




INTEROFFICE MEMORANDUM

Date: June 1, 2017

TO: Members of the Board of School Directors

From: Mr. Paul Geib 

RE: Audit #2017-061: Northwest Opportunities Vocational Academy
Partnership School -Financial and Compliance Audit

C: Dr. Darienne Driver
Dr. Jacqueline Mann
Dr. Keith Posley
Mr. Gerald Pace
Ms. Marla Bronaugh
Mr. Michael Trueblood
Dr. Daniel Grego
Mr. Omer Abdullah
Ms. Felecia Jasper-Mitchell

Transmitted herewith is our report on *Audit #2017-061 Northwest Opportunities Vocational Academy - Partnership School - Financial and Compliance Audit*. If you have any questions regarding this report or would like the report to be placed on a committee agenda, please contact our office.

On behalf of the Audit Services' staff, we wish to thank the school staff and the MPS administration for their cooperation and assistance throughout the audit process.

**Northwest Opportunities Vocational Academy
Partnership School**

Finance and Compliance Audit

Audit: 2017-061

June 2017



MILWAUKEE
PUBLIC SCHOOLS

Office of Board Governance-Audit Services

NORTHWEST OPPORTUNITIES VOCATIONAL ACADEMY

PARTNERSHIP SCHOOL

FINANCIAL AND COMPLIANCE AUDIT

AUDIT: 2017-061

JUNE 2017

**MILWAUKEE PUBLIC SCHOOLS
BOARD OF SCHOOL DIRECTORS**

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INTRODUCTION

The Milwaukee Board of School Directors (Board) contracts with private agencies to provide alternative education to certain “at-risk” and other Milwaukee Public School (MPS) students. The MPS Office of Audit Services annually performs audits of alternative education partnership schools to determine the propriety of resource utilization and compliance with contract provisions. During fiscal year 2016 (FY16), the partnership school Northwest Opportunities Vocational Academy (NOVA) was selected for review. The scope of our review was the FY16 school year.

During FY16, MPS contracted with NOVA to provide 121.5 Full-Time Equivalent seats (FTEs). Specific contract funding information follows. The Board approved a three-year contract for NOVA with FY16 being the first year of the contract.

	<u>FY16</u>
Full-Time Equivalent Seats	
At-Risk Seats	111.5
Transitional Seats	10.0
Funding Provided	
Cash Funds for Operations	\$1,116,983.52
Cost Per Student	\$9,193

NOVA’s budget and reported expenditures for FY16 are provided in Exhibit I. The report in Exhibit I does not include Title I costs and other categorical aid funds that NOVA is entitled to receive.

SCOPE AND OBJECTIVES

The purpose of the audit was to determine whether NOVA:

- Used resources provided by MPS in an appropriate manner to operate its alternative education program.
- Accurately reported alternative education expenditures to MPS.
- Complied with alternative education contract provisions.

NOVA’s compliance with contract provisions was determined for FY16. The review focused on determining compliance with all major fiscal and administrative contract provisions not associated with educational outcomes. Accordingly, the policies and contract provisions associated with educational outcomes, such as standards for testing and attendance reporting

was not included within the scope of this financial and compliance review. The responsibility for determining compliance with policies and provisions related to educational outcomes, in accordance with Board directives, resides with MPS's Contracted School Services (CSS).

In planning and performing our audit, we considered NOVA's internal controls over payroll, financial reporting and cost allocations in order to determine our auditing procedures for the purpose of expressing an opinion on the audit objectives. Accordingly, we do not express an opinion on the effectiveness of NOVA's internal controls over payroll, financial reporting and cost allocations.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

AUDIT CONCLUSION

The results of tests performed indicate that NOVA complied with all major fiscal and administrative contract provisions not related to educational outcomes, appropriately used contract resources, and accurately reported alternative education expenditures with the exception of one minor issue of noncompliance. The minor issue of noncompliance is described in detail in the "Audit Findings and Recommendations" section of this report.

AUDIT FINDINGS AND RECOMMENDATIONS

Major Issue of Noncompliance

None.

Minor Issue of Noncompliance

1. Criteria

The partnership school contract requires the school to maintain an average daily attendance rate for high school students of at least 70%.

Condition

NOVA had an average attendance rate of 68.2% for high school students.

Cause

Unknown.

Effect

NOVA's ability to contract with MPS may be jeopardized if contract requirements are not complied with.

Recommendation

NOVA should ensure that they maintain at least a 70% attendance rate for high school students in the program.

Agency Response

The Directors of NOVA have been implementing strategies to ensure their attendance does not fall below 70% again.

This report was reviewed by the Executive Director of Trans Center For Youth, Inc. The Executive Director, as part of the audit process, has reviewed the audit criteria, findings, conclusions and/or recommendations. The Executive Director is in agreement with, and accepts this audit report.

OFFICE OF BOARD GOVERNANCE
AUDIT SERVICES

May 12, 2017

**Northwest Opportunities Vocational Academy
Expenditure Report for the 2015-2016 School Year**

	Proposed FTE Positions	Proposed Budget	Modified Budget	Actual Expenditures	Balance
<u>Instruction/Instructional Support Costs</u>					
Salaries					
Agency Teacher(s)	11.00	401,621	404,355	404,034	321
Paraprofessionals		0	0	0	0
Substitutes		0	0	0	0
Aides		0	0	0	0
Counselor/Psychologist		0	0	0	0
Social Worker		0	0	0	0
Program Directors	2.00	123,291	129,578	136,265	(6,687)
Salaries Subtotal	13.00	524,912	533,933	540,299	(6,366)
Staff Benefits					
Pensions		14,000	13,255	13,773	(518)
Social Security		40,000	37,556	37,688	(132)
Health Insurance		110,000	71,795	73,018	(1,223)
Staff Benefits Subtotal	0.00	164,000	122,606	124,479	(1,873)
Purchased Services					
Media Equipment		0	0	0	0
Library Books		0	0	0	0
Consultants/Contracted Services		0	0	0	0
Extracurricular Activities		10,000	8,000	8,364	(364)
Field Trips		1,500	1,000	893	107
Staff Development-travel conferences		10,000	7,000	6,253	747
Car Allowance-instructional staff travel		0	0	0	0
Trasnportation/Miscellaneous		14,718	12,824	12,453	371
Purchased Services Subtotal	0.00	36,218	28,824	27,963	861
Classroom Materials/Equipment					
Instructional Supplies		7,000	7,000	6,210	790
Textbooks		0	0	0	0
Media Rental		0	0	0	0
Tests		0	0	0	0
Classroom Equipment		0	0	0	0
Computer Equipment		15,000	24,688	24,688	0
Software		0	0	0	0
Other-Specify		0	0	0	0
Materials/Equipment Subtotal	0.00	22,000	31,688	30,898	790
Total Instruction	13.00	\$747,130	\$717,051	\$723,639	(6,588)

	Proposed FTE Positions	Proposed Budget	Modified Budget	Actual Expenditures	Balance
Non-Instructional Costs					
Salaries					
Program Director/Principal		0	0	0	0
Assistant Administrator		0	0	0	
Director of School Development	0.20	6,600	5,900	5,582	318
Clerical	1.00	30,250	30,271	30,271	0
Dean of Students	1.00	22,000	22,010	22,010	0
Aides	3.00	47,195	47,975	47,976	(1)
Executive Director	0.20	25,392	25,458	25,458	0
Executive Assistant	0.20	19,687	19,754	19,753	1
Fund Developer	0.20	13,800	13,814	13,807	7
Salaries Subtotal	5.80	164,924	165,182	164,857	325
Benefits					
Pensions		4,500	4,750	4,475	275
Social Security		12,500	12,313	12,231	82
Health Insurance		35,200	32,213	32,108	105
Benefits Subtotal	0	52,200	49,276	48,814	462
Purchased Services					
Consultants		0	0	0	0
Administrative Staff Develop.		0	0	0	0
Administrative Fee		24,909	24,909	24,909	0
Duplicating		0	0	0	0
Postage		1,200	1,377	1,236	141
Rents		90,080	90,080	90,080	0
Utilities		0	0	0	0
Telephone		4,000	8,851	7,615	1,236
Security		17,500	17,500	17,500	0
Accounting		10,500	9,700	7,705	1,995
Purchased Services Subtotal	0	148,189	152,417	149,045	3,372
Materials/Equipment					
Office Supplies		5,000	2,000	2,661	(661)
Maintenance Equipment		0	0	0	0
Building/Maintenance Supplies		0	0	0	0
Security		0	0	0	0
Office Equipment		0	0	0	0
Equipment Rental		0	0	0	0
Copier Rental		15,000	14,502	13,088	1,414
Software		0	0	0	0
Other-Specify		0	0	0	0
Materials/Equipment Subtotal	0	20,000	16,502	15,749	753
Insurance					
Fidelity Bond		2,000	2,082	2,082	0
Workers Compensation		4,000	5,475	4,754	721
Bodily Injury		0	0	0	0
General Liability		10,000	8,998	8,998	0
Other-Specify		0	0	0	0
Insurance Subtotal	0	16,000	16,555	15,834	721
Total Non-Instruction	5.800	401,313	399,932	394,299	5,633
GRAND TOTAL	18.800	\$1,148,443	\$1,116,983	\$1,117,938	(\$955)