

**HATIKVAH INTERNATIONAL
ACADEMY CHARTER SCHOOL**

**Auditors' Management Report
On
Administrative Findings
Financial, Compliance
And Performance
June 30, 2019**

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, 2019, and have issued our report thereon dated December 20, 2019.

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

December 20, 2019
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
Financial, Compliance and Performance
For the Year Ended June 30, 2019

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:17-26, 18A:17-32 and 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.

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.

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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.

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 73% 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.

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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.

Elementary and Secondary Education Act (E.S.E.A) as amended by the Every Student Succeeds Act (ESSA)

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the Comprehensive Annual Financial Report (CAFR). This section of the CAFR documents the financial position pertaining to the projects under Titles I through VI of the Elementary and Secondary Education Act as amended and reauthorized. It should be noted that the Charter School only received funding under Title I during the year.

The study of compliance for E.S.E.A. indicated no areas of noncompliance and/or questionable costs.

Other Special Federal and/or State Projects

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

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. No exceptions noted.

TPAF Reimbursement to the State for Federal Salary Expenditures

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the charter school to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the charter school for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 90-day grant liquidation period required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

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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 regulating bidding for public student transportation contract under N.J.S.A. 18A:39-3 is currently \$19,000 for 2018-2019.

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.

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.

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

School Food Service

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

Student Body Activities

Our audit revealed some student body activities during the fiscal year ended June 30, 2019 which were accounted for in a separate bank account. Our review of the record of the Student Body Activities did not disclose any exceptions.

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. The Charter School maintained adequate written procedures for the recording of student enrollment data.

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Miscellaneous

Testing for Lead of All Drinking Water in Educational Facilities

The Charter School adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The Charter School submitted the annual Statement of Assurance to the Department of Education, pursuant to N.J.A.C. 6A:26-12.4(g)

Follow-up on Prior Year's Findings

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations including findings. There were no findings in the prior year's 2018.

There were no audit reports issued by the Office of Fiscal Accountability and Compliance (OFAC) during the 2018-2019 fiscal year.

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, 2018

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	73	39	39	-	39	-	-	-	-	-	-	2	2	-
One	77	39	39	-	39	-	1	1	-	1	-	1	1	-
Two	50	26	26	-	26	-	3	3	-	3	-	2	2	-
Three	50	27	27	-	27	-	3	3	-	3	-	-	-	-
Four	50	26	26	-	26	-	6	6	-	6	-	2	2	-
Fifth	50	26	26	-	26	-	5	5	-	5	-	1	1	-
Sixth	53	28	28	-	28	-	3	3	-	3	-	1	1	-
Seventh	53	26	26	-	26	-	2	2	-	2	-	3	3	-
Eighth	39	20	20	-	20	-	3	3	-	3	-	1	1	-
Total	495	257	257	0	257	0	26	26	0	26	0	13	13	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	78	39	39	-	39	-	1	1	-	1	-	4	4	-
One	78	39	39	-	39	-	-	-	-	-	-	-	-	-
Two	50	26	26	-	26	-	1	1	-	1	-	1	1	-
Three	53	26	26	-	26	-	5	5	-	5	-	-	-	-
Four	51	25	25	-	25	-	1	1	-	1	-	1	1	-
Fifth	52	26	26	-	26	-	1	1	-	1	-	2	2	-
Sixth	56	28	28	-	28	-	2	2	-	2	-	1	1	-
Seventh	53	27	27	-	27	-	4	4	-	4	-	2	2	-
Eighth	40	20	20	-	20	-	5	5	-	5	-	1	1	-
Total	511	256	256	0	256	0	20	20	0	20	0	12	12	0
Percentage				0.00%		0.00%			0.00%		0.00%			0.00%

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Audit Recommendations Summary

Findings and Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Programs

None

4. School Food Service

Not Applicable

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Miscellaneous

None

10. Status of Prior Year Audit Findings/Recommendations

There were no findings in the prior year's 2018.