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Governor

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

DAVID C. HESPE Acting Commissioner

August 8, 2014

Mr. Howard Reid, Interim Superintendent Red Bank Borough Public Schools 76 Branch Avenue Red Bank, NJ 07701

Dear Mr. Reid:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Red Bank Borough 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, 2012 through October 30, 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 Red Bank Borough 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 Lori Ramella at (609) 984--0937.

Sincerely,

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

RJC/LR/dk:Red Bank Borough Cover Letter/consolidated monitoring Enclosures

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New Jersey K-12 Education

CONSOLIDATED MONITORING REPORT AUGUST 2014

District: Red Bank Borough Public Schools

County: Monmouth

Dates On-Site: October 29 and 30, 2013

Case #: CM-042-13

FUNDING SOURCES

Program		Funding Award	
Title I, Part A		\$	832,183
Title II, Part A			69,987
Title III			87,039
IDEA Basic			360,879
IDEA Preschool			12,985
Race To The Top			54,414
	Total Funds	\$	1,417,487

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, 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 subrecipients 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 Red Bank Borough 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; IDEA Basic and Preschool; and Race to the Top for the period July 1, 2012 through October 30, 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, 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, IDEA, and Race to the Top for the period July 1, 2012 through October 30, 2013. A sampling of purchase orders was taken from the entire population and later identified as to the grant that was charged.

GENERAL DISTRICT OVERVIEW OF USE OF TITLE I, TITLE II, TITLE III, IDEA AND RACE TO THE TOP GRANT FUNDS

Title I

The district operates Title I schoolwide programs in both of its schools. The district has identified Closing the Achievement Gap for its Economically Disadvantaged Students, Racial/Ethnic minorities and Limited English Proficient students as its priority problems.

Title II

The district used Title II funds for professional development and tuition reimbursement.

Title III

The district used Title III funding to partially fund an additional teacher's salary due to an influx of first grade English Language Learners (ELLs).

IDEA (Special Education)

The district is using IDEA Basic 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, professional consultants who work with special education students, and a special education instructional aide in a self-contained preschool class. IDEA funds are also used to support students who attend nonpublic schools located within the district. Nonpublic special education services include instructional aides, in-class support, related services, technology equipment and instructional materials.

Race to the Top

Race to the Top funds were spent on the new teacher and leader evaluation system through Teachscape, Danielson training, and the IIS system.

DETAILED FINDINGS AND RECOMMENDATIONS

Title I

Finding 1: A review of the district's general ledger records disclosed that program code 230 was incorrectly used to record Title I expenditures. The Uniform Chart of Accounts for New Jersey School Districts (Chart of Accounts), as required by N.J.A.C. 6A:23-2.2(g) designates program codes 231-239 to record Title I expenditures. The use of distinct fund/program codes provides an audit trail of amounts expended for each project.

Citation: N.J.A.C. 6A:23-2.2(g).

Required Action: To facilitate an effective audit, the district must (1) revise its coding system to conform to the department's prescribed Chart of Accounts to ensure the proper recording of all financial transactions, (2) ensure compliance with EDGAR 34 CAFR, Part §80.20(b)(2) and §76.730(e) and (3) ensure that all mandatory Title I reserve expenditures are tracked separately with unique numbers for expended for set-asides funds.

Finding 2: The total expenditures reported for certain line item categories on the district's FY 2012-2013 Final Expenditure Report (FER) did not agree with program charges recorded by the district in its accounting records. The district is required to prepare FERs using actual expenditures incurred during the project period.

Citation: EDGAR 34 §80.20(b).

Required Action: The district must improve the procedures used to account for expenditures related to the grant program in accordance with the requirements of EDGAR.

<u>Finding 3:</u> The district disbursed a payment to Everyday Math for consultation with Michael Saylor which exceeded the corresponding purchase order amount. Any payment in excess of the amount approved on the purchase order must be authorized by the district.

Citation: N.J.A.C. 6A:23A-6.10 and 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 ensure that proper procedures are implemented regarding the approval of amounts paid in excess of authorized purchase orders for compliance with N.J.A.C. 6A:23A-6.10 and EDGAR.

<u>Finding 4:</u> The district could not provide evidence as to when it's Title I written parental involvement policy was distributed. The legislation requires that districts distribute the written parental involvement policy to the parents/guardians of Title I students.

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

Required Action: For FY 2014-2015, the district must ensure that its schools distribute their written parental involvement policy to parents/guardians. The district must send a copy of the FY 2014-2015 policy to the NJDOE for review.

Finding 5: The district's school-parent compact did not meet the legislative requirements. It omitted the roles and responsibilities of a student in a Title I school. Title I schools must provide a mechanism to ensure that its parents/guardians are informed of the roles and responsibility of the school, parents/guardians, and students in achieving academic success.

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

Required Action: For the 2014-2015 school year, the district must ensure that its schools distribute their revised Title I school-parent compacts to students and parents. The compacts must reflect the legislative requirements by including how each of the following: the school, parent, and students will share in the responsibility for improved student academic achievement. The district must provide a copy of the revised distributed school-parent compacts to the NJDOE for review.

Finding 6: The district could not provide documentation that its schools convened their annual Title I parent meetings. The parents/guardians of identified Title I students are entitled to be informed about the school's participation in Title I programs, legislative requirements, and how they can be involved in helping their child/children succeed academically.

Citation: ESEA §1118(c)(1): Parental Involvement (Policy Involvement).

Required Action: The schools must convene their annual Title I parent meeting for the parents/guardians of identified Title I students no later than October 15, 2014. The district must submit evidence of said meeting e.g., (invitational letter/flyer, agenda, minutes, and sign in sheets) to the NJDOE for review.

<u>Finding 7:</u> The district could not provide documentation of its consultation process with all nonpublic schools that enroll resident students. The district must perform its due diligence in meeting with the nonpublic school officials to ensure that eligible students from its attendance area are receiving appropriate Title I services. Consultation meetings must include a discussion of the following: collection of poverty data, student identification, and services for eligible students, parents, and teachers.

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

Required Action: For FY 2014-2015, the district must formalize its nonpublic consultation process. The district must retain signed/certified receipts of its correspondence to nonpublic schools, copies of Affirmation of Consultation forms signed by all consulted parties, and refusal forms. The district must also provide copies of meeting agendas, minutes, sign in sheets and the district must submit verification of the above notices to the NJDOE for review.

Title II

Finding 8: The total expenditures reported for certain line item categories on the district's FY 2012-2013 FER did not agree with program charges recorded by the district in its accounting records. The district is required to prepare Final Reports using actual expenditures incurred during the project period.

Citation: EDGAR 34 §80.20 (b).

Required Action: The district must improve the procedures used to account for expenditures related to the grant program in accordance with the requirements of EDGAR.

Finding 9: The district assigned teachers to core subject area instructional assignments for which they were not highly qualified (HQ) and/or licensed. Students receiving direct instruction must be taught by a HQ teacher in core subjects. Districts must notify parents of students attending Title I schools whether the teacher meets state qualification/licensure requirements.

Example 1: A teacher holding a Teacher of Mathematics certification was assigned to teach Mathematics and Science in Grades 4-8. The principal indicated that the setting was also Bilingual. The teacher did not hold Science or Bilingual certificates.

Example II: A Teacher of the Handicapped was assigned as a Language Arts Literacy – Resource/Replacement for middle grades (6-8). She was not HQ in the subject area assigned.

Citation: N.J.A.C. 6A:9-9.2(a)4 – Endorsements and Authorizations; ESEA §1119(a)(1): *Qualifications for Teachers and Paraprofessionals;* ESEA §1111(h)(6)(B)(ii) *Right to Know letter.*

Required Action: The district must notify parents of students being taught by teachers who are not HQ with the required "Right to Know" letter. The district must submit copies of the Parents' Right to Know letter distributed to the parents of the students who were taught Science/Bilingual by the Mathematics teacher and for the parents of the special education students who were taught Language Arts Literacy by the Teacher of the Handicapped.

Title III

A review of the expenditures charged to the Title III grant yielded no findings.

IDEA (Special Education)

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

- an explanation of why the supplementary aids and services were rejected;
- comparison of the benefits provided in the regular class and the benefits provided in the special education class;
- potentially beneficial or harmful effects which a placement may have on the student with disabilities or the other students in the class; and

• for those students placed in a separate setting, activities to move the student to a less restrictive environment.

Citation: N.J.A.C. 6A:14-4.2 (a) 4 and (a) 8 (i), (ii) and (iii).

Required Action: The district must ensure, when determining the education 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 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 and develop an oversight mechanism to ensure compliance with the requirements in the citation listed above. 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 the NJDOE will conduct an on-site visit to interview staff, review the revised IEPs, a sample of IEPs for students whose annual review meetings were conducted between November 2014 and February 2015, and to review the oversight procedures. The 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 ensure the required participants were in attendance at annual review IEP meetings, reevaluation planning meetings and eligibility meetings for students placed in a separate setting. Specifically, the district did not consistently have a general education teacher in attendance.

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 that IEP meetings and reevaluation planning 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, review meeting documentation, including the sign in sheets, for meetings conducted between November 2014 and February 2015, and to review the oversight procedures.

Race to the Top

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

Administrative

<u>Finding 12:</u> The district does not maintain a comprehensive log of equipment purchased with federal funds as prescribed. Further, the district had not performed a physical inventory within the previous two years as required.

Citation: 34 CFR § 80.32: Equipment.

Required Action: The district must establish property management standards and procedures to track equipment purchased with federal grant funds that comply with federal and state requirements. Although the state threshold for reporting equipment is \$2,000, the district may have its own lower threshold and must track any item that is less expensive to inventory then it is to replace. At a minimum, these procedures must satisfy the following requirements: (1) maintenance of equipment records that include a description, serial number or other identification number, source of the equipment (including award number), who holds title, unit acquisition date and cost, percentage of federal participation, location and condition of the equipment, and any ultimate disposition data including the date of disposal and sale price of the equipment; and (2) performance of a physical inventory of all federally owned equipment and a reconciliation of the results with accounting records at least once every two years. Each piece of inventoried equipment must have a visible, permanently attached numbered inventory tag that identifies funding source.

<u>Finding 13:</u> On numerous occasions, the district failed to issue a purchase order prior to services being rendered (confirming orders). District policy and state regulations require that a properly executed purchase order be issued prior to services being rendered.

Citation: 34 CFR § 80.20: *Standards for financial management systems*; and N.J.S.A 18A:18A 2(v): *Public School Contracts Law*.

Required Action: Purchase orders should be issued to all vendors prior to goods or services being provided.

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 Lori Ramella via phone at (609) 984-0937 or via email at lori.ramella@doe.state.nj.us.