

**JOHN P. HOLLAND CHARTER SCHOOL
AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS
FINANCIAL COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**XI. AUDITORS MANAGEMENT REPORT ON ADMINISTRATION FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE**

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REPORT OF INDEPENDENT AUDITORS

The Honorable Chairman and
Members of the Board of Trustees
John P. Holland Charter School
County of Passaic
Trenton, New Jersey

I 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 the John P. Holland Charter School, in the County of Passaic, for the year ended June 30, 2020 and have issued my report thereon dated December 22, 2020.

As part of my audit, I 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 John P. Holland Charter School Board of Trustees' management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Licensed Public School Accountant No. 20CS00206400



Gerald D. Longo
Certified Public Accountant

December 22, 2020

ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

GENERAL COMMENTS

Scope of Audit

The audit covered the financial transactions of the 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.

Administrative Practices and Procedures

Insurance

Insurance coverage was carried in various amounts as detailed on Exhibit J-20, Insurance Schedule contained in the Charter School's CAFR. This includes Public Office Bonds in the amount of \$160,000.

Tuition Charges

A review of 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.

Payroll Accounts

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

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

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

Payrolls were delivered to the Secretary of the Board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

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 during my review.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with the *N.J.A.C. 6A:23A-16.2(f)* as part of my test of transactions of randomly selected expenditure items. I also reviewed the coding of all expenditures included in my compliance and single audit testing procedures. In addition to randomly selecting a test sample, my 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, a transaction error

rate of 0% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

a) General Classification Findings

No exceptions or discrepancies were noted in the general classification of expenditures.

b) Administrative Classification Findings

No exceptions or discrepancies were noted in the administrative classification of expenditures.

Board Secretary's Records

My review of the financial and accounting records maintained by the business office disclosed no exceptions or discrepancies.

Treasurer's Records

My review of the financial and accounting records maintained by the treasurer disclosed no exceptions or discrepancies.

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

The E.S.E.A. 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 IV of the Elementary and Secondary Education Act as amended and reauthorized.

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

Other Special Federal and/or State Projects

The school's other Special and/or State Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

My 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 the special projects indicated no areas of non compliance.

T.P.A.F. Reimbursement

My audit procedures included a test of the biweekly reimbursements filed with the Department of Education for the John P. Holland Charter School employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The T.P.A.F. Reimbursement to the state for Federal salary were remitted to the state of New Jersey prior to the required deadline. The reimbursement for was reviewed and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-3 States:

- a) When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$29,000.00, the contract may be awarded by a purchasing agent when so authorized by resolution of the board of education without public advertising for bids and bidding therefor, except that the board of education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P.L. 1971 c. 198 (C.40A:11-9) the board of education may establish that the bid threshold may be up to \$40,000.00. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b) Commencing in the fifth year after the year in which P.L. 1999 c. 440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the board of education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.A. 18A:18A-2 and shall round the adjustment to the nearest \$1,000.00. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of every year in which it is made. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of N.J.S.A. 18A:18A-5 may be awarded for a period not exceeding 12 consecutive months."

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the Charter School to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this chapter or specifically by any other law.

The Charter School may, by resolution approve by the majority of the Charter School and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the Charter School finds that it has had negative prior experience with the bidder."

Effective July 1, 2015 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-3(a) are \$40,000.00 (with a Qualified Purchasing Agent), \$29,000.00 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18:39-3 is currently \$19,600.00.

The Charter School 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 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 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 my examination indicated that no individual 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 provisions 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:18A-5.

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. My audit did reveal however, that the District did make purchases under State contracts and cooperative purchasing agreements.

FOOD SERVICE FUND

COVID -19 EMERGENCY

In accordance with the Governor's Declaration of Emergency pertaining to the COVID 19 Virus all Public, Charter and Non-Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to Free and Reduced Price eligible students during the period of school closures.

Therefore, SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A. 18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of Free and Reduced Price meal eligible students

SFAs were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all free and reduced price meal eligible students during the emergency.

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, I 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.

In addition, I 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 statement of revenues, expenses and changes in fund net position (CAFR exhibit B-5) does separate program and non-program revenue and program and non-program costs of goods sold.

I also inquired of management about the emergency COVID-19 procedures/practices that the SFA instituted to provide meals to eligible students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations.

The required verification procedures for free and reduced price applications were completed and available for review.

The school utilized an outside service to prepare and serve the meals. The outside service was paid based upon a per diem rate.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G of the CAFR.

Net cash resources did not exceed three months average expenditures.

No exceptions were noted.

Enrollment Counts and Submissions to the Department

My audit procedures included a test for information reported on October 15, 2019, and the last day of school for on-roll, special education, bilingual and low-income. No exceptions were noted.

The Charter School maintained work papers on the prescribed state forms or their equivalent. In addition, the Charter School maintained written procedures that appear to be adequate for the recording of student enrollment data.

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 Findings

In accordance with *Government Auditing Standards*, my procedures included a review of the prior year audit recommendations. Corrective action has been taken on the prior year finding.

ACKNOWLEDGEMENT

I received the complete cooperation of all the officials of the school and I greatly appreciate the courtesies extended to me.

Respectfully submitted,

A handwritten signature in black ink, reading "Gerald D. Longo". The signature is written in a cursive style with a large initial "G".

Gerald D. Longo
Certified Public Accountant
Licensed Public School Accountant No. 20CS00206400

**JOHN P HOLLAND CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF OCTOBER 15, 2019**

| | <u>1</u> | <u>2</u> | <u>2a</u> | <u>2b</u> | <u>2c</u> | <u>3</u> | <u>3a</u> | <u>3b</u> | <u>4</u> | <u>4a</u> | | | | | | |
|------------------|------------------------------------|------------------------|-----------|------------------------------------|------------------------------------|----------|--------------------------|-----------|--|------------------------|----------|----------------------------------|----------|------------|------------------------|----------|
| Grades | Submission to DOE reported On Roll | Reported on workpapers | Errors | 50% Verification required 10/15/19 | Verified signed registration forms | Errors | Verified # days enrolled | Errors | Submission to DOE Reported Special Ed/ Bilingual | Verified documentation | Errors | Verified # days Service Provided | Errors | Low Income | Verified documentation | Errors |
| Pre Kindergarten | 88 | 88 | 0 | 44 | 44 | 0 | 44 | 0 | 7 | 7 | 0 | 7 | 0 | 80 | 80 | 0 |
| Kindergarten | 90 | 90 | 0 | 45 | 45 | 0 | 45 | 0 | 8 | 8 | 0 | 8 | 0 | 82 | 82 | 0 |
| One | 88 | 88 | 0 | 44 | 44 | 0 | 44 | 0 | 13 | 13 | 0 | 13 | 0 | 78 | 78 | 0 |
| Two | 79 | 79 | 0 | 40 | 40 | 0 | 40 | 0 | 2 | 2 | 0 | 2 | 0 | 76 | 76 | 0 |
| Three | 25 | 25 | 0 | 13 | 13 | 0 | 13 | 0 | 3 | 3 | 0 | 3 | 0 | 22 | 22 | 0 |
| Four | 22 | 22 | 0 | 11 | 11 | 0 | 11 | 0 | 2 | 2 | 0 | 2 | 0 | 18 | 18 | 0 |
| Five | 23 | 23 | 0 | 12 | 12 | 0 | 12 | 0 | 2 | 2 | 0 | 2 | 0 | 21 | 21 | 0 |
| Six | 23 | 23 | 0 | 12 | 12 | 0 | 12 | 0 | 2 | 2 | 0 | 2 | 0 | 22 | 22 | 0 |
| Seven | 22 | 22 | 0 | 11 | 11 | 0 | 11 | 0 | 2 | 2 | 0 | 2 | 0 | 18 | 18 | 0 |
| Eight | 22 | 22 | 0 | 11 | 11 | 0 | 11 | 0 | 4 | 4 | 0 | 4 | 0 | 15 | 15 | 0 |
| Nine | | | | | | | | | | | | | | | | |
| Ten | | | | | | | | | | | | | | | | |
| Eleven | | | | | | | | | | | | | | | | |
| Twelve | | | | | | | | | | | | | | | | |
| Total | 482 | 482 | 0 | 243 | 243 | 0 | 243 | 0 | 45 | 45 | 0 | 45 | 0 | 432 | 432 | 0 |
| Percentage | | | 0.0% | | | 0% | | 0% | | | 0% | | 0% | | | 0% |

**JOHN P HOLLAND CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF THE LAST DAY OF SCHOOL**

| | <u>1</u> | <u>2</u> | | <u>2a</u> | | | <u>2b</u> | | <u>2c</u> | | | <u>3</u> | | | | <u>3a</u> | | <u>3b</u> | | <u>4</u> | | | <u>4a</u> | | |
|------------------|----------------------------------|-------------|----------|--------------------------------------|---------------------------------------|----------|-----------------------------|----------|--|---------------------------|----------|-------------------------------------|----------|---------------|---------------------------|-----------|--|-----------|--|----------|--|--|-----------|--|--|
| | Submission to DOE reported | Reported on | | 50% Verification required 6/30/20 | Verified signed registration forms | Errors | Verified # days enrolled | Errors | Submission to DOE Reported Special Ed/ Bilingual | Verified documentation | Errors | Verified # days Service Provided | Errors | Low Income | Verified documentation | Errors | | | | | | | | | |
| Grades | On Roll | workpapers | Errors | | | | | | | | | | | | | | | | | | | | | | |
| Pre Kindergarten | 88 | 88 | 0 | 44 | 44 | 0 | 44 | 0 | 7 | 7 | 0 | 7 | 0 | 80 | 80 | 0 | | | | | | | | | |
| Kindergarten | 90 | 90 | 0 | 45 | 45 | 0 | 45 | 0 | 8 | 8 | 0 | 8 | 0 | 82 | 82 | 0 | | | | | | | | | |
| One | 88 | 88 | 0 | 44 | 44 | 0 | 44 | 0 | 13 | 13 | 0 | 13 | 0 | 78 | 78 | 0 | | | | | | | | | |
| Two | 79 | 79 | 0 | 39 | 39 | 0 | 39 | 0 | 2 | 2 | 0 | 2 | 0 | 76 | 76 | 0 | | | | | | | | | |
| Three | 25 | 25 | 0 | 12 | 12 | 0 | 12 | 0 | 3 | 3 | 0 | 3 | 0 | 22 | 22 | 0 | | | | | | | | | |
| Four | 22 | 22 | 0 | 11 | 11 | 0 | 11 | 0 | 2 | 2 | 0 | 2 | 0 | 18 | 18 | 0 | | | | | | | | | |
| Five | 23 | 23 | 0 | 11 | 11 | 0 | 11 | 0 | 2 | 2 | 0 | 2 | 0 | 21 | 21 | 0 | | | | | | | | | |
| Six | 23 | 23 | 0 | 11 | 11 | 0 | 11 | 0 | 2 | 2 | 0 | 2 | 0 | 22 | 22 | 0 | | | | | | | | | |
| Seven | 22 | 22 | 0 | 11 | 11 | 0 | 11 | 0 | 2 | 2 | 0 | 2 | 0 | 18 | 18 | 0 | | | | | | | | | |
| Eight | 22 | 22 | 0 | 11 | 11 | 0 | 11 | 0 | 4 | 4 | 0 | 4 | 0 | 15 | 15 | 0 | | | | | | | | | |
| Nine | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ten | | | | | | | | | | | | | | | | | | | | | | | | | |
| Eleven | | | | | | | | | | | | | | | | | | | | | | | | | |
| Twelve | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 482 | 482 | 0 | 239 | 239 | 0 | 239 | 0 | 45 | 45 | 0 | 45 | 0 | 432 | 432 | 0 | | | | | | | | | |
| Percentage | | | 0.0% | | | 0% | | 0% | | | 0% | | 0% | | | 0% | | | | | | | | | |

JOHN P. HOLLAND CHARTER SCHOOL
NET CASH RESOURCE SCHEDULE
Net cash resources did/did not exceed three months of expenditures
Proprietary Funds - Food Service
FYE June 30, 2020

NOT APPLICABLE

**JOHN P. HOLLAND CHARTER SCHOOL
AUDIT SYNOPSIS RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Program

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Status of Prior Year's Findings Recommendations

In accordance with government auditing standards, my procedures included a review of all prior year recommendations. There were no prior year findings.