



State of New Jersey
DEPARTMENT OF EDUCATION
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Governor

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DAVID C. HESPE
Commissioner

March 23, 2016

Mr. Thomas Farrell, Superintendent
Shore Regional High School District
132 Monmouth Park, Highway 36
West Long Branch, NJ 07769

Dear Mr. Farrell:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Shore Regional High School District 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 December 16, 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 Shore Regional High School District 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:Shore Reg. High School District BOE Cover Letter /consolidated monitoring
Enclosures

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SHORE REGIONAL HIGH SCHOOL DISTRICT
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New Jersey K-12 Education

**CONSOLIDATED MONITORING REPORT
MARCH 2016**

District: Shore Regional High School District
County: Monmouth
Dates On-Site: December 16, 2015
Case #: CM-031-15

FUNDING SOURCES

Program	Funding Award
Title I, Part A	\$ 133,369
Title II, Part A	13,783
IDEA Basic	143,875
Total Funds	<u>\$ 291,027</u>

**SHORE REGIONAL HIGH SCHOOL DISTRICT
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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 Shore Regional High 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); and IDEA Basic for the period July 1, 2014 through December 16, 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 Basic for the period July 1, 2014 through December 16, 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 district used its Title I funds to implement a targeted assistance program in Shore Regional High School. The district identified English Language Arts, Mathematics, and Technology Literacy for Economically Disadvantaged students as its priority problems.

Title II

The district used Title II funds to provide a variety of core content area staff professional development opportunities.

IDEA (Special Education)

The district used the FY 2015 IDEA funds to reduce district tuition costs for students receiving special educational services in other public school districts and approved private schools for the disabled. Funds were also used for salaries of classroom and individual aides and to provide contracted services for students with disabilities. The nonpublic proportionate share of the grant is being used to provide an in-class support teacher through a vendor, Monmouth-Ocean Educational Services Commission (MOESC) for students with disabilities attending nonpublic schools.

DETAILED FINDINGS AND RECOMMENDATIONS

Title I

Finding 1: In its FY 2015-2016 ESEA/NCLB Consolidated Application on the Electronic Web-Enabled Grant System (EWEG) in the Needs Assessment section, the district selected Technology Literacy as High Priority status for its Economically Disadvantaged Students. For schools operating a Targeted Assistance Title I program, services must be guaranteed to benefit only targeted students attending Title I funded schools who meet the established criteria defined by the district/school. Title I services may not benefit the entire school. Rather these funds must supplement the existing educational program of the school with programs and services to bolster the academic performance of low-achieving students.

Citation: ESEA §1112(a)(1)(a)(i-iv): *Local Educational Agency Plans(Plans Required)*.
ESEA §1120A (b)(1): *Fiscal Requirements (Federal Funds to Supplement, Not Supplant, Non-Federal Funds)*.

Required Action: For FY 2015-2016, the district must immediately amend its ESEA/NCLB Consolidated Application in EWEG to reflect the targeted population which meets the multiple educationally related and objective criteria established by the district in order to attain Title I services.

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Finding 2: The district was unable to provide evidence that it's running a viable targeted assistance program in its Title I school. The legislation stipulates that schools operating a targeted assistance program give primary consideration to providing extended learning time, as well as minimizing the removal of students from the regular classroom during regular school hours.

Citation: ESEA §1115(c)(1)(C)(i-ii): *Targeted Assistance Schools (Components of a Targeted Assistance Program)*.

Required Action: The district must immediately begin its Title I program for its eligible participating students. Primarily, with providing services to identified Title I students with an emphasis placed on providing extended learning opportunities (before/after school programs, summer, or transitional programs). The district must submit a revised narrative describing its Title I program to the NJDOE for review. The narrative must include the following:

- the multiple measures used to identify participating Title I students;
- how students will be assessed and the frequency of these assessments; and
- the criteria used to enter and exit students in the Title I program.

Finding 3: The district was unable to provide documentation of issuing notification letters sent to the parents/guardians of identified Title I students. The letter must include the clearly defined entrance and exit criteria based upon multiple educationally related criteria, as well as benchmark assessment scores used to identify students for Title I services.

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

Required Action: For FY 2015-2016, the district must devise and distribute its parental notification letters listing clearly defined entrance and exit criteria to include provision of service. The district must submit a copy of the parental notification letter to the NJDOE for review. The district must also submit to the NJDOE for review a list of its Title I eligible students along with a list of all Title I funded staff.

Finding 4: The district was unable to provide evidence of when its Title I written parental involvement policy was distributed. Per the legislative requirement, parents/guardians have a right to be involved in the development of the written parental involvement policy, as well be informed of ways they can further engage themselves in the academic performance and achievement of their children.

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

Required Action: For FY 2015-2016, the district must ensure that it distributes its written parental involvement policy to all parents/guardians of identified Title I students

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in its Title I funded school. The district must submit evidence of distribution to the NJDOE for review.

Finding 5: The district was unable to provide documentation that the school convened an annual Title I Parent meeting. In a targeted assistance program, all parents/guardians of identified Title I students must be informed 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: For FY 2015-2016, the district must convene its annual Title I Parent meeting for the parents/guardians of participating students. The district must submit documentation (e.g., invitational letter/flyer, agenda, meeting minutes, and sign in sheets) of said meeting to the NJDOE for review.

Finding 6: The district provided documentation that it distributed the Parents' Right to Know Letter. However, the letter did not contain the completed date (month, day, and year). The legislation stipulates that parents must be informed of the professional qualifications of the child's classroom teachers at the beginning of the school year and in a timely manner.

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

Required Action: For the 2016-2017 school year, the district must distribute the Parents' Right-to-Know letters at the beginning of the school year. The letter must be completely dated (month, day, and year). The district must submit a copy of the letter and evidence of distribution to the NJDOE for review.

Finding 7: The district was unable to provide evidence that it distributed the school-parent compacts. All Title I funded schools must provide a mechanism to ensure that its parents/guardians are informed of the roles and responsibility of the school, parents/guardians, and students in achieving academic success. The exclusion of parents in the development of these documents does not offer them the opportunity for full participation in their child's educational program.

Citation: ESEA §1118(d): *Parental Involvement (Shared Responsibilities for High Student Academic Achievement)*.

Required Action: For FY 2015-2016, the district must develop and distribute the Title I school-parent compacts to participating students and their parents/guardians. The compacts must reflect the legislative requirements by including how each of the following: the school, parent, and students will share in the responsibility for improved student academic achievement. The district must submit a copy of the distributed school-parent compacts to the NJDOE for review.

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Recommendation: The NJDOE will schedule a follow-up visit with the district during April 2016 to view its Title I program in operation, verify the status of distribution of regulatory program requirements, and ensure expenditures charged to the grant are reasonable, necessary, and allocable.

Title II

Finding 8: Title II-A, *Principal Training and Recruiting Funds*, are for teacher and/or principal professional development and cannot be used for activities that the district would otherwise carry out in the absence of these funds such as training that is required by New Jersey Administrative Code. As a result, the district's use(s) of Title II-A funds for the expenditures listed below supplants state and local funds.

Item	Vendor	Description	Reference	Amount
1	AcuTrain	One year access for up to 200 employees to eight on demand courses	16-00116	\$395.00
2	OESC	Dyslexia training for 72 people	16-00206	\$864.00
Total				\$1,259.00

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

Required Action: The district must reverse the expenditures and submit documentation of the adjusting entries to the NJDOE for review. Going forward, the district must establish a system of internal control sufficient to provide reasonable assurance that Title II funds supplement, rather than supplant, state and local funds.

Finding 9: A district teacher of science was not highly qualified to teach science in a departmentalized setting. The High Objective Uniform Standard of Evaluation (HOUSE) forms and transcript did not indicate enough credits for the teacher to provide science instruction. In order to teach a content area in departmentalized middle grades (6-8), teachers who hold the K-8 or N-8 instructional certificate must have attained highly qualified status for that content area by meeting one of the four federal requirements: passing the appropriate Praxis II content-knowledge exam; having 30 credits (12 of the 30 credits at upper division level) or an undergraduate major in the content area; having a graduate degree in the content area; or having an advanced credential, such as National Board Certification, in the content area. Teachers who hold the K-5 instructional certificate must also hold the appropriate Middle School Subject Matter Specialization Endorsement for each content area in order to meet Highly Qualified Teacher (HQT) requirements.

Teachers holding the Teacher of the Handicapped certificate (TOH) who have the primary instructional responsibility in grades 6-8 (including pull-out replacement resource programs) must meet highly qualified requirements consistent with requirements for the general education teachers. Therefore, if a grade level(s) is self-contained, teachers holding the TOH must be

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highly qualified as elementary generalists. If a grade level is departmentalized, teachers holding the TOH must be highly qualified for grades 6-8 in each core academic subject they teach.

Citation: ESEA §1119(a)(1): *Qualifications for Teachers and Paraprofessionals*. ESEA §2123(a)(2): *Local Use of Funds*. ESEA §1111(h)(6)(B)(ii): *Right-to-Know Letter*.

Required Action: The district must notify parents of students being taught by teachers that are not highly qualified by sending those parents the required “Right-to-Know” letter and submit copies to NJDOE for review.

IDEA (Special Education)

Finding 10: The district did not consistently document in the IEPs of students removed from the general education setting for more than 20 percent of the school day, consideration of placement in the least restrictive environment. Specifically, the IEPs did not consistently include, the following:

- the supplementary aids and services considered along with an explanation of why they were rejected; and
- for those students placed in a separate setting, 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). N.J.A.C. 6A:14-4.2 (a) 4.

Required Action: The district must ensure that when determining the educational placement of a child with a disability, the IEP team considers the general education class first and that all required decisions regarding the placement are documented in the IEP for each student removed from general education for more than 20 percent of the school day. In order to demonstrate correction of noncompliance, the district must conduct training for child study team members regarding the district’s procedures 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 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, a random sample of additional IEPs developed at meetings conducted between June 2016 and October 2016, 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 11: The district used IDEA funds to pay invoices from the MOESC without adequate supporting documentation. In particular, the monthly invoices reflected amounts for payroll costs and an administration fee without sufficient records or detail showing how the figures were derived and/or listings of dates, times, location, specific services and students served.

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Additionally, the rate charged for the administrative fee was not agreed upon under the terms of the district's contract with the MOESC.

Citation: 2 CFR §200.302: Financial management and 200.318: General procurement standards. N.J.S.A. 18A:19-2: Requirements for payment of claims; audit of claims; in general.

Required Action: The district must implement procedures to ensure that adequate documentation is received and verified by district staff prior to the approval of third party vendor claims or demands for payment.

Finding 12: The district failed to include required FICA expenditures (200-200) to support the charges to the IDEA grant for part-time aides (100-100). All LEAs charging federal grant funds for salaries of full and part-time staff must include TPAF and/or Federal Insurance Contribution Act (FICA) contributions in the federal grant budget. Other benefits may also be budgeted; however, all TPAF, FICA and other fringe benefits must be budgeted in proportion to the allocated federal salary.

Citation: 2 CFR §200.302: Financial management and 200.403: Factors affecting allowability of costs. 34 CFR §76.702: Fiscal control and fund accounting procedures. N.J.S.A. 18A:19-2: Requirements for payment of claims; audit of claims; in general.

Required Action: The district must amend its FY 2015-2016 IDEA application in EWEG to include required payroll related costs.

Finding 13: The district did not have the required supporting documents to verify the activity of staff charged to the IDEA 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: 2 CFR 200.430(i): Compensation – personal services.

Required Action: The district must identify staff members whose salaries are supported in whole or in part with IDEA funds and verify the time and activity of staff charged to the grants. The district must submit sample sheets for FY 2015-2016 to the NJDOE for review.

Prior to this, the district should consult the NJDOE's December 2012 guidance on Time and Effort Reporting for Title I Funded Staff which is located at: <http://education.state.nj.us/broadcasts/2012/DEC/18/8649/TimeandActivityReporting.pdf> as a resource.

Finding 14: The FY 2015 IDEA Final Report (FR) submitted by the district contained expenditure misclassifications. Specifically, part-time aide salaries of \$38,791.23, allocable to line item 100-100, were improperly included in the other purchased services, line item 100-500.

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District staff reclassified the salaries to line item 100-500, after realizing the actual expenditures exceeded the approved budget amount for line item 100-100 by more than 10 percent, and the deadline for filing an application amendment had already lapsed. This anomaly resulted from inadequate internal controls over the monitoring of federal expenditures. The tracking of such disbursements is essential for determining when application amendments must be completed, ensuring adherence to the submission deadline and for FR accuracy.

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

Required Action: The LEA must establish a system of internal control sufficient to provide reasonable assurance that it reports complete and accurate financial information to the department.

Administrative

Finding 15: The district's standard operating procedures manual does not include formal written internal control policies and procedures to prevent contracting with suspended and debarred vendors. Additionally, certain board approved policies are out-of-date and in need of revision.

Citation: 2 CFR §§200.302(b)(3): Financial management and 200.318: General procurement standards. N.J.A.C. 6A:23A-6.6: Standard operating procedures for business functions.

Required Action: The district should revise/adopt written policies and procedures 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.