

**MORRIS-UNION JOINTURE COMMISSION
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2023**

**MORRIS-UNION JOINTURE COMMISSION
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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Honorable President and Members of
the Board of Education
Morris-Union Jointure Commission
New Providence, 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 Morris-Union Jointure Commission as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated October 30, 2023.

As part of our audit, we performed procedures required by the Office of School Finance, 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 solely for the information and use of management, the Board of Education, others within the Commission 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 & Bliss, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
October 30, 2023

**MORRIS-UNION JOINTURE COMMISSION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Scope of Audit

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

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on the Insurance Schedule contained in the Commission's ACFR.

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Jason Parenti	School Business Administrator/Board Secretary	\$ 275,000
Kerry Keane	Treasurer of School Monies	275,000

All employees are covered by an employee dishonesty policy in the amount of \$400,000.

P.L. 2020, c.44

Our audit procedures included an inquiry and subsequent review of health benefit data required by N.J.S.A. 18A:16-13.3 (Chapter 44) submitted for the year of audit. The Chapter 44 summary report was reviewed for reasonableness and timeliness.

The data submitted did include all health benefit plans offered by the Commission,

The Commission data certification was completed by the Chief School Administrator. The Commission submitted the Chapter 44 data in a timely manner.

Tuition Charges

The provisions of NJAC 6A:23-3.1(f)3 are not applicable to the Commission.

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, certification or supporting documentation.

**MORRIS-UNION JOINTURE COMMISSION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Financial Planning, Accounting and Reporting (Continued)

Payroll Account

The net salaries of all employees of the Commission were deposited in the Payroll Account. Employees' payroll deductions and employer's share of payroll taxes were deposited in the Payroll Agency Account.

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

Salary withholdings were promptly remitted to the proper agencies including health benefit premium contribution amounts withheld and due to the other funds.

The Commission maintains a personnel tracking and accounting (position control) system.

The School Business Administrator completed and filed the required Certification of Compliance with Federal and State Law for the reporting of compensation for certain employees.

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 reserves 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.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-2.2(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 testing procedures. As a result of the procedures performed, no additional procedures were deemed necessary to test the propriety of expenditure classification.

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).

Acknowledgment of the Board's receipt of the Board Secretary's monthly financial reports was included in the minutes.

The original budget per the budget appropriation report did agree to the appropriations reflected in the adopted budget.

We noted two (2) budget line accounts were overexpended at June 30, 2023. These expenditures were the result of adjustments made during the audit. Therefore, no audit recommendation is warranted.

**MORRIS-UNION JOINTURE COMMISSION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Financial Planning, Accounting and Reporting (Continued)

Treasurer's Records

The Treasurer did perform cash reconciliations for the general operating account, capital projects, food service and payroll accounts.

All cash receipts were promptly deposited.

The Treasurer's records were in agreement with the records of the Board Secretary.

The Treasurer's cash balances were in agreement with the reconciled cash balances as determined during the audit.

Unemployment Compensation Insurance Account

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Account. The financial transactions of this account are reported in the General Fund.

Other Special Projects

The Commission's Special Projects were approved as listed on Exhibits K-3 and K-4 located in the ACFR.

Our audit of the Federal 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.

T.P.A.F. Reimbursements

Our audit procedures included a test of the semi-monthly reimbursement forms filed with the Department of Education for Commission 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

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and N.J.S.A. 18A:18A-3(a) (as amended) are \$44,000 (with a Qualified Purchasing Agent) and \$32,000 (without a Qualified Purchasing Agent) respectively. The law regulating bidding for public school transportation contracts under N.J.S.A. 18A:39-3 is currently \$20,200.

If the purchasing agent is qualified pursuant to subsection b of section 9 of P.L. 1971, c. 198 (c.40A:11-9), the Board may establish that the bid threshold may be up to \$44,000. 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. The Board has designated the School Business Administrator as the qualified purchasing agent.

**MORRIS-UNION JOINTURE COMMISSION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

The Commission 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 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 our examination indicated no instances where 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 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.

The system of records did not provide for an accumulation of purchases for which the Commission 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, however, that purchases were made through the use of State contracts. However, the Commission does follow a rigorous policy where all purchases are publicly bid, quoted or bought through the use of state contracts or other cooperative purchasing programs.

School Food Service

SFA's 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 or state program. The Commission has expended in excess of \$100,000 in federal funds. Accordingly, we inquired of school management as to whether the SFA had any child nutrition program reimbursement overclaims or underclaims. No exceptions were noted.

We also inquired of school management, or appropriate school food services 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.

We inquired of management about the public health emergency procedures/practices that the SFA institutes 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 Program 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.

The financial transactions and records of the school food services were maintained in good condition. The financial accounts and transactions were reviewed on a test-check basis.

**MORRIS-UNION JOINTURE COMMISSION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

School Food Service (Continued)

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food 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 expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did not exceed three months average expenditures.

The Commission utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with *N.J.S.A. 18A:17-34*, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed. The FSMC contract includes an operating results provision which guarantees that the Commission's loss to the food service program is capped at \$85,000. The operating results provision has been met.

The statement of Revenues, Expenses and Changes in Net Position (ACFR Exhibit B-5) does separate program and non-program revenue and cost of goods sold.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds.

Special Programs Enterprise Fund

The Commission maintains a Special Programs Fund to account for the financial activity of transportation services and other programs provided on a fee-for-service basis to member and non-member school districts.

The financial transactions and records of the special programs were maintained in good condition. The financial accounts and records were reviewed on a test-check basis.

Pupil Transportation

Our procedures included a review of transportation related contracts and purchases. Based on our review, the commission complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

Testing for Lead of all Drinking Water in Educational Facilities

The Commission 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

There were no prior year findings.

**MORRIS-UNION JOINTURE COMMISSION
FOOD SERVICE FUND
SCHEDULE OF MEAL COUNT ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOT APPLICABLE

**MORRIS-UNION JOINTURE COMMISSION
PROPRIETARY FUNDS - FOOD SERVICE
NET CASH RESOURCES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOT APPLICABLE

**MORRIS-UNION JOINTURE COMMISSION
ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

RECOMMENDATIONS

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

There are none.

III. School Purchasing Program

There are none.

IV. Food Service Fund

There are none.

V. Special Programs Enterprise Fund

There are none.

VI. Pupil Transportation

There are none.

VII. Capital Assets

There are none.

VIII. Status of Prior Years' Audit Findings/Recommendations

There were none.

ACKNOWLEDGEMENT

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

Respectfully submitted,

LERCH, VINCI & BLISS, LLP



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