Child Development Center Audit

For the year ended
June 30, 2018
through
October 11, 2018

Portales

December 20, 2018

The remaining focus of the expense review was over the changes in supplies. The year 2018 had the most activity because of the remodel to the kitchen to become a new room for two-year old children and the work to improve the grounds for NAEYC standards. Approximately 83% of all transactions for that year were a result of improvement projects funded by the private donation. Another 9% were purchases for meal preparations for the year. The 2019 fiscal year was also an increase over 2016 and 2017 as final payments were being made for 2018 work.

Based on the risk of error and the number of transaction initially obtained, 50 transactions were judgmentally selected for testwork from the operating account over the 2018 fiscal year through October 5, 2018 by choosing the top 10 transactions and then using Microsoft Excel's ACL add-in to select the remaining 40. It was through testing these that the private donation index was identified. As a result, an additional 20 samples were judgmentally determined to be selected from this index by choosing the top five transactions and using Microsoft Excel's ACL add-in to select the remaining 15. As a result, approximately 78% of expense transactions were selected for testwork.

Summary of Results

From reviewing personnel activity, the only things that could be identified as being potential reasons for the turnover were higher pay with less hours at the public schools as well a lack of qualified candidates for the applicant pool when positions opened.

In revenue testwork, only one sample out of the 16 tested did not have a net charge for the semester that met the expected calculation of fees, and there was no information provided regarding what caused the difference. As this exception does not rise to the level of being considered significant, a finding was not issued, but NMAC 8.16.2.22E requires that each child's record contain, at least, "an enrollment agreement form which must be signed by a parent or guardian with an outline of the services and the costs being provided by the facility." Billing forms and subsequent adjustments are currently maintained by the Business Office and not the CDC in each file. It is recommended that documentation is provided in each file to show what initial charges are and why a credit, if any, has been awarded.

It was also noted during revenue testwork that dates of enrollment are not being maintained in each child's record as required by NMAC 8.16.2.22E although the term of enrollment is being included. The statute requires records will contain the "date the child first attended the center and the date of the child's last day at the center." A finding was not issued due to the fact that the CDC was able to provide dates of enrollment for a specified term using the attendance records maintained for each day. However, it was recommended that statute requirements be reviewed for specific requirements regarding maintenance of children records and to make adjustments as needed for each record to maintain compliance.

For expense testwork, three exceptions were noted out of 70 samples. One sample was missing a signature from the cardholder's supervisor on the missing receipt form. Another was an error in that an employee was required to pay the University back for $1.07 of tax charged on the purchasing card when no tax was actually charged. The amount was listed on the receipt as tax being forgiven. The third exception was that an employee purchased furniture for $57.82 on the individual's purchasing card, which was not approved by Purchasing. This was noted by the purchasing card administrator and an email sent out reminding the employee of the policy.

Overall, the CDC has generally been maintaining compliance with University policy and statute requirements governing child care centers despite significant turnover in staff. As a result of this audit and inspections conducted by CYFD, the chair of the CDC is working to implement standards and consistency to avoid future deficiencies in reports.