Date: February 27, 2012

To: Finance Committee

From: Mary Anne Doan, ECDC Manager
Melinda Chinn, Director of Community Services

Subject: Report on the actions taken in response to the ECDC 2011 Audit

---

Report to Finance Committee Re: Actions Taken Due to Audit Findings

In November 2011 staff received the results of the audit report. The categories in which findings occurred were as follows:
Child eligibility
Unexcused absences
Days of enrollment
Payroll costs
Fee income
Reporting compliance regarding days of enrollment support
Nutrition program eligibility
Nutrition program claims filed
Parent Fees Assessed

In a cover sheet submitted to the ECDC Advisory committee on December 7, 2011, the ECDC administration addressed the proactive steps that would be taken to avoid these findings in the future. The following is a summary of the steps we have taken to date for quality assurance in the above areas.

1. **Child eligibility**
   The Coordinator and the Manager held a meeting in which we looked at every child's file who was subsidized to determine if the paper work was complete and correct and to discuss any potential changes in family status that might affect eligibility status. Since we have not had any openings for newly subsidized children, we have not yet put into place jointly certifying the family, and checking paperwork at the time of enrollment with both the Manager and the Coordinator, but this will be the case of all future families enrolled.

   Both the Manager and the Coordinator attended a meeting in December on eligibility in which they were able to receive clarification from the ECDC State Consultant on eligibility of families in which we had questions. In addition, the state consultant gave us permission to call her at any time for any further clarifications. Since that time Angela

Williams, ECDC coordinator has called her twice for advice regarding families in our program in which we flagged suspected eligibility issues. Appropriate actions have been taken based on that advice including receiving additional paperwork from the family or meeting with the family to ensure the eligibility is correct.

All subsidized files were entered into the NOHO System (our new registration software system) at the end of December. In the future, this system will identify red flags, re-certifications or any other information that would be needed in terms of eligibility.

2. **Unexcused Absences and Days of Enrollment, Reporting compliance regarding days of enrollment support**
   On January 17th, we conducted an all staff in-service in which we discussed the need for the sign-in sheets to be kept up to date and the responsibility of each presiding teacher to seek out any parent that did not sign on a day of absence and with the appropriate excuse or reason. A memo was also sent to parents explaining the importance of signing in and what the consequences are for ECDC or their family and child if this does not happen.
   Teachers are monitoring the sign-in sheets much more closely and parents are becoming more conscientious about signing in and out and writing the appropriate excuses for absences. In addition, teachers are checking the sign in sheet on a daily basis and insisting on signatures. They are also tracking absences on a weekly basis and informing parents when they are getting close to their 10 allotted days of excused absences.

3. **Payroll Costs**
   Payroll is a function of the Finance Department, not the purview of ECDC, so we cannot speak to this issue except to say that the employee was paid for all back pay associated with this error in pay classification and step.

4. **Fee Income and Parent Fees Assessed**
   The Coordinator and the Office Assistant II are now cross-checking paperwork to ensure that parent fees are assessed correctly. All current families files have been entered into the NOHO and NOHO will automatically assess fees correctly. All future families will also be entered into this system and it will automate the correct fees for billing purposes.

5. **Nutrition program eligibility and Nutrition program claims filed**
   The Manager has gone back through and reviewed all files for nutrition eligibility. Where there were no incomes entered, she has asked for parents to submit another sheet or to let us know if they do not want to disclose their income (this is only those families who would not qualify for free or reduced).

   The Manager has reviewed the tables and also worked with the Coordinator and the Administrative Assistant II to develop an excel spread sheet that correctly identifies free, reduced and full cost families.

   With the addition of NOHO, the food program data will be entered into the program and NOHO will determine eligibility through its automated system so that no further errors will occur.

   The Community Services Director has trained the new ECDC Manager in proper reporting of the nutrition program claims. The October, November and December claim

forms were submitted with the correct information and have been accepted by CNIPS. Reimbursement has been received for the October claim, and the others are pending.

6. **Reporting compliance regarding days of enrollment**
   The Manager has worked with the Office Assistant to develop a new spreadsheet which accurately depicts the full or part time status of each child enrolled. At this time there are no half time children enrolled in the program and only a few three-quarter time children. The 2nd quarterly report was just submitted to the state with this accurate enrollment information and days of enrollment were calculated correctly. The state has accepted this report.

   With the addition of NOHO we are now maintaining monthly enrollment and attendance registers to properly support the reported days of enrollment and attendance.

Attachment:

Emeryville Child Care Audit Report for FY10/11

LSL
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF EMERYVILLE

GENERAL CHILD DEVELOPMENT PROGRAM

JUNE 30, 2011

Lance Soll & Lunghard, LLP

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CITY OF EMERYVILLE

GENERAL CHILD
DEVELOPMENT PROGRAM

JUNE 30, 2011

CITY OF EMERYVILLE

GENERAL CHILD
DEVELOPMENT PROGRAM

JUNE 30, 2011

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LSL
CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, CPA
- David E. Hale, CPA, CFP
  A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Emeryville, California

We have audited the financial statements of the General Child Development Program of the City of Emeryville, California, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the City of Emeryville's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the General Child Development Program of the City of Emeryville and are not intended to present fairly the financial position of the City of Emeryville and the results of its operations in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the General Child Development Program of the City of Emeryville as of June 30, 2011, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements. In addition, the supplementary information on pages 11 to 35, inclusive, is presented in conformity with the Audit Guide for Audits of Child Development and Nutrition Programs issued by the California Department of Education and all other laws, regulations and sub-grant requirements. In our opinion, the accompanying supplementary information is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

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To the Honorable Mayor and Members of the City Council
City of Emeryville, California

In accordance with *Government Auditing Standards*, we have also issued a report dated November 9, 2011, on our consideration of the General Child Development Program of the City of Emeryville's internal control structure and on its compliance with laws and regulations.

Lance, Soll & Lunghard, LLP

November 9, 2011

LSL
CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, CPA
- David E. Hale, CPA, CFP
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENTS AND ON INTERNAL CONTROL OVER COMPLIANCE

To the Honorable Mayor and Members of the City Council
City of Emeryville, California

Compliance

We have audited the compliance of General Child Development Program of the City of Emeryville, California, with the types of compliance requirements described in the *Audit Guide for Audits of Child Development and Nutrition Programs issued by the California Department of Education, June 2010*, for the year ended June 30, 2011. Compliance with the requirements referred to above is the responsibility of the City's management. Our responsibility is to express an opinion on compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Audit Guide for Audits of Child Development and Nutrition Programs issued by the California Department of Education, June 2010*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a material effect on the General Child Development Program of the City of Emeryville occurred. An audit includes examining, on a test basis, evidence about City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to the General Child Development Program of the City of Emeryville for the year ended June 30, 2011. However, we noted certain instances of noncompliance which are described in the accompanying summary of findings and questioned costs as items 2011-1, 2011-2, 2011-3, 2011-4, 2011-5, 2011-6, 2011-7 and 2011-8.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements listed above. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on the General Child Development Program of the City of Emeryville in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

To the Honorable Mayor and Members of the City Council
City of Emeryville, California

A *deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected on timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in the internal control over compliance that we consider material weaknesses as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying summary of findings and questioned costs as items 2011-1, 2011-4, 2011-6, 2011-7 and 2011-8. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The City's responses to the findings identified in our audit are described in the accompanying summary of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, City Council, and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Lance, Soll & Lunghard, LLP

Brea, California
November 19, 2011

CITY OF EMERYVILLE
GENERAL CHILD DEVELOPMENT PROGRAM

STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2011

	Child Development	Adjustments	Statement of Net Assets
Assets:			
Cash and investments	$ 393,374	$ -	$ 393,374
Accounts receivable	8,918	-	8,918
Interest receivable	22	-	22
Total Assets	**$ 402,314**	**-**	**402,314**
Liabilities:			
Accounts payable	$ 62,029	-	62,029
Deposits payable	7,205	-	7,205
Other liabilities	749	-	749
Due to other governments	6,999	-	6,999
Total Liabilities	**76,982**	**-**	**76,982**
Fund Balances/Net Assets:			
Fund balances:			
Restricted:			
Child development	325,332	(325,332)	-
Total Fund Balances	**325,332**	**(325,332)**	**-**
Total Liabilities and Fund Balances	**$ 402,314**		
Net Assets:			
Restricted for child development		325,332	325,332
Total Net Assets		**$ -**	**$ 325,332**

See Notes to Financial Statements

CITY OF EMERYVILLE
GENERAL CHILD DEVELOPMENT PROGRAM

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2011

	Child Development	Adjustments	Statement of Activities
Revenues:			
Grants:			
State Department of Education	$ 186,667	$ -	$ 186,667
Child Care Food Program	25,900	-	25,900
Parent fees:			
Subsidy child	26,878	-	26,878
Full cost child	858,143	-	858,143
Late penalties	100	-	100
Miscellaneous	4,533	-	4,533
Total Revenues	**1,102,221**	**-**	**1,102,221**
Expenditures:			
Certificated personnel salaries	424,256	-	424,256
Classified personnel salaries	324,330	-	324,330
Employee benefits	340,180	-	340,180
Books and supplies	7,795	-	7,795
Services other than operating expenses	268,283	-	268,283
Total Expenditures	**1,364,844**	**-**	**1,364,844**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(262,623)	-	(262,623)
Fund Balances/Net Assets:			
Beginning of year	587,955	-	587,955
End of year	**$ 325,332**	**$ -**	**$ 325,332**

See Notes to Financial Statements

Note 1: Organization and Summary of Significant Accounting Policies

a. The Financial Reporting Entity

The Child Development Center (the Program) is a program operated by the City of Emeryville, California (the City) to provide educational programs and care for children participating in the program. Families of participating children pay a fee for these services which are subsidized by the City and by grants from the California State Department of Education, Office of Child Development.

The City is a municipal corporation and is exempt from federal and state income taxes. Accordingly, a provision for such taxes has not been made in the accompanying financial statements.

The Financial Accounting Standards Board, which determines accounting principles for non-profit organizations, and the Government Accounting Standards Board, which determines accounting principles for governmental organizations, have agreed that organizations should be considered "governmental organizations" if its fund balance reverts to a government upon dissolution. Program operations are partially financed by transfers from the City and upon dissolution, any remaining fund balance would revert to the City, which is a government.

The Program follows generally accepted accounting principles issued by the Governmental Accounting Standards Board which includes accounting principles issued by the Financial Accounting Standards Board on or before November 30, 1989.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

d. Assets, Liabilities and Net Assets or Equity

1. Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate State laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and Payables

All trade receivables are shown net of an allowance for uncollectibles.

3. Accumulated Unpaid Vacation and Sick Leave

In the event of termination, an employee is paid for accumulated vacation days up to the equivalent of 50 days of vacation or twice the annual rate of accrual. Employees are entitled to compensation for 60% of accumulated sick leave up to 120 days upon termination. Accumulated unpaid employee vacation and sick leave benefits related to the Child Development Program are recognized as a liability of the City of Emeryville and are not reflected in the accompanying financial statements.

4. Reserve Account

The Program is eligible to retain a portion of unearned grant funds received from the State. The reserve account is subject to terms, conditions and limitations of the grant agreement and is retained by the Program. Reserve account balances, if any, are reported as a reservation of fund balance at year end. During the year ended June 30, 2011, the Program had no reserve account activity nor were reserve account funds held by the Program as of year end.

5. Rent Expenses

The Program is located in a City owned building and was not charged rent.

Note 2: Cash and Investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments	$ 393,374

The Program's funds are pooled with the City of Emeryville's cash and investments in order to generate optimum interest income. The information required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, related to authorized investments, credit risk, etc. is available in the annual report of the City.

Note 3: Contingency

The Program participates in federal and state grant programs which have been audited by the Program's independent auditors, in accordance with the provisions of the Federal Single Audit Act of 1996, and applicable state requirements. No cost disallowances were proposed as a result of these audits, however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The Program expects such amounts, if any, to be immaterial.

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GENERAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011

Name of agency:	City of Emeryville
Type of agency:	Municipality
Address:	City of Emeryville 1333 Park Avenue Emeryville, CA 94608-3517
Program Director:	Melinda Chinn, Community Services Director
Finance Director:	Karan Reid, Chief Financial Officer
Period covered by the audit:	July 1, 2010 through June 30, 2011
Number of days of operation:	240
Scheduled hours of operation:	Child care centers:

Opening time	7:30 a.m.
Closing time	5:30 p.m.
Number of hours open	10

CITY OF EMERYVILLE

GENERAL CHILD DEVELOPMENT PROGRAM
SCHEDULE OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Grantor/Program Title	CFDA Number	Grantor's Number	Award Amount			Expenditures		
			Federal	State	Total	Federal	State	Total
U.S. Department of Agriculture, passed through State of California, Department of Education: Child Nutrition and Food Distribution Division								
Child and Adult Care Food Program	10.558	01-1903-3A	$ 25,900	$ -	$ 25,900	$ 25,900	$ -	$ 25,900
State of California, Department of Education Child and Adult Care Food Program, July 1, 2010 through June 30, 2011								
General Child Care		CSPP-0009	-	186,667	186,667	-	186,667	186,667
Total Federal and State Awards			$ 25,900	$ 186,667	$ 212,567	$ 25,900	$ 186,667	$ 212,567

CITY OF EMERYVILLE

GENERAL CHILD DEVELOPMENT PROGRAM
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

	CSPP-0009
Revenues and Support:	
Grants:	
State Department of Education	$ 186,667
Child Care Food Program	25,900
Parent fees:	
Subsidy child	26,878
Full cost child	858,143
Late penalties	100
Miscellaneous	4,533
Total Revenues and Support	**1,102,221**
Expenditures:	
Certificated personnel salaries	424,256
Classified personnel salaries	324,330
Employee benefits	340,180
Books and supplies	7,795
Services other than operating expenses	268,283
Total Expenditures	**1,364,844**
Changes in net assets	**$ (262,623)**

CITY OF EMERYVILLE

GENERAL CHILD DEVELOPMENT PROGRAM
SCHEDULE OF EXPENDITURES BY STATE CATEGORIES
FOR THE YEAR ENDED JUNE 30, 2011

	CSPP-0009
Expenditures	
1000 Certified salaries	$ 424,256
2000 Classified salaries	324,330
3000 Employee benefits	340,180
4000 Books and supplies	7,795
5000 Services and other operating expenses	268,283
Total Expenditures Claimed for Reimbursement	**1,364,844**
Total Supplemental Expenditures	-
Total Expenditures	**$ 1,364,844**

CITY OF EMERYVILLE

GENERAL CHILD DEVELOPMENT PROGRAM
RECONCILIATION OF CDE AND GAAP EXPENSE REPORTING
FOR THE YEAR ENDED JUNE 30, 2011

	CSPP-0009
Schedule of Expenditure by State Categories (CDE)	$ 1,364,844
Adjustment to Reconcile Differences in Reporting:	-
Subtotal	-
Combining Statement of Activities (GAAP)	$ 1,364,844

CITY OF EMERYVILLE

GENERAL CHILD DEVELOPMENT PROGRAM
SCHEDULE OF REIMBURSABLE ADMINISTRATIVE COSTS
FOR THE YEAR ENDED JUNE 30, 2011

Reimbursable Administrative Costs	CSPP-0009
Administrative Costs	$ 45,761
Total	$ 45,761

AUDITED ATTENDANCE AND FISCAL REPORT

for California State Preschool Programs

Agency Name: CITY OF EMERYVILLE Vendor No. 2178

Fiscal Year Ended: June 30, 2011 Contract No. CSPP-0009

Independent Auditor's Name: Lance, Soll & Lunghard, LLP

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	COLUMN B AUDIT ADJUSTMENTS	COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT	COLUMN D ADJUSTMENT FACTOR	COLUMN E ADJUSTED DAYS OF ENROLLMENT PER AUDIT
Three and Four Year Olds					
Full-time-plus	-		-	1.1800	-
Full-time	6,429	(1,409)	5,020	1.0000	5,020.000
Three-quarters-time	395	884	1,279	0.7500	959.250
One-half-time	161	(4)	157	0.6172	96.900
Exceptional Needs					
Full-time-plus	-		-	1.4160	-
Full-time	-		-	1.2000	-
Three-quarters-time	-		-	0.9000	-
One-half-time	-		-	0.6172	-
Limited and Non-English Proficient					
Full-time-plus	-		-	1.2980	-
Full-time	126	77	203	1.1000	223.300
Three-quarters-time	12	26	38	0.8250	31.350
One-half-time	-		-	0.6172	-
At Risk of Abuse or Neglect					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6172	-
Severely Disabled					
Full-time-plus	-		-	1.7700	-
Full-time	-		-	1.5000	-
Three-quarters-time	-		-	1.1250	-
One-half-time	-		-	0.6172	-
TOTAL DAYS OF ENROLLMENT	7,123	(426)	6,697		6,330.800
DAYS OF OPERATION	240	-	240		
DAYS OF ATTENDANCE	7,055	(425)	6,630		

☑ NO NONCERTIFIED CHILDREN - Check this box, omit page 2, and continue to Section III if no noncertified children were enrolled in the program.

Comments - If necessary, attach additional sheets to explain adjustments:

1) Enrollment length of time during the day was not recorded properly.
2) Limited and non-english proficient student was not consistently reported.
3) Three children that were not eligible to be certified were claimed as such for full-time days for the third and fourth quarters.

AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs

Agency Name: CITY OF EMERYVILLE Vendor No. 2178

Fiscal Year Ended: June 30, 2011 Contract No. CSPP-0009

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children. DAYS OF ENROLLMENT	COLUMN A CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	COLUMN B AUDIT ADJUSTMENTS	COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT	COLUMN D ADJUSTMENT FACTOR	COLUMN E ADJUSTED DAYS OF ENROLLMENT PER AUDIT
Three and Four Year Olds					
Full-time-plus	-		-	1.1800	-
Full-time	5,931	(1,445)	4,486	1.0000	4,486.000
Three-quarters-time	490	(317)	173	0.7500	129.750
One-half-time	273	(273)	-	0.6172	-
Exceptional Needs					
Full-time-plus	-		-	1.4160	-
Full-time	-		-	1.2000	-
Three-quarters-time	-		-	0.9000	-
One-half-time	-		-	0.6172	-
Limited and Non-English Proficient					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6172	-
At Risk of Abuse or Neglect					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6172	-
Severely Disabled					
Full-time-plus	-		-	1.7700	-
Full-time	-		-	1.5000	-
Three-quarters-time	-		-	1.1250	-
One-half-time	-		-	0.6172	-
TOTAL DAYS OF ENROLLMENT	6,694	(2,035)	4,659		4,615.750

Comments - If necessary, attach additional sheets to explain adjustments:

1) The second quarter certified children reported included those already reported in the first quarter.

AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs

Agency Name: CITY OF EMERYVILLE Vendor No. 2178

Fiscal Year End: June 30, 2011 Contract No. CSPP-0009

SECTION III - REVENUE		COLUMN A CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	COLUMN B AUDIT ADJUSTMENT INCREASE OR (DECREASE)	COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED INCOME				
Child Nutrition Programs		$20,533	$5,367	$25,900
County Maintenance of Effort (EC § 8279)				0
Other (Specify):				0
	Subtotal	$20,533	$5,367	$25,900
Special Funds Transfer	Contract #			0
	Contract #			0
Transfer from Reserve	Contract #			0
	Contract #			0
Family Fees for Certified Children	Contract #	26,818	60	26,878
	Contract #			0
Interest Earned on Apportionments	Contract #			0
	Contract #			0
UNRESTRICTED INCOME				
Family Fees for Noncertified Children		816,203	41,940	858,143
Head Start Program (EC § 8235(b))				0
Other (Specify): Late Fees and Miscellaneous			515	515
	TOTAL REVENUE	$863,554	$47,882	$911,436
SECTION IV - REIMBURSABLE EXPENSES				
1000 Certificated Salaries		$478,438	($54,182)	$424,256
2000 Classified Salaries		318,366	5,964	324,330
3000 Employee Benefits		340,582	(402)	340,180
4000 Books and Supplies		1,103	6,692	7,795
5000 Services and Other Operating Expenses		247,224	21,059	268,283
6100/6200 Other Approved Capital Outlay				0
6400 New Equipment (*program-related*)				0
6500 Replacement Equipment (*program-related)*				0
Depreciation or Use Allowance				0
Start-Up Expenses (service level exemption)				0
Budget Impasse Credit				0
Indirect Costs.	Rate: 0.00% (Rate is Self-Calculating)			0
FOR CDE-A&I USE ONLY:				
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT		$1,385,713	($20,869)	$1,364,844
TOTAL ADMINISTRATIVE COSTS (included in section IV above)		$45,761	$0	$45,761

Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Child Development Division:

Eligibility, enrollment, and attendance records are being maintained as required (check YES or NO):

☐ YES

☐ NO - Explain any discrepancies.

Reimbursable expenses claimed above are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):

☑ YES

☐ NO - Explain any discrepancies.

COMMENTS - If necessary, attach additional sheets to explain adjustments:

1) Adjustments listed above are due to FY 10/11 revenues and expenses not being recorded prior to the filing date of the 4th Qtr CDFS 8501.
2) Two children were certified for the program due to incorrect monthly family income calculations. They were in fact not eligible.
3) There are no monthly or quarterly enrollment/attendance registers being maintained to support the quarterly reports.

☑ NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 4 if there are no supplemental revenues or expenses to report.

CITY OF EMERYVILLE
GENERAL CHILD DEVELOPMENT PROGRAM

CENTER BASED PROGRAMS - SUMMARY OF MEALS REPORTED
YEAR ENDED JUNE 30, 2011

	Meals			Federal		State			
	Reported	Adjustments	Allowed	Statutory Rate	Meal Reimbursement	Statutory Rate	Meal Reimbursement	Cash In Lieu	Meal Reimbursement
July 2010									
Breakfast									
Full price/base rate	446	-	446	0.2600	$ 116	0.0000	$ -	0.0000	$ -
Reduced price	53	-	53	1.1800	62	0.1562	8	0.0000	-
Free	98	-	98	1.4800	145	0.1562	15	0.0000	-
Lunch									
Full price/base rate	1,049	-	1,049	0.2600	273	0.0000	-	0.2025	212
Reduced price	124	-	124	2.3200	288	0.1562	20	0.2025	25
Free	231	-	231	2.7200	628	0.1562	36	0.2025	47
Supplement									
Full price/base rate	894	-	894	0.0600	54	0.0000	-	0.0000	-
Reduced price	106	-	106	0.3700	39	0.0000	-	0.0000	-
Free	197	-	197	0.7400	146	0.0000	-	0.0000	-
					1,751		79		284
August 2010									
Breakfast									
Full price/base rate	349	-	349	0.2600	91	0.0000	-	0.0000	-
Reduced price	41	-	41	1.1800	48	0.1562	7	0.0000	-
Free	77	-	77	1.4800	114	0.1562	12	0.0000	-
Lunch									
Full price/base rate	666	-	666	0.2600	173	0.0000	-	0.2025	135
Reduced price	79	-	79	2.3200	183	0.1562	12	0.2025	16
Free	147	-	147	2.7200	400	0.1562	23	0.2025	30
Supplement									
Full price/base rate	413	-	413	0.0600	25	0.0000	-	0.0000	-
Reduced price	49	-	49	0.3700	18	0.0000	-	0.0000	-
Free	91	-	91	0.7400	67	0.0000	-	0.0000	-
					1,119		54		181

CITY OF EMERYVILLE
GENERAL CHILD DEVELOPMENT PROGRAM

CENTER BASED PROGRAMS - SUMMARY OF MEALS REPORTED
YEAR ENDED JUNE 30, 2011

	Meals			Federal		State			
	Reported	Adjustments	Allowed	Statutory Rate	Meal Reimbursement	Statutory Rate	Meal Reimbursement	Cash In Lieu	Meal Reimbursement
September 2010									
Breakfast									
Full price/base rate	439	-	439	0.2600	114	0.0000	-	0.0000	-
Reduced price	52	-	52	1.1800	61	0.1562	8	0.0000	-
Free	97	-	97	1.4800	144	0.1562	15	0.0000	-
Lunch									
Full price/base rate	839	-	839	0.2600	218	0.0000	-	0.2025	170
Reduced price	100	-	100	2.3200	232	0.1562	16	0.2025	20
Free	185	-	185	2.7200	503	0.1562	29	0.2025	38
Supplement									
Full price/base rate	877	-	877	0.0600	53	0.0000	-	0.0000	-
Reduced price	104	-	104	0.3700	38	0.0000	-	0.0000	-
Free	193	-	193	0.7400	143	0.0000	-	0.0000	-
					1,506		68		228
October 2010									
Breakfast									
Full price/base rate	430	-	430	0.2600	112	0.0000	-	0.0000	-
Reduced price	67	-	67	1.1800	79	0.1562	10	0.0000	-
Free	134	-	134	1.4800	198	0.1562	21	0.0000	-
Lunch									
Full price/base rate	856	-	856	0.2600	223	0.0000	-	0.2025	174
Reduced price	134	-	134	2.3200	311	0.1562	21	0.2025	27
Free	268	-	268	2.7200	729	0.1562	42	0.2025	54
Supplement									
Full price/base rate	886	-	886	0.0600	53	0.0000	-	0.0000	-
Reduced price	139	-	139	0.3700	51	0.0000	-	0.0000	-
Free	277	-	277	0.7400	205	0.0000	-	0.0000	-
					1,961		94		255

CITY OF EMERYVILLE
GENERAL CHILD DEVELOPMENT PROGRAM

CENTER BASED PROGRAMS - SUMMARY OF MEALS REPORTED
YEAR ENDED JUNE 30, 2011

	Meals			Federal		State			
	Reported	Adjustments	Allowed	Statutory Rate	Meal Reimbursement	Statutory Rate	Meal Reimbursement	Cash In Lieu	Meal Reimbursement
November 2010									
Breakfast									
Full price/base rate	413	-	413	0.2600	107	0.0000	-	0.0000	-
Reduced price	127	-	127	1.1800	150	0.1562	20	0.0000	-
Free	45	-	45	1.4800	67	0.1562	7	0.0000	-
Lunch									
Full price/base rate	866	-	866	0.2600	225	0.0000	-	0.2025	175
Reduced price	266	-	266	2.3200	617	0.1562	41	0.2025	54
Free	93	-	93	2.7200	253	0.1562	15	0.2025	19
Supplement									
Full price/base rate	817	-	817	0.0600	49	0.0000	-	0.0000	-
Reduced price	251	-	251	0.3700	93	0.0000	-	0.0000	-
Free	88	-	88	0.7400	65	0.0000	-	0.0000	-
					1,626		83		248
December 2010									
Breakfast									
Full price/base rate	497	-	497	0.2600	129	0.0000	-	0.0000	-
Reduced price	45	-	45	1.1800	53	0.1562	7	0.0000	-
Free	121	-	121	1.4800	179	0.1562	19	0.0000	-
Lunch									
Full price/base rate	786	-	786	0.2600	204	0.0000	-	0.2025	159
Reduced price	71	-	71	2.3200	165	0.1562	11	0.2025	14
Free	190	-	190	2.7200	517	0.1562	30	0.2025	39
Supplement									
Full price/base rate	754	-	754	0.0600	45	0.0000	-	0.0000	-
Reduced price	69	-	69	0.3700	26	0.0000	-	0.0000	-
Free	183	-	183	0.7400	135	0.0000	-	0.0000	-
					1,453		67		212

CITY OF EMERYVILLE
GENERAL CHILD DEVELOPMENT PROGRAM

CENTER BASED PROGRAMS - SUMMARY OF MEALS REPORTED
YEAR ENDED JUNE 30, 2011

	Meals			Federal		State			
	Reported	Adjustments	Allowed	Statutory Rate	Meal Reimbursement	Statutory Rate	Meal Reimbursement	Cash In Lieu	Meal Reimbursement
January 2011									
Breakfast									
Full price/base rate	432	-	432	0.2600	112	0.0000	-	0.0000	-
Reduced price	74	-	74	1.1800	88	0.1562	12	0.0000	-
Free	111	-	111	1.4800	164	0.1562	17	0.0000	-
Lunch									
Full price/base rate	802	-	802	0.2600	209	0.0000	-	0.2025	162
Reduced price	138	-	138	2.3200	320	0.1562	22	0.2025	28
Free	206	-	206	2.7200	560	0.1562	32	0.2025	42
Supplement									
Full price/base rate	802	-	802	0.0600	48	0.0000	-	0.0000	-
Reduced price	137	-	137	0.3700	51	0.0000	-	0.0000	-
Free	206	-	206	0.7400	152	0.0000	-	0.0000	-
					1,704		83		232
February 2011									
Breakfast									
Full price/base rate	472	-	472	0.2600	123	0.0000	-	0.0000	-
Reduced price	81	-	81	1.1800	96	0.1562	13	0.0000	-
Free	121	-	121	1.4800	179	0.1562	19	0.0000	-
Lunch									
Full price/base rate	896	-	896	0.2600	233	0.0000	-	0.2025	181
Reduced price	154	-	154	2.3200	357	0.1562	24	0.2025	31
Free	231	-	231	2.7200	628	0.1562	36	0.2025	47
Supplement									
Full price/base rate	907	-	907	0.0600	54	0.0000	-	0.0000	-
Reduced price	155	-	155	0.3700	57	0.0000	-	0.0000	-
Free	233	-	233	0.7400	173	0.0000	-	0.0000	-
					1,900		92		259

CITY OF EMERYVILLE
GENERAL CHILD DEVELOPMENT PROGRAM

CENTER BASED PROGRAMS - SUMMARY OF MEALS REPORTED
YEAR ENDED JUNE 30, 2011

	Meals			Federal		State			
	Reported	Adjustments	Allowed	Statutory Rate	Meal Reimbursement	Statutory Rate	Meal Reimbursement	Cash In Lieu	Meal Reimbursement
March 2011									
Breakfast									
Full price/base rate	567	-	567	0.2600	147	0.0000	-	0.0000	-
Reduced price	93	-	93	1.1800	110	0.1562	15	0.0000	-
Free	148	-	148	1.4800	219	0.1562	23	0.0000	-
Lunch									
Full price/base rate	1,141	-	1,141	0.2600	297	0.0000	-	0.2025	231
Reduced price	188	-	188	2.3200	436	0.1562	29	0.2025	38
Free	297	-	297	2.7200	808	0.1562	46	0.2025	60
Supplement									
Full price/base rate	1,177	-	1,177	0.0600	71	0.0000	-	0.0000	-
Reduced price	194	-	194	0.3700	72	0.0000	-	0.0000	-
Free	306	-	306	0.7400	226	0.0000	-	0.0000	-
					2,386		113		329
April 2011									
Breakfast									
Full price/base rate	567	-	567	0.2600	147	0.0000	-	0.0000	-
Reduced price	93	-	93	1.1800	110	0.1562	15	0.0000	-
Free	148	-	148	1.4800	219	0.1562	23	0.0000	-
Lunch									
Full price/base rate	1,145	-	1,145	0.2600	298	0.0000	-	0.2025	232
Reduced price	188	-	188	2.3200	436	0.1562	29	0.2025	38
Free	298	-	298	2.7200	811	0.1562	47	0.2025	60
Supplement									
Full price/base rate	1,135	-	1,135	0.0600	68	0.0000	-	0.0000	-
Reduced price	187	-	187	0.3700	69	0.0000	-	0.0000	-
Free	296	-	296	0.7400	219	0.0000	-	0.0000	-
					2,377		114		330

CITY OF EMERYVILLE
GENERAL CHILD DEVELOPMENT PROGRAM

CENTER BASED PROGRAMS - SUMMARY OF MEALS REPORTED
YEAR ENDED JUNE 30, 2011

	Meals			Federal		State			
	Reported	Adjustments	Allowed	Statutory Rate	Meal Reimbursement	Statutory Rate	Meal Reimbursement	Cash In Lieu	Meal Reimbursement
May 2011									
Breakfast									
Full price/base rate	542	-	542	0.2600	141	0.0000	-	0.0000	-
Reduced price	89	-	89	1.1800	105	0.1562	14	0.0000	-
Free	141	-	141	1.4800	209	0.1562	22	0.0000	-
Lunch									
Full price/base rate	1,001	-	1,001	0.2600	260	0.0000	-	0.2025	203
Reduced price	164	-	164	2.3200	380	0.1562	26	0.2025	33
Free	260	-	260	2.7200	707	0.1562	40	0.2025	53
Supplement									
Full price/base rate	1,128	-	1,128	0.0600	68	0.0000	-	0.0000	-
Reduced price	185	-	185	0.3700	68	0.0000	-	0.0000	-
Free	293	-	293	0.7400	217	0.0000	-	0.0000	-
					2,155		102		289
June 2011									
Breakfast									
Full price/base rate	UNKNOWN *	-	-	0.2600	-	0.0000	-	0.0000	-
Reduced price	UNKNOWN *	-	-	1.1800	-	0.1562	-	0.0000	-
Free	UNKNOWN *	-	-	1.4800	-	0.1562	-	0.0000	-
Lunch									
Full price/base rate	UNKNOWN *	-	-	0.2600	-	0.0000	-	0.2025	-
Reduced price	UNKNOWN *	-	-	2.3200	-	0.1562	-	0.2025	-
Free	UNKNOWN *	-	-	2.7200	-	0.1562	-	0.2025	-
Supplement									
Full price/base rate	UNKNOWN *	-	-	0.0600	-	0.0000	-	0.0000	-
Reduced price	UNKNOWN *	-	-	0.3700	-	0.0000	-	0.0000	-
Free	UNKNOWN *	-	-	0.7400	-	0.0000	-	0.0000	-
					-		-		-
Adjustments					-		-		-
GRAND TOTAL					$ 19,938		$ 949		$ 2,847

* The number of meals is not known for June 2011.

CITY OF EMERYVILLE
GENERAL CHILD DEVELOPMENT PROGRAM

SCHEDULE OF CCFP REPORTED, ADJUSTED AND ALLOWED ENROLLMENT
YEAR ENDED JUNE 30, 2011

Month		Total	Free	Reduced	Based
July	Reported	79	13	7	59
	Allowed	79	13	7	59
August	Reported	79	13	7	59
	Allowed	79	13	7	59
September	Reported	79	13	7	59
	Allowed	79	13	7	59
October	Reported	94	20	10	64
	Allowed	94	20	10	64
November	Reported	92	7	20	65
	Allowed	92	7	20	65
December	Reported	88	16	6	66
	Allowed	88	16	6	66
January	Reported	100	18	12	70
	Allowed	100	18	12	70
February	Reported	100	18	12	70
	Allowed	100	18	12	70
March	Reported	104	19	12	73
	Allowed	104	19	12	73
April	Reported	104	19	12	73
	Allowed	104	19	12	73
May	Reported	104	19	12	73
	Allowed	104	19	12	73
June	Reported	0 *	UNKNOWN *	UNKNOWN *	UNKNOWN
	Allowed	0 *	UNKNOWN *	UNKNOWN *	UNKNOWN

* The number of children enrolled for meals is not known for June 2011.

Finding #2011-1:

Condition:
During our testing of child eligibility, we identified two children that were claimed as eligible, but did not qualify for the subsidized program based on the maximum income allowed for their family sizes. During test of program fee income, we identified a third child that was claimed as eligible, but did not qualify for the same reason as the two above.

Cause:
The Program staff neglected to properly compute the gross monthly income for the child's parent/caretaker in January 2011.

Effect:
Since all three of these children were enrolled full-time in the program, this indicates that the State incorrectly reimbursed the City $34.38 (standard reimbursement rate for FY10/11) per day of enrollment for each child beginning in January 2011. The total days of enrollment and attendance for these children during the 3rd and 4th quarters are 348.

Recommendation:
Program staff should implement internal control procedures to ensure that the income verification forms are properly calculated.

Response:
There has been turnover in the Program Manager position this past fiscal year and the new Program Manager that started November 1, 2011 will be able to better monitor grant compliance.

Finding #2011-2:

Condition:
During our testing of unexcused absences, we found two students with more than the limit of ten days of vacation/unexcused absences.

Cause:
The Program staff only mark absences on monthly sheets, and do not periodically total year-to-date vacation/unexcused absences.

Effect:
Indeterminable.

Recommendation:
We recommend that the Program continue to notify parents when their child is close to reaching the limit of number of days of vacation/unexcused absences and begin monitoring this on a year-to-date basis rather than monthly.

Finding #2011-2 (Continued):

Response:
Parents of subsidized students are notified when their child is close to the limit of 10 vacation days per fiscal year and that this may jeopardize the child's participation in the subsidized program. Staff tracks best interest and excused attendance on a monthly and annual basis. There is a new computer program that has been installed as of November 2011 that will help automate this process.

Finding #2011-3:

Condition:
During our testing of payroll costs, we found one employee's approved pay classification and step is one step higher than what has been paid.

Cause:
City personnel did not properly update the master file information in the payroll system.

Effect:
The employee has been underpaid. Although the payroll expenses reported for the program have been accurate based on testwork, they would have been higher if this employee's pay step was properly updated in the payroll system.

Recommendation:
We recommend that the employee's pay step be updated in the payroll system. The employee should receive back pay for underpaid wages.

Response:
Finance-Payroll personnel will rectify this issue including back pay and updating the employee's pay step in the payroll system.

Finding #2011-4:

Condition:
During our testing of program fee income, we identified five subsidized children and two unsubsidized children who were either assessed and /or billed the wrong amount of fees.

Cause:
Program personnel did not properly determine fees for these children and their families as the result of 1) incorrectly determining residency, 2) changing hours of service (part-time to full-time) without properly documenting, 3) using the wrong row/column of the CDC family fee schedule, or 4) human error.

Finding #2011-4 (Continued):

Effect:
The effect on May 2011 is a net under-collection of $446 in parent fees, $281 for subsidized and $165 for nonsubsidized. Based on this error, the potential under-collection is estimated to be $3,372 for subsidized children and $1,980 for nonsubsidized children.

Recommendation:
Program staff should implement internal control procedures to ensure that the parent fees are properly determined.

Response:
There has been turnover in the Program Manager position this past fiscal year and the new Program Manager that started November 1, 2011, will be able to better monitor grant compliance. There is also a new computer program that has been installed as of November 2011 that will help monitor and automate fees.

Finding #2011-5:

Condition:
During our test of reporting compliance regarding days of enrollment support, we identified eight children that were missing the parent/authorized adult/teacher signature and correlating time the student was picked up.

Cause:
Teachers did not follow proper procedures for having either the parent or authorized adult sign when picking up their child, nor did they complete the information if the child was not picked up by parent or authorized adult.

Effect:
None.

Recommendation:
Program staff needs to remind teachers about the importance of maintaining the Sign-In/Out sheets.

Response:
The Community Services Director indicated that this is an item mentioned at staff meetings.

Finding #2011-6:

Condition:
During our test of nutrition program eligibility, we determined that three children did not qualify for the meal type they were claimed to receive. There were two children that did not qualify for free meals and one that did not qualify for reduced meals.

Finding #2011-6 (Continued):

Cause:
Nutrition program eligibility was not being properly determined and documented in a timely manner for the program's fiscal year beginning October 2010.

Effect:
The two children that did not qualify for free meals had income and family size to qualify for reduced meals, therefore the net difference is $1.07 per day per child (using the assumption that the child was served breakfast, lunch, and one supplement). The total days of enrollment for these two students for October 2010 through June 2011 are 359 days. Based on this information, there was an overpayment of $384.

The child that did not qualify for reduced meals should have been claimed for base meals, which is a net difference of $3.29 per day (using the assumption that the child was served breakfast, lunch, and one supplement). The total days of enrollment for this child for October 2010 through June 2011 are 182 days. Based on this information, there was an overpayment of $599.

Recommendation:
The Program should implement procedures to make sure that meal rosters are properly and timely prepared for submission to the State.

Response:
There has been turnover in the Program Manager position this past fiscal year and the new Program Manager that started November 1, 2011, will be able to better monitor compliance. The Community Services Director also indicated that during fiscal year 11/12, the Cook, Manager, and Coordinator at the Program will be attending compliance training for the nutrition program.

Finding #2011-7:

Condition:
During our test of reporting compliance regarding days of enrollment, it was determined that the days of enrollment was overstated for non-certified children by 2,035 days and certified children by 78 days.

Cause:
The majority of the non-certified children difference (1,750) was due to an error in reporting the second quarter's days of enrollment, in which the year to date days of enrollment were input instead of the current period. The remaining differences are the result of poor documentation of what students should be classified as full-time, three-quarters time, and one-half time in addition to not maintaining monthly or quarterly enrollment and attendance registers to properly support the reported days of enrollment and attendance.

Finding #2011-7 (Continued):

Effect:
Program reimbursements for certified children are determined by the days of enrollment and are adjusted by a factor less than 1.0 for less than a full-day enrollment. The non-certified days of enrollment factor into the percentage that the Program has certified as a result of commingled days of enrollment. The Program received unearned reimbursements for these days.

Recommendation:
Program staff should implement internal control procedures to keep supporting documentation for days of enrollment and attendance reported quarterly.

Response:
The Community Services Director indicated that she did instruct staff to maintain spreadsheets for such days of enrollment and attendance data, but that staff did not follow instructions. There has been turnover in the Program Manager position this past fiscal year and the new Program Manager that started November 1, 2011, will be able to better monitor compliance. There is also a new computer program that has been installed as of November 2011 that will help monitor and track this type of data. The Community Service Director indicated that this software should be fully in use for the second half of the fiscal year 11/12.

Finding #2011-8:

Condition:
During our review of the nutrition program claims filed, we determined that the number of each meal type changed multiple times from October 2010 to June 2011. This should have only been done in October 2010 when the nutrition program's fiscal year began, as the City is using the fixed percentage claiming method.

Cause:
Nutrition program rosters have not been regularly taken and documented in a timely manner during this fiscal year. A new roster was not prepared each time the number of children being claimed for each meal type changed.

Effect:
Indeterminable.

Recommendation:
The Program should implement procedures to make sure that meal rosters are properly and timely prepared for submission to the State.

Response:
There has been turnover in the Program Manager position this past fiscal year and the new Program Manager that started November 1, 2011, will be able to better monitor compliance. The Community Services Director also indicated that during fiscal year 11/12, the Cook, Manager, and Coordinator at the Program will be attending compliance training for the nutrition program.

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Finding #2010-1:

Condition:
During our testing of the parent fees assessed, we found six subsidized and two full-cost students were assessed and/or billed for the incorrect amount.

Cause:
The Program assessed the fee using the incorrect column of the State's fee schedule and calculated monthly fees with the incorrect number of days of operations.

Effect:
For October 2009, the incorrect assessments resulted in an under-collection of parent fees for the six subsidized students and two full-cost students of $470 and $111, respectively, totaling $581.

Recommendation:
The Program should implement internal control procedures to ensure that the proper rates are being assessed for both subsidized and full-cost students.

Response:
Administrative personnel are now using the most recent matrix of parent fees from the California Department of Education for subsidized students. These fees have been incorporated into the computerized registration system for each subsidized student. The system will generate an invoice each month notifying parents of subsidized students of the monthly amount due. Staff will monitor the account for each student on a monthly basis to make sure that the correct fees have been assessed and collected.

For the current fiscal year (10-11) administrative staff updated the accounts for each market rate student to ensure the proper monthly assessment is applied to each student. Staff will monitor the account for each student on a monthly basis to ensure correct fees are assessed and collected.

Status of Corrective Action:
Staff maintains a monthly classroom roster which notes the type of student they are and the billing staff has a parent fees checklist that is prepared monthly based on the students cost type (subsidized and non-subsidized). However this is still an ongoing problem as noted in item 2011-4 in the summary of findings and questioned costs.

Finding #2010-2:

Condition:
During our testing of the parent fees assessed, we found that one full-cost student was not charged for services provided for the month of October 2009.

Cause:
The Program staff neglected to invoice the student's family.

Effect:
This resulted in under-collection of parent fees totaling $57.

Finding #2010-2 (Continued):

Recommendation:
The Program should implement internal control procedures to ensure that the proper rates are being assessed for both subsidized and full-cost students.

Response:
For the current fiscal year (10-11) administrative staff updated the accounts for each market rate student to ensure the proper monthly assessment is applied to each student. Staff will monitor the account for each student on a monthly basis to ensure correct fees are assessed and collected.

Status of Corrective Action:
Staff maintains a monthly classroom roster which notes the type of student they are and the billing staff has a parent fees checklist that is prepared monthly based on the students cost type (subsidized and non-subsidized).

Finding #2010-3:

Condition:
During our testing of the parent fees assessed, the City was unable to locate one student's personnel file that was selected for testing.

Cause:
The Program did not properly store student's files.

Effect:
Indeterminable.

Recommendation:
We recommend that the Program implement procedures to ensure that all files are maintained. We also recommend that the Program perform an inventory of all student files to ensure that all files have been accounted for.

Response
An inventory of all current files will be conducted on a monthly basis beginning with November 2010.

Status of Corrective Action:
Per discussion with the Community Services Director, this has been done during the year. For the current fiscal year, there were no missing files noted.

Finding #2010-4:

Condition:
During our testing of unexcused absences, we found one student had twelve vacation/unexcused absences, which is above the limit of ten days.

Cause:
The Program only marks absences on monthly sheets, and does not periodically total year-to-date vacation/unexcused absences.

Effect:
Indeterminable.

Recommendation:
We recommend that the Program enforce the absence policy more strictly to ensure the limit is not exceeded as well as keep an annual summary of vacation/unexcused absences to ensure that the limit is not exceeded.

Response:
Parents of subsidized students will be reminded of the limit of 10 vacation days per fiscal year. Anyone exceeding that amount will have those days marked as unexcused on the monthly sign in sheets and attendance summary reports.

An additional column will be added to the monthly summary attendance reports which will add and carry forward the number of vacation days taken for each child.

Status of Corrective Action:
There is a separate annual tracking chart listing all subsidized children that is updated monthly for excused absences and best interest days. When a child is close to the limit of 10 days, staff from the Center will send a notice to the parent indicating that more than 10 absences may jeopardize the child's participation in the subsidized program.

Finding #2010-5:

Condition:
While testing the income reported on AUD 8501, we identified donations which were not reported on quarterly forms filed with the State.

Cause:
Omitting the donations on the quarterly filings with the State was an oversight.

Effect:
No effect. The auditor's recalculated reimbursement based on adjusted balances. The omission of these revenues did not cause any over or under reimbursements received by the City.

Finding #2010-5 (Continued):

Recommendation:
We recommend that the Program include all revenue sources pertaining to the Program on the quarterly forms and ensure that the amounts are consistent with the amounts recorded on the general ledger.

Response:
We will include all revenue sources pertaining to the Program on the quarterly forms and ensure amounts agree to the general ledger.

Status of Corrective Action:
No unrecorded revenue sources were discovered on the quarterly forms when compared to the general ledger for the current fiscal year.

Finding #2010-6:

Condition:
No physical inventory was performed on equipments purchased with state funding.

Cause:
The previous program director retired at the beginning of the fiscal year, and the interim director was not aware of this requirement.
Effect:
Indeterminable.

Recommendation:
The Program should perform a physical count at least once each fiscal year.

Response:
The inventory that was completed in October 2010 will be saved and updated prior to the end of each fiscal year.

Status of Corrective Action:
Facility faculty performed inventory in October 2010. Another physical inventory was performed during June 2011.

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