



State of New Jersey

DEPARTMENT OF EDUCATION

PO Box 500

TRENTON, NJ 08625-0500

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*Governor*

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*Lt. Governor*

DAVID C. HESPE  
*Commissioner*

February 27, 2015

Dr. Patrick Piegari, Interim Superintendent  
Dunellen Public Schools  
400 High Street  
Dunellen, NJ 08821-1520

Dear Dr. Piegari:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Dunellen 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, 2013 through January 8, 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 Dunellen 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 Lori Ramella at (609) 984-0937.

Sincerely,

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

RJC/LR/dk:Dunellen BOE Cover Letter /consolidated monitoring  
Enclosures

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**DUNELLEN PUBLIC SCHOOLS  
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*New Jersey K-12 Education*

**CONSOLIDATED MONITORING REPORT  
FEBRUARY 2015**

**District:** Dunellen Public Schools  
**County:** Middlesex  
**Dates On-Site:** January 7 and 8, 2015  
**Case #:** CM-027-14

**FUNDING SOURCES**

Program	Funding Award
Title I, Part A	\$ 249,396
Title II, Part A	32,808
Title III	16,361
Title III Immigrant	7,726
IDEA Basic	232,890
IDEA Preschool	6,305
Race To The Top	18,955
Total Funds	<u>\$ 564,441</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 Dunellen Public Schools 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); Title III; Title III Immigrant; IDEA Basic and Preschool; and Race to the Top for the period July 1, 2013 through January 8, 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, Title III, Title III Immigrant, IDEA Basic and Preschool, and Race to the Top for the period July 1, 2013 through January 8, 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, TITLE III,  
TITLE III IMMIGRANT, IDEA AND RACE TO THE TOP FUNDS**

**Title I**

The district operates targeted assistance programs in its three Title I schools: Faber Elementary School, Dunellen High School, and Lincoln Middle School. The district identified Closing the Achievement Gap, English Language Proficiency, English Language Arts - Racial/ethnic, Economically Disadvantaged, Limited English Proficient and Other as priority problems.

**Title II**

The district is using Title II funds for professional development.

**Title III**

The district is using Title III funds for materials, supplies, and a summer program.

**Title III Immigrant**

The district is using Title III Immigrant funds on an after school program.

**IDEA**

The FY 2014-2015 IDEA funds were used to reduce tuition expenditures for students receiving special education services in an approved private school for students with disabilities. In addition, funds are being used for the salary of a paraprofessional in the preschool program.

**Race to the Top**

The district is using Race to the Top funds on the new teacher and leader evaluation system.

**DETAILED FINDINGS AND RECOMMENDATIONS**

**Title I**

**Finding 1:** The district's use of Title I funds for expenditures reflected on PO #15-05622 supplanted state/local funds.

**Citation:** ESEA §1111-1127: *Improving the Academic Achievement of the Disadvantaged*; 34 CFR 200.25; ESEA §1120A (b) (1): *Federal Funds to Supplement, Not Supplant, Non -Federal Funds*.

**Required Action:** During the on-site monitoring visit, the above charge was reversed. Therefore, no further action is required.

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**Finding 2:** The notification letters sent to the parents/guardians of identified Title I students did not include clearly defined entrance and exit criteria. The parents/guardians of identified Title I students must be informed of the multiple educationally related criteria used to identify their child/children for Title I services.

**Citation:** ESEA §1115 (B): *Targeted Assistance Programs (Eligible Children from Eligible Population)*.

**Required Action:** In their Title I parental notification letter, the district's Title I schools must include clearly defined entrance and exit criteria. The district must provide a copy of the revised parental notification letter for each of its Title I schools to the NJDOE for review.

**Finding 3:** During the on-site monitoring visit, the district could not provide evidence as to 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 informed of ways they can further engage themselves in the academic performance and achievement of their children.

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

**Required Action:** For FY 2015-2016, the district must ensure that it distributes its written parental involvement policy to the parents/guardians of participating Title I students in each of its Title I schools. The district must submit evidence of distribution to the NJDOE for review.

**Finding 4:** During the on-site monitoring visit, the district could not provide documentation that its Title I schools convened the annual Title I parent meeting. In a Title I targeted assistance program, all parents/guardians of participating Title I students are entitled to be informed about the school's Title I program(s), legislative requirements, and ways in which they can be actively engaged in helping their child/children succeed academically.

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

**Required Action:** For FY 2015-2016, each of the district's Title I schools must convene the annual Title I parent meeting for the parents/guardians. The district must submit documentation of said meetings (e.g., invitational letters/flyers, agendas, meeting minutes, sign in sheets) to the NJDOE for review.

## **Title II**

**Finding 5:** The district supplanted other funding sources in its use of Title II funds for a portion of an assistant principal's salary. The district failed to provide adequate documentation of the assistant principal's activities other than a job description. District personnel described the assistant principal's activities charged to the Title II grant only as "retention." A review of the

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job description yielded the assistant principal's role as a disciplinarian. The Title II, *Principal Training and Recruiting Funds*, are for teacher and/or principal professional development and cannot be used for student use or activities that the district would otherwise carry out in the absence of these funds.

**Citation:** ESEA §2123 (5) (10) (b): *Local Use of Funds (Supplement, Not Supplant)*; 2 CFR 225 (OMB Circular A-87), Attachment A, Section C.1: *Basic Guidelines (Factors affecting allowability of costs)*.

**Required Action:** The district must (1) remit all FY 2013-2014 charges to the NJDOE, and (2) reverse all FY 2014-2015 charges and submit adjusting entries showing removal to NJDOE for review.

**Finding 6:** The district's use of Title II funds in the amount of \$1,500 (PO #14-03458) for the reimbursement of a mentor for an assistant principal supplanted state/local funds. State regulations mandate that a new administrator have a mentor. Therefore, the mentor fee cannot be charged to Title II.

**Citation:** ESEA §2123 (5) (10) (b): *Local Use of Funds (Supplement, Not Supplant)*; N.J.A.C. 6A:9B-11.5 (d) (2) (iii): *Principal*.

**Required Action:** The district must reverse this unallowable expenditure and submit the adjusting entry to NJDOE for review.

**Finding 7:** The district paid substitute teachers to cover classrooms while the teachers were attending professional development that was not funded by Title II.

**Citation:** ESEA §2123 (5) (10) (b): *Local Use of Funds (Supplement, Not Supplant)*.

**Required Action:** The district must reverse all charges related to substitute teachers for professional development that was not funded by Title II. The district must also implement a procedure to ensure that substitutes who are paid with Title II funds are substituting for teachers who are attending professional development that is paid for with Title II funds or for professional development that does not require a fee but is a permissible use of Title II funds.

### **Title III**

**Finding 8:** The district had a parental notification letter, but it was missing the following elements: the child's level of English proficiency, how such level was assessed, and the child's academic level; the program's exit requirements, the expected rate of transition into a classroom not tailored for LEP students, and the expected rate of high school graduation.

**Citation:** ESEA §3302: *Parental Notification*.

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**Required Action:** The district must submit a revised parental notification letter to the NJDOE for review.

**Finding 9:** A review of the district's general ledger records disclosed that program codes 290 and 452 were incorrectly used to record Title III and Title III Immigrant expenditures, respectively. The district also routinely allocated Title III Immigrant expenditures to account numbers containing incorrect line items. Specifically, the district recorded instructional supplies under line items used for non-instructional supplies. The Uniform Chart of Accounts for New Jersey School Districts (Chart of Accounts), as required by N.J.A.C. 6A:23A-16.2(f)(1) designates program codes 241-245 to record these expenditures. The use of distinct fund/program codes provides an audit trail of the amounts spent for each project. The Chart of Accounts also identifies the proper line item codes for expenditure categories.

**Citation:** N.J.A.C. 6A:23A-16.2 (f) (1): *Principles and directives for accounting and reporting*; 34 CFR 80.20 (b) (2): *Standards for financial management systems (Accounting records)*; 34 CFR 76.730 (e): *State-Administered Programs (Records related to grant funds)*.

**Required Action:** Prior to the issuance of this report, the district furnished records demonstrating correction of the program codes. However, the district must proceed with charging expenditures to general ledger accounts which reflect appropriate line items. The district should review its expenditures for FY 2014-2015 and transfer all improperly recorded transactions to the appropriate accounts prior to submitting its FY 2014-2015 Final Expenditure Report.

**IDEA (Special Education)**

**Finding 10:** The district did not consistently document all required considerations and statements in each IEP for students eligible for speech-language services. Specifically, the statement of the Present Level of Academic Achievement and Functional Performance in IEPs did not contain documentation of student strengths.

**Citation:** N.J.A.C. 6A:14-3.7 (e) 1-17, and (f); 20 U.S.C. §1414 (d) (3) (A) (B); 34 CFR 300.324 (a) (1) (2).

**Required Action:** The district must ensure each IEP contains all required components. In order to demonstrate correction of noncompliance, the district must conduct training for speech-language specialists 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 IEPs for specific students whose IEPs were identified as noncompliant. A monitor from NJDOE will conduct an on-site visit to interview staff, review the revised IEPs, along with a sample of IEPs developed at meetings conducted between May 2015 and July 2015, and to review the oversight procedures. The names of



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the students whose IEPs were identified as noncompliant will be provided to the district by the monitor.

**Finding 11:** The district did not consistently ensure that the required participants were in attendance at annual review, reevaluation planning and eligibility meetings.

**Citation:** N.J.A.C. 6A:14-2.3 (k); 20 U.S.C. §1414 (b) (1); and 34 CFR 300.304 (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 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 the sign in sheets, for meetings conducted between May 2015 and July 2015, and to review the oversight procedures.

**Finding 12:** 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, consideration of placement in the least restrictive environment. Specifically, IEPs did not consistently include the supplementary aids and services considered.

**Citation:** N.J.A.C. 6A:14-4.2 (a) 4 and 8 (i), (ii) and (iii): *Programs and Instruction (Placement in the least restrictive environment)*.

**Required Action:** The district must ensure that 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. 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 sample of IEPs developed at meetings conducted between May 2015 and July 2015, and to review the oversight procedures. The names of the students whose IEPs were identified as noncompliant will be provided to the district by the monitor.

**Finding 13:** 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).

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**Citation:** N.J.A.C. 6A:14-3.3 (c): *Services (Location, referral and identification)*.

**Required Action:** The district must ensure that I&RS documentation includes the description, frequency, duration and effectiveness of the interventions provided in the general education setting. In order to demonstrate correction of noncompliance, the district must conduct training for administrators and I&RS staff 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, review documentation for students who were provided interventions in general education between May 2015 and July 2015, and to review the oversight procedures.

**Race to the Top**

**Finding 14:** Race to the Top funds were used to purchase a bar code scanner which is an unallowable expenditure because it was purchased for the school library.

**Citation:** *American Recovery and Reinvestment Act of 2009 (ARRA)*, Section 14005-6, Title XIV, (Public Law 111-5).

**Required Action:** The district must reverse the charges and return the funds totaling \$26.94 to the NJDOE.

**Administrative**

**Finding 15:** The district was unable to produce the required supporting documents to verify the activity of staff charged to the grants for examination. The documentation 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 CFR 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 grant funds and verify the time and activity of staff charged to the grant. The district must submit sample time sheets utilized for FY 2014-2015 to NJDOE for review.

**Finding 16:** The district incorrectly included amounts expended for various purchase orders attributable to 2014 summer programs on its FY 2013-2014 Final Expenditure Report. Since no benefit was derived from these items during the aforementioned project period, the charges should have been allocated to the 2014-2015 grant period, which runs July 1, 2014 through June 30, 2015.

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**Citation:** 34 CFR 80.23: *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 17:** On several occasions, the district failed to issue a purchase order prior to services being rendered (confirming order) in contravention of state regulations. Specifically, various purchase orders examined were dated July 1, 2014 to coincide with the first day of the project period, while related invoices/order confirmations were dated throughout May and June 2014. 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:** EDGAR, PART 80 – Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, Section 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.

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 Lori Ramella via phone at (609) 984-0937 or via email at [lori.ramella@doe.state.nj.us](mailto:lori.ramella@doe.state.nj.us).