

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL, COMPLIANCE AND PERFORMANCE  
JUNE 30, 2021**

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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## INDEPENDENT AUDITOR'S MANAGEMENT REPORT


Honorable President and Members  
of the Board of Trustees  
Robert Treat Academy Charter School, Inc.  
Newark, New Jersey

We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Robert Treat Academy Charter School, Inc., State of New Jersey as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated February 9, 2022.

As part of our audit, we performed procedures required by the Department of Education, State of New Jersey 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 and use of management, the Board of Trustees, others within the School and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants

  
Andrew D. Parente  
Public School Accountant  
PSA Number CS00224600

Fair Lawn, New Jersey  
February 9, 2022

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Scope of Audit**

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

**Administrative Practices and Procedures**

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Schedule of Insurance contained in the School's Comprehensive Annual Financial Report ("CAFR").

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Robert Clark	Board Secretary/ School Business Administrator	\$205,000

There is public employee dishonesty bond with faithful performance coverage for all other employees with coverage of \$250,000.

**Financial Planning, Accounting and Reporting**

Examination of Claims

An examination of claims paid during the period under review did not indicate any material discrepancies with respect to signatures, certifications and proper itemization.

Payroll Account

The net salaries of all employees of the School were deposited in the payroll account. Employees' payroll deductions and employer's share of fringe benefits were not deposited in the payroll agency account.

All payrolls tested were certified by the President of the Board, the Board Secretary/Business Administrator and Chief School Administrator.

Salary withholdings were promptly remitted to the School's payroll service provider for submission to the proper agencies. In addition, the School remitted the health benefit withholdings due to the General Fund in a timely manner.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered and it was determined that no blanket purchase orders were included in the balance of the reserve for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Financial Planning, Accounting and Reporting (Continued)**

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) 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 included administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23-8.3. As a result of the procedures performed, no expenditure classification errors were noted and no additional testing was deemed necessary to test the propriety of expenditure classifications.

Board Secretary's Records

The financial records, books of account and minutes maintained by the Board Secretary were in good condition.

The prescribed contractual order system was followed.

Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21).

**Finding 2021-1** – Our audit revealed that the budget amendment to decrease the budget in the amount of \$59,077 as a result of the final enrollment adjustment was not approved by Board resolution.

**Recommendation** – Budget amendments be formally approved in the official minutes by Board resolution.

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

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 projects under Title I and II of the Elementary and Secondary Education Act as amended and reauthorized.

Other Special Federal and/or State Projects

The School's Special Projects were approved as listed on Exhibits K-3 and 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.

I.D.E.A.

Separate accounting records were maintained for each approved project. Grant applications approvals and acceptance of grant funds were made by Board resolution.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.**  
**ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Financial Planning, Accounting and Reporting (Continued)**

T.P.A.F. Reimbursements

Our audit procedures included a test of the semi-monthly reimbursement forms filed with the Department of Education for District employees who are members of the Teachers Pension and Annuity Fund.

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

The amount of expenditure charged to the current year's Final Report for all federal awards for the school district to reimburse the State for the TPAF/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 not 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.

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 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 Board attorney's opinion should be obtained before a commitment is made.

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. Our examination did reveal that purchases were made through the use of state contracts.

**School Food Service**

**COVID – 19 EMERGENCY**

In accordance with the Governor's Declaration of Emergency pertaining to the COVID 19 Virus 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 Free and Reduced Price 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 (SFA's) 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 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 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, we 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.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**School Food Service (Continued)**

**COVID – 19 EMERGENCY (Continued)**

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.

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 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. A PPP loan was not obtained by the FSMC.

The financial transactions and statistical records of the school food services were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis. No exceptions were noted.

Cash receipts and bank records were reviewed for timely deposit.

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A 18A:17-34, 19-1 through 19-4.1. Provisions of the FSMC Cost Reimbursable contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$30,000. The operating results provision has been met.

Expenditures are separately recorded as food, labor and other costs. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expense records were maintained in order to substantiate the non-profit status of the school food service.

Net cash resources did exceed three months average expenditures.

U.S.D.A. Food Distribution Program (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

Non-program foods were purchased, prepared, sold, or offered for sale. The Statement of Revenues, Expenses, and Changes in Fund Net Assets (CAFR Schedule B-5) does separate program and non-program revenue AND program and non-program cost of goods sold.

We 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.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section B4-B6 of the CAFR.

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Before and After School Program**

The financial transactions of the Before and After School Program were maintained as an Enterprise Fund. The financial accounts and records for the program were reviewed on a test-check basis.

Cash disbursement records had supporting documentation and reflected program related expenses.

**Charter School Enrollment System/Charter School Aid**

Our audit procedures included a test of enrollment information reported on October 15, 2020, and the last day of school for on-roll, special education, bilingual and low income. We also performed a review of the school's procedures related to its completion for the two required enrollment counts. The information was compared to the School's workpapers with immaterial exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments. The school has adequate written procedures for the recording of student enrollment data.

**Facilities and Capital Assets**

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

**Testing for Lead of all Drinking Water in Educational Facilities**

The school adhered to all 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 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 Prior Year Findings**

In accordance with government standards, our procedures included a review of all prior year recommendations.



**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
SCHEDULE OF MEAL COUNT ACTIVITY**

**NOT APPLICABLE**

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
NET CASH RESOURCES – FOOD SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Net Cash Resources:**

**Current Assets**

Cash and Cash Equivalents	\$	149,136
Intergovernmental Receivable		41,555
Accounts Receivable		6,571

**Current Liabilities**

Less:

Accounts Payable	(19,720)
Unearned Revenue	(8,917)

**Net Cash Resources** \$ 168,625

**Adjusted Total Operating Expense:**

Total Operating Expenses	\$	206,613
Less Depreciation		(7,028)

Adjusted Total Operating Expense \$ 199,585

**Average Monthly Operating Expense:** \$ 19,959

**Three Times Monthly Average:** \$ 59,876

Total Net Cash Resources	\$	168,625
Three Times Monthly Average		59,876

Net Cash Resources Exceeds Three Month Average Expenses \$ 108,750

**Robert Treat Academy Charter School  
Application for Charter School Aid  
Enrollement Count as of June 30, 2021**

**SCHEDULE OF AUDITED ENROLLEMENTS:**

Grades	Submission to	Reported	<u>Errors</u>	<u>Sample</u>	Verified	<u>Errors</u>	Verified	<u>Errors</u>
	DOE Reported	on			Signed		# of	
	<u>on Roll</u>	<u>Workpapers</u>		<u>Selected</u>	<u>Registration</u>		<u>Days Enrolled</u>	
K	75	75	-	30	30	-	30	-
1	79	79	-	29	29	-	29	-
2	79	79	-	24	24	-	24	-
3	79	79	-	28	28	-	28	-
4	79	79	-	29	29	-	29	-
5	79	79	-	28	28	-	28	-
6	74	74	-	24	24	-	24	-
7	76	76	-	24	24	-	24	-
8	68	68	-	18	18	-	18	-
<b>Total</b>	<b>688</b>	<b>688</b>	<b>-</b>	<b>234</b>	<b>234</b>	<b>-</b>	<b>234</b>	<b>-</b>

Grades	<u>Special Ed</u>	Verified	<u>Errors</u>	<u>Low Income</u>	Verified	<u>Errors</u>
		<u>Documenation</u>			<u>Documenation</u>	
K	2	2	-	30	30	-
1	3	3	-	29	29	-
2	5	5	-	24	23	1
3	1	1	-	28	28	-
4	5	5	-	29	29	-
5	5	5	-	28	28	-
6	2	2	-	24	24	-
7	3	3	-	24	23	1
8	2	2	-	18	18	-
<b>Total</b>	<b>28</b>	<b>28</b>	<b>-</b>	<b>234</b>	<b>232</b>	<b>2</b>

**Robert Treat Academy Charter School  
Application for Charter School Aid  
Enrollement Count as of June 30, 2021**

**SCHEDULE OF AUDITED ENROLLEMENTS:**

<b>Grades</b>	<b>Submission to DOE Reported on Roll</b>	<b>Reported on Workpapers</b>	<b>Errors</b>	<b>Sample Selected</b>	<b>Verified Signed Registration</b>	<b>Errors</b>	<b>Verified # of Days Enrolled</b>	<b>Errors</b>
K	77	77	-	30	30	-	30	-
1	78	78	-	29	29	-	29	-
2	79	79	-	24	24	-	24	-
3	77	77	-	29	29	-	29	-
4	81	81	-	28	28	-	28	-
5	77	77	-	28	28	-	28	-
6	72	72	-	24	24	-	24	-
7	75	75	-	24	24	-	24	-
8	68	68	-	17	17	-	17	-
<b>Total</b>	<b>684</b>	<b>684</b>	<b>-</b>	<b>233</b>	<b>233</b>	<b>-</b>	<b>233</b>	<b>-</b>

<b>Grades</b>	<b>Special Ed</b>	<b>Verified Documenation</b>	<b>Errors</b>	<b>Low Income</b>	<b>Verified Documentation</b>	<b>Errors</b>
K	3	3	-	30	30	-
1	4	4	-	29	29	-
2	4	4	-	24	24	-
3	1	1	-	29	29	-
4	4	4	-	28	27	1
5	4	4	-	28	28	-
6	2	2	-	24	24	-
7	4	4	-	24	24	-
8	2	2	-	17	17	-
<b>Total</b>	<b>28</b>	<b>28</b>	<b>-</b>	<b>233</b>	<b>232</b>	<b>1</b>

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.  
RECOMMENDATIONS**

**I. Administration Practices and Procedures**

There are none.

**II. Financial Planning, Accounting and Reporting**

1. It is recommended that budget amendments be formally approved in the official minutes by Board resolution.

**III. School Purchasing Program**

There are none.

**IV. Food Service Fund**

There are none.

**V. Before and After Care**

There are none.

**VI. Charter School Enrollment System/Charter School Aid**

There are none.

**VII. Facilities and Capital Assets**

There are none.

**VIII. Miscellaneous**

There are none.

**IX. Status of Prior Years' Audit Findings/Recommendations**

A review was performed on all prior years' recommendations and corrective action was taken on all.

**ACKNOWLEDGEMENT**

We received the complete cooperation of all the officials of the school and we greatly appreciate the courtesies extended to us.

Respectfully submitted,  
LERCH, VINCI & HIGGINS, LLP



Andrew D. Parente  
Public School Accountant  
Certified Public Accountant