

ROSALYN YALOW CHARTER SCHOOL

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Rosalyn Yalow Charter School

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Rosalyn Yalow Charter School, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 10, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rosalyn Yalow Charter School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rosalyn Yalow Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Rosalyn Yalow Charter School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rosalyn Yalow Charter School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of Rosalyn Yalow Charter School in a separate letter dated October 10, 2017.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 10, 2017

ROSALYN YALOW CHARTER SCHOOL

ADVISORY COMMENT LETTER

JUNE 30, 2017



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

October 10, 2017

Board of Trustees
Rosalyn Yalow Charter School

In planning and performing our audit of the financial statements of Rosalyn Yalow Charter School (the “Charter School”) as of June 30, 2017 and for the period June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Charter School’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph of this letter and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During the course of our audit of the financial statements of Rosalyn Yalow Charter School for the year ended June 30, 2017 we have updated the status of the comments that were included in our letter dated October 18, 2016 and are included for informational purposes. We did not consider the comments to be significant deficiencies or material weaknesses:

Financial Policies and Procedures

During performance of our audit procedures, we noted certain financial policies and procedures, as outlined in the Fiscal Policies and Procedures Manual (“FPPM”), which were designed to ensure timely identification of material errors and accurate reporting, were not always followed and those exceptions are detailed below:

- The FPPM states the Principal will review and sign off on the bank reconciliations. We noted that bank reconciliations are being reviewed and signed by the Executive Director and not the Principal.
- The FPPM states for purchases over \$25,000, multiple bids should be solicited to ensure best value. We noted that certain contracts were entered into which exceeded \$25,000 but did not go through the bidding process.

Recommendation

The Charter School has extensive policies and procedures which are formally documented in the FPPM and has hired an outside financial consultant to assist with these controls. We recommend the Charter School comply with these internal controls as documented in the FPPM. If revisions to these policies or procedures are required to reflect changes, they should be documented and disseminated to all affected personnel.

Management responses at June 30, 2016

Management has reviewed the recommendations and will strive to comply with the internal controls as documented in the FPPM. Management will revise and document changes to the policies and procedures to address the exceptions noted.

The FPPM states the Principal will review and sign off on the bank reconciliations. Management will revise the FPPM to state that the Executive Director will review and sign off on the bank reconciliations.

The FPPM states for purchases over \$25,000, multiple bids should be solicited to ensure best value. Management will revise the FPPM to state the exception to the policy will be noted when the school is limited to contract with vendors listed as sole source providers of materials and curriculum.

Status as of June 30, 2017

During the current year audit, we noted the FPPM was revised and stated the Executive Director will review and sign off on the bank reconciliations and we noted in our testing this procedure was followed. In addition, we noted the FPPM was revised to state the exception to the policy for bids with vendors that are listed as sole source providers. During our testing of a purchase over \$25,000, there were no bids, as the vendor is considered a sole source provider.

Finance Committee

During our audit we noted there is no formal finance committee. The School’s By-Laws state that the Board shall maintain a finance committee with a minimum of 3 members.

& Recommendation

We recommend a formal finance committee be established and minutes of all Board committees be maintained. The current Form 990 inquires if all committee meetings were documented as well as meetings of the governing body. Keeping minutes of all meetings is also an indication of good governance.

& Management response at June 30, 2016

Management has reviewed and agrees with the recommendation. Management will vote to establish a formal finance committee and regularly document committee meetings to be abide by the School's By-Laws and promote good governance.

Status as of June 30, 2017

During the current year audit, we noted a Finance Committee was created during the fiscal year 2017. However, we also noted there were no separate meeting minutes, there was a Finance Committee report and within the monthly Board meeting minutes.

* * * * *

This communication is intended solely for the information and use of Management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the outstanding cooperation from your staff that our personnel received during the audit of the Charter School's financial statements. Should you have any questions or comments, please contact Shelby Stenson or Ryan Snyder.

Very truly yours,

Mengel, Metzger, Barr & Co. LLP

MENGEL, METZGER, BARR CO. LLP

ROSALYN YALOW CHARTER SCHOOL

AGREED UPON PROCEDURES

YEAR ENDED JUNE 30, 2017



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

INDEPENDENT ACCOUNTANT’S REPORT ON CSP FUNDING

Board of Trustees
Rosalyn Yalow Charter School

We have performed the procedures identified below, which were agreed to by the management of Rosalyn Yalow Charter School (the “Charter School”) and the New York State Education Department (“NYSED”), solely to assist the specified parties in evaluating the Charter School’s assertion to NYSED that it has maintained compliance with the requirements of the CSP grant and Federal and NYSED guidelines in managing the CSP grant.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and our results are as follows:

Procedure No. 1: We will obtain the detail of expenditures incurred for the period under review relating to the CSP grant from the Charter School’s accounting software and reconcile to the grant revenue recorded by the Charter School. If the CSP grant revenue does not equal the grant expenditures, we will investigate the differences.

Result

We obtained the detail of expenditures incurred for the year under review relating to the CSP grant from the Charter School’s accounting software and reconciled to the grant revenue recorded by the Charter School. We observed the CSP revenue equaled the grant expenditures.

Procedure No. 2: We will obtain the NYSED approved CSP grant award information, including the budget and any amendments, to determine if the revenue and expenditures recorded for the period appear reasonable.

Result

We observed the Charter School’s approved FS-10, FS-10-A, and final expenditure summary, and it appears that revenue and expenditures in the period are reasonable.

Procedure No. 3: We will select a sample of expenditures from the detail obtained in Procedure No. 1.

- a. Payroll – We will select 10 items or 10% of the total number of payroll items charged to the grant, whichever is less.
- b. Other expenditures – We will select 10 items or 10% of the total number of other expenditures items charged to the grant, whichever is less.
- c. Using the above selected items, we will:
 - i. Determine if the expenditure is in accordance with the purpose of the grant and that pre-opening expenditures are charged to pre-opening periods.
 - ii. Determine if the expenditure falls into an approved budget category.
 - iii. Determine if the expenditure was charged to the appropriate fiscal period.

Result

We selected a sample of five payroll items and ten other expenditures. Based on our testing, we noted that the payroll items and expenditures fall into the appropriate budget category and that the payroll items and expenditures were charged to the appropriate fiscal period. For all selections, we observed that the payroll items and expenditures were in accordance with the purpose of the grant.

Procedure No. 4: We will obtain FS-25 form(s) submitted to NYSED during the period under review and perform the following:

- a. Trace expenditures selected in Procedure No. 3 to requests for reimbursement. Determine that items requested for reimbursement had previously been expended or were expended within a month following the request for reimbursement. If items have not yet been requested for reimbursement, inquire of responsible charter school officials as to the plan for requesting reimbursement, and determine if a receivable is recorded, if appropriate.
- b. If FS-25 forms included amounts on Line 4 (Cash Expenditures Anticipated During Next Month), we will select one FS-25 and determine if funds were expended within one month following the date of the request.

Result

We obtained the Charter School's FS-25s and noted the selected items were appropriately included in the request for reimbursement. The requests for reimbursement appear to be in the appropriate period. The Charter School had one FS-25 during the period which had a balance on Line 4 (Cash Expenditures Anticipated During Next Month). We noted the funds were expended within one month following the date of requests, except for the following FS-25.

<u>Month</u>	<u>Amount reported on line 4</u>	<u>Amount expended in the following month</u>
May 2017	\$17,000	\$6,000

Management Response

The Charter School did expend funds within one month following the date of request; however, due to the timing of expenses and other grants, expense were subsequently re-tagged to the grant after the FS-25 was issued. All funds received under the CSP grant were properly expended and tagged during the period ending June 30, 2017.

Procedure No. 5: For schools with a weighted lottery during the period under review we will:

- a. Obtain documentation that the school received permission from the NYSED Charter School Office for the weighted lottery.
- b. Obtain the results of the weighted lottery.
 - Note that weighted lotteries must be conducted using the NYSED Weighted Lottery Generator (WLG). When the WLG is used, a copy of the 'lottery PDF' should be observed. (This PDF is generated after the WLG has conducted the lottery.)

Result

The Charter School does not have a weighted lottery during the period under review.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the Charter School's compliance with the requirements of the CSP grant. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of Rosalyn Yalow Charter School and the New York State Education Department, and it is not intended to be and should not be used by anyone other than the specified parties.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 10, 2017