

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2023**

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

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LERCH, VINCI & BLISS, LLP

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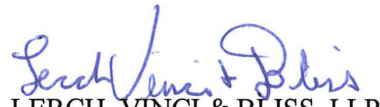
INDEPENDENT AUDITOR'S MANAGEMENT REPORT


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, 2023, and have issued our report thereon dated January 24, 2024.

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 & BLISS, LLP
Certified Public Accountants
Public School Accountants


Andrew D. Parente
Public School Accountant
PSA Number CS00224600

Fair Lawn, New Jersey
January 24, 2024

**ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
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, 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 Annual Comprehensive Financial Report ("ACFR").

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 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, 2023**

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).

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 ACFR. This section of the ACFR 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 ACFR.

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 ACFR. This section of the ACFR 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.

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.

ROBERT TREAT ACADEMY CHARTER SCHOOL, INC.
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Financial Planning, Accounting and Reporting (Continued)

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 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 School's 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.

Finding 2023-1 – Our audit of contracts awarded through National Cooperative Purchasing agreements revealed the following:

- Notice of intent to award contract was not publicly advertised.
- Cost savings analysis was not completed.

Recommendation – Contracts awarded through National Cooperative Purchasing agreements be made in accordance with State purchasing guidelines.

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 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, 2023**

School Food Service (Continued)

We also inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditure of school food service revenues were limited to allowable direct and indirect costs.

Non-program foods were purchased, prepared, sold or offered for sale, provide one of the following comments:

- The Statement of Revenues, Expenses, and Changes in Fund Net Assets (ACFR Schedule B-5) does separate program and non-program revenue and program and non-program cost of goods sold.

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.

Net cash resources did exceed three months average expenditures. We noted the District approved and implemented a corrective action plan in 2022/2023 to eliminate the excess in net cash resources. The District indicated such plan will take more than one year to be fully implemented and to eliminate the excess in net cash resources that exists at June 30, 2023.

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

Charter School Enrollment System/Charter School Aid

Our audit procedures included a test of enrollment information reported on October 15, 2022, 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, 2023
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, 2023**

Net Cash Resources:

Current Assets

Cash and Cash Equivalents	\$	551,577
Intergovernmental Receivable		40,858

Current Liabilities

Less:

Unearned Revenue		(3,966)
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Net Cash Resources	\$	588,469
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Adjusted Total Operating Expense:

Total Operating Expenses	\$	701,874
Less Depreciation		(7,028)

Adjusted Total Operating Expense	\$	694,846
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<u>Average Monthly Operating Expense:</u>	\$	69,485
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<u>Three Times Monthly Average:</u>	\$	208,454
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Total Net Cash Resources	\$	588,469
Three Times Monthly Average		208,454

Net Cash Resources Exceeds Three Month Average Expenses	\$	380,015
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Robert Treat Academy Charter School
 Application for Charter School Aid
 Enrollement Count as of October 15, 2022

SCHEDULE OF AUDITED ENROLLEMENTS:

Grades	<u>Submission to DOE Reported on Roll</u>	<u>Reported on Workpapers</u>	<u>Errors</u>	<u>A-L Sample Selected</u>	<u>Verified Signed Registration</u>	<u>Errors</u>	<u>Verified # of Days Enrolled</u>	<u>Errors</u>
K	81	80	1	29	29	-	29	-
1	82	82	-	29	29	-	29	-
2	77	77	-	27	27	-	27	-
3	82	82	-	29	29	-	29	-
4	77	77	-	27	27	-	27	-
5	77	78	(1)	27	27	-	27	-
6	75	75	-	26	26	-	26	-
7	75	75	-	26	26	-	26	-
8	66	66	-	22	22	-	22	-
Total	692	692	-	242	242	-	242	-

Grades	<u>A-L Special Ed</u>	<u>Verified Documenation</u>	<u>Errors</u>	<u>A-L Low Income</u>	<u>Verified Documentation</u>	<u>Errors</u>
K	1.0	1.0	-	22	22	-
1	1.0	1.0	-	23	23	-
2	2.0	2.0	-	22	22	-
3	2.0	2.0	-	21	21	-
4	1.0	1.0	-	19	19	-
5	2.0	2.0	-	20	20	-
6	3.0	3.0	-	17	17	-
7	3.0	3.0	-	18	18	-
8	1.0	1.0	-	18	18	-
Total	16	16	-	180	180	-

Robert Treat Academy Charter School
 Application for Charter School Aid
 Enrollement Count as of June 30, 2023

SCHEDULE OF AUDITED ENROLLEMENTS:

Grades	<u>Submission to DOE Reported on Roll</u>	<u>Reported on Workpapers</u>	<u>Errors</u>	<u>M-Z Sample Selected</u>	<u>Verified Signed Registration</u>	<u>Errors</u>	<u>Verified # of Days Enrolled</u>	<u>Errors</u>
K	83	83	-	33	33	-	33	-
1	83	83	-	29	29	-	29	-
2	82	82	-	28	28	-	28	-
3	83	83	-	30	30	-	30	-
4	84	84	-	30	30	-	30	-
5	80	80	-	28	28	-	28	-
6	79	79	-	28	28	-	28	-
7	75	75	-	27	27	-	27	-
8	66	66	-	22	22	-	22	-
Total	715	715	-	255	255	-	255	-

Grades	<u>M-Z Special Ed</u>	<u>Verified Documenation</u>	<u>Errors</u>	<u>M-Z Low Income</u>	<u>Verified Documentation</u>	<u>Errors</u>
K	2	2	-	23	23	-
1	4	4	-	24	24	-
2	5	5	-	23	23	-
3	3	3	-	23	23	-
4	3	3	-	20	20	-
5	3	3	-	21	21	-
6	3	3	-	22	22	-
7	2	2	-	20	20	-
8	1	1	-	17	17	-
Total	26	26	-	193	193	0

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

I. Administration Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

There are none.

III. School Purchasing Program

1. It is recommended that contracts awarded through National Cooperative Purchasing agreements be made in accordance with State purchasing guidelines.

IV. Food Service Fund

There are none.

V. Charter School Enrollment System/Charter School Aid

There are none.

VI. Facilities and Capital Assets

There are none.

VII. Miscellaneous

There are none.


VIII. 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 & BLISS, LLP



Andrew D. Parente
Public School Accountant
Certified Public Accountant