

**INDEPENDENT AUDITOR'S MANAGEMENT
REPORT ON ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND
PERFORMANCE**

**ENGLEWOOD ON THE PALISADES
CHARTER SCHOOL
JUNE 30, 2016**

ILORI CPA LLC

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANT

**INDEPENDENT AUDITOR’S MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE
ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
BERGEN COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members of
Board of Trustees
Englewood on the Palisades Charter School
County of Bergen, New Jersey

We have audited, in accordance with generally accepted audit standards and *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the Board of trustees of Englewood on the Palisades School (the "Charter School") in the County of Bergen in the State of New Jersey for the year ended June 30, 2016, and have issued our report thereon, dated December 1, 2016.

As part of our audit, we performed procedures required by the State of 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 School's management, Board of Trustees and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

ILORI CPA LLC

Ilori CPA LLC

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Kunle B. Ilori CPA
Licensed Public School Accountant
No. 20CS00233100

December 1, 2016
Newark, New Jersey

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE
ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
COUNTY OF BERGEN**

Scope of Audit

The audit covered the financial transactions of Board Secretary/School Business Administrator and the Treasurer of School Moneys, the activities of the Board of Trustees, and the records of the various funds under the auspices of the Board of Trustees. Additional items discovered during our audit are also stated in this report.

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:17-26, 18A:17-32)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Mr. Anthony Barckett	Business Administrator	\$137,000

Our review of insurance policies disclosed that the Charter School maintains fidelity insurance on officers in certain financial position such as the School Business Administrator and the Board Treasurer

Tuition Charges

A review of the financial statements indicated that the Charter School charged no tuition for any student attending the school and all proceeds for before/after school program were accounted for in an Enterprise Fund.

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.

**ADMINISTRATIVE FINDINGS
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Financial Planning, Accounting and Reporting – Continued

Payroll Account

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

All payrolls were approved by the designee in the charter school and were certified by the President of the Board and the Board Secretary/ Business Administrator. Salary withholdings were promptly remitted to the proper agencies. Our review of personnel files and payroll disclosed no instances of non-compliance.

Reserve for Encumbrances and Accounts Payable

A review of outstanding purchase orders was made as of June 30, 2016 for proper classification of purchase orders as Reserve for Encumbrances and Accounts Payable, disclosed no instances of non compliance with laws and regulations and in conformity with procurement requirements.

A. General Classification Findings

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with the N.J.A.C. 6A:23-2.2(f) and line item details as described in the Budget Summary Key as part of our test of transactions of randomly selected expenditure items. In addition, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C 6A:23-8.2. 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.

B. Administration classification findings

There were no exceptions noted as a result of the procedures.

**ADMINISTRATIVE FINDINGS
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COUNTY OF BERGEN**

Board Secretary's Records

Our review of the financial and accounting records maintained by the business office disclosed no instances of noncompliance. The Board acknowledged the receipt of the monthly financial reports in the minutes. In addition, procurement for goods and services are approved by the Board in the form of resolution.

Finding

Although the charter school operations for the current year ended in a deficit amount for the year, the school has more than sufficient fund balance to cover the deficit. The deficit occurred as a result of the school's effort to expand the number of classrooms and increase in grade levels as well as meeting the technology requirements.

Recommendation

The School should carefully operate within the scope of the approved budget and monitor diligently major capital activities to alleviate financial hardship that may be inevitable if proper due diligence is not taken.

Special Education Medicaid Initiative (SEMI):

The school has no eligible students for Special Education Medicaid Initiative (SEMI) program, thus, there are no exceptions noted for this test.

Treasurer's Records

The school utilizes an effective and efficient cash management in its operations. Our review of treasurer's records disclosed no exceptions as to bank reconciliation and prompt deposit of cash.

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

The E.S.E.A./N.C.L.B financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary Act as amended and reauthorized.

**ADMINISTRATIVE FINDINGS
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The study of the compliance for E.S.E.A.N/ N.C.L.B disclosed no exceptions regarding the compliance and questioned cost.

Other Special Federal and/or State Projects

The charter school's Special Grants were approved as listed on Schedules A and B located in the CAFR. 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. The study of compliance for the Special projects indicated no areas noncompliance.

I.D.E.A. Part B

Our audit procedures included a test of the time sheets of certain charter school employees to support proper allocation of cost the federal project. No exceptions were noted.

Teachers' Pension Annuity Fund (TPAF) Reimbursement

Our audit procedures included a test of the biweekly reimbursement forms filed with the Department of Education for charter school 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

N.J.S.A. 18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and school contracts in general is available on the website <http://www.state.nj.us/njded/pscl/index.html>.

Effective July 1, 2010 and thereafter the bid in accordance with N.J.S.A 18A:18A-3 (as amended) and 18A:39-3 are \$40,000 (with a qualified purchasing agent) and \$29,000 (without a qualified purchasing agent) respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A: 39-3 is currently \$18,800.

The current SBA is a qualified purchasing agent as he has satisfied the requirements of such position; hence, he is conferred with the authority to procure goods and services up to \$40,000 before implementing bids advertisement requirement. The charter school board of trustees and the qualified purchasing agent has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where questions arise 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. 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. 18A:18A-4, amended.

**ADMINISTRATIVE FINDINGS
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ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
COUNTY OF BERGEN**

School Purchasing Programs -Continued

No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or calculated by the Governor pursuant to N.J.S.A. 18A:18A-3 except by contract or agreement.”

In as much as the system of records did not provide for an accumulation of payments in 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. Resolutions were adopted authorizing the awarding of contracts or agreements for “Professional Services” per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board 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

The Charter school maintained the financial transactions and statistical records of the food service; accordingly, the school is responsible for the reporting requirements of the Charter School's food program as integral part of its Comprehensive Annual Financial Report (CAFR).

We reviewed cash receipts and bank records for timely deposits as well as the bank reconciliation for the periods and noted no exceptions. In addition, we reviewed the eligibility applications on a test basis and noted no exceptions.

**ADMINISTRATIVE FINDINGS
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Enrollment Counts and Submission to the Department

We reviewed the enrollment policy and procedure for fiscal year ended June 30, 2016 and noted no exceptions, other than the policy has not been updated for a few years.

Our audit procedures included 100% test of enrollment information reported on October 15, 2015 and June 30, 2016 for on-roll, special education, bilingual and low-income.

We noted no exceptions.

Facilities and Capital Assets

Observation:

The inventory of capital assets was maintained and updated for the year ended June 30, 2016 as required to account for new acquisitions and disposals with their related depreciation expense. No exception was noted.

**ADMINISTRATIVE FINDINGS
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Follow-up on Prior Year Findings

In accordance with *Government Auditing Standards* issued by the Comptroller General of the United States, our procedures included a review of all prior year recommendations if any.

The school has implemented the corrective action plan relating to prior year findings with exception to similar or repeat finding.

Acknowledgment

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

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
 APPLICATION FOR CHARTER SCHOOL AID
 ENROLLMENT COUNT AS OF OCTOBER 15, 2015

SCHEDULE OF AUDITED ENROLLMENTS

Grades	(State) Submission to DOE	Reported on Work Papers	Verified Signed Registration	Errors	Verified No. Days Enrolled	Excessive Abs Errors	Special Ed And/Or Bilingual	Verified Documentation	Errors	Verified No. Days Services Provided	Errors	Low Income	Verified Documentation	Errors
Kindergarten	15	14	14	0	14	0	0	0	0	0	0	14	14	0
Grade 1	19	19	19	0	19	0	1	1	0	1	0	19	19	0
Grade 2	18	18	18	0	18	0	1	1	0	1	0	18	18	0
Grade 3	19	19	19	0	19	0	0	0	0	0	0	19	19	0
Grade 4	19	19	18	1	19	0	2	2	0	2	0	19	19	0
Grade 5	16	16	16	0	16	0	2	2	0	2	0	16	16	0
TOTAL	106	105	104	1	105	0	6	6	0	6	0	105	105	0

PERCENTAGE

0.95%

0.00%

0.00%

0.00%

0.00%

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
 APPLICATION FOR CHARTER SCHOOL AID
 ENROLLMENT COUNT AS OF JUNE 30, 2016

SCHEDULE OF AUDITED ENROLLMENTS

Grades	(State) Submission to DOE	Reported on Work Papers	Verified Signed Registration	Errors	Verified No. Days Enrolled	Excessive Abs Errors	Special Ed And/Or Bilingual	Verified Documentation	Errors	Verified No. Days Services Provided	Errors	Low Income	Verified Documentation	Errors
Kindergarten	15	15	15	0	15	0	0	0	0	0	0	15	15	0
Grade 1	19	18	18	0	18	0	1	1	0	1	0	18	18	0
Grade 2	18	18	18	0	18	0	0	0	0	0	0	18	18	0
Grade 3	18	16	16	0	16	0	2	2	0	2	0	16	16	0
Grade 4	19	19	19	0	19	0	1	1	0	1	0	19	19	0
Grade 5	16	15	15	0	15	0	2	2	0	2	0	15	15	0
TOTAL	105	101	101	0	101	0	6	6	0	6	0	101	101	0

PERCENTAGE

0.00%

0.00%

0.00%

0.00%

0.00%