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Boynton Beach, FL 33426  
Tel: 561.740.7000  
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February 8, 2019

Robert Buesing, Board President/Chairman  
Children's Forum Inc.  
Transmitted electronically to: [rhbeusing@trenam.com](mailto:rhbeusing@trenam.com)

Dear Mr. Buesing:


Please find enclosed your Children's Services Council (CSC) audit report. This audit was conducted from December 3, 2018 through January 4, 2019 at the Children's Services Council offices located in Boynton Beach, FL.

The purpose of this audit report is to clearly describe the Children's Forum, Inc. (Children's Forum) compliance with fiscal prudence as it pertains to the CSC funds reimbursed, as well as compliance with the service delivery conditions of award of its contracts. We have audited the supporting documents for items reimbursed as a result of requests made to the CSC between July 1, 2017 and September 30, 2018, in accordance with our executed contracts and fiscal guidelines. It is our opinion that this report of our review represents a fair expression of the Children's Forum's compliance with its contractual obligation to the CSC.

We acknowledge your agency's response to the findings and recommendations detailed in our Draft audit report issued on January 28, 2010, and will verify implementation as appropriate during our next CSC audit, for the Training Registry program still funded by CSC. The Quality Program Assessment contract sunset on September 30, 2018 and was closed out with this audit.

The CSC Audit Team wishes to thank you, the management and employees of the Children's Forum Inc., for the assistance afforded us during our review. Should you have any questions, please do not hesitate to contact me at (561)740-7000, ext. 2124.

Sincerely,

  
428C0E5AC1B04F4

Ronald Bazil  
Director of Audit and Compliance, CSC

Enclosure

cc: Dr. Phyllis Kalifeh – CEO, The Children's Forum, Inc.  
Kasha Owers – Program Performance Director, CSC  
Martha Lynch – Budget Specialist, CSC  
Alexandra Peralta – Program Officer, CSC



## **AUDIT & COMPLIANCE FINAL REPORT**

For

**CHILDREN'S FORUM, INC.**

**February 8, 2019**

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## Final Audit Report for CHILDREN'S FORUM, INC.

*"All children grow up healthy, safe and strong"*

### SUMMARY RESULTS AT A GLANCE

#### WHAT WE DID

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. We conducted a closeout audit of the *Quality Program Assessment* contract, which sunset on September 30, 2018, as well as a regular scope audit for the *Training Registry* program. Fieldwork for our audit occurred between December 3, 2018 and January 4, 2019 at the CSC offices located in Boynton Beach, FL, and included financial and administrative records analysis. The Agency electronically submitted documents to support expenses reimbursed in the audit period through the CSC secure Box portal.

CSC Auditors did not include a programmatic review in our audit scope because of the *Quality Program Assessment* program sun setting on September 30, 2018. Auditors received notification from the CSC Program Officer that all program deliverables were met prior to program sunset. We further determined that administratively no new CSC funded staff were added since our last audit, and 5-year background re-screenings were not due.

We reviewed support documentation for a representative sample of reimbursed operating expenses and fringe benefits, and all salaries for the entire audit period. We also reviewed administrative contract compliance elements as appropriate.

CSC's policy when any of its funded programs sunset, is to reconcile all capital equipment purchased with CSC funds, and which retain a useful shelf life. In light of the *Quality Program Assessment* contract sun setting, we conducted a relative review to establish if any such equipment remained with the Children's Forum.

#### WHAT WE FOUND

We identified three fiscal findings associated with contract expenses reimbursed during the audit period, one of which was a repeat finding from the previous CSC audit. We also offered one general recommendation, all of which are detailed in the section of this report titled "Results of the Audit".

Our review of payroll records for salary payments reimbursed in the audit period revealed one opportunity for the agency to tighten its payroll documentation and tracking methodology. We found that the payroll recordkeeping for Employee #21433 was less accurate than desired, and caution the agency to pay closer attention to reconciling employee time and attendance at the end of each pay period, and particularly at the end of the CSC contract period.

An analysis of the agency's independent audited financial statements for fiscal year ending June 30, 2017, shows positive cash flow. The agency is currently accredited for Sound Nonprofit Management through Nonprofits First, and up to date in submission of the CSC required contract certifications including Liability Insurance and Worker's Compensation Certificate.

Based on interviews and our analysis of equipment purchased during the agency's relationship with CSC, we determined the *Quality Program Assessment* contract which sunset on September 30, 2018 does not have any capital equipment or other items to return to CSC as part of this contract closeout audit.

#### WHAT WE RECOMMEND

It must be noted that unless otherwise stipulated, all CSC contracts begin on October 1 and end September 30 of each calendar year. For the *Training Registry* program, we recommend the Children's Forum management consider enhancing its accounting practice to request reimbursement for funds expended within the applicable contract period, as well as enhancing its time and attendance payroll tracking process to ensure employee wages sought for reimbursement are actually earned, and fall within the appropriate contract year. The addition of a final and/or secondary review for reimbursement requests prior to data entry into the SAMIS financial system could ensure expenses are eligible for reimbursement, and increase the accuracy of reimbursements sought in the correct contract year. The nature of these recommendations are somewhat prescriptive because the deficiencies noted in this audit were identified in the last CSC audit as well.

**BACKGROUND AND CONTRACT INFORMATION**

CHILDREN'S FORUM, INC. (Children's Forum) is a Florida Not For Profit Corporation with annual revenues of \$12,682,323 at the end of its fiscal year, which is June 2017. CSC funding represents .06% of the agency's total revenue. [See Figure 1]

The Children's Services Council of Palm Beach County (CSC) funds two programs with the Children's Forum, *Quality Program Assessment* and *Training Registry*. CSC funded 100% of both programs during the review period of 2016/2017 and 2017/2018. [See Figures 2 & 3.]

The *Training Registry* program provides verification of educational, training and certification records of practitioners working in early childhood areas, and provides technical assistance and recognition for both practitioners and trainers.

The *Quality Program Assessment* implemented a comprehensive approach of assessing early care and education learning environments as part of network entry and ongoing participation. CSC funding for this program ended on September 30, 2018. Per CSC Contract Closure policy, we conducted a contract closeout audit of this program, as well as a standard full-scope audit for the *Training Registry* program, which continues to be funded in the 2018/2019 contract year.

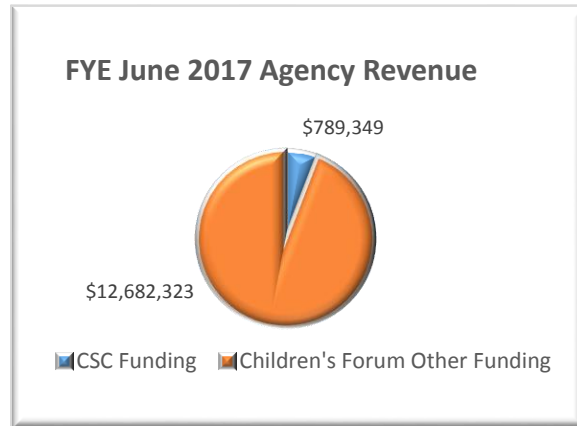


Figure 1: Agency revenue based on the Children's Forum independent audited financials for fiscal year ending 6/30/17.

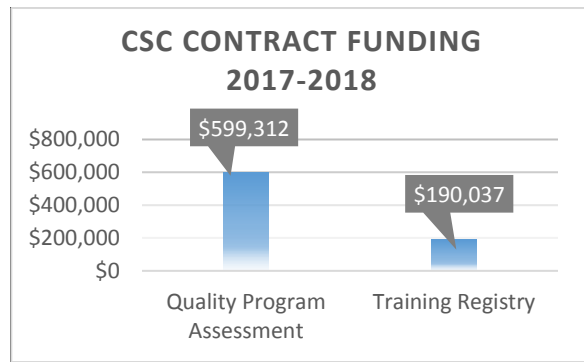


Figure 2: CSC funding for each of the Children's Forum contracts.

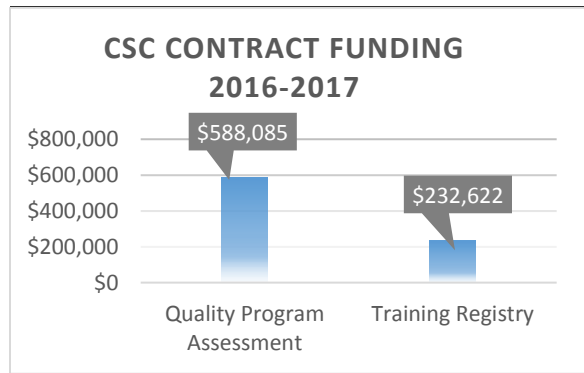


Figure 3: CSC funding for each of the Children's Forum contracts.

## AUDIT SCOPE, OBJECTIVES AND METHODOLOGY

In planning and performing the audit of the CSC funded contracts of CHILDREN'S FORUM, INC. for the period July 1, 2017 to September 30, 2018, the audit team reviewed agency audited financial statements, contract budgets, amendments, reimbursement requests, General Conditions and Deliverables contained within the executed contracts to determine the levels of compliance. We determined that the agency maintains records and documents to support its reimbursed expenses in a sufficient manner to support an accountable audit trail.

The SAMIS data system, as well as fiscal and program service records were used to extract historical data for the audit analysis. We conducted consultative pre-audit meetings with CSC fiscal and program staff assigned to the contracts reviewed. Due to the physical location of the Children's Forum administrative offices in Tallahassee, FL, CSC Auditors requested the agency supply electronic records to support expenses reimbursed by CSC during the audit period. The agency complied with our request, and submitted records electronically via the CSC secure web based Box Portal.

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 must not be mistaken for the Generally Accepted Government Auditing Standards (GAGAS) or Single Audit (OMB Circular A-133) conducted by Florida Certified Public Accountants that is required by the contract with CSC.

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

**RESULTS OF THE AUDIT**

**FINDINGS:**

<b>Finding #1</b>	<b>Operating Expenses:</b> Not prorating expenses that cross CSC contract years
<b>Contract Year</b>	2016/2017 & 2017/2018
<b>Contract #</b>	643 & 664
<b>Repeat Finding</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

We identified 14 operating expenses that crossed CSC contract years but were not prorated. The CSC Fiscal Guidelines, p. 9, stipulates "Expenses that cross CSC budget periods must be prorated." CSC auditors raised this prorating issue during the last CSC audit, and was included as Finding #2 in the last CSC audit report.

Attachment #1 to this report includes a list of expenses totaling \$2,555.76, incorrectly requested and reimbursed for services that crossed the 16/17 as well as 17/18 CSC contract years. The agency may resubmit its request to CSC for the portion of those disallowed expenses that fall within the current 2018/2019 contract year, as long as reimbursement is sought before 9/30/19. [See Attachment #1]

The total disallowance of \$2,555.76 must be repaid to CSC within 30 days of receipt of the final audit report.

**This is a repeat finding from the last CSC audit.**

**Recommendation**

The agency fiscal staff should ensure they are familiar with the CSC contract and incorporated Fiscal Guidelines, and should ensure they are prorating expenses that cross CSC contract years.

<b>Finding #2</b>	<b>Operating Expenses:</b> - Non-reimbursable State of Florida sales tax
<b>Contract Year</b>	2016/2017
<b>Contract #</b>	643 & 664
<b>Repeat Finding</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

We identified two agency related expenses that included State of Florida sales tax paid:

- a) Check #21326 paid to employee #13704 for travel reimbursement included an amount of \$12.50 for State of Florida sales tax.
- b) An Office Depot on-line expense (paid by VISA) for \$32.22, included State of Florida sales tax. The

agency explained that Office Depot has a tax exempt certificate on file but it appeared they charged tax on this invoice in error.

The CSC Fiscal Guidelines, p. 10, states, "State of Florida sales tax is not an allowable expense." The reimbursed sales tax of \$12.77 is disallowed, and must be repaid to CSC within 30 days of receipt of the final audit report.

**Recommendation**

The agency management should ensure all staff are familiar with the agency's sales tax exemption, and ensure State of Florida sales tax is not submitted for reimbursement to CSC.

<b>Finding #3</b>	<b>Operating Expenses:</b> - Duplicate Check Reimbursement
<b>Contract Year</b>	2016/2017
<b>Contract #</b>	643
<b>Repeat Finding</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

We identified one instance where duplicate payments for the same expense were submitted for reimbursement in the July 2017 request to CSC. The agency issued two checks (#18117 and #18153) in error to employee #13702 for the same expense of \$15.96, of which \$1.13 was allocated to contract #643. We determined the agency only partially credited the duplicate reimbursement to CSC in the August 2017 request. Since the agency only adjusted \$0.31 of the duplicated \$1.13 reimbursement, the remaining disallowed amount is of \$0.82 must be repaid to CSC within 30 days of receipt of the final audit report.

**Recommendation**

The agency fiscal staff should ensure they accurately transfer accounting and /or payroll data to the SAMIS reimbursement request, and reconcile prior to submission to CSC.

**GENERAL RECOMMENDATION:**

The agency sought reimbursement for 76% of its Office Supplies budget line total Contract Year allocation of \$3,204.36 within the last 2016/2017 reimbursement request. It is not reasonable that the items purchased would be used by the end of the contract year (envelops, files, pens, etc.), and as such, we recommend that agency staff budget accordingly throughout the year so that office supplies are not ordered weeks before the contract end. Approved Office Supply expenses are intended for use in the contract year of purchase.

**AGENCY STRENGTHS:**

We determined that the agency maintains records and documents to support its reimbursed expenses in a sufficient manner to support an accountable audit trail.

**SCHEDULE OF DISALLOWANCES – PRIOR YEARS**

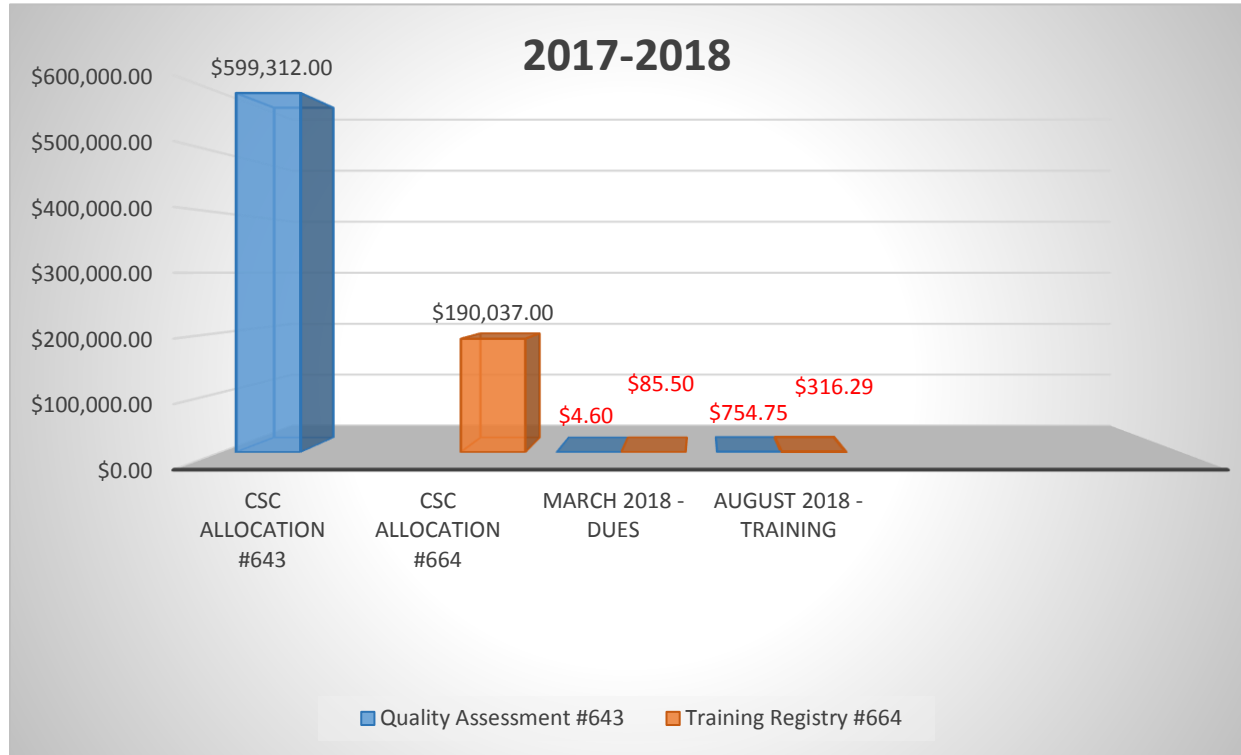


Figure 4: A breakdown by contract and by budget line of all 2017/2018 disallowances assessed in the Children's Forum, Inc. audit

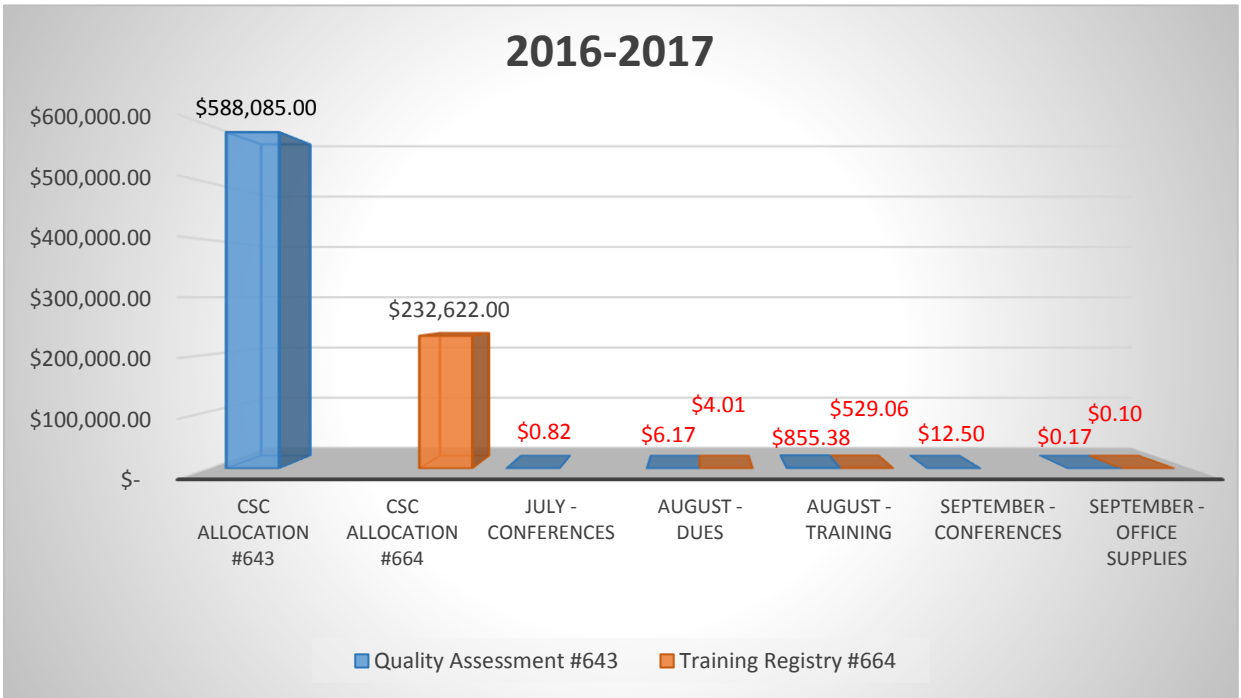


Figure 5: A breakdown by contract and by budget line of all 2016/2017 disallowances assessed in the Children's Forum, Inc. audit



### SCHEDULE OF DISALLOWANCES BY CONTRACT

Contract Year	Budget Line Item	Contract #643	Contract #664	TOTALS
Disallowances <u>2017/2018</u> CY:	Operating Expenses	\$759.35	\$401.79	\$1,161.14
Disallowances <u>2016/2017</u> CY:	Operating Expenses	\$875.04	\$533.17	\$1,408.21
	<b>TOTALS</b>	<b>\$1,634.39</b>	<b>\$934.96</b>	<b>\$2,569.35</b>

Table 1: A breakdown by contract year, contract and budget category of all disallowances assessed in the Children's Forum, Inc. audit.

### NEXT STEPS

Follow Up Item	Date Due By	Person Responsible	Notes
Repay disallowed amount of <b>\$2,569.35</b> to CSC	Within 30 days of receipt of the CSC Final Audit Report	Agency Fiscal Staff	Agency staff chose to pay by agency check; attention to CSC Budget Specialist

### AGENCY MANAGEMENT RESPONSE

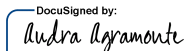
The agency management response to our audit report is attached in the format in which it was received from the agency. The agency management response was received on February 7, 2019.

### CSC ACKNOWLEDGEMENT

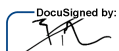
It is the opinion of the CSC Compliance Auditor conducting this agency audit that the information contained in this report presents a fair and accurate analysis of the compliance of the programs funded by the CSC for Children's Forum, Inc. as stipulated by its funding arrangement, the General Conditions, and Deliverables contained within the agency's contracts with the CSC.

The Children's Services Council Audit and Compliance Department would like to express our thanks to the management and staff of Children's Forum, Inc. for their cooperation and all of the courtesies extended during the audit.


By signing this Electronic Signature Acknowledgement Form, I agree that my electronic signature is the legally binding equivalent to my handwritten signature. Whenever I execute an electronic signature, it has the same validity and meaning as my handwritten signature. I will not, at any time in the future, repudiate the meaning of my electronic signature or claim that my electronic signature is not legally binding.

DocuSigned by:  
  
 Audra Agramonte [Doc-U-Sign]  
 Senior Compliance Auditor, CSC

Date: 2/8/2019

DocuSigned by:  
  
 Ronald Bazil [Doc-U-Sign]  
 Director of Audit and Compliance, CC

Date: 2/8/2019

DocuSigned by:  
  
 Dr. Phyllis Kalifeh [Doc-U-Sign]  
 CEO, Children's Forum, Inc.

Date: 2/8/2019

### ATTACHMENT #1 – Breakout of Finding #1

Below are the Operating Expenses that crossed CSC contract years but were not prorated, resulting in a disallowance in multiple budget lines. The agency can resubmit reimbursements for the *Training Registry* (#664) expenses that were disallowed for the portion in 2018/2019. The *Quality Program Assessment* (#643) expenses cannot be rebilled since the program sunset on September 30, 2018.

Contract #	Monty/year	Budget Line	Vendor	Service Period	Billed Amount	Allowable Amount	Variance	Resubmit in 18/19 <sup>1</sup>
664	August 2017	Dues	TSB	7/31/17-7/30/18	\$1.92	\$ 0.32	(\$1.60)	
643					\$2.96	\$0.49	(\$2.47)	
664	August 2017	Dues	SSL Renewal	7/10/17-10/14/18	\$3.21	\$0.80	(\$2.41)	
643					\$4.93	\$1.23	(\$3.70)	
664	August 2017	Training	CLASS recertification	August 2017-August 2018	\$20.00	\$3.33	(\$16.67)	
643					\$80.00	\$13.33	(\$66.67)	
643	August 2018	Training	CLASS recertification	August 2018-August 2019	\$100.00	\$16.67	(\$83.33)	
664	August 2017	Training	Fred Pryor annual fee	August 2017-August 2018	\$614.87	\$102.48	(\$512.39)	
643					\$946.46	\$157.75	(\$788.71)	
664	August 2018	Training	Fred Pryor annual fee	August 2018-August 2019	\$379.55	\$63.26	(\$316.29)	\$316.29
643					\$805.71	\$134.29	(\$671.42)	
664	March 2018	Dues	SAMIS membership	February 2018 - February 2019	\$6.50	\$4.33	(\$2.17)	\$2.17
643					\$13.79	\$9.19	(\$4.60)	
664	March 2018	Dues	National Workforce Program Alliance	2/1/18-1/31/19	\$250.00	\$166.67	(\$83.33)	\$83.33
						<b>TOTALS</b>	<b>(\$2,555.76)</b>	<b>\$401.79</b>

<sup>1</sup> \$401.79 has been determined as the prorated portion of 2017/2018 CY disallowed operating expenses the agency can resubmit for reimbursement in the appropriate 2018/2019 contract year.



February 6, 2019

Re: Management Response to Children's Services Council of Palm Beach County  
Audit Findings

**Finding 1:** Operating Expenses: Not prorating expenses that cross CSC contract years.

**Response:** The finding refers to payments for annual services, dues and subscription associated with the operation of the program. These expenses are necessary and reasonable. The full payment for the services/subscriptions is due at the time of purchase even though the benefit period may spread across contract years. These types of pro-rations are immaterial to the Children's Forum's financial reports as a whole, however, we will exercise due diligence in the future with respect to prorating these types of CSC expenditures.

**Finding 2:** Operating Expenses:-Non-reimbursable State of Florida sales tax.

**Response:** The sales tax was charged by the store from which the item was purchased by error.

**Finding 3:** Operating Expenses-Duplicate Check Reimbursement

**Response:** The CSC was credited for the duplicate reimbursement in the next billing month. The difference between the original request and the credit is due to an allocation error.

*Board of Directors*

**Phyllis K. Kalifeh, Ed.D.**  
Children's Forum  
*President and CEO*

**Robert H. Buesing, J.D.**  
Trenam & Kemker  
Attorneys at Law  
*Board Chair*

**Wil Blechman, M.D.**  
Retired Physician  
*Vice Chair*

**Allison Davis, CPA**  
Andersen Tax LLC  
*Treasurer*

**Modesto Abety**  
Retired Executive  
*Board Member*

**Christopher J. Card, Ph.D.**  
Lutheran Services Florida  
*Board Member*

**Claudia Davant**  
Adams St. Advocates  
*Board Member*

**Charles Hood III**  
Agency Executive  
*Board Member*

**Larry Pintacuda**  
Retired Executive  
*Board Member*

**Linda Stoller**  
Consultant  
*Board Member*