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## Executive Summary

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### Objectives

To ensure the adequacy and reliability of CAMPA's internal controls over their fiscal and fiduciary duties, including CAMPA's policies and procedures for collecting and reporting financial data.

### Background

The Collegiate Academy for Mathematics and Personal Awareness (CAMPA) is a not-for-profit educational corporation located in the New York City borough of Brooklyn. The school was

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### Key Recommendations:

1. Schools officials should review their purchasing process and ensure that the process results in the acquisition of necessary goods and services at the best price, including the utilization of State contracts
2. The Board should ensure that all competitive purchases are supported with appropriate documentation that prior to awarding contracts over the policy threshold of \$20,000.
3. School officials should implement procedures to properly account for all the grant funds the School receives.
4. School officials should review the current policies and procedures for debit card usage

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## Audit Findings and Recommendations

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### Procurement – Competitive Bidding Requirements

An effective purchasing process can help the school obtain services, supplies and equipment of the right quality and quantity from the best qualified and lowest-priced source, in compliance with Board policy and legal requirements. This process helps the School expend taxpayer dollars efficiently and guards against favoritism, extravagance and fraud.

According to the School's Financial Policies and Procedure Manual (March 2014), procurements are to be made using best value contracting, which entails assessing the best value considering quality, performance, and price. The School is exempt from paying New York State sales taxes. For preferred vendors (vendor is on New York State or City contract), sole source vendors, and for purchases under \$20,000, no bidding is required. For purchases over \$20,000, competitive bidding is required in accordance with General Municipal Law (GML).

The competitive bidding procedures requires that the School officials seek price quotes from at least three vendors and award the contract to the qualified vendor offering the supply or service needed for the lowest price. An award may be made to a vendor other than the low bidder in circumstances where the higher bid demonstrates best value contracting procedures to the School. In such situations, the operations manager shall prepare a justification statement for such awards, furnishing a brief explanation of the factors leading to such a decision. The operations manager is responsible for soliciting and documenting these quotes and obtaining initial approval from principal. The Board of Trustees must provide final approval after multiple bids are presented to them with recommendations.

We selected a judgmental sample of 73 vendors which were paid approximately \$1,048,827 during the audit period, to determine if goods or services from these vendors were properly procured in accordance with the School's policies and procedures and applicable statutory requirements. We found that the School did not properly procure goods or services from 12 vendors that were paid approximately \$1.167 million over the entire audit period. In addition, the Board did not provide adequate oversight over the purchasing process, thereby not ensuring the School receives the acquisition of necessary goods and services at the best price.

#### Recommendations:

1. Schools Officials should ensure that the purchasing process results in the acquisition of necessary goods and services at the best price, including the utilization of State contracts. Purchasing is a process including receiving, storing, inventorying, and distributing. It seeks to obtain maximum value from each educational dollar spent for equipment, supplies, and contracted services. Wise purchasing practices help upgrade the quality of programs and control costs. Controls over purchasing should include:









|   |     |            |
|---|-----|------------|
| Other Categories (Computer Equipment, Software, Website, Classroom Supplies, Mobile Phone, Staff Appreciation, Staff Training, Student Recruitment, etc.) | 188 | \$ 69,429  |
| TOTALS:   | 446 | \$ 146,406 |

School officials did not follow the Debit Card Policy, and the Board did not properly monitor debit card purchases. As a result, the School could have incurred costs that were not for legitimate school purposes.

Recommendation:

4. School Officials should review the current policies and procedures for debit card usage and revise in order to provide effective monitoring of debit card purchases. Monitoring should include the review of adequate supporting documentation that allows for a determination if each purchase was for legitimate School business purposes. In order to provide sound oversight of internal controls, Board members should be excluded from being a cardholder.



## Escrow Account for Dissolution

In accordance with section 8.5 of the School's Charter agreement, the School shall establish an escrow account for dissolution for no less than \$75,000 to pay for legal and audit expenses that would be associated with a dissolution should it occur. The School may provide for the full amount in its first-year budget or provide a minimum of \$25,000 per year for the first three years of its charter term. The School's failure to provide for a minimum of \$25,000 by December 31st in each of the first three years of its charter term, beginning with the first year of instruction will be deemed a material violation of the charter.

School officials did not sufficiently fund the escrow account for dissolution as required in its Charter agreement, which requires a balance of no less than \$75,000 by December 31 in the third year of its charter term. The account balance at December 31, 2018 – the third year of charter term - was \$49,979.

The School has been experiencing cash-flow problems due to actual student enrollment falling below the projected enrollment on their budget. This discrepancy resulted in the School's inability to





## Internal Controls Over Cash Disbursements

The School's Charter Agreement mandates the School maintain appropriate governance and management procedures and financial controls. The School must have documented adequate controls relating to internal financial controls and procedures; safeguarding of assets including cash; and ensuring that the purchasing process results in the acquisition of necessary goods and services at the best price.

According to the School's Financial Policies and Procedures Manual (March 2014), the School adopted several internal financial controls per School's Financial Policies and Procedures Manual (March 2014). The internal financial controls consist of the following:



## Payroll

According to the School's Financial Policies and Procedure Manual (March 2014), there are procedures for salary determination, time and attendance reporting, and payroll reconciliation2 (m)2iteepm0( )-5 (m)2tee72]TJ -0o ( )-o (s(a)-3 (t)7-9 (l )]TJ -02B2(s(a)-35 -1.20

- x6 employees' rate of pay per the employment letter and/or salary change form was not approved by the principal and maintained in the personnel file.
- x10 records had wages that were reported as bonuses, but lacked documentation for the rate/calculation, approval by the School Board and were not reported in the Board minutes.
- x9 employee records were not approved for overtime in advance by their supervisor.
- x66 employee records did not include the benefit enrollment form.
- x2 employees received termination payments, but no documentation was on file of approval for the payments by the board.
- x7 records were not provided.
- x20 records did not reconcile with the general ledger (2018-19); in addition, wages were not posted to the general ledger for October through December 2018.

School officials did not follow their policies and procedures and failed to maintain required documentation. Without adequate documentation, it cannot be determined if employee payroll was accurate and that payments were made only for services rendered.

Recommendation:

11. School officials should ensure that:

- xThe School maintains adequate documentation supporting payroll (i.e., time sheets, leave accruals, etc.) to ensure that payments are made only for services actually rendered;
- xEach employee must submit a signed timesheet or record of accrued leave usage for review and approval by a supervisor or School management;
- xEach payroll register is reviewed, approved, and certified by an employee designated by the board or School leadership to ensure the payments are accurate and justified.

## Personnel Files

According to the Schools Financial Policies and Procedures Manual (dated March 2014), individual employee personnel files should contain the following documentation: acceptance/employment letter, resume, job description, professional license/certification (if required), background/fingerprint check, payroll change documentation (e.g. change of salary/title, enrollment/discontinuance of benefits, paid bonus calculations), bonus information, benefit enrollment forms, and resignation letter or termination letter.

School officials did not maintain personnel files as required by their policy and procedures. We sampled 52 employee personnel files to determine if they contained the required documentation per CAMPA's Financial Policies and Procedures Manual. We found the following:

- x2 employee personnel files were not provided.
- x22 employees' rate of pay did not equal the rate reported on the employment contract.
- x51 employee job positions and/or salaries were neither approved by the board nor listed in the board meeting minutes.
- x45 files were missing the employee's resume.
- x33 employees' job descriptions did not align with the employee's title and was not found in their personnel file.
- x42 files did not contain a copy of the employee's professional license/certification.
- xAll 52 personnel files were missing a completed background check/finger-print report.
- x4 employees' approved changes in salary were not completed and/or not placed in the employee's personnel file.
- x7 files lacked documentation for paid bonuses and were not reported in the board meeting minutes.
- x46 files were missing the employee's benefit enrollment form.
- x5 employees either separated or were terminated from employment, but no resignation or termination letter was in the employee personnel file or reported in the board meeting minutes.

School officials did not follow their policies and procedures and failed to maintain the required documentation. The School could be hiring personnel who do not meet the necessary qualifications of the position. Failure to complete and document background/fingerprint checks of new hires is a violation of the school's charter and could result in unauthorized access to students and pose a significant risk to the school's liability.

### Recommendation:

12. School officials should implement procedures to ensure required documentation is maintained in each personnel file. Developing tools, such as, a checklist for the hiring or termination process can help ensure required steps are followed and documentation is maintained. Periodic reviews of all personnel files should be completed to ensure qldatioe s  
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## Objectives, Scope and Methodology

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We conducted the audit to ensure the adequacy and reliability of the

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## Appendix A – Contributors to the Report

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Jeanne Day, Audit Manager  
Karen Bates, Auditor-in-Charge  
Kendal Dwyer, Auditor  
Lola Maye, Auditor



The University of the State of New York  
THE STATE EDUCATION DEPARTMENT  
Office of Audit Services  
Albany, NY 12234

December 24, 2019

Attention Audit Services,

The Collegiate Academy for Mathematics and Personal Awareness (CAMP) was granted the provisional charter by the Board

5. The school's understanding of funding the escrow account was to have the required funds in the account ending in June 2019 of our third fiscal year of instruction.