

**JOHN P. HOLLAND CHARTER SCHOOL
AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS
FINANCIAL COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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, 2021 and have issued my report thereon dated March 10, 2022.

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

March 10, 2022

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 ACFR.

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

<u>Position</u>	<u>Amount</u>
Board Secretary/School Business Administrator, Treasurer	\$160,000

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, if applicable. 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*. Overall compliance was noted.

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

In planning and performing my audit of the financial statements of the Charter School, I considered the condition of the Board Secretary's records for the purpose of expressing my opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, I have no comments.

Treasurer's Records

In planning and performing my audit of the financial statements of the Charter School, I considered the condition of the Treasurer's Records for the purpose of expressing my opinion on the financial statements and not to provide specific assurance on the condition of the records. Based on these procedures, I have no comments.

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 ACFR. This section of the ACFR documents the financial position pertaining to the projects under the various applicable programs of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance for E.S.E.A. indicated no areas of non compliance and/or questionable costs except as follows:

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 ACFR.

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 ACFR. This section of the ACFR 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 amount of the expenditure charged to the current year's Final Report 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. 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 NJ Local Agency Procurement Laws webpage: <https://www.state.nj.us/dca/divisions/dlgs/programs/lpcl.html>.

Current statute is posted on the New Jersey Legislature (<http://www.njleg.state.nj.us/>) website.

Auditors should refer to Section I, Chapter 5, Bids & Contracts/Purchasing for highlights of N.J.S.A. 18A:18A-3 and 4.

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.

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 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 Charter School did make purchases under State contracts and cooperative purchasing agreements.

SCHOOL FOOD SERVICE

Public Health Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the public health emergency all Public, Charter, 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 eligible students during the period of school closures.

During SY 2020-2021 the public health emergency was still applicable. As a result, School Food Authorities (SFAs) were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO) or the Summer Food Service Program (SFSP) option.

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 all children throughout the age of 18, as well as persons over 18 with disabilities as defined in the regulations.

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 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 School Food Authority (SFA) had any Child Nutrition Program reimbursement overclaims or underclaims. Exceptions were not noted.

I also 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. Exceptions were not noted.

Non-program foods were not purchased, prepared, sold, or offered for sale.

Net cash resources did exceed three months average expenditures.

Finding #2021-001

During our review of the Food Service Fund, it was noted that net cash resources exceeded three months average expenditures.

Recommendation

It is recommended that the Charter School develop a plan to utilize the excess cash resources in the food service fund.

Management Response

Management will ensure that a plan is developed to utilize the excess cash resources in the food service fund.

The SFA did not submit a Non-competitive Emergency Procurement contract due to the public health emergency pandemic.

I inquired of school management and the SFA operated the meal service program in accordance with the National School Nutrition Program Seamless Summer Option (SSO) and reported the number of meals claimed for reimbursement in accordance with the applicable program regulations. Exceptions were not noted.

The SFA does not utilize a food service management company (FSMC).

Enrollment Counts and Submissions to the Department

My audit procedures included a test for information reported on October 15, 2020, 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.

Facilities and Capital Assets

A review of the capital assets were performed and no exceptions were noted.

Student Body Activities

Student activities during the fiscal year ended June 30, 2021 were reviewed. No exceptions were noted.

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 all prior year audit recommendations including findings. There were no prior year findings.

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, 2020

Grades	<u>1</u>	<u>2</u>		<u>2a</u>			<u>2b</u>			<u>2c</u>			<u>3</u>					<u>4</u>			<u>4a</u>		
	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	to DOE Reported Special Ed/ Bilingual	Verified documentation	Errors	Verified # days Service Provided	Errors	Low Income	Verified documentation	Errors	Low Income	Verified documentation	Errors				
Pre Kindergarten	89	45	0	44	44	0	44	0	1	1	0	1	0	40	40	0	40	40	0				
Kindergarten	95	48	0	45	45	0	45	0	3	3	0	3	0	41	41	0	41	41	0				
One	83	42	0	44	44	0	44	0	5	5	0	5	0	34	34	0	34	34	0				
Two	83	42	0	40	40	0	40	0	3	3	0	3	0	36	36	0	36	36	0				
Three	77	39	0	13	13	0	13	0	7	7	0	7	0	34	34	0	34	34	0				
Four	26	13	0	11	11	0	11	0	2	2	0	2	0	12	12	0	12	12	0				
Five	22	11	0	12	12	0	12	0	2	2	0	2	0	10	10	0	10	10	0				
Six	24	12	0	12	12	0	12	0	1	1	0	1	0	10	10	0	10	10	0				
Seven	22	11	0	11	11	0	11	0	1	1	0	1	0	11	11	0	11	11	0				
Eight	22	11	0	11	11	0	11	0	1	1	0	1	0	8	8	0	8	8	0				
Nine																							
Ten																							
Eleven																							
Twelve																							
Total	543	274	0	243	243	0	243	0	26	26	0	26	0	236	236	0	236	236	0				
Percentage			0.0%			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>				
Grades	Submission to DOE reported On Roll	Reported on workpapers	Errors	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
Pre Kindergarten	89	44	0	45	45	0	45	0	1	1	0	1	0	40	40	0
Kindergarten	95	47	0	50	50	0	50	0	2	2	0	2	0	40	40	0
One	83	41	0	39	39	0	39	0	5	5	0	5	0	33	33	0
Two	83	41	0	43	43	0	43	0	3	3	0	3	0	36	36	0
Three	77	38	0	64	64	0	64	0	6	6	0	6	0	33	33	0
Four	26	13	0	15	15	0	15	0	1	1	0	1	0	12	12	0
Five	22	11	0	10	10	0	10	0	1	1	0	1	0	9	9	0
Six	24	12	0	12	12	0	12	0	1	1	0	1	0	10	10	0
Seven	22	11	0	11	11	0	11	0	1	1	0	1	0	10	10	0
Eight	22	11	0	11	11	0	11	0	1	1	0	1	0	8	8	0
Nine																
Ten																
Eleven																
Twelve																
Total	543	269	0	300	300	0	300	0	22	22	0	22	0	231	231	0
Percentage			0.0%			0%		0%			0%		0%			0%

JOHN P HOLLAND CHARTER SCHOOL
Net Cash Resource Schedule
Net cash resources did exceed three months of expenditures
Proprietary Funds - Food Service
For the Fiscal Year Ending June 30, 2021

<u>Net Cash Resources:</u>	<u>Food Service Fund</u>	
<u>ACFR Schedule</u>		
		Current Assets: *
B-4	\$ 62,443	Cash & Cash Equivalents
B-4	11,265	Accounts Receivable
B-4	14,000	Due from Other Funds
		Current Liabilities:
B-4		Less: Accounts Payable
B-4		Less: Due to Other Funds
	<u>\$ 87,708</u>	Net Cash Resources
		(A)
<u>Net Adjusted Total Operating Expenses:</u>		
B-5	\$ 95,269	Total Operating Expenses
B-5		Less: Depreciation
	<u>\$ 95,269</u>	Net Adjusted Total Operating Expenses
		(B)
<u>Average Monthly Operating Expense:</u>		
	<u>\$ 9,527</u>	(B) / 10
		(C)
<u>Three Months of Average Monthly Operating Expenses:</u>		
	<u>\$ 28,581</u>	(C) X 3
		(D)

Net Cash Resource	\$ 87,708	(A)
Three Months of Average Monthly Operating Expense	<u>28,581</u>	(D)
Excess Cash Resource	<u>\$ 59,127</u>	
From above:		
A is greater than D, cash exceeds 3 months average monthly operating expenses.		
D is greater than A, cash does not exceed 3 months average monthly operating expenses.		

* Inventories are not to be included in total current assets.

**JOHN P. HOLLAND CHARTER SCHOOL
AUDIT SYNOPSIS RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Finding #2021-001

5. Student Body Activities

None

6. Charter School Enrollment System

None

7. Miscellaneous

None

8. Facilities and Capital Assets

None

9. Status of Prior Year's Findings Recommendations

A review was performed on all prior years' recommendations. There were no findings.