

**BOARD OF TRUSTEE'S**  
**CAMDEN'S PROMISE CHARTER SCHOOL, INC.**  
**COUNTY OF CAMDEN**  
**AUDITOR'S MANAGEMENT REPORT ON**  
**ADMINISTRATIVE FINDINGS-**  
**FINANCIAL, COMPLIANCE AND PERFORMANCE**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2015**

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November 27, 2015

## REPORT OF INDEPENDENT AUDITORS

Honorable President and  
Members of the Board of Trustee's  
Camden's Promise Charter School, Inc.  
County of Camden, 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 Board of Trustee's of the Camden's Promise Charter School, Inc. in the County of Camden for the year ended June 30, 2015, and have issued our report thereon dated November 27, 2015.

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 Camden Promise Charter School's 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.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**



Raymond Colavita, C.P.A., R.M.A.  
Licensed Public School Accountant  
No. 915

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

**Scope of Audit**

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, the activities of the Board of Trustee's, the records of the various funds under the auspices of the Board of Trustee's.

**Administrative Practices and Procedures**

**Insurance**

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule, contained in the district's **CAFR**

**Official's Bonds**

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Richelle Baughn	School Board Administrator/Board Secretary	\$ 50,000
Jeannie Scott	Treasurer of School Monies	475,000

There is a Blanket Employee Dishonestly Bond with Selective Insurance covering all employees with coverage of \$100,000. Adequacy of insurance coverage is the responsibility of the Board of Trustee's.

The Treasurer of School Monies was bonded in accordance with provisions of Title 18A:17-32 and within the minimum limits of the schedule promulgated by the State.

**Tuition Charges**

A review of the financial statements indicated that the charter school charged no tuition for any student attending the charter school. In addition, there were no proceeds for a before/after school program to be accounted for in the Enterprise Fund.

**District Internal Control Policies**

District boards of education and administration are responsible for developing internal controls policies and procedures and maintaining a strong internal control environment. NJAC 6A:23A-6.4 requires that the district's internal control policies include specific requirements at NJAC 6A:23A-6.5 through 6.13.

All Internal Control Policies were found in accordance with NJAC 6A:23A-6.5 through 6.13.

## **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 and Position Control Roster**

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 Superintendent and were certified by the President of the Board and the School Business Administrator/Board Secretary, and the Chief School Administrator.

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

Payrolls were delivered to the treasurer of school moneys with a warrant made to her order for the full amount of each payroll.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (Superintendent and Business Administrator) to the N.J. Department of Treasury was filed by the March 15 due date.

### **Reserve for Encumbrances and Accounts Payable**

A review of outstanding issued purchase orders was made as of June 30, 2015 for proper classification of orders as reserve for encumbrances or accounts payable. This was accomplished by reviewing open purchase orders to determine whether goods were received or services were rendered as of June 30, 2015 and that no blanket purchase orders were included.

No exceptions were noted in a review of outstanding purchase orders as of June 30, 2015.

### **Classification of Expenditures**

The coding of expenditures was tested for proper classification in accordance with **N.J.A.C. 6A:23A-16.2(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. 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% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

***A. General Classification Findings - NONE***

***B. Administrative Classification Findings -None***

## **Financial Planning, Accounting and Reporting (Continued)**

### **Business Office Records**

Acknowledgment of the Board's receipt of the Board Secretary's and Treasurer's monthly financial reports was included in the minutes.

Monthly financial certificates of the Board Secretary and Board of Trustees for positive line item account status certifications (N.J.A.C. 6:2-2.13) were performed. Budgetary line item account transfers were approved monthly to cover any anticipated deficits.

The financial records and books of accounts maintained by the Secretary were in satisfactory condition except the following:

Purchase orders were charged to the appropriate line item accounts in accordance with the State prescribed **Uniform Minimum Chart of Accounts (2R2) for New Jersey Public Charter School.**

### **Treasurer's / Designee Records**

The Treasurer prepared cash reconciliations for the general operating account, payroll account and payroll agency account per N.J.S.A.18A:17-9.

All cash receipts were promptly deposited.

The Treasurer's records as adjusted were in agreement with the records of the Board Secretary, as of June 30, 2015.

The Treasurer filed her reports in a timely manner.

### **Finding 2015-1**

There were a number of adjustments to the general ledger that were required to be submitted as part of the audit.

### **Recommendation**

Prior to the year-end close out of the accounting system, various adjustments should be identified and recorded in the general ledger.

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

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for charter school employees who are members of the Teachers Pension and Annuity Fund.

### **TPAF Reimbursement to the State for Federal Salary Expenditures**

The reimbursement to the State for 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 N.J.S.A. 18A:66-90. Accordingly, the expenditure was made in accordance with State law (90 days) and properly reported as obligated and not expended and as an unliquidated balance in the current year's Final Report(s) for all federal awards.

### **Elementary and Secondary Education Act (E.S.E.A)/Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act of 2001**

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, II and III of the Elementary and Secondary Education Act as amended and reauthorized.

Our audit of E.S.E.A. 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 charter school's Special Projects were approved as listed on Schedule A and Schedule B located in the **CAFR**.

Obligations of federal grant awards and requests for reimbursement of expenditures against federal grants awards were examined and no exceptions noted.

The study of compliance for E.S.E.A. indicated no areas of noncompliance and/or questionable costs, except for the following:

#### **Finding 2015-2**

The General Ledger in the Special Revenue Fund was not sufficiently analyzed, in order to adjust the accounts receivable for the Title I program.

#### **Recommendation**

As part of the year end close out procedures, an additional review of the Title I Federal award receivable should be conducted, in order to provide complete and accurate balances for the District's financial statements.

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

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

Our audit of 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.

## Other Special Federal and/or State Projects (Continued)

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.

### 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 are available on the website: [http://www.state.nj.us/dca/divisions/dlgs/programs/ps\\_contracts.html](http://www.state.nj.us/dca/divisions/dlgs/programs/ps_contracts.html).

The current statute is posted on the New Jersey Legislature website at: [http://lis.njleg.state.nj.us/cgi-bin/om\\_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC\\_Frame\\_pg42](http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC_Frame_pg42)

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (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 currently \$18,300 for 2014-15.

The Charter School 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.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Based on the results of our examination, we 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.

The review of contracts and agreements did not disclose any area of statutory noncompliance.

The system of records did not provide for an accumulation of purchases for which the charter school 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 not identify any exceptions for purchases made through state contract.

The review of contracts and agreements did not disclose any areas of statutory noncompliance.

## **School Purchasing Programs (Continued)**

### **Contracts and Agreements Requiring Advertisement for Bids (Continued)**

Although a particular contract is exempt from the formal requirements of public advertising and competitive bidding, N.J.S.A. 18A:18A-37 requires that quotations be obtained, whenever practical, for any contract under the statutory bid threshold but 15 percent or more of the amount, except for contracts for professional services. All contracts and agreements, which are subject to quotations, shall be awarded on the basis of the lowest responsible quotation received, which is most advantageous to the Board of Trustees, price and other factors considered. Our examination indicated that the Board of Trustees complied with these provisions.

### **School Food Service**

The financial transactions and statistical records of the School Food Service were maintained in satisfactory condition. The financial accounts, meal and milk count records and eligibility applications were reviewed on a test-check basis. The meal service operations included providing meals on a satellite basis to the Camden Academy Charter High School and Camden's Pride Charter School, whereby costs as submitted by the food service management company were allocated between the Camden's Promise Charter School, Camden's Pride Charter School and the Camden Academy Charter High School.

Food service employees are provided by the outside food service management company and, therefore, no time sheets are required by the Board. In accordance with AICPA Statement on Auditing Standards (SAS) #70, as amended by SAS #88 and SSAE No. 16, a report on the Food Service Management Company's control structure, policies and procedures was received. This audit was performed by an independent audit firm.

Expenditures were 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 by an outside food service management company which provides and serves the daily meals.

The number of meals and milks claimed for reimbursement was verified against sales and meal count records. As part of the claims review process, the edit check worksheet was completed. Reimbursement vouchers appeared to be timely filed. While there were some minor problems noted regarding supporting documentation, the number of meals claimed generally agreed with meal count records.

Food Distribution Program commodities allocated to the Camden's Promise Charter School, Inc. was received and a single inventory was maintained by the food service management company on a first in, first out basis.

Applications for free and reduced price meals and free milks were reviewed for completeness and accuracy. The number of free and reduced price meals and free milks claimed as served for the entire school year did not exceed 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 milk policy is uniformly administered throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review. There was continued improvement in the handling of applications during the year under audit.

### **School Food Service (Continued)**

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G of the **CAFR**.

The charter school utilizes a food service management company, which is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-4.1. Provisions of the FSMC contract /addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program shall receive an annual financial return of \$70,000 for the 2014- 2015 school year. If the annual financial return for the food service program falls short of the aforementioned amount, the FSMC shall pay the difference to the District in an amount not to exceed 100% of the annual Management Fee. The FSMC reserves the right to recover any such reimbursement made during the current contract year from that year's Surplus on a monthly basis. This operating results provision has been met.

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. Net cash resources did not exceed three months average expenditures.

### **Student Body Activities**

The Board has a policy, which clearly established the regulation of student activity funds.

All deposits were identified and promptly deposited.

Monthly bank reconciliations of the Student Activity Fund account were adequately prepared.

### **Enrollment counts and submission to the Department**

Our audit procedures included a test of information reported on the Enrollment Counts for October 15 and the last day of school for on-roll, special education, bilingual and low income students. The details of our test results are included in this report in the *Schedule of Audited Enrollments*. We also performed a review of the School's procedures related to its completion.

Internal controls as they relate to the collection and submission of enrollment counts were documented and deemed marginal and as a result revised procedures were discussed and communicated during the audit process.

### **Facilities and Capital Assets**

Our procedures included a review of the EDA grant agreements, if any, for consistency with recording EDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction.

There were no EDA grant agreements for the fiscal year ending June 30, 2015.

On February 6, 2015, Serial Bonds were issued by the CCIA on behalf of the Camden's Charter School Network, with a portion of the funds utilized to refund the balance of debt on buildings transferred from Camden's Promise Charter School.

**Follow-up on Prior Years' Findings**

In accordance with Government Auditing Standards, which are applicable to NJ Charter Schools, our procedures included a review of all prior year audit recommendations, which indicate that corrective action has been taken on all prior year audit findings, with the exception of the following:

**Finding 2014-2**

The General Ledger in the Grant Fund was not sufficiently analyzed with regard to adjusting accounts receivable and unearned revenue for Title I. As a result, the necessary adjustments were reflected as part of the Audit.

**Acknowledgment**

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

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**



Raymond Colavita, C.P.A., R.M.A.  
Licensed Public School Accountant  
No. 915

**SCHEDULE OF AUDITED ENROLLMENTS**

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.  
APPLICATION FOR CHARTER SCHOOL AID  
ENROLLMENT COUNT AS OF OCTOBER 15, 2014**

<u>Grades</u>	<u>Submission to DOE Reported on Roll</u>	<u>Reported on Workpapers</u>	<u>Verified Signed Registration Forms</u>	<u>Errors</u>	<u>Verified # days Enrolled</u>	<u>Errors</u>	<u>Special Ed and/or Bilingual</u>	<u>Verified Documentation</u>	<u>Errors</u>	<u>Verified # days Service Provided</u>	<u>Errors</u>	<u>Low Income</u>	<u>Verified Documentation</u>	<u>Errors</u>
Kindergarten														
One														
Two														
Three														
Four														
Five	125	63	63	0	63	0	9	9	0	9	0	54	54	0
Six	123	62	62	0	62	0	9	9	0	9	0	54	54	0
Seven	122	61	61	0	61	0	3	3	0	3	0	54	54	0
Eight	95	48	48	0	48	0	5	5	0	5	0	45	45	0
Nine														
Ten														
Eleven														
Twelve														
<b>Total</b>	<b>465</b>	<b>234</b>	<b>234</b>	<b>0</b>	<b>234</b>	<b>0</b>	<b>26</b>	<b>26</b>	<b>0</b>	<b>26</b>	<b>0</b>	<b>207</b>	<b>207</b>	<b>0</b>
Percentage			<u>0.00%</u>		<u>0.00%</u>			<u>0.00%</u>		<u>0.00%</u>				<u>0.00%</u>

**SCHEDULE OF AUDITED ENROLLMENTS**

**CAMDEN'S PROMISE CHARTER SCHOOL, INC.  
APPLICATION FOR CHARTER SCHOOL AID  
ENROLLMENT COUNT AS OF LAST DAY OF SCHOOL YEAR 2015**

Grades	Submission to DOE Reported on Roll	Reported on Workpapers	Verified Signed Registration Forms	Errors	Verified # days Enrolled	Errors	Special Ed and/or Bilingual	Verified Document-ation	Errors	Verified # days Service Provided	Errors	Low Income	Verified Document-ation	Errors
Kindergarten														
One														
Two														
Three														
Four														
Five	127	64	64	0	64	0	9	9	0	9	0	58	58	0
Six	124	62	62	0	62	0	7	7	0	7	0	55	55	0
Seven	125	63	63	0	63	0	6	6	0	6	0	62	62	0
Eight	99	50	50	0	50	0	6	6	0	6	0	50	50	0
Nine														
Ten														
Eleven														
Twelve														
<b>Total</b>	<b>475</b>	<b>239</b>	<b>239</b>	<b>0</b>	<b>239</b>	<b>0</b>	<b>28</b>	<b>28</b>	<b>0</b>	<b>28</b>	<b>0</b>	<b>225</b>	<b>225</b>	<b>0</b>
Percentage			<u>0.00%</u>		<u>0.00%</u>			<u>0.00%</u>		<u>0.00%</u>				<u>0.00%</u>