

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

PATERSON INTERNAL AUDIT UNIT

PATERSON YMCA PRESCHOOL

FISCAL YEAR 2015-2016

JUNE 2017

**NEW JERSEY DEPARTMENT OF EDUCATION
PATERSON INTERNAL AUDIT UNIT
PATERSON YMCA PRESCHOOL
FISCAL YEAR 2015-2016**

Distribution List of Final Audit Report

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Paterson Public Schools

**NEW JERSEY DEPARTMENT OF EDUCATION
PATERSON INTERNAL AUDIT UNIT
PATERSON YMCA PRESCHOOL
FISCAL YEAR 2015-2016**

EXECUTIVE SUMMARY

The Paterson Internal Audit Unit conducted an audit of Paterson YMCA Preschool (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 \$43,498.87.
- The provider failed to submit documentation in a timely manner.

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.

The audit scope included detailed testing to determine whether:

- 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.

**NEW JERSEY DEPARTMENT OF EDUCATION
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- The provider submitted the proper supporting documentation with the quarterly expenditure reports.

PATERSON YMCA PRESCHOOL

The Paterson YMCA Preschool is a nonprofit childcare center providing services to the children of Paterson, New Jersey. The center is located at 128 Ward Street, Paterson, NJ and was budgeted to serve a total of 75 NJDOE children. The FY 2015-2016 approved budget totaled \$1,013,869.00.

FINDINGS AND RECOMMENDATIONS

1. The provider under spent the NJDOE Preschool Education approved budget by \$43,498.87

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 \$43,498.87 (see exhibit A).

Recommendation:

The auditors recommend the District recovers \$43,498.87 from this provider.

2. The provider failed to submit requested documentation

The provider did not submit some invoices that were requested for review. Therefore, auditors could not verify the expenses and are unable to give credit to the provider for those expenses. There were numerous charges in the general ledger with the description "Business Cards", which were expenses paid with a corporate credit card. Auditors requested a sample of supporting invoices from various vendors to verify the charges and to date, some of the invoices have not been provided.


**NEW JERSEY DEPARTMENT OF EDUCATION
PATERSON INTERNAL AUDIT UNIT
PATERSON YMCA PRESCHOOL
FISCAL YEAR 2015-2016**

Recommendation:

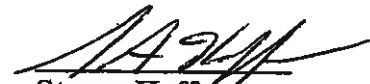
The auditors recommend that in the future the provider submits all documentation requested to ensure proper credit.

**Auditor:
Janeth Molina**

Submitted by:


**Daniel Sackner
Supervising Auditor**

Approved by:


**Steven Hoffmann
Director, State
Operated Audit Unit**

2015-2016 BUDGET VS. ACTUAL

EXPENSE	ABBOTT BUDGET	TRANSFER/A DJUSTMENT	ADJUSTED NJDOE BUDGET	TOTAL EXP PER PROVIDER	BUDGET VARIANCE	PER PROVIDER TO BE RECLAIMED	YTD TOTAL PER AUDITORS	BUDGET MINUS YTD PER AUDITORS	VARIANCE- AMOUNT DUE BACK
EDUCATIONAL PROGRAM COSTS									
Certified Teacher Salary	260,272	-	260,272	265,598	(5,326)	-	260,571.62	(300)	-
Teacher Assistant Salary	134,110	-	134,110	131,630	2,480	2,480	134,109.60	0	0
Floating Teacher Assistant Salary	22,842	-	22,842	29,999	(7,157)	-	22,842.43	(0)	(0)
Teacher/Asst Teacher Benefits	99,677	-	99,677	84,824	14,853	14,853	84,848.73	14,828	14,828
Substitute Teacher Daily Rate	8,250	-	8,250	5,555	2,695	2,695	5,060.00	3,190	3,190
Substitute Assistant Daily Rate	6,559	-	6,559	3,975	2,584	2,584	3,937.50	2,622	2,622
Classroom Materials and Supplies	7,500	-	7,500	4,822	2,678	2,678	4,563.92	2,936	2,936
Classroom Technology	4,000	-	4,000	2,677	1,323	1,323	2,429.18	1,571	1,571
Field Trips w/ Transportation	5,625	-	5,625	3,757	1,868	1,868	3,756.50	1,869	1,869
Family Worker Salary	50,273	-	50,273	49,308	965	965	49,298.39	975	975
Family Worker Benefits	21,477	-	21,477	21,591	(114)	-	21,477.00	-	-
Food-Related Costs (CACRP participant, non-reimbursable costs)				603,736					
Food (for Abbott children)	11,819	-	11,819	11,820	(1)	-	11,819.00	0.00	0.00
Food Worker Salary (cook)	14,205	-	14,205	11,055	3,150	3,150	10,932.75	3,272	3,272
Food Worker Benefits (cook)	3,723	-	3,723	-	3,723	3,723	0.00	3,723	3,723
Employer Payroll Taxes (For Abbott Educational Program Positions only)				22,875					
Social Security (6.20%)	30,784	-	30,784	30,042	742	742			
Medicare (1.45%)	7,199	-	7,199	7,026	173	173			
Unemployment (2.80%)	13,902	-	13,902	9,111	4,791	4,791			
Disability (0.50%)	2,483	-	2,483	2,421	62	62	50,609.36	3,759	3,759
SUBTOTAL, DOE Ed. Prg Costs	704,700	-	704,700	Total Educational Program Costs		42,087	666,255.99	38,444	38,444
ADMINISTRATIVE SUPPORT COSTS									
Director Salary	59,441	-	59,441	59,441	-	-	59,438.46	3	3
Director Benefits	12,591	-	12,591	10,285	2,306	2,306	10,156.66	2,434	2,434
Clerical Salary	34,524	-	34,524	34,524	-	-	34,522.79	1	1
Clerical Benefits	11,648	-	11,648	11,867	(219)	-	11,514.90	133.10	133.10
Custodian Salary	12,004	-	12,004	11,407	597	597	11,164.00	840	840
Custodian Benefits	-	-	-	-	-	-	-	0.00	0.00
Security Guard Salary	-	-	-	-	-	-	-	0.00	0.00

YMCA
2015-2016 BUDGET VS. ACTUAL

EXPENSE	ABBOTT BUDGET	TRANSFER/A DJUSTMENT	ADJUSTED NDJOE BUDGET	TOTAL EXP PER PROVIDER	BUDGET VARIANCE	PER PROVIDER TO BE RECLAIMED	YTD TOTAL PER AUDITORS	BUDGET MINUS YTD PER AUDITORS	VARIANCE- AMOUNT DUE BACK
Security Guard Benefits	-	-	-	-	-	-	-	0.00	0.00
Social Security (6.20%)	6,570	-	6,570	6,426	144	144	-	-	-
Medicare (1.45%)	1,537	-	1,537	1,516	21	21	-	-	-
Unemployment (2.80%)	2,967	-	2,967	1,264	1,703	1,703	-	-	-
Disability (0.50%)	530	-	530	226	304	304	-	-	898
Total - Administrative Support Costs:	141,812	-	141,812	136,956	4,856	5,075	137,502.93	4,309	4,309
INDIRECT COSTS - Space Costs									
Rent, Mortgage, Other Space Costs	75,214	-	75,214	75,220	(6)	-	75,214.00	-	-
							75,214.00	-	-
INDIRECT COSTS - All Other Allowable Indirect Costs									
Office Equipment-\$2000 and Repair	4,500	-	4,500	1,769	2,731	-	-	-	-
Office Materials and Supplies	4,534	-	4,534	3,901	633	-	-	-	-
Food-Related Paper Supplies	2,833	-	2,833	3,821	(988)	-	-	-	-
Cleaning Supplies	2,876	-	2,876	6,336	(3,460)	-	-	-	-
Building/Grounds - Maint/Repair	14,346	-	14,346	9,626	4,720	-	-	-	-
Utilities	23,950	-	23,950	19,152	4,798	-	-	-	-
Telecommunications Services	510	-	510	530	(20)	-	-	-	-
Security Equipment	380	-	380	1,036	(656)	-	-	-	-
Insurance	21,667	-	21,667	19,413	2,254	-	-	-	-
Accounting Fees	8,840	-	8,840	12,030	(3,190)	-	-	-	-
Payroll Preparation Fees	6,733	-	6,733	6,296	437	-	-	-	-
Advertising	425	-	425	-	425	-	-	-	-
Profit, if Applicable	-	-	-	-	-	-	-	-	-
Total - All Other Allowable Indirect Costs:	91,594	-	91,594	82,141	9,453	7,684	90,848.21	745.79	745.79
OTHER APPROVED BUDGET COSTS									
NAEYC	550	-	550	800	(250)	0.00	550.00	-	-
Total: Other & Adjustments:	550	-	550	-	-	0.00	550.00	-	-
Total Budget:	1,013,870	-	1,013,870	970,328	4,542	\$54,846.00	\$970,371.13	\$43,498.87	\$43,498.87

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

CAP# _____

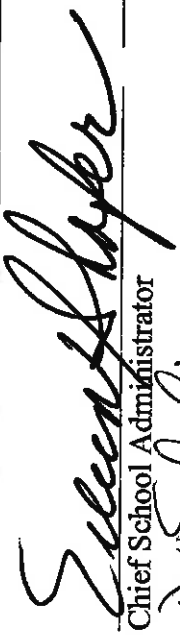
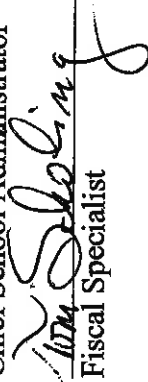
NAME OF SCHOOL DISTRICT PATERSON PUBLIC SCHOOL DISTRICT COUNTY: PASSAIC

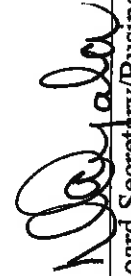
TYPE OF EXAMINATION: Abbott Early Childhood Education Program
Office of Fiscal Accountability and Compliance (OFAC)
 Report of Examination - (Dated) _____ OFAC Case # _____
 DATE OF BOARD MEETING: Workshop Meeting: August 2, 2017 Regular Meeting: August 23, 2017

PROVIDER CONTACT INFORMATION: Name of PROVIDER Paterson YMCA preschool
 NAME OF DIRECTOR Ms. Lynn Kitchings Address of Provider 128 Ward Street Paterson, NJ 07505

TELEPHONE NUMBER 973-684-2320 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 \$43, 498.87	The District will recover \$43, 498.87 from the provider.	The District has reduce the monthly tuition payments to the provider and collected all funds.	Nancy Aguado-Holtje	June 2017


 Chief School Administrator

 Fiscal Specialist


 Board Secretary/Business Administrator
 Date 7-5-2017 Provider _____
 Date 8/30/17 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

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Office of Fiscal Accountability and Compliance (OFAC)
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FINDING/ RECOMMENDATION NUMBER	FINDING	CORRECTIVE ACTION	METHOD OF IMPLEMENTATION	INDIVIDUAL RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
2	The provider failed to submit requested documentation.	The District will Follow-up to ensure all requested documentation is received and reviewed by the Department of Early Childhood Education. (DECE)	Request all documentation and review the same for propriety.	Nancy Aguado-Holtje Toni Scholing	September 2017

Eileen Hofer
 Chief School Administrator
Toni Scholing
 Fiscal Specialist

[Signature]
 Board Secretary/Business Administrator

Date _____
 Date _____

Date 7-5-2017
 Date _____

Provider