

**BELOVED COMMUNITY
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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GERALD D. LONGO
CERTIFIED PUBLIC ACCOUNTANT
62 OLD QUEENS BLVD.
MANALAPAN, NEW JERSEY 07726-3648

TELEPHONE
732 446-4768

FAX
732 792-0868

REPORT OF INDEPENDENT AUDITORS

The Honorable Chairman and
Members of the Board of Trustees
Beloved Community Charter School
County of Hudson
Jersey City, 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 Beloved Community Charter School, in the County of Hudson, for the year ended June 30, 2023 and have issued my report thereon dated May 17, 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 Beloved Community 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

May 17, 2024

ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

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	\$200,000

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 indicated several discrepancies with respect to signatures, certification or supporting documentation.

Finding - #2023-001 (Repeat finding for years ending June 30, 2022, June 30, 2021 and June 30, 2020)

It was noted that several invoices paid during the year which were selected randomly for my testing did not contain the proper back up support or contained exceptions as follows:

- 1) Invoices did not have purchase orders attached or were not signed.
- 2) Invoices were not attached or missing.
- 3) Vendor certifications were missing on purchase orders and checks were released before obtaining certification.

Recommendation

The School should implement control procedures to ensure that invoices and voucher packages have the proper documentation and approvals before being entered into the accounting system and checks prepared.

General Ledger Maintenance

A review of General Ledger postings during the year indicated that excessive journal entries were utilized to achieve proper presentation of the activity.

Finding #2023-001 A - General Ledger Postings

It was noted that the ledgers required excessive Journal Entries to achieve proper presentation of the financial activity in the financial statements: The Charter School is not consistently reconciling certain general ledger accounts to supporting schedules in a timely manner.

Recommendation

Management should implement accounting procedures that would eliminate or greatly reduce the need for journal entries to ensure ledgers are reconciled timely and properly maintained. These procedures should help ensure the completeness of the general ledger and the production of accurate internal financial statements and financial information.

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 the following exception:

Finding #2023-02 (Repeat finding for year ending June 30, 2022)

As a function of effective internal controls, the general ledger should be maintained and reconciled to subsidiary records on a timely basis in accordance with NJ SA 18A17-9.

Recommendation

That the Charter School reviews and implements internal controls to ensure the accuracy of all financial reports.

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 the following exception:

Finding #2023-003 (Repeat finding for year ending June 30, 2022)

NJSA 18A 17-9 requires that accurate monthly reconciliations of all bank accounts are prepared on a timely basis and prepared prior to the completion of the Board Secretary's monthly reports.

Recommendation

That the Charter School reviews and implements internal controls to ensure the accuracy of all financial reports and that formal monthly cash reconciliations for all Charter School funds be prepared on a timely basis.

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 areas of non compliance as follows:

Finding - #2023-004 (Repeat finding for year ending June, 30, 2022)

A collaborative monitoring audit was performed by NJ DOE and an audit report was issued in July 2022.

The grants and programs reviewed included Title I, Title II-A, Title III, Title III Immigrant, IDEA Basic and Preschool, ARP IDEA Basic and Preschool from July 1, 2021 through March 30, 2022. In addition, CARES ESSER I,

CRRSA ESSER II, ARP ESSER and all applicable sub-grants were reviewed from commencement of the related project periods through March 30, 2022 programs.

The audit found numerous areas of non-compliance.

Recommendation

It is recommended that both the Charter School and the fiscal staff work collaboratively, to institute policies and procedures to ensure all Federally funded program requirements are adhered to.

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.

See Finding #2023-004 for the areas of non-compliance noted for special projects.

T.P.A.F. Reimbursement

My audit procedures included a test of the biweekly reimbursements filed with the Department of Education for the Beloved Community 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 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.

Finding #2023-007

I observed that the Charter School properly determined the amount of the TPAF/FICA to be reimbursed to the State and the payable was properly accrued as of June 30, 2023. However, the amounts accrued were not paid to the State within 90 days after the grant liquidation period.

Recommendation

It is recommended that the reimbursement amount be paid in a timely manner in the future, no later than 90 days after the grant liquidation period. It is noted that the reimbursement amount was paid to the State at the time of this report.

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

Cash receipts and bank records were reviewed for timely deposit. No exceptions were noted.

The charter school 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 Cost Reimbursable FSMC Contract was reviewed and audited. The FSMC contract has no guarantees that the food service program will break even, return a profit, or limit a loss. All vendor discounts, rebates, and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually. The FSMC did not apply for a loan in accordance with the Payroll Protection Plan. No exceptions were noted.

Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed, and costs verified. Inventory records on food and supply items were currently maintained and properly applied in determining the cost of food and supplies used. No exceptions were noted.

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. No exceptions were noted.

The SFA did not operate a program under the SSO or SFSP programs. The recording and maintaining of separate supporting documentation for additional costs (food, supplies, transportation, etc.) is not applicable.

Net cash resources did exceed three months average expenditures.

Finding - #2023-005

During our review of the Food Service Fund, it was noted that net cash resource 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.

The SFA did not have any food service employees and no food service funds were used for payroll related expenditures.

The number of meals claimed as served was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheets were completed.

Finding - #2023-006 (Repeat finding for year ending June 30, 2022)

Reimbursement claims were not submitted/certified in a timely manner. As a result the NJDOE has not reimbursed the school for one months claim.

Recommendation

The school must implement procedures to ensure timely submission of reimbursement claims.

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 or to the 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 were noted.

Examination for compliance with all counting and claiming requirements for Provisions I and II was not applicable to the charter school.

The required verification procedures for free and reduced price applications were completed and available for review. No exceptions were noted.

USDA 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 not purchased, prepared, sold, or offered for sale.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G of the ACFR.

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 additional 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. Corrective action had not been taken on prior findings #2022-001, #2022-002, #2022-003, #2022-004 and #2022-007.

Office of Fiscal Accountability and Compliance (OFAC) Findings

A collaborative monitoring audit was performed by the NJ DOE and an audit report was issued in July 2022 covering various federal programs. (See Finding #2023-004)

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' and a stylized 'L'.

Gerald D. Longo
Certified Public Accountant
Licensed Public School Accountant No. 20CS00206400

BELOVED COMMUNITY 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		50% Verification required 10/15/22	Verified signed		Verified # days enrolled	Errors		to DOE Reported Special Ed/ Bilingual	Verified		Verified # days Service Provided	Errors		Low Income	Verified		Errors
		workpapers	Errors		registration forms	Errors					documentation	Errors					documentation	Errors	
Pre Kindergarten																			
Kindergarten	116	58	0	58	58	0	58	0		6	6	0	6	0		36	36	0	
One	120	60	0	60	60	0	60	0		6	6	0	6	0		42	42	0	
Two	120	60	0	60	60	0	60	0		8	8	0	8	0		47	47	0	
Three	120	60	0	60	60	0	60	0		5	5	0	5	0		47	47	0	
Four	120	60	0	60	60	0	60	0		7	7	0	7	0		48	48	0	
Five	123	62	0	62	62	0	62	0		7	7	0	7	0		50	50	0	
Six	118	59	0	59	59	0	59	0		5	5	0	5	0		47	47	0	
Seven	119	60	0	60	60	0	60	0		6	6	0	6	0		49	49	0	
Eight	118	59	0	59	59	0	59	0		7	7	0	7	0		45	45	0	
Nine	123	62	0	62	62	0	62	0		7	7	0	7	0		47	47	0	
Ten	120	60	0	60	60	0	60	0		3	3	0	3	0		49	49	0	
Eleven	111	56	0	56	56	0	56	0		3	3	0	3	0		43	43	0	
Twelve	113	57	0	57	57	0	57	0		7	7	0	7	0		40	40	0	
Total	1541	773	0	773	773	0	773	0		77	77	0	77	0		590	590	0	
Percentage			0.0%			0%		0%				0%		0%				0%	

BELOVED COMMUNITY 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		Reported on		50% Verification		Verified signed		Verified #		Submission to DOE Reported	Verified		Verified # days		Low		Verified	
Grades	On Roll	workpapers	Errors	required 6/30/23	registration forms	Errors	days enrolled	Errors	Special Ed/ Bilingual	documentation	Errors	Service Provided	Errors	Income	documentation	Errors		
Pre Kindergarten																		
Kindergarten	116	58	0	58	58	0	58	0	6	6	0	6	0	35	35	0		
One	120	60	0	60	60	0	60	0	6	6	0	6	0	42	42	0		
Two	120	60	0	60	60	0	60	0	7	7	0	7	0	46	46	0		
Three	120	60	0	60	60	0	60	0	4	4	0	4	0	47	47	0		
Four	120	60	0	60	60	0	60	0	6	6	0	6	0	48	48	0		
Five	123	61	0	61	61	0	61	0	6	6	0	6	0	50	50	0		
Six	118	59	0	59	59	0	59	0	4	4	0	4	0	46	46	0		
Seven	119	59	0	59	59	0	59	0	6	6	0	6	0	48	48	0		
Eight	118	59	0	59	59	0	59	0	6	6	0	6	0	44	44	0		
Nine	123	62	0	62	62	0	62	0	6	6	0	6	0	46	46	0		
Ten	120	60	0	60	60	0	60	0	3	3	0	3	0	49	49	0		
Eleven	111	56	0	56	56	0	56	0	2	2	0	2	0	42	42	0		
Twelve	113	57	0	57	57	0	57	0	7	7	0	7	0	40	40	0		
Total	1541	771	0	771	771	0	771	0	69	69	0	69	0	583	583	0		
Percentage			0.0%			0%		0%			0%		0%			0%		

BELOVED COMMUNITY 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, 2023

		Food Service Fund	
<u>Net Cash Resources:</u>			
<u>ACFR Schedule</u>	Current Assets: *		
B-4	Cash & Cash Equivalents	\$ 623,072	
B-4	Accounts Receivable	127,296	
B-4	Other Receivable	-	
	Current Liabilities:		
B-4	Less: Accounts Payable	(1,000)	
B-4	Less: Due to Other Funds	(316,502)	
	Net Cash Resources	<u>\$ 432,866</u>	(A)

<u>Net Adjusted Total Operating Expenses:</u>			
B-5	Total Operating Expenses	\$ 910,387	
B-5	Less: Depreciation		
	Net Adjusted Total Operating Expenses	<u>\$ 910,387</u>	(B)

<u>Average Monthly Operating Expense:</u>			
	(B) / 10	<u>\$ 91,039</u>	(C)

<u>Three Months of Average Monthly Operating Expenses:</u>			
	(C) X 3	<u>\$ 273,116</u>	(D)

Net Cash Resource	\$ 432,866	(A)
Three Months of Average Monthly Operating Expense	<u>273,116</u>	(D)
Excess Cash Resource	<u>\$ 159,750</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.

BELOVED COMMUNITY CHARTER SCHOOL
SCHEDULE OF MEAL COUNT ACTIVITY
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM
FEDERAL ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE	(OVER) UNDER CLAIM
National School Lunch (High Rate)	Free	114,365	114,365	114,365	-	4.35	-
	Reduced	10,863	10,863	10,863	-	3.95	-
	Paid	26,250	26,250	26,250	-	0.79	-
	TOTAL	151,478	151,478	151,478			-
National School Lunch	HHFKA - PB Lunch Only	151,478	151,478	151,478	-	0.08	-
School Breakfast (High Rate)	Free	57,559	57,559	57,559	-	2.67	-
	Reduced	4,682	4,682	4,682	-	2.37	-
	Paid	14,613	14,613	14,613	-	0.50	-
	TOTAL	76,854	76,854	76,854			-
After School Snacks	Free (Area Eligible)	56,651	56,651	56,651	-	1.08	-
	Reduced	-	-	-	-	0.54	-
	Paid	-	-	-	-	0.09	-
	TOTAL	56,651	56,651	56,651			-

BELOVED COMMUNITY CHARTER SCHOOL
SCHEDULE OF MEAL COUNT ACTIVITY
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM
STATE ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE	(OVER) UNDER CLAIM
State Reimbursement National School Lunch (High Rate)	Free	114,365	114,365	114,365	-	0.07	-
	Reduced	10,863	10,863	10,863	-	0.47	-
	Paid	26,250	26,250	26,250	-	0.06	-
	TOTAL	<u>151,478</u>	<u>151,478</u>	<u>151,478</u>			<u>-</u>
State Reimbursement National School	After the Bell	76,854	76,854	76,854	-	0.10	<u>-</u>
State Reimbursement National School	Reduced	4,682	4,682	4,682	-	0.30	<u>-</u>
Total Net Overclaim							<u><u>0.00</u></u>

**BELOVED COMMUNITY CHARTER SCHOOL
AUDIT SYNOPSIS RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Finding - #2023-001 (Repeat Finding from the year from years ending June 30, 2022, June 30, 2021 and June 30, 2020)

It was noted that several invoices paid during the year which were selected randomly for my testing did not contain the proper back up support or contained exceptions as follows:

- 1) Invoices did not have purchase orders attached or were not signed.
- 2) Invoices were not attached or missing.
- 3) Vendor certifications were missing on purchase orders and checks were released before obtaining certification.

Recommendation

The School should implement control procedures to ensure that invoices and voucher packages have the proper documentation and approvals before being entered into the accounting system and checks prepared.

Finding #2023-001 A - General Ledger Postings

It was noted that the ledgers required excessive Journal Entries to achieve proper presentation of the financial activity in the financial statements: The Charter School is not consistently reconciling certain general ledger accounts to supporting schedules in a timely manner.

Recommendation

Management should implement accounting procedures that would eliminate or greatly reduce the need for journal entries to ensure ledgers are reconciled timely and properly maintained. These procedures should help ensure the completeness of the general ledger and the production of accurate internal financial statements and financial information.

Finding #2023-02 (Repeat Finding from the year from year ending June 30, 2022)

As a function of effective internal controls, the general ledger should be maintained and reconciled to subsidiary records on a timely basis in accordance with NJ SA 18A17-9.

**BELOVED COMMUNITY CHARTER SCHOOL
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Recommendation

That the Charter School reviews and implements internal controls to ensure the accuracy of all financial reports.

Finding #2023-003 (Repeat Finding from the year from year ending June 30, 2022)

NJSA 18A 17-9 requires that accurate monthly reconciliations of all bank accounts are prepared on a timely basis and prepared prior to the completion of the Board Secretary's monthly reports.

Recommendation

That the Charter School reviews and implements internal controls to ensure the accuracy of all financial reports and that formal monthly case reconciliations for all Charter School funds be prepared on a timely basis.

Finding #2023-004 (Repeat Finding from the year from year ending June 30, 2022)

A collaborative monitoring audit was performed by NJ DOE and an audit report was issued in July 2022.

The grants and programs reviewed included Title I, Title II-A, Title III, Title III Immigrant, IDEA Basic and Preschool, ARP IDEA Basic and Preschool from July 1, 2021 through March 30, 2022. In addition, CARES ESSER I, CRRSA ESSER II, ARP ESSER and all applicable sub-grants were reviewed from commencement of the related project periods through March 30, 2022 programs.

The audit found numerous areas of non-compliance.

Recommendation

It is recommended that both Charter School program and fiscal staff work collaboratively, to institute policies and procedures to ensure all Federally funded program requirements are adhered to.

Finding #2023-007

I observed that the Charter School properly determined the amount of the TPAF/FICA to be reimbursed to the State and the payable was properly accrued as of June 30, 2023. However, the amounts accrued were not paid to the State within 90 days after the grant liquidation period.

Recommendation

It is recommended that the reimbursement amount be paid timely in the future, no later than 90 days after the grant liquidation period. It is noted that the reimbursement amount has been paid to the State at the time of this report.

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3. School Purchasing Program

None

4. School Food Service

Finding - #2023-005

During our review of the Food Service Fund, it was noted that net cash resource 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.

Finding - #2023-006 (Repeat Finding from the year from year ending June 30, 2022)

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed.

Reimbursement claims were not submitted/certified in a timely manner. As a result, the NJDOE did not reimburse the school for one months claim.

Recommendation

The school implements procedures to ensure timely submission of reimbursement claims.

5. Student Body Activities

None

6. Application for State aid

N/A to Charter Schools

7. Charter School Enrollment System (CHE)

None

8. Pupil Transportation

N/A to Charter Schools

9. Miscellaneous

None

10. Facilities and Capital Assets

None

**BELOVED COMMUNITY CHARTER SCHOOL
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11. Status of Prior Year's Findings Recommendations

In accordance with *Government Auditing Standards*, my procedures included a review of the prior year audit recommendations including findings. Corrective action had not been taken on the following findings which are repeated in this years report:

Finding #2020-001 (Finding #2021-001, Finding #2022-001, Finding #2023-001), Finding #2022-002 (Finding #2023-002), Finding #2022-003 (Finding #2023-003), Finding #2022-004 (Finding #2023-004) and Finding #2022-007 (Finding #2023-006)