

**STATE OF NEW JERSEY**  
**DEPARTMENT OF EDUCATION**

**PATERSON INTERNAL AUDIT UNIT**

**EL MUNDO DE COLORES**

**2013-2014 FISCAL YEAR**

**NOVEMBER 2014**

**NEW JERSEY DEPARTMENT OF EDUCATION  
PATERSON INTERNAL AUDIT UNIT  
EL MUNDO DE COLORES  
2013-2014 FISCAL YEAR**

**Distribution List of Final Audit Report**

**David Hesse, Acting Commissioner  
New Jersey Department of Education**

**Donnie Evans, State District Superintendent  
Paterson Public Schools**

**Robert Bumpus, Acting Assistant Commissioner  
New Jersey Department of Education**

**Ellen Wolock, Director, Office of Preschool Education  
New Jersey Department of Education**

**Robert J. Cicchino, Director  
Office of Fiscal Accountability and Compliance  
New Jersey Department of Education**

**Steven Hoffmann, Coordinating Auditor  
New Jersey Department of Education**

**Daniel Sackner, Supervisor of Internal Audit  
Paterson Public Schools**

**NEW JERSEY DEPARTMENT OF EDUCATION  
PATERSON INTERNAL AUDIT UNIT  
EL MUNDO DE COLORES  
2013-2014 FISCAL YEAR**

**EXECUTIVE SUMMARY**

The Paterson Internal Audit Unit conducted an audit of El Mundo De Colores (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 2013-2014 fiscal year.

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

- The provider under spent the approved budget. As a result, the provider owes the district a balance of \$92,905.63.
- The auditors noted minor account coding errors.
- The auditors noted several unallowable expenditures.

**DETAILED FINDINGS**

The Paterson Internal Audit Unit reviewed the financial records and supporting documentation in accordance with the executed contract for the provider for the period September 2013 through June 2014. 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 or not:

- The provider had a current license.
- The NJDOE 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, each individual employed by the contracted childcare center has had a criminal history background check and 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 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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PATERSON INTERNAL AUDIT UNIT  
EL MUNDO DE COLORES  
2013-2014 FISCAL YEAR**

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

**EL MUNDO DE COLORES:**

El Mundo De Colores is a non-profit childcare center providing services to the children of Paterson, New Jersey. The provider is affiliated with the Catholic Family and Community Services, a community based organization that was established to perform charity work on behalf of the Roman Catholic Diocese of Paterson. The center is located at 44 Ward Street in Paterson, and was budgeted to serve a total of 105 NJDOE children. The FY 2013-2014 approved budget totaled \$1,540,245.

**SUMMARY OF FINDINGS AND RECOMMENDATIONS**

**1. NJDOE Preschool Program.**

The NJDOE funds the six hour and 55 minute educational component of the 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 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 the audit, the provider under spent the approved budget by \$92,905.63.

**Recommendation:**

The auditors recommend that the district recovers \$92,905.63 from the provider.

**2. The auditors noted minor account coding errors.**

The auditors noted the following:

- The auditors noted one instance where an expense was charged to the wrong location. An expense to install a security system totaling \$4,418.30 was charged to the provider but should have been charged to EL Mundo Del Nino (another NJDOE provider operated by the parent company). The auditors also noted minor expenditures that were charged to the incorrect line item on the budget. The auditors moved those expenditures to the correct line item. The provider will adjust the year end expenditure report for El Mundo Del Nino to properly report the expense for the security system.

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2013-2014 FISCAL YEAR**

**Recommendation:**

The auditors recommend that the provider ensures that proper coding is made for all NJDOE related expenses.

**3. The auditors noted several unallowable expenditures.**

The auditors noted unallowable expenditures totaling \$2,480.68 including:

- NAEYC (National Association for the Education of Young Children) expense totaling \$600.00.
- Prior year audit fees totaling \$1,381.68 charged to the current year.
- Bureau of fire code enforcement penalty fee of \$166.00.
- Prior year extermination expense totaling \$333.00.

The auditors disallowed these expenses.

**Recommendation:**

The auditors recommend that 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.


**Auditors:**

**Michael Osei**

**Submitted by:**

  
**Daniel Sackner**  
**Supervising Auditor**

**Approved by:**

  
**Steven Hoffmann**  
**Coordinating Auditor**

EL MUNDO DE COLORES  
BUDGET VS ACTUAL  
2013/2014 FISCAL YEAR

DESCRIPTION	BUDGET TRANSFER	ADJUSTED TOTAL COST	YTD TOTAL PER PROVIDER EXPENDITURE REPORT	BUDGET AMOUNT YTD PER PROVIDER	AMOUNT DUE BACK FROM PROVIDER	YTD TOTAL PER AUDITORS	BUDGET AMOUNT YTD PER AUDITORS	VARIANCE - AMOUNT DUE BACK
Teacher Salary	888,000	888,000	888,788	1,087	1,087	882,888	81,488	\$1,488
Teacher Assistant Salary	817,000	817,000	817,520	620	-	817,000	81,520	\$0
Teacher Assistant Salary	881,500	881,500	881,500	1,488	1,488	880,012	81,488	\$1,488
Instructional Teacher Payroll	880,500	880,500	880,000	88,000	88,000	880,000	88,000	\$0
Instructional Teacher Payroll	811,000	811,000	811,200	200	200	810,700	81,200	\$0
Instructional Teacher Payroll	88,000	88,000	88,000	8,000	8,000	88,000	8,000	\$0
Instructional Teacher Payroll	810,000	810,000	810,000	1,000	-	810,000	81,000	\$0
Instructional Teacher Payroll	88,000	88,000	88,000	700	700	87,300	88,000	\$700
Instructional Teacher Payroll	87,000	87,000	87,000	400	400	86,600	87,000	\$400
Instructional Teacher Payroll	882,500	882,500	882,500	8,500	-	882,500	88,500	\$0
Instructional Teacher Payroll	888,000	888,000	888,000	3,488	3,488	884,512	88,488	\$0
Food Related Costs (CAGPZ positions, janitor, food for contracted licensed children only)	818,044	818,044	818,246	602	-	818,044	81,602	\$0
Food Worker Salary (cont)	888,000	888,000	888,000	4,000	-	888,000	88,400	\$0
Food Worker Benefits (cont)	814,970	814,970	814,970	888	-	814,970	81,882	\$1,088
Assistant Food Worker Salary (cont, cont)	82,000	82,000	82,000	844	844	81,156	82,000	\$844
Assistant Food Worker Benefits (cont, cont)	80	80	80	80	-	80	80	\$0
Food Worker Payroll (for Educational Program - cont)	811,000	811,000	811,000	1,128	1,128	810,872	81,128	\$0
Medicare (1-678)	88,700	88,700	88,700	284	284	88,416	88,700	\$284
Unemployment (2-678)	818,000	818,000	818,000	610	610	817,390	818,000	\$610
Director (3-678)	88,000	88,000	88,000	81	81	87,919	88,000	\$81
MUNICIPAL Educational Program Costs	81,000,000	81,000,000	81,000,000	48,000	48,000	80,952,000	80,977,480	\$24,520
COMPENSATIVE SUPPORT AND MATERIAL COSTS								
Director Salary	888,700	888,700	888,700	1,000	-	888,700	88,000	\$800
Director Benefits	814,100	814,100	814,100	1,488	1,488	812,612	81,488	\$0
Child Salary	888,000	888,000	888,000	1,000	-	888,000	88,000	\$0
Child Benefits	810,000	810,000	810,000	1,000	-	810,000	81,000	\$0
Child Salary	888,100	888,100	888,100	100	100	888,000	88,100	\$0
Child Benefits	818,000	818,000	818,000	1,000	-	818,000	81,000	\$0
Special Guard Salary	814,000	814,000	814,000	1,000	-	814,000	81,000	\$0



**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: February 4, 2015 Regular Meeting: February 18, 2015

PROVIDER CONTACT INFORMATION: Name of PROVIDER El Mundo de Colores  
NAME OF DIRECTOR Ms. Laura Zarife Address of Provider 44 Ward Street, Paterson, NJ 07501

TELEPHONE NUMBER 973-523-0919 FAX NUMBER \_\_\_\_\_

FINDING/ RECOMMENDATION NUMBER	FINDING	CORRECTIVE ACTION	METHOD OF IMPLEMENTATION	INDIVIDUAL RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
1	NJDOE Preschool Program	The district will recover \$92,905.63.	Reduce monthly tuition payments to the Provider.	Nancy Aguado-Holije	June 2015

[Signature]  
Chief School Administrator

[Signature]  
Fiscal Specialist

1/26/15 Date  
[Signature] Board Secretary/Business Administrator

1-20-2015 Date  
Provider



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2	The auditors noted minor account coding errors.	The District will ensure that expenses are properly coded and charged to the appropriate line item and budget.	Review and trace large invoices to the general ledger.	Nancy Aguado-Holje  Toni Scholing	June 2015

Ann W. Egan  
 Chief School Administrator  
Toni Scholing  
 Fiscal Specialist

1/26/15  
 Date  
1-20-2015  
 Date

[Signature]  
 Board Secretary/Business Administrator  
 \_\_\_\_\_  
 Provider

\_\_\_\_\_  
 Date  
 \_\_\_\_\_  
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3	The auditors noted several unallowable expenditures.	The district will ensure that only allowable expenditures are charged to the budget.	Review the general ledger in detail to ensure only allowable expenditures are charged to the budget.	Nancy Aguado-Holtje  Toni Scholing	June 2015

  
Chief School Administrator

  
Board Secretary/Business Administrator

1/20/15  
Date

\_\_\_\_\_  
Date

1-20-2015  
Date

\_\_\_\_\_  
Date

  
Fiscal Specialist

\_\_\_\_\_  
Provider