

**SCHOOL DISTRICT OF ESCAMBIA COUNTY  
INTERNAL AUDITING DEPARTMENT**

**REVIEW OF  
HOLM ELEMENTARY SCHOOL  
PRE-K COLLECTION FEES**

**PROJECT # 2003-03**


**Accepted By Audit Planning and Review Committee:**

**May 12, 2003**

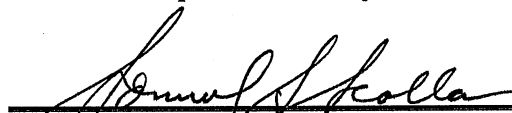
**Published:**

**May 20, 2003**

**Field Work Conducted By :**

  
\_\_\_\_\_  
**Auditor**

**Report Issued By:**

  
\_\_\_\_\_  
**Director, Internal Auditing**

**APPROVED**  
School Board of Escambia County

**MAY 20 2003**

**JIM PAUL**  
*Superintendent of Schools*

**SCHOOL DISTRICT OF ESCAMBIA COUNTY  
HOLM ELEMENTARY SCHOOL  
PRE-K COLLECTIONS**

**REVIEW REPORT**

**BACKGROUND**

The Escambia County School Readiness Coalition or ECSRC regulates fees for the Pre-K program at Holm Elementary and all such programs in Escambia County. They in turn contract with Children's Services Center (CSC) to administer the program. Fees assessed to parents for their children's attendance range from \$1.00 to \$12.20 per day and are based on a sliding scale of income and eligibility criteria. Once the parents' fee is determined, the ECSRC supplements the amount charged to parents to bring the total compensation to \$19.44 per day. The school is responsible for charging and collecting the parent's portion and ECSRC funds the difference by making periodic payments directly to the District.

**SCOPE AND OBJECTIVES**

We have performed a review of documentation, procedures and related controls governing the receipt of Pre-K fees at Holm Elementary School. Our review covered the period from the beginning of the current school year through October 2002 and is based on a request of the Principal. The purpose of the review was to assess the adequacy of procedures and documentation used to collect and account for monies received associated with the Pre-K program. This review also examined the methodologies used to assess the fees charged to participants in the program. Our review was conducted in accordance with the Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors.

**CONCLUSION**

While reviewing the receipts for the Pre-K program we did note several discrepancies. However, these are insignificant amounts and appear to be attributable to the lack of adequate training of the care provider and the confusion that exists during the times the provider is collecting fees. Based on our work, we believe that fees are being properly accounted for at the present time.

## **RELATED ISSUES**

During our review we were made aware of related issues that we wish to bring to your attention.

### **Verification**

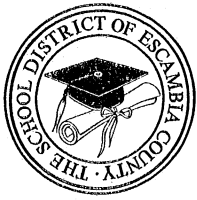
Currently, CSC provides a monthly report known as an Enrollment/Attendance Verification Form (EAV), which drives the processes of receiving monies from parents as well as reimbursements received by the District. The form lists each student certified by CSC as well as the amount of fees to be assessed to parents for each day of attendance. The school then records attendance for each child on the form and collects fees from parents based on attendance. The forms are sent to CSC at the end of each month and are used to determine the amount of funds owed to the District for ECSRC's portion of the state funded program.

During the field work conducted at Holm Elementary (October 2002) CSC was approximately two months behind in sending EAV forms to the school. Because of this, the school was charging parent's incorrect amounts based on preliminary eligibility assessments performed by school personnel. In addition, the school had a significant number of "write-ins" for students entering the program after the forms were received from CSC. Conversations with the District's Director of Title I indicate that this may not be unique to Holm Elementary.

### **Reconciliation of Funds Owed to the District**

There appears to be no formal mechanism currently in place to reconcile funds received from ECSRC via CSC to the District for residual amounts. Based on conversations with the district Director of Title I, no district employee has been tasked with the responsibility to reconcile amounts received from CSC back to the amounts calculated from the EAV forms for the residual amounts owed to the District. In effect, the district has no assurances that it is receiving the correct amount of funds from CSC.

Please see managements response.



## THE SCHOOL DISTRICT OF ESCAMBIA COUNTY

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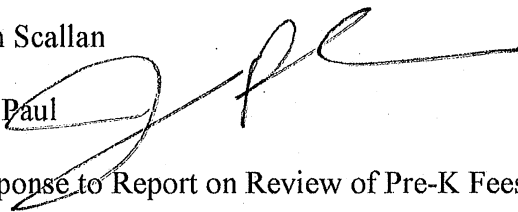
JIM PAUL, SUPERINTENDENT

"Making A Positive Difference"

March 25, 2003

### MEMORANDUM

TO: Sam Scallan

FROM: Jim Paul 

SUBJ: Response to Report on Review of Pre-K Fees at Holm Elementary

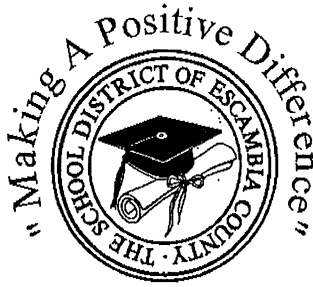
Please accept the attached memorandum from Barbara Linker as my response to the Report on Review of Pre-K Fees at Holm Elementary.

JP/le

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*Superintendent of Schools*



# Memorandum

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**To:** Jim Paul  
Superintendent

**From:** Barbara S. Linker, Assistant Superintendent  
Finance and Business Services *Barbara S. Linker*

**Date:** March 12, 2003

**Subject:** Response to Report on Review of Pre-K Fees at Holm Elementary

In response to Mr. Scallan's report regarding the review of Pre-K fees at Holm Elementary School, we appreciate the opportunity to respond to the findings noted in the report and we offer the following comments.

With regard to the weaknesses related to verification of the Enrollment/ Attendance Verification Forms, Mr. Wayne Odom, Director of Title I made the following statements:

"Training, experience, and better coordination of the collection and reporting of attendance data with Children Services Center has improved the situation a great deal, but it remains an area of concern. The Director of Title I as the Superintendent's designee to the Escambia County School Readiness Coalition (ECSRC) and the School Board of Escambia County's designee to the ECSRC, Dr. John DeWitt, are engaged in committee work with the Coalition to improve and streamline the processes currently in use. However, at present we are left with trying to operate a cumbersome system as efficiently as possible."

We agree with Mr. Scallan's comment related to the lack of reconciliation of monies received from the Children's Service Center (CSC) in payment for children attending the Pre-K programs. The method of collecting revenues from the CSC is new for this

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fiscal year. In prior fiscal years, collections were based solely on contractual amounts and were not directly connected to any sort of enrollment forms. As Mr. Odom noted in his statement, this system is quite cumbersome and consequently, no adequate system of reconciliation has been developed as of this time. The goal of the Board and Superintendent's representatives on the ECSRC is to negotiate a contract for next fiscal year that functions in the same manner as in prior fiscal years, with an established contractual fee payment from CSC for services provided. However, in the interim, District staff will apply analytical procedures to the revenues received from CSC and if necessary will extend the testing to verification of fee payments for a sample of the student population. At a minimum, analytical procedures will include verification that reasonable fee payments have been received every month for each Pre-K center that was in operation during the fiscal year. Using this methodology, the District can obtain reasonable assurance that the correct payments have been received from CSC.

BSL:LS:dlh

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