

# LOS ANGELES COMMUNITY COLLEGE DISTRICT



**Los Angeles Pierce College  
Child Development Center Audit  
Report Date: February 28, 2019  
Report No. P-02-1819**

Assistant Auditor, Paige Jean, MSA

Auditor: Chris Musella

Senior Auditor: Keyna Crenshaw, MBA

Director, Internal Audit: Arnold Blanshard, CPA/CRMA/MBA

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## **BACKGROUND**

The Child Development Center (CDC) at Los Angeles Pierce College was established on campus to service college students. The goal of the CDC is to “increase accessibility to college for non-traditional students”. The CDC provides care to children of students enrolled in the college as the student attain their educational goal. The CDC serves as both a developmental learning program for children and a training site for students as part of the college’s instructional program.

The CDC provides child care services to college students attending LAPC and individuals within the community. The facility offers services to toddlers (age 2) and pre-school aged children (3 to 5 years).

The Child Development program offers each student opportunities to:

- Acquire necessary units for the Child Development Associate in Arts degree and Child Development Permits.
- Participate in a Teacher Training program at the LAPC Child Development Center Laboratory School.
- Receive grants, stipends, and participate in professional workshops, trainings, and conferences.
- Experience a very positive learning environment to enhance and ensure student success.

The CDC receives majority of its funding from California State Preschool Part Day and Full Day Grant (CSPP) and the General Child Care and Developmental Center Based (CCTR) grant. Funding is also received through the State of California “Tax Bail Out” funds which were levied as a “Child Development Permissive Tax” prior to 1978 which now entitles various colleges to receive local assistant from the State to support the operational cost of CDCs.” LACCD allocates the funds to the campuses based on an established percentage that was previous set by the District. The remaining funds are received from the Child and Adult Care Food Grant and family fees that are collected from parents.

Per the projected earnings worksheet maintained by East Los Angeles College, the LAPC CDC earned a total of \$607,384.90 for fiscal year ending 2018 from the California State Preschool Part Day and Full Day grant (\$517,597.73) and the General Child Care and Developmental Center Based grant (\$89,787.17). The CDC also received \$154,585.00 from the Child Care Development general fund. The collection of family fees from parents totaled \$13,199.50 for fiscal year 2018. During the Fall 2018, the CDC provided care to 83 children.

## **PURPOSE/OBJECTIVES**

The objectives of this audit are:

- To ensure the funds (income and expenses) are properly safeguarded and that there are adequate controls in place to mitigate potential risk.
- Ascertain that the program operation is cost effective.
- Ensure that the program is meeting the objective of the college and the community.
- Determine whether the internal control system is functioning as intended.
- Determine whether current practices are in accordance with policies, procedures, federal and state laws and regulations.

## **SCOPE**

The scope of the audit will include the review of processes and procedures that include all Child Development Center activities for the period **July 1, 2017 to June 30, 2018**. The Internal Audit Department (IAD) interviewed key employees charged with the responsibility of executing the objectives of the program and performed an examination of the records associated with the operation of the program.

*This audit was conducted in accordance with Generally Accepted Government Auditing Standards, General Accepted Auditing Standards, and the International Standards for the Professional Practice of Internal Auditing.*

### **Distribution:**

Dr. Francisco C. Rodriguez, Chancellor,  
Dr. Larry G. Buckley, Interim President, LAPC  
Mr. Jeffrey Prieto, General Counsel,  
Ms. Jeanette Gordon, CFO, Treasurer  
Dr. Earic Dixon-Peters, Vice President Student Services, LAPC  
Mr. Rolf Schleicher, Vice President of Administrative Services, LAPC  
Ms. Phyllis Schneider, Director of Child Development Center, LAPC

## ISSUES AND RECOMMENDATIONS

The key issues on the attached table are presented to assist management in strengthening internal controls, and enforcing compliance with policies and procedures as administrated by federal and state regulation, and LACCD. The impact of each of these issues was assessed based on the auditors' professional judgment of the control and risk significance.

### A. Walkthrough

#	Summary and Condition	Recommendation	Management Response (Corrective Action Plan)	Responsible Party/Expected Completion Date
1.	<p><b><u>Non Compliance with Educational Regulation:</u></b> The scale used to determine the family fees for non-certified children are inequitable in comparison to those that received subsidized care.</p> <p><b>(Impact: Considerable)</b></p> <p>Condition: It was noted during that the scale currently utilized by the CDC is not at market rate. The hourly rate charged are based on</p>	<p>1. The CDC determine the market rate for providing childcare services for both non-student and students in order to update the fee scale. Example of some factors that should be incorporated into determining rates should consist of funding that is received from students enrolled in the College (FTEs), local market area for the community in which the college services, and cost benefits analysis.</p>	<p>CDC Directors will meet to develop a process for updating the fees scale. Once the fees scale has been updates, the CDC Directors will ensure that schedule fees changes are present to Board of Trustees for approval.</p>	<p>CDC Director.</p> <p>Implementation by 6/30/19</p>

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	income factors dated as of April 2011.	<ol style="list-style-type: none"> <li>2. The fee scale is presented to the board for approval.</li> <li>3. It is recommended that the scale is reviewed annually and adjustments are made if warranted.</li> </ol>		
2.	<p><b><u>Non-compliance with LACCD Policies and Procedures:</u></b> There is no monthly reconciliation performed for fees charged, collected, and posted to SAP. Although the Business Office provides parents with a receipt to return to the CDC as proof of payment, it does not provide the CDC a monthly report of collections received from CDC parents. In addition, neither the Business Office nor the CDC reconcile fees collected to SAP.</p>	<ol style="list-style-type: none"> <li>1. Implement a process within the CDC that requires a reconciliation of cash and deposits. This should be reviewed and approved by the CDC Director. Any variance should be documented and addressed immediately.</li> <li>2. Training is conducted to ensure compliance with LACCD policies and procedures. Receipt of acknowledgement should be provided and documented to ensure that all employees have read and understand the policy and procedure</li> </ol>	<p>The Pierce College Business Office is in the process of training the CDC Sr. Office Assistant to reconcile the fees with the SAP reports. Monthly reviews and reconciliation of parent fees and receipts will be part of the CDC responsibility and the accuracy of reporting to SAP will be the responsibility of the Pierce Business Office.</p>	<p>Vice President of Administrative Services, CDC Director</p> <p>Implementation by 6/30/2019</p>

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	<p><i>(Impact: Moderate)</i></p> <p>Condition:</p> <p>There was no documentation showing that the CDC ensures the accurate posting of fees collected by the Business Office. Fees are paid at the Business Office and upon proof of payment, the CDC posts the fees paid to Centertrack or other CDC maintained records such as the family's Fee Schedule. However, there is no process in place to ensure that the fees billed and paid are accurately posted to the CDC's accounts in SAP.</p>	<p>for collecting and reporting fees.</p> <p>3. An accountability clause should be incorporated into the policies and procedures to ensure accountability.</p>		
3.	<p><b><u>Non-compliance to LACCD Policies and Procedures:</u></b> The budget process used by the CDC should be restructured and used for efficient and effective budget planning.</p> <p><i>(Impact: Moderate)</i></p>	<p>1. This process be centralized at the Educational Service Center.</p> <p>2. Develop a budget calendar similar to the LACCD budget calendar.</p>	<ul style="list-style-type: none"> <li>• CDC Directors will work on a districtwide plan to develop and document a budget management plan for all District CDCs. CDC Directors will also work with administration to develop a new budget plan due to the new staffing</li> </ul>	<p>LAPC CDC Director Implementation by 6/30/19</p>

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	<p>Condition:</p> <p>It was discovered that the budgeting processes within the CDC should be restructured for grants that are received by the state and/or federal agencies. Key elements that need process improvements are:</p> <p>1) Budget Calendar for the planning</p> <p>2) Attributes (element used to come up with projected revenue; allocation models ETC.) that are utilized to develop the budget</p> <p>3) Budget versus actual evaluations</p> <p>4) Criteria to hold Colleges responsible when they are over budget.</p>	<p>3. Develop internal policies and procedures for effective budget planning and implementation.</p> <p>4. Monthly budgets should be reviewed to ensure that college is within its budget.</p>	<p>classification changes (AB2160).</p>	



**B. Policies and Procedures**

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4.	<p><b><u>Non-compliance to LACCD Policies and Procedures:</u></b> The procurement and timesheet policies were not documented in the Child Development Center policies and procedure manual. However, it was noted that the CDC operates utilizing the LACCD Procurement and timesheet policies and procedures.</p> <p>This result in a 10% error rate.</p> <p><i>(Impact: Marginal)</i></p> <p>Condition:</p> <p>During the review, no documentation was provided to substantiate a procurement and timesheet process that is referenced in the CDC policies and procedures manual.</p>	<ol style="list-style-type: none"> <li>1. Written policies and procedure should be created to document all of the procedures and policies that are necessary in running an effective and efficient Child Development Center.</li> <li>2. Receipt of acknowledgement should be provided and documented to ensure that all employees have read and understand the policy and procedures related to the process to ensure completeness and accuracy of forms.</li> <li>3. An employee accountability clause should be incorporated into the policies and procedures.</li> <li>4. Periodic reviews of process are strongly suggested.</li> </ol>	<p>This will be addressed by the CDC Director who will add the procedure to the staff handbook. This handbook is in need of revision due to the implementation of AB2160, new classified staff, new job descriptions and responsibilities, work shifts and schedules.</p>	<p>LAPC CDC Director.</p> <p>Implementation by 6/30/19</p>

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		5. The consequences of failure to adhere to policies and procedures.		

**C. Food Program**

#	Summary and Condition	Recommendation	Management Response (Corrective Action Plan)	Responsible Party/Expected Completion Date
5.	<b><u>Non-Compliance to Grant Requirements:</u></b> In December 2018, the Child Development Centers (CDC) were audited by the Child and Adult Care Food Program (CACFP). It was discovered through review of the Meal Benefit Forms (applications) or Eligibility Rosters at LAPC were missing information such as a Social Security Number or incorrect determinations.	<ol style="list-style-type: none"> <li>1. The college should provide additional training to staff.</li> <li>2. A documented review and approval process should be implemented.</li> <li>3. Documentation that is used to determine the eligibility reimbursement rates should be kept to support rates applied at the time the application was completed.</li> <li>4. Self-Audits should be conducted to ensure compliance.</li> </ol>	CACFP Audit revealed a few errors due to lack of review and approval process. These errors have been corrected and a process for careful review three times per year by food monitor from ELAC has been advised for the future.	LAPC CDC Director Implementation by 6/30/2019

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	<p>Additionally, some of the meal benefit forms using CenterTrack software system, were classified incorrectly due to a software glitch (a few applications were classified as Base, should have been classified a Reduced; or, classified as Reduced, should have been classified as Free.</p> <p>(Impact: Marginal)</p> <p>Condition:</p> <p>The CACFP has scoped out of the Internal Audit as the Child and Adult Care Food Program was conducting their audit. The final report of the audit is not yet issued however an oral exit conference was performed to which it was noted that:</p> <ol style="list-style-type: none"> <li>1. One error on the Eligibility Roster</li> </ol>	<p>5. An accountability clause should be incorporated into policies and procedures.</p>		

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	<p>regarding the benefit issuance: Free to Reduced.</p> <p>2. One Meal Benefit Form (application) was missing the Social Security Number.</p> <p>3. Four Meal Benefit Forms were inaccurate, based on a CenterTrack software system glitch.</p>			