

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

**ENGLEWOOD ON THE PALISADES
CHARTER SCHOOL
JUNE 30, 2021**

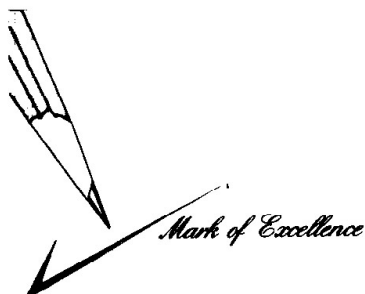
ILORI CPA LLC

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANT

**INDEPENDENT AUDITOR’S MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE
ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
BERGEN COUNTY**

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INDEPENDENT AUDITOR’S REPORT

Honorable President and Members of
Board of Trustees
Englewood on the Palisades Charter School
County of Bergen, New Jersey

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 Board of trustees of Englewood on the Palisades School (the “Charter School”) in the County of Bergen in the State of New Jersey for the year ended June 30, 2021, and have issued our report thereon, dated March 4, 2022.

As part of our audit, we performed procedures required by the State of 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’s management, 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.

ILORI CPA LLC

Ilori CPA LLC

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Kunle B. Ilori CPA
Licensed Public School Accountant
No. 20CS00233100

March 4, 2022
Newark, New Jersey

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE
ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
COUNTY OF BERGEN**

Scope of Audit

The audit covered the financial transactions of 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. Additional items discovered during our audit are also stated in this report.

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)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Mr. Anthony Barckett	Business Administrator	\$137,000

Our review of insurance policies disclosed that the Charter School maintains fidelity insurance on officers in certain financial position such as the School Business Administrator and the Board Treasurer

Tuition Charges

A review of the financial statements indicated that the Charter School charged no tuition for any student attending the school and all proceeds for before/after school program were accounted for in an Enterprise Fund.

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.

**ADMINISTRATIVE FINDINGS
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COUNTY OF BERGEN**

Financial Planning, Accounting and Reporting – Continued

Payroll Account

The net salaries of all employees of the Charter School were deposited in the Payroll Account. Employees' payroll deductions and employee'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 and the Board Secretary/ Business Administrator. Salary withholdings were promptly remitted to the proper agencies. Our review of personnel files and payroll disclosed no instances of non-compliance.

Reserve for Encumbrances and Accounts Payable

A review of outstanding purchase orders was made as of June 30, 2021 for proper classification of purchase orders as Reserve for Encumbrances and Accounts Payable, disclosed no instances of noncompliance with laws and regulations and in conformity with procurement requirements.

A. General Classification Findings

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with the N.J.A.C. 6A:23-2.2(f) and line-item details as described in the Budget Summary Key as part of our test of transactions of randomly selected expenditure items. In addition, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C 6A:23-8.2. As a result of the procedures performed, a transaction error rate of 0% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

B. Administration classification findings

There were no exceptions noted as a result of the procedures.

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE
ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
COUNTY OF BERGEN**

Board Secretary's Records

Our review of the financial and accounting records maintained by the business office disclosed no instances of noncompliance. The Board acknowledged the receipt of the monthly financial reports in the minutes. In addition, procurement for goods and services are approved by the Board in the form of resolution.

Finding #2101-01

The financial records were not properly maintained. The receivable and payable accounts were grossly overstated or understated due to improper postings

Recommendation:

We recommend prompt posting of transactions and monthly reconciliation of various accounts to general ledger.

Special Education Medicaid Initiative (SEMI):

The school has no eligible students for Special Education Medicaid Initiative (SEMI) program, thus, there are no exceptions noted for this test.

Treasurer's Records

The school utilizes an effective and efficient cash management in its operations. Our review of treasurer's records disclosed no exceptions as to bank reconciliation and prompt deposit of cash.

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

The E.S.E.A./E.S.S.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 VI of the Elementary and Secondary Act as amended and reauthorized.

The study of the compliance for E.S.E.A./E.S.S.A. disclosed no exceptions regarding the compliance and questioned cost.

Other Special Federal and/or State Projects

The charter school's Special Grants were approved as listed on Schedules A and B located in the CAFR. 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 noncompliance.

**ADMINISTRATIVE FINDINGS
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ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
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I.D.E.A. Part B

Our audit procedures included a test of the time sheets of certain charter school employees to support proper allocation of cost the federal project. No exceptions were noted.

Teachers' Pension Annuity Fund (TPAF) Reimbursement

Our audit procedures included a test of the biweekly reimbursement forms filed with the Department of Education for charter school employees who are members of the Teachers Pension and Annuity Fund. 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 website <http://www.state.nj.us/njded/pscl/index.html>.

Effective July 1, 2010 and thereafter the bid in accordance with N.J.S.A 18A:18A-3 (as amended) and 18A:39-3 are \$40,000 (with a qualified purchasing agent) and \$29,000 (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 currently \$19,000.

The current SBA is a qualified purchasing agent as he has satisfied the requirements of such position; hence, he is conferred with the authority to procure goods and services up to \$40,000 before implementing bids advertisement requirement. The charter school board of trustees and the qualified purchasing agent has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where questions arise 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.

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE
ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
COUNTY OF BERGEN**

No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or calculated pursuant to N.J.S.A. 18A:18A-3 except by contract or agreement.”

In as much as the system of records did not provide for an accumulation of payments in 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. 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 school board 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.

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 School Year 2020-2021 the public health emergency was still applicable. As a result, School Food Authorities (SFA) 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.

**ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE
ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
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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 program. We therefore inquired of school management, or appropriate school food service personnel, as to whether the School Food Authority (SFA) had any Child Nutrition Program reimbursement over-claims or under-claims. No exceptions noted.

We 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. No exceptions noted.

Non-program foods were not purchased, prepared, sold or offered for sale. We inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all 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. We also inquired if the FSMC received a loan in accordance with the Payroll Protection Plan (PPP) and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA. Net cash resources did not exceed three months average expenditures. Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G of the CAFR. The required verification procedures for free and reduced-price applications were completed and were made available for review.

Applications for free and reduced-price meals were reviewed for completeness and accuracy. The number of free and reduced-price meals claimed as served was compared to the number of valid applications and/or 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 system. No exceptions noted.

As required by United States Department of Agriculture, when eligibility is determined using application process, the participating schools should use recommended sampling technique as prescribed by the USDA to conduct verification test. The result of the test should be communicated to parents or guardians.

**ADMINISTRATIVE FINDINGS
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COUNTY OF BERGEN**

School Food Service

Furthermore, where there is a change of status, this must also be communicated to parents or guardians using “Form 318”.

Finding #2101-02

The school failed to provide the auditors with exception sampling reports, nor the test conducted on samples for verification, therefore, we could not review the extent of compliance relating to the procedures. In addition, the school failed provide the auditors with evidence that verification collection report was timely filed with the State Department of Education.

Recommendation:

We recommend that school adhere to Department of Agriculture compliance requirements relating to exception samples designed to effectively improve the system of eligibility. Furthermore, the Charter school timely file form FNS -742 with the State Department of Education.

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FINANCIAL, COMPLIANCE AND PERFORMANCE
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Enrollment Counts and Submission to the Department

We reviewed the enrollment policy and procedure for fiscal year ended June 30, 2021, and noted no exceptions, other than the policy has not been updated for a few years. Our audit procedures included 100% test of enrollment information reported on October 15, 2020, and June 30, 2021, for on-roll, special education, bilingual and low-income.

Finding # 2101-03

The school did not retain a copy of the state records (Charter School Enrollment Report) for October 15, 2020 and the last day of school for matching with school attendance.

Recommendation:

We recommend good record retention policy and a better coordination of enrollment count

Facilities and Capital Assets

Our procedures included a review of policies and procedures adopted by the Charter School over its capital assets. We noted that acquisitions during the fiscal year ended June 30, 2021 met the capitalization threshold of \$2,000 set by the State of New Jersey's Department of Education for Charter Schools.

Observation - Inventory of assets and tracking

The inventory of capital assets was maintained and updated for the year ended June 30, 2021 as required to account for new acquisitions and disposals with their related depreciation expense. We noted no exceptions.

Follow-up on Prior Year Findings

In accordance with *Government Auditing Standards* issued by the Comptroller General of the United States, our procedures included a review of all prior year findings and recommendations. The school has implemented the corrective action plan relating to prior year findings.

Acknowledgment

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

ENGLEWOOD PALISADES CHARTER SCHOOL
 APPLICATION FOR CHARTER SCHOOL AID
 ENROLLMENT COUNT AS OF OC5 15, 2020

SCHEDULE OF AUDITED ENROLLMENTS

Grades	(State) Submission to DOE	Reported on Work Papers	Verified Signed Registration	Errors	Verified No. Days Enrolled	Errors	Special Ed And/Or Bilingual	Verified Documentation	Errors	Verified No. Days Services Provided	Errors	Low Income	Verified Documentation	Errors
KINDERGARTEN	13	13	13	0	19	1	0	0	0	0	0	19	19	0
Grade 1	19	19	18	1	16	0	0	0	0	0	0	16	16	0
Grade 2	19	19	19	0	19	0	2	2	0	1	0	19	16	0
Grade 3	20	20	20	0	17	0	3	3	0	1	0	17	14	0
Grade 4	20	20	20	0	15	1	2	2	0	2	1	15	15	0
Grade 5	17	17	17	0	19	0	2	1	1	3	0	19	18	0
Grade 6	15	15	15	0	18	0	4	4	0	2	1	18	16	0
Grade 7	19	19	19	0	19	1	3	3	0	1	0	19	18	0
Grade 8	14	14	14	0	14	0	1	0	1	3	0	14	13	0
TOTAL	156	156	155	1	156	3	17	15	2	13	2	156	145	0

PERCENTAGE

0.64%

1.92%

11.76%

11.76%

0.00%

ENGLEWOOD PALISADES CHARTER SCHOOL
 APPLICATION FOR CHARTER SCHOOL AID
 ENROLLMENT COUNT AS OF JUNE 30, 2021

SCHEDULE OF AUDITED ENROLLMENTS

Grades	(State) Submission to DOE	Reported on Work Papers	Verified Signed Registration	Errors	Verified No. Days Enrolled	Errors	Special Ed And/Or Bilingual	Verified Documentation	Errors	Verified No. Days Services Provided	Errors	Low Income	Verified Documentation	Errors
KINDERGARTEN	14	14	14	0	19	1	0	0	0	0	0	19	19	0
Grade 1	20	20	20	0	16	2	0	0	0	0	0	16	16	0
Grade 2	20	20	20	0	18	1	2	2	0	1	0	18	18	0
Grade 3	16	16	16	0	18	1	2	2	0	1	0	18	18	0
Grade 4	18	18	17	1	14	1	2	2	0	1	0	14	14	0
Grade 5	18	18	18	0	20	2	2	1	1	4	1	20	18	0
Grade 6	16	16	16	0	18	1	4	3	1	2	0	18	18	0
Grade 7	19	19	18	1	19	0	3	3	0	0	0	19	19	0
Grade 8	14	14	14	0	14	1	1	0	1	4	1	14	14	0
TOTAL	155	155	153	2	156	10	16	13	3	13	2	156	154	0

PERCENTAGE

1.29%

6.45%

18.75%

12.50%

0.00%

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
Audit Recommendations Summary
For the Fiscal Year Ended June 30,2021

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Finding #2101-01

The financial records were not properly maintained. The receivable and payable accounts were grossly overstated or understated due to improper postings

Recommendation

We recommend prompt posting of transactions and monthly reconciliation of various accounts to general ledger.

None

3. School Purchasing Programs

None

4. School Food Service

Finding #2101-02

The school failed to provide the auditors with exception sampling reports, nor the test conducted on samples for verification, therefore, we could not review the extent of compliance relating to the procedures. In addition, the school failed provide the auditors with evidence that verification collection report was timely filed with the State Department of Education.

Recommendation

We recommend that school adhere to Department of Agriculture compliance requirements relating to exception samples designed to effectively improve the system of eligibility. Furthermore, the Charter school timely file form FNS -742 with the State Department of Education.

5. Student Body Activities

Not applicable

6. Application for State School Aid

None

ENGLEWOOD ON THE PALISADES CHARTER SCHOOL
Audit Recommendations Summary
For the Fiscal Year Ended June 30,2021

7. Charter School Enrollment System (CHE) (Applicable to audits of charter schools)

Finding # 2101-03

The school did not retain a copy of the state records (Charter School Enrollment Report) for October 15, 2020 and the last day of school for matching with school attendance.

Recommendation:

We recommend good record retention policy and a better coordination of enrollment count

8. Pupil Transportation

Not applicable

9. Facilities and Capital Assets

None

10. Miscellaneous

None

11. Status Prior Year Audit Findings/Recommendations

A review was performed on the prior year recommendations and corrective action was taken on all prior year findings.