



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

May 14, 2015

Dr. Amiot Michel, Superintendent  
Salem City School District  
205 Walnut Street  
Salem, NJ 08079

Dear Dr. Michel:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Salem City 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 February 11, 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 Salem City 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 Frank Basso at (609) 984-5909.

Sincerely,

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

RJC/FB/dk:Salem City BOE CM Cover Letter 14-15  
Enclosures

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**STATE OF NEW JERSEY  
DEPARTMENT OF EDUCATION  
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**SALEM CITY SCHOOL DISTRICT**  
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*New Jersey K-12 Education*

**CONSOLIDATED MONITORING REPORT  
MAY 2015**

**District:** Salem City School District  
**County:** Salem  
**Dates On-Site:** February 11 and 12, 2015  
**Case #:** CM-036-14

**FUNDING SOURCES**

| Program          | Funding Award       |
|------------------|---------------------|
| Title I, Part A  | \$ 973,212          |
| Title II, Part A | 146,150             |
| IDEA Preschool   | 7,337               |
| IDEA Basic       | 328,662             |
| Carl D. Perkins  | 12,257              |
| Total Funds      | <u>\$ 1,467,618</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 Salem City 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); IDEA Basic and Preschool; and Carl D. Perkins for the period July 1, 2013 through February 11, 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, 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, interviews of child study team members and 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 school personnel, reviewed the supporting documentation for a sample of expenditures and conducted internal control reviews.

**EXPENDITURES REVIEWED**

The grants that were reviewed included Title I, Title II, IDEA Basic and Preschool, and Carl D. Perkins, from July 1, 2013 through February 11, 2015. A sampling of purchase orders and/or salaries was taken from each program reviewed.

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**GENERAL OVERVIEW OF USES OF TITLE I, TITLE II, IDEA AND CARL D. PERKINS FUNDS**

**Title I Projects**

The district operates schoolwide programs in its three Title I schools: John Fenwick Academy, Salem Middle School, and Salem High School. Primarily, the district provides supplemental instructional opportunities through in-class support (response to intervention), extended day and extended year programs.

**Title II Projects**

The district is using FY 2015 Title II funds for professional development activities for STEM and to support a mathematics coach who provides additional professional development. In addition, the district dedicated a portion of its Title II funds for principal evaluation professional development.

**IDEA Projects (Special Education)**

The district is using FY 2015 IDEA Basic funds to reduce district tuition expenditures for students receiving special education services in private schools for students with disabilities. The IDEA Preschool funds are being used for a classroom assistant for the preschool program.

**Carl D. Perkins**

The district has five Career and Technical Education programs: two Arts, Audio Visual Communications programs, Dance #500301 and Radio and Television #090701; one Business Administration and Management Program, General Office Occupations and Clerical Services, #520408, which is a program of study; one Finance Program, Accounting #520302; and one Marketing program, #090903. The FY 2015 Perkins funds have been used to support technical skills assessments, travel and registration for career and technical student organizations and professional services for the dance program.

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**DETAILED FINDINGS AND RECOMMENDATIONS**

**Title I**

**Finding 1:** The district could not provide evidence that its Title I schools convened an annual Title I parent meeting. In a Title I schoolwide program, all parents/guardians are entitled to be informed about the school's Title I program, legislative requirements, and how they can be 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, the district must ensure that its Title I schools convene an annual Title I meeting to inform all parents of the legislative requirements, and the school's Title I program. The district must submit documentation of the meetings (e.g., invitational letter/flyer, agenda, meeting minutes, and sign in sheets) to the NJDOE for review.

**Finding 2:** The elementary schools did not have a parental involvement program that reflects the requirements of the Title I legislation. The schools provided limited evidence of an active stakeholder committee involved in the development of the Schoolwide Plan. There was no evidence, such as meeting notes, agendas and sign in sheets that the schools consulted with the committees in the development and implementation of the Title I Schoolwide Plans.

**Citation:** ESEA 1114(b)(2)(B)(ii): *Plan Development*.

**Required Action:** The schools must convene and/or consult with its stakeholder committees for input and peer review before changes are made to the Schoolwide Plans. These meetings and consultations must be documented with an agenda, sign in sheets and minutes submitted to committee members for review and approval. The schools must provide documentation to the NJDOE that its FY 2015-2016 Schoolwide Plans are developed in consultation with its stakeholder committees.

**Finding 3:** The district could not provide evidence that the district's parental involvement policy was reviewed for the current school year.

**Citation:** ESEA §1118(a)(2): *Parental Involvement (Written Policy)*.

**Required Action:** The district must submit copies of a recent board approved district parental involvement policy to the NJDOE for review.

**Finding 4:** The district did not provide school-level Title I parental involvement policies for its Title I schools.

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

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**Required Action:** The district should provide technical assistance to its schools in the development of school-level parental involvement policies and ensure that its schools work with their stakeholder groups to develop the policies and review them annually. The district must also submit evidence of engaging parents (e.g., meeting agendas, sign in sheets, minutes) in the development and review of the school-level policies.

**Finding 5:** The Salem Middle School has teachers who do not meet the Highly Qualified Teacher (HQT) requirements and, as such, the school is required to send out the Parents' Right-to-Know HQT follow-up letter by November 1<sup>st</sup>. The school is required to send this letter to the parents of any child who is taught for four or more consecutive weeks by a teacher who has not met the HQT requirements.

**Citation:** ESEA §1111(h)(6): *State Plans: Reports (Parents' Right-to-Know)*.

**Required Action:** The school must develop the HQT follow-up letter and send a copy to the NJDOE for review. A template of the HQT follow-up letter can be found at: <http://www.state.nj.us/education/title1/hqs/rtk.htm>. Upon review by the NJDOE, the school must issue the HQT follow-up letter to the parents of any child taught by unqualified staff for four or more consecutive weeks.

**Finding 6:** The district did not pay the TPAF/FICA reimbursement timely for FY 2013-2014. The liquidation of \$53,770.52 was paid on September 10, 2014 after the state imposed 45 day liquidation period. Therefore, it may not be charged to the FY 2013-2014 final report

**Citation:** N.J.S.A. 18A:66-90, *Reimbursement of TPAF/FICA*, EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 23, Period of Availability of Funds.

**Required Action:** The late payment of the FY 2013-2014 encumbered amount is being referred to the Office of Fiscal Accountability and Compliance for follow up.

**Finding 7:** The district's use of Title I funds for stipends for staff engaging in curriculum writing for FY 2013-2014 supplanted state/local funds. Curriculum writing is a district responsibility which must be supported with state/local funds.

**Citation:** OMB Circular A-87, Attachment B, *Cost Principles for State, Local and Indian Tribal Governments*, ESEA §1120A(b) *Fiscal Requirements, Federal Funds To Supplement, Not Supplant, Non-federal Funds*.

**Required Action:** The district must reverse the expenditure from the FY 2014-2015 Title I grant and allocate state/local funds to support the expenditure. The district must send documentation of the adjusting journal entry to the NJDOE for review.

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**Finding 8:** The district did not have the required supporting documents to verify the activity of staff charged to the Title I grant. They did however have the supporting schedules. The documentation must reflect what personnel are doing and must match their funded percentage. The district has the model time sheet, but did not consistently use it. This documentation is necessary to verify that grant funded personnel are performing responsibilities consistent with the intent and purpose of the grant.

**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:** To verify the time and activity of staff charged to the grant, the district must submit one time sheet for each staff whose salary is charged to the FY 2014-2015 Title I staff to the NJDOE for review.

**Finding 9:** The district did not properly procure services through competitive contracting, hence violating state procurement rules. The district issued a purchase order for \$165,000 using Title I funds to the Center for Evidenced-Based Education and a purchase order for \$76,200 to 21<sup>st</sup> Century STEM using Title II A funds. The district used the state exception of 18A:18A-2(h) that is reserved for licensed professionals to avoid a competitive contracting process. In addition, the district did a public notice and did not include the Steven's Amendment.

**Citation:** EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 36, Procurement. Department of Defense Appropriations Act, Stevens Amendment (§8136 of Public Law 100-463), NJSA18A:18A-2(h) Professional Services.

**Required Action:** The district must reverse the charges from the FY 2014-2015 Title I grant and use state/local funds for this expenditure. In addition, the district must develop and implement policies and procedures to prevent procurement errors in the future. The district must submit a copy of the adjusting entry, as well as its procurement policies and procedures, to the NJDOE for review.

**Finding 10:** The district did not have internal control policies and procedures to prevent contracting with disbarred vendors and showed no evidence of checking for disbarred vendors on procurement requests.

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

**Required Action:** The district should update internal control policies to prevent potential errors from occurring.



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**Title II**

**Finding 11:** The district did not have district-based or school-based professional development plans. All school districts in New Jersey are required to create an annual district level professional development plan and all schools are required to create school-level professional development plans. Activities in the school-level plans must be consistent with the district professional development plan. The district-level and school-level plans must align with New Jersey's definition of Professional Development and Professional Development Standards for Teachers and the New Jersey Standards for Professional learning.

**Citation:** ESEA §2122 & 6A:10-3.2.

**Required Action:** The district and the schools must create a professional development plan that is consistent with professional development funded activities. The district must submit the professional development plan to the NJDOE for review.

**Finding 12:** The district used a portion of its Title II funds to pay for professional development for its principal evaluation system. As principal evaluation systems are mandated by the State of New Jersey, Federal funds cannot be used for this activity. This expenditure supplanted state/local funds.

**Citation:** ESEA §2123 (b): *Supplement not Supplant.*

**Required Action:** The district must amend its Title II application, use state/local funds to support this program and repurpose the Title II funds dedicated for principal evaluation for program(s) that are consistent with approved Title II activities. The district must send documentation of the adjusting journal entry to the NJDOE for review.

**Finding 13:** The Salem Middle School is a departmentalized grade 5 through 8 configuration. A review of special education teachers' personnel folders found no evidence that three of the 6<sup>th</sup> through 8<sup>th</sup> grade special education teachers that provide primary instruction were highly qualified. All possessed only a K-5 or K-8 certification along with a special education certification. In addition, The New Jersey Highly Qualified Teacher Identification Forms were not completed and available.

**Citation:** ESEA §1119,§1111,§2123.

**Required Action:** The school must develop the HQT follow-up letter and send a copy to the NJDOE for review. A template of the HQT follow-up letter can be found at: <http://www.state.nj.us/education/title1/hqs/rtk.htm>. Upon review by the NJDOE, the school must issue the HQT follow-up letter to the parents of any child taught by unqualified staff for four or more consecutive weeks.

**Finding 14:** The district issued a purchase order using Title II funds in the amount of \$76,200 to 21<sup>st</sup> Century STEM without competitive contracting and used the state exception of 18A:18A-

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2(h) that is reserved for licensed professionals to avoid a competitive contracting process. In addition, the district did a public notice and did not include the Steven's Amendment.

**Citation:** EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 36, Procurement. Department of Defense Appropriations Act, Stevens Amendment (§8136 of Public Law 100-463), NJSA 18A-2(h) Professional Services.

**Required Action:** The district must reverse the charges from FY 2014-2015 and use state/local funds for this expenditure. The district must amend its Title II application and repurpose the Title II funds dedicated for this activity for program(s) that are consistent with approved Title II activities. The district must submit a copy of the adjusting entry, along with developed policies and procedures to prevent procurement errors in the future, to the NJDOE for review.

**IDEA**

**Finding 15:** The district included student names on purchase orders for students educated in tuition placements, violating student confidentiality.

**Citation:** IDEA Regulation 34 CFR 99; N.J.A.C. 6A:32-7.

**Required Action:** The district must revise procedures to ensure that confidentiality of student information is maintained and that only persons having educational responsibility for those students have access to this information. Revised procedures must be submitted to the NJDOE for review.

**Finding 16:** The district did not document all required considerations and statements in each IEP. IEPs for students eligible for special education and related services did not include:

- age 14 transition requirements;
- age 16 transition requirements; and
- goals and objectives for related services.

IEPs for students eligible for speech-language services did not include:

- documentation of the relevant factors considered in determining the need for extended school year services.

**Citation:** N.J.A.C. 6A:14-3.7(c)1-11, (e) 1-17, and (f); 20 U.S.C. §1414(d)(3)(A)(B); and 34 CFR §300.324(a)(1)(2).

**Required Action:** The district must ensure each IEP contains the required considerations and statements. In order to demonstrate correction of noncompliance, the district must conduct training for child study team members and speech-language

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specialists and develop an oversight mechanism to ensure compliance with the requirements in the citations listed above. In addition, to demonstrate correction of individual instances of noncompliance, the district must conduct annual review meetings and revise IEPs for the specific students whose IEPs were identified as noncompliant. A monitor from the NJDOE will conduct an on-site visit to interview staff, review the revised IEPs and a random sample of additional IEPs developed at meetings conducted between May 2015 and September 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 special education monitor. For assistance with correction of noncompliance, the district is referred to the state IEP sample form which is located at: [www.statenj.us/education/specialed/forms](http://www.statenj.us/education/specialed/forms).

**Finding 17:** The district did not consistently document the following in the IEPs of students removed from the general education setting for more than 20 percent of the day, including students placed in separate settings:

- the supplementary aids and services considered, and/or an explanation of why they were rejected;
- a comparison of the benefits of general education and the benefits of special education;
- the potentially beneficial or harmful effects which a placement (general education) may have on the student with disabilities or the other students in the class; and
- 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); and N.J.A.C. 6A:14-4.2 (a)4.

**Required Action:** The district must ensure when determining the educational placement of a child with a disability, that the IEP team considers the general education class first and all required decisions regarding placement are documented in the IEP for each student removed from general education for more than 20 percent of the school day, including students in separate settings. 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 document 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 citations 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 the specific students that were identified as noncompliant. A monitor from the NJDOE will conduct an on-site visit to interview staff, review revised IEPs, review a random sample of additional IEPs developed at meetings conducted between May 2015 and September 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 18:** The district did not consistently provide to students beginning at age 14, written invitations to meetings where post-school transition was being discussed.

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**Citation:** N.J.A.C. 6A:14-2.3(k)2x; and 34 CFR §300.322.b(2).

**Required Action:** The district must ensure each student with an IEP age 14 or above is provided with a written invitation to any IEP meeting where transition to adult life will be discussed. 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 citations listed above. A monitor from the NJDOE will conduct an on-site visit to interview staff, review invitations to IEP meetings to students age 14 and above for meetings conducted between May 2015 and September 2015, and to review the oversight procedures.

**Finding 19:** The district did not consistently complete all required components of the evaluation process for students referred for speech-language services. Specifically, evaluations did not include:

- the educational impact statement from the classroom teacher that identifies the educational impact of the speech problem on the student's progress in general education; and
- all components of a functional assessment, specifically an interview with the child's parent.

**Citation:** N.J.A.C. 6A:14-2.5(b)6 and 3.6(b); N.J.A.C. 6A:14-3.4(f)4(i-vi); 20 U.S.C. §1414(b)(1-3); 1412(a)(6)(b); and 34 CFR §300.304(b)(1).

**Required Action:** The district must ensure evaluations for students referred for speech-language services include a statement from the general education teacher that details the educational impact of the speech problem on the student's progress in general education and all components of a functional assessment. 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 citations listed above. A monitor from the NJDOE will conduct an on-site visit to interview staff, review initial evaluations for speech-language services conducted between May 2015 and September 2015, and to review the oversight procedures.

**Finding 20:** The district did not consistently inform parents of proposed actions through provision of written notice following reevaluation planning meetings for students eligible for speech-language services.

**Citation:** N.J.A.C. 6A:14-2.3(f) and 2.3(g); 20 U.S.C. §1414(b); and 34 CFR §300.503(a-c); 34 CFR §300.504.

**Required Action:** The district must ensure that parents are provided written notice following a reevaluation planning meeting that contains all required components and is provided within required time lines. In order to demonstrate correction of

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noncompliance, the district must provide training for speech-language specialists 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 staff, review copies of written notice provided to parents following reevaluation planning meetings for students eligible for speech-language services conducted between May 2015 and September 2015, and to review the oversight procedures.

**Finding 21:** The district did not consistently conduct reevaluations within three years of the previous classification date for students currently eligible for speech-language services.

**Citation:** N.J.A.C. 6A: 14-3.8(a) and 20 U.S.C. §1414(a)(2).

**Required Action:** The district must ensure that reevaluations are conducted within required time lines. 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 citations listed above. A monitor from the NJDOE will conduct an on-site visit to interview staff, review time lines for students due for reevaluation between May 2015 and September 2015, and to review the oversight procedures.

**Carl D. Perkins**

**Finding 22:** The district failed to consult with the appropriate Workforce Investment Board(s) (WIB) and forward a copy of the completed one year funding application for review and comment.

**Citation:** Perkins Act §134(b)(5), Perkins One-Year Grant Application Guidelines, July 1, 2014 – June 30, 2015, page 23.

**Required Action:** The district must provide the WIB a copy of the grant application and spending plan for review/comment for each future Perkins grant application.

**Finding 23:** The district does not have advisory boards for the majority of their CTE programs.

**Citation:** Perkins: P.L. 109-270§134 (b) (5) & N.J.A.C. 6A:19-3.1 Program Requirements.

**Required Action:** The district must establish an advisory board for each approved CTE program. The advisory board must have membership representation as indicated in the New Jersey Administrative Code cited above and the program approval applications. Each advisory board must meet at least twice per project period. Once the advisory board has been established, the district must submit a copy of the advisory board minutes to their NJDOE Perkins program officer. Programs without evidence of a functioning advisory board may not be considered approved programs and may not be eligible for FY 2016 Perkins funding.

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**Finding 24:** The district expended \$840 (200-500 Other Purchased Services) for out of state student travel which is a non-allowable expenditure.

**Citation:** Perkins Act §134(b)(5), EDGAR 34, Subpart E Section 403.71(3)(i), Perkins One-Year Grant Application Guidelines, July 1, 2014 – June 20, 2015, page 42.

**Required Action:** The district must remove the cost of the disallowed out of state student travel from the Perkins grant expenditures and charge these student travel costs to local or other funding sources. The funds previously allocated to this student travel can be reallocated to use Perkins funds for other allowable expenditures. Due to the 10 percent transfer threshold, the funds may be reallocated without amending the grant. The district must also update its policies and procedures to ensure that the appropriate staff is aware of the Perkins grant allowable costs as defined in the Perkins guidelines.

**Finding 25:** The district did not document the program's Classification of Instructional Program (CIP) code on related purchase orders.

**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:** In the future, the district must ensure that the CIP is documented on each purchase order with Perkins funded expenditures.

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 Frank Basso via phone at (609) 984-5909 or via email at [frank.basso@doe.state.nj.us](mailto:frank.basso@doe.state.nj.us) .