

**SOUTH BERGEN JOINTURE COMMISSION
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2016**

**SOUTH BERGEN JOINTURE COMMISSION
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

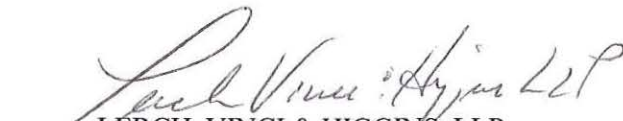
ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA
ROBERT AMPONSAH, CPA

Honorable President and
Members of the Commission
South Bergen Jointure Commission
Hasbrouck Heights, New Jersey

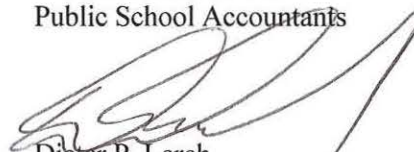
We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the South Bergen Jointure Commission in the County of Bergen for the fiscal year ended June 30, 2016, and have issued our report thereon dated November 14, 2016.

As part of our audit, we performed procedures required by the Office of School Finance, Department of Education, State of New Jersey and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 14, 2016

**SOUTH BERGEN JOINTURE COMMISSION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Scope of Audit

The audit covered the financial transactions of the Board Secretary and School Business Administrator, the activities of the Commission and the records of the various funds under the auspices of the Commission.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on the Insurance Schedule contained in the district's CAFR.

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Susan Cucciniello	Board Secretary/School Business Administrator	\$150,000
Nancy M. Ciavaglia	Treasurer of School Monies	\$250,000

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not indicate any material discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account

The net salaries of all employees of the Commission were deposited in the Payroll Account. Employees' payroll deductions and employer's share of payroll taxes were deposited in the Payroll Agency Account.

All payrolls are approved and were certified by the President of the Board, the Board Secretary/Business Administrator and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding.

Payrolls were delivered to the Treasurer with a warrant made to her order for the full amount of each payroll.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. As a result of the procedures performed, a transaction error rate of 0% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

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FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Financial Planning, Accounting and Reporting (Continued)

Business Administrator's Records

The financial records, books of account and minutes maintained by the Board Secretary were in good condition.

The prescribed contractual order system was followed.

Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21).

Acknowledgment of the Commission's receipt of the monthly financial report was included in the minutes.

Treasurer's Records

The Treasurer's records were in agreement with the records of the Board Secretary.

T.P.A.F. Reimbursements

Our audit procedures included a test of the semi-monthly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

The bid threshold in accordance with N.J.S.A. 18A:18A-3 is \$40,000 (with a Qualified Purchasing Agent). The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,800.

The Commission has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Commission Attorney's opinion should be sought before a commitment is made.

In as much as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of our examination indicated no instances where payments, contracts, or agreements were made" for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

**SOUTH BERGEN JOINTURE COMMISSION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

The system of records did not provide for an accumulation of purchases for which the Commission used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal, however, that purchases were made through the use of State contracts.

School Food Services

The school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

The school food service program was not selected as a major federal and/or State program. However, the program expenditures exceeded \$100,000 in federal and/or State support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

The financial transactions and statistical records of the school food services were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

The Commission utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract provides for an administrative/management fee be paid to the FSMC, in addition to the costs of operation.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did not exceed three months average expenditures.

Food Distribution Program commodities were received and a separate inventory was maintained on a first-in, first-out basis.

Exhibits reflecting Child Nutrition Program operations are included in the CAFR on Exhibits B-4, 5 and 6.

Student Activity Fund

The Board has a policy, which clearly established the regulation of student activity funds.

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Pupil Transportation

Our procedures included a review of transportation related contracts and purchases. Based on our review, the Commission complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

Suggestion to Management

The surety bond coverage for the Treasurer of School Monies be increased for the 2016-17 fiscal year to ensure sufficient coverage is maintained in accordance with statutory requirements.

**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

SCHEDULE OF MEAL COUNT ACTIVITY

NOT APPLICABLE

SCHEDULE OF NET CASH RESOURCES

NOT APPLICABLE

**SOUTH BERGEN JOINTURE COMMISSION
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

RECOMMENDATIONS

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

There are none.

III. School Purchasing Program

There are none.

IV. School Food Services

There are none.

V. Student Activity Fund

There are none.

VI. Pupil Transportation

There are none.

ACKNOWLEDGEMENT

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to the members of our audit team.

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP



Dieter P. Lerch
Public School Accountant
PSA Number CS00756