

STATE OF NEW JERSEY

DEPARTMENT OF EDUCATION

PATERSON INTERNAL AUDIT UNIT

**PASSAIC COUNTY COMMUNITY COLLEGE CHILD
DEVELOPMENT CENTER**

2009-2010 FISCAL YEAR

MARCH 2011

**NEW JERSEY DEPARTMENT OF EDUCATION
PATERSON INTERNAL AUDIT UNIT
PASSAIC COUNTY COMMUNITY COLLEGE CHILD DEVELOPMENT
CENTER
2009-2010 FISCAL YEAR**

Distribution List of Final Audit Report

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Paterson Public Schools

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**NEW JERSEY DEPARTMENT OF EDUCATION
PATERSON INTERNAL AUDIT UNIT
PASSAIC COUNTY COMMUNITY COLLEGE CHILD DEVELOPMENT
CENTER
2009-2010 FISCAL YEAR**

EXECUTIVE SUMMARY

The Paterson Internal Audit Unit conducted an audit of Passaic County Community College Child Development Center, a provider participating in the DOE Preschool Education Program, for compliance with the terms of the contract for the 2009-2010 fiscal year.

As a result of the audit, the auditors noted the following:

- The provider under spent the approved budget. As a result, the provider owes the district a balance of \$28,826.31.
- The auditors noted several minor accounting irregularities.

DETAILED FINDINGS

The Paterson Internal Audit Unit reviewed the financial records and supporting documentation in accordance with the executed contract for Passaic County Community College Child Development Center, Inc. for the period September 2009 through June 2010. During this year, funds were allocated based on a presumptive budget submitted by the provider and approved by the District. The DOE budget should reflect actual costs based on a six and a half hour day and 185 day school year.

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

- The day care center had a current license.
- The DOE employees had criminal history record information (CHRI) results, child abuse record information (CARI) results, Mantoux Tuberculosis (TB) 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 child care center has had a criminal history background check and that said check indicates that no criminal history record information exists 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 that 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 DOE agreement.
- The provider properly handled cash receipts and disbursements; and completed year-end bank reconciliation for each account handling DOE funding.

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- The provider maintained the proper insurance as required by the contract.
- The provider submitted the proper supporting documentation with the quarterly expenditure reports.

Below is a summary of the audit findings:

PASSAIC COUNTY COMMUNITY COLLEGE CHILD DEVELOPMENT CENTER

Passaic County Community College Child Development Center (the provider) is a non-profit childcare center providing services to the children of Paterson, New Jersey. The center is located at 1 College Boulevard in Paterson. The provider was budgeted to serve a total of 75 DOE children. The approved DOE budget totaled \$989,235.

This center operations are not the same as or typical to other centers. The center leases space on the Passaic County Community College campus. Revenue is deposited into the college's operating account and accounted for in separate financial statements prepared for the center by the college. The center's staff are employees of the Passaic County Community College.

1. DOE Preschool Program.

The Department of Education (DOE) funds the 6 a half hour day educational component of the DOE preschool program and the Department of Human Services (DHS) funds the wraparound component.

The Statement of Assurance signed by the Director of the childcare center certifies that 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 DOE with each quarterly expenditure report. The Paterson Office of Early Childhood shall, based on their review of the quarterly expenditure reports, make prorated adjustments to subsequent monthly payments through the duration of the DOE contract.

Based on the results of this audit, the provider under spent the approved budget by \$28,826.31 (See exhibit A).

Recommendation:

The auditors recommend that the district recovers \$28,826.31 from this provider for the 2009-2010 fiscal year.

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2. The auditors noted several minor accounting irregularities.

The auditors noted several instances of accounting irregularities:

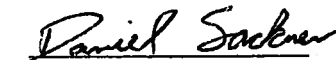
- The provider is combining multiple expense categories into one account in the general ledger. One example is director and family worker salaries were combined in an account labeled "Administrative". Another account labeled "Clerical" included salaries for clerical, some teacher assistants, floater, and the cook. In addition, several accounts had to be combined to come up with the total expenses for classroom materials and supplies.
- Items charged to the account "printing and copying" were erroneously included as part of classroom materials and supplies. The auditors did allow these expenses as an indirect cost rather than an educational program cost.

Recommendation:

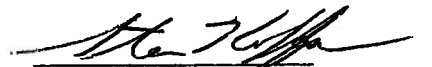
The auditors recommend that the provider implements sound fiscal controls to correct the irregularities noted above. The provider should ensure that the general ledger accounts better mirror the DOE budget and that expenses are charged to the correct account in the general ledger. The provider has already agreed to add additional codes in their general ledger to better mirror the DOE accounts.

Auditors:
Rashmi Rawtani
Patricia Sewak

Submitted by:


Daniel Sackner
Supervising Auditor

Approved by:


Steven C. Hoffmann
Coordinating Internal Auditor

PCCC
2009-2010 BUDGET VS. ACTUAL

Expenses	BUDGET TRANSFER		YTD TOTAL PER PROVIDER EXPENDITURE REPORT	BUDGET MINUS YTD PER PROVIDER	YTD TOTAL PER AUDITORS	BUDGET MINUS YTD PER AUDITORS	VARIANCE - AMOUNT DUE BACK
EDUCATIONAL PROGRAM COSTS							
284,959	-	284,959	\$284,958.00	\$1.00	\$284,957.98	\$1.02	\$1.02
137,554	-	137,554	\$136,083.00	\$1,471.00	\$136,081.13	\$1,472.87	\$1,472.87
20,363	-	20,363	\$20,363.00	\$0.00	\$20,362.00	\$1.00	\$1.00
129,945	8,617.00	138,562	\$138,562.00	\$0.00	\$136,739.21	\$1,822.79	\$1,822.79
8,250	-	8,250	\$8,250.00	\$0.00	\$13,650.00	\$1,163.00	\$1,163.00
6,563	-	6,563	\$6,429.00	\$134.00			
10,000	(2,200)	7,800	\$7,578.00	\$222.00	\$6,778.04	\$1,021.96	\$1,021.96
4,000	300	4,300	\$4,029.00	\$271.00	\$4,029.19	\$270.81	\$270.81
5,625	-	5,625	\$5,616.00	\$9.00	\$5,615.68	\$9.32	\$9.32
49,131	-	49,131	\$49,131.00	\$0.00	\$49,130.00	\$1.00	\$1.00
16,493	-	16,493	\$16,493.00	\$0.00	\$16,493.00	\$0.00	\$0.00
Fund-Related Costs (CACRF Participant, non-reimbursable costs)							
15,346	-	15,346	\$15,346.00	\$0.00	\$15,346.00	\$0.00	\$0.00
16,156	-	16,156	\$16,156.00	\$0.00	\$16,156.00	\$0.00	\$0.00
5,664	-	5,664	\$5,664.00	\$0.00	\$5,664.00	\$0.00	\$0.00
-	-	-	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
-	-	-	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Employer Payroll Taxes (For Abbott Educational Program Positions only)							
32,424	-	32,424	\$31,419.00	\$1,005.00	\$31,414.61	\$1,009.39	\$1,009.39
7,583	-	7,583	\$7,342.00	\$241.00	\$7,346.96	\$236.04	\$236.04
14,643	-	14,643	\$14,205.00	\$438.00	\$2,994.88	\$11,648.12	\$11,648.12
2,615	-	2,615	\$2,564.00	\$31.00	\$1,842.40	\$772.60	\$772.60
SUBTOTAL, DOE Educational Program Costs	6,717	774,031	\$770,208.00	\$3,823.00	\$754,601.07	\$19,429.93	\$19,429.93
ADMINISTRATIVE SUPPORT AND INDIRECT COSTS							
SUPPORT COSTS							
63,503	-	63,503	\$63,503.00	\$0.00	\$63,503.00	\$0.00	\$0.00
10,454	-	10,454	\$10,454.00	\$0.00	\$10,454.00	\$0.00	\$0.00

PCCC
2009-2010 BUDGET VS. ACTUAL

Expenses	BUDGET TRANSFER		YTD TOTAL PER PROVIDER EXPENDITURE REPORT	BUDGET MINUS YTD PROVIDER	YTD TOTAL PER AUDITORS	BUDGET MINUS YTD PER AUDITORS	VARIANCE - AMOUNT DUE BACK
32,132	(5,099)	27,033	\$22,856.00	\$4,177.00	\$22,623.67	\$4,409.33	\$4,409.33
8,809	-	8,809	\$8,809.00	\$0.00	\$8,809.00	\$0.00	\$0.00
15,142	-	15,142	\$15,142.00	\$0.00	\$15,142.00	\$0.00	\$0.00
4,220	-	4,220	\$4,220.00	\$0.00	\$4,220.00	\$0.00	\$0.00
6,868	-	6,868	\$6,293.00	\$575.00	\$6,278.66	\$589.34	\$589.34
1,606	-	1,606	\$1,472.00	\$134.00	\$1,468.40	\$137.60	\$137.60
3,102	-	3,102	\$2,842.00	\$260.00	\$600.39	\$2,501.61	\$2,501.61
554	-	554	\$458.00	\$96.00	\$337.33	\$216.67	\$216.67
INDIRECT COSTS							
49,117	-	49,117	\$49,117.00	\$0.00	\$49,117.00	\$0.00	\$0.00
3,255	(1,012)	2,243	\$2,147.00	\$96.00	\$1,473.87	\$769.13	\$769.13
3,255	500	3,755	\$3,381.00	\$374.00	\$3,125.40	\$629.60	\$629.60
2,929	(1,121)	1,808	\$1,808.00	\$0.00	\$2,842.83	-\$1,034.83	-\$1,034.83
1,937	(657)	1,080	\$1,080.00	\$0.00	\$702.80	\$377.20	\$377.20
1,302	-	1,302	\$1,302.00	\$0.00	\$1,003.82	\$298.18	\$298.18
325	-	325	\$325.00	\$0.00	\$325.00	\$0.00	\$0.00
9,764	-	9,764	\$9,764.00	\$0.00	\$9,764.00	\$0.00	\$0.00
325	-	325	\$325.00	\$0.00	\$325.00	\$0.00	\$0.00
1,953	(977)	976	\$798.00	\$178.00	\$798.94	\$177.06	\$177.06
1,302	(651)	651	\$326.00	\$325.00	\$325.50	\$325.50	\$325.50
651	-	651	\$651.00	\$0.00	\$651.00	\$0.00	\$0.00
651	-	651	\$651.00	\$0.00	\$651.00	\$0.00	\$0.00
488	-	488	\$488.00	\$0.00	\$488.00	\$0.00	\$0.00
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
223,644	(9,217)	214,427	\$209,212.00	\$6,215.00	\$205,030.61	\$9,396.39	\$9,396.39
Special Requests							
-	-	-	-	-	-	-	-
creative curriculum.net	-	-	-	-	-	-	-
NAEYC step 3 & 4	775	775	\$775.00	\$0.00	\$775.00	\$0.00	\$0.00
Total Monthly Expenditures	991,733	989,233	\$979,195.00	\$10,038.00	\$960,406.69	\$28,826.31	\$28,826.31
Total			\$979,195.00	\$10,038.00	\$960,406.69	\$28,826.31	\$28,826.31

**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: _____

PROVIDER CONTACT INFORMATION: Name of PROVIDER Passaic County Community College Child Development Center
NAME OF DIRECTOR Linda Carter

Address of Provider: 1 College Blvd., 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	Department of Education Preschool Program.	Department of Education Preschool Program recovery. The District will recover \$28,826.31 from the Provider.	Reduced monthly tuition payments to Provider.	Susana Peron	January 2012

Alan A. Egan
Chief School Administrator

Tom Salobing
Fiscal Specialist

George R. Amatore
Int'l. Board Secretary/Business Administrator

Date 6/24/11 Date 6/27/11
Date 5-19-2011 Date 5-19-11
Date _____ Date _____
Provider _____

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

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FINDING/ RECOMMENDATION NUMBER	FINDING	CORRECTIVE ACTION	METHOD OF IMPLEMENTATION	INDIVIDUAL RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
2	The auditors noted several minor accounting irregularities.	The District will direct the Provider to implement fiscal accounting controls that will eliminate errors and allocate expenses to the correct general ledger account.	Continue to review the general ledger to ensure accounting controls are in place.	Susana Peron	January 2012

[Signature] Chief School Administrator
[Signature] Fiscal Specialist
[Signature] Board Secretary/Business Administrator
 Date 6/24/11 Date 6/27/11
 Date 5-19-2011 Date 579-11
 Provider _____