

ACADEMY CHARTER HIGH SCHOOL
AUDITORS' MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS
FINANCIAL COMPLIANCE AND PERFORMANCE

YEAR ENDED JUNE 30, 2009

AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS FINANCIAL,
COMPLIANCE AND PERFORMANCE

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TAX IDENTIFICATION NUMBER: 22-3579508

Independent Auditor's Report

Honorable Chairperson and
Members of the Board of Trustees
Academy Charter High School
County of Monmouth
Lake Como, New Jersey

We have audited, in accordance with generally accepted auditing 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 Academy Charter High School, in the County of Monmouth for the year ended June 30, 2009, and have issued our report thereon dated October 30, 2009

As part of our audit, we 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 Academy Charter High Schools' Board of Trustee's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Edward P. Noble
Licensed Public School Accountant
Noble & Noble, LLP
20CS00245300
October 30, 2009

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:

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

Official Bonds (N.J.S.A.18A:17-26, 18a:17-32):

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Carol Scamorza	Business Manager/Board Secretary	\$150,000
Ralph Ciambrone	Treasurer	\$150,000

Tuition Charges:

A review of the financial statements indicated that the charter school charged no tuition for any student attending the charter school.

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 except as indicated below.

Finding:

Manual checks are signed by the Business Administrator and do not have a countersignature the same as electronically prepared checks.

Recommendation:

Recommend all manual checks have countersignatures.

Payroll Account

The net salaries of all employees of the Board 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 designee in the charter school and were certified by the President of the Board and the Board Secretary/Business Administrator.

Salary withholdings were promptly remitted to the proper agencies. Required certification (E-CERT1) was properly prepaid and timely filed as required by N.J.S.A. 18A:14.4.

Reserve for Encumbrances and Accounts Payable.

A review of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable, indicated there were no exceptions.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with the N.J.A.C.6A:23-2.2(F) and line item details as described in the Budget Summary Key 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. As a result of the procedures performed, a transaction error rate of less than 1% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

A. General Classification Findings: There were no exceptions

B. Administrative Classification Findings: There were no exceptions

Board Secretary's Records

Our review of the financial and accounting records maintained by the business office disclosed no exceptions.

E.S.E.A. and IASA

The E.S.E.A/NCLB financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary Education Act as amended and reauthorized.

The study of compliance indicated no areas of noncompliance and/or questionable costs.

Other Special Federal and/or State Projects (IDEA Part B, Character Education)

The charter school's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

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 CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

The study of compliance for the special projects indicated no areas of noncompliance.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements (electronic, but charter schools can print out the DOENET screen for an auditor) filed with the Department of Education for charter school employees who are members of the Teachers Pension and Annuity Fund.

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 website [<http://www.state.nj.us/njded/pscl/index.html>].

Effective July 1, 2005 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-3 (as amended) and 18A:39-3 is \$21,000 and \$15,000 respectively.

The charter school board of trustees 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.

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 provisions of N.J.S.A. 18A:18a-4, amended.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18a-5.

School Food Service

The financial transactions and statistical records of the school food services fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

The Charter School utilizes a food service management company and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34 and 19-1 through 19-4.1.

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.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure recorded 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.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all Food Service employees authorized by the Board of Trustees. No exceptions were noted.

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 on file, times the number of operating days on a school by school basis. The free and reduced price meal and free meal policy was reviewed for uniform administration throughout the school system. Sites approved to participate in provisions 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.

Food Distribution Program commodities were received and a separate inventory was maintained on a first-in, first-out basis. No exceptions were noted. Exhibits reflecting child Nutrition Program operations are included in the section entitled Enterprise Funds of the CAFR.

Enrollment counts and submissions to the Department

Our audit procedures included a test of enrollment information reported on October 15, and the last day of school for on-roll, special education, bilingual and low income. We also sampled food program enrollment.

Findings:

A number of enrollment forms for test items had been misfiled, though located and reviewed and without exception.

Recommendation:

We recommend that the integrity of enrollment records be maintained and each record properly filed.

Follow-up on Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Corrective action had been taken on all prior year findings.

Acknowledgment

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

Edward P. Noble
Licensed Public School Accountant
20CS00245300
Noble and Noble, LLP
October 30, 2009

October 15, 2008

Schedule of Audited Enrollments

Grades	Submission to DOE reported on roll	Reported on work papers	Verified Signed Registration Forms	Verified no. of Days Enrolled	Errors	0.0%	Spec Ed/ Bilingual	Verified Document ation	Errors	0.0%	Verified No. of Days Service Provided	Errors	Low Income	Food Program		#DIV/0!
														Verified Document ation	Errors	
18-Oct-08																
Nine	42	21	21	0	21	0.0%	8	8	0	0.0%	8	0	0	0	0	0
Ten	53	27	27	0	27	0.0%	2	2	0	0.0%	2	0	0	0	0	0
Eleven	50	25	25	0	25	0.0%	2	2	0	0.0%	2	0	0	0	0	0
Twelve	50	25	25	0	25	0.0%	2	2	0	0.0%	2	0	0	0	0	0
Total	195	98	98	0	98	0.0%	14	14	0	0.0%	14	0	0	0	0	0
Percentage																

Last Day of School Year 2009

Schedule of Audited Enrollments

Grades	Submission to DOE reported on roll	Reported on work papers	Verified Signed Registration Forms	Verified no. of Days Enrolled	Errors	0.0%	Spec Ed/ Bilingual	Verified Document ation	Errors	0.0%	Verified No. of Days Service Provided	Errors	Low Income	Food Program		#DIV/0!
														Verified Document ation	Errors	
Last Day of School																
Nine	47	26	26	0	26	0.0%	3	3	0	0.0%	3	0	0	0	0	0
Ten	56	29	29	0	29	0.0%	5	5	0	0.0%	5	0	0	0	0	0
Eleven	54	29	29	0	29	0.0%	5	5	0	0.0%	5	0	0	0	0	0
Twelve	50	25	25	0	25	0.0%	3	3	0	0.0%	3	0	0	0	0	0
Total	207	109	109	0	109	0.0%	16	16	0	0.0%	16	0	0	0	0	0
Percentage																

Schedule of Meal Count Activity
 Academy Charter High School
 Number for Meals Served and (Over) Underclaim
 Enterprise Fund

For the Fiscal Year June 30, 2009

Program	Meal Category	Meals Tested	Meals Verified	Difference	Rate Federal and State	(Over) Under Claim
National School						
Lunch	Free	18	18	0	\$2.69	\$0.00
Lunch	Reduced	4	4	0	\$2.29	\$0.00
National School						
Breakfast	Free	59	59	0	\$1.50	\$0.00
Breakfast	Reduced	9	9	0	\$1.20	\$0.00

Not a major program with limited sample results as shown

See accountants report