

**EMPOWERMENT ACADEMY
CHARTER SCHOOL
AUDITORS MANAGEMENT REPORT
ON ADMINISTRATIVE FINDINGS
FINANCIAL COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**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
Empowerment Academy 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 Empowerment Academy Charter School, in the County of Hudson, for the year ended June 30, 2024 and have issued my report thereon dated December 26, 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 issued in conjunction with the Annual Comprehensive Financial Report of the Board of Trustees of the Empowerment Academy Charter School, for the fiscal year ended June 30, 2024, and is intended for the information of the 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.

Licensed Public School Accountant No. 20CS00206400



Gerald D. Longo
Certified Public Accountant

December 26, 2024

ADMINISTRATIVE FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator, the Treasurer of School Monies, 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	\$180,000

P.L.2020,c.44

My 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 reportable noncompliance 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.

Sampled payrolls were approved by the President of the Board and the Board Secretary/Business Administrator.

Sampled Salary withholdings were promptly remitted to the proper agencies, including health benefit withholding due to the general fund.

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

Encumbrances and Accounts Payable

A sample of outstanding issued purchase orders was made as of June 30, 2024 for proper classification of orders as encumbrances and accounts payable. My sample did not indicate any reportable noncompliance with respect to classification of orders.

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 sampled expenditure transactions. I also tested the coding of all expenditures included in my compliance and single audit sampling 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*. My samples did not indicate any reportable noncompliance with respect to classification of expenditures.

Board Secretary's Records

My audit of the financial statements and accounting records maintained by the Board Secretary indicated that they were in satisfactory condition.

Treasurer's Records

My audit of the financial statements and accounting records maintained by the Treasurer indicated that they were in satisfactory condition.

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.

My audit disclosed no areas of non-compliance.

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 sample 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.

Finding # 2024-001

The Charter School issued multiple purchase order for the same services to a vendor in lieu of distributing one purchase order for the annual provision of these services

Recommendation

Management must adhere to the Uniform Guidance Procurement Standards or N.J.S.A 18A:18A-8 Contracts Standards, whichever is most restrictive, when obtaining services and provide reasonable assurance that the entity is managing the federal award.

Management Response

The Charter School has already implemented the designed controls for purchasing related to the federal award.

T.P.A.F. Reimbursement

My audit procedures included a sample of the biweekly reimbursements filed with the Department of Education for the Empowerment Academy 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 the school contracts in general, are available on the following website:
https://nj.gov/dca/dlgs/programs/NJ_LAPL.shtml

Current statute is posted on the New Jersey Legislature website at: <http://www.njleg.state.nj.us/>

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$44,000.00 (with a Qualified Purchasing Agent) and \$32,000.00 (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 \$22,400 for 2023-24.

The Charter School's Members of the Board of Trustees 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.

The system of records did not provide for an accumulation of payments, contracts, or agreements for categories for the performance of any work or the furnishing of any materials or supplies, as a result, such an accumulation could not reasonable be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Finding #2024-002

Our audit of Charter School contracts subject to the provisions of the Public School Contracts Law (PSCL) indicated the following:

- The Charter School was unable to provide evidence that bids or quotes were obtained for various vendors.
- The Charter School issued multiple purchase orders for the same services to vendors in lieu of distributing one purchase order for the provision of the services.

Recommendation

The Charter School must adhere to the Public School Contracts Law when obtaining goods and services.

Management Response

The Charter School has already established procedures to ensure all applicable provisions of the Public School Contracts Law are adhered to.

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.

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 FSMC Cost Reimbursable Fixed Price were reviewed and audited. The FSMC contract includes an operating results provision which does not guarantee that the food service program will break even, return a profit, or incur a loss less than

a certain amount. The operating results provision has been met. 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. 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 not exceed three months average expenditures.

Time sheets were reviewed and labor costs verified on staff employed by the FSMC. No exceptions were noted.

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. Reimbursement claims were submitted in a timely manner. No exceptions were noted.

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. 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

The Charter School does not have any student activity funds.

ENROLLMENT COUNTS AND SUBMISSIONS TO THE DEPARTMENT

My audit procedures included a sample of enrollment information on October 15, 2023, and the last day of school for on roll, special education, bilingual and low-income. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

FACILITIES AND CAPITAL ASSETS

My audit of the financial and accounting records for facilities and capital assets indicated that they were in satisfactory condition.

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

In accordance with *Government Auditing Standards*, my procedures included a review of all prior year audit recommendations including findings. Corrective action has been taken on all prior year findings.

Office of Fiscal Accountability and Compliance (OFAC) Findings

A collaborative monitoring audit was performed by NJ DOE and an audit report was issued in October 2024 covering various federal programs.

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, appearing to read "Gerald D. Longo". The signature is written in a cursive style with a large initial 'G' and a long, sweeping tail.

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

EMPOWERMENT ACADEMY CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF OCTOBER 15, 2023

1		2		2a		2b		2c		3		3a		3b		4		4a	
ffff Grades	Submission to DOE reported	Reported on		50% Verification required 10/15/23	Verified signed registration forms	Errors	Verified # days enrolled	Errors	to DOE Reported		Verified		Verified # days		Low Income	Verified			
	On Roll	workpapers	Errors						Special Ed/ Bilingual	documentation	Errors	Service Provided	Errors	documentation		Errors			
Pre Kindergarten																			
Kindergarten	108	54	0	54	54	0	54	0	1	1	0	1	0		42	42	0		
One	125	63	0	63	63	0	63	0	2	2	0	2	0		45	45	0		
Two	124	62	0	62	62	0	62	0	4	4	0	4	0		46	46	0		
Three	118	59	0	59	59	0	59	0	3	3	0	3	0		40	40	0		
Four	123	62	0	62	62	0	62	0	10	10	0	10	0		52	52	0		
Five	120	60	0	60	60	0	60	0	8	8	0	8	0		46	46	0		
Six	109	55	0	55	55	0	55	0	9	9	0	9	0		46	46	0		
Seven	102	51	0	51	51	0	51	0	7	7	0	7	0		39	39	0		
Eight	125	63	0	63	63	0	63	0	2	2	0	2	0		56	56	0		
Nine	123	62	0	62	62	0	62	0	10	10	0	10	0		50	50	0		
Ten	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0		
Eleven	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0		
Twelve	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0		
Total	1177	591	0	591	591	0	591	0	56	56	0	56	0		462	462	0		
Percentage		0.0%				0%		0%				0%		0%				0%	

EMPOWERMENT ACADEMY 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>	
Grades	Submission to DOE reported On Roll	Reported on workpapers	Errors	50% Verification required 6/30/24	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 Kindergarten																	
Kindergarten	108	54	0	54	54	0	54	0	0	0	0	0	0	41	41	0	
One	125	62	0	62	62	0	62	0	2	2	0	2	0	44	44	0	
Two	124	62	0	62	62	0	62	0	3	3	0	3	0	46	46	0	
Three	118	59	0	59	59	0	59	0	2	2	0	2	0	39	39	0	
Four	123	61	0	61	61	0	61	0	10	10	0	10	0	51	51	0	
Five	120	60	0	60	60	0	60	0	7	7	0	7	0	46	46	0	
Six	109	54	0	54	54	0	54	0	8	8	0	8	0	46	46	0	
Seven	102	51	0	51	51	0	51	0	6	6	0	6	0	39	39	0	
Eight	125	62	0	62	62	0	62	0	2	2	0	2	0	56	56	0	
Nine	123	61	0	61	61	0	61	0	9	9	0	9	0	50	50	0	
Ten	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Eleven	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Twelve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total	1177	586	0	586	586	0	586	0	49	49	0	49	0	458	458	0	
Percentage			0.0%			0%		0%			0%		0%			0%	

EMPOWERMENT ACADEMY 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, 2024

<u>Net Cash Resources:</u>		Food Service Fund	
<u>ACFR Schedule</u>	Current Assets: *		
B-4	Cash & Cash Equivalents	\$ 197,058	
B-4	Accounts Receivable	34,876	
B-4	Due from Other Funds	15,653	
	Current Liabilities:		
B-4	Less: Accounts Payable	(100,638)	
B-4	Less: Due to Other Funds	-	
	Net Cash Resources	<u>\$ 146,949</u>	(A)
<u>Net Adjusted Total Operating Expenses:</u>			
B-5	Total Operating Expenses	\$ 726,372	
B-5	Less: Depreciation		
	Net Adjusted Total Operating Expenses	<u>\$ 726,372</u>	(B)
<u>Average Monthly Operating Expense:</u>			
	(B) / 10	<u>\$ 72,637</u>	(C)
<u>Three Months of Average Monthly Operating Expenses:</u>			
	(C) X 3	<u>\$ 217,912</u>	(D)

Net Cash Resource	\$ 146,949	(A)
Three Months of Average Monthly Operating Expense	217,912	(D)
Excess Cash Resource	<u>\$ (70,963)</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.

Net cash resources did not exceed three months of expenditures

EMPOWERMENT ACADEMY CHARTER SCHOOL
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM - FEDERAL
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE	(OVER) UNDER CLAIM
NATIONAL SCHOOL LUNCH	FREE	84,969	84,969	84,969	-	4.27	-
	REDUCED	9,011	9,011	9,011	-	3.87	-
	PAID	19,347	19,347	19,347	-	0.42	-
TOTAL		113,327	113,327	113,327			-
NATIONAL SCHOOL LUNCH	HHFKA - PB LUNCH ONLY	113,327	113,327	113,327	-	0.08	-
SCHOOL BREAKFAST	FREE	3,234	3,234	3,234	-	2.28	-
	FREE	47,814	47,814	47,814	-	2.73	-
	REDUCED	451	451	451	-	1.98	-
	REDUCED	4,757	4,757	4,757	-	2.43	-
	PAID	717	717	717	-	0.38	-
	PAID	17,276	17,276	17,276	-	0.38	-
TOTAL		74,249	74,249	74,249			-
AFTER SCHOOL SNACKS	FREE (AREA ELIGIBLE)	5,086	5,086	5,086	-	1.17	-
TOTAL		5,086	5,086	5,086			-

EMPOWERMENT ACADEMY CHARTER SCHOOL
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -STATE
ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE	(OVER) UNDE CLAIM
STATE REIMBURSEMENT	FREE	84,969	84,969	84,969	-	0.07	-
NATIONAL SCHOOL LUNCH	REDUCED	9,011	9,011	9,011	-	0.47	-
	PAID	19,347	19,347	19,347	-	0.06	-
TOTAL		<u>113,327</u>	<u>113,327</u>	<u>113,327</u>			<u>-</u>
	NJEIE	<u>873</u>	<u>873</u>	<u>873</u>	-	3.85	<u>-</u>
STATE REIMBURSEMENT	REDUCED	<u>5,208</u>	<u>5,208</u>	<u>5,208</u>	-	0.30	<u>-</u>
NATIONAL SCHOOL BREAKFAST							
	REDUCED	-	-	-	-	0.30	-
	NJEIE	25	25	25	-	1.90	-
	NJEIE	<u>297</u>	<u>297</u>	<u>297</u>	-	2.35	<u>-</u>
TOTAL		<u>322</u>	<u>322</u>	<u>322</u>			<u>-</u>
TOTAL NET OVERCLAIM							<u><u>0.00</u></u>

**EMPOWERMENT ACADEMY CHARTER SCHOOL
AUDIT SYNOPSIS RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Finding # 2024-001

The Charter School issued multiple purchase order for the same services to a vendor in lieu of distributing one purchase order for the annual provision of these services

Recommendation

Management must adhere to the Uniform Guidance Procurement Standards or N.J.S.A 18A:18A-8 Contracts Standards, whichever is most restrictive, when obtaining services and provide reasonable assurance that the entity is managing the federal award.

3. School Purchasing Program

Finding #2024-002

Our audit of Charter School contracts subject to the provisions of the Public School Contracts Law (PSCL) indicated the following:

- The Charter School was unable to provide evidence that bids or quotes were obtained for various vendors.
- The Charter School issued multiple purchase orders for the same services to vendors in lieu of distributing one purchase order for the provision of the services.

Recommendation

The Charter School must adhere to the Public School Contracts Law when obtaining goods and services.

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

N/A to charter schools.

**EMPOWERMENT ACADEMY CHARTER SCHOOL
AUDIT SYNOPSIS RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

Corrective action has been taken on all prior year findings.