

**PEOPLE'S ACHIEVE COMMUNITY 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 AUDITOR

The Honorable Chairperson and
Members of the Board of Trustees
People's Achieve Community Charter School
County of Essex
Newark, 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 People's Achieve Community Charter School, in the County of Essex, for the year ended June 30, 2024 and have issued my report thereon dated March 17, 2025.

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 People's Achieve Community 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

March 17, 2025

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	\$250,000

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 indicated the following reportable noncompliance with respect to signatures, certification or supporting documentation.

Finding - #2024-001

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 as follows:

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.

Management Response

Management will develop and ensure internal control procedures will be put into place to properly document expenditures.

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 indicated the following reportable noncompliance with respect to classification of expenditures.

Finding #2024-002

During my test of transactions, it was noted that there were several misclassifications of general and administrative expenditures. Subsequently, the expenditure and related appropriation were reclassified prior to the issuing of the report.

Recommendation

It is recommended that the Charter School reference The Uniform Minimum Chart of Accounts for New Jersey Public Schools and other available reference materials, such as the Budget Guidelines for the proper classifications required to be in compliance with *N.J.A.C. 6A:23A-16.2(f)*.

Management Response

Management will ensure that expenditures are properly classified and appropriated according to the reference material guidelines.

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 with the following exceptions:

Finding #2024-003

The general ledger was not maintained and reconciled to subsidiary records on a timely basis in accordance with NJ SA 18A17-9.

Recommendation

The charter school subsidiary ledgers should be prepared and reconciled monthly to the General Ledger on a current basis to ensure the accuracy of all financial reports.

Management Response

Management will ensure that balance sheet accounts are reconciled accurately and promptly on a monthly basis.

Finding - #2024-004

It was noted that the ledgers required excessive journal entries to achieve proper presentation of the financial activity in the financial statements.

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.

Management Response

Management will ensure procedures will be put into place to reduce the need for journal entries in the production of accurate internal financial statements.

Treasurer's Records

My audit of the financial statements and accounting records maintained by the Treasurer indicated that they were in satisfactory condition with the following exception:

Finding #2024-005

The Treasurer's records were not in agreement with the monthly records of the Board Secretary.

Recommendation

The Treasurer should reconcile cash records with the reconciled bank statements and the cash records of the Board Secretary on a monthly basis.

Management Response

The charter school will ensure procedures will be developed and put into place ensuring cash accounts are reconciled accurately and promptly with the Board Secretary on a monthly 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 audit of compliance for E.S.E.A. did not indicate any reportable noncompliance.

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.

The audit of compliance for the special projects indicated the following:

Finding - #2024-006

My audit of the multiple grants under the American Rescue Plan Act indicated the following exceptions per Uniform Guidance 2 CFR.200.430.

- Time and activity reports of employees charged to the grant during the year were not available.
- The Charter School Board minutes did not include the approval of all employees paid with American Rescue Plan Act funds.

Recommendation

The charter school should ensure that federally funded employee salaries have a completed semi-annual or monthly time and activity certification and signed by the employee and a supervisory official. In addition, the charter school should institute policies and procedures to ensure all Board minutes clearly delineate the names, percentage of time spent on program, and position titles of all staff members whose salaries and benefits are funded with federal monies.

T.P.A.F. Reimbursement

My audit procedures included a sample of the biweekly reimbursements filed with the Department of Education for the People's Achieve Community Charter School who are members of the Teachers Pension and Annuity Fund (TPAF). This is

the initial year of People's Achieve Community Charter School and collection of the reimbursement is awaiting pension registration and guidance from the Department of Education. However, the following exception was noted:

Finding # 2024-007

The charter school was not submitting biweekly reimbursements in a timely manner.

Recommendation

The charter school should ensure that reimbursements for employees who are members of the TPAF are compiled and submitted biweekly to the Department of Education.

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.

This is the initial year of People's Achieve Community Charter School and the charter school has reserved for this amount while awaiting pension registration and guidance from the Department of Education on this matter. The following exception is noted.

Finding #2024-008

I observed that the charter school properly determined the amount of the TPAF/FICA to be reimbursed to the State as of June 30, 2024 and the amount has been reserved. The amount remains unpaid to the State by the date of this report pending guidance from the Department of Education.

Recommendation

It is recommended that the reimbursement amount be paid immediately when authorized and be paid timely in the future, no later than 90 days after the grant liquidation period.

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.

Based on the results of my audit, 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.

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 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, I 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.

I 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. Exceptions were not noted.

Non-program foods were not purchased, prepared, sold, or offered for sale.

Net cash resources did not exceed three months average expenditures.

I inquired of management about the public health emergency procedures that the charter school 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.

The charter school's food service provider is not an FSMC.

STUDENT BODY ACTIVITIES

My audit of the financial and accounting records for student activities indicated that they were in satisfactory condition.

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. There was no prior year findings. This is the initial year of People's Achieve Community Charter School.

Office of Fiscal Accountability and Compliance (OFAC) Findings

There were no Office of Fiscal Accountability and Compliance (OFAC) audit reports issued during the fiscal year ended June 30, 2024.

ACKNOWLEDGEMENT

I received the complete cooperation of all the officials of the charter 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 "L".

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

PEOPLE'S ACHIEVE COMMUNITY CHARTER SCHOOL
APPLICATION FOR CHARTER SCHOOL AID
ENROLLMENT COUNT AS OF OCTOBER 15, 2023

<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	Reported on		50% Verification required 10/15/23	Verified signed registration forms	Errors	Verified # days enrolled	Errors	to DOE Reported Special Ed/ Bilingual	Verified documentation	Errors	Verified # days Service Provided	Errors		Low Income	Verified documentation	Errors
	On Roll	workpapers	Errors														
Pre Kindergarten																	
Kindergarten	47	24	0	24	24	0	24	0	0	0	0	0	0		18	18	0
One	43	22	0	22	22	0	22	0	2	2	0	2	0		16	16	0
Two	57	29	0	29	29	0	29	0	1	1	0	1	0		20	20	0
Three	61	31	0	31	31	0	31	0	2	2	0	2	0		20	20	0
Four	52	26	0	26	26	0	26	0	2	2	0	2	0		15	15	0
Five	56	28	0	28	28	0	28	0	3	3	0	3	0		26	26	0
Six	64	32	0	32	32	0	32	0	4	4	0	4	0		22	22	0
Seven	55	28	0	28	28	0	28	0	4	4	0	4	0		21	21	0
Eight	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0
Nine	112	56	0	56	56	0	56	0	4	4	0	4	0		41	41	0
Ten	64	32	0	32	32	0	32	0	2	2	0	2	0		21	21	0
Eleven	62	31	0	31	31	0	31	0	5	5	0	5	0		20	20	0
Twelve	74	37	0	37	37	0	37	0	0	0	0	0	0		26	26	0
Total	747	376	0	376	376	0	376	0	29	29	0	29	0		266	266	0
Percentage			0.0%			0%		0%			0%		0%				0%

PEOPLE'S ACHIEVE 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 6/30/24		registration forms	Errors	days enrolled	Errors	Special Ed/ Bilingual	documentation	Errors	Service Provided	Errors	Income	documentation	Errors
Pre Kindergarten																	
Kindergarten	47	23	0	23		23	0	23	0	0	0	0	0	0	17	17	0
One	43	21	0	21		21	0	21	0	1	1	0	1	0	16	16	0
Two	57	28	0	28		28	0	28	0	1	1	0	1	0	19	19	0
Three	61	30	0	30		30	0	30	0	1	1	0	1	0	19	19	0
Four	52	26	0	26		26	0	26	0	1	1	0	1	0	15	15	0
Five	56	28	0	28		28	0	28	0	3	3	0	3	0	25	25	0
Six	64	32	0	32		32	0	32	0	3	3	0	3	0	22	22	0
Seven	55	27	0	27		27	0	27	0	4	4	0	4	0	20	20	0
Eight	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0
Nine	112	56	0	56		56	0	56	0	4	4	0	4	0	41	41	0
Ten	64	32	0	32		32	0	32	0	2	2	0	2	0	21	21	0
Eleven	62	31	0	31		31	0	31	0	4	4	0	4	0	19	19	0
Twelve	74	37	0	37		37	0	37	0	0	0	0	0	0	26	26	0
Total	747	371	0	371		371	0	371	0	24	24	0	24	0	260	260	0
Percentage			0.0%				0%		0%			0%		0%			0%

PEOPLE'S ACHIEVE COMMUNITY CHARTER SCHOOL
NET CASH RESOURCE SCHEDULE
Net cash resources did not exceed three months of expenditures
Proprietary Funds - Food Service
FYE June 30, 2024

NOT APPLICABLE

**PEOPLE'S ACHIEVE COMMUNITY 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

It was noted that several invoices paid during the year which were selected randomly for my testing did not contain vendor certifications 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 #2024-002

During my test of transactions, it was noted that there were several misclassifications of general and administrative expenditures. Subsequently, the expenditure and related appropriation were reclassified prior to the issuing of the report.

Recommendation

It is recommended that the Charter School reference The Uniform Minimum Chart of Accounts for New Jersey Public Schools and other available reference materials, such as the Budget Guidelines for the proper classifications required to be in compliance with N.J.A.C. 6A:23A-16.2(f).

Finding #2024-003

The general ledger was not maintained and reconciled to subsidiary records on a timely basis in accordance with NJ SA 18A17-9.

Recommendation

The charter school subsidiary ledgers should be prepared and reconciled monthly to the General Ledger on a current basis to ensure the accuracy of all financial reports.

**PEOPLE'S ACHIEVE COMMUNITY CHARTER SCHOOL
AUDIT SYNOPSIS RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Finding - #2024-004

It was noted that the ledgers required excessive journal entries to achieve proper presentation of the financial activity in the financial statements.

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 #2024-005

The Treasurer's records were not in agreement with the monthly records of the Board Secretary.

Recommendation

The Treasurer should reconcile cash records with the reconciled bank statements and the cash records of the Board Secretary on a monthly basis.

Finding - #2024-006

My audit of the multiple grants under the American Rescue Plan Act indicated the following exceptions per Uniform Guidance 2 CFR.200.430

- Time and activity reports of employees charged to the grant during the year were not available.
- The Charter School Board minutes did not include the approval of all employees paid with American Rescue Plan Act funds.

Recommendation

The charter school should ensure that federally funded employee salaries have a completed semi-annual or monthly time and activity certification and signed by the employee and a supervisory official. In addition, the charter school should institute policies and procedures to ensure all Board minutes clearly delineate the names, percentage of time spent on program, and position titles of all staff members whose salaries and benefits are funded with federal monies.

Finding # 2024-007

The charter school was not submitting biweekly reimbursements in a timely manner.

Recommendation

The charter school should ensure that reimbursements for employees who are members of the TPAF are compiled and submitted biweekly to the Department of Education.

**PEOPLE'S ACHIEVE COMMUNITY CHARTER SCHOOL
AUDIT SYNOPSIS RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Finding #2024-008

I observed that the charter school properly determined the amount of the TPAF/FICA to be reimbursed to the State as of June 30, 2024 and the amount has been reserved. The amount remains unpaid to the State by the date of this report pending guidance from the Department of Education.

Recommendation

It is recommended that the reimbursement amount be paid immediately when authorized and be paid timely in the future, no later than 90 days after the grant liquidation period.

3. School Purchasing Program

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

N/A to charter schools.

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

There were no prior year findings. This is the initial year of People's Achieve Community Charter School.