



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

CHRIS CHRISTIE  
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Lt. Governor

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Commissioner

May 15, 2013

Mr. David Lindenmuth, Superintendent  
Clayton Public Schools  
350 East Clinton Street  
Clayton, NJ 08312

Dear Mr. Lindenmuth:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Clayton 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 11, 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 Clayton 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:Clayton BOE Cover Letter/consolidated monitoring  
Enclosures

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**STATE OF NEW JERSEY  
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**CLAYTON SCHOOL DISTRICT  
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*New Jersey K-12 Education*

**CONSOLIDATED MONITORING REPORT  
MAY 2013**

**District:** Clayton School District  
**County:** Gloucester  
**Dates On-Site:** March 11 and 12, 2013  
**Case #:** CM-022-12

**FUNDING SOURCES**

Program	Funding Award
Title I	\$ 446,711
IDEA Basic	370,139
IDEA Preschool	22,598
Title IIA	60,331
Title III	35,255
Race to the Top	28,938
Total Funds	<u>\$ 963,972</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, and Race to the Top). 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 Clayton 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: Race to the Top; Title I; Title IIA; Title III and IDEA for the period July 1, 2011 through March 11, 2013 and planned expenses for FY 2012-2013.

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 Race to the Top; Title I; Title IIAa; Title III and IDEA from July 1, 2011 through March 11, 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 RACE TO THE TOP, 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 all their schools. Primarily, the district provides tutoring services in extended day and extended year programs, as well as in-class support.

**IDEA Projects (Special Education)**

The FY 2012-2013 IDEA Basic and Preschool funds are being used to reduce district tuition expenditures for students receiving special education services in approved private schools for students with disabilities. Additionally, the nonpublic proportionate share is being used to provide a classroom assistant, occupational therapy, physical therapy and additional speech-language services for students attending St. Michael the Archangel Regional School (St. Michael).

**Race to the Top**

The majority of the FY 2012-2013 Race to the Top grant is spent on common core staff training and Teachscape to help implement the teacher evaluation system. None of the Project II (Instructional Improvement System) had been spent at the time of the monitoring visit.

**DETAILED FINDINGS AND RECOMMENDATIONS**

**Title I**

**Finding 1:** In the notification letter to parents of Title I students, the district did not include the entrance criteria, remediation strategy or the criteria for students to exit the Title I program. Without this information, parents are unable to understand the reasons for their child being selected to participate in the Title I program, and what is needed for their child to exit the program.

**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.

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**Finding 2:** The district did not provide evidence that multiple measures were consistently applied to determine which students were eligible to receive Title I services. The monitors were unable to verify if the district is actually serving its lowest performing students, and that all students receiving services actually met the eligibility criteria.

**Citation:** ESEA §1115: *Targeted Assistance Programs.*

**Required Action:** The district must establish a tracking mechanism for proper Title I student identification. This mechanism must include documentation of which criteria were applied and how the student either met or did not meet the criteria.

**Finding 3:** The district does not have a parental involvement program that reflects the requirements of the Title I legislation. The district did not have:

- A Title I Annual Meeting;
- Parent, Teacher, Student compacts for the high school; and
- School-level parental involvement policies

**Citation:** ESEA §1118: *Parental Involvement.*

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.

**Required Action:** The district must ensure each Title I school has a Title I annual meeting, school-level parental involvement policy and a school-parent compact is developed with the input of parents and distributed directly to parents of students participating in the Title I program. The district must submit copies of information and policies to the NJDOE for review.

**Finding 4:** The district did not have the required supporting documents to verify the activity of staff charged to the Title I grant at schools. The documentation must reflect what the staff is doing, when and where and must match their funded percentage. This documentation is necessary to verify that funded staff are actually performing allowable grant activities.

**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).

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**Finding 5:** The district does not track expenditures by attendance areas to ensure the expenses for Title I schools are consistent with each attendance area's allocation on Eligibility Page, Step 4 of the FY 2012-2013 NCLB Consolidated Application. Tracking of expenditures is an internal control to ensure that each school is receiving programs and services up to the amount of funding generated by each school.

**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 6:** The district used its Title I funds to pay for Smartboards, Everyday Mathematics, which is a core curricular program, developmental studies program and library books use to benefit all students in a school operating a Title I targeted assistance program. The use of federal funds for these expenses 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 reverse the charges for these unallowable expenditures and allocate state/local funds, rather than Title I funds, to support these expenditures. The district must submit documentation to the NJDOE that verifies the reversal of the expenditures.

**Finding 7:** The district's use of Title I funds to operate a replacement language arts program in grades six through eight for identified Title I students supplants state and local funds. The district must use its state/local funds to provide core courses that are required under the district's curriculum. The district may not use state/local funds for non-Title I students to access a core course and federal funds for Title I students to access the same core course.

**Citation:** NCLB §1115(c) *Targeted Assistance Programs, Components of a Targeted Assistance Program*; USDE Policy letter October 6, 2008.

**Required Action:** The district must revise its Title I program to provide services to Title I students in language arts that are in addition to the core curricular requirement and above and beyond services provided to non-Title I students.

**Finding 8:** For the 2012-2013 school year, there is no evidence the school distributed the "opt-out" form to parents and adult students regarding Title IX: Access to High School Students and Information on Students by Military Recruiters. Without this letter, parents and adult students

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are unaware of their right not to have their children's names, addresses and telephone numbers disclosed to military recruiters.

**Citation:** NCLB §9528: *Access to High School Students and Information on Students by Military Recruiters.*

**Required Action:** The school must distribute an "opt-out" letter and form to the parents of high school students, as well as adult students for FY 2011-2012 and submit a copy of the revised letter to the NJDOE for review.

**Finding 9:** There is no evidence the district is providing equitable services to the families and teachers of eligible students in nonpublic schools that receive Title I services. Without documentation, the monitoring team could not verify that eligible resident nonpublic students were afforded the opportunity to participate in the Title I program.

**Citation:** NCLB §1120(a): *Participation of Children Enrolled in Private Schools (General Requirement).* NCLB §1120A(b): *Fiscal Requirements (Federal Funds to Supplement, Not Supplant, Non-Federal Funds).*

**Required Action:** The district must develop and implement a process to provide services and not just supplies to the nonpublic students receiving Title I services.

**Finding 10:** In the absence of consultation with the nonpublic schools that enroll resident students, the district used Title I funds to purchase an online tutorial for students at St. Michael, a nonpublic school in the district. This expenditure supplants state/local funding because the district did not consult to determine eligibility criteria for nonpublic students. Without a definitive list of Title I eligible students at St. Michael, the online tutorial is not being used to benefit Title I students only.

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

**Required Action:** The district must reverse the expenditures for the online tutorial program and identify state/local funds for these expenditures. The district must submit documentation to the NJDOE that verifies the reversal of the expenditures.

**Finding 11:** The district does not have a comprehensive equipment inventory for items purchased with Title I funds. The inventory is necessary to ensure that grant-funded equipment is identifiable and readily available for the use of Title I students only.

**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



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Electronic Web Enabled Grant 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. The inventory must include a list of all items with the corresponding tag number, cost, location, purchase date, grant source that funded the purchase and a description of the item. The district must submit a comprehensive inventory of all equipment purchased to the NJDOE for review.

**Title IIA**

There were no findings for the Title IIA grant.

**IDEA (Special Education)**

**Finding 12:** 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.

**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 13:** On several occasions, the school failed to issue a purchase order prior to services being rendered (confirming order). The school's policy and state regulations require that a properly executed purchase order be issued prior to services being rendered.

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

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

**Findings 14:** The district did not consistently provide to students eligible for special education and related services written notice of graduation containing all required components. Noncompliance was due to a lack of implementation of district procedures.

**Citation:** N.J.A.C. 6A:14-4.11(b)2.

**Required Action:** The district must ensure parents or adult students are provided with written notice of graduation containing all required components prior to graduation. In order to demonstrate correction of noncompliance, the district must develop procedures for providing notice of graduation and 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 interview staff, review the

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procedures and review written notice of graduation provided to students graduating at the conclusion of the 2012-2013 school year.

**Finding 15:** 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, invitation letters to parents did not identify transition planning one of the intended purposes. Noncompliance was due to a lack of consistent implementation of the district procedures.

**Citation:** N.J.A.C. 6A:14-3.7(e)11 and 2.3(k)5ii.

**Required Action:** The district must ensure that each student with an IEP age 14 or above is provided with a written invitation to any IEP meeting where transition to adult life will be discussed. In addition, the parent letter must identify that transition planning is one of the intended purposes. The district must conduct training for child study team members and clerical support staff regarding the procedures for implementing the requirements in the above citation. A monitor from the NJDOE will conduct an on-site visit to interview staff and review student and parent invitations for meetings conducted between May 2013 and October 2013, where planning for transition to adult life was required.

**Finding 16:** The district did not consistently document all required considerations and statements in each IEP for students eligible for special education and related services and students eligible for speech-language services.

Specifically, IEPs for students eligible for special education and related services did not consistently include:

- method of evaluating student progress on goals and objectives; and
- specific frequency and location of related services.

In addition, IEPs for students eligible for speech language services did not consistently include:

- specific location of services.

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

**Citation:** N.J.A.C. 6A:14-3.7(c)1-11, (e) 1-17, and (f); N.J.A.C. 6A:14-4.3(c); 20 U.S.C. §1414(d)(3)(A)(B); and 34 CFR §300.324(a)(1)(2).

**Required Action:** The district must ensure that each IEP contains all required components. In order to demonstrate correction of noncompliance, the district must conduct training for child study team members and speech-language specialists regarding district procedures. To demonstrate that the district has corrected the individual instances of noncompliance, the district must conduct annual review meetings and revise IEPs for the specific students whose IEPs were identified as noncompliant. Additionally, a monitor from the NJDOE will conduct an on-site visit to interview staff and review the revised IEPs and a random sample of additional IEPs for annual review meetings

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conducted between May 2013 and October 2013. Names of the students whose IEPs were identified as noncompliant will be provided to the district by the monitor.

**Finding 17:** The district did not consistently document in the IEPs of students removed from the general education setting for more than 20 percent of the day, including students placed in separate settings, consideration of placement in the least restrictive environment. Interviews with staff indicate the district utilizes a number of supplementary aids and services in general education prior to removing a student to a more restrictive placement; however, IEPs do not document these considerations. Specifically, IEPs did not consistently include the supplementary aids and services considered and explanation of why the supplementary aids and services were rejected. 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); N.J.A.C. 6A:14-4.2(a)4.

**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. 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 IEPs for the specific students with IEPs that were identified as noncompliant. Additionally, a monitor from the NJDOE will conduct an on-site visit to interview staff and review the revised IEPs and a random sample of additional IEPs for annual review meetings conducted between May 2013 and October 2013. Names of the students whose IEPs were identified as noncompliant will be provided to the district by the monitor.

**Finding 18:** The district did not have in place a special education parent advisory group to provide input to the district on issues concerning students with disabilities. Noncompliance was due to a lack of implementation of district procedures.

**Citation:** N.J.A.C. 6A:14-1.2 (h).

**Required Action:** The district must ensure that a special education parent advisory group is available in the district. In order to demonstrate correction of noncompliance, the district must organize a parent advisory group. A monitor from NJDOE will conduct an on-site visit to interview staff and review the list of members of the special education parent advisory group and any agendas for meetings held subsequent to the monitoring visit.

**Race to the Top**

There were no findings for the Race to the Top grant.

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**Administrative**

**Finding 19:** The district does not have internal control policies and procedures to prevent contracting with disbarred vendors.

**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 update internal control policies to prevent errors from potentially occurring.

**Finding 20:** The district does not have formal written policies for requesting reimbursement from the EWEG or System for Administering Grants Electronically systems. However, 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 have a formal board policy concerning the reimbursement of grant funds. The district must submit a copy of its written policy to the NJDOE for review.

**Finding 21:** 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](mailto:anthony.hearn@doe.state.nj.us).