

N.J.A.C. 6A:23A 22.1 requires that charter schools' internal control policies promote operational efficiency and effectiveness, provide reliable financial information, safeguard assets and records, encourage adherence to prescribed policies and comply with law and regulation as detailed at *N.J.A.C. 6A:23A-22.1* through 22.15. A brief overview of the control requirements and policies follows:

- Bookkeeping and accounting for charter schools (*N.J.A.C. 6A:23A-22.2*)
- Certification (*N.J.A.C. 6A:23A-22.3*)
- Financial requirements (*N.J.A.C. 6A:23A-22.4*)
- Public school contracts law (*N.J.A.C. 6A:23A-2.5*)
- Public relations and professional services; board policies; efficiency (*N.J.A.C. 6A:23A-22.6*)
- Charter school response to Office of Fiscal Accountability and Compliance (OFAC) investigation report (*N.J.A.C. 6A:23A-22.7*)
- Verification of payroll check distribution (*N.J.A.C. 6A:23A-22.8*)
- Board of trustees expenditures for non-employee activities, meals and refreshments (*N.J.A.C. 6A:23A-22.9*)
- Nepotism policy (*N.J.A.C. 6A:23A-22.10*)
- Contributions to board members and contract awards (*N.J.A.C. 6A:23A-22.11*)
- Internal controls (*N.J.A.C. 6A:23A-22.12*)
- Segregation of duties; organization structure (*N.J.A.C. 6A:23A-22.13*)
- Standard operating procedures (SOPs) for business functions (*N.J.A.C. 6A:23A-22.14*)
- Approval of amounts paid in excess of approved purchase orders; board policy (*N.J.A.C. 6A:23A-22.15*)

N.J.A.C. 6A:23A-15.1 describes the policies for enrollment in a charter school, the calculation of payments to charter schools and private school placement of charter school students and are detailed at *N.J.A.C. 6A:23A-15.1* through 15.4. A brief overview of the requirements and policies follows:

- Per pupil calculations, notification and caps (*N.J.A.C. 6A:23A-15.2*)
- Enrollment counts, payment process and aid adjustments (*N.J.A.C. 6A:23A-15.3*)
- Procedures for private school placements by charter schools (*N.J.A.C. 6A:23A-15.4*)

Other audit considerations include, but are not limited to:

- *N.J.S.A. 18A:7A-55*, effective April 2006, provides for the appointment of a state monitor in schools that meet specific circumstances and established the oversight duties of such monitors. Circumstances include an adverse or qualified audit opinion, repeat audit findings, material weaknesses and late submission of the audit. Communication of such issues in the audit reports is essential for the department to implement this statute.
- *N.J.S.A. 18A:7A-57*, effective April 2006, requires a forensic audit by the Office of the State Auditor if a district has a year-end general fund deficit and also meets one of the criteria for a state monitor. Communication and proper reporting by auditors is necessary for the department to implement this statute.
- *N.J.S.A. 18A:17-14.4*, effective March 2007, requires the school business administrator, or any other person designated by the board of education to certify to the Department of Treasury that all documentation prepared for income tax related purposes, in regard to superintendents of schools, assistant superintendents of schools and school business administrators, complies fully with the requirements of federal and state laws and regulations regarding the types of compensation which are required to be reported. March 15, 2008 was the first time the E-CERT1 was required (not applicable to charter schools). E-CERT1 is available from Treasury at: http://www.state.nj.us/treasury/taxation/pdf/other_forms/misc/e_cert1.pdf
- *N.J.S.A. 18A:23-2.1*, effective March 2007, requires that the annual audit include test measures to assure that documentation prepared for income tax related purposes complies with federal and