014 through March 19, 2015. The Carl D. Perkins (Perkins) program (fiscal only) was reviewed for the period July 1, 2013 through March 19, 2015.

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 reviewed the supporting documentation for a sample of expenditures and conducted internal control reviews, as well as conducted interviews with program administrators and other district personnel as required. Additionally, the IDEA grant review included a review of student records, classroom visitations and interviews with instructional staff to verify implementation of Individualized Education Programs (IEP), a review of student class and related service schedules, and interviews of child study team members and speech-language specialists.

EXPENDITURES REVIEWED

The grants that were reviewed included Title I, Title II, and IDEA Basic and Preschool for the period July 1, 2014 through March 19, 2015 and Carl D. Perkins for the period July 1, 2013 through March 19, 2015. 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, TITLE II, IDEA AND
CARL D. PERKINS FUNDS**

Title I

The district operates targeted assistance programs in its four Title I funded schools: Stockton Elementary School, South Hunterdon Regional High School, West Amwell Elementary School, and Lambertville Elementary School. The district identified English language arts and mathematics for all students as priority problems.

Title II

The district used Title II funds for costs associated with supplementary workshops on Universal Design, Mathematics and Improving Instructional Practices.

IDEA (Special Education)

The district used the FY 2014-2015 IDEA funds to reduce district tuition costs for students receiving education services in other public school districts and approved private schools for students with disabilities.

Carl D. Perkins

During FY 2013-2014 and FY 2014-2015, the district operated two Career and Technical Education (CTE) programs of study in Agriculture, Food and Natural Resources: Animal Systems (CIP Code – 010901) and Plant Systems (CIP Code – 010601). The district utilized Perkins funds to provide support to the agriculture programs in the form of affiliation fees, instructional classroom supplies and student travel.

DETAILED FINDINGS AND RECOMMENDATIONS

Title I

Finding 1: The district's use of Title I funds for the following expenditures supplanted state/local funds:

Item	Description	Amount
1	Edmentum, Inc. (PO# P201400989)	\$4,649.91
2	National Geographic Learning (PO# P201500694)	\$11,418.25
3	Apple Computers, Inc. (PO# P201500803)	\$8,790.00
4	Apple Computers, Inc. (PO# P201500700)	\$5,580.00
	Total	\$30,438.16

For schools operating a targeted assistance Title I program, services must benefit only targeted students who meet the established criteria defined by the district/school. Services funded by

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Title I cannot benefit the entire school. Rather, these funds must be used to supplement the existing educational program of the school, by devising programs and services to bolster the academic performance of low-achieving students.

Citation: ESEA §1120A: *Fiscal requirements (Federal funds to supplement, not supplant, non-federal funds).*

Required Action: The district must allocate state/local funds rather than using Title I funds to support these expenditures. The district must provide evidence of the adjusting accounting entry for the expenditures to the NJDOE for review.

Finding 2: The district was unable to provide documentation that its Title I schools issued notification letters to the parents/guardians of identified Title I students. The district was also unable to provide a list of Title I eligible students to include measures to identify them, documentation related to areas of deficiency in English language arts and mathematics, documentation of services provided to Title I students, and a list of Title I funded teachers. In a targeted assistance program, the district must ensure that there are mechanisms in place to provide supplemental instruction to students who are academically at-risk of not meeting the state academic standards

Citation: ESEA §1115(b)(1)(B): *Targeted assistance schools (Eligible children from eligible population).*

Required Action: For the 2015-2016 school year, each of the district's Title I schools must develop and distribute the parental notification letters listing clearly defined entrance and exit criteria to include provision of service. The district must also submit to the NJDOE a list of each school's Title I eligible students, a description of each school's Title I program and a list of all funded Title I staff.

Finding 3: The district was unable to provide documentation of when its Title I written parental involvement policy was distributed. Per the legislative requirement, parents/guardians have a right to be involved in the development of the written parental involvement policy and how they can further engage in the academic performance and achievement of their children.

Citation: ESEA §1118(b): *Parental involvement (School parental involvement policy).*

Required Action: For the 2015-2016 school year, the district must distribute its written parental involvement policy to all parents/guardians of identified Title I students in all four of its funded Title I schools. The district must submit evidence of distribution to the NJDOE for review.

Finding 4: The district was unable to provide evidence that its Title I schools had developed a school-parent compact. Title I schools must provide a mechanism to ensure that its parents/guardians are informed of the roles and responsibility of the school, parents/guardians, and students in achieving academic success. The exclusion of parents in the development of

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these documents did not offer them the opportunity for full participation in their child's educational program.

Citation: ESEA §1118(d): *Parental involvement (Shared responsibilities for high student academic achievement)*.

Required Action: For the FY 2015-2016 school year, each of the district's Title I schools must develop and distribute a Title I school-parent compact to participating students and their parents/guardians. The compacts must reflect the legislative requirements by including how the school, parent, and students will share in the responsibility for improved student academic achievement. The district must provide a copy of each school's distributed school-parent compacts to the NJDOE for review.

Finding 5: The district could not provide evidence that its Title I schools convened the annual Title I parent meeting. In a Title I targeted assistance program, all parents/guardians of identified Title I students are entitled to be informed about the school's Title I program, legislative requirements, and how they can become actively engaged in helping their child/children succeed academically.

Citation: ESEA §1118(c)(1): *Parental involvement (Policy involvement)*.

Required Action: For the 2015-2016 school year, each of the district's Title I schools must convene the annual Title I meeting for the parents/guardians of Title I students. The district must submit documentation of each school's meeting (e.g., invitational letter/flyer, agenda, meeting minutes, sign in sheets) to the NJDOE for review.

Finding 6: The district was unable to provide documentation that it distributed the Parents' Right-to-Know Letter. The legislation stipulates that parents must be informed of the professional qualifications of their child's classroom teachers at the beginning of the school year.

Citation: ESEA §1111(h)(6)(A)(i-iv): *Parents' right-to-know (Qualifications)*.

Required Action: For the 2015-2016 school year, the district must distribute the Parents' Right-to-Know letters at the beginning of the school year. The district must submit evidence of distribution to the NJDOE for review.

Finding 7: In its FY 2014-2015 NCLB-ESEA Consolidated Application in the Electronic Web-Enabled Grant System (EWEG), the district did not report any resident students that attend nonpublic schools. The legislation requires that districts receiving Title I funds provide equitable services to eligible resident nonpublic school students. The district is responsible for counting and entering the nonpublic enrollment numbers and the low-income counts for nonpublic students that reside in the district's attendance areas. The omission of enrollment data for nonpublic students results in inaccurate Title I school-level allocations and deprives eligible resident nonpublic students of critical services.

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Citation: ESEA §1120(b)(1)(E)-(F): *Participation of children enrolled in private schools (Consultation).*

Required Action: For the 2015-2016 school year, the district must develop a process to locate and document resident students that attend nonpublic schools. The district must report nonpublic enrollment data and nonpublic low-income data in the Title I, Part A portion of the district's 2015-2016 NCLB-ESEA Consolidated Application.

Finding 8: The district was unable to provide documentation of its process to consult with nonpublic schools that enroll resident students. Per the legislative requirement, the district must consult with nonpublic school officials to ensure that eligible students from the district's Title I attendance areas receive equitable services. During the consultation meeting, the district must discuss the following: collection of poverty data, identification criteria for student eligibility, and the services for eligible students, their parents and their teachers.

Citation: ESEA §1120(b): *Participation of children enrolled in private schools (Consultation).*

Required Action: For 2015-2016 school year, the district must formalize and maintain documentation of its nonpublic consultation process. The district must retain signed/certified receipts of its correspondence to nonpublic schools, copies of Affirmation of Consultation signed by all consulted parties, refusal forms, meeting agendas, minutes, and sign in sheets. The district must submit copies of the above documentation to the NJDOE for review.

Finding 9: The district was unable to provide the required supporting documents to verify the activity of staff charged to the grant for examination. The reports must reflect what the staff is doing, when and where they are working, and it must support their funded percentage. This documentation is necessary to ensure that grant funded staff are actually performing grant related responsibilities. The district did, however, provide alternative records to support a number of payroll charges.

Citation: 2 C.F.R. 225 (OMB Circular A-87), Attachment B, Section 8(h): *Compensation for personal services (Support of salaries and wages).*

Required Action: The district must identify staff members whose salaries are supported in whole or in part with federal funds and verify the time and activity of staff charged to the grant. The time and activity reports must reflect an after-the-fact distribution of the actual activity of each employee, account for the total activity for which each employee is compensated, be prepared at least monthly and be signed by the employee. The district must submit sample time sheets utilized for the 2014-2015 school year to the NJDOE for review.

Finding 10: The district improperly requested reimbursements in excess of actual expenditures by \$930.10 and reported the higher total on its FY 2013-2014 Title I, Part A Final Expenditure

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Report (FER). All grant funds must be obligated by June 30, 2014 and liquidated within 45 days of that date for inclusion as expenditures on the FER. To carry over funds, the district must request approval from the NJDOE.

Citation: 34 C.F.R. § 80.50(d)(2): Closeout (Cash adjustments).

Required Action: The district must accurately prepare reimbursement requests and FERs in a manner consistent with prescribed directions/regulations.

Finding 11: The district incorrectly included costs incurred for several FY 2014-2015 purchase orders on its FY 2013-2014 FER. Since no benefit was derived from these items during the aforementioned project period, the charges should have been allocated to the FY 2014-2015 grant period, which ran from July 1, 2014 through June 30, 2015.

Citation: 34 C.F.R. § 74.28: Period of availability of funds.

Required Action: The district must implement procedures to ensure program costs are charged to the appropriate grant year. To facilitate the proper delivery of supplies/materials needed for summer programs, the district should contact the NJDOE no more than 60 days before the start of the project period, and request approval for these pre-award costs.

Finding 12: The minutes from the board of education meeting approving the salaries of employees fully and partially funded by federal funds did not contain all of the required information. The board minutes must reflect the staff members' names, salaries, percentages of salary funded by the federal award and the applicable federal grant(s).

Citation: 34 C.F.R. § 80.20: Standards for financial management systems.

Required Action: The district must ensure the board minutes evidencing appointments of federally funded personnel include the requisite information.

Finding 13: The district did not track Title I expenditures by school attendance areas in its accounting system. School-level disaggregation is necessary to ensure the funds spent for Title I schools are consistent with each attendance area's allocation, as recorded on the Title I Eligibility - Step 4 page of the FY 2013-2014 ESEA-NCLB Consolidated Application.

Citation: 34 C.F.R. § 80.20: Standards for financial management systems. ESEA § 9306(a)(5): *Other general assurances (Assurances)*.

Required Action: The district must expend Title I funds in a manner consistent with its school-level allocations reflected on the FY 2014-2015 ESEA-NCLB Consolidated Application, Title I Eligibility - Step 4 page. Documentation evidencing this tracking for FY 2014-2015 must be submitted to the NJDOE for review.

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Title II

Finding 14: The district did not have a current district-level Professional Development Plan. Four districts were merged to form this district for the 2013-2014 school year. Each school is operating as it was while steps are taken to merge records, coordinate purchases and create a unified vision. Consistent with the content requirements for local applications in ESEA §2122(b), the district must plan its uses of Title II funds in those ways most likely to produce positive results in teaching practice and the achievement of all of the district's students. This includes the requirement to have a district professional development plan.

Citation: ESEA §2122(b): *Local application and needs assessment*. ESEA §2122(c): *Local applications and needs assessment (Needs assessment)*. N.J.A.C. 6A:9-15.6: Required professional development for teachers and school leaders (Requirements for district-level professional development planning and implementation).

Required Action: The district must create a professional development plan that has been coordinated between all schools and conforms to all state and local requirements.

Finding 15: The district's Highly Qualified Teacher (HQT) files were incomplete. The district failed to maintain copies of appropriate certificates or credentials for its certificated staff. The district must maintain original HQT identification forms, with appropriate documentation, for all teachers assigned to teach in areas requiring highly qualified status.

Citation: ESEA §1119: *Qualifications for teachers and paraprofessionals*. 34 C.F.R. § 76.700: *Compliance with statutes, regulations, State plan, and applications*.

Required Action: The district must review personnel records to ensure that all highly qualified documentation is maintained as prescribed. Personnel records should be kept in a secure central location and contain, among other things, teacher certificates, transcripts, HQT ID Forms, and Praxis scores.

Finding 16: A teacher of mathematics did not meet the highly qualified criteria to teach mathematics in a departmentalized setting. In order to teach a content area in departmentalized middle grades (6-8), teachers who hold the K-8 or N-8 instructional certificate must have attained highly qualified status for that content area by meeting one of the four federal requirements: passing the appropriate Praxis II content-knowledge exam; having 30 credits (12 of the 30 credits at upper division level) or an undergraduate major in the content area; having a graduate degree in the content area; or having an advanced credential, such as National Board Certification, in the content area. Teachers who hold the K-5 instructional certificate must also hold the appropriate Middle School Subject Matter Specialization Endorsement for each content area in order to meet HQT requirements. The HOUSE forms and transcript did not indicate enough credits for mathematics instruction.

Teachers holding the Teacher of the Handicapped certificate (TOH): Teachers holding the TOH who have the primary instructional responsibility in grades 6-8 (including pull-out replacement

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resource programs) must meet highly qualified requirements consistent with requirements for the general education teachers. Therefore, if a grade level(s) is self-contained, teachers holding the TOH must be highly qualified as elementary generalists. If a grade level is departmentalized, teachers holding the TOH must be highly qualified for grades 6-8 in each core academic subject they teach.

Citation: ESEA § 1119(a)(1): *Qualifications for teachers and paraprofessionals*. ESEA § 2123(a)(2): *Local use of funds*. ESEA § 1111(h)(6)(B)(ii): *Right-to-know letter (Additional information)*.

Required Action: The district must notify parents of students being taught by teachers that are not highly qualified with the required “Right-to-Know” letter. The district must provide the NJDOE with copies of the parent(s) Right-to-Know letter issued to the parent(s) of the students who were taught by the uncertified teacher.

Recommendation: Upon hire or staff, the district should review HQT ID forms for completeness and take steps to ensure certification, Praxis II Test Score Reports and transcripts provide backup information and are filed in the individual’s personnel file. The district should also maintain its personnel files in a secure location in the board of education office.

Finding 17: The Title II funds that were budgeted for a nonpublic school were not spent and a purchase order was not available for review, indicating that the planned expenditures may not have occurred during the academic school year. The Nonpublic School Budget detail tab in the EWEG application lists \$155 as being used for “Kindergarten Supplies” in the expenditure category for Other Purchased Services (200-500) and indicates that the \$155 would be used for conference/workshop staff registration fees to address “Students with Special Learning Needs.” The Nonpublic School Consultation form was not available to clarify how the nonpublic school intended to use this funding. Further conversation indicated that proper consultation procedures were not followed.

Citation: 34 C.F.R. § 80.20: Standards for financial management systems.

Required Action: The district must ensure proper procedures are followed for nonpublic consultation process and that all records are retained as verification for an audit. The district must submit a description of its nonpublic consultation process to the NJDOE to confirm that procedures were modified.

IDEA (Special Education)

Finding 18: The district did not consistently document in the IEPs of students removed from the general education setting for more than 20 percent of the school day, including students placed in separate settings, consideration of placement in the least restrictive environment. Specifically, IEPs did not consistently include:

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- the supplementary aids and services considered;
- an explanation of why the supplementary aids and services were rejected;
- and for those students placed in separate settings, activities to transition the student to a less restrictive environment.

Citation: N.J.A.C. 6A:14-4.2(a)8(i), (ii) and (iii).

Required Action: The district must ensure when determining the educational placement of a child with a disability, the IEP team considers the general education class first and that all required decisions regarding the placement are documented in the IEP for each student removed from general education for more than 20 percent of the school day. The district must also ensure for students placed in separate settings, the IEP team identifies activities to transition the student to a less restrictive environment and documents them in each IEP. In order to demonstrate correction of noncompliance, the district must conduct training for child study team members and develop an oversight mechanism to ensure compliance with the requirements in the citation listed above. To demonstrate that the district has corrected the individual instances of noncompliance, the district must conduct annual review meetings and revise the IEPs for specific students with IEPs that were identified as noncompliant. A monitor from the NJDOE will conduct an on-site visit to interview staff, review the revised IEPs, along with a random sample of IEPs for students whose annual review meetings were conducted between November 2015 and February 2016, and to review the oversight procedures. The names of the students with IEPs that were identified as noncompliant will be provided to the district by the special education monitor.

Finding 19: The district did not consistently document required participants were in attendance at identification, annual review, reevaluation planning, eligibility and IEP meetings for students eligible for special education and related services and for students eligible for speech-language services.

Citation: N.J.A.C. 6A:14-2.3(k)1(i-vii); 20 U.S.C. § 1414(d)(1)(B); 34 C.F.R. § 300.321(a).

Required Action: The district must ensure that meetings are conducted with required participants and that documentation of attendance and/or written parental consent to excuse a member of the team is maintained in student files. In order to demonstrate correction of noncompliance, the district must conduct training for child study team members and speech-language specialists and develop an oversight mechanism to ensure compliance with the requirements in the citation listed above. A monitor from the NJDOE will conduct an on-site visit to interview staff, review meeting documentation, including sign in sheets, for meetings conducted between November 2015 and February 2016, and to review the oversight procedures.

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Finding 20: The district did not consistently document in the IEPs of students eligible for special education and related services the relevant factors considered determining whether a student requires an extended school year program (ESY).

Citation: N.J.A.C. 6A:14-4.10(a).

Required Action: The district must ensure that consideration of ESY is documented in the IEP. In order to demonstrate correction of noncompliance, the district must conduct training for child study team members and develop an oversight mechanism to ensure compliance with the requirements in the citation listed above. To demonstrate that the district has corrected the individual instances of noncompliance, the district must conduct annual review meetings and revise the IEPs for specific students with IEPs that were identified as noncompliant. A monitor from the NJDOE will conduct an on-site visit to interview staff, review the revised IEPs, along with a random sample of IEPs for students whose annual review meetings were conducted between November 2015 and February 2016, and to review the oversight procedures. The names of the students with IEPs that were identified as noncompliant will be provided to the district by the monitor.

Finding 21: The district did not consistently maintain documentation of the description, frequency, duration and effectiveness of the interventions provided in the general education setting through the Intervention and Referral Service (I&RS) process.

Citation: N.J.A.C. 6A:14-3.3(c).

Required Action: The district must ensure that interventions are provided in the general education setting for students exhibiting academic and/or behavioral difficulties prior to referring the student for an evaluation. In addition, the district must ensure that when the I&RS team identifies interventions to meet the needs of a struggling learner that the team identifies and maintains documentation of the nature, description, frequency, and duration of the interventions and measures the effectiveness. In order to demonstrate correction of noncompliance, the district must conduct training for administrators and I&RS team members and develop an oversight mechanism to ensure compliance with the requirements in the citations listed above. A monitor from the NJDOE will conduct an on-site visit to interview I&RS team members and teachers, review documentation for students who were provided interventions in general education between November 2015 and February 2016, and to review the oversight procedures.

Finding 22: The district did not consistently provide parents of students eligible for special education and related services and students eligible for speech-language services notice of a meeting.

Citation: N.J.A.C. 6A:14-2.3(k); 20 U.S.C. § 1414(b)(1); 34 C.F.R. § 300.304(a).

Required Action: The district must provide parents notice of a meeting in writing that contains all required components early enough to ensure they have an opportunity to

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attend. In order to demonstrate correction of noncompliance, the district must conduct training for child study team members and speech-language specialists and develop an oversight mechanism to ensure compliance with the requirements in the citation listed above. A monitor from the NJDOE will conduct an on-site visit to interview staff, review meeting documentation for meetings conducted between November 2015 and February 2016, and to review the oversight procedures.

Finding 23: The district did not maintain documentation of attempts to obtain parental consent when planning to conduct assessments as part of reevaluation.

Citation: N.J.A.C. 6A:14-2.3(a)2.; 20 U.S.C. § 1414(a)(2);34 C.F.R. § 300.300(c).

Required Action: The district must ensure that written parental consent is obtained prior to conducting assessments as part of the reevaluation process and is maintained in the student record. If the parent fails to respond to request for consent to conduct reevaluation assessments, the district must maintain documentation of attempts to obtain consent in students' files. In order to demonstrate correction of noncompliance, the district must conduct training for child study team members and develop an oversight mechanism to ensure compliance with the requirements in the citation listed above. A monitor from the NJDOE will conduct an on-site visit to interview staff, review files of students who participated in the reevaluation process between November 2015 and February 2016, and to review the oversight procedures.

Carl D. Perkins

Finding 24: The district requested reimbursement of funds in excess of expenditures incurred for multiple project periods and did not promptly return the excess funds to the NJDOE, as summarized below:

Grant Period Ended	Unexpended
June 30, 2012	\$152.00
June 30, 2014	\$58.00
Total	\$210.00

When an eligible recipient realizes unexpended funds at the end of a project period, the Perkins Act requires the recipient to return any unexpended amounts to the eligible agency.

Citation: Perkins Act, P. L. 109-270 § 133(b)(1): *Special rules for career and technical education (Redistribution)*. 34 C.F.R. § 80.50(d)(2): Closeout (Cash adjustments).

Required Action: The district must refund the unexpended funds to the NJDOE.

Administrative

Finding 25: The district did not obtain board approval for the submission of applications for FY 2014-2015 federal awards. The ESEA requires each LEA to “submit an application to the state

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education agency (SEA) at such time, in such manner, and containing such information as the SEA may reasonably require.” The NJDOE requires each LEA to go before its board of education to obtain approval for submission of the application, as well as, the acceptance of the grant funds, upon the subsequent approval of the application.

Citation: ESEA § 2122: *Local application and needs assessment.*

Required Action: The district must obtain the aforementioned board resolutions to ensure conformity with applicable federal and state requirements.

Finding 26: The district’s standards for financial management systems and related internal controls were inadequate or not operating properly, as summarized below:

- Amounts appropriated for Title I, Title II, and Perkins federal and reserve funding in the district’s accounting records could not be reconciled with corresponding amounts budgeted in the department’s electronic systems for administering grants.
- Separate accounts were not maintained for reimbursements and expenditures from the Perkins federal and reserve funding.
- Perkins revenue and expenditures were allocated to inappropriate revenue source and program codes in the general ledger.
- Numerous expenditures were posted to an inappropriate line item in the district’s accounting records.
- Aggregate expenditures reported on the district’s 2013-2014 Perkins Final Report exceeded actual program charges substantiated by accounting records.

Citation: 34 C.F.R. § 76.730(e): State-Administered Programs (Records related to grant funds). 34 C.F.R. § 80.20: Standards for financial management systems. N.J.A.C. 6A:23A-16.2: Principles and directives for accounting and reporting.

Required Action: The district must maintain records which adequately identify the source and application of funds and which account for Perkins funds in accordance with federal and state laws, and guidelines. Additionally, the district must ensure final reporting is 1) accurate and current; 2) provides complete disclosure of the financial results of activities; and 3) complies with requirements prescribed by the department.

Finding 27: The district transferred funds from an approved line item category to an unapproved line item category without filing an amendment to the approved application. The sum of all transfers (measured cumulatively throughout the fiscal year) exceeded 10 percent of the total grant award, which also necessitated submission of an amendment application.

Citation: 34 C.F.R. § 80.30: Changes.

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Required Action: The district must implement procedures to ensure personnel assigned to administer the Perkins grant obtain the written approval prior to making certain changes to an approved application.

Finding 28: On several occasions, the district failed to issue a purchase order prior to services being rendered (confirming order) in contravention of state regulations. It is imperative that purchase orders are issued by the purchasing agent to: authorize vendors to provide goods and perform services to the district; reduce the duplication of items and services acquired; and avoid the likelihood of overpayment to vendors.

Citation: 34 C.F.R. § 80.20: Standards for financial management systems. N.J.S.A. 18A:18A(2)(v): Public School Contracts Law.

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

Finding 29: The district standard operating procedures manual does not include formal written internal control policies and procedures to prevent contracting with suspended and debarred vendors. Additionally, certain board approved policies are out-of-date and in need of revision.

Citation: 34 C.F.R. § 80.20: Standards for financial management systems. 34 C.F.R. § 80.36: Procurement. N.J.A.C. 6A:23A-6.6: Standard operating procedures for business functions.

Required Action: The district should revise/adopt written policies and procedures to ensure compliance with current state and federal procurement regulations.

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 Kathryn Holbrook via phone at (609) 292-0198 or via email at kathryn.holbrook@doe.state.nj.us.