



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

CHRIS CHRISTIE
Governor

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Lt. Governor

CHRISTOPHER D. CERF
Commissioner

July 9, 2013

Dr. Kathleen Taylor, Superintendent
Ocean City School District
501 Atlantic Avenue, Suite 1
Ocean City, NJ 08226

Dear Dr. Taylor:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the Ocean 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 March 31, 2013. 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 Ocean 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,

A handwritten signature in cursive script that reads "Robert J. Cicchino".

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

RJC/AH/dk:OceanCityBOE Cover Letter/consolidated monitoring
Enclosures

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**OCEAN CITY SCHOOL DISTRICT
501 ATLANTIC AVE
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New Jersey K-12 Education

**CONSOLIDATED MONITORING REPORT
JULY 2013**

District: Ocean City School District
County: Cape May
Dates On-Site: January 23 and 24, 2013
Case #: CM-017-12

FUNDING SOURCES

	Program	Funding Award
Title I		\$ 247,796
IDEA Basic		397,589
IDEA Preschool		13,551
Title IIA		85,519
Race to the Top		22,563
	Total Funds	<u>\$ 767,018</u>

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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 Ocean 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, Part A (Title I); Title IIA; Race to the Top, and IDEA for the period July 1, 2011 through January 23, 2013.

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, Race to the Top, and IDEA from July 1, 2011 through January 23, 2013. 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, IDEA AND RACE TO THE TOP FUNDS

Title I Projects

The district is using its FY 2012-2013 Title I funds to implement targeted assistance programs in its K-3 school in the district. Primarily, the district provides tutoring services through in-class support, pullout programs, extended day and extended year programs. Prior year funds were spent on similar programs.

IDEA Projects (Special Education)

The majority of the FY 2012- 2013 IDEA Basic and Preschool funds are being used to reduce district tuition expenditures for students receiving special educational services in approved private schools for students with disabilities. A portion of the funds were allocated for the provision of instructional assistants, consultative services in behavior, autism and language support and instructional supplies.

Race to the Top

The district plans to use Race to the Top funds on technology relating to the teacher evaluation system implementation in FY 2013 -2014.

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 selection criteria or the exit criteria.

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 were updated and mailed, so no further action is needed.

Finding 2: The district does not have a parental involvement program that reflects the requirements of the Title I legislation. Specifically, the district's Title I schools do not have a school-level parental involvement policy. The legislation requires that districts provide opportunities for parents to have an active role in their child's education, which include decision making activities such as providing input into the development of the district and school-level parental involvement policy.

Citation: ESEA §1118: *Parental Involvement*.

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Recommendation: The district must ensure each Title I school has a parental involvement policy 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 school level parental involvement policy to the NJDOE for review.

Finding 3: The district purchased iPads, but is unable to articulate how the iPads will complement the Title I program. After discussions during the monitoring, the district may no longer use the iPads as part of the Title I program. However, if the district decides to integrate the iPads into its Title I program, it must submit a formal plan to show how the iPads will be used exclusively by the Title I students.

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: This district must provide a plan that explains how the iPads will be restricted for the use only by Title I students. The plan must also document how the iPads are supplemental to other district initiatives.

Finding 4: The district does not have a comprehensive equipment inventory for items purchased with Title I or IDEA funds. This inventory is necessary to ensure grant funded equipment is easily identifiable and readily available for the exclusive use of students in the Title I program.

Citation: EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 32, Equipment.

Required Action: The district must develop a system to track equipment purchased with federal grants. Although the state threshold for reporting equipment is \$2,000 in the Electronic Web Enabled Grant (EWEG) system, the district may have its own lower threshold. The district must track any amount that is less expensive to track than it is to replace. All inventoried items must include tag number, cost, location, date of purchase, grant that funded the purchase and item description. The district must submit a comprehensive inventory of all equipment purchased to the NJDOE for review.

Finding 5: There is no evidence the district contacted nonpublic schools outside of its attendance area to determine if they enroll resident students. The EWEG system also reflects zero nonpublic students.

Citation: NCLB §1120(a): *Participation of Children Enrolled in Private Schools (General Requirement)*.

Required Action: The district updated its nonpublic enrollment data in the EWEG system and contacted nonpublic schools that enroll resident students. The district must provide evidence of its process to consult with nonpublic schools that enroll resident students to the NJDOE for review.

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Finding 6: The district used \$7,457 of its FY 2012-2013 Title I funds for an FM Sound System that was used to benefit the entire school. The use of federal funds for this activity supplants state/local funds.

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: This matter will be referred to the OFAC for further review.

Title IIA

A review of the expenditures for the Title IIA grant yielded no findings.

IDEA (Special Education)

Finding 7: The district did not charge IDEA expenditures directly to the IDEA grant as required by EDGAR, PART 80. At the time of the monitors' visit, the expenses were still in general fund accounts.

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 should charge grant funds as grant intended expenses are incurred and not journalize them over at the end of the grant.

Finding 8: The district exceeded the number of students allowed in an in-class resource program. Noncompliance was due to a lack of implementation of district procedures.

Citation: N.J.A.C. 6A:14-4.6(a-q).

Required Action: The district must ensure class size limits for in-class resources programs are maintained. In order to demonstrate correction of noncompliance, the district must conduct training for child study team members and administrative staff regarding the procedures for implementing the requirements in the citation listed above. The district must revise student and staff schedules to ensure class size requirements are met. At the next IEP meeting for those students who were in a class that exceeded class size limits, the IEP team must determine if compensatory services are needed and develop a plan for the provision of the compensatory services. A monitor from NJDOE will conduct an on-site visit to interview staff, review IEPs, the provision of compensatory services and class lists for in-class resource programs.

Finding 9: The district's notices of meetings for students eligible for speech-language services did not consistently inform the parent of all intended purposes of the meeting when a meeting

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was conducted for more than one purpose. Noncompliance was due to a lack of consistent implementation of district procedures.

Citation: N.J.A.C. 6A:14-2.3(k) 3.5; 20; U.S.C. §1414(b)(1); and 34 CFR §300.304(a).

Required Action: The district must ensure parents are provided notice of a meeting that contains all required components, early enough to ensure the parent has an opportunity to attend, and the documentation is maintained in student files. 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 the NJDOE will conduct an on-site visit to interview staff and review copies of notices of meetings conducted between June 2013 and October 2013.

Finding 10: The district did not consistently provide parents written notice that contains all required components, within 15 calendar days following determination of continued eligibility for students eligible for special education and related services. 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 written notice of a meeting that contains all required components within 15 calendar days of the meeting. In order to demonstrate correction of noncompliance, the district must provide training for child study team members regarding the procedures for implementing the requirements in the citation listed above. In addition, a monitor from the NJDOE will conduct an on-site visit to interview staff and review copies of notices of continued eligibility for eligibility meetings conducted between June 2013 and October 2013.

Finding 11: The district did not consistently provide copies of evaluation reports to parents at least 10 days prior to the determination of eligibility for students evaluated for speech-language services. Noncompliance was due to a lack of consistent implementation of district procedures.

Citation: N.J.A.C. 6A:14-3.5(a); 20 U.S.C. §1414(b)(4); and 34 CFR §300.306(a).

Required Action: The district must ensure parents are provided copies of evaluation reports not less than 10 days prior to the determination of eligibility. In order to demonstrate correction of noncompliance, the district must conduct training for speech-language specialists regarding procedures for implementing the requirements in the citation listed above. To demonstrate implementation of the procedures a monitor from the NJDOE will conduct an on-site visit to interview staff and review documentation of provision of evaluation reports to parents at least 10 days prior to eligibility meetings conducted between June 2013 and October 2013.

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Finding 12: The district did not consistently provide to students eligible for special education and related services written notice of graduation containing all required components and a summary of academic achievement and functional performance within required time lines. Noncompliance was due to a lack of consistent implementation of the district procedures.

Citation: N.J.A.C. 6A:14-4.11(b)2; N.J.A.C. 6A:14-4.11(b)4; 20 U.S.C. §1414(c)(5)(B); and 34 CFR §300.305(e)(3).

Required Action: The district must ensure parents or adult students are provided with written notice of graduation containing all required components and a summary of academic achievement and functional performance prior to graduation. 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. To demonstrate implementation of the procedures a monitor from the NJDOE will conduct an on-site visit to interview staff and review documentation of notice of graduation for students exiting in June 2013.

Finding 13: The district did not include required considerations, statements and the location where the related services will be provided in each IEP developed for students eligible for special education and related services and students eligible for speech-language services. Noncompliance was due to a lack of consistent implementation of district procedures.

The IEPs developed for students eligible for special education and related services did not consistently document:

- at least one annual goal with objective(s) for every subject where the student is receiving special education;
- statement of how progress towards annual goals will be measured; and
- the criteria used to determine accomplishment of the annual goal.

Citation: N.J.A.C. 6A:14-3.7(c)1-11, (e) 1-17, and (f); 20 U.S.C. §1414(d)(3)(A)(B); and 34 CFR §300.324(a)(1)(2).

Required Action: The district must ensure each IEP contains the required considerations and statements. In order to demonstrate correction of noncompliance, the district must conduct training for child study team members and speech-language specialists regarding the district procedures. To demonstrate the district has corrected the individual instances of noncompliance, the district must conduct annual review meetings and revise IEPs for specific students whose IEPs were identified as noncompliant. A monitor from the NJDOE will conduct an on-site visit to interview staff and review the revised IEPs along with the IEPs for students whose annual review meetings were conducted between June 2013 and October 2013. Names of the students whose IEPs were identified as noncompliant will be provided to the district by the monitor. For assistance with correction of noncompliance, the district is referred to the state IEP sample which can be found at: www.statenj.us/education/specialed/forms.

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Finding 14: 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;
- 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, activities to transition the student to a less restrictive environment.

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

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 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 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 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 and review the revised IEPs, along with the IEPs for students whose annual review meetings will be conducted between June 2013 and October 2013. Names of the students with IEPs that were identified as noncompliant will be provided to the district by the monitor.

Finding 15: The district did not conduct meetings within 20 calendar days of receipt of a written request for a child study evaluation or a speech-language evaluation to determine if an evaluation was warranted. Noncompliance was due to a lack of implementation of district procedures.

Citation: N.J.A.C. 6A:14-2.5(b)6; 3.3(e) and 3.6(b).

Required Action: The district must ensure identification meetings are conducted within 20 calendar days of receipt of a written request for evaluation and that required participants are in attendance. In order to demonstrate correction of noncompliance, the district must conduct training for speech-language specialists and child study team members regarding the district's procedures. To demonstrate implementation of the procedures, a monitor from the NJDOE will conduct an on-site visit to interview staff and

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review the dated initial request for evaluation for students referred for special education and related services and for students referred for speech-language services. The monitor will also review the signed participation pages from the resulting meetings conducted between June 2013 and October 2013.

Finding 16: 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).

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 the NJDOE will conduct an on-site visit to interview staff and review initial evaluation reports for students evaluated for speech-language services whose eligibility meetings will be held between June 2013 and October 2013.

Finding 17: The district did not consistently conduct reevaluations within three years of the previous classification date for students currently eligible for speech-language services. Noncompliance was due to a lack of consistent implementation of district procedures.

Citation: N.J.A.C. 6A: 14-3.7(i) and 14-3.8(a) and 20 U.S.C. §1414(a)(2)(B)(ii) and (d); and 34 CFR §300.324(b)1.

Required Action: The district must ensure reevaluations are conducted within required time lines with required participants in attendance. 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 the NJDOE will conduct an on-site visit to interview staff and review evidence of determination of continued eligibility for students identified during monitoring and the signed participation page from eligibility meetings held as part of the reevaluation process between June 2013 and October 2013 for students eligible for speech-language services. Names of the students whose IEPs were identified as noncompliant will be provided to the district by the monitor.

Race to the Top

A review of the expenditures for the Race to the Top grant yielded no findings.

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Administrative

Finding 18: The district has a policy on contracting with disbarred vendors but there was no indication of implementation of the district policy and procedures. The district must update its 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 the policy and procedures to ensure that disbarred vendors are not contracted with.

Finding 19: The district has formal written policies for requesting reimbursement from the EWEG and the System for Administering Grants Electronically (SAGE) systems; however, there are no procedures to request reimbursement in the policies. The monitoring team did verify the district's practice for requesting reimbursement through inquiries about 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 develop procedures to demonstrate implementation of formal written policies for requesting reimbursement from the EWEG and SAGE systems. The district must submit a copy of its updated procedures 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.

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.

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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.