

**ROBERT TREAT ACADEMY  
CHARTER SCHOOL, INC.**

**AUDITOR'S MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS**

**FINANCIAL, COMPLIANCE AND PERFORMANCE**

**For the Fiscal Year Ended June 30, 2016**

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

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**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and Members of  
the Board of Trustees  
Robert Treat Academy Charter School, Inc.  
County of Essex  
Newark, 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 Robert Treat Academy Charter School, Inc. Board of Trustees, (the "School") in the County of Essex, State of New Jersey, for the year ended June 30, 2016, and have issued our report thereon dated December 2, 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 solely for the information and use of the management of the Robert Treat Academy Charter School, Inc. 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.

*Smolin, Lupin & Co., P.A.*

Smolin, Lupin & Co., P.A.  
Certified Public Accountants

By: *Susan T. White*  
Susan T. White  
Public School Accountant  
License #20CS00119300

Fairfield, New Jersey  
December 2, 2016

## **ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING**

### **Scope of Audit**

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

### **Administrative Practices and Procedures**

#### **Insurance**

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the School's Comprehensive Annual Financial Report (CAFR).

The School has coverage in the amount of \$250,000, for employee dishonesty with faithful performance with New Jersey Schools Insurance Group.

### **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**

Monies were transferred to the payroll account to pay net salaries and all related payroll taxes (employee and employer). The School uses an outside payroll service for all payroll tax payments.

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

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the general fund. No exceptions were noted in our examination of the account.

#### **Employee Position Control Roster**

A sample of the Employee Position Control Roster indicated it was in satisfactory condition.

#### **Reserve for Encumbrances and Accounts Payable**

A review of outstanding issued purchase 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 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. 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:23A-8.3. As a result of the procedures performed, no errors were noted.

## **Financial Planning, Accounting and Reporting (Continued)**

### **Board Secretary's Records**

The Robert Treat Academy Charter School, Inc. contracted with The North Ward Center, Inc., a not-for-profit organization, to provide fiscal services. The North Ward Center, Inc. received an unmodified opinion on its December 31, 2015 audit report.

The financial and accounting records maintained by the Board Secretary and business office were in satisfactory condition. No exceptions were noted.

### **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**

The E.S.E.A./NCLB 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 II of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for E.S.E.A./NCLB indicated there were no areas of noncompliance and/or questioned costs.

### **Other Special Federal and/or State Projects**

The District's Special Projects were approved as listed on Exhibit K-3 (Schedule A) and Exhibit K-4 (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.

The study of compliance for special projects indicated there were no areas of noncompliance and/or questioned costs.

### **T.P.A.F. Reimbursement**

Our audit procedures included a test of the bi-weekly reimbursements filed with the Department of Education for School employees who are members of the Teachers' Pension and Annuity Fund. No exceptions were noted.

### **TPAF Reimbursement to the State for Federal Salary Expenditures**

The reimbursement to the State for the amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the School to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the School for those employees whose salaries are identified as being paid from federal funds was made subsequent to the end of the 60 day grant liquidation period, but prior to the 90 days required by N.J.S.A. 18A:66-90. Accordingly, the expenditure was made in accordance with State law (90 days) and properly reported as obligated and not expended and as an unliquidated balance in the current year's Final Report(s) for all federal awards.

## **School Purchasing Programs**

### **Contracts and Agreements Requiring Advertisement for Bids**

Effective July 1, 2015 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (without a Qualified Purchasing Agent), respectively. The Board appointed the School Business Administrator as 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 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.

Inasmuch 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 an accumulation could not be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of our procedures indicated that there were no individual payments, contracts or agreements made for the performance of any work or goods or service, 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, as amended.

In accordance with N.J.S.A. 18A:18A-37, for all contracts that in the aggregate are less than the bid threshold but 15 percent or more of that amount, the purchasing agent shall award the contract after soliciting at least two competitive quotations, if practicable. The award shall be made to a vendor whose response is most advantageous, price and other factors considered. The purchasing agent shall retain the record of the quotation solicitation and shall include a copy of the record with the voucher used to pay the vendor. No exceptions were noted.

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

The system of records did not provide for an accumulation of purchases for which the School used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1988; therefore, the extent of such purchases could not reasonably be ascertained. Our procedures did reveal, however, that purchases were made through the use of State contracts.

### **School Food Service**

The school food service program was not selected as a major federal or state program. However, the program expenditures exceeded \$100,000 in federal support. Accordingly, we inquired of school management as to whether the school food authority had any Child Nutrition Program reimbursement over claims or under claims. Additionally, we inquired as to whether the school food authority expenditures were limited to allowable direct and indirect costs. No exceptions were noted.

The School had a contract with an outside catering firm to provide the food in the Food Service Fund for the 2015-2016 school year. The financial records of the School were subjected to various audit tests. There were no exceptions noted.

### **School Food Service (Continued)**

The cash disbursement 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.

The number of meals claimed for reimbursement was compared to sales and meal count records on a test basis. Applications for free and reduced price meals were reviewed for completeness and accuracy on a test basis. The number of free and reduced price meals claimed as served was compared to the number of valid applications and/or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the School. The required verification procedures for free and reduced price applications were completed and available for review.

Exhibits reflecting Food Service Program operations are included in the CAFR entitled Enterprise Fund - Food Service Fund, Exhibit B.

### **Before and After Care Program**

Our review of the Before and After Care Program was performed and no exceptions were noted.

### **Charter School Enrollment System/Charter School Aid**

Our audit procedures included a test of enrollment information reported on October 15, 2015, and the last day of school for on-roll, special education, bilingual and low income. We also performed a review of the school's procedures related to its completion for the two required enrollment counts. The information was compared to the School's workpapers with no exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments. The school has adequate written procedures for the recording of student enrollment data.

### **Facilities and Capital Assets**

A review of the capital assets fund was prepared and no exceptions were noted.

### **Follow-up on Prior Year Findings**

In accordance with Government Auditing Standards, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year findings with no exceptions.

### **Acknowledgment**

We wish to express our appreciation for the cooperation and assistance extended to us by Theresa Aubato, Principal and Sung Yi, School Business Administrator/Board Secretary, and the Business Office staff, during the course of our audit.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

APPLICATION FOR CHARTER SCHOOL AID

ENROLLMENT COUNT AS OF OCTOBER 15, 2015

SCHEDULE OF AUDITED ENROLLMENTS:

Grades	Submission To DOE Reported on Roll	Reported on Workpapers	Verified Signed Registration Forms		Verified # Days Enrolled	Special Ed and/or Bilingual		Verified Documentation		Verified # Days Service Provided	Low Income		Errors
			Errors	Forms		Errors	Documentation	Errors	Income		Errors	Documentation	
Kindergarten	77	38	0	38	0	0	0	0	0	0	15	0	0
One	77	36	0	36	0	1	1	0	0	1	10	0	0
Two	79	40	0	40	0	3	3	0	0	3	11	0	0
Three	76	39	0	39	0	1	1	0	0	1	14	0	0
Four	75	44	0	44	0	0	0	0	0	0	8	0	0
Five	75	34	0	34	0	2	2	0	0	2	11	0	0
Six	73	40	0	40	0	5	5	0	0	5	18	0	0
Seven	70	31	0	31	0	0	0	0	0	0	11	0	0
Eight	48	23	0	23	0	1	1	0	0	1	6	0	0
<b>TOTAL</b>	<b>650</b>	<b>325</b>	<b>0</b>	<b>325</b>	<b>0</b>	<b>13</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>104</b>	<b>0</b>	<b>0</b>

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ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.

APPLICATION FOR CHARTER SCHOOL AID

ENROLLMENT COUNT AS OF LAST DAY OF SCHOOL YEAR 2016

SCHEDULE OF AUDITED ENROLLMENTS:

Grades	Submission To DOE Reported on Roll	Reported on Workpapers	Verified Signed Registration Forms		Verified # Days Enrolled	Special Ed and/or Bilingual		Verified Documentation		Verified # Days Service Provided	Low Income		Verified Documentation	Errors
			Errors	Errors		Errors	Errors	Errors	Errors		Errors			
Kindergarten	77	39	39	0	39	2	2	2	0	2	11	11	11	0
One	77	41	41	0	41	2	2	2	0	2	11	11	11	0
Two	79	39	39	0	39	1	1	1	0	1	13	13	13	0
Three	76	39	39	0	39	0	0	0	0	0	8	8	8	0
Four	75	31	31	0	31	3	3	3	0	3	14	14	14	0
Five	75	41	41	0	41	2	2	2	0	2	11	11	11	0
Six	73	33	33	0	33	2	2	2	0	2	8	8	8	0
Seven	70	39	39	0	39	1	1	1	0	1	13	13	13	0
Eight	48	25	25	0	25	1	1	1	0	1	9	9	9	0
<b>TOTAL</b>	<b>650</b>	<b>327</b>	<b>327</b>	<b>0</b>	<b>327</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>0</b>	<b>14</b>	<b>98</b>	<b>98</b>	<b>98</b>	<b>0</b>

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