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# Audit Report

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Collegiate Academy for Mathematics and  
Personal Awareness Charter School (CAMPA) –  
Compliance with the Charter Agreement  
for the Period  
July 1, 2015 through December 31, 2018

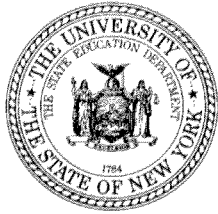
CH-0119-02

February 14, 2020

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The University of the State of New York  
THE STATE EDUCATION DEPARTMENT  
Office of Audit Services  
Albany, New York 12234





THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK / ALBANY, NY 12234

DEPUTY COMMISSIONER  
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February 14, 2020

Ms. Viola Abbott  
Collegiate Academy for Mathematics and  
Personal Awareness Charter School (CAMP A)  
1962-84 Linden Blvd  
Brooklyn, NY 11207

Dear Ms. Abbott:

I have enclosed the final report (CH-0119-02) for our audit of CAMP A's Compliance with the Charter Agreement for the period July 1, 2015 through December 31, 2018. The audit was conducted pursuant to Article 56 of the New York State Education Law.

Within ninety days from the issuance of this audit report, please submit a corrective action plan to the Office of Audit Services which details the specific steps that were taken by CAMP A to implement the recommendations in the audit report.

I appreciate the cooperation and courtesies extended to the staff during the audit.

Sincerely,

Sharon Cates-Williams  
Deputy Commissioner

Enclosures

c: Shannon Tahoe  
John D'Agati  
David Frank  
Valerie Martin-Kowalski

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## Executive Summary

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### Objectives

To ensure the adequacy and reliability of CAMPA's internal controls over their fiscal and fiduciary duties, including CAMPA's policies and procedures for collecting and reporting financial data.

### Background

The Collegiate Academy for Mathematics and Personal Awareness (CAMPA) is a not-for-profit educational corporation located in the New York City borough of Brooklyn. The School was incorporated on December 17, 2013 and granted a provisional charter by the Board of Regents of the University of the State of New York to operate as a charter school pursuant to Article 56 of the Education Law of the State of New York.

The oversight for School operations is provided by the Board of Trustees (Board) comprised of eight members. The Board is responsible for the general management and control of the School's educational and financial affairs. The Principal is responsible, along with other administrative staff, for the day-to-day management under the Board's direction.

### Key Findings

For the audit period of July 1, 2015 through December 31, 2018, we found:

1. CAMPA procured approximately \$1.17 million in goods and services from eleven (11) vendors without the use of a competitive awards/bidding process. The School could not provide documentation such, as bids, quotes, justifications, approvals from the Board of Trustees or School officials, and contracts for each vendor.
2. CAMPA could not provide adequate supporting documentation for SED State Grant revenue totaling \$590,597.
3. CAMPA could not provide adequate supporting documentation for debit card purchases totaling \$146,406.
4. School officials could not adequately support the use of cash withdrawals made at ATM or teller windows from the School bank accounts totaling \$50,360.
5. CAMPA did not sufficiently fund the escrow account for dissolution required in its Charter agreement to have a balance of no less than \$75,000 by end of the third year if instruction. The balance at December 31, 2018 (end of the third year of instruction) was \$50,000. This is deemed a material violation of the Charter Agreement and grounds for possible revocation of the School's Charter.
6. CAMPA's inventory listing was incomplete and did not capture all the required information.
7. CAMPA lacked sufficient controls in the areas of cash disbursements, purchasing, payroll, and personnel file oversight.

## **Key Recommendations:**

1. Schools officials should review their purchasing process and ensure that the process results in the acquisition of necessary goods and services at the best price, including the utilization of State contracts
2. The Board should ensure that all competitive purchases are supported with appropriate documentation that prior to awarding contracts over the policy threshold of \$20,000.
3. School officials should implement procedures to properly account for all the grant funds the School receives.
4. School officials should review the current policies and procedures for debit card usage and revise in order to provide effective monitoring of debit card purchases.
5. School officials should establish policies and procedures for all banking transactions and ensure that they are supported by adequate documentation.
6. School officials should ensure that the escrow account is fully funded by the required date in order to avoid a material violation of the School's charter and possible revocation of its charter.
7. School officials should implement an inventory control system for all items purchased by the entity or donated to the entity for the benefit of approved programs.
8. School officials should ensure each item is physically tagged with the asset tracking number in a visible area on the item and with indication of whether the item belongs to the school or a government agency (purchased using grant funds).
9. School officials should have a solid understanding of internal controls and establish adequate separation of duties for cash disbursements or implement compensating controls to safeguard school assets.
10. School officials should review the Financial Policies and Procedures Manual annually to ensure the Manual reflects current laws, regulations and processes, which includes the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200).
11. School officials should ensure that the school maintains adequate documentation supporting payroll, each employee submit a signed timesheet for review and approval by a supervisor or School management.
12. School officials should implement procedures to ensure required documentation is maintained in each personnel file.

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## Introduction

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### Background

Collegiate Academy for Mathematics and Personal Awareness Charter School (CAMPA) is a non-profit educational organization that operates as a charter school located in Brooklyn, New York. A charter school is a public school financed by local, State and federal resources that is not under the control of the local school board. Charter schools generally have fewer legal operational requirements than traditional public schools. Most of the regulations for a charter school are contained in Article 56 of the New York State Education Law and its bylaws, charter agreement, and fiscal/financial management plans.

On December 17, 2013, the Board of Regents and the Board of Trustees of the State University of New York, on behalf of the State Education Department, granted CAMPA a charter valid for a term of 5 years after CAMPA opened for instruction (September 2016) and renewable upon expiration (expiring June 30, 2021). The School was granted a charter for grades 6 through 8.

CAMPA's mission is to ensure its students achieve academic success and engage in practices that lead to self-confidence and physical and mental health. The School provided education to 56 students in 6<sup>th</sup> grade during the 2016-17 academic year, its first year of operation.

CAMPA was exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, the School is subject to federal income tax on any unrelated business taxable income. CAMPA is supported primarily by state and local per-pupil operating revenues and government grants.

CAMPA Charter School is governed by a Board of Trustees consisting of eight members. The Board is responsible for general management and control of educational and financial affairs of the School. The Board appoints a Principal, along with other administrative staff, who are responsible for the day-to-day school management under the direction of the Board. For the period ending June 30, 2018 and June 30, 2017, CAMPA expenditures of \$1,525,958 and \$1,609,036.

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## Audit Findings and Recommendations

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### Procurement – Competitive Bidding Requirements

An effective purchasing process can help the school obtain services, supplies and equipment of the right quality and quantity from the best qualified and lowest-priced source, in compliance with Board policy and legal requirements. This process helps the School expend taxpayer dollars efficiently and guards against favoritism, extravagance and fraud.

According to the School's Financial Policies and Procedure Manual (March 2014), procurements are to be made using best value contracting, which entails assessing the best value considering quality, performance, and price. The School is exempt from paying New York State sales taxes. For preferred vendors (vendor is on New York State or City contract), sole source vendors, and for purchases under \$20,000, no bidding is required. For purchases over \$20,000, competitive bidding is required in accordance with General Municipal Law (GML).

The competitive bidding procedures requires that the School officials seek price quotes from at least three vendors and award the contract to the qualified vendor offering the supply or service needed for the lowest price. An award may be made to a vendor other than the low bidder in circumstances where the higher bid demonstrates best value contracting procedures to the School. In such situations, the operations manager shall prepare a justification statement for such awards, furnishing a brief explanation of the factors leading to such a decision. The operations manager is responsible for soliciting and documenting these quotes and obtaining initial approval from principal. The Board of Trustees must provide final approval after multiple bids are presented to them with recommendations.

We selected a judgmental sample of 73 vendors which were paid approximately \$1,048,827 during the audit period, to determine if goods or services from these vendors were properly procured in accordance with the School's policies and procedures and applicable statutory requirements. We found that the School did not properly procure goods or services from 12 vendors that were paid approximately \$1.167 million over the entire audit period. In addition, the Board did not provide adequate oversight over the purchasing process, thereby not ensuring the School receives the acquisition of necessary goods and services at the best price.

#### Recommendations:

1. Schools Officials should ensure that the purchasing process results in the acquisition of necessary goods and services at the best price, including the utilization of State contracts. Purchasing is a process including receiving, storing, inventorying, and distributing. It seeks to obtain maximum value from each educational dollar spent for equipment, supplies, and contracted services. Wise purchasing practices help upgrade the quality of programs and control costs. Controls over purchasing should include:

- Establishing procedures for the initiation, approval, and use of purchase requisitions and purchase orders. All requisitions/purchase orders are reviewed for appropriateness and the necessity of the items ordered.
  - Limiting the use of confirming purchase orders (i.e. issuance of purchase order after an item is purchased) to emergency purchases.
  - Upon receipt of goods, the charter School verifies the condition, quantity, and quality of the goods prior to making payment.
2. The Board should ensure that all competitive purchases are supported with appropriate documentation that will enable an effective review of the bidding procedures prior to awarding contracts over the policy threshold of \$20,000.



## Oversight of Grant Expenditures

NYSED's Fiscal Guidelines for Federal and State Grants provides guidance to grant recipients on accounting for funds received through a grant, including the Charter School Program Planning and Implementation Grant. Recipients must maintain complete, accurate records, including supporting and source documentation and made available for review by State and federal representatives. Additionally, CAMPA's Financial Policies and Procedures Manual (March 2014) Records Access Policy states the Operations Manager will provide access to the School's records, as requested by auditors to facilitate the completion of such audits or reviews, in a timely manner.

In our review of CAMPA's grant expenditures, we found CAMPA did not comply with the terms and conditions of State grants and lacked policies and procedures to account for grant funds. School officials failed to monitor and reconcile reported expenditures with supporting documentation of actual costs. School officials do not have supporting documentation, or the documentation was insufficient to support the expenditures related to NYSED grants.

Non-compliance with terms and conditions of NYSED grants could result in disallowed expenditures and recoupment of funds paid to the School. In addition, the School could be ineligible for future grants.

Recommendation:

3. School officials should implement policies and procedures to account for all the grant funds the School receives. In addition, the School should ensure it has all the required documentation when filing grant expenditure reports.

## Debit Card Purchases

The School's Financial Policies and Procedure Manual (March 2014) requires the School to procure only those items and services required to fulfill the mission and/or fill a bona fide need. CAMPA's Debit Card Policy requires a debit card account be maintained in the name of the School, with cards issued to the principal and board chairperson. A separate board-approved debit card account for \$2,000 will be maintained with the bank to minimize the School's risk. All cardholders must sign and adhere to the School's Debit Card Usage Agreement. All debit card purchases/payments must be pre-approved via the Debit Card Authorization Form based on the purchasing guidelines and policies. In addition, debit card statements must be submitted to the board treasurer for review on a monthly basis. Debit card purchases may not exceed \$1,000 per purchase.

The cardholder is responsible for the safekeeping of the card and will be held accountable to:

- Ensure that the card is used only for legitimate School purposes;
- Adhere to the Debit Card Agreement;
- Maintain original receipts, invoices, purchase documents and correspondence including all detail related to the purchases on file for audit purposes, and to provide the School with copies of such documents upon request;
- Advise the School of any incorrect charges/transactions in order to follow-up and obtain credit from the issuing institution if warranted.

In or review of debit card purchases, we found School officials could not provide adequate supporting documentation for debit card purchases. The principal and board chairperson used the debit cards about 446 times totaling \$146,406 during the period July 1, 2015 through December 31, 2018. In addition, the School did not maintain a separate, board-approved debit card account limited to \$2,000. Instead, all debit card transactions (see Table 1 below) posted to CAMPA's checking account (operating account).

<b><u>Description</u></b>	<b><u># of Transactions</u></b>	<b><u>Aggregate Amount</u></b>
Restaurants	57	\$ 9,791
Staples, Office Depot, Sears	109	\$ 24,929
Amazon Market Place	48	\$ 4,514
Field Trips and Student Incentives	16	\$ 11,469
Repairs and Maintenance	5	\$ 4,195
Home Improvement Stores (Home Depot)	14	\$ 3,698
Insurance	9	\$ 18,381

Other Categories (Computer Equipment, Software, Website, Classroom Supplies, Mobile Phone, Staff Appreciation, Staff Training, Student Recruitment, etc.)	188	\$ 69,429
<b>TOTALS:</b>	<b>446</b>	<b>\$ 146,406</b>

School officials did not follow the Debit Card Policy, and the Board did not properly monitor debit card purchases. As a result, the School could have incurred costs that were not for legitimate school purposes.

**Recommendation:**

4. School Officials should review the current policies and procedures for debit card usage and revise in order to provide effective monitoring of debit card purchases. Monitoring should include the review of adequate supporting documentation that allows for a determination if each purchase was for legitimate School business purposes. In order to provide sound oversight of internal controls, Board members should be excluded from being a cardholder.

## ATM and Cash Withdrawals

Charter Schools are expected to have certain defined and effective internal controls in place in order to affirm for School leaders, trustees, and authorizers that academic and operational goals are being achieved, that all laws, regulations and business practices are being followed, and that accurate and reliable financial data is being maintained. Effective financial oversight by the School's Board of Trustees mandates that public funds are spent appropriately and with ample transparency.

According to the School's Charter Agreement, the School shall maintain appropriate governance and management procedures and financial controls. The School must have documented adequate controls relating to safeguarding of assets including cash.

In our review of ATM and cash withdrawals we found School Officials could not adequately support the use of cash withdrawals made at ATM or teller windows at various branch locations from the School bank account. During the period from June 2015 through May 2017, Board members made cash withdrawals totaling \$50,360 (see Table 2 below).

<b><u>Description</u></b>	<b><u># of Transactions</u></b>	<b><u>Amount</u></b>
Board Treasurer	70	\$ 48,590
Board Chairperson	3	\$ 1,770
<b>TOTALS:</b>	<b>73</b>	<b>\$ 50,360</b>

School officials have not established adequate policies and procedures for the effective Board oversight over School cash resources. Specifically, there was not an adequate review of bank activity. The School's cash assets could have been misused or for unrelated School purposes.

### **Recommendation:**

5. School Officials should establish policies and procedures for all banking transactions and ensure that they are supported by adequate documentation. Controls should include segregation of duties so that unusual bank activity does not go undetected.

## **Escrow Account for Dissolution**

In accordance with section 8.5 of the School's Charter agreement, the School shall establish an escrow account for dissolution for no less than \$75,000 to pay for legal and audit expenses that would be associated with a dissolution should it occur. The School may provide for the full amount in its first-year budget or provide a minimum of \$25,000 per year for the first three years of its charter term. The School's failure to provide for a minimum of \$25,000 by December 31st in each of the first three years of its charter term, beginning with the first year of instruction will be deemed a material violation of the charter.

School officials did not sufficiently fund the escrow account for dissolution as required in its Charter agreement, which requires a balance of no less than \$75,000 by December 31 in the third year of its charter term. The account balance at December 31, 2018 – the third year of charter term - was \$49,979.

The School has been experiencing cash-flow problems due to actual student enrollment falling below the projected enrollment on their budget. This discrepancy resulted in the School's inability to fully fund the escrow account. Consequently, the School is not in compliance with the terms and conditions of its charter agreement. This is considered a material violation of the charter and could result in the revocation of the charter.

### **Recommendation:**

6. School Officials should ensure that the escrow account is fully funded by the required date in order to avoid a material violation of the School's charter and possible revocation of its charter.

## Fixed Asset and Equipment Inventory

According to the School's Financial Policies and Procedures Manual, the School will capitalize items with an acquisition cost of \$1,000 or more and a useful life greater than one year. These items also are subject to the School's depreciation policy. In instances where a large quantity of one single item is purchased, but the total value exceeds the \$1,000 threshold, the items may be capitalized. For example, if a School buys 100 desks at \$250 per desk, each single item would not meet the threshold. Together, however, these 100 desks have a combined value of \$25,000, which should be capitalized.

The School's asset tracking process states upon receiving any property that qualifies as a fixed asset, the operations manager is responsible for recording the following into the Fixed Asset Tracking List:

- Asset tracking number as designated by the School
- Asset name and description
- Classification (e.g. leasehold improvements, furniture, equipment)
- Serial number, model number, or other identification;
- Indicate if the title vests with the governmental agency, if required;
- Vendor name and acquisition date or date placed in service;
- Location of the equipment;
- Purchase Value;
- Disposal Date and Reason.

The operations manager performs an annual inventory audit by verifying and updating the data contained in the Fixed Asset Tracking List. Any item that is damaged, sold, lost or stolen will be taken out of service and written off.

CAMPA's inventory list dated March 15, 2019 does not capture the information noted in its policy, such as: asset tracking number as designated by the School, serial number, model number, or other identification, if the title vests with the governmental agency, if required, vendor name, acquisition date or date placed in service, location of the equipment, purchase value, disposal date and reason. Additionally, not all classes of assets are included in the listing, and no leasehold improvements or donated assets were included.

The inventory list did not provide enough information to determine if it is accurate and complete or reconciles with the general ledger for each period. We were not able to trace transactions from our cash disbursement testing to the inventory list, due to insufficient information. Additionally, we were informed through discussion with CAMPA's principal and treasurer that donated property and equipment is not recorded in the books or captured in the inventory list.

School officials did not follow their policies and procedures and failed to maintain required documentation. Insufficient controls and oversight over fixed assets could result in economic loss due to loss, misuse or theft. Additionally, deficient fixed asset records can lead to inaccurate financial reporting, which can lead to revocation of the school's charter by the Regents, in accordance with §2855 of the Charter School Act.

**Recommendations:**

7. School officials should implement an inventory control system for all items purchased by the entity or donated to the entity for the benefit of approved programs. These records should list: the invoice number; a description of the item; the make, model or serial number of the item; cost; date of purchase; date retired, if applicable; the program(s) using the asset; and the location. For donated items, inventory records should identify the item as donated, listing the date of donation and the fair market value of the item at the time of donation.
8. School officials should ensure each item is physically tagged with the asset tracking number in a visible area on the item and with indication of whether the item belongs to the school or a government agency (purchased using grant funds).

## **Internal Controls Over Cash Disbursements**

The School's Charter Agreement mandates the School maintain appropriate governance and management procedures and financial controls. The School must have documented adequate controls relating to internal financial controls and procedures; safeguarding of assets including cash; and ensuring that the purchasing process results in the acquisition of necessary goods and services at the best price.

According to the School's Financial Policies and Procedures Manual (March 2014), the School adopted several internal financial controls per School's Financial Policies and Procedures Manual (March 2014). The internal financial controls consist of the following:

Segregation of Duties: A hierarchical structure of authority and responsibility has been developed at the School. Tasks are divided and allocated to guard against one individual having the ability to make an accounting error (either knowingly or unknowingly). This protects the School from any potential fraud or misappropriation of funds. In situations where there are an insufficient number of employees to achieve this because of budget constraints, a compensating control has been created at the School.

The School's Board and Officials failed to monitor and provide ongoing assessment of the School's written internal control policies resulting in a failure to segregate duties. When there is a failure to segregate duties, there is an increased risk that fraud, waste and abuse could occur and go undetected.

### **Recommendations:**

9. School officials should have a solid understanding of internal controls and establish adequate separation of duties for cash disbursements or implement compensating controls to safeguard school assets. Segregation of duties requires separating four basic functions – authorization, custody, record keeping, and verification/reporting.
  
10. School officials should review the Financial Policies and Procedures Manual annually to ensure the Manual reflects current laws, regulations and processes, which includes the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200).



## Payroll

According to the School's Financial Policies and Procedure Manual (March 2014), there are procedures for salary determination, time and attendance reporting, and payroll reconciliations, including:

- The board of trustees determines the salaries for all employees and such decisions will be captured in the board meeting minutes.
- Any changes to a staff member's salary will be approved by the Principal (in writing or electronically) and maintained in the employee file.
- Employees must record their arrival and departure times. Non-exempt employees are required to accurately record the start and end of each meal period, as well as, any departure for non-work-related reasons.
- Employee timesheets must be signed by both the employee and their supervisor, upon approval.
- Any employee bonuses are determined by the board and recorded in the meeting minutes. Overtime is approved in advance by the employee's supervisor and documentation is kept on file.
- If employees received termination, separation, or retirement payments, payments are authorized in writing and approved by the board.
- Payroll processing to include recording the payroll in the accounting software for the period. Additionally, quarterly reconciliation of all salary accounts, benefit deductions and payroll taxes in the general ledger, as compared to the salary reported by the payroll processing company on the Form 941 and/or other Quarterly Payroll Return. Any variances are researched and cleared within the month following quarter end. On an annual calendar basis, the financial consultant performs a reconciliation of the annual Form 941, W-3 to General Ledger. Variances are researched and cleared by January 31 of the following year.

School officials did not maintain adequate documentation supporting payroll. There are instances where they did not follow their policies and procedures or lacked documentation to support pay rates, hours worked, supervisor approvals, Board approvals and reporting in the board minutes, tracking of leave taken, and quarterly reconciliations. We sampled 77 payroll disbursements for employees from July 1, 2015 through December 31, 2018; supporting documentation included: timesheets, employment contracts, employment acceptance letters listing hiring salary, benefit enrollment forms, salary change forms, board meeting minutes, payroll register, and resignation/termination letters. We noted the following:

- 41 records had a variance in the regular wage rate paid - one was due to a calculation error, six could not be verified because the employment contract was not provided, and the remaining 34 were unexplained.
- 77 records did not include a recorded timestamp to document in and out times for lunch.
- 77 records lacked documentation of supervisory approval.

- 6 employees' rate of pay per the employment letter and/or salary change form was not approved by the principal and maintained in the personnel file.
- 10 records had wages that were reported as bonuses, but lacked documentation for the rate/calculation, approval by the School Board and were not reported in the Board minutes.
- 9 employee records were not approved for overtime in advance by their supervisor.
- 66 employee records did not include the benefit enrollment form.
- 2 employees received termination payments, but no documentation was on file of approval for the payments by the board.
- 7 records were not provided.
- 20 records did not reconcile with the general ledger (2018-19); in addition, wages were not posted to the general ledger for October through December 2018.

School officials did not follow their policies and procedures and failed to maintain required documentation. Without adequate documentation, it cannot be determined if employee payroll was accurate and that payments were made only for services rendered.

**Recommendation:**

11. School officials should ensure that:

- The School maintains adequate documentation supporting payroll (i.e., time sheets, leave accruals, etc.) to ensure that payments are made only for services actually rendered;
- Each employee must submit a signed timesheet or record of accrued leave usage for review and approval by a supervisor or School management;
- Each payroll register is reviewed, approved, and certified by an employee designated by the board or School leadership to ensure the payments are accurate and justified.

## Personnel Files

According to the Schools Financial Policies and Procedures Manual (dated March 2014), individual employee personnel files should contain the following documentation: acceptance/employment letter, resume, job description, professional license/certification (if required), background/fingerprint check, payroll change documentation (e.g. change of salary/title, enrollment/discontinuance of benefits, paid bonus calculations), bonus information, benefit enrollment forms, and resignation letter or termination letter.

School officials did not maintain personnel files as required by their policy and procedures. We sampled 52 employee personnel files to determine if they contained the required documentation per CAMPA's Financial Policies and Procedures Manual. We found the following:

- 2 employee personnel files were not provided.
- 22 employees' rate of pay did not equal the rate reported on the employment contract.
- 51 employee job positions and/or salaries were neither approved by the board nor listed in the board meeting minutes.
- 45 files were missing the employee's resume.
- 33 employees' job descriptions did not align with the employee's title and was not found in their personnel file.
- 42 files did not contain a copy of the employee's professional license/certification.
- All 52 personnel files were missing a completed background check/finger-print report.
- 4 employees' approved changes in salary were not completed and/or not placed in the employee's personnel file.
- 7 files lacked documentation for paid bonuses and were not reported in the board meeting minutes.
- 46 files were missing the employee's benefit enrollment form.
- 5 employees either separated or were terminated from employment, but no resignation or termination letter was in the employee personnel file or reported in the board meeting minutes.

School officials did not follow their policies and procedures and failed to maintain the required documentation. The School could be hiring personnel who do not meet the necessary qualifications of the position. Failure to complete and document background/fingerprint checks of new hires is a violation of the school's charter and could result in unauthorized access to students and pose a significant risk to the school's liability.

### **Recommendation:**

12. School officials should implement procedures to ensure required documentation is maintained in each personnel file. Developing tools, such as, a checklist for the hiring or termination process can help ensure required steps are followed and documentation is maintained. Periodic reviews of all personnel files should be completed to ensure required documentation is maintained.

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## **Objectives, Scope and Methodology**

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We conducted the audit to ensure the adequacy and reliability of CAMPA's internal controls including their policies and procedures for collecting and reporting financial data; and they maintained adequate substantiating documentation for all transactions for the period from July 1, 2015 through December 31, 2018.

To accomplish our objectives, we interviewed school officials at CAMPA, assessed financial controls, reviewed policies and procedures for processing revenues, expenditures, and payroll, examined documentation provided by school officials to support the financial transactions, reviewed relevant laws, interviewed staff, and reviewed the Charter Agreement for clarification on maintaining appropriate governance and management procedures and financial controls.

We conducted this audit in accordance with generally accepted auditing procedures. Those procedures require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

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## **Appendix A – Contributors to the Report**

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Jeanne Day, Audit Manager  
Karen Bates, Auditor-in-Charge  
Kendal Dwyer, Auditor  
Lola Maye, Auditor



The University of the State of New York  
THE STATE EDUCATION DEPARTMENT  
Office of Audit Services  
Albany, NY 12234

December 24, 2019

Attention Audit Services,

The Collegiate Academy for Mathematics and Personal Awareness (CAMP A) was granted the provisional charter by the Board of Regents of the University of the State of New York on December 17, 2013, and instruction started in September 2016. The school board was actively involved with the operations, recruitment, hiring, and the selection of vendors during the opening of the school. The board remains extremely committed to the success of CAMP A. Below is our response to the seven key findings in the audit report.

1. The school always researches pricing received from a vendor. The Board and School officials were always in communication with each other when selecting a vendor. We did receive bids or verbal quotes from some of our vendors. One of our vendors that assisted with the renovation of our module that the school is presently located is responsible for a larger portion of the \$1.17 million. The board had consulted with a few people in choosing the vendor. We did receive at least three bids and elected to use the services of the vendor that was recommended to us and provided the lowest bid. The school selected certain local vendors that adequately provided the services the school needed. Through the school's research, we found that they were less expensive than the larger companies offering the same service. The school did not provide the justification statements, but the school did provide the rationale on the selection of each vendor. The board and the school officials will always look to receive the best pricing or best quality from a vendor for the school and will make sure that all bids will be recorded properly.
2. The school did supply the contracts, invoices, and most receipts for the expenses incurred from the CSP State Grant. The school will be submitting all documentation regarding the State Grant on January 3, 2019.
3. The school's revenue was lower than expected due to our student enrollment, which forced the board to reduce the overall expenses of the budget. We had to monitor our spending daily due to our decrease in revenue, and maintaining one account made it easier to manage. Online payments were made for our commercial insurance coverage, workers' compensation, as well as supplies from Staples, Office Depot, and Sears, etc. A second account has been created, and the school officials are following the policies and procedures for making all purchases on behalf of the school.
4. The school provided receipts for most of the cash withdrawals. The cash withdrawals were taken to cover school expenses when staff or board members did not have access to a debit card. There were payments to vendors that were only able to receive cash for the emergency services they provided.

5. The school's understanding of funding the escrow account was to have the required funds in the account ending in June 2019 of our third fiscal year of instruction. In June of 2019, the funds held in the escrow account totaled to \$74,979.00. The escrow account currently holds an excess of \$75,000.00.

6. Most of the school's fixed assets are the furniture, and the furniture has been recorded as a depreciating asset. The school is now updating its internal operations to implement the asset tracking system.

7. Internal Controls- Due to the low enrollment, the school did not have the funds to pay the services of certain vendors that would assist with our bookkeeping records. The Treasurer had stepped in to help with some of the school's daily operations. The online payments simplified the process of payments to vendors. The school is now utilizing certain software programs to assist with the internal controls as well as being able to make payments to specific vendors. The bookkeeping is being updated monthly to reflect all expenditures and revenue received on a monthly basis.

Payroll- In our first instructional year, the board interviewed and hired all the staff members and set the salaries for all the staff positions held in the school. Due to our low enrollment, the school reduced the staff to 10 employees. The Principal was able to monitor the staff attendance and lunch schedule taken by the staff. In the following year, the school did implement an ADP system to monitor staff attendance. The school implemented a Saturday program for our students to attend for further academic enrichment. Our contracts did not reflect the payment to employees for participating in the Saturday program, which accounted for some of the discrepancies between wages paid and employee's salary in their contract. The Principal was aware of all overtime paid to employees. A board member signed off on termination payments to employees. The school has made changes to the contracts to reflect any Saturday participation. The board will verify that all deficiencies in our payroll process will be corrected.

Personnel files- There is an error in the counting of the school's employees. The school has only employed 34 individuals during the time frame of the audit. In scanning and uploading the employee files, there were two files that, unfortunately, were not provided. The school has a record of the files. The board interviewed and hired all the staff members in our first instructional year and set the salaries for all staff positions. Job descriptions for some of the employees were placed in the contract. Resumes are on site for the employees. All employees have cleared the background check except one which we informed the auditors. The school had three employees resign without an official notice.

The board will be carefully monitoring the school's operation to strengthen our fiscal deficiencies. We are looking forward to working with the audit team on any of the above key findings.

Sincerely,

Daryl Rock