

STATE OF NEW JERSEY
DEPARTMENT OF EDUCATION
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE

PATERSON INTERNAL AUDIT UNIT
CALVARY BAPTIST COMMUNITY CENTER, INC

FISCAL YEAR 2015-2016

JUNE 2017

**NEW JERSEY DEPARTMENT OF EDUCATION
PATERSON INTERNAL AUDIT UNIT
CALVARY BAPTIST COMMUNITY CENTER, INC.
FISCAL YEAR 2015-2016**

Distribution List of Final Audit Report

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**NEW JERSEY DEPARTMENT OF EDUCATION
PATERSON INTERNAL AUDIT UNIT
CALVARY BAPTIST COMMUNITY CENTER, INC.
FISCAL YEAR 2015-2016**

EXECUTIVE SUMMARY

The Paterson Internal Audit Unit conducted an audit of Calvary Baptist Community Center, Inc. (provider), a provider participating in the New Jersey Department of Education (NJDOE) Preschool Education Program, for compliance with the terms of the contract for the 2015-2016 fiscal year.

As a result of the audit, the following deficiencies were noted:

- The provider did not follow the approved budget. As a result, the provider owes the district a balance of \$75,765.60.
- The provider charged unallowable expenditures totaling \$8,655.19.

AUDIT SCOPE

The Paterson Internal Audit Unit reviewed the financial records and supporting documentation in accordance with the executed contract for the provider for the period July 2015 through June 2016. During this period, funds were allocated based on a presumptive budget submitted by the provider and approved by the district. The NJDOE budget should reflect actual costs based on a six hour and 55 minute day and 185 day school year. Additional funds were given to the provider to operate a 16 day summer enrichment program during the month of July 2015.

The audit scope included detailed testing to determine whether or not:

- The provider had a current license.
- The NJDOE employees had criminal history record information results, child abuse record information results, Mantoux Tuberculosis test results, and applicable credentials on file. The contract requires the provider to provide proof to the district, prior to the commencement of the program that each individual employed by the contracted childcare center has had a criminal history background check and said check indicates that criminal history record information does not exist on file in either the Identification Division of the Federal Bureau of Investigation or the State Bureau of Identification, which would disqualify said employee from employment pursuant to law, or the check reveals a disqualifying offense and the individual has demonstrated rehabilitation.
- The provider properly filed federal and state tax returns.
- The provider maintained a financial system that provides timely, accurate, current and complete disclosure of all financial activities related to the NJDOE agreement.
- The provider properly handled cash receipts and disbursements; and completed year-end bank reconciliation for each account handling NJDOE funding.
- The provider maintained the proper insurance as required by the contract.

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FISCAL YEAR 2015-2016**

- The provider submitted the proper supporting documentation with the quarterly expenditure reports.

CALVARY BAPTIST COMMUNITY CENTER, INC

Calvary Baptist Community Center, Inc. is a nonprofit childcare center providing services to the children of Paterson, New Jersey. The center is located at 575 E. 18th Street, Paterson, NJ and was budgeted to serve a total of 135 NJDOE children. The FY 2015-2016 approved budget totaled \$1,809,314.00.

FINDINGS AND RECOMMENDATIONS

1. The provider under spent the NJDOE Preschool Education approved budget by \$75,765.60

The NJDOE provides funding for the six hour and 55 minute educational component of the preschool program and the Department of Human Services (DHS) provides funding for the wraparound component.

The Statement of Assurance signed by the director of the childcare center certifies the expenditure report is accurate and complete with all supporting documentation. The provider shall submit all supporting documentation including receipts for all expenditures related to the NJDOE with each quarterly expenditure report. The District Department of Early Childhood Education (district) shall, based on their review of the quarterly expenditure reports, make prorated adjustments to subsequent monthly payments through the duration of the NJDOE contract.

Based on the results of this audit, the provider under spent the approved budget by \$75,765.60 (see exhibit A).

Recommendation:

The auditors recommend the district recovers \$75,765.60 from this provider.

2. The provider charged unallowable expenditures

The auditors noted unallowable expenditures totaling \$8,655.19:

- A total of \$2,854.42 for Office Depot charges, including \$406.95 for toner, with order dates ranging from July 7, to July 28, 2016. These should have been expensed in FY 2016-2017.
- The provider charged \$219.00 to Nursing Supplies for items that were purchased on July 7, 2016. This should have been expensed in FY 2016-2017.

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CALVARY BAPTIST COMMUNITY CENTER, INC.
FISCAL YEAR 2015-2016**

- A charge of \$2,440.47 for PSE&G starting July 2015 through October 2015. Auditors gave partial credit for the billing period within FY 2015-2016.
- A charge of \$435.00 for pest control services for July, August, and September 2015. Auditors disallowed July and August because a review of expenses for summer enrichment gave full credit for indirect costs.
- A July 2016, monthly charge of \$251.76 for Optimum. Auditors disallowed this expense because a review of expenses for summer enrichment gave full credit for indirect costs.
- The provider charged late fees totaling \$204.54 to the NJDOE preschool program, which were disallowed by the auditors.
- A \$2,250.00 charge under accounting fees for TD Bank for 6 months of financial statements preparation. This should have been expensed in FY 2014-2015.


Recommendation:

The auditors recommend the provider enhances its current financial management system in order to correct the finding noted above. The provider should only charge allowable costs to the NJDOE program. Purchases should be made in a timely manner and expensed to the correct fiscal year.


Auditor:

Janeth Molina

Submitted by:


Daniel Sackner
Supervising Auditor

Approved by:


Steven Hoffmann
Director, State
Operated Audit Unit

PATERSON PUBLIC SCHOOLS
 CALVARY BAPTIST COMMUNITY CENTER, INC.
 2016/2016 FISCAL YEAR
 BUDGET VS. ACTUAL

Expense	FTE/ Quantity	Unit Cost/ Average Unit Cost	DOE Share of Costs in Contracted Classrooms	DOE Share of Annual Costs	DOE Share of Centor- White Costs	Total Cost	TRANSFER/ ADJUSTMENT	ADJUSTED INDOE BUDGET	TOTAL EXP PER PROVIDER	BUDGET VARIANCE	AMOUNT TO BE RECLAIMED PER PROVIDER	YTD TOTAL PER AUDITORS	BUDGET MINUS YTD PER AUDITORS	VARIANCE- AMOUNT DUE BACK
EDUCATIONAL PROGRAM COSTS														
Teacher Salary	9.00	\$51,544	100.00%			\$463,898		463,898.00	455,011.00	8,887.00	8,887.00	454,448.02	9,449.98	9,449.98
Teacher Assistant Salary	9.00	\$27,004	100.00%			\$243,039		243,039.00	240,989.00	2,050.00	2,050.00	239,444.84	3,594.16	3,594.16
Floating Teacher Assistant Salary	1.50	\$24,649	100.00%			\$36,973		36,973.00	37,055.00	(82.00)	-	36,905.92	67.08	67.08
Teacher/Assistant Teacher Benefits	19.50	\$10,185	100.00%			\$198,607		198,606.90	196,347.00	2,259.90	2,259.90	198,606.90	-	-
Substitute Teacher Stipend	9.00	\$1,650	100.00%			\$14,850		14,850.00	2,724.00	12,126.00	12,126.00	2,530.00	12,320.00	12,320.00
Substitute Assistant Teacher Stipend	10.50	\$1,125	100.00%			\$11,813		11,812.50	8,175.00	3,637.50	3,637.50	7,650.00	4,162.50	4,162.50
Classroom Materials and Supplies	9.00	\$1,500	100.00%			\$13,500		13,500.00	13,527.00	(27.00)	-	13,500.00	-	-
Classroom Technology	9.00	\$800	100.00%			\$7,200		7,200.00	7,484.00	(284.00)	-	7,200.00	-	-
Field Trips w/ Transportation	135.00	\$75	100.00%			\$10,125		10,125.00	10,049.00	82.00	82.00	9,862.90	262.10	262.10
Family Worker Salary	2.00	\$29,728	100.00%			\$59,457		59,456.82	50,342.00	9,114.82	9,114.82	50,341.65	9,115.17	9,115.17
Family Worker Benefits	2.00	\$15,250	100.00%			\$30,500		30,499.92	22,945.00	7,554.92	7,554.92	21,497.79	9,002.13	9,002.13
Expense														
Food-Related Costs (CACPP participant, non-reimbursable costs)														
Food (for contracted preschool children only)		\$19,289	100.00%			19,289		19,289.17	47,881.00	(28,591.83)	-	19,289.17	-	-
Food Worker Salary (cook)	1.00	\$17,232	83.33%		100.00%	\$14,359		14,359.33	14,718.00	(358.67)	-	14,359.33	(0.00)	-
Food Worker Benefits (cook)	1.00	\$0	83.33%		100.00%	\$0					-			-
Assistant Food Worker Salary (asst. cook)	0.50	\$17,405	83.33%		100.00%	\$7,252		7,251.91	11,460.00	(4,208.09)	-	7,251.91	(0.00)	-
Assistant Food Worker Benefits (asst. cook)	0.50	\$0	83.33%		100.00%	\$0					-			-
Employer Payroll Taxes (For Educational Program Positions only)											-			-
Social Security (6.20%)											-			-
Medicare (1.45%)						\$22,802		52,801.71	50,260.00	2,541.71	2,541.71			
Unemployment (2.80%)						\$12,349		12,348.79	11,636.00	712.79	712.79			
Disability (0.50%)						\$23,846		23,845.94	22,698.00	1,147.94	1,147.94			
SUBTOTAL Educational Program Costs						\$1,224,116		1,224,116.19	1,207,343.00	16,773.19	80,319.78	1,170,082.05	54,034.14	54,034.14
Expense														
ADMINISTRATIVE SUPPORT AND INDIRECT COSTS														
SUPPORT COSTS														
Director Salary	1.00	\$124,600	83.33%		100.00%	\$103,829		103,829.18	103,833.00	(3.82)	-	103,829.18	0.00	0.00
Director Benefits	1.00	\$174	83.33%		100.00%	\$145		144.99	145.00	(0.01)	-	144.99	0.00	0.00
Clerical Salary	2.00	\$30,219	83.33%		100.00%	\$50,363		50,363.04	45,732.00	4,631.04	4,631.04	45,732.07	4,630.97	4,630.97
Clerical Benefits	2.00	\$4,520	83.33%		100.00%	7,533.80		7,533.80	8,106.00	(572.20)	-	7,533.80	(0.00)	-
Custodian Salary	1.00	\$24,051	83.33%		100.00%	20,041.35		20,041.35	20,800.00	(758.65)	-	20,041.35	(0.00)	-
Custodian Benefits	1.00	\$12,319	83.33%		100.00%	10,265		10,265.29	10,398.00	(132.71)	-	10,265.29	(0.00)	-
Security Guard Salary	1.00	\$23,812	83.33%		100.00%	\$19,842		19,842.46	16,131.00	3,711.46	3,711.46	16,131.00	3,711.96	3,711.96

PATERSON PUBLIC SCHOOLS
 CALVARY BAPTIST COMMUNITY CENTER, INC.
 2016/2018 FISCAL YEAR
 BUDGET VS. ACTUAL

Expense	FTE/ Quantity	Unit Cost/ Average Unit Cost	DOE Share of Costs in Contracted Classrooms	DOE Share of Annual Costs	DOE Share of Center- Wide Costs	Total Cost	TRANSFER/ ADJUSTMENT	ADJUSTED BUDGET	TOTAL EXP PER PROVIDER	BUDGET VARIANCE	AMOUNT TO BE RECLAIMED PER PROVIDER	YTD TOTAL PER AUDITORS	BUDGET MINUS YTD PER AUDITORS	VARIANCE- AMOUNT DUE BACK
Expense														
Security Guard Benefits	1.00	\$7,035	83.33%			\$5,862		5,862.27	3,518.00	2,344.27	2,344.27	3,908.18	1,954.09	1,954.09
Social Security (6.20%)						\$12,033		12,032.71	11,563.00	469.71	469.71			
Medicare (1.45%)						\$2,814		2,814.10	2,704.00	110.10	110.10			
Unemployment (2.80%)						\$5,434		5,434.13	5,222.00	212.13	212.13			
Disability (0.50%)						\$970		970.38	932.00	38.38	38.38	18,696.60	2,554.72	2,554.72
INDIRECT COSTS - SPACE COSTS														
Rent, Mortgage, Other Space Costs		\$154,826	83.33%			129,016		129,016.34	129,018.00	(1.66)	0.00	\$129,016.00	0.34	0.34
Expense														
INDIRECT COSTS - ALL OTHER ALLOWABLE INDIRECT														
Office Equipment > \$2,000 and Repair		\$8,160	83.33%			\$6,800		6,799.73	6,845.00	(45.27)				
Office Materials and Supplies		\$5,202	83.33%			\$4,335		4,334.83	4,344.00	(9.17)				
Food-Related Paper Supplies		\$5,202	83.33%			\$4,335		4,334.83	9,372.00	(5,037.17)				
Cleaning Supplies		\$17,401	83.33%			\$14,500		14,500.25	14,535.00	(34.75)				
Food for Meetings		\$0	83.33%			\$0								
Building/Grounds Maintenance/Repair		\$9,995	83.33%			\$7,829		7,828.85	7,600.00	228.85				
Utilities		\$43,400	83.33%			\$36,165		36,165.22	34,183.00	1,982.22				
Telecommunications Services		\$8,400	83.33%			\$7,000		6,999.72	5,398.00	1,661.72				
Security		\$13,650	83.33%			\$11,375		11,374.55	11,308.00	66.55				
Insurance		\$44,880	83.33%			\$37,399		37,398.50	36,865.00	533.50				
Accounting Fees		\$24,900	83.33%			\$20,749		20,749.17	20,750.00	(0.83)				
Payroll Preparation Fees		\$4,080	83.33%			\$3,400		3,399.86	2,905.00	494.86				
Advertising		\$1,530	83.33%			\$1,275		1,274.95	1,131.00	143.95		\$140,257.53	14,902.93	14,902.93
Profit, if Applicable (Max of 2.5% of Ed C)		\$0	100.00%			\$0								
Subtotal of Above Administrative Support and Indirect Costs						\$523,310		523,310.49	185,176.00	30,032.49	11,517.08	140,257.53	14,902.93	14,902.93
Other Approved Budgeted Costs														
Nursing Services (0.50 FTE nurse for 185 days, 7 hours per day @\$55 per hour)						\$35,613		\$35,613	29,580.00	6,032.50	6,032.50	\$29,580.00	6,032.50	6,032.50
Nursing Funds						\$1,500		\$1,500	1,501.00	(1.00)		\$1,052.11	447.89	447.89
NAEYC						\$775		\$775	775.00			\$775.00		
Summer Enrichment						\$24,000		\$24,000	55,403.00	(31,403.00)		\$23,652.20	347.80	347.80
(Insert item name or brief description on this line.)						\$0		\$0						
SUBTOTAL Other Approved Budgeted Costs						\$61,888		\$61,887.50	87,259.00	(25,371.50)	6,032.50	\$55,059.31	6,828.19	6,828.19
PROVIDER PROGRAM TOTALS														
Total Cost						\$1,809,314		\$1,809,314		\$1,494.18	\$67,869.96	\$1,854,157.96	\$75,765.60	\$75,765.60

**NEW JERSEY DEPARTMENT OF EDUCATION
OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE
EARLY CHILDHOOD EDUCATION LIMITED REVIEW RESPONSE
CORRECTIVE ACTION PLAN**

CAP# _____

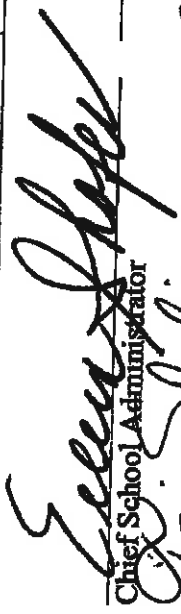

NAME OF SCHOOL DISTRICT PATERSON PUBLIC SCHOOL DISTRICT COUNTY: PASSAIC


TYPE OF EXAMINATION: Abbott Early Childhood Education Program
Office of Fiscal Accountability and Compliance (OFAC)
Report of Examination - (Dated) _____ OFAC Case # _____
 DATE OF BOARD MEETING: Workshop Meeting: August 2, 2017 Regular Meeting: August 23, 2017

PROVIDER CONTACT INFORMATION: Name of PROVIDER Calvary Baptist Preschool
 NAME OF DIRECTOR Ms. Yvette Smith Address of Provider 575 E. 18th Street Paterson, NJ 07514

TELEPHONE NUMBER 973-278-4130 FAX NUMBER _____

FINDING/ RECOMMENDATION NUMBER	FINDING	CORRECTIVE ACTION	METHOD OF IMPLEMENTATION	INDIVIDUAL RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
1	The provider under spent the NJDOE Preschool Education budget by \$75,765.60	The District has recovered \$75,765.60 from the provider.	The District reduced the monthly tuition payments to the provider until all funds were recovered.	Nancy Aguado-Holtje	June 2017


 Chief School Administrator

 Fiscal Specialist


 Board Secretary/Business Administrator

Date 7-6-2017
 Date _____
 Date _____

NEW JERSEY DEPARTMENT OF EDUCATION
 OFFICE OF FISCAL ACCOUNTABILITY AND COMPLIANCE
 EARLY CHILDHOOD EDUCATION LIMITED REVIEW RESPONSE
 CORRECTIVE ACTION PLAN

CAP# _____

NAME OF SCHOOL DISTRICT PATERSON PUBLIC SCHOOL DISTRICT COUNTY: PASSAIC

TYPE OF EXAMINATION: Abbott Early Childhood Education Program
Office of Fiscal Accountability and Compliance (OFAC)
 Report of Examination - (Dated) OFAC Case #
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PROVIDER CONTACT INFORMATION: Name of PROVIDER Calvary Baptist Preschool
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FINDING/ RECOMMENDATION NUMBER	FINDING	CORRECTIVE ACTION	METHOD OF IMPLEMENTATION	INDIVIDUAL RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
2	The provider charged unallowable expenditures	The District will ensure that unallowable expenditures are not charged to NJDOE	Review the general ledger in detail. Direct the provider to comply with District and accounting procedures.	Nancy Aguado-Holtje Toni Scholing	June 2017 and periodically.

Eileen Kaper
 Chief School Administrator
Toni Scholing
 Fiscal Specialist

[Signature]
 Board Secretary/Business Administrator
 Date 7-6-2017
 Date _____
 Provider _____
 Date _____