

**OCEAN ACADEMY CHARTER SCHOOL**

**COUNTY OF OCEAN, NEW JERSEY**

**AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS  
FINANCIAL, COMPLIANCE AND PERFORMANCE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS  
FINANCIAL, COMPLIANCE AND PERFORMANCE

TABLE OF CONTENTS

Report of Independent Auditor	1
Scope of Audit	2
Administrative Practices and Procedures	2
Insurance	2
Official Bonds	2
Tuition Charges	N/A
Financial Planning, Accounting and Reporting	2-4
Examination of Claims	2
Payroll Account and Employee Position Control Roster	2-3
Reserve for Encumbrances and Accounts Payable	3
Classification of Expenditures	4
General Classifications	4
Administrative Classifications	4
Board Secretary's Records	4
Treasurer's Records	4
Elementary and Secondary Education Act as amended by the Every Student Succeeds Act (ESSA)	4
Other Special Federal and/or State Projects	4
T.P.A.F. Reimbursement	5
School Purchasing Programs	5-6
Contracts and Agreements Requiring Advertisement for Bids	5-6
School Food Service	6-7
Student Body Activities	7
Enrollment Counts and Submissions to the Department	7
Pupil Transportation	N/A
Facilities and Capital Assets	N/A
Miscellaneous	7
Follow-up on Prior Year Findings	7
Acknowledgment	8
Schedule of Meal Count Activity	N/A
Net cash resource schedule	N/A
Schedules of Audited Enrollments	9-10
Excess Surplus Calculation	N/A
Audit Recommendation Summary	11-12



## REPORT OF INDEPENDENT AUDITOR

Honorable President and  
Members of the Board of Trustees  
Ocean Academy Charter School  
County of Ocean, New Jersey

We 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 Ocean Academy Charter School in the County of Ocean for the year ended June 30, 2023, and have issued our report thereon dated December 5, 2023.

As part of our audit, we performed procedures required by the New Jersey Department of Education, 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 Ocean Academy Charter School's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

Jump, Perry and Company, L.L.P.  
Toms River, New Jersey

Kathryn Perry, Partner  
Public School Accountant  
No. CS 20CS00226400

December 5, 2023

## **ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE**

### **Scope of Audit**

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

### **Administrative Practices and Procedures**

#### **Insurance**

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the charter school ACFR.

#### **Official Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Valarie Smith	Board Secretary	\$ 180,000

There is a Public Employees' Faithful Performance Blanket Position Bond covering all other employees with multiple coverage of \$500,000.

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 Chapter 44 summary report was reviewed for reasonableness and timeliness.

The charter school data certification was not completed by the chief school administrator. The charter school Chapter 44 data was not submitted timely.

#### **Tuition Charges**

N/A

### **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 Account**

The net salaries of all employees of the Charter 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 were approved by the Head of School/Board Secretary and were certified by the President of the Board, and the Business Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits.

## **Financial Planning, Accounting and Reporting (cont'd)**

### **Payroll Account (cont'd)**

Payrolls were delivered to the secretary of the board who then deposited with warrants in separate bank accounts for net payroll and withholdings.

### **Employee Position Control Roster**

A review of the Position Control Roster was made and found proper and consistent financial reporting, and that employee benefits are offered only to current employees and their eligible relations.

### **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.

### **Travel Expense and Reimbursement Policy**

Travel regulations require each District to adopt a formal policy and procedure pertaining to travel and expense reimbursement for its employees and board members. The regulations require the District to establish a maximum travel for the year and to ensure that the maximum is not exceeded. The regulations also require that all travel be preapproved by the Board of Education and that the approval must be itemized by event, event total cost, and individuals attending.

No findings.

### **Findings 2023-001 (ACFR Finding 2023-001):**

During our review of the charter school's records, it was noted that travel expenditures did not have prior approval by a majority of the full voting membership of the Board.

### **Recommendations:**

It is recommended that travel expenditures have prior approval by a majority of the Board.

### **Findings 2023-002**

The charter school did not obtain written approval of the Executive County Superintendent for a travel events that exceeded \$5,000 as required by N.J.A.C. 6A:23A-5.9.

### **Recommendations:**

The charter school should implement a process for submitting request for approval to the Executive County Superintendent at least 10 working days in advance of a travel event with a total cost exceeding \$5,000.

## **Financial Planning, Accounting and Reporting (cont'd)**

### **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 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, a transaction error rate of 0.0 percent overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

### **Board Secretary's Records**

Our review of the financial and accounting records maintained by the board secretary disclosed the following items.

#### **Findings 2023-003:**

During our review of the charter school's records, it was noted that charter school is not maximizing its efforts under the Special Education Medicaid Initiative (SEMI) Program for obtaining federal funding for special education services.

#### **Recommendations:**

It is recommended that charter school should establish procedures to ensure that it maximizes its efforts under SEMI for obtaining federal reimbursement for special education services

### **Treasurer's Records**

The following items were noted during our review of the records of the board secretary.

No findings.

## **Elementary and Secondary Education Act (E.S.E.A.) as amended by the 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 projects under the Titles I and VI of the Elementary and Secondary Education Act as amended and preauthorized.

### **Other Special Federal and/or State Projects**

The Charter School's Special Projects were approved as listed on Schedule K-3 and Schedule 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 Single Audit Section of the ACFR. This section of the ACFR documents the financial position pertaining to the aforementioned special projects.

## **T.P.A.F. Reimbursement**

Our audit procedures included a test of quarterly reimbursement filed with the Department of Education for district employees who are members of the Teacher's 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(s) 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 subsequent to the end of the 60 day grant liquidation period, but prior to the 90 days required by the Office of Grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

## **School Purchasing Programs**

### **Contracts and Agreements Requiring Advertisement for Bids**

*N.J.S.A. 18A:18A-3* states:

1. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the Board of Education without public advertising for bids and bidding therefore, except that the Board of Education may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. 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 of Education may establish that the bid threshold may be up to \$25,000. 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.
2. Commencing in the fifth year after the year in which P.L.1999,c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of the Treasury, shall adjust the threshold amount and the higher threshold amount which the Board of Education is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in *N.J.S.A. 18A:18A-2*, and shall round the adjustment to the nearest \$1,000. The Governor shall notify all local school districts of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made.

Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection a. of *N.J.S.A. 18A:18A-5* may be awarded for a period not exceeding 12 consecutive months.

*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 board of education to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law."

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 2022-2023.

**School Purchasing Programs (cont'd)**  
**Contracts and Agreements Requiring Advertisement for Bids (cont'd)**

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where questions arise 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.

The results of our examination indicated that no individual payment, contracts, or agreements were 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 provisions 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.

**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. Required comments for a School Food Service Program that has not been audited as a major program, but has expended \$100,000 or more in federal and/or state support.

The school food service 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. No exceptions were noted.

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. No exceptions were noted.

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

Net cash resources did not exceed three months average expenditures.

Time sheets were reviewed, and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the board of education. No exceptions were noted.



### **School Food Service (cont'd)**

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 submitted/certified in a timely manner.

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. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review.

USDA Food Distribution Program (food and/or commodities) were received. No exceptions were noted.

### **Student Body Activities**

During our review of the student activity funds, no exceptions noted.

### **Enrollment Counts and Submission to the Department**

Our audit procedures included a test of enrollment information reported on October 14, 2022 and the last day of school for on-roll, special education, bilingual and low-income.

The Charter School maintained written procedures that appear to be adequate for the recording of student enrollment data.

### **Pupil Transportation**

N/A

### **Facilities and Capital Assets**

N/A

### **Miscellaneous**

### **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).

### **Follow-up on Prior Year Findings**

N/A

## **Acknowledgment**

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

**OCEAN ACADEMY CHARTER SCHOOL  
APPLICATION FOR CHARTER SCHOOL AID  
ENROLLMENT COUNT AS OF OCTOBER 14, 2022**

Grades	Submission to DOE reported		Errors	50% Verification required	Verified signed registration forms		Verified # days enrolled		Errors	Submission to DOE Reported Special Ed/		Verified		Verified # days Service Provided		Errors	Low	Verified	Errors
	On Roll	workpapers			documentation	Errors	Errors	Bilingual		documentation	Income	documentation							
Kindergarten	64	64	0	32	32	0	32	0	47	47	0	47	0	58	58	0			0
One	59	59	0	30	30	0	30	0	47	47	0	47	0	52	52	0			0
Two	62	62	0	31	31	0	31	0	50	50	0	50	0	57	57	0			0
Three	57	57	0	29	29	0	29	0	41	41	0	41	0	49	49	0			0
Four	60	60	0	30	30	0	30	0	33	33	0	33	0	54	54	0			0
Five	58	58	0	29	29	0	29	0	19	19	0	19	0	53	53	0			0
Six	57	57	0	29	29	0	29	0	24	24	0	24	0	53	53	0			0
Seven	33	33	0	17	17	0	17	0	14	14	0	14	0	32	32	0			0
<b>Total</b>	<b>450</b>	<b>450</b>	<b>0</b>	<b>227</b>	<b>227</b>	<b>0</b>	<b>227</b>	<b>0</b>	<b>275</b>	<b>275</b>	<b>0</b>	<b>275</b>	<b>0</b>	<b>408</b>	<b>408</b>	<b>0</b>			<b>0</b>
Percentage			0.0%			0%		0%			0%		0%			0%			0%

**OCEAN ACADEMY CHARTER SCHOOL  
APPLICATION FOR CHARTER SCHOOL AID  
ENROLLMENT COUNT AS OF LAST DAY OF SCHOOL**

Grades	Submission to DOE reported		Errors	50% Verification required	Verified signed registration forms		Errors	Verified # days enrolled	Errors	Submission to DOE Reported Special Ed/		Errors	Verified # days Service Provided	Errors	Low Income	Verified documentation		Errors
	On Roll	Reported on workpapers			Bilingual	Verified documentation				Income	documentation							
Kindergarten	64	64	0	32	32	0	32	0	46	46	0	46	0	57	57	0		
One	58	58	0	29	29	0	29	0	46	46	0	46	0	51	51	0		
Two	62	62	0	31	31	0	31	0	50	50	0	50	0	57	57	0		
Three	57	57	0	29	29	0	29	0	38	38	0	38	0	45	45	0		
Four	59	59	0	30	30	0	30	0	33	33	0	33	0	52	52	0		
Five	57	57	0	29	29	0	29	0	18	18	0	18	0	49	49	0		
Six	55	55	0	28	28	0	28	0	23	23	0	23	0	51	51	0		
Seven	33	33	0	17	17	0			13	13	0	13	0	32	32	0		
<b>Total</b>	<b>445</b>	<b>445</b>	<b>0</b>	<b>225</b>	<b>225</b>	<b>0</b>	<b>208</b>	<b>0</b>	<b>267</b>	<b>267</b>	<b>0</b>	<b>267</b>	<b>0</b>	<b>394</b>	<b>394</b>	<b>0</b>		
Percentage			0.0%			0%		0%			0%		0%			0%		

OCEAN ACADEMY CHARTER SCHOOL  
AUDIT RECOMMENDATION SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

It is recommended that:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

**Findings 2023-001 (ACFR Finding 2023-001):**

During our review of the charter school's records, it was noted that travel expenditures did not have prior approval by a majority of the full voting membership of the Board.

**Recommendations:**

It is recommended that travel expenditures have prior approval by a majority of the Board.

**Findings 2023-002:**

The charter school did not obtain written approval of the Executive County Superintendent for a travel events that exceeded \$5,000 as required by N.J.A.C. 6A:23A-5.9.

**Recommendations:**

The charter school should implement a process for submitting request for approval to the Executive County Superintendent at least 10 working days in advance of a travel event with a total cost exceeding \$5,000.

**Findings 2023-003:**

During our review of the charter school's records, it was noted that charter school is not maximizing its efforts under the Special Education Medicaid Initiative (SEMI) Program for obtaining federal funding for special education services.

**Recommendations:**

It is recommended that charter school should establish procedures to ensure that it maximizes its efforts under SEMI for obtaining federal reimbursement for special education services

3. School Purchasing Program

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

None

OCEAN ACADEMY CHARTER SCHOOL  
AUDIT RECOMMENDATION SUMMARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

It is recommended that (cont'd):

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Miscellaneous

None

10. Status of Prior Year Findings/Recommendations

N/A