



State of New Jersey

DEPARTMENT OF EDUCATION
PO Box 500
TRENTON, NJ 08625-0500

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Governor

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Lt. Governor

DAVID C. HESPE
Commissioner

June 24, 2016

Dr. Patricia Camp
Chief School Administrator
Rahway School District
Kline Place, PO Box 1024
Rahway, NJ 07065

Dear Dr. Camp:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Rahway School District**. 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 March 16, 2016. 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 www.state.nj.us/education/compliance/monitor/.

Utilizing the process outlined in the attached "Procedures for LEA/Agency Response, Corrective Action Plan and Appeal Process," the Rahway School District 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:Rahway School District Cover Letter /consolidated monitoring 15-16
Enclosures

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New Jersey K-12 Education

**CONSOLIDATED MONITORING REPORT
JUNE 2016**

District: Rahway Public Schools
County: Union
Dates On-Site: March 16 and 22, 2016
Case #: CM-038-15

FUNDING SOURCES

Program	Funding Award
Title I, Part A	\$ 578,987
Title II, Part A	142,523
Title III	82,549
Title III Immigrant	15,293
IDEA Basic	1,033,422
IDEA Preschool	28,038
Total Funds	<u>\$ 1,880,812</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 Rahway Public Schools 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 March 16, 2016.

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 March 16, 2016. 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,
TITLE III IMMIGRANT AND IDEA FUNDS**

Title I

The district operates Targeted Assistance programs in all five of its Title I funded schools: Franklin Elementary School, Grover Cleveland Elementary School, Madison Elementary School, Rahway 7th and 8th Grade Academy, and Roosevelt Elementary School. The district identified Closing the Achievement Gap, English Language Proficiency, and English Language Arts for Economically Disadvantaged students, Racial/Ethnic minorities, and English Language Learners as priority problems.

Title II

The district used Title II funds to fund one class size reduction teacher, materials for professional learning communities, mathematics and English Language Arts professional development.

Title III

The district used Title III funds for extended day programs, summer programs, salaries, supplies, and translation services.

Title III Immigrant

The district used Title III Immigrant funds for afterschool programs and salaries.

IDEA (Special Education)

The district used IDEA funds to reduce district tuition costs for students receiving special educational services in other public school districts and approved private schools for students with disabilities, purchase instructional supplies for students with disabilities, and supplement transportation funds to assist special education students while on field trips. Additionally, grant funds were used for salaries and benefits and professional development for staff that work with students with disabilities.

DETAILED FINDINGS AND RECOMMENDATIONS

Title I

Finding 1: The district's use of FY 2015-2016 Title I funds totaling \$975.00 (PO# 16-01304) to pay the Institute for Multi-Sensory Education supplanted state/local funds. For schools operating a Targeted Assistance Title I program, services may benefit only targeted students who meet the established criteria defined by the school. Services funded by Title I cannot benefit the entire school. Rather, Title I funds must be used to supplement the existing educational program of the

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school, by devising programs and services to bolster the academic performance of low-achieving students.

Citation: ESEA §1120A(b): *Fiscal Requirements (Federal Funds to Supplement, Not Supplant, Non-Federal Funds)*. 34 CFR 200.25: Schoolwide programs (Schoolwide programs in general).

Required Action: The district must reverse the disallowed charge and submit documentation of the adjusting entry to the NJDOE for review.

Finding 2: The notification letters sent to the parents/guardians of participating Title I students did not include clearly defined exit criteria. The parents/guardians of participating Title I students must be informed of the multiple educationally-related criteria and benchmark assessment scores used to not only identify their child/children for Title I services, but also to exit their child/children from the Title I program.

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

Required Action: The district's Title I schools must revise their FY 2016-2017 Title I parental notification letters to include clearly defined entrance and exit criteria. The district must provide a copy of each school's revised parental notification letter to the NJDOE for review.

Finding 3: The district suspended students from its Title I afterschool program based upon student attendance. However, the notification letters sent to the parents/guardians of participating Title I students did not articulate the attendance policy or expectation of student attendance. The parents/guardians of participating Title I students must be informed of all aspects of the proposed Title I program to include providing an opportunity for their child/children to fully achieve and succeed in the prescribed Title I program .

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

Required Action: The district's Title I schools must revise their parental notification letters to articulate attendance expectations and requirements. The district must provide a copy of each school's revised parental notification letter to the NJDOE for review.

Finding 4: The district provided documentation of its distributed 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 student'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)*.

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Required Action: The district must ensure that its Parents' Right-to-Know letters, distributed at the beginning of the FY 2016-2017 school year, are completely dated (month, day, and year). The district must submit evidence of distribution and the revised letter to the NJDOE for review.

Finding 5: The district provided documentation that its Title I schools convened the Annual Title I Parent Meeting on October 6, 2015. However, the minutes obtained from these meetings did not provide feedback or input from the parents/guardians. In a Title I Targeted Assistance program, all parents/guardians of identified Title I students must be informed of and provided with opportunities to provide input about the school's Title I program 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 2016-2017, the district must ensure that its Title I schools include parent/guardian feedback that is documented in the minutes from each school's Annual Title I Parent Meeting. The district must provide a copy of each school's minutes from the Title I Annual Parent Meeting to the NJDOE for review.

Finding 6: The district could not provide documentation that it performed due diligence in engaging the consultation process for equitable services to resident nonpublic school students. Per the legislative requirement, consultation with nonpublic schools must be a formalized process, which includes discussion on the criteria for the selection/identification of students. Also, the district must retain documentation of the consultation process (e.g., agendas, sign in sheets, and meeting minutes).

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

Required Action: For FY 2016-2017, the district must immediately engage in a formalized consultation process with nonpublic schools that enroll resident students. The process must include discussion on and confirmation of the established criteria to identify students for services. Additionally, the district must retain documentation (e.g., letters/flyers, meeting minutes, and sign in sheets) from the consultation meetings and submit this documentation to the NJDOE for review.

Finding 7: In its FY 2015-2016 ESEA/NCLB Consolidated Application on the Electronic Web Enabled Grant System (EWEG) the district did not report any Grover Cleveland Elementary School, Rahway 7th and 8th Grade Academy, Roosevelt Elementary School, and Madison Elementary School resident students that attend nonpublic schools. Section 1120 of the ESEA requires that districts receiving Title I funds provide equitable services to all 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 the district's attendance areas. The omission of enrollment data for nonpublic students results in inaccurate

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Title I school-level allocations and deprives eligible resident nonpublic students of critical services.

Citation: ESEA §1120 (b)(1)(E-F): *Participation of Children Enrolled in Private Schools (Consultation).*

Required Action: In preparation for the completion of the district's FY 2016-2017 ESEA/NCLB Consolidated Application, the district must develop a process to locate and document resident students that attend nonpublic schools. The district must report nonpublic enrollment data and nonpublic low-income data in the Title I, Part A portion of the district's FY 2016-2017 Consolidated Application.

Finding 8: Per the existing third-party contract used to provide services to participating eligible nonpublic students, the district could not provide documentation of the following: pupil economic eligibility status and pupil selection/identification criteria.

Citation: ESEA §1120(b)(1)(A-G): *Participation of Children Enrolled in Private Schools (Consultation).*

Required Action: For FY 2016-2017, the district must ensure that its third-party contract articulates the following:

- Student eligibility data;
- How the needs of the Title I eligible children were identified;
- The services that will be provided to eligible Title I students from Rahway;
- How, where, and by whom the services provided; and
- How the services will be assessed and used to enhance/modify services provided in the future.

The district must submit verification of all of the above to the NJDOE for review.

Finding 9: The district contracts with a third-party provider to provide equitable services to district resident students attending nonpublic schools. For FY 2015-2016, the third-party service provider/consultant agreement was not signed and dated by the provider.

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

Required Action: The district must immediately obtain and retain a signed and dated copy of its third party service provider/consultant agreement for the 2015-2016 school year. The district must submit mentioned copy of the contract to the NJDOE for review.

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Title II

Finding 10: The district used FY 2014-2015 Title II funds totaling \$70.00 (PO# 15-01433) to pay for staff attendance at a Health and Physical Education conference, which is an unallowable expense. Title II funds can only be used for content areas listed in the federal definition of “Core Academic Subjects” below:

The term “core academic subjects means English, reading or language arts, mathematics, science, foreign languages, civics and government, economics, arts, history, and geography [Section 9101(11)].

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 controls 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.

Title III

Finding 11: The district’s use of FY 2015-2016 Title III funds totaling \$300.00 (PO# 16-01241) for the Aligning Practices with the Common Core Standards workshop supplanted state/local funds.

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

Required Action: The district must reverse the disallowed charges and submit documentation of the adjusting entry to the NJDOE for review.

Finding 12: The district’s use of FY 2014-2015 Title III funds totaling \$155.85 (PO# 15-01121) for translation of the Roosevelt Elementary School parent letter supplanted state/local funds.

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

Required Action: The district must establish a system of internal controls sufficient to provide reasonable assurance that Title III funds supplement, rather than supplant, state and local funds.

IDEA (Special Education)

Finding 13: The district did not consistently convene IEP team meetings with the required participants for student eligible for special education and related services.

Citation: N.J.A.C. 6A:14-2.3(k)1(i-vii). 20 U.S.C. §1414(d)(1)(B). 34 CFR §300.321(a).

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Required Action: The district must ensure that meetings are conducted with required participants and that 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 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. A monitor from the NJDOE will conduct an on-site visit to interview staff and review meeting documentation, including sign in sheets, for meetings conducted between November 2016 and February 2017, and to review the oversight procedures.

Finding 14: The district did not consistently ensure that the full child study team was in attendance at identification meetings for students referred for special education and related services.

Citation: N.J.A.C. 6A:14-2.3(k)1(i-vii). 20 U.S.C. §1414(d)(1)(B). 34 CFR §300.321(a).

Required Action: The district must ensure identification meetings are conducted with the full child study team in attendance. 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. A monitor from the NJDOE will conduct an on-site visit to interview staff, review meeting documentation, including sign in sheets, for meetings conducted between November 2016 and February 2017, and to review the oversight procedures.

Finding 15: The district 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) process.

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

Required Action: The district must ensure interventions are provided in the general education setting for students exhibiting academic and/or behavioral difficulties prior to referring the student for an evaluation. In addition, the district must ensure when the I&RS team identifies interventions to meet the needs of a struggling learner that the team identifies and maintains documentation of the nature, description, frequency, and duration of the interventions and measures the effectiveness. In order to demonstrate correction of noncompliance, the district must conduct training for administrators and I&RS staff and develop an oversight mechanism to ensure compliance with the requirements in the citations listed above. A monitor from the NJDOE will conduct an on-site visit to interview I&RS team members and teachers, review documentation for students who were provided interventions in general education between November 2016 and February 2017, and to review the oversight procedures.

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Finding 16: The district included student names on purchase orders for out-of-district placements which violates student confidentiality.

Citation: 34 CFR §99: Family Educational Privacy Act. N.J.A.C. 6A:32-7: Student Records.

Required Action: The district must revise its procedures to ensure the protection and confidentiality of students' personally identifiable data, information and records, and to limit access to those persons having educational responsibility for the students. These revised procedures must be submitted to the NJDOE for review.

Finding 17: The district issued purchase orders for professional services without competitive contracting.

Citation: 2 CFR §200.318: General procurement standards, 200.319: Competition, 200.320: Methods of procurement to be followed. N.J.S.A. 18A:18A-10(c): Public School Contracts Law.

Required Action: The district should review applicable regulations and use open and competitive procedures as required. The district should also analyze and include documentation in its files that demonstrates the district ensured the costs were reasonable.

Finding 18: The district used IDEA funds to partially pay invoices from Trinitas Regional Medical Center that were not adequately supported by records from the service provider. In particular, the monthly invoices reflected amounts for payroll related costs and both fringe and administrative fees without listings of dates, times, location, specific services and students served. Although the district maintained a log of students served at each school, the log was unsigned and not reconciled to the vendor's invoices.

Citation: 2 CFR §§200.302(b)(3): Financial management, 200.318: General procurement standards, 200.319: Competition, 200.320: Methods of procurement to be followed. N.J.S.A. 18A:19-2: Requirements for payment of claims; audit of claims in general.

Required Action: The district must reconcile all charges to the FY 2015-2016 IDEA grant and reverse charges that are unsubstantiated. In addition, the district must submit the reconciliation and adjusting entries, if any, to the NJDOE for review. The district should establish policies and procedures to ensure that accurate, underlying records of student services provided by third parties are maintained.

Administrative

Finding 19: The time and activity reports furnished for school personnel paid with federal funds did not contain all of the required information. Each form must reflect what the staff is doing, when and where, and the portion of time devoted to grant activities and it must accurately match the grant funded percentage. Employees whose salaries are funded 100 percent by a federal

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program must complete a semi-annual certification attesting to their performance of grant related duties. Staff members whose salaries are partially paid with a federal grant must prepare monthly personal activity reports. These documents are necessary to verify that funded staff are actually performing allowable grant activities.

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.

Finding 20: On several occasions, the district failed to issue a purchase order prior to services being rendered (confirming order) in contravention of state regulations and district policy. It is imperative that purchase orders are issued by the purchasing agent to: authorize vendors to provide goods and perform services to the district; reduce the duplication of items and services acquired; and avoid the likelihood of overpayment to vendors.

Citation: N.J.S.A. 18A:(2)(v): Public School Contracts Law.

Required Action: The district must implement a process to ensure that purchase orders are issued prior to receiving goods and services from vendors.

Finding 21: Even though the district's purchasing manual included a policy regarding contracting with suspended and debarred vendors, the policy had not been implemented, nor was there any indication the procedures were in place to prevent such contracting. Additionally, certain board approved policies and other operating procedures were out-of-date and in need of revision.

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

Required Action: The district must revise/adopt written policies and procedures to ensure compliance with current state and federal procurement regulations.

Finding 22: The district did not obtain both of the board approvals required for its FY 2015-2016 federal award applications. The NJDOE requires each district to go before its board of education 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 §9306(a): *Other General Assurances*. 34 CFR §76.770: A state shall have procedures to ensure compliance.

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Required Action: The district must obtain the necessary board resolutions to ensure conformity with applicable federal and state requirements.

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.