



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

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

CHRISTOPHER D. CERF
Commissioner

January 23, 2013

Mr. John Gilly, Superintendent
Egg Harbor City School District
730 Havana Avenue
Egg Harbor City, NJ 08215

Dear Mr. Gilly:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Egg Harbor City 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, 2011 through November 16, 2012. 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 Egg Harbor City 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 Anthony Hearn at (609) 633-2492.

Sincerely,

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

RJC/AH/dk:Egg Harbor City BOE Cover Letter/consolidated monitoring
Enclosures

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New Jersey K-12 Education

**CONSOLIDATED MONITORING REPORT
JANUARY 2013**

District: Egg Harbor City
County: Atlantic
Dates On-Site: November 14, 15 and 16, 2012
Case #: CM-002-12

FUNDING SOURCES

Program	Funding Award
Title I	\$ 343,813
IDEA Basic	158,611
IDEA Preschool	8,179
Title ID	51,871
Title IIA	48,482
Total Funds	<u>\$ 610,956</u>

**EGG HARBOR CITY SCHOOL DISTRICT
CONSOLIDATED MONITORING REPORT
JANUARY 2013**

BACKGROUND

The *Elementary & 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 Egg Harbor City 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; Title IIA; and IDEA for the period July 1, 2011 through November 16, 2012.

The scope of work performed included the review of documentation including grant applications, program plans and needs assessments, grant awards, annual audits, board minutes, payroll records, accounting records, purchase orders, a review of student records, classroom visitations and interviews with instructional staff to verify implementation of Individualized Education Programs (IEP), a review of student class and related service schedules, interviews of child study team members and speech-language specialists and an interview of the program administrator regarding the IDEA grant, as well as current district policies and procedures. The monitoring team members also conducted interviews with district personnel, reviewed the supporting documentation for a sample of expenditures and conducted internal control reviews.

EXPENDITURES REVIEWED

The grants that were reviewed included Title I, Title IIA, and IDEA from July 1, 2011 through November 16, 2012. A sampling of purchase orders was taken from the entire population and later identified as to the grant that was charged.

**EGG HARBOR CITY SCHOOL DISTRICT
CONSOLIDATED MONITORING REPORT
JANUARY 2013**

GENERAL DISTRICT OVERVIEW OF USES OF TITLE I AND IDEA FUNDS

Title I Projects

The district is using its FY 2012-2013 Title I, Part A funds to implement targeted assistance programs in the district. Primarily, the district provides tutoring services through in-class support.

IDEA Projects (Special Education)

The majority of the FY 2012-2013 IDEA Basic and Preschool funds are being used to reduce district tuition expenditures to support out-of-district placements for students who have educational needs which cannot be currently addressed within the existing district programs.

DETAILED FINDINGS AND RECOMMENDATIONS

Title I

Finding 1: In the notification letter to parents of Title I students, the district did not inform parents of the Title I program remediation process. The NJDOE documented the same finding in its October 6, 2008 monitoring report issued to the district.

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

Required Action: In the notification letter to families of students in the Title I program, the district must include the multiple measures it uses to identify students for eligibility. The letter must also include the reason for identification, as well as clearly defined exit criteria. The district's notification letters must be updated for FY 2012-2013 to include more specificity regarding what services the children will receive. The revised letter must be submitted to the NJDOE for review before the district issues it to parents.

Finding 2: The district does not have a parental involvement program that reflects the requirements of the Title I legislation.

Citation: ESEA §1118: *Parental Involvement*.

Recommendation: The district must ensure Title I funded schools use their Title I parental involvement funds to implement programs and activities that are aligned with the statutory and regulatory requirements. Initially, the district must ensure each Title I school has a parental involvement policy and a school-parent compact that is developed with the input of parents and distributed directly to parents of students participating in the Title I program. The district must submit a copy of the policy to the NJDOE for review as well as a list of its planned expenditures for the funds in the parent involvement reserve.

**EGG HARBOR CITY SCHOOL DISTRICT
CONSOLIDATED MONITORING REPORT
JANUARY 2013**

Finding 3: The district does not have the required supporting documents to verify the activity of staff charged to the Title I, Title ID and Title IIA grants at schools as required by federal law. The documentation must reflect what the staff is doing, when and where and must match their funded percentage.

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

Required Action: The district must identify staff members who are working exclusively with students in the Title I program. The district may then charge the salaries of these staff to the grant and verify the time and activity of staff charged to the grant. The district must submit a revised list of FY 2012-2013 Title I funded staff, salaries, funding percentages and time sheets to date to the NJDOE for review (including administrative staffing).

Finding 4: The district is not tracking expenditures by attendance areas to ensure the expenses for Title I schools are consistent with each attendance areas allocation on Eligibility Page, Step 4 of the FY 2012-2013 NCLB Consolidated Application. The NJDOE documented the same finding in its October 6, 2008 monitoring report issued to the district.

Citation: EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 20, Standards for financial management systems; NCLB §9306(a)(5): *Other General Assurances (Assurances)*.

Required Action: The district must track Title I school-level allocations reflected in the FY 2012-2013 NCLB Consolidated Application for Title I funds (Eligibility Page, Step 4). The tracking for FY 2012-2013 must be submitted to the NJDOE for review.

Finding 5: The district's accounting system does not include a mechanism to track mandatory reserves, such as School in Need of Improvement (SINI) and District in Need of Improvement (DINI) professional development, parental involvement and administrative costs, to ensure accuracy of final reports. In past years, the district gave assurances in its final report that all SINI funds were spent and therefore not restricted in the subsequent year. The NJDOE documented the same finding in its October 6, 2008 monitoring report issued to the district. The weak internal controls impact the accuracy of the district's final expenditure report for the project period.

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

Required Action: The district must track its restricted reserves to ensure and verify spending of restricted amounts for FY 2011-2012. The district must submit a list of

**EGG HARBOR CITY SCHOOL DISTRICT
CONSOLIDATED MONITORING REPORT
JANUARY 2013**

account numbers being used for this purpose with a description of the accounts and all expenditures charged to the reserves for FY 2011-2012 and FY 2012-2013 .

Finding 6: The district used its Title I, Part A funds to pay for professional development relating to Positive Behavior Supports, Crisis Prevention and Autism Outreach. In the absence of the district having a mechanism to track the spending of Title I funds in reserve categories, the monitoring team cannot determine if these expenditures are allowable. Without such verification, the use of federal funds for these expenditures supplants state/local funds as these activities benefit the entire school.

Citation: OMB Circular A-87, Attachment B, Section 8(h): *Cost Principles for State, Local and Indian Tribal Governments*. NCLB §1120A(b): *Fiscal Requirements (Federal Funds to Supplement, Not Supplant, Non-Federal Funds)*.

Required Action: The district must adjust its accounting records to identify Title I expenditures supported from the SINI professional development reserve category. Either the district must provide documentation to verify that the SINI professional development funds were used for the professional development related to Positive Behavior Supports, Crisis Prevention and Autism Research or reverse the charges for these activities and allocate state/local funds, rather than Title I funds, to support these expenditures. This matter will be referred to the OFAC for further review.

Finding 7: The district used its Title I funds for professional development for the superintendent to attend “Center for School Study.” The use of federal funds for this activity supplants state/local funds as the activity benefits the entire school.

Citation: OMB Circular A-87, Attachment B, Section 8(h): *Cost Principles for State, Local and Indian Tribal Governments*. NCLB §1120A(b): *Fiscal Requirements (Federal Funds to Supplement, Not Supplant, Non-Federal Funds)*.

Required Action: The district must reverse the charges for the expenditure related to “Center for School Study” and allocate state/local funds, rather than Title I funds, to support this expenditure. This matter will be referred to the OFAC for further review.

Title IIA

There were no findings for the Title IIA grant.

IDEA (Special Education)

Finding 8: The district included student names on purchase orders for students educated in tuition placements; therefore, violating student confidentiality.

Citation: IDEA Regulation 34 CFR 99; N.J.A.C. 6A:32-7.

**EGG HARBOR CITY SCHOOL DISTRICT
CONSOLIDATED MONITORING REPORT
JANUARY 2013**

Required Action: The district must revise procedures to ensure that confidentiality of student information is maintained and only persons having educational responsibility for those students have access to this information. Revised procedures must be submitted to the NJDOE for review.

Finding 9: The district did not consistently convene IEP, eligibility, reevaluation planning and identification meetings with required participants for students eligible for special education and related services. In addition, a general education teacher did not consistently attend identification meetings conducted for students eligible for speech-language services. The district did not document multiple efforts to obtain parental participation when the parent did not attend a meeting conducted for student eligible for special education and related services. Noncompliance was due to a lack of consistent implementation of district procedures.

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

Required Action: The district must ensure IEP team meetings are conducted with required participants and documentation of attendance is maintained in student files. Additionally, the district must document multiple efforts to obtain parental participation when the parent does not attend a meeting. In order to demonstrate correction of noncompliance, the district must conduct training for child study team members and speech-language specialists regarding the procedures for implementing the requirements in the citations listed above. To demonstrate implementation of the procedures a monitor from NJDOE will conduct an on-site visit to review documentation of participation of a general education teacher and multiple attempts to obtain parental participation for meetings held between January 2013 and April 2013.

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, including students placed in separate settings, consideration of placement in the Least Restrictive Environment (LRE). The Rationale for Removal from General Education was not individualized to reflect the strengths and needs of each student. Specifically, IEPs did not consistently include:

- a comparison of the benefits provided in the general education class and the benefits provided in the special education class;
- the potentially beneficial or harmful effects which a placement in general education may have on the students with disabilities or other students in the class; and
- for those students placed in separate settings, and activities to transition the student to a less restrictive environment.

Noncompliance was due to a lack of consistent implementation of district procedures.

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.

**EGG HARBOR CITY SCHOOL DISTRICT
CONSOLIDATED MONITORING REPORT
JANUARY 2013**

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 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 that for students placed in separate settings, the IEP team identifies activities to transition the student to a less restrictive environment and document them in each IEP. In order to demonstrate correction of noncompliance, the district must conduct training for child study team members regarding the district's procedures. 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 NJDOE will conduct an on-site visit to review the revised IEPs along with IEPs of students whose meetings were conducted between January 2013 and April 2013. Names of the students with IEPs that were identified as noncompliant will be provided to the district by the monitor.

Finding 11: The district did not consistently provide to students beginning at age 14, written invitations to meetings where post-school transition was being discussed. In addition, the district did not consistently document discussions of transition components in the IEPs of students age 14 and 15. Specifically, IEPs did not include the Statement of Needed Interagency Linkages and school district responsibilities. Noncompliance was due to a lack of consistent implementation of the district procedures

Citation: N.J.A.C. 6A:14-2.3(k)2x and 3.7(e)13, 3.7(h); 20 U.S.C. §1414 (d)(1)(A)(i)(1)(VIII); and 34 CFR §300.322.b(2).

Required Action: The district must ensure each student with an IEP age 14 and above is provided with a written invitation to any IEP meeting where transition to adult life will be discussed and documentation of discussion of the transition components for students age 14 and above is included in the IEP. The district must conduct training for child study team members regarding the procedures for implementing the requirements in the citations listed above. To demonstrate implementation of the procedures, a monitor from NJDOE will conduct an on-site visit to review invitations to IEP meetings addressed to students, age 14 and above, and the transition components in the IEPs for meetings conducted between January 2013 and April 2013.

Finding 12: 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). Noncompliance was due to a lack of consistent implementation of district procedures.

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

Required Action: The district must ensure when the I&RS team identifies interventions to meet the needs of a struggling learner they identify and maintain documentation of the nature, description, frequency, and duration of the interventions and measure the

**EGG HARBOR CITY SCHOOL DISTRICT
CONSOLIDATED MONITORING REPORT
JANUARY 2013**

effectiveness. In order to demonstrate correction of noncompliance, the district must conduct training to administrators and staff regarding the procedures for implementing the requirements in the citation listed above. Additionally, a monitor from the NJDOE will conduct an on-site visit to review documentation for students who were provided interventions in general education between January 2013 and April 2013.

Finding 13: The district did not conduct meetings within 20 calendar days of receipt of a written request for evaluation for students referred for special education and related services or speech-language services. Noncompliance was due to a lack of implementation of district procedures.

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

Required Action: The district must ensure identification meetings are conducted within 20 calendar days of receipt of a written request for evaluation. The district must conduct training for speech-language specialists and child study team members regarding the procedures for implementing the requirements in the citation listed above. To demonstrate implementation of the procedures, a monitor from NJDOE will conduct an on-site visit to review the dated initial request for evaluation for students referred for special education and related services and for students referred for speech-language services and the signed participation pages from the resulting meetings conducted between January 2013 and April 2013.

Finding 14: The district did not consistently conduct vision/hearing screenings and health/medical summaries for every student referred to the child study team for evaluation. Noncompliance was due to a lack of consistent implementation of district procedures.

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

Required Action: The district must ensure vision and audiometric screenings are conducted for every student referred to the child study team with a copy of the results maintained in students' files, along with available health/medical summaries. In order to demonstrate correction of noncompliance, the district must conduct training for child study team members regarding the procedures for implementing the requirements in the citation listed above. A monitor from the NJDOE will conduct an on-site visit to review documentation verifying receipt of the health summary, including the vision and hearing screening, for students referred to the child study team between January 2013 and April 2013.

Finding 15: The district did not consistently conduct multidisciplinary initial evaluations for students referred for speech-language services by obtaining an educational impact statement from the classroom teacher. Noncompliance was due to a lack of consistent implementation of district procedures.

Citation: N.J.A.C. 6A:14-2.5(b)6 and 3.6(b).

**EGG HARBOR CITY SCHOOL DISTRICT
CONSOLIDATED MONITORING REPORT
JANUARY 2013**

Required Action: The district must ensure a multidisciplinary evaluation is conducted for students referred for speech-language services by obtaining a statement from the general education teacher that details the educational impact of the speech problem on the student's progress in general education. In order to demonstrate correction of noncompliance, the district must conduct training for speech-language specialists regarding the procedures for implementing the requirements in the citation listed above. Additionally, a monitor from NDJOE will conduct an on-site visit to review initial evaluation reports for students referred for speech-language services whose eligibility meetings were held between January 2013 and April 2013.

Finding 16: The district did not consistently conduct all required sections of the functional assessment as a component of an initial evaluation for students referred for special education and related services and students referred for speech-language services. Evaluations did not include:

- Structured observation;
- Parent interview;
- Review of developmental/educational history; and
- Review of interventions.

Noncompliance was due to a lack of consistent implementation of district procedures.

Citation: N.J.A.C. 6A:14-3.4(f)4(i-vi); 20 U.S.C. §1414(b)(4) and (5); and 34 CFR §300.306(c)(i).

Required Action: The district must ensure all components of the functional assessment are conducted as part of the initial evaluations process. In order to demonstrate correction of noncompliance, the district must conduct training for child study team members and speech-language specialists regarding the district's procedures for implementing the requirements in the citations listed above. In addition, a monitor from NJDOE will conduct an on-site visit to review evaluation reports developed between January 2013 and April 2013 for students referred for special education and related services and speech-language services.

Finding 17: The district did not consistently provide written notice to parents containing all required components. Specifically, written notice of eligibility for students evaluated for special education and related services did not include the options considered and why those options were rejected. In addition, the district did not provide parents copies of N.J.A.C. 6A:14 and N.J.A.C. 1:6A following an identification meeting. Noncompliance was due to a lack of consistent implementation of district procedures.

Citation: 20 U.S.C. §1414(b)(1)(c)(4)(A); 34 CFR §300.304(a)(4); and 34 CFR §300.305(a) and N.J.A.C. 6A:14-2.3(f) and 2.3(g)1-7.

Required Action: The district must ensure parents are provided with written notice of proposed actions that contains all required components. In order to demonstrate

**EGG HARBOR CITY SCHOOL DISTRICT
CONSOLIDATED MONITORING REPORT
JANUARY 2013**

correction of noncompliance, the district must provide training for child study team members and speech-language specialists regarding the procedures for implementing the requirements in the citation listed above. Additionally, a monitor from the NJDOE will conduct an on-site visit to review copies of written notice for meetings conducted between January 2013 and April 2013.

Administrative

Finding 18: The district does not have internal control policies and procedures to prevent contracting with disbarred vendors. The district should update internal control policies to prevent errors from potentially occurring.

Citation: EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 36, Procurement.

Required Action: The district must revise procedures to ensure the confidentiality of student information is maintained and only persons having educational responsibility for those students have access to this information. Revised procedures must be submitted to the NJDOE for review.

Finding 19: The district does not have formal written policies for requesting reimbursement from the Electronic Web Enabled Grant or the System for Administering Grants Electronically; however, the district's practice for requesting reimbursement was verified through questions concerning the district's internal controls.

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

Required Action: The district must have a formal board policy concerning the reimbursement of grant funds and should submit this to the NJDOE for review.

Finding 20: The district has no evidence of competitively contracting for the provision of goods and services by vendors. In accordance with the Public School Contracts Law (PSCL) [N.J.S.A. 18A:18A:10(a)], a board of education may place its order with a vendor offering the lowest price, including delivery charges, that best meets the requirements of the board of education. However, for all federal funds, districts need to review 34 CFR Part 80.36 on procurement requirements. The federal procurement regulations under this section do not include all the exemptions allowed under the PSCL and therefore, these federal regulations require districts to competitively contract or bid all goods and services under the bid threshold, whether exempt under PSCL or not. The federal rules do include provisions for procurement by "noncompetitive proposals," but only under certain circumstances.

Citation: EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 36, Procurement.

**EGG HARBOR CITY SCHOOL DISTRICT
CONSOLIDATED MONITORING REPORT
JANUARY 2013**

Required Action: The district should review 34 CFR Part 80.36 and use open and competitive procedures where at all possible. The district should also analyze and include documentation in its files that demonstrates the district ensured the costs were reasonable.

The NJDOE is concerned that the district has not taken the proper actions to address findings documented in the October 6, 2008 monitoring report. Therefore, the NJDOE is unable to authorize the reimbursement of Title I funds until the district has satisfied the terms of the NJDOE's approved corrective action plan for the findings resulting from the November 2012 monitoring visit.

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 Anthony Hearn via phone at (609) 633-2492 or via email at anthony.hearn@doe.state.nj.us.