



State of New Jersey
DEPARTMENT OF EDUCATION
PO Box 500
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CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

DAVID C. HESPE
Commissioner

October 13, 2015

Mr., John Swain, Superintendent
Salem County Vocational School District
880 Route 45, Box 350
Woodstown, NJ 08098-0350

Dear Mr. Swain:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Salem County Vocational 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 March 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 County Vocational 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 Carla Spates at (609) 984-5968.

Sincerely,

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

RJC/CS/dk:Salem County Voc. BOE Cover Letter /consolidated monitoring
Enclosures

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SALEM COUNTY VOCATIONAL SCHOOL DISTRICT
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New Jersey K-12 Education

**CONSOLIDATED MONITORING REPORT
OCTOBER 2015**

District: Salem County Vocational School District
County: Salem
Dates On-Site: March 11 and 12, 2015
Case #: CM-037-14

FUNDING SOURCES

Program	Funding Award
Title I, Part A	\$ 105,406
Title II, Part A	9,096
IDEA Basic	127,530
Carl D. Perkins	320,828
Total Funds	<u>\$ 562,860</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 County Vocational 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); Carl D. Perkins (Perkins); and IDEA Basic for the period July 1, 2013 through March 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, Perkins, and IDEA Basic from July 1, 2013 through March 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 a targeted assistance program in its Title I funded school. Primarily, the district provides tutoring services through in-class support.

Title II Projects

At the time of the monitoring visit, the district had not spent any of its FY 2014-2015 Title II funds. The district plans to use these funds for professional development in improving teaching practices with a concentration on improving vigor in the classroom.

IDEA Projects (Special Education)

The district used the FY 2014-2015 IDEA Basic funds to contract with Salem County Special Services School District for child study team and related services for students with disabilities. The funds are also used for professional development for staff members on relevant special education topics.

Carl D Perkins

Carl D. Perkins grant funds provided support to approximately 20 Career and Technical Education programs, two of which are programs of study. The use of funds included instructional equipment, instructional supplies and materials, and professional technical services.

DETAILED FINDINGS AND RECOMMENDATIONS

Title I

Finding 1: The district did not have the required supporting documents to verify the activity of staff charged to the Title I grant. The documentation must reflect what the staff is doing and when (time slots), and must match their funded percentage. This documentation is necessary to ensure that grant funded staff are actually performing grant related responsibilities.

Citation: OMB Circular A-87, Attachment B, Section 8(h): *Cost Principles for State, Local and Indian Tribal Governments (Compensation for personal services)*.

Required Action: The district must identify staff members whose salaries are supported in whole or in part with Title I funds and verify the time and activity of staff charged to the grant. The district must submit sample sheets for FY 2014-2015 to the NJDOE for review. Prior to this, the district should consult the Department's December 2012 guidance on *Time and Effort Reporting for Title I Funded Staff*, which is located at:

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<http://education.state.nj.us/broadcasts/2012/DEC/18/8649/Time%20and%20Activity%20Reporting.pdf>) as a resource.

Finding 2: The district failed to submit a timely TPAF/FICA reimbursement report for FY 2013-2014. The report was due October 1, 2014 and was filed on or about November 25, 2014. The liquidation of \$19,651 was paid after the state imposed 45 day liquidation period and is not allowed to 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 district must amend the FY 2013-2014 Final Report to reflect the late payment of \$19,651 TPAF/FICA reimbursement. The district should also review the report to determine if other unallowable costs were included in the report.

Finding 3: At the time of the monitoring visit on March 11, 2015, the district's financial records were not current. The records were updated only to November 30, 2014.

Citation: EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 20, Standards for financial management systems.

Required Action: The district must keep its financial records current.

Finding 4: The district charged staff to the Title I grant who are not working in the Title I program. Grant funds may only be used for the salaries of those staff with grant related responsibilities.

Citation: EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 20, Standards for financial management systems.

Required Action: The district must reverse the salary expenditures and allocate state/local funds, rather than Title I funds, to support these salaries. The district must provide evidence of the adjusting journal entry to reverse the expenditures to the NJDOE for review.

Finding 5: The district's use of Title I funds for co-teaching supplanted state/local funds as the co-teaching model was offered to all students.

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*.

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Required Action: The district must reverse the expenditure of Title I funds for expenditures related to co-teaching, and use state/local funds to support this expenditure. The district must provide documentation of the adjusting journal entry to the NJDOE for review.

Finding 6: The district was unable to provide evidence that its Title I school convened an annual Title I parent meeting. Not conducting an annual meeting to explain the Title I legislation and the school's Title I program does not allow parents of identified Title I students to be informed and vested in the Title I program.

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

Required Action: The school must convene the FY 2015-2016 annual Title I meeting for the parents/guardians of its identified Title I students in the beginning of the school year. The school must submit evidence (e.g., invitational letter/flyer, agenda, meeting minutes, and sign in sheets) to the NJDOE for review.

Finding 7: The district parents' web page did not contain the required annual notifications for parental involvement.

Citation: ESEA §1111(h)(2)(E): *Public Dissemination*.

Required Action: The district must review and update its parental involvement web page containing required annual notifications and documents to meet the broader ESEA dissemination requirement. The district must submit the link for the updated web page to the NJDOE for review.

Finding 8: The district did not have a viable Title I program in its targeted assistance school, and was unable to articulate how it could use Title I funds to provide services to the low-performing students.

Citation: ESEA §1115: *Targeted Assistance Programs*.

Required Action: The district will need to determine how they will use these funds to service its low-performing students, and submit its plan for a Title I program to the NJDOE for review.

Finding 9: The district did not provide evidence that the established entrance and exit criteria were consistently applied to determine Title I student eligibility. The monitors were unable to verify the process used to select and serve Title I students.

Citation: ESEA §1115: *Targeted Assistance Programs*.

Required Action: The school must establish a tracking mechanism for proper Title I student identification. This mechanism must include documentation of the use of

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multiple, educationally related, objective criteria to identify students for eligibility to receive Title I services.

Finding 10: For FY 2014-2015, the district did not develop and distribute the Title I participation letter to parents of eligible students. This letter articulates both entrance and exit criteria for the program, remediation strategies used and the option to opt-out. Without this information, parents are unable to understand the reason their child was selected to participate in the Title I program, and what is needed for their child to exit the program.

Citation: ESEA §1115: *Targeted Assistance Program*; ESEA §1118(c): *Parental Involvement (Policy Involvement)*.

Required Action: In FY 2015-2016, the district must provide all parent/guardians of Title I eligible students with a Title I participation letter. The participation letter must include the entrance and exit criteria used to identify the students, the remediation strategies being used and provide an opt-out option. The district must provide a copy of the FY 2014-2015 Title I participation letter to the NJDOE for review.

Title II

A review of the expenditures charged to the Title II grant yielded no findings.

IDEA (Special Education)

Finding 11: 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 (specifically the need for consultation with other agencies and identification of the postsecondary liaison); and
- criteria for determining progress on goals and objectives.

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 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 October 2015, and to review

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the oversight procedures. The names of the students whose IEPs were identified as noncompliant will be provided to the district by the 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.

Carl D. Perkins

Finding 12: The district was unable to provide documentation of having a board approved Safety and Health Plan for their hazardous occupation Career and Technical Education (CTE) programs.

Citation: N.J.A.C. 6A:19-6.5 (a): Safety and Health Standards (Reporting Requirements).

Required Action: The district must organize, adopt, and implement a written CTE safety and health plan describing the safety and health program being used to protect students and staff from safety and health risks on and off-site. This plan must also be board approved.

Finding 13: The district did not have recruiting materials directed to enhance student participation in CTE programs deemed nontraditional based on gender.

Citation: P. L. 109-270 § 135 (b) 1-9: *Local Uses of Funds*.

Required Action: The district must implement activities such as utilizing recruiting materials to enhance student participation and completion of nontraditional CTE programs.

Finding 14: The district requested reimbursement of FY 2013-2014 Perkins funds in excess of expenditures incurred and did not promptly return the excess funds to NJDOE, as follows:

Funding Source	Unexpended Funds
Postsecondary	\$ 12,316.94
Secondary	4,483.48
Total	\$ 16,800.42

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: P. L. 109-270 § 133 (b) (1): *Special rules for career and technical education (Redistribution)*; and 34 CFR § 80.50 (d) (2): *Closeout (Cash adjustments)*.

Required Action: The district must refund unexpended funds to the NJDOE and institute procedures for timely remittance in the future as prescribed by the department. The district must also ensure reimbursement requests are in compliance with prescribed regulations.

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Finding 15: The district did not adequately monitor expenditures charged to the FY 2013-2014 Perkins grant, and as a result, staff continued to incur grant expenditures after the end of the project period, June 30, 2014, as follows:

Funding Source	Purchase Order (PO #)	Vendor	Order Date	Payment Date	Disallowed Amount
Secondary	14-00617	Williams Auto Parts	08/27/14	09/27/14	\$ 4,495.00
Postsecondary	14-00663	Dell Computer	08/06/14	08/31/14	11,381.28
Postsecondary	14-00943	Burmax Company	08/06/14	08/31/14	265.00
Total					\$ 16,141.28

Although no benefit was derived from these expenditures during the FY 2013-2014 Perkins project period, the associated costs were reported on the district's FY 2013-2014 Final Report. These expenditures were allocable to the subsequent project period, rather than to the FY 2013-2014 project period.

Citation: 2 CFR Part 225 (OMB Circular A-87), Appendix A, Section C: *General Principles for Determining Allowable Costs (Basic Guidelines)*; 34 CFR §§ 76.707: *When obligations are made* and 80.23: *Period of availability of funds*; and Perkins One-Year Grant Application Guidelines (Perkins Guidelines), Section 2.2.2: *Grant Application Review and Approval*.

Required Action: The district must institute procedures to ensure that program costs are charged to the appropriate grant year. The district must also ensure that Perkins funds are obligated and liquidated by June 30th and September 30th, respectively as detailed in the NJDOE Perkins Guidelines.

Finding 16: The district used Perkins grant funds for non-allowable costs, as follows:

Funding Source	PO #	Vendor	Description	Disallowed Amount
Secondary	14-00843	District	Student tuition payments	\$ 10,262.00
Secondary	14-00478	SkillsUSA	Individual student memberships	1,074.00
Postsecondary	14-00481	PBA	Individual student memberships	405.00
Secondary	2048-15	SkillsUSA	Individual student memberships	864.00
Total				\$ 12,605.00

The student tuition payments were for secondary students to enroll in the Certified Nursing Aide program operated by district employees as one of the district's Community and Adult Education programs located at Salem Community College. Both student tuition payments and individual memberships are non-allowable uses of Perkins grant funds.

Citation: Perkins One-Year Grant Application Guidelines (Perkins Guidelines), Section D.3: *Non-Allowable Costs*.

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Required Action: The district must remit all FY 2013-2014 non-allowable charges to the NJDOE and reverse the FY 2014-2015 charge and submit evidence of the reversal to the NJDOE. Additionally, the district must institute procedures to ensure that Perkins grant funds are only used for allowable program costs.

Finding 17: The district failed to provide adequate documentation to support the following payments from the Perkins secondary grant to the district's food services department:

PO #	Description	Disallowed Amount
14-00582	Fall 2013 Culinary	\$ 1,875.00
14-00833	Spring 2014 Culinary	1,500.00
2005-15	Fall 2014 Culinary	1,760.00
	Total	\$ 5,135.00

The charges represent the food services department's unsupported charges to the Perkins grant for food at a rate of \$16.00 per attendee which the department provided for the district's biannual culinary student demonstration for parents. The district did not provide a description of the event or a list of who attended the event. The district also did not provide what services were provided by the food services department or any documentation of how it arrived at the per person rate being charged. As a result, the district failed to demonstrate that the charge was reasonable and allocable to the federal award.

Citation: 2 CFR Part 225 (OMB Circular A-87), Appendix A, Section C: *General Principles for Determining Allowable Costs (Basic Guidelines)*.

Required Action: The district must provide to the NJDOE adequate documentation supporting these charges or remit the FY 2013-2014 unsupported charges and reverse the FY 2014-2015 unsupported charges. Should the district elect to reverse the FY 2014-2015 unsupported charges, the district must provide evidence of the reversal to the NJDOE.

Finding 18: The district's standards for financial management systems and related internal controls were inadequate, as summarized below:

- Accounting records and financial reporting were inaccurate and incomplete. The district was neither posting expenses to the grants as incurred nor recording payment of claims when made. As of March 12, 2015, the district's outstanding vendor invoices subsequent to November 2014 had not been recorded in the district's general ledger.
- Perkins funded reimbursements and expenditures were being charged to inappropriate account codes in the general ledger. For example, separate accounts were not maintained for reimbursements and expenditures from the Perkins secondary federal

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formula and reserve funding. Also, postsecondary expenditures were occasionally recorded as secondary expenditures and vice versa.

- Amounts appropriated for Perkins grants in the district's accounting records could not be reconciled with corresponding amounts budgeted in the NJDOE System for Administering Grants Electronically.
- The total expenditures reported for certain line item categories on the district's FY 2013-2014 Final Report did not agree with program charges recorded by the district in its accounting records.

Citation: 34 CFR § 80.20: Standards for financial management systems; and N.J.A.C. 6A:23-2.2: 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 procedures. Additionally, the district must ensure final reporting is accurate and current, provides complete disclosure of the financial results of activities and complies with requirements prescribed by the NJDOE.

Finding 19: While the district does have a comprehensive inventory, this inventory does not adequately track equipment purchased by funding source. In addition, program equipment was not properly tagged or correctly recorded in the district's accounting records.

Citation: 34 CFR § 80.32: *Equipment*.

Required Action: The district must develop a system to track equipment purchased with grant funds. Although the state threshold for reporting equipment is \$2,000, the district may have its own lower threshold. The district must track any amount that is less expensive to track than it is to replace. All inventoried items should include tag number, cost, date of purchase, funding source, location and item description. The district must place visible, permanently attached, and numbered inventory tag on equipment. The tags must also identify the source of funding.

Finding 20: On several occasions, the district failed to issue a purchase order prior to services being rendered (confirming orders). District policy and state regulations require that a properly executed purchase order be issued prior to services being rendered.

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

Required Action: Purchase orders should be issued to all vendors prior to goods or services being provided.

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Finding 21: In addition to the preceding findings, it was determined the district failed to comply with implementing regulations and program specific requirements contained in the Perkins Guidelines. For example, the district expended FY 2014-2015 Perkins funds on kitchen equipment which was not itemized in the approved application or in an amendment to the approved application. Sub-grantees are required to comply with the state plan and applicable statutes, regulations, and approved applications, and to use federal funds in accordance with those statutes, regulations, plan and applications.

Citation: 34 CFR § 76.700: Compliance with statutes, regulations, State plan, and applications.

Required Action: The district must implement procedures to ensure personnel assigned to administer the Perkins grant comply with the program specific requirements applicable to each project period.

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 Carla Spates via phone at (609) 984-5968 or via email at carla.spates@doe.state.nj.us.