



Agency Rpt
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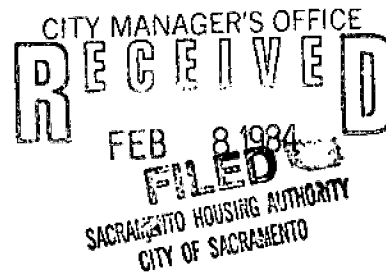
SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

February 6, 1984

Housing Authority of the
City of Sacramento
Sacramento, California

Honorable Members in Session

SUBJECT: Child Care Program Audits



FEB 14 1984

SUMMARY

The attached items regard the State of California, Department of Education audits of the Child Care Food Program at the two Agency operated child care sites for the periods October 1, 1977 through September 30, 1979, and October 1, 1979 through September 30, 1982. In addition, a financial audit of the Operating Agency Contracts was conducted and the related information is attached.

This report is for the Governing Boards' information and file; no action is required.

BACKGROUND

As you may know, the Agency operates child care facilities at two of its housing sites, Dos Rios and River Oaks. In October 1976, the Agency entered into an agreement with the State Department of Education, Office of Food and Nutrition Services to participate in the Child Care Food Meal Reimbursement Program. Subsequently, each year, the agreement is renewed by application. Basically, the program reimburses the Agency for the number of meals consumed each month and a percentage of the cost of operating the total food program.

The State Office of Food and Nutrition is to conduct an audit every two years of the program. Prior to 1981, no audit had been performed. In 1981, the Child Care Food Program was included in the Agency-wide audit, and a copy transmitted to

2-14-84
All Districts

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the State. In May 1983, the Agency received the Child Care Food Program Audit Report (Number 34-1504) for the period October 1, 1977 through September 30, 1979, concurring with the findings and recommendations of the Agency audit report. The report notes three areas requiring further development and a corrective plan of action (Exhibit A). These three areas pertain to: 1) Reimbursement Claim Meal Counts; 2) Daily Meal Cost Records; and 3) Food Cost Records. As a result, the staff involved with the program will review documents and take better counts prior to submittal to a supervisor and the program manager, and the roles and responsibilities of staff have been better defined and clearly indicated.

On July 12, 1983, the Agency received a letter from the State regarding another audit of the Child Care Food Program conducted in May 1983. A major finding was a disallowance of \$1,091 for improper meal claim adjustments; however, this was subsequently waived by the State. Again, the report notes three areas requiring further development and a corrective plan of action (Exhibit B). The three areas of concern pertain to: 1) Reimbursement Claim Meal Counts; 2) Meal Requirements; and 3) Record Keeping. Again, as a result, the food menu will now be reviewed by the Agency's Dietitian to insure proper food groups are served, and the records of the students and staff have been centralized and only authorized personnel are permitted to review the files.

Concurrent with the Child Care Food Program audit in May 1983, the State Department of Education also performed a financial audit of the status of Operating Agency Contracts for fiscal year 1981-82. The only finding was regarding the Agency Indirect Cost Plan. However, it was subsequently resolved and the State Department of Education considered our account closed for 1981-82 as indicated in Exhibit C.

The State Department of Education will be conducting a contract compliance audit of the program to insure that we are complying with our Agreement and various State and Federal statutes governing the program. In addition, the Agency Policy and Planning Department will evaluate the program this summer to insure the program is serving the needs and demands of its clients.

POLICY IMPLICATIONS

The actions proposed in this staff report are consistent with previously approved policy, and no policy changes are being recommended.

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FINANCIAL DATA

The 1977-79 audit findings indicated that the Child Care Program owes \$110.00 for Federal reimbursement, and \$26.00 for State Meal Compensation. The Agency agreed with the findings and reimbursed the State Office of Food and Nutrition the amount that was due. The \$1,091 disallowance for meal claims was waived by the State Office of Food and Nutrition because it was a first-time offense. The Indirect Cost Plan was found acceptable and no funds are required.

VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of February 6, 1984, the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of this report. The votes were as follows:

AYES: Amundson, Angelides, Glud, Hall, Luevano, Luttrell,
Miller, Moose, Ose, Pettit, Vargas, Walton, Teramoto

NOES: None

ABSENT: None

RECOMMENDATION

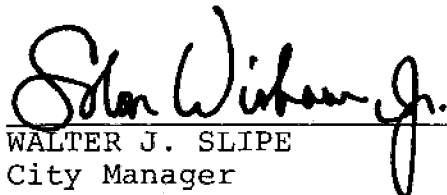
The staff recommends receipt and filing of this report.

Respectfully submitted,



WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COUNCIL:


WALTER J. SLIPE
City Manager

For:



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May 15, 1983

State of California
Department of Education
Office of Child Nutrition Services
State Education Building
721 Capitol Mall
Sacramento, CA 95814

To: Jim Phillips, Manager
Audit Closure Unit

From: Vivian Jones, Program Manager
River Oaks Child Development Center

Re: CCFP Final Audit Report No. 34-1504
Period October 1, 1977 through September 30, 1979
Plan of Corrective Action

1. Reimbursement Claim Meal Counts

The examination of the meal reimbursement claims and their supporting monthly Meal Count Sheets revealed footing errors in the Monthly Meal Count Sheets for the months of March 1978, May 1978, September 1978, and December 1978. These errors cause the meal count totals to be incorrect.

Recommendation

It is recommended that reasonable care be taken in footing the monthly Meal Count Sheets.

Corrective Plan

During the year 1977-1979 the footage was being posted to the sheets by the clerk. In subsequent years this arrangement was changed and is being reviewed by three persons to assure accuracy of counts.

2. Daily Meal Count Records

The examination of the Monthly Meal Count Sheets revealed inadequate support in the daily meal count records. It was not possible to trace the data from the Monthly Meal Count Sheets to the Daily Pupil Sign-In/Sign-Out sheets.

Recommendation

It was recommended that the Daily Pupil Attendance Sign-In/Sign-Out sheets currently being used be modified to provide a daily record of meals and supplements served to each child. This would provide the necessary source documentation for the Monthly Meal Count Sheets.

Corrective Plan

Daily Sign-In/Sign-Out sheets have been revised and space allowed for color coding by meals for each meal served each child daily. For example, breakfast supplements and lunch are each identified by a separate color and this color checked by each child's name, if the child is served a specific meal. The modification provides a daily record of the number of meals served and is the source of documentation for the Monthly Meal Count sheets.

Food Cost Records

The examination of the Child Care Food Program food costs revealed that the reported food costs for the month of May 1978 were not supported by auditable records.

Recommendation

It is recommended that reasonable care be taken in maintaining adequate records of food costs incurred for the Child Care Food Program.

Corrective Plan

Food purchases are documented by lists of foods purchased, cash register tapes and copies of purchase orders. At the time of purchases, an itemized list is made by quantity as well as of costs. Originals are transmitted to the Agency's Finance Division, and copies maintained in the local office of the child care center. This procedure is being continued.



Vivian Jones
PROGRAM MANAGER



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SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

September 6, 1983

William Wong, Manager
Audit Bureau
State of California
Department of Education
Office of Child Nutrition Services
State Education Building
721 Capitol Mall
Sacramento, CA 95814

RE: CCFP Audit Report No. 34-1504
Period October 1, 1979 - September 30, 1982

Dear Mr. Wong:

The following comments and recommendations were made as a result of the recent audit. Our responses are as follows:

1. Claims for reimbursement from October 1979 through November 1981 miscalculated. . . Number of days in a month multiplied by a fixed number of children, resulting in overclaim.

Audit Recommendation: Sponsor shall report the actual number of allowable meals served.

Response: The Child Care Center reported allowable meals as per Memorandum from the Department of Education, Child Nutrition Services Bureau, September 19, 1979 (Attachment "A"), which stated that a specific and set number of children be claimed for each meal. Subsequent yearly renewal notices did not reflect changes for calculating claims, therefore, the Center continued to use the same procedure for reporting purposes. The auditor's recommendation was implemented subsequent to the audit and claims for children in all categories were included in the count beginning January 1983.

2. Menu sheets reflected an insufficient amount of milk and fruit served during meals. It was concluded that menu planning sheets were not screened for accuracy and compliance with food program provisions.

EXHIBIT B

(6)

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Audit Recommendation: Sponsor shall be in compliance with minimum meal requirements.

Corrective Plan: Our plan of correction includes two steps:

1. To prepare menus in advance each month, and have them reviewed by the nutritionist at the Senior Elderly Nutrition Program for content and correct quantities.
2. Sub-contract with the SENP Central kitchen for meal service. We are currently negotiating with the SENP Program Manager to work out the details for this arrangement-approval from SENP funding source is pending and a decision should be forthcoming. If this approval is not granted, the Child Care Food Program will continue as in #1 above.
3. The examination of enrollment applications revealed errors in claims for the children in free, reduced, and paid categories; (b) files were unorganized for auditing purposes; and (2) 21% of audited files were missing.

Audit Recommendation: Sponsor shall take care to safeguard and organize the document files of enrolled children.

Corrective Plan:

- A. Children's eligibility rates were subject to change, sometimes several times within a given month. The Child Care Center determined eligibility status according to guidelines for recordkeeping procedures issued by CCFP which state, "claim the child at the rate they were eligible for the most number of days that month." (Attachment B, No. 17)
- B. Audited files were those of terminated children, they remained in the "inactive" file for two years, afterwards they were stored in cardboard boxes for a period of five years. During the field audit the auditor requested that all prior terminated children be filed back into the file cabinet before he continue, thus the 1976, 1977, 1978, 1979, 1980 and 1981 files were intermingled and alphabetized with the current year's terminations. A new system has been established and all files are in alphabetical order.

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- C. In 1982 the Center was forcefully and illegally entered. At the time it was thought that the damage done was limited primarily to vandalism of the Center office and classrooms. It was not until this audit that eleven files were identified as missing. During this period an employee was terminated and it was discovered afterwards that this employee's personal files were missing from its folder and other insignificant papers inserted in the file. While there is no evidence that the employee vandalized the files, the probability is questionable. The files have since been transferred to a more secure office within the center.

Current files of enrolled children and families are always maintained in the active file and alphabetized as they are filed, only inactive files of families who have terminated care are removed to the inactive files. Inactive terminated files will be available and in alphabetical order for auditing purposes until an audit is completed. In addition, access to the files will be limited to only key personnel involved in the program.

If you have any comments or questions, please contact Vivian Jones, Program Manager for Child Care Program at (916) 443-3238.

Sincerely,

William H. Edgar

WILLIAM H. EDGAR
Executive Director

WHE:TVL:j

Attach



STATE OF CALIFORNIA
DEPARTMENT OF EDUCATION

STATE EDUCATION BUILDING, 721 CAPITOL MALL, SACRAMENTO, CA 95814

SEP 20 1983

Revised Review of 1981-82 Audit Reports
Project No. 34-J677-03255-1

Jerry L. Wolford, Finance Director
Sacramento Housing and Redevelopment Agency
P. O. Box 1834
Sacramento, California 95809

Dear Mr. Wolford:

This letter supersedes our letter of July 21, 1983, concerning our review of your audit report for the year ended June 30, 1982.

Based on the information received from your CPA, we have determined that your account should be closed for the year ended June 30, 1982.

Thanks for the timely response which has enabled the Audit Bureau to make this adjustment. If you should have any questions, please call Bob Stanley of my staff at 916-323-0869.

Sincerely,

A handwritten signature in cursive script that reads "Samuel L. Johnson".

Samuel L. Johnson, Chief
Audit Bureau

SLJ: fs

Enclosure: Revised Status of Operating Agency Contracts

cc: Office of Child Development
Accounting Office