



## FUNDED AGENCY AUDIT & COMPLIANCE REPORT



10/13/2017

Children's Forum, Inc.

*Children's Forum, Inc. (Children's Forum) is a registered nonprofit with annual revenues of over \$8 million dollars at the end of the fiscal year ending June 30, 2015. The agency has two Agreements with CSC which are 100% funded by CSC and represents 10.1% of the agency's budget. Through the Quality Program Assessment agreement, Children's Forum implements a comprehensive approach of assessing early care and education learning environments as part of network entry and ongoing participation. All applicant and network child care sites are assessed through this program using the Environment Rating Scale (ERS) assessments and/or the Classroom Assessment Scoring System (CLASS). The funding of the Training Registry agreement allows the Children's Forum to maintain a Registry which provides specific data to the Strong Minds Network that is used to determine work force needs and maintain demographic information on the child care professionals in the community.*

# CHILDREN'S FORUM, INC.

The Children's Services Council of Palm Beach County (CSC) conducted an audit of the Children's Forum, Inc. (Children's Forum) to ensure full contract compliance and accountability for Palm Beach County's taxpayer funds.

## AUDIT RESULTS

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- Finding 1:** There were three (3) instances in the Quality Program Assessment 2016/2017 contract year where the agency allowed staff a salary "sellBK" option and one (1) instance where the agency paid a stipend in lieu of fringe benefits.
- Finding 2:** There were two instances in the Training Registry 2015/2016 contract year where the agency did not pro-rate telephone expenses at the end of the contract year.
- Finding 3:** The agency requested tuition reimbursement from CSC for a staff member in the Training Registry 2015/2016 contract year when the approved budget did not support this expense.
- Finding 4:** The agency staff did not complete the required CSC core trainings as outlined in the Quality Program Assessment contract.

## AUDIT SCOPE, OBJECTIVE & METHODOLOGY

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In planning and performing the audit of the CSC funded contract(s) of Children's Forum, Inc. for the period October 1, 2015 to June 30, 2017, the audit team reviewed agency financial statements, contract budgets, amendments, reimbursement requests, General Conditions and Deliverables contained within the executed contracts to determine the levels of compliance. Our audit fieldwork was conducted from August 21, 2017 to August 24, 2017, and included financial, program related, and administrative records analysis at Children's Forum administrative offices located at 2807 Remington Green Circle, Tallahassee, FL 32308. We also conducted CSC funded employee interviews where necessary to clarify any assumptions. The remainder of our review was conducted between August 28, 2017 and September 22, 2017 at the Children's Services Council office located at 2300 High Ridge Road, Boynton Beach, FL 33426.

The SAMIS data system, as well as fiscal and program records were used to extract historical data for the audit analysis. Consultative pre-audit meetings were conducted with CSC fiscal and program staff assigned to the contracts we reviewed.

The review of the CSC funded contracts and associated compliance records would not necessarily disclose all matters in the agency's operational structure that might otherwise disclose material weaknesses or internal control deficiencies, as defined by the Government Auditing Standards. Further, this CSC Audit and Compliance review should not be mistaken for the Government Auditing Standards or OMB Circular A-133 Single Audit conducted by Florida Certified Public Accountants that is required in the contract with CSC.

Any opportunities for improvement involving the operation of CSC funded programs that we consider to be operational weaknesses or require some level of agency correction are detailed in our report as recommendations.

## CONTRACT INFORMATION

Program Name	Contract #	Allocation \$ - 2015/2016	Allocation \$ - 2016/2017	Current audit period
Quality Program Assessment	643	\$586,652.00	\$588,085.00	10/01/2015 – 6/30/2017
Training Registry	664	\$232,406.00	\$232,622.00	10/01/2015 – 6/30/2017

Table 1: Contract(s) funded by CSC for Children's Forum, Inc.

## FINDINGS AND RECOMMENDATIONS

We identified three (3) fiscal findings associated with contract expenses reimbursed during the stated audit period, and offer two (2) general recommendations, one of which is a direct result of one of the findings, all of which are detailed below. Our administrative review and analysis of contract compliance included an examination of Level II background screenings (and five year re-screenings), and E-Verify documentation for CSC funded employees at Children's Forum, Inc. The administrative review yielded one (1) programmatic finding associated with contract compliance.

### FISCAL

#### Finding 1: Salary Expense Billing Error CY: 2016/2017 & 2015/2016 Contract #: 664 & 643

There were three (3) instances where the agency allowed a salary "SellBK" option on the reimbursement request to CSC which is not an allowable expense. The "SellBK" is a Children's Forum payroll classification. The agency has a PTO Sell Back policy whereby employees are allowed to request and be paid for accrued PTO per stipulated guidelines and limits. The CSC Fiscal Guidelines state on page 7 "accrued vacation and sick time payouts will be paid only upon separation from employment" as provided for in the personnel policies and procedures of the program.

1. Training Registry for the 2016/2017 contract year show Staff (#15166) salary is over billed by \$130.76 due to the employee selling back accrued PTO to the agency, and it being incorporated on the May2017 CSC reimbursement request. The accrued PTO paid amount of (\$130.76) is disallowed and must be repaid to CSC by the end of the contract year.
2. Training Registry for the 2016/2017 contract year show staff (#13702) salary is over billed by \$173.59 due to the employee selling back accrued PTO to the agency, and it being incorporated on the June 2017 CSC reimbursement request. The amount of (\$173.59) is disallowed and must be repaid to CSC by the end of the contract year.

3. The Quality Program Assessment 2016/2017 contract year show staff (#21434) salary is over billed due to the employee selling back accrued PTO to the agency, and it being incorporated on the May 2017 reimbursement request in the amount of (\$672.39). The amount of (\$672.39) is disallowed and must be repaid to CSC by the end of the contract year.

There was one (1) instance where the agency gave staff (#13703) a stipend in lieu of the agency's health insurance benefit.

1. The Quality Program Assessment 2015/2016 contract year show staff (#13703) salary was over billed in the months of November 2015 by (\$29.76), December 2015 by (\$29.76), January 2016 by (\$29.76) and February 2016 by (\$29.76). The CSC Fiscal Guidelines, page 13 "Fringe Benefits" state "The use of CSC funds for cash payments in lieu of fringe benefits is not an allowable expense"; therefore, the total amount of (\$119.04) is disallowed and must be repaid to CSC by the end of the 2016/2017 contract year.

Program Name/ Contract #	Contract Year	Budget Line (Position ID if applicable)	Disallowed Amount
Training Registry #664	2016/2017	Salary	(\$130.76)
Training Registry #664	2016/2017	Salary	(\$173.59)
Quality Program Assessment #643	2016/2017	Salary	(\$672.39)
Quality Program Assessment #643	2015/2016	Salary	(\$119.04)
TOTAL			(\$1,095.78)

REPEAT FINDING? ( ) YES (X) NO (CHECK ONE)

**Recommendation:**

The CSC Fiscal Guidelines, page 7 state "accrued vacation and sick time payouts will be paid only upon separation from employment as provided for in the personnel policies and procedures of the program". Furthermore, the CSC Fiscal Guidelines, page 13 "Fringe Benefits" state "The use of CSC funds for cash payments in lieu of fringe benefits is not an allowable expense". The agency should ensure that staff is familiar with the CSC contract and fiscal guidelines and that the agency is only billing CSC for allowable expenses.

**Finding 2: Operating Expense Billing Error      CY: 2015/2016      Contract #: 643**

Operating expenses reviewed for the Quality Program Assessment in the 2015/2016 contract year show there were two instances where the agency did not pro-rate telephone expenses at the end of the contract year as required by the CSC Fiscal Guidelines, "Disallowable Expenditures", Pg 10 which state: "CSC reserves the right to disallow any expenditure that is considered inappropriate for the program it funds even if it falls within the expenditure limitations placed on the cost categories. CSC generally will not fund or reimburse the following: Expenses that are incurred outside of the budget period being billed for reimbursement (including costs relative to implementation of new programming)".

1. The Quality Program Assessment 2015/2016 contract year show telephone expense billed in September 2016 for (\$68.82) has a billing period of 10/1/16-10/30/16. This expense should have been billed in the 2016/2017 contract year; therefore, the amount of (\$68.82) is disallowed in the 2015/2016 contract year and must be repaid to CSC. This expense can be billed in the 2016/2017 contract year, but at least within the final reimbursement due on or before October 31, 2017.
2. The Quality Program Assessment 2015/2016 contract year shows the full telephone expense billed to the agency for the month of September 2016 in the amount of (\$55.38) was submitted to CSC for reimbursement on the September 2016 reimbursement request. The expense was not prorated; therefore, the amount of (\$35.25) is disallowed and must be repaid back to CSC by the end of the 2016/2017 contract year.

Program Name/ Contract #	Contract Year	Budget Line (Position ID if applicable)	Disallowed Amount
Quality Program Assessment #643	2015/2016	Telephone	(\$68.82)
Quality Program Assessment #643	2015/2016	Telephone	(\$35.25)
TOTAL			(\$104.07)

REPEAT FINDING? ( ) YES (X) NO (CHECK ONE)

**Recommendation:**

The agency should ensure that they are familiar with the CSC contract and fiscal guidelines. Furthermore, the agency should ensure that they are prorating expenses at the end of each contract year and requesting reimbursement for those expenses in the appropriate contract year.

**Finding 3: Operating Expense Billing Error      CY: 2015/2016      Contract #: 664**

Operating Expenses reviewed for the Training Registry 2015/2016 CY show that the agency billed CSC for tuition reimbursement within the February 2016 reimbursement request under Conference/Registration/Travel. This is not an allowable or approved expense in the agency's CSC contract and budget; therefore, the total billing of \$1,000.00 is disallowed. The agency must repay this amount to CSC by the end of the 2016/2017 contract year.

Program Name/ Contract #	Contract Year	Budget Line (Position ID if applicable)	Disallowed Amount
Training Registry #664	2015/2016	Conference/Registration/Travel	(\$1,000.00)
TOTAL			(\$1,000.00)

REPEAT FINDING? ( ) YES (X) NO (CHECK ONE)

**Recommendation:**

The agency requested reimbursement for an expense that is not allowable nor was it an approved expense in the agency's CSC contract and budget. The agency should ensure that they are only requesting reimbursement for allowable or approved expenses.



**Finding 4: Program Training Non-Compliance CY: 2015/2016 & 2016/2017 Contract #: 664**

The agency staff did not complete the required core trainings as outlined in the CSC contract for Child Abuse & Neglect, Cultural Competency, Creative and Critical Thinking or Motivational Interviewing, IM related trainings: WELS (Programmatic Staff) and SAMIS (Fiscal staff only); therefore, the agency staff is out of compliance in both the 2015/2016 and 2016/2017 contract years.

REPEAT FINDING? ( ) YES (X) NO (CHECK ONE)

**Recommendation:**

The agency staff did not complete the required core trainings as outlined in the CSC contract for Child Abuse & Neglect, Cultural Competency, Creative and Critical Thinking or Motivational Interviewing, IM related trainings: WELS (Programmatic Staff) and SAMIS (Fiscal staff only). Exhibit B, section 4e Learning Requirements of the CSC contract states: "All front line staff supervisors and program managers will complete core training as outlined". The agency should ensure that they are adhering to the training requirements as outlined in the CSC contract. The agency should further seek to have staff complete the required training as soon as possible.

**SCHEDULE OF DISALLOWANCES/ADJUSTMENTS BY CONTRACT**

Contract		#664	#643	Total
Disallowance 2015/2016 CY:	Salaries		(\$119.04)	(\$119.04)
	Operating Expenses	(\$1,000.00)	(\$104.07)	(\$1,104.07)
Disallowance 2016/2017 CY:	Salaries	(\$304.35)		(\$304.35)
	Operating Expenses			
Adjustment 2016/2017 CY:	Salaries		(\$672.39)	(\$672.39)
	Operating Expenses			
<b>TOTAL</b>		<b>(\$1,304.35)</b>	<b>(\$895.80)</b>	<b>(\$2,199.85)</b>

Table 2. A breakdown by contract year and by budget category of all disallowances and adjustments assessed in this agency audit.

**GENERAL RECOMMENDATION(S)**

1. At least two staff had a name change, and it appears that only one was updated in SAMIS. The agency should ensure that staff is following the CSC Fiscal Guidelines and update SAMIS in a timely manner when there is a staff name change.
2. We found one instance where reimbursement was requested for an expense that did not fall into a specific budget line or budget narrative. There was no narrative on the reimbursement request neither was there written approval for an exception for this expense. Furthermore, there were one staff that had changes in their position and % funded; however, there were no narratives indicating the changes. Additional time was spent creating a spreadsheet to track

this staff's salaries and % paid. It is recommended that the agency utilize the narrative section of the SAMIS reimbursement request to provide detailed explanations for expenditures, and to document approvals for exceptions or for those expenditures that may not fall within a specific budget line. Proper documentation of non-regular expenses sought for reimbursement also creates a more defined audit trail and supports rationale for the expense being reimbursed.

## **AGENCY MANAGEMENT RESPONSE**

The agency management response to our audit report will be attached in the format in which it was received from the agency. The agency management response is due on 10/27/2017.

## **NEXT STEPS**

<b>Follow Up Item</b>	<b>Date Due By</b>	<b>Person Responsible</b>	<b>Notes</b>
Disallowance & Adjustment	10/31/2017	Children's Forum CEO/CFO	

Table 3: Items to be completed by the agreed upon due date. Items have been discussed with the agency management at the audit exit meeting.