



Financial Highlights
Career Tech High Academy Charter School Financial Audit
Fiscal Year 2023

September 23, 2025

The Career Tech High Academy Charter School (CTHACS) received a disclaimer of opinion in its fiscal year (FY) ended September 30, 2023, financial statements and report on compliance and internal control from independent auditors Ernst & Young LLP (EY). Because of the significance of the matters described in the report's Basis for Disclaimer of Opinion section, auditors have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Therefore, they did not express an opinion on the financial statements. This is the third disclaimer of opinion CTHACS has received, as EY gave the same opinion for FY 2021 and FY 2022 financial statements.

EY identified one deficiency considered as a material weakness in internal control in the Report on Internal Control Over Financial Reporting and On Compliance. CTHACS closed FY 2023 with a negative net position of \$43 thousand (K), or a decrease of \$94K from FY 2022's net position of \$51K.

Basis for Disclaimer of Opinion

For FY 2023, CTHACS was not able to provide supporting documentation to substantiate the amount recorded in the financial statements. The issues EY noted consisted of:

1. Missing documentation for bank reconciling items totaling \$14K, which prevented the verification of the reported cash balance of \$5K;
2. Lack of supporting documents for subsequent disbursements amounting to \$293K, affecting the completeness of accounts payable;
3. Absences of schedules such as the list of enrollees and the breakdown of uncategorized income, which prevented the verification of revenues totaling \$501K; and
4. Insufficient documentation to perform audit procedures over expenses totaling \$384K, and payroll expenses totaling \$221K.

EY was unable to perform substantive audit procedures on CTHACS' net position due to a lack of sufficient appropriate audit evidence to support the changes in net position since FY 2022. As a result, EY was unable to determine whether any adjustments might have been necessary to the amounts presented in the basic financial statements.

Material Weaknesses Found in Report on Internal Control Over Financial Reporting

For FY 2023, the auditors identified **one deficiency considered as a material weakness** relative to CTHACS's internal control over financial reporting as follows:

1. Finding 2023-001, Limitations in Obtaining Sufficient Appropriate Audit Evidence

EY noted that there are no established adequate accounting processes, record-keeping systems, or internal controls to ensure that accounting records and supporting

documentation are maintained and readily available for audit purposes. See the Basis of Disclaimer of Opinion section for a list of the following limitations EY noted in obtaining sufficient appropriate audit evidence. The lack of adequate financial records increases the risk of undetected misstatements, errors, or irregularities.

EY recommended CTHACS management to (1) implement proper procedures for timely bank reconciliations and maintaining supporting bank confirmations and statements, (2) ensure that assets, liabilities, revenues, and expenses are supported by adequate documentation and schedules, (3) strengthen internal controls and assign responsibilities to ensure records are complete, accurate, and available for audit, and (4) consider engaging qualified accounting personnel or external accounting support to establish appropriate record-keeping and financial reporting processes.

Corrective Action Plan

In order to address the inadequate documentation and internal controls, CTHACS will recruit or contract qualified accounting personnel and provide training on Generally Accepted Accounting Principles, reimbursement procedures, and documentation standards. Monthly bank reconciliations will be implemented and reviewed by management. CTHACS will also develop and implement a standardized checklist for all documents required for revenues, expenses, payroll, and liabilities, which will aim to maintain all records for audit readiness.

In addition, clear internal controls will be established through segregation of duties and quarterly Financial Committee reviews. Temporary external accounting support will assist with backlog reconciliation and audit preparedness. Lastly, an integrated accounting software system will be adopted to enhance compliance and reporting.

Implementation will begin in Quarter (Q) 1 of FY 2026, with full adoption by Q2 of FY 2026. Progress will be monitored quarterly by the Board of Trustees' Finance Committee, with ongoing adjustments as needed.

For more details, refer to CTHACS's FY 2023 Financial Statements, Report on Internal Control Over Financial Reporting and On Compliance, and Internal Control Over Compliance, and Auditor's Communication With Those Charged With Governance at www.opaguam.org.