



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

January 15, 2016

Mr. David Hallman, Superintendent
Belmar Elementary School District
1101 Main Street
Belmar, NJ 07719

Dear Mr. Hallman:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Belmar Board of Education**. The funding sources reviewed include titled programs for the Elementary and Secondary Education Act (ESEA) and the Individuals with Disabilities Education Act (IDEA). The review covered the period July 1, 2014 through November 30, 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 Belmar Board of Education is required, pursuant to N.J.A.C. 6A:23A-5.6, to publicly review and discuss the findings in this report at a public board meeting no later than 30 days after receipt of the report. Within 30 days of the public meeting, the board must adopt a resolution certifying that the findings were discussed in a public meeting and approving a corrective action plan which addresses the issues raised in the undisputed findings and/or an appeal of any **monetary** findings in dispute (emphasis added). A copy of the resolution and the approved corrective action plan and/or appeal must be sent to this office within 10 days of adoption by the board. Direct your response to my attention.

Also, pursuant to N.J.A.C. 6A:23A-5.6(c), you must post the findings of the report and the board's corrective action plan on your district's website.

By copy of this report, your auditor is requested to comment on all areas of noncompliance and recommendations in the next certified audit submitted to the New Jersey Department of Education. If you have any questions, please contact Kathryn Holbrook at (609) 292-0198.

Sincerely,

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

RJC/KH/dk: Belmar School District BOE Cover Letter /consolidated monitoring
Enclosures

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**BELMAR SCHOOL DISTRICT
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BELMAR, NJ 07719
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New Jersey K-12 Education

**CONSOLIDATED MONITORING REPORT
JANUARY 2016**

District: Belmar School District
County: Monmouth
Dates On-Site: November 30, 2015
Case #: CM-025-15

FUNDING SOURCES

Program	Funding Award
Title I, Part A	\$ 252,016
Title II, Part A	42,248
Title III	18,378
Title III Immigrant	736
IDEA Basic	296,717
IDEA Preschool	8,147
Total Funds	<u>\$ 618,242</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, 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 Belmar 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); Title III; Title III Immigrant; and IDEA Basic and Preschool for the period July 1, 2014 through November 30, 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, and IDEA Basic and Preschool for the period July 1, 2014 through November 30, 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 AND IDEA FUNDS

Title I

The district operates a Targeted Assistance program at Belmar Elementary School, its Title I funded school. The district has identified Closing the Achievement Gap and English Language Arts and English Language Learners as its priority problems.

Title II

The district used the Title II funds to pay for a teacher to reduce class size.

Title III

The district used Title III funds for salaries, an extended year program, professional development, and supplies.

IDEA (Special Education)

The district used IDEA grant funds for occupational and physical therapy services for students with disabilities; nonpublic services; instructional aides to support students with disabilities; professional development for teachers and paraprofessionals who instruct students with disabilities; and instructional supplies for students with disabilities.

DETAILED FINDINGS AND RECOMMENDATIONS

Title I

Finding 1: In a previous grant period (FY 2014-2015) the district violated the supplement versus supplant provision by providing programs and services not exclusive to students participating in the Title I program.

Services funded by Title I cannot benefit the entire school. In a Targeted Assistance Title I program, services must benefit targeted students attending Title I funded schools who meet the established criteria defined by the district/school. These funds must be used to supplement the existing educational program of the school by devising programs and services to assist in improving the academic performance of low-achieving students.

Citation: ESEA §1120A(b)(1): *Fiscal Requirements (Federal Funds to Supplement, Not Supplant, Non-Federal Funds)*.

Required Action: For FY 2015-2016, the district must submit a written description of its Title I program to the NJDOE for review.

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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 as well as benchmark assessment scores (not free/reduced priced lunches) used to identify and exit their child/children for Title I services.

Citation: ESEA §1115(b)(1)(B): *Targeted Assistance Schools (Eligible Children - Eligible Population)*.

Required Action: For FY 2015-2016, the district's parental notification letters must include clearly defined entrance and exit criteria. The district must provide a copy of its revised parental notification letter to the NJDOE for review.

Finding 3: The district was unable to provide evidence of convening the Annual Title I Parent meeting. However, documented evidence provided by the district did indicate the district planned to convene this meeting on January 19, 2016. In a Title I Targeted Assistance program, all parents/guardians of participating Title I students are entitled to be informed at the beginning of the school year about the school's Title I program, legislative requirements, and how they can become actively engaged in helping their child/children succeed academically.

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

Required Action: During its planned Title I Annual Parent meeting to be held on January 19, 2016, the district must discuss its revamped Title I program to include discussing the entrance and exit criteria for Title I services. The district must submit copies of the invitational letter/flyer, agenda, meeting minutes, and sign in sheets obtained from said meeting to the NJDOE for review.

Finding 4: A review of the district's Parents' Right to Know Letter determined it was not dated. As a result, there was no way to verify when the letter was distributed to parents/guardians. The legislation stipulates that parents must be informed of the professional qualifications of the student's classroom teachers at the beginning of the school year.

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

Required Action: For FY 2015-2016, the district must ensure that it distributes its Parents' Right-to-Know letters with the complete date (month, day and year) immediately. The district must submit evidence of distribution to the NJDOE for review.

Finding 5: In its FY 2015-2016 ESEA/NCLB Consolidated Application on the Electronic Web Enabled Grant System (EWEG) the district entered non-verifiable nonpublic enrollment data for resident students that attend nonpublic schools. Documented evidence provided by the district indicated that the due date for the nonpublic income survey to be returned to the district was November 30, 2015, the date of the on-site monitoring. Section 1120 of the Elementary and Secondary Education Act requires that districts receiving Title I funds provide equitable services

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to eligible resident nonpublic school students. The district is responsible for counting and entering the nonpublic enrollment numbers and the low-income counts for nonpublic students that reside in its district's attendance areas. Inaccurate enrollment data for nonpublic students could impact Title I school-level allocations and deprives eligible resident nonpublic students of critical services.

Citation: ESEA §1120(b)(E)(F): *Participation of Children Enrolled in Private Schools (Consultation)*.

Required Action: The district must ensure that it has located and documented resident students that attend nonpublic schools. Upon discovery of district resident students attending nonpublic schools, the district must amend the Title I portion of its FY 2015-2016 ESEA/NCLB Consolidated Application in an effort to accurately report nonpublic enrollment data and nonpublic low-income data.

Title II

Finding 6: Title II, Principal Training and Recruiting Funds, are for teacher and/or principal professional development and may not be expended for student use or activities that the district would otherwise carry out in the absence of these funds. As a result, the district's use of FY 2014-2015 Title II funds for a baby echo puppet, sound cards and various other instructional supplies purchased to support the Wilson Language program supplanted state and local funds.

Citation: ESEA §2123(5)(10)(b): *Local Use of Funds (Supplement, Not Supplant)*. 2 CFR §200.403: Basic Considerations (Factors affecting allowability of costs).

Required Action: The district must establish a system of internal control sufficient to provide reasonable assurance that Title II funds are expended on allowable costs and that the funds supplement, rather than supplant, state and local funds. The district must submit documentation of its internal controls process to prevent supplanting to the NJDOE for review.

Title III

Finding 7: The district's use of FY 2014-2015 Title III funds to pay for Spanish Textbooks and Common Core English Language Arts and Mathematics materials supplanted state and local funds.

Citation: ESEA §3115(g): *Subgrants to Eligible Entities (Supplement, not Supplant)*.

Required Action: The district must establish a system of internal control sufficient to provide reasonable assurance that Title III funds supplement, rather than supplant, state and local funds. The district must submit a description of its internal controls process to prevent supplanting to the NJDOE for review.

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Finding 8: As an applicant LEA, the district did not maintain control of its Title III consortia funds for participant LEAs. In particular, the district issued purchase order 15-0637 to reimburse the Avon School District for the cost of various Title III supplies acquired during FY 2014-2015. Consequently, the LEA was not able to produce required supporting documentation (i.e. proof of payment by Avon) to demonstrate that the charges represent allowable program costs.

Citation: 2 CFR §200.302(b)(3): Financial management.

Required Action: The district must exercise its responsibilities as the applicant LEA and maintain control of all funds generated for participant LEAs. The district must submit a description of its internal controls process to maintain control of funds generated for equitable services to eligible resident nonpublic students to the NJDOE for review.

IDEA (Special Education)

Finding 9: The district did not consistently document in the IEPs of students removed from the general education setting for more than 20 percent of the school day, including students placed in separate settings, consideration of placement in the least restrictive environment. Specifically, IEPs did not consistently include:

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

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

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

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Administrative

Finding 10: The district did not properly maintain control of its federal funds at a nonpublic school. Specifically, purchase orders 15-0799, 15-0723, 15-0725 and 15-0734 were issued to reimburse St. Rose Grammar School and St. Rose High School for various Title I and Title II expenditures throughout the year.

In particular, a review of the Title II supporting documentation revealed a nonpublic school was reimbursed a total of \$3,963.96 for hotel accommodations incurred by the principal and vice principal to attend training in Philadelphia from June 28, 2015 to July 1, 2015. Although the federal per diem allowances during June and July 2015 were \$171/night and \$142/night, respectively, the nonpublic school was reimbursed \$429/night, for four nights, for two rooms. Additionally, the nonpublic school was reimbursed \$316.80 for three days of parking costs for two vehicles. Since the hotel was the site of the conference, the district was able to exceed the federal per diem rate. However, the conference listed rates of \$256-286/night for that specific hotel, and rates as low as \$177 for nearby hotels. It is unclear how a nightly rate of \$429 would be considered necessary and reasonable for the performance of the federal award.

Citation: 34 CFR §76.651: Participation of Students Enrolled in Private Schools (Responsibility of State and subgrantee). ESEA §9501(d): *Participation by Private School Children and Teachers (Public Control of Funds)*. 2 CFR §§200.403-404: Basic Considerations (Factors affecting allowability of costs and Reasonable costs).

Required Action: The district must exercise its responsibilities as the fiscally accountable entity and maintain control of all funds generated for equitable services to resident nonpublic school students. Additionally, the district must ensure all costs are necessary and reasonable for the proper performance of federal awards. The district must submit a description of its internal controls processes for the areas to the NJDOE for review:

- maintaining control of funds generated for equitable services to eligible resident nonpublic students; and
- ensuring that expenditures are necessary and reasonable for the proper implementation of the program.

Finding 11: The district did not post grant related expenditures when the costs were incurred. Instead, journal entries were posted to reallocate expenditures from state/local funds to federal awards, typically on April 1st. As a result, the monitoring team was unable to adequately review FY 2014-2015 grant expenditures.

Citation: 2 CFR §200.302(b)(3): Financial management.

Required Action: The district must post expenditures to its federal grants as they are incurred, and must ensure the ability to trace those expenditures to a level deemed adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes. The district must submit a description of its

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internal controls process for posting expenditures to federal grants to the NJDOE for review.

Finding 12: Although the district provided documentation to support a number of payroll charges, the records do not comply with required timekeeping standards for federally funded grants. Employees whose salaries are paid 100 percent with grant funds must complete a semi-annual certification attesting to their performance of grant related duties. Employees whose salaries are partially paid with grant funds must complete monthly personal activity reports. 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.

Citation: 2 CFR §200.430(i): Compensation—personal services (Standards for Documentation of Personnel Expenses).

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 during FY 2015-2016 to the NJDOE for review.

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.