

MATERIAL WEAKNESS									
Significant Deficiency									
CAP Requirement	General Agreement	Notes	Person(s) Responsible	Date of Completion	Evidence	Report update	CSD Review and Follow-Up	CSD Review and Follow-Up 04 DEC 2020	CSD Review 08 DEC 2020
<p>2019-001 (APS 2019-06; <u>repeat</u> of 2018-007)</p> <p>The following was noted during the audit:</p> <ul style="list-style-type: none"> • Accrual adjustments provided for accruals were not correct. The original adjustments to accrue accounts receivable had cash and revenue instead of accounts receivable and revenue. • Accrual entries provided by the school were incorrect and had to be adjusted multiple times. Original amounts received did not agree to payroll register. • Pension and OPEB July 1, 2018 beginning balances were reconciled and had to be corrected by \$15,544 	<p>The school is now implementing the payroll voucher management module within the financial system which will ensure payroll liabilities are correctly accounted for. Payroll Liabilities have been reconciled on a monthly basis to ensure they are correctly accounted for.</p>	<p>Accrual adjustments and reversing entries will be reviewed by a Level Two Business Manager.</p> <p>Accrual Entries presented were presented to reconcile balances from payroll liabilities accrued in previous fiscal years.</p> <p>Reporting the payroll liabilities, we have met all deadlines with no penalties being incurred for the current period.</p>	Business Manager	Two weeks prior to PEC June 2021 meeting	*FY20 Audit	The school has continued to reconcile the payroll liabilities. The FY20 audit has been completed and the school is awaiting it's approval and release from the OSA.	Pending 2020 Audit Report	Pending 2020 Audit Report	
<p>2019-002 (APS 2019-007; <u>repeat</u> of 2018-009)</p> <p>The School did not have a Chief Procurement Officer from July 1, 2018 through October 19, 2018.</p>	<p>The school has appointed and employed a registered CPO.</p>		CEO	7/1/2019	The school's CPO has maintained their license.	The school's CPO has continued to maintain their license during the FY21 school year. It will need to be renewed next fiscal year.	School's CPO is a long standing 21st Century Employee (verified by STARS staff reports) and has continued to maintain his CPO license with NM GSD.	Complete	
PAYROLL LIABILITY CONCERNS*				5/28/2020	*School's contract with Vigil Group, which includes roles and responsibilities *Policies and Procedures relating to accruals and reconciliations	The contract with the Vigil Group is still in place, allowing the school to continue to practice the dual controls mentioned in the policies and procedures.	The Vigil Group business manager did provide a copy of the contract, however the scope of work is referenced as Exhibit A, which was not provided. Exhibit B was also cited the school policies and procedures compliance which was not provided.	CSD requests business manager provide scope of work to ensure responsibilities are outlined, and a copy of the policies and procedures if different from the "21st. Internal Controls, Policies and Procedures, F21" previously provided by the business manager.	School business manager provided contractor scope of work (Exhibit A) and Responsibilities of the School (Exhibit B) as request. Document Name: 21st_The Vigil Group Contract_Appendixes A&B_F21.pdf Complete
<p>*PAYROLL CONCERNS</p> <p>2019-003 (APS 2019-008; <u>repeat</u> of 2018-010)</p> <p>For July 2018, the monthly Retiree Health Care (RHC) contribution was made after the 10th of the subsequent month.</p>	<p>Processes have been implemented by management that will ensure that all RHC payments are made timely.</p> <p>RHC payments have been made timely. And no penalties have been received since the implementation date.</p>	<p>Management's processes establish a system of dual controls to provide accountability. Distributing the responsibility between more than two individuals to meet payment deadlines.</p> <p>The CEO is responsible for providing information to the Vigil Group</p>	Business Manager	5/28/2020	*Copies of the Policies and Procedures from the school and the Vigil Group regarding payroll-related items	The school has not received any penalties or notices from ERB, RHC or the IRS, and has made timely payments so far in FY21.	School provided reconciliation of ERB and RHC to trial balance which only includes employer contribution, not employee contribution nor does it provide payment schedules.	CSD requests business manager provide snapshot of vendor file to show payment amounts and dates that correspond to the reconciliations.	School business manager provided proof of ACH payments from the schools Wells Fargo bank account which clearly indicating RHC as the recipient. Although the reconciliation of the payments and employer match do the trial balance and proof of payment to the penny, the variance is not material. Document Names: RHC Screenshots, 21St_RHC Reconciliation with TB and GWBDR_FY20 Complete.
<p>2019-004</p> <p>Budgetary Compliance</p>	<p>Management will implement a review process over all invoices for capital additions and include all applicable expenses into amounts calculated for capital additions.</p>	<p>The Fixed Asset Rollforward that is prepared for the auditors will be reviewed by a Level Two Business Manager. This review will hone in on beginning balances, capitalized assets and their related depreciation.</p> <p>All entries for the capital asset acquisition have been reconciled to the amounts noted in the audit.</p>	Business Manager	9/30/2020	*Evidence of reiew process *Balance sheet reconciliations for assets, depreciation schedules and accumulated depreciation	The school has continued to update and maintain a fixed asset listing. This listing was turned in to the auditors and the school is currently awaiting the release of the FY20 audit.	School business manager provided spreadsheet of fixed asset listing but did not include the trial balance to verify reconciliation	CSD requests business manager provide trial balance to verify balances of fixed asset listing.	School business manager provided fixed asset rollforward workbook for the year ended FY20 showing asset balances, additions, deletions and trial balance. Document Name: 21st_Fixed Asset Rollforward Additions & Deletions with TB_FY20. Complete.

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<p>2019-005 (APS 2019-010; <u>repeat</u> of 2018-023) During our audit, we noted the school had an expenditure function where actual expenditures exceeded budgetary authority</p>	<p>A review of all funds and functions will be undertaken each quarter to ensure budgetary compliance is maintained.</p>	<p>BARs have been completed as necessary to maintain budgetary compliance. A total of 34 BARs have been approved by the PED as of May 6th, 2020.</p>	<p>Business Manager</p>	<p>5/28/2020</p>	<p>*Copy of the school's review process for comparing actuals to the budget</p>	<p>The school ran into an issue and was unable to submit transfer BARs to the PED due to an error that occurred in OEMS. This school has worked with the PED to correct this error and cleanup BARs will be present to the GC in November.</p>	<p>School business manager provided BAR checklist form.</p>	<p>CSD requests business manager provide a narrative of the review process procedure. Sample of a completed form with backup provided for an actual BAR request could be substituted for the narrative.</p>	<p>School business manager provided bar justification sheets, and the checklist which did not include amounts. Document Names: BAR justification sheets number 0009-T_FY21 through 0016_T-FY21, 21st-BARs OCC-#9-#16 km, lease assistance award letter, Oct SEG bar memo and Statewide Preliminary SEG Amounts for SEG BAR 10-9-20. Complete.</p>
<p>*PAYROLL CONCERNS 2019-006 (APS 2019-011; <u>repeat</u> of 2018-028) Education Retirement Board (ERB) payments for the year did not agree to the general ledger by \$19,976. In addition, we noted the one form where the amounts on the form were greater than the calculated amount. A correction form has not been submitted to ERB. As a result of this variance, the journal entry provided to record the pension liability was incorrect.</p>	<p>Processes have been put in place to ensure all payroll liabilities are properly recorded, reported and paid. The business manager has implemented the payroll voucher management module to correctly process the payments. Regular monthly reviews of the reports are being completed for RHC and ERB payments.</p>	<p>Management's Processes designate a Payroll Specialist to enter all deduction sets. Upon completion of the entry the Payroll Specialist will electronically notify The Payroll Liability Coordinator that the deduction sets have been entered. The Payroll Liability Coordinator will review the data entry. The Payroll Liability Coordinator will correct any errors. Upon correction of any errors, the Payroll Liability Coordinator will electronically notify the Assigned Business Manager and Payroll Coordinator that the employees are fully set up.</p>	<p>Business Manager</p>	<p>6/30/2020</p>	<p>*TVG Payroll Liability Logs & TVG Internal Controls *Confirmation that any excess payments have been accounted for</p>	<p>The school has continued to reconcile all ERB payments. All ERB payments must agree to the backup pulled by the payroll specialist. No issues have been found so far in FY21.</p>	<p>School business manager provided internal control policy for 21st Century which includes ERB withholding and payment policy, found under Payroll Policies and Procedure heading - number 8. Also provided was FY20 21st ERB reconciliation</p>	<p>Complete</p>	
<p>*PAYROLL CONCERNS 2019-007 (APS 2019-012; <u>repeat</u> of 2018-029) The school incorrectly calculated payroll on a payroll run during the year and subsequently overpaid the Internal Revenue Service. The check was received on March 11, 2019 but had not been paid back to employees as of June 30, 2019.</p>	<p>Management is contacting the IRS to provide a detail on the purpose of the refund check.</p>	<p>Management is still waiting for a response from the IRS. The School has sent a formal request in the mail. The School has also reached out via phone call.</p>	<p>Business Manager/CEO</p>	<p>6/30/2020</p>	<p>*TVG Payroll Liability Logs & TVG Internal Controls *Confirmation that payments have been returned to employees</p>	<p>The school has not received any penalties or notices from the IRS related to payroll. The school has deducted employees correctly when running payrolls in FY21.</p>	<p>School business manager provided memo, on school letterhead, dated May 22, 2020 detailing a conversation with IRS concerning refund. The school determined the overpayment was not associated with an employee and was derived from the employer paid portion.</p>	<p>Complete</p>	
<p>2019-008 (APS 2019-013) During review of conflict of interest statements, we noted that a board member is the husband of the assistant principal of the school for 2018. We noted no documentation in the minutes showing that the conflict was brought to the governance council and that the governance council made a decision based on the policy. On June 5, 2019, the assistant principal was hired to become the principal for the FY 20 school year. No documentation was noted in the minutes regarding a decision for this conflict.</p>	<p>The board member resigned after the employee was promoted to Principal, reporting to the school's CEO. The school will ensure that it documents all conflicts as required in GC policy.</p>		<p>CEO</p>	<p>7/1/2019</p>	<p>Letter of Resignation</p>	<p>The school has made sure to record any similar instances in the GC minutes moving forward.</p>	<p>CSD requested letter of resignation as evidence of board member's resignation due to the promotion of board members spouse promotion to school principal. Letter was not provided.</p>	<p>CSD requests school provide a copy of the board members resignation due to the promotion of members spouse to school principal.</p>	<p>School business manager provided a copy of the board member's resignation from the 21st Century Public Academy's governing board after the promotion of his spouse to school principal. Document Name: 19.07.29 Signed Letter of Resignation.pdf Complete.</p>
<p>*PAYROLL CONCERNS 2019-009 During 2019, the school paid a penalty in the amount of \$2,907 for a late 941 payment.</p>	<p>Process have been implemented to ensure all payroll liabilities and related reports are submitted and timely paid. The business manager has implemented the payroll voucher management module to correctly process the payments. Regular monthly reviews of the reports are being completed for RHC and ERB payments.</p>	<p>Management's processes establish a system of dual controls to provide accountability. Distributing the responsibility between more than two individuals to meet payment deadlines. 941 payments have been made timely. And no penalties have been received since the implementation date.</p>	<p>Business Manager</p>		<p>See above</p>	<p>The school has not received any penalties or notices from the IRS, and has made accurate payments so far in FY21. All 941 payments must agree to the backup generated by the Payroll Specialist at the Vigil Group.</p>	<p>Requested evidence included in See above pertains to scope of work in the schools contract with The Vigil Group. Although signed contract was provided, the scope of work was not.</p>	<p>CSD requests business manager provide scope of work to ensure responsibilities are outlined, and a copy of the policies and procedures if different from the "21st Internal Controls, Policies and Procedures_F21" previously provided by the business manager. Also, please provide details, if not included in scope of work or policies and procedures, of the "dual controls to provide accountability".</p>	<p>School business manager provided TVG internal controls policies and procedures manual. Document Name: Updated Internal Control Handbook 9-25-2014 Word Version. Complete</p>

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APS 2019-015; <u>repeat</u> of 2018-030 Cutler Charitable Foundation was not maintaining a trial balance or a general ledger during the fiscal year.	The Cutler Charitable Foundation has in the past had an accountant working pro bono on their records. Currently, the Foundation is in the process of signing an agreement with an accounting firm that has experience with non-profit foundations as component units with charter schools.	The Cutler Charitable Foundation will forward a copy of the agreement once it is signed. The Foundation did submit a trial balance for this audit. It was a single entry, cash base trial balance. The auditors did not recognize this trial balance as it could not be run through their accounting software. A single entry cash system if recognized and accepted at the Federal level for 501(c)3 organizations. However the Foundation will comply with the requirements of the auditors.	Foundation Officers and designated accountant.			The Foundation has an Accountant and he guided them through the FY20 Audit.	School business manager provided signed engagement letter to Cutler Charitable Foundation, dated June 30, 2020 from Cordova CPAs LLC agreeing to produce the foundations 2019 tax return.	Complete	
APS 2019-016; <u>repeat</u> of 2018-031 The Cutler Charitable Foundation does not have a bookkeeper or CPA.	The Cutler Charitable Foundation has in the past had an accountant working pro bono on their records. Currently, the Foundation is in the process of signing an agreement with an accounting firm that has experience with non-profit foundations as component units with charter schools.	The Cutler Charitable Foundation will forward a copy of the agreement once it is signed.	Foundation Officers and designated accountant.	6/30/2020	*A report from the Cutler Foundation stating the steps that have been taken to address these issues, including identification of the person responsible for addressing these issues.	The Foundation has an Accountant and he guided them through the FY20 Audit.	School business manager provided signed engagement letter to Cutler Charitable Foundation, dated June 30, 2020 from Cordova CPAs LLC agreeing to produce the foundations 2019 tax return.	Complete	
APS 2019-017; <u>repeat</u> of 2018-032 During testwork over long-term debt for the Cutler Charitable Foundation, the following was noted: *The 2019 beginning balance on the debt roll forward \$2,672,230 was incorrect posted to July 2018 instead of June 2018 *No amounts were recorded as current *Accrued interest in the amount of \$26,829 was not recorded in the trial balance. *The July 1, 2018 beginning balance on long-term debt had to be corrected \$41,138 to reconcile the prior year balances.	Currently, the Foundation is in the process of signing an agreement with an accounting firm that has experience with non-profit foundations as component units with charter schools.	Once the accounting firm has signed the agreement with the Foundation, all entries will be reviewed and corrected.	Foundation Officers and designated accountant.			The Foundation has an Accountant and he guided them through the FY20 Audit.	School business manager provided signed engagement letter to Cutler Charitable Foundation, dated June 30, 2020 from Cordova CPAs LLC agreeing to produce the foundations 2019 tax return.	Complete	
APS 2019-018 The Cutler Charitable Foundation was late in filing its annual report with the Secretary of State that was due on June 15, 2019.	The Cutler Charitable Foundation has set a process of filing the annual report at the same time of the IRS 990-PF filing which is may 15th of every year. This will insure the State receiving its filing on time. The Cutler Charitable Foundation did file for 2019 and the State shows a "Good Standing" status for the foundation.		Foundation Officers	6/30/2020	*Evidence of annual report filing for 2020 with the Secretary of State	The Foundation has an Accountant and he guided them through the FY20 Audit.	2020 NM SOS annual report filing not provided by the school, perhaps the foundation follows a traditional calendar year for financial reporting.	Pending 2020 annual report filing.	