

**HATIKVAH INTERNATIONAL
ACADEMY CHARTER SCHOOL**

**Auditors' Management Report
On
Administrative Findings
Financial, Compliance
And Performance
June 30, 2016**

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL

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Report of Independent Auditors

Honorable President and
Members of the Board of Trustees
Hatikvah International Academy Charter School
County of Middlesex, New Jersey

We have audited, in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States, the basic financial statements of the Board of Trustees of Hatikvah International Academy Charter School in the County of Middlesex, for the year ended June 30, 2016, and have issued our report thereon dated September 27, 2016.

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

This report is intended for the information of the Hatikvah International Academy Charter School Board of Trustee's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Olugbenga Olabintan, CPA

September 27, 2016
Newark, New Jersey

OLUGBENGA OLABINTAN
Certified Public Accountant/Consultant



Olugbenga Olabintan, CPA
Licensed Public School Accountant
No. 20CS00230200

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Auditors' Management Report On Administrative Findings
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For the Year Ended June 30, 2016

Scope of Audit

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

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the charter school's CAFR.

Official Bonds (N.J.S.A. 18A:17-32, 18A:13-13)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Kathleen Mone	School Business Administrator	\$150,000

There is a Public Employee's Faithful Performance Blanket Position Bond Policy covering all other employees with multiple coverage of \$25,000.

School Leaders Errors and Omissions Liability insurance was carried for all members of the Board of Trustees with coverage for each wrongful act of \$1,000,000.

Tuition Charges

A review of the financial statements indicated that the charter school charged no tuition for any student attending the Charter School. And there is no evidence that the Charter School was engaged in the before/after school program during the year.

Financial Planning, Accounting and Reporting

Examination of Claims

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

Payroll Account

The net salaries of all employees of the Charter School were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

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All payrolls were approved by the designee in the Charter School and were certified by the President of the Board of Trustees, the School Business Administrator and the Director.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholdings due to the general fund.

Payrolls were delivered to the School Business Administrator/Board Secretary who then made cash transfers from the Operating account to the separate bank accounts for net payroll and the withholdings.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchased orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable. No exceptions were noted.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with NJAC 6A:23-2.2(g) 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. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C 6A:23 A-8.3. As a result of the procedures performed, no exceptions were noted.

Instructional Expense

We performed the percentage test for instructional expenses in relation to the general fund expenditures; we noted that the instructional expenses accounted for 63.87% of the total general fund expenditures, which is higher than the required 60%.

Board Secretary's Records

We reviewed the financial and accounting records maintained by the Business Office. No exceptions noted.

Treasurer's Records

Our review of the treasurer's records disclosed that the Charter School is in compliance with the State requirements. All cash accounts were reconciled monthly and reporting requirements were met on time.

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Elementary and Secondary Education Act (E.S.E.A) / Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act of 2001.

During the school year 2015-2016, the Charter School did not qualify for funding under the Title I through Title VI of the Elementary and Secondary Education Act as amended. However, the Charter was qualified and was funded under the Individual with Disabilities Educational Act – IDEA.

Other Special Federal and/or State Projects

The Charter School's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

Our audit of the federal and state funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects – federal and state.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for Charter School employees who are members of the Teachers Pension and Annuity Fund.

School Purchasing Programs

Contracts and Agreements Requiring Advertising for Bids

Effective July 1, 2015 and thereafter the bid thresholds in accordance with N.J.S.A 18A:18A-3 (as amended) and 18A:39-3 is \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The law requiring bidding for public student transportation contract under N.J.S.A. 18A:39-3 is currently \$18,800.

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

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Based on the results of our examination, we did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A 18A18A-4, amended.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A 18A:A8A-5.

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 goods or services, the results of such accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The system of records did not provide for an accumulation of purchases for which the Charter School 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.

School Food Service

This section is not applicable to Hatikvah International Academy Charter School.

Student Body Activities

Our audit did not reveal any student body activities during the fiscal year ended June 30, 2016.

Enrollment Counts and Submission to the Department

Our audit procedures included test of information reported on the October 15th, and the last day of school for on-roll, special education, bilingual and low income. We also performed a review of the Charter School procedures related to its completion. No exceptions were noted.

Follow-up on Prior Year's Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. The prior year's finding was corrected.

Acknowledgement

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

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Application for Charter School Aid
Schedule of Audited Enrollments
Enrollment Count as of October 15, 2015

Grades	Submission to DOE reported on Roll	Reported on Workpapers	Verified signed registration forms	Errors	Verified # of days enrolled	Errors	Special Ed &/ or Bilingual	Verified Documentation	Errors	Verified # of days of Service Provided	Errors	Low Income	Verified Documentation	Errors
Kindergarten	50	25	25	-	25	-	1	1	-	1	-	1	1	-
One	50	26	26	-	26	-	-	-	-	-	-	3	3	-
Two	50	25	25	-	25	-	2	2	-	2	-	1	1	-
Three	50	26	26	-	26	-	4	4	-	4	-	2	2	-
Four	50	26	26	-	26	-	4	4	-	4	-	2	2	-
Fifth	50	25	25	-	25	-	6	6	-	6	-	2	2	-
Sixth	36	19	19	-	19	-	5	5	-	5	-	1	1	-
Total	336	172	172	0	172	0	22	22	0	22	0	12	12	0
Percentage				0.00%		0.00%			0.00%		0.00%			0.00%

HATIKVAH INTERNATIONAL ACADEMY CHARTER SCHOOL
Application for Charter School Aid
Schedule of Audited Enrollments
Enrollment Count as of Last Day of School

Grades	Submission to DOE reported on Roll	Reported on Workpapers	Verified signed registration forms	Errors	Verified # of days enrolled	Errors	Special Ed &/ or Bilingual	Verified Documentation	Errors	Verified # of days of Service Provided	Errors	Low Income	Verified Documentation	Errors
Kindergarten	50	25	25	-	25	-	1	1	-	1	-	4	4	-
One	50	25	25	-	25	-	1	1	-	1	-	-	-	-
Two	48	24	24	-	24	-	1	1	-	1	-	2	2	-
Three	50	25	25	-	25	-	3	3	-	3	-	1	1	-
Four	49	26	26	-	26	-	3	3	-	3	-	1	1	-
Fifth	50	25	25	-	25	-	5	5	-	5	-	1	1	-
Fifth	34	19	19	-	19	-	2	2	-	2	-	2	2	-
Total	<u>331</u>	<u>169</u>	<u>169</u>	<u>0</u>	<u>169</u>	<u>0</u>	<u>16</u>	<u>16</u>	<u>0</u>	<u>16</u>	<u>0</u>	<u>11</u>	<u>11</u>	<u>0</u>
Percentage				0.00%		0.00%			0.00%		0.00%			0.00%