



School-Age Child Care Program

Follow-Up of Auditor General and Internal Audit Previous Audit Findings

Office of Internal Auditing

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Preface

The Office of Internal Auditing serves to improve the fiscal accountability and enhance the public's perception of the management and operations of the Escambia County School District. This engagement strives to meet those objectives.

Audits, reviews, and other engagements are determined through a District-wide risk assessment process, and are incorporated into the annual work plan of the Office of Internal Auditing, as approved by the Audit Committee. Other assignments are also undertaken at the request of District management.

This engagement was conducted with the full cooperation of District operational staff. We did not encounter any restrictions to records or personnel, which would prohibit us from expressing an opinion or offering recommendations.

Any recommendations included in this engagement are designed to improve operations and serve as the basis for informed discussions related to policies and procedures.

This engagement was conducted in accordance with the International Standards for Professional Practice of Internal Auditing, as promulgated by the Institute of Internal Auditors.

We thank the Workforce Education and various school-based staff for their cooperation and commitment during our follow-up engagement.



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Executive Summary

There are 33 School-Aged Child Care (SACC) programs operated by either District personnel (operated programs) or through contracted providers (contracted programs). The operated programs have been subject to audits by the Auditor General and numerous audits, reviews, and investigations by the Office of Internal Auditing. These engagements resulted in various recommendations for strengthening internal controls. As issues remained for three consecutive audits by the Auditor General, the Joint Legislative Auditing Committee required the District to provide a written explanation of the status of corrective action(s). The Auditor General will assess the status of corrective actions during its audit of the District for the year ended June 30, 2014.

As the Auditor General, Joint Legislative Auditing Committee, and our previous engagements focused on operated programs, our follow-up will concentrate on operated programs.

To determine the current status of the SACC program and success of corrective actions, we assessed the status of the previous recommendations during the summer of 2013. The recommendations focused on the following areas of concern:

- Control over receipt books
- Timeliness and accuracy of payments
- Physical security of collections
- Reconciliation of anticipated to actual collections
- Full and timely remittances of collections
- Errors in supporting documentation

Our assessment resulted in recommendations to implement additional and/or strengthen current internal controls. In the fall of 2013, the District implemented the recommendations, updated policies and procedures, and provided additional training to SACC staff. During January and February 2014, we followed-up on our assessment. The results of our follow-up were as follows:

Control over receipt books – Procedures have been implemented to ensure control over receipt books. Blank stock of receipt books, as well as used and current books, are stored in locked filing cabinets, to which the site directors maintain the keys. Pre-numbered receipts are utilized for all phases of collections. The District SACC Coordinator maintains a Receipt Book Inventory Log, which contains beginning and ending receipt numbers.

Timeliness and accuracy of payments – Procedures have been implemented to ensure the timeliness and accuracy of payments from parent/guardians. District procedures have been revised to ensure consistency for payment guidelines. In addition, procedures have been implemented to ensure the timeliness and accuracy of subsidy payments from third-parties.

Physical security of collections – Procedures have been implemented to ensure adequate physical security of collections. During collection, funds are stored in locked bags/boxes. Prior to remittance to the school secretary, site directors store collections in a locked bank bag, which is placed in a locked filing cabinet, to which the site directors maintain the keys.

Reconciliation of anticipated to actual collections – Site directors perform monthly reconciliations on a District standardized report. During our follow-up, we noted a discrepancy at one school between total collections per the District standardized report and actual total collections remitted to school the secretary. This discrepancy was due to an inadvertent error. Additional procedures were recommended and accepted to ensure accurate reconciliation of anticipated to actual collections.

In addition, the SACC Coordinator performs “mini-audits” to test the accuracy of the reconciliations done by site directors. The SACC Coordinator is continuing to refine the “mini-audit” process.

Full and timely remittance of collections – During our follow-up, we noted the SACC Coordinator did not compare monthly collections per general ledgers at the school level to the totals per attendance reports. We noted minor discrepancies when we performed this test. We did note the instances of untimely deposits of funds had decreased significantly. We recommended additional procedures to ensure timely remittance and deposit of collections. The recommendation was implemented during our follow-up fieldwork. **If instances persist, we recommend the District research and implement additional procedures or revise current procedures to allow for more timely deposits of collections.**

In addition, procedures have been implemented to ensure that once funds are remitted to the school secretary, they are remitted in a full and timely manner to the District’s Revenue Department.

Errors in supporting documentation – Procedures have been implemented to reduce errors in SACC supporting records. Site directors received additional training and District forms have been standardized. During follow-up, we did note errors in sign out records; albeit at a significantly reduced rate from our assessment. A certain level of discrepancy is expected, given the nature of the sign in/out process.

Overall, it appears the District has taken sufficient corrective action and implemented significant procedures to ensure adequate internal controls over the SACC program. Policies, procedures, and forms have been standardized throughout the District. All SACC site directors have received substantial training. In addition, it appears the SACC Coordinator is providing an adequate level of oversight of the program. Although refinements continue, these changes appear to address the results of the previous audits by the Auditor General and Internal Auditing.

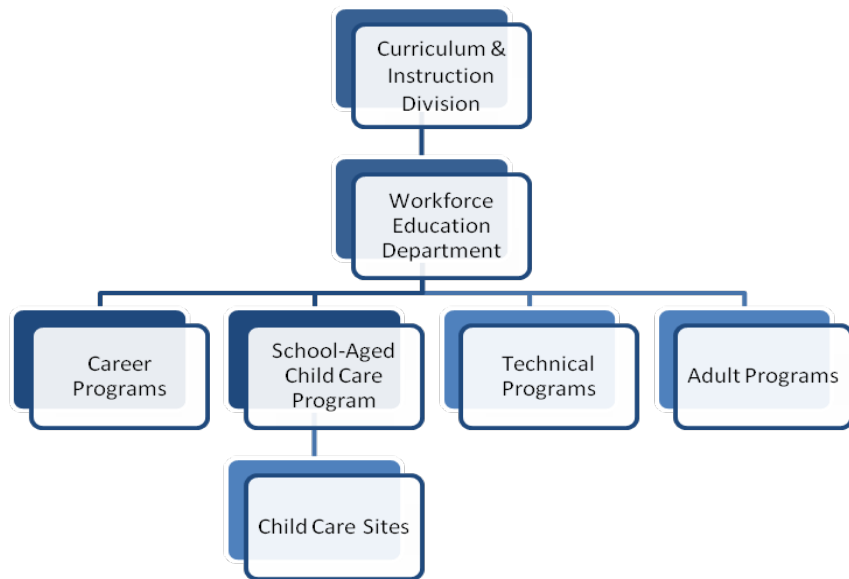
It appears the District has met, and in some instances, exceeded its committed actions in its response to the Joint Legislative Auditing Committee. We have assisted SACC staff with preparing for the Auditor General's current audit, and aided in providing requested documents. The District appears ready for the June 30, 2014 audit by the Auditor General.

Unless specifically requested by the District, the Auditor General, and/or the Joint Legislative Auditing Committee, no further follow-up work should be necessary.

Background

SACC was started in 1985, and is coordinated through Workforce Education.

In 1985, the District piloted its first School-Aged Child Care (SACC) program at one elementary school. The success of the pilot program led to the decision to expand services. The program has continued each year since its beginning. The SACC program is coordinated through Workforce Education, a department of the Curriculum and Instruction Division. The organizational structure of the SACC program is as follows:



There are currently 33 SACC sites; 5 of which are operated by the District.

The District collects payments for its sites.

The District receives \$1.50 per day per child for contracted sites.

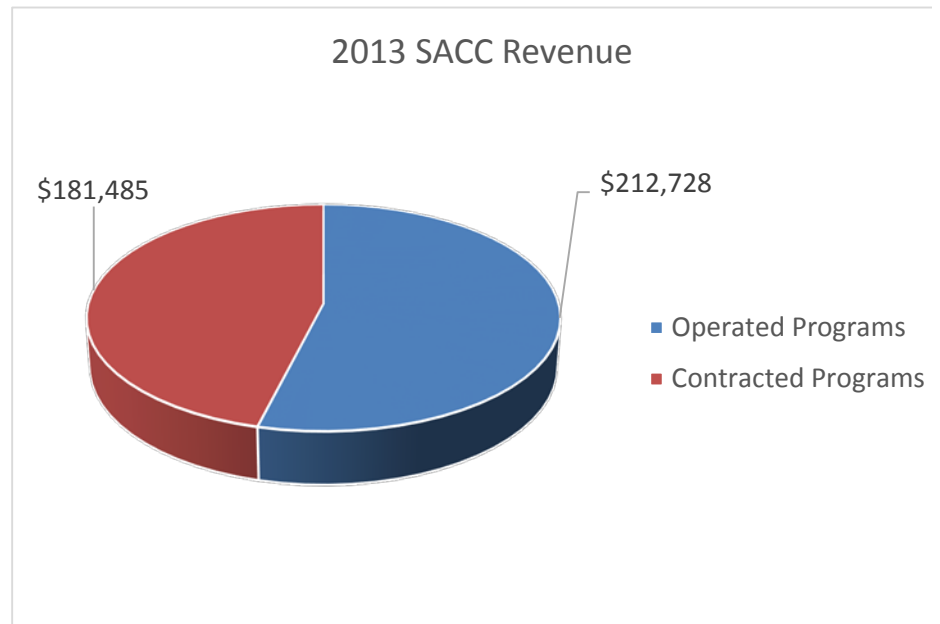
SACC collections FYE 06/30/13 were \$394,000.

Currently 33 schools/centers are served by before and/or after school programs operated either by the District or through contracted providers. The five sites operated by the District (operated programs) are located at: Bellview Elementary, Bratt Elementary, Ensley Elementary, Global Learning Academy, and McArthur Elementary. The contracted programs are provided by four vendors, who service the remaining 28 sites.

In addition to a registration payment, a continuing fee is charged based on enrollment. Fees charged to children (clients) participating in the SACC program vary depending on the number of clients in a same family, the number of days attending, and the level of the site (elementary vs. middle). Fees are paid directly to the provider (either the District or contractor). Contractor providers pay an administrative fee of \$1.50 per child per day to the District. A flowchart of the collection and oversight process for operated programs can be found in Appendix 1.

The Early Learning Coalition of Escambia County (ELC) offers a limited number of subsidies to parents/guardians that satisfy the organization’s financial eligibility guidelines. In addition, the District offers a limited number of “scholarships” to clients who demonstrate a financial need, but are unable to qualify for other subsidies.

For the fiscal year-ended June 30, 2013, fee collections for all sites, both District and contracted, were approximately \$394,000. For the current fiscal year through March 31, 2014, collections were approximately \$286,282.



SACC has been audited by the AG and Internal Auditing.

The SACC program is included in the Florida Auditor General's (AG) operational audit of the District, which occurs every three years. For the last three audit cycles (2005, 2008, and 2011), the AG's audit report has included findings related to the SACC program. In accordance with F.S. 218.39(8)(a), the AG is required to report to Florida Joint Legislative Auditing Committee (Committee) when a district school board has failed to correct an audit finding that has been reported in three successive audit reports.

The District was required to provide an action plan due to uncorrected findings related to SACC.

On February 11, 2013, the Committee adopted a motion directing the Escambia County District School Board (Board) to provide a written statement to the Committee explaining why full corrective action had not been taken or, if the Board intended to take full corrective action, describe the corrective action(s) to be taken and when it will occur. On April 2, 2013, the School Board Chair received the official directive from the Committee. On May 31, 2013 the Superintendent responded to the directive on behalf of the School Board. His response included corrective actions currently in place and proposed.

Upon reviewing the AG's audit reports for the last three audit cycles, along with reviews and investigations involving SACC operated programs, which were previously conducted by the Office of Internal Auditing, we noted 6 (six) areas of concern. The fieldwork for this engagement was designed, at a minimum, to address these areas. The concerns included:

- Control over receipt books
- Timeliness and accuracy of payments
- Physical security of collections
- Reconciliation of anticipated to actual collections
- Full and timely remittances of collections
- Errors in supporting documentation (enrollment, attendance, reports, etc.)

Objective

The objective of our follow-up engagement was to evaluate and assess the current status of the SACC program by obtaining an understanding of District-level oversight and each site's processes related to SACC. Our engagement also included an assessment of each operated programs' current internal controls. Based on our evaluation of oversight, the processes, and a review of internal controls, our goals were:

- To determine if corrective action has been taken regarding the AG's and Internal Auditing's previous audit findings,
- To identify areas in which internal controls could be strengthened and/or implemented,
- To follow-up on action previously taken and proposed actions

- included in the District’s response to the Committee, and
- To assist SACC staff during current AG audit.

Scope

We reviewed previous SACC audits and other relevant material.

We reviewed previous audit reports issued by the AG. We also analyzed previous reviews and investigations related to SACC, which were conducted by Office of Internal Auditing staff. In addition, we reviewed the correspondence from/to the Joint Legislative Auditing Committee.

We reviewed applicable rules and policies.

We examined the District’s Child Care Guidelines Manual, Chapter 65C-22 FAC – Child Care Standards, and School Board policies/procedures related to collection handling. During our assessment of operated programs, SACC records for the period July 1, 2012 through April 30, 2013, both at the District and site level were reviewed and tested. Finally, we reviewed policies and procedures related to subsidy payments, and subsidy records from July 1, 2012 through April 30, 2013.

We reviewed SACC records.

We attended post-assessment training for site directors. During follow-up, we reviewed SACC records from August 2013 through January 2014.

Methodology

We interviewed various District SACC personnel.

We interviewed various administrative-based staff, as well as site-based personnel. The SACC Coordinator was interviewed to obtain an understanding of the established procedures and oversight provided for both operated and contracted programs. Each site director of the five District-operated sites was interviewed to determine site-specific procedures related to collections and activities, and discuss our previous findings and the AG’s audit findings. Daily routines at each District-operated site were observed.

We interviewed ELC personnel.

We interviewed ELC personnel to obtain an understanding of their role in the SACC process. We reviewed the documents submitted in order for the District to receive subsidies. We did not audit ELC’s records, but gained an understanding of the required steps to ensure timely receipt and accuracy of subsidy payments.

We conducted an assessment of the operated sites SACC program in the summer of 2013.

During our assessment, we selected a random sample of student records at each District-operated site to test for compliance and accuracy. All collections (100%) for the period July 1, 2012 through April 30, 2013 at each site were tested for completeness and remittance timeliness.

The District implemented

Upon completion of our assessment, we discussed with each site director and the SACC Coordinator, the results of our testing, weaknesses in

additional controls and provided training to SACC personnel.

internal controls, deviations from established SACC procedures, and recommendations to enhance internal controls and ensure compliance with SACC guidelines. We attended and participated in the re-training of site directors.

We followed-up on our assessment in January 2014.

During our follow-up, we determined the status of recommendations made during our assessment. We reviewed SACC records from August 2013 through January 2014. We tested collections and records for January 2014 to ensure compliance with new established policies and procedures.

Follow-Up Results

Receipt books are being stored securely.

Control over Receipt Books

1.A. – The AG commented that blank stock of receipt books was accessible to more than one employee and was not stored securely.

During our assessment, we noted at 4 of the 5 daycare sites, blank stock of receipt books, as well as used and current books, were stored in either a locked filing cabinet or locked desk drawer, while 1 site stored the receipt books in a non-locking filing cabinet. We recommended all site directors store blank stock of receipt books, as well as used and current books, in a locked filing cabinet.

During follow-up, we verified that all 5 site directors store blank stock of receipt books, as well as used and current books, in a locked filing cabinet, whereby the site director maintains possession of the key.

1.B. – The AG commented that there was no employee independent of the cash collection process that accounted for the numerical sequence of pre-numbered receipts.

During our assessment, we noted that there was no one independent of the collection process accounting for the numerical sequence of pre-numbered receipts. We recommended the SACC Coordinator implement and maintain a Receipt Book Inventory Log which would allow for accountability of every pre-numbered receipt. This log should be updated as blank stock of pre-numbered receipt books are issued to sites and as copies of Monies Collections Forms (MCFs) are received that detail the pre-numbered receipts issued to parents at each daycare site.

During follow-up, we verified that all 5 site directors emailed the number range of the pre-numbered receipt book(s) in their possession at the beginning of the school year to the SACC Coordinator. Each month, the site directors send copies of the MCFs documenting collections to the SACC Coordinator. Although the SACC Coordinator is receiving the

A Receipt Inventory Log is maintained at the District level.

information needed to account for the numerical sequence of pre-numbered receipts, this information was not being utilized. A Receipt Book Inventory Log had not been implemented and maintained, as recommended after our assessment.

NOTE: At the time of this report, the SACC Coordinator created a Receipt Book Inventory Log and submitted it for our review. She will begin to utilize the log sheet effective immediately.

During our assessment, we noted at 4 of the 5 daycare sites, the site directors were listing the beginning and ending numbers of the pre-numbered collection receipts on the MCF, while 1 was not listing the pre-numbered receipt numbers on the MCF. We recommended that all site directors list the individual number of each pre-numbered receipt, in lieu of the receipt range, next to the corresponding name listed on the MCF. In addition, we recommended the site director and the school secretary both re-add the MCF and the copies of corresponding pre-numbered receipts issued and verify the two totals agree.

During follow-up, the site directors and the school secretaries stated they both re-add the MCF and the copies of corresponding pre-numbered receipts issued and verify the two totals agree. Only 3 of the 5 site directors listed the individual number of each pre-numbered receipt issued next to the corresponding collection listed on the MCF. The site directors at McArthur Elementary and Bratt Elementary did not list the individual number of each pre-numbered receipt issued on the MCFs.

NOTE: At the time of this report, the site directors at McArthur Elementary and Bratt Elementary were listing the individual number of each pre-numbered receipt issued next to the corresponding collection listed on the MCF.

1.C. – The AG commented that pre-numbered receipts were not issued when cash payments were received to replace checks returned for insufficient funds.

During our assessment, we noted 4 of the 5 daycare sites utilized a collection agency for checks returned for insufficient funds. The agencies collect payments to replace returned checks. The remaining site issued a pre-numbered receipt whenever a payment was received to replace an insufficient funds check. It appears this issue has been resolved; therefore, we made no recommendations, and no further follow-up on this issue is necessary.

Timeliness and Accuracy of Payments

2.A. – During previous reviews, investigations, and/or assessments related to SACC, we noted instances where pre-numbered receipts were not written at the time of payment.

During our assessment, we noted instances where pre-numbered receipts were written the next morning instead of at the time payment was received. We recommended pre-numbered receipts be issued at the time payment is received from the parent/guardian. In addition, we noted instances where the date written on the pre-numbered receipt was not the actual day of collection. We recommended the true collection date be listed on the pre-numbered receipt.

Pre-numbered receipts are being issued at the time of payment.

During follow-up, all 5 site directors stated they issue pre-numbered receipts at the time payment is received from the parent/guardian and list the true collection date. During our follow-up testing, we did not note any exceptions related to this issue.

2.B. – During previous reviews, investigations, and/or assessments related to SACC, we noted a variety of payment practices differing from established guidelines.

During our assessment, we noted a variety of acceptable payment arrangements. Payments were received prior to attendance, during the attendance week, and after attendance. We noted payments being made on daily, weekly, and bi-weekly basis. The School-Age Child Care Program Parent Handbook (Handbook) stated, “All fees must be paid in advance, on a weekly or monthly pay schedule.” The School-Age Child Care Guidelines (Guidelines) stated, “If the parent fails to pay in advance by Monday of the current week, then...” The Handbook and Guidelines presented conflicting information and did not reflect current payment practices. We recommended the District determine if the current payment practices were acceptable, and if so make the necessary changes to the Handbook and/or Guidelines.

District guidance regarding payment policies has been revised to be consistent and reflect current practice.

During follow-up, we verified that payment procedures documented in the School-Age Child Care Guidelines were revised June 2013 and placed on the District’s website. The Guidelines now state, “Parent makes payment during week of services rendered and no later than the following week unless a previously arranged payment plan has been established in writing, and approved by the site director and principal.” The School-Age Child Care Program Parent Handbook was revised July 2013. The Handbook now states, “All fees must be paid during the week services rendered unless payment schedule is preapproved by principal and site director.”

2.C. – *During previous reviews, investigations, and/or assessments related to SACC, we noted students’ names were not consistently listed on pre-numbered receipts.*

During our assessment, we noted only 2 of the 5 site directors included the student’s name on the pre-numbered receipt issued to the parent/guardian. Although this practice is not a requirement, we view it as a good internal control. We recommended all site directors include the student’s name on the pre-numbered receipt issued to the parent/guardian.

During follow-up, we verified all 5 site directors listed the student’s name on the pre-numbered receipt issued to the parent/guardian.

2.D. – *The AG commented that daycare sites did not provide the District/Revenue Department with a list of subsidy payments due to assure they are properly recorded.*

During our assessment, we noted the procedure for processing subsidy payments had changed since the AG’s audit. According to the SACC Coordinator, the Revenue Department previously received checks from ELC for subsidy payments. This process has been changed and is now done through electronic fund transfer (EFT). Amounts are identified as “ELC/school name” on the District’s bank statement allowing the Revenue Department to record the subsidy payment to the appropriate school. If the Revenue Department has a question related to the subsidy payment, they contact the SACC Coordinator. The site directors deliver their paperwork to the ELC office no later than the 5th of the following month. A member of the ELC was interviewed and stated they receive all paperwork timely. The SACC Coordinator receives copies of the paperwork remitted to ELC on a monthly basis and is aware of expected subsidy payment amounts. The SACC Coordinator confirms the District’s banking information with ELC on an annual basis. It appears this issue has been resolved; therefore, we made no recommendations at this time.

During follow-up, we noted 4 of the 5 daycare sites had ELC students. The site directors for these sites stated they deliver their paperwork to the ELC office by the 3rd, but no later than the 5th of the following month.

2.E. – *The AG commented that District employees did not timely and consistently compare subsidies due to subsidies received.*

During our assessment, we noted that no routine monitoring/comparing of subsidy payments expected to subsidy payments received by District personnel existed. We recommended the SACC Coordinator confirm receipt of expected subsidies on a monthly basis. Subsidy amounts

The subsidy payment process has been revised to ensure accuracy and timeliness.

District-level staff is monitoring subsidy payments.

indicated on the monthly reports remitted to ELC should be compared to the appropriate District budgetary accounts.

During follow-up, we verified the SACC Coordinator confirms receipt of expected subsidies within Skyward/SBAA on a monthly basis.

Physical Security of Collections

3.A. – The AG commented that collections were placed in unlocked cash bags/boxes that were accessible to more than one employee.

During our assessment, we noted at 2 of the 5 daycare sites, collections were accepted and retained in the site director’s office. At the remaining 3 sites, daycare fee payments were collected in a designated area within the main daycare area, with 2 site directors utilizing a lockable bank bag and 1 site director allowing any daycare worker to “drop” collections into a locked wooden box. Multiple individuals had access to the bank bags and box. For those sites without a daycare office, we recommended the site director keep collections in her possession at all times until end of day, when collections can be stored in a locked bank bag within a locked filing cabinet.

During follow-up, we noted that collections are taken only by the site director. Four of the 5 site directors stated they place collections inside a lockable bank bag, which is kept either in their possession or in their locked office. The remaining site director “drops” collections inside a locked metal box (she did away with the wooden box), which she maintains and later transfers to a lockable bank bag at end of day. This particular site director is assigned one-on-one with an autistic child and has found this process easiest for her.

During our assessment, we noted at 3 of the 5 daycare sites, the site director was the only person accepting daycare fee payments, while multiple employees accepted collections at the 2 remaining schools. We recommended the site directors at these 2 schools (Bratt Elementary and McArthur Elementary) be the only person accepting collections.

The number of individuals collecting SACC funds has been limited.

During follow-up, the site directors at all 5 schools stated they were the only person accepting collections.

3.B. – The AG commented on the storage of funds after collection from parents, but prior to remittance from the site directors to the school secretary.

During our assessment, we noted 3 of the 5 daycare sites had a lockable filing cabinet to store the lockable bank bag overnight, while 2 daycare sites did not. We recommended Bellview Elementary and Global Learning Academy purchase a lockable filing cabinet. We recommended the site

SACC collections are maintained in secure locations.

director place collections in a locked bank bag and store the bag inside a locked filing cabinet prior to remittance to the school secretary. In addition, we recommended the site director maintain possession of keys belonging to the lockable bank bag and lockable filing cabinet.

During follow-up, we verified that a lockable filing cabinet had been secured for each of the 2 sites without cabinets. We noted that all 5 site directors store collections in a locked bank bag, which is placed inside a locked filing cabinet, to which the site director maintains possession of the keys.

Reconciliation of Anticipated to Actual Collections

4. – The AG commented that routine comparisons/reconciliations of fee collections and deposits with fees that should have been assessed based upon attendance data and approved fee rates were not performed by District personnel.

During our assessment, we noted that the monthly District SACC Attendance report remitted to the SACC Coordinator did not include information needed to perform a comparison of fees collected to fees that should have been assessed based upon attendance data and approved fee rates. We recommended multiple detailed changes to the monthly District SACC Attendance report. SACC personnel accepted the recommendations made during our assessments and immediately updated the report.

During follow-up, we verified that all 5 site directors were utilizing the updated monthly District SACC Attendance report. Once prepared, this report was reviewed by the school’s daycare site director and Principal. It was then received and reviewed by the SACC Coordinator on a monthly basis. However, we did note a key process of comparing each student’s ending account balance per the monthly District SACC Attendance Report to each student’s ending balance on his/her Individual Account Form was not done by the site directors. This process is necessary to determine and investigate any differences. We recommended this process be implemented immediately. SACC personnel accepted the recommendation during follow-up fieldwork and implemented the new process.

During follow-up, we noted at one school, discrepancies between the total collections recorded/deposited per the school’s records and the total of collections reported on the monthly District SACC Attendance report. We noted some collections were omitted from the monthly District SACC Attendance report in error. The SACC Coordinator was not aware of the discrepancy, as no process was in place at the District level to compare the monthly total of receipts listed on the general ledger to the monthly total of collections listed on the monthly District SACC Attendance report.

District forms have been standardized to allow for comparison of expected to actual SACC collections.

The District's SACC Coordinator is conducting monthly "mini-audits" of SACC sites.

To ensure the calculation is accurate, we recommended site director and SACC Coordinator implement a procedure to compare the total collections remitted to the school secretary based on MCFS to the total collected per the monthly District SACC Attendance report, and to investigate any differences. We assisted the SACC Coordinator in creating a reconciliation worksheet. SACC personnel accepted the recommendation during follow-up fieldwork. Additional training was done and SACC began utilizing the new process in February 2014.

During our assessment, we also noted there was insufficient scrutiny by the SACC Coordinator of the site directors' submitted documents. We recommended the SACC Coordinator perform routine "mini audits" (at least one daycare site per month). These "mini audits" should include a minimum of 3 students to test the accuracy of attendance and payment records, as well as the reconciliation of fee collections and deposits with projected fee collections based on attendance records and approved fee rates. For each of these 3 students, pre-numbered receipt copies issued and attendance records (Sign Out sheets) should be traced to the monthly District SACC Attendance reports and the Individual Account Forms in order to test completeness and accuracy. Extensive one-on-one training was provided to the SACC Coordinator on how to perform these "mini audits."

During follow-up, we verified the SACC Coordinator had implemented and routinely performed "mini audits" to test the accuracy of attendance and payment records, as well as the reconciliation of fee collections and deposits with projected fee collections based on attendance records and approved fee rates. However, our testing indicated the SACC Coordinator was vouching payments from the monthly District SACC Attendance report and the Individual Account Forms to the pre-numbered receipt copies issued, instead of tracing from the pre-numbered receipt copies issued to the monthly District SACC Attendance report and the Individual Account Forms. This pattern allowed for testing of accuracy, but not for completeness, which should always be tested from the source documents forward. We recommended the SACC Coordinator change the flow of her procedure. She agreed with the recommendation, and indicated she would make the change with future "mini" audits.

Full and Timely Remittance of Collections

5.A. – During previous reviews, investigations, and/or assessments related to SACC, we commented that collections were not deposited in a timely manner (at the school site/school level).

District policies require deposits be made no less than every 5 business days. During our assessment, we noted numerous instances from July 2012 through April 2013 when deposit "turn-around" time was greater

Site directors have been trained on the need for timeliness of remittance of collections.

than 5 business days as follows:

- Bellview Elementary – 18 instances
- Bratt Elementary – 10 instances
- Ensley Elementary – 3 instances
- Global Learning Academy – 23 instances
- McArthur Elementary – 24 instances

Remittance of SACC collections is often a challenge, as site directors usually collect funds after school hours when the school secretary is not present at the school. In an effort to aid in timely remittance, we recommended Bratt Elementary consider purchasing a lock box which would allow site directors to “drop off” collections when the secretary was not available. All other sites had a lock box. In the event the secretary is unavailable for an extended period of time, the principal should ensure collections are deposited in a timely manner.

Site directors were also unclear on the specifics of the 5-day policy. During assessment fieldwork, we reviewed the State Board Rules and the Internal Funds Policy Manual pertaining to frequency of deposits for internal funds with all site directors. We recommended principals and site directors review these rules and policies and instruct school staff where necessary on the requirement to make timely deposits. In addition, we recommended the school secretary make bank deposits at least twice a week to ensure timely deposits of daycare collections.

Sites continue to struggle to meet deposit time requirements.

During follow-up, we verified Bratt Elementary purchased a lock box. For the month of January 2014, timely deposit issues were noted as follows:

- Bellview Elementary – 2 instances noted**
- Global Learning Academy – 1 instance noted**
- McArthur Elementary – 1 instance noted**

Some of these instances were because of collections taken before winter break. We discussed with the site directors to instruct parents to pay prior to times when the school would be closed, such as during winter break and spring break.

The District may need to revise procedures further to reduce deposit timelines.

If instances of delayed deposits continue, we recommend the District research and implement alternate deposit guidelines for collections related to child care. For example, site directors could make deposits directly and provide the associated paperwork to the school secretary. This process would eliminate one phase of the process, and reduce the overall amount of time from collection to deposit.

5.B. – The AG commented that District personnel did not independently verify that the fee collections were deposited in full and in a timely manner (at school site/school level).

The District is verifying collections deposited by sites.

During our assessment, we noted that although the SACC Coordinator obtained general ledger reports for the F-6032 Daycare Fees account from all 5 daycare sites on a monthly basis, the information was not being utilized. We recommended copies of the associated MCFs be included with the monthly District SACC Attendance reports submitted to the SACC Coordinator, so that the SACC Coordinator could verify that the fee collections were deposited in full and in a timely manner. Extensive one-on-one training was provided to the SACC Coordinator on:

- What information was provided on the general ledger report for the F-6032 Daycare Fees account,
- How to verify that the fee collections were deposited in full and in a timely manner by tracing the copies of MCFs to the general ledger report (noting the dates documented on the MCFs),
- How to verify that each MCF was properly recorded, and
- How to compare the monthly total of receipts listed on the general ledger to the monthly total of collections listed on the District SACC Attendance report.

During follow-up, we verified the SACC Coordinator received copies of the associated MCFs with the monthly District SACC Attendance reports for all 5 daycare sites, and compared those MCFs to the general ledger report for the F-6032 Daycare Fees account to verify that the fee collections were properly recorded, deposited in full and in a timely manner.

In an effort to confirm all collections are reported timely and correctly, we recommended the site directors keep collections separate according to month when listing pre-numbered receipts on a MCF.

5.C. – The AG commented that District personnel did not independently verify that the fee collections were remitted in full and in a timely manner (at the District level) and that collections were properly recorded in District budgetary accounts.

During our assessment, we noted that no District-level individual monitored daycare collections remitted to the Revenue Department and ensured collections were properly recorded in the budgetary accounts (outside of normal collection procedures). We recommended the SACC Coordinator verify that the fee collections were remitted in full and timely to the Revenue Department and were properly recorded in the District budgetary accounts.

Extensive one-on-one training was provided to the SACC Coordinator on how to verify that the fee collections are received in full and timely by the Revenue Department and are properly recorded in the District budgetary accounts within Skyward/SBAA.

The District is monitoring to ensure collections are remitted from the sites to the District in a full and timely manner.

During follow-up, we verified the SACC Coordinator monitored and verified that all 5 daycare sites remitted their daycare collections in full and timely to the District Revenue Department and that the collections were properly recorded in the District budgetary accounts.

During our assessment, we noted the SACC Coordinator, while aware of her multiple duties related to SACC, did not have an organized list of duties to ensure all tasks were completed each month. We recommended the SACC Coordinator utilize a monthly checklist as an internal control for the new monitoring steps to include:

- Verify monthly reconciliation attendance/collections – spreadsheet received from schools, signed by principal, and appears reasonable
- Verify funds received by school (F-6032 acct/general ledger) – look for deposits and check cut to District
- Verify funds received by District (budgetary accts) – look in SBAA for proof that District received the check
- Perform “mini audits”

The SACC Coordinator has developed a monthly checklist for monitoring.

During follow-up, we verified the SACC Coordinator implemented and maintained a checklist for monitoring purposes. We recommended the SACC Coordinator add a step on the monthly checklist to “Verify/reconcile total collected to spreadsheet.” The total of MCFs should agree with the total listed on monthly District SACC Attendance report.

Errors in Supporting Documentation (Enrollment, Attendance, & Reports)
6.A – The AG commented on errors in enrollment records. Errors included: inconsistencies between days claimed and days attended per child care enrollment records; and omitting claims for reimbursable days attended, approved holidays, and excused absences.

During our assessment, we noted procedures had been established to limit enrollment errors. Site directors were trained on how and what to compare. As detailed below, we did note a significant number of attendance errors during our assessment. As it relates to subsidies, the ELC provided training to site directors during 2012-2013. A member of the ELC was interviewed and stated this was no longer an issue. We recommended continued routine training to ensure understanding and accuracy of records.

SACC personnel received training on methods to reduce documentation errors.

During follow-up, we verified that all 5 site directors had received additional training. An Internal Auditing staff member attended and participated to assist the SACC Coordinator when necessary.

6.B. – During previous reviews, investigations, and/or assessments related to SACC, we noted errors in attendance records.

During our assessment, we noted instances from July 2012 to April 2013 where attendance was marked erroneously or where a parent failed to sign-out their student were indicated as follows:

- Bellview Elementary – 6 instances noted
- Bratt Elementary – 7 instances noted
- Ensley Elementary – 28 instances noted
- Global Learning Academy – 9 instances noted
- McArthur Elementary – 30 instances noted

Some of these instances were where the daycare site relied upon the parent/guardian to list their student’s name on the Sign Out sheet before signing them out. We recommended that a pre-printed listing of registered students be used and an “Attendance” column be included on the daily Sign Out sheets. This process would allow for easy comparison of parent/guardian signature to the student marked as being in attendance. In addition, we recommended the site director at Global Learning Academy utilize the Individual Account Forms.

Instances of errors have reduced, but persist due to the nature of the SACC process.

During follow-up, we verified the daily Sign Out sheets were updated to include a pre-printed listing of students registered and an “Attendance” column at all 5 daycare sites. In addition, all 5 site directors now utilize the Individual Account Forms. For the month of January, instances where attendance was marked erroneously or where a parent failed to sign-out their student were noted as follows:

- Ensley Elementary – 1 instance noted**
- Global Learning Academy – 4 instances noted**

6.C. – During previous reviews, investigations, and/or assessments related to SACC, we noted discrepancies at different sites related to the reporting of “non-childcare days,” such as holidays.

During our assessment, we noted some site directors indicated “non-childcare days” on attendance records/reports, while others did not. Indicating such days in the records is a good internal control and aids in the reconciling of attendance records to collections. We recommended all site directors identify “non-childcare days” on attendance records/reports.

During follow-up, we verified all site directors were identifying “non-childcare days” on attendance records/reports.

Conclusions

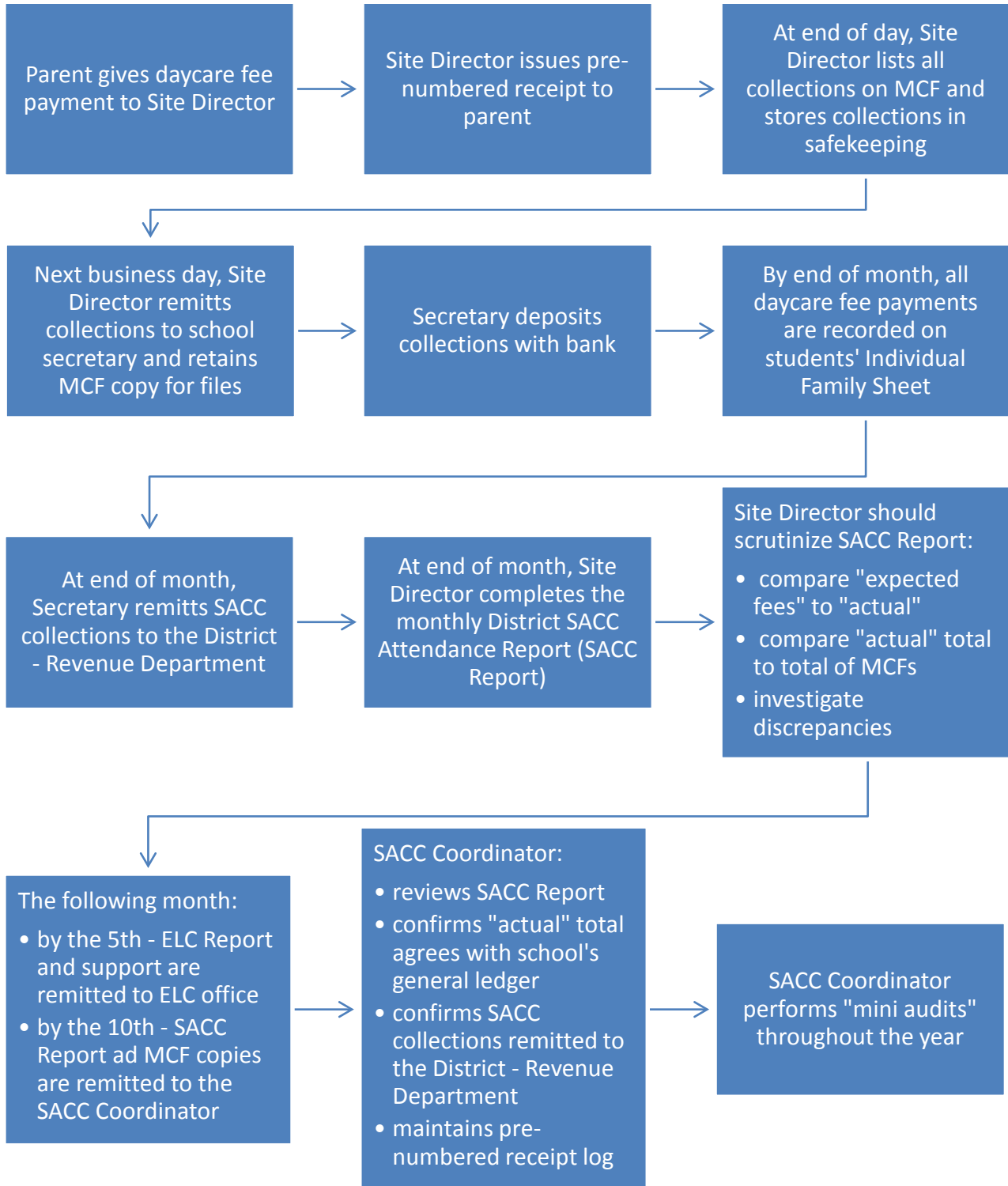
Overall, as it relates to District-operated programs, it appears the District has taken sufficient corrective action and implemented significant procedures to ensure adequate internal controls over the SACC program. Policies, procedures, and forms have been standardized throughout the District. All SACC site directors have received substantial training. In addition, it appears the SACC Coordinator is providing an adequate level of oversight of the program. Although refinements continue, these changes appear to address the results of the previous audits by the Auditor General and Internal Auditing.

It appears the District has met, and in some instances, exceeded its committed actions in its response to the Joint Legislative Auditing Committee.

We have assisted SACC staff with preparing for the Auditor General's audit, and aided in providing requested documents. The District appears ready for the June 30, 2014 audit by the Auditor General.

Unless specifically requested by the District, the Auditor General, and/or the Joint Legislative Auditing Committee, no further follow-up work should be necessary.

Appendix I – SACC Collection and Oversight Process



Management Response – Attached
