



INTEROFFICE MEMORANDUM

Date: July 12, 2017

TO: Members of the Board of School Directors

From: Mr. Paul Geib *P.G.*

RE: Audit #2018-003: Grandview High School
Partnership School -Financial and Compliance Audit

C: Dr. Darienne Driver
Dr. Jacqueline Mann
Dr. Keith Posley
Ms. LaWanda Baldwin
Ms. Marla Bronaugh
Mr. Michael Trueblood
Ms. Sherry Reisenauer
Mr. Omer Abdullah
Ms. Felecia Jasper-Mitchell

Transmitted herewith is our report on *Audit #2018-003 Grandview High School - 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.

**Grandview High School
Partnership School**

Finance and Compliance Audit

Audit: 2018-003

July 2017



MILWAUKEE
PUBLIC SCHOOLS

Office of Board Governance-Audit Services

**GRANDVIEW HIGH SCHOOL
PARTNERSHIP SCHOOL
FINANCIAL AND COMPLIANCE AUDIT**

AUDIT: 2018-003

JULY 2017

**MILWAUKEE PUBLIC SCHOOLS
BOARD OF SCHOOL DIRECTORS**

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Paul Geib - Performance Audit Manager
Nita Farrow - Performance Auditor

Chief Financial Officer
Sherry Reisenauer

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 Seeds of Health, Inc. – Grandview High School (Grandview) was selected for review. The scope of our review was the FY16 school year.

During FY16, MPS contracted with Grandview to provide 229 Full-Time Equivalent seats (FTEs). Specific contract funding information follows. The Board approved a three-year contract for Grandview with FY16 being the first year of the contract.

	<u>FY16</u>
Full-Time Equivalent Seats	
At-Risk Seats	229.0
Funding Provided	
Cash Funds for Operations	\$2,105,261
Cost Per Student	\$9,193

Grandview’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 Grandview is entitled to receive.

SCOPE AND OBJECTIVES

The purpose of the audit was to determine whether Grandview:

- 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.

Grandview’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 Grandview'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 Grandview'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 Grandview complied with all major fiscal and administrative contract provisions not related to educational outcomes, appropriately used contract resources, and accurately reported alternative education expenditures.

This report was reviewed by the Chief Financial Officer of Seeds of Health. The Chief Financial Officer, as part of the audit process, has reviewed the audit criteria, findings, conclusions and/or recommendations. The Chief Financial Officer is in agreement with, and accepts this audit report.

OFFICE OF BOARD GOVERNANCE
AUDIT SERVICES

June 20, 2017

**Grandview High School
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)	10.00	313,148	313,148	313,821	(673)
Paraprofessionals	0.00	0	0	0	0
Substitutes	0.00	9,000	9,000	11,835	(2,835)
Aides	0.00	0	0	0	0
Counselor/Psychologist	0.00	0	0	0	0
Social Worker	1.00	93,679	93,679	90,719	2,960
Director of Assessment	1.00	6,222	6,222	8,172	(1,950)
Co-Curricular	0.20	2,000	2,000	375	1,625
Computer Science	0.20	10,418	10,418	9,491	927
Salaries Subtotal	<u>12.40</u>	<u>434,467</u>	<u>434,467</u>	<u>434,413</u>	<u>54</u>
Staff Benefits					
Pensions		25,315	25,315	24,758	557
Social Security		38,732	38,732	37,019	1,713
Life		666	666	810	(144)
Health		60,758	60,758	73,030	(12,272)
Dental		3,942	3,942	4,989	(1,047)
LTD		1,713	1,713	1,993	(280)
Unemployment		3,400	3,400	2,638	762
Staff Benefits Subtotal	<u>0.00</u>	<u>134,526</u>	<u>134,526</u>	<u>145,237</u>	<u>(10,711)</u>
Purchased Services					
Media Equipment		0	0	35,000	(35,000)
Library Books		0	0	0	0
Consultants/Contracted Services		43,000	43,000	22,617	20,383
Extracurricular Activities		4,000	4,000	1,300	2,700
Field Trips		4,000	4,000	4,676	(676)
Staff Development-travel conferences		10,000	10,000	2,445	7,555
Car Allowance-instructional staff travel		3,500	3,500	1,418	2,082
Other-Specify		0	0	0	0
Purchased Services Subtotal	<u>0.00</u>	<u>64,500</u>	<u>64,500</u>	<u>67,456</u>	<u>(2,956)</u>
Classroom Materials/Equipment					
Instructional Supplies		26,184	46,184	32,563	13,621
Textbooks		0	0	0	0
Media Rental		0	0	0	0
Tests		0	0	0	0
Classroom Equipment		20,000	20,000	32,068	(12,068)
Computer Equipment		71,028	86,028	103,454	(17,426)
Software		28,000	28,000	25,816	2,184
Dues & Fees		4,000	4,000	4,207	(207)
Materials/Equipment Subtotal	<u>0.00</u>	<u>149,212</u>	<u>184,212</u>	<u>198,108</u>	<u>(13,896)</u>
Total Instruction	<u>12.40</u>	<u>\$782,705</u>	<u>\$817,705</u>	<u>\$845,214</u>	<u>(27,509)</u>

	Proposed FTE Positions	Proposed Budget	Modified Budget	Actual Expenditures	Balance
Non-Instructional Costs					
Salaries					
Program Director/Principal	0.18	51,137	51,137	50,186	951
Principal	2.00	151,450	151,450	164,758	(13,308)
Dean of Students	0.00	0	0	0	
Maintenance Services	0.18	20,965	20,965	19,268	1,697
Clerical	1.00	41,517	41,517	41,808	(291)
Accounting/Financial	1.00	53,811	53,811	53,934	(123)
Part-time Wages	0.00	932	932	626	306
Security	1.00	74,862	74,862	74,862	0
Food Service	0.50	19,380	19,380	18,269	1,111
Salaries Subtotal	5.86	414,054	414,054	423,711	(9,657)
Benefits					
Pensions		20,703	20,703	20,614	89
Social Security		31,675	31,675	29,594	2,081
Life		930	930	804	126
Health		88,967	88,967	71,356	17,611
Dental		5,609	5,609	4,690	919
LTD		2,123	2,123	1,587	536
Unemployment Compensation		2,900	2,900	1,775	1,125
Benefits Subtotal	0.00	152,907	152,907	130,420	22,487
Purchased Services					
Consultants		54,800	54,800	50,756	4,044
Administrative Staff Development-travel/conf		0	0	0	0
Administrative Fee		46,947	46,947	46,947	0
Duplicating		3,500	3,500	3,298	202
Postage		4,200	4,200	3,841	359
Rents		294,094	294,094	294,094	0
Utilities		60,000	60,000	37,361	22,639
Telephone/Internet		15,100	15,100	15,078	22
Purchased Services Building and Grounds		60,000	60,000	41,861	18,139
Building Improvements		64,243	74,020	57,075	16,945
Transportation		55,000	55,000	31,314	23,686
Technology equipment supplies repairs		0	0	40,000	(40,000)
Purchased Services Subtotal	0.00	657,884	667,661	621,625	46,036
Materials/Equipment					
Office Supplies		22,000	22,000	24,887	(2,887)
Maintenance Equipment		0	0	0	0
Building/Maintenance Supplies		32,500	32,500	41,905	(9,405)
Security		0	0	0	0
Office Equipment		0	0	0	0
Equipment Rental		0	0	0	0
Copier Rental		18,000	18,000	10,971	7,029
Software		5,711	5,711	6,549	(838)
Interest		500	500	326	174
Materials/Equipment Subtotal	0.00	78,711	78,711	84,638	(5,927)
Insurance					
Fidelity Bond		0	0	0	0
Workers Compensation		0	0	0	0
Bodily Injury		0	0	0	0
General Liability		19,000	19,000	17,859	1,141
Other-Specify		0	0	0	0
Insurance Subtotal	0.00	19,000	19,000	17,859	1,141
Total Non-Instruction	5.86	1,322,556	1,332,333	1,278,253	54,080
GRAND TOTAL	18.26	\$2,105,261	\$2,150,038	\$2,123,467	\$26,571