



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

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Governor

KIM GUADAGNO
Lt. Governor

DAVID C. HESPE
Commissioner

May 28, 2015

Dr. Otis Richardson
School Business Administrator
Union County TEAMS Charter School
515 West Fourth Street
PO Box 2741
Plainfield, NJ 07060

Dear Dr. Richardson:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Union County TEAMS Charter School**. 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 26, 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 Charter Schools Response, Corrective Action Plan and Appeal Process," the Union County TEAMS Charter School Board of Trustees 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 school'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:Union County TEAMS Charter School CM Cover Letter
Enclosures

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New Jersey K-12 Education

**CONSOLIDATED MONITORING REPORT
MAY 2015**

District: Union County TEAMS Charter School
County: Union
Dates On-Site: February 25 and 26, 2015
Case #: CM-045-14

FUNDING SOURCES

Program	Funding Award
Title I, Part A	\$ 120,495
Title II, Part A	1,606
IDEA Basic	60,585
Total Funds	<u>\$ 182,686</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 Union County TEAMS Charter School to monitor the school's use of federal funds and the related program plans, where applicable, to determine whether the school'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 for the period July 1, 2013 through February 26, 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 for the period July 1, 2013 through February 26, 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 AND IDEA FUNDS

Title I

The school operates a targeted assistance program. The school identified Closing the Achievement Gap, English Language Arts, and Mathematics for all students and Economically Disadvantaged students as priority problems.

Title II

The school returned FY 2013-14 Title II funds, and while the FY 2014-15 Title II funds were budgeted to hire consultants to provide professional development, there was no evidence of a purchase order or contract for services using Title II funds.

IDEA (Special Education)

The school is using FY 2014-2015 IDEA funds for the salary and benefits of a special education resource teacher and instructional supplies for students receiving special education and related services.

DETAILED FINDINGS AND RECOMMENDATIONS

Title I

Finding 1: The notification letters sent to the parents/guardians of identified Title I students did not include clearly defined exit criteria. The parents/guardians of Title I students must be informed of the multiple educationally related, objective 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: The school's Title I parental notification letters must include clearly defined exit criteria. The school must provide a copy of its revised parental notification letter to the NJDOE for review.

Finding 2: The school could not provide documented evidence of convening its annual Title I parent meeting. The parents/guardians of identified Title I students must be informed about the school's participation in Title I programs, legislative requirements, and ways in which they can be involved in helping their child/children succeed academically.

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

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

Finding 3: During the scheduled on-site monitoring visit, the school could not provide evidence as to when its Title I written parental involvement policy was distributed. Per the legislative requirement, parents/guardians must be involved in the development of the written parental involvement policy and informed of 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 school must ensure that it distributes its written parental involvement policy to all parents/guardians of identified Title I students. The school must submit evidence of distribution to the NJDOE for review.

Finding 4: The school could not provide evidence that it distributed the Parents' Right-to-Know Letter. Title I funded schools must provide a mechanism to inform parents/guardians of their right to inquire about the professional qualifications of their children's teachers in Title I funded schools.

Citation: ESEA §1111(h)(6)(A): Parents' Right-to-Know: Qualifications.

Required Action: For FY 2015-2016, the school must distribute the Parents' Right-to-Know letter to all and parents/guardians. The Right-to-Know letter must clearly reflect the legislative requirements. The school must provide a copy of the distributed school-parent compacts to the NJDOE for review.

Title II

Finding 5: As of the time of the on- site visit to the school, Title II-A funds were not spent or encumbered for the planned professional development. The Allowable Uses page comment box stated, "UC TEAMS will use Title II-A funds to provide our Instructional Staff with Professional Development. During the 2014 Fiscal Year, the UC TEAMS did not receive Title II-A funds, for which reason all Professional Development was paid with local funds." All funds (\$1,606.00) were allocated to 200-300 Consultants, Educational for the allowable use designated as "Use of Student data to improve Learning." A contract amendment that was submitted on March 23, 2015 did not change the focus of the professional development and no purchase orders were submitted to the reviewer since the visit.

Citation: 34 CFR §80.20: Standards for financial management systems.

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Required Action: The school must identify and implement the necessary programs to support teacher and principal professional development and use its Title II-A funds accordingly. The school must identify and implement the necessary processes to ensure that the internal controls are in place to prevent lapsed funds in all program areas.

IDEA (Special Education)

Finding 6: The school 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).

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

Required Action: The school 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 school must conduct training for I&RS team members and administrators 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 review documentation for students referred to the child study team who were provided interventions in general education between September 2015 and November 2015, and to review the oversight procedures.

Finding 7: The school did not consistently document all required considerations and statements in each IEP for students eligible for speech-language services and for students eligible for special education and related services. Specifically, the Present Level of Academic Achievement and Functional Performance (PLAAFP) statement in IEPs of students eligible for speech-language services did not contain documentation of student's strengths. In addition, the PLAAFP statements in IEPs of students eligible for special education and related services did not contain the results of the most recent evaluations.

Citation: N.J.A.C. 6A:14-3.7(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 school must ensure each IEP contains all required components. In order to demonstrate correction of noncompliance, the school must conduct training for speech-language specialists and child study team members and develop an oversight mechanism to ensure compliance with the requirements in the citation listed above. To demonstrate that the school has corrected the individual instances of noncompliance, the school must conduct annual review meetings and revise IEPs for 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, a sample of IEPs for students whose annual review meetings were conducted between September 2015 and November 2015, and to review the oversight procedures. The names of the students whose IEPs were identified as noncompliant will be provided to the school by the monitor.

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Finding 8: The school did not consistently ensure that the required participants were in attendance at IEP, reevaluation planning and eligibility determination meetings for students eligible for special education and related services and for students eligible for speech-language services. Specifically, the school did not consistently have a general education or a special education teacher in attendance at IEP 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 school must ensure meetings are conducted with required participants and 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 school 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 the sign in sheets, for meetings conducted between September 2015 and November 2015, and to review the oversight procedures.

Finding 9: The school did not consistently conduct meetings within 20 calendar days of receipt of a written request for a child study evaluation to determine if an evaluation was warranted.

Citation: N.J.A.C. 6A:14-3.3(e), 3.4(j).

Required Action: The school must ensure that identification meetings are conducted within 20 calendar days of receipt of a written request for evaluation and that required participants are in attendance. In order to demonstrate correction of noncompliance, the school 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 documentation from meetings conducted between September 2015 and November 2015, and to review the oversight procedures.

Finding 10: The school did not consistently provide parents written notice that contains all required components, within 15 calendar days following reevaluation planning and eligibility determination meetings for students eligible for special education and related services.

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

Required Action: The school must ensure that parents are provided written notice following a meeting that contains all required components within 15 calendar days of the meeting. In order to demonstrate correction of noncompliance, the school 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 copies of written notice

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provided to parents following meetings conducted between September 2015 and November 2015, and to review the oversight procedures.

Administrative

Finding 11: The program and fiscal records requested for examination were not readily accessible during the on-site monitoring visit. The cooperation of grantees is essential for the purpose of obtaining relevant information during audits. It includes access to records and school personnel without unreasonable restrictions.

Citation: 34 CFR §75.910: Cooperation with audits; and 34 CFR §80.4(e): Retention and access requirements for records (Access to records).

Required Action: The school must implement procedures to ensure that program performance and financial reports, as well as all required records and supporting documents are accurate, complete and readily available for review.

Finding 12: The board of trustees meeting minutes approving the salaries of employees fully and partially paid 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 CFR §80.20: Standards for financial management systems.

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

Finding 13: The school did not obtain board approval for the acceptance of the FY 2013-2014 federal awards. The ESEA requires each LEA to "submit an application to the State 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 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 school must obtain the necessary board resolutions to ensure conformity with applicable federal and state requirements.

Finding 14: Despite having a board approved policy regarding the reimbursement of grant expenditures, the school improperly requested reimbursement of payments that had not been disbursed. Reimbursement requests must be prepared and submitted in accordance with the NJDOE Policies and Procedures for Reimbursement of Federal and Other Grant Expenditures.

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Citation: 34 CFR §80.20(b)(7): Standards for financial management systems (Cash management; and 34 CFR §80.21(d): Payment (Reimbursement).

Required Action: The school must implement procedures which provide reasonable assurance reimbursement requests are prepared in accordance with the applicable regulatory authority, submitted regularly and ensure grant funds are spent in a timely manner.

Finding 15: An examination of the school's general ledgers disclosed many incorrect postings of salaries (wrong staff members) and supplies charged to federal awards. These discrepancies suggest a lack of communication between the program and business offices, and the need to strengthen internal controls. The school corrected all the errors prior to the monitoring visit.

Citation: 34 CFR §80.20: Standards for financial management systems.

Required Action: The school must work on improving communication and internal controls to avoid the misapplication of grant funds.

Finding 16: A review of the approved Title I and Title II budgets revealed Title II appropriations were comingled with Title I appropriations in the school's accounting records. The charter school corrected this error in its accounting records during the monitoring visit.

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

Required Action: The school must implement a process to ensure appropriations of federal awards are recorded properly in financial records.

Finding 17: A review of the school's general ledgers disclosed that incorrect revenue codes were used to record the receipt of Title I, Title II and IDEA funds. The Uniform Chart of Accounts for New Jersey School Districts, as required by N.J.A.C. 6A:23A-16.2(f)(1) designates revenue source codes to record grant funds received as 4411-4416, 4451-4455, and 4420-4429, respectively.

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 school furnished records demonstrating correction of the revenue codes. Therefore, no further action is required.

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Finding 18: The school's written policies and procedures covering procurement and cash management functions require revisions. These documents should incorporate internal controls designed to: ensure competitive contracting; prevent non-allowable costs from being charged to grants; and prevent contracting with disbarred vendors.

Citation: 34 CFR §80.20: Standards for financial management systems and §80.36: Procurement; and N.J.A.C. 6A:23A-6.6: Standard Operating Procedures for Business Functions.

Required Action: The school must develop and maintain complete written policies and procedures, as part of its internal controls, that provides reasonable assurance the following objectives are being achieved: effectiveness and efficiency of operations; reliability of financial reporting; and compliance with applicable laws and regulations.

Recommended Action: The school should prepare and adopt a detailed purchasing manual 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.