

**JOHN P. HOLLAND CHARTER SCHOOL
AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS
FINANCIAL COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**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
Paterson, 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, 2023 and have issued my report thereon dated February 7, 2024.

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

February 7, 2024

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

Various fire and liability insurance coverage was carried in the amounts as detailed in the Insurance Schedule contained in the Charter School’s Annual Comprehensive Financial Report (ACFR). See Exhibit J-20.

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

P.L.2020,c.44

Our audit procedures included an inquiry and subsequent review of health benefit data required per N.J.S.A.18A:16-13.3 (Chapter 44) submitted for the year on audit.

The bill includes a provision that permits charter school employers to not implement Chapter 44 unless they have a collective negotiation agreement with any of their employees in place on or after the law’s effective date. The Charter School does not have a collective negotiation agreement in place, and therefore, is not required to implement Chapter 44.

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 Charter 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, 2023 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*. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

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.

Other Special Federal and/or State Projects

The charter school's other Special Projects were approved as listed on Schedule A (K-3) and Schedule B (K-4) 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.

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 \$20,200 for 2022-23.

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 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 my examination, I 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.

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

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.

The SFA did undergo an Administrative Review and there was fiscal action with several minor recommendations. The Charter School's Corrective Action Plan was approved and corrective actions were implemented at the time of this report.

Finding #2023-001

The use of overrides on lunch counts indicates the school does not have an accurate meal count system.

Recommendation

It is recommended that the charter school implement a meal count system that accurately records meal counts without overrides.

Management Response

Corrective actions from the review have been implemented and management has in place procedures to accurately report meal counts. The school has reimbursed the State for the over-claim.

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 not exceed three months average expenditures.

I inquired of management about the public health emergency procedures 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. The charter school's food service provider is not a FSMC.

Student Body Activities

In planning and performing my audit of the financial statements of the Charter School, I considered the condition of the student activity funds 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, no comments are noted.

Enrollment Counts and Submissions to the Department

My audit procedures included a test of enrollment information on October 15, 2022, and the last day of school for on roll, special education, bilingual and low-income students and a review of the Charter School's procedures related to its completion.

The charter school maintained workpapers on the prescribed state forms or the equivalent and their written procedures appear to be adequate for the recording of student enrollment data.

The results of our procedures are presented in the Schedule of Audited Enrollments.

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)

Suggestions to Management:

COVID-19 Federal Funding

It is likely that the Charter School will undergo some review of its COVID-19 federal funding if only at a desk review level by state and/or federal agencies. We strongly suggest that the Charter School ensures that these funds are utilized in accordance with the applicable federal requirements, especially with respect to procurement. Additionally, we strongly suggest that the Charter School ensures that these funds are accounted for in the state account numbers designated by the NJ Department of Education and that any applicable Board policies are current with respect to federal grant requirements.

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 was 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, 2023.

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, 2022

	<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 10/15/22	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	
Pre-K	89	45	0	45	45	0	45	0	0	0	0	0	0	40	40	0	
K	97	49	0	49	49	0	49	0	0	0	0	0	0	42	42	0	
1	93	47	0	47	47	0	47	0	0	0	0	0	0	41	41	0	
2	76	38	0	38	38	0	38	0	0	0	0	0	0	32	32	0	
3	85	43	0	43	43	0	43	0	0	0	0	0	0	36	36	0	
4	75	38	0	38	38	0	38	0	0	0	0	0	0	32	32	0	
5	25	13	0	13	13	0	13	0	0	0	0	0	0	10	10	0	
6	21	11	0	11	11	0	11	0	0	0	0	0	0	9	9	0	
7	22	11	0	11	11	0	11	0	0	0	0	0	0	10	10	0	
8	22	11	0	11	11	0	11	0	0	0	0	0	0	9	9	0	
Total	605	306	0	306	306	0	306	0	0	0	0	0	0	261	261	0	
Percentage			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>	
	Submission to DOE reported On Roll	Reported on workpapers	Errors	50% Verification required 6/30/23	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-K	89	44	0	44	44	0	44	0	0	0	0	0	0	39	39	0	
K	97	48	0	48	48	0	48	0	0	0	0	0	0	42	42	0	
1	93	46	0	46	46	0	46	0	0	0	0	0	0	41	41	0	
2	76	38	0	38	38	0	38	0	0	0	0	0	0	31	31	0	
3	85	42	0	42	42	0	42	0	0	0	0	0	0	35	35	0	
4	75	37	0	37	37	0	37	0	0	0	0	0	0	32	32	0	
5	25	12	0	12	12	0	12	0	0	0	0	0	0	10	10	0	
6	21	10	0	10	10	0	10	0	0	0	0	0	0	8	8	0	
7	22	11	0	11	11	0	11	0	0	0	0	0	0	10	10	0	
8	22	11	0	11	11	0	11	0	0	0	0	0	0	8	8	0	
Total	605	299	0	299	299	0	299	0	0	0	0	0	0	256	256	0	
Percentage			0.0%			0%		0%			#####		#DIV/0!			0%	

**JOHN P HOLLAND CHARTER SCHOOL
Net Cash Resource Schedule
Net cash resources did not exceed three months of expenditures
Proprietary Funds - Food Service
For the Fiscal Year Ending June 30, 2023**

NOT APPLICABLE

**JOHN P. HOLLAND CHARTER SCHOOL
AUDIT SYNOPSIS RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Program

None

4. School Food Service

Finding #2023-001

The use of overrides on lunch counts indicates the school does not have an accurate meal count system.

Recommendation

It is recommended that the charter school implement a meal count system that accurately records meal counts without overrides.

5. Student Body Activities

None

6. Application for State School Aid

N/A to charter schools.

7. Charter School Enrollment system (CHE)

None

8. Pupil Transportation

N/A to charter schools.

9. Facilities and Capital Assets

None

10. Miscellaneous

None

11. Status of Prior Year's Findings/Recommendations

There were no prior year findings.