

**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION**

**Tinton Falls, New Jersey  
County of Monmouth**

**Auditor's Management Report on Administrative Findings -  
Financial, Compliance and Performance  
YEAR ENDED JUNE 30, 2021**



**MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS  
FINANCIAL, COMPLIANCE AND PERFORMANCE**

**TABLE OF CONTENTS**

	<b>PAGE</b>
Report of Independent Auditors - Auditor's Management Report on Administrative Findings, Financial Compliance and Performance	1
Scope of Audit	3
Administrative Practices and Procedures:	
Insurance	3
Official Bonds	3
Tuition Charges	3
Financial Planning, Accounting and Reporting:	
Examination of Claims	3
Payroll Account	3
Employee Position Control Roster	4
Reserve for Encumbrances and Accounts Payable	4
Classification of Expenditures	4
Board Secretary's Records	4
Other Special Federal and/or State Projects	5
T.P.A.F. Reimbursement	5
T.P.A.F. Reimbursement as the State for Federal Salary Expenditures	5
School Purchasing Programs:	
Contracts & Agreements Requiring Advertisement for Bids	5
Application for State School Aid (ASSA)	5
Facilities and Capital Assets	6
Follow-up on Prior Year Findings	6
Office of Fiscal Accountability and Compliance (OFAC) Findings	6
Acknowledgment	6
Additional Information:	
Schedule of Audited Enrollments	9
Audit Recommendations Summary	12

*This page intentionally left blank*



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

Honorable President and Members  
of the Board of Education  
Monmouth-Ocean Educational Services Commission  
County of Monmouth  
Tinton Falls, New Jersey 07712

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 Central Regional School District (School District) in the County of Ocean for the year ended June 30, 2021, and have issued our report thereon dated March 15, 2022.

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 School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully Submitted,  
HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty  
Certified Public Accountant  
Public School Accountant, No. 2470

Lakewood, New Jersey  
March 15, 2022

*This page intentionally left blank*

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

**Scope of Audit**

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

**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 District's CAFR.

**Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Adam Voehl	Interim Board Secretary/School Business Administrator	\$ 300,000

**Tuition Charges**

A comparison of tentative tuition charges and actual certified tuition charges was made. The actual costs were less than estimated costs. The School District made a proper adjustment to the billings to sending districts for the decrease in per pupil cost in accordance with *N.J.A.C.6A:23A-17.1(f)3*.

**Financial Planning, Accounting and Reporting**

**Examination of Claims**

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

**Payroll Account**

The net salaries of sampled employees of the board were deposited in the Payroll Account. Employee's payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

Sampled payrolls were approved by the Superintendent and were certified by the President of the Board and the School Business Administrator/Board Secretary.

Sampled salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld due to the general fund.

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

### **Employee Position Control Roster**

A sample inquiry and subsequent review of the Position Control Roster found no inconsistencies between the payroll records, employee benefit records (e.g. pension reports and health benefit coverage reports), the general ledger accounts to where wages are posted (administrative versus instruction), and the Position Control Roster.

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

A sample 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:23 A-16.29(f)* as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of a sample of 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, a transaction error rate of 0% percent overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

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

Our review of the financial and accounting records maintained by the board secretary noted the following:

#### **Finding 2021-001 (CAFR Finding 2021-001):**

During our audit we noted that the Commission is not maintaining a complete and accurate general ledger in accordance with accounting principles generally accepted in the United States of America. Numerous entries were required to bring the Commission's general ledger into compliance at year-end including misposting of cash disbursements and cancellation of open purchase orders.

#### **Recommendation:**

That the Commission implement internal controls to ensure that a complete and accurate general ledger is maintained and financial reports are reviewed regularly for accuracy.

#### **Finding 2021-002 (CAFR Finding 2021-002):**

During our testing it was noted the bank reconciliations were not accurately performed. Numerous adjustments were required to correct errors in the Commission's bank reconciliations, including disbursements made subsequent to year end posted to the current year and outstanding reconciling items that are more than a year old.

#### **Recommendation:**

That bank reconciliations be completed accurately and timely.



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

The Commission'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.

### **Teacher's Pension and Annuity Fund (TPAF) Reimbursement**

Our audit procedures included a sample test of the biweekly reimbursements forms filed with the Department of Education for district employees who are members of the TPAF. No exceptions were 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 School District to reimburse the State for the TPAF/Federal Insurance Contributions Act (FICA) payments made by the State on-behalf of the school district 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.

### **School Purchasing Programs**

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

The bid thresholds in accordance with *N.J.S.A. 18A:18A-2* and *18A:18A-3(a)* are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (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 \$19,600 for 2020-21.

The Board 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 tests on sample basis, 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*.

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

#### **Application for State School Aid (ASSA)**

Our audit procedures included a sample test of information reported in the October 15, 2020 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped and low-income, and bilingual. We also performed a review on a sample basis of the School District's procedures related to its completion. The information on the ASSA was compared to the School District workpapers without exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments

The School District maintained workpapers on the prescribed state forms of their equivalent.

The School District written procedures appear to be adequate for the recording of student enrollment data.

**Facilities and Capital Assets**

Our review of the financial and accounting records for capital assets indicated they were in satisfactory condition.

**Follow-up on Prior Year Findings**

In accordance with audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, our procedures included a review of all prior year findings reported in the prior year’s Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance. There were no prior year findings.

**Office of Fiscal Accountability and Compliance (OFAC) Findings**

There were no Office of Fiscal Accountability and Compliance (OFAC) audit reports issued during the fiscal year ended June 30, 2021.

**Acknowledgment**

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

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty  
Certified Public Accountant  
Public School Accountant, No. 2470

Lakewood, New Jersey  
March 15, 2022

**ADDITIONAL INFORMATION**

*This page intentionally left blank*

MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION  
 SCHEDULE OF AUDITED ENROLLMENTS  
 APPLICATION FOR STATE SCHOOL AID SUMMARY  
 ENROLLMENT AS OF OCTOBER 15, 2020

	2020-2021 Application for State School Aid						Sample for Verification						Private Schools for Disabled							
	Reported on A.S.A. On Roll		Workpapers Reported on		Errors		Selected from Workpapers		Registers Verified per		Errors per Registers On Roll		Reported on A.S.A. as Private Schools		Sample Verification		Sample Errors			
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared		
Nine	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Ten	1	-	1	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	
Eleven	1	-	1	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	
Twelve	1	-	1	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	
Post-graduate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Adult H.S. (1-14 Cr.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Adult H.S. (15+ Cr.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Subtotal	3	-	3	-	-	-	3	-	-	3	-	-	-	-	-	-	-	-	-	
Special Ed - Elementary School	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Special Ed - Middle School	1	-	1	-	-	-	1	-	-	1	-	-	-	-	-	-	-	-	-	
Special Ed - High School	5	-	5	-	-	-	4	-	-	4	-	-	-	-	-	-	-	-	-	
Subtotal	6	-	6	-	-	-	5	-	-	5	-	-	-	-	-	-	-	-	-	
Totals	9	-	9	-	-	-	8	-	-	8	-	-	-	-	-	-	-	-	-	
Percentage Error	0%		0%		0%		0%		0%		0%		0%		0%		0%		0%	

**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION**  
**SCHEDULE OF AUDITED ENROLLMENTS**  
**APPLICATION FOR STATE SCHOOL AID SUMMARY**  
**ENROLLMENT AS OF OCTOBER 15, 2020**

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A as LEP Low Income	Reported on Workpapers LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Nine	-	-	-	-	-	-	-	-	-	-	-	-
Ten	-	-	-	-	-	-	-	-	-	-	-	-
Eleven	-	-	-	-	-	-	-	-	-	-	-	-
Twelve	-	-	-	-	-	-	-	-	-	-	-	-
Post-graduate	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (1-14 Cr.)	-	-	-	-	-	-	-	-	-	-	-	-
Adult H.S. (15+ Cr.)	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Special Ed - Elementary School	-	-	-	-	-	-	-	-	-	-	-	-
Special Ed - Middle School	-	-	-	-	-	-	-	-	-	-	-	-
Special Ed - High School	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Totals	-	-	-	-	-	-	-	-	-	-	-	-
Percentage Error			0%									0%

	Transportation					
	Reported on DRTS by DOE/County	Reported on DRTS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools, col. 1	-	-	-	-	-	-
Reg - Sp Ed, col. 4	-	-	-	-	-	-
Transported - Non-Public, col. 3	-	-	-	-	-	-
AIL - Non Public	-	-	-	-	-	-
Special Ed Spec, col. 6	-	-	-	-	-	-
Totals	-	-	-	-	-	-
Percentage Error			0%			0%

**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION  
SCHEDULE OF AUDITED ENROLLMENTS  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
ENROLLMENT AS OF OCTOBER 15, 2020**

	Resident LEP NOT Low Income			Sample for Verification		
	Reported on A.S.S.A as LEP Not Low Income	Reported on Workpapers LEP Not Low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Nine						-
Ten	-	-	-	-	-	-
Eleven	-	-	-	-	-	-
Twelve	-	-	-	-	-	-
Post-graduate	-	-	-	-	-	-
Adult H.S. (1-14 Cr.)	-	-	-	-	-	-
Adult H.S. (15+ Cr.)	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Special Ed - Elementary School	-	-	-	-	-	-
Special Ed - Middle School						
Special Ed - High School	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Totals	-	-	-	-	-	-
Percentage Error			0%			0%

**MONMOUTH-OCEAN EDUCATIONAL SERVICES COMMISSION  
AUDIT RECOMMENDATIONS SUMMARY  
YEAR ENDED JUNE 30, 2021**

**SCHOOL DISTRICT**

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Finding 2021-001: That the Commission implement internal controls to ensure that a complete and accurate general ledger is maintained and financial reports are reviewed regularly for accuracy.

Finding 2021-002: That bank reconciliations be completed accurately and timely.

3. School Purchasing Programs

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. Miscellaneous

None

10. Status of Prior Year Audit Findings/Recommendations

No Prior Year Audit Findings/Recommendations