INTEROFFICE MEMORANDUM

DATE: November 25, 2019

TO: Members of the Milwaukee Board of School Directors

From: Mr. Paul Geib

RE: Audit #2020- C19: Camp Cash Handling Review

C: Dr. Keith Posley
   Dr. Jacqueline Mann
   Ms. Lynn Greb
   Ms. Martha Kreitzman
   Mr. Matt Chasen
   Ms. Nita Farrow
   Mr. Alberto Adame

Transmitted herewith is our report on the Camp Cash Handling Review. The audit report and recommendations have been reviewed in detail with Recreation and Community Services. Their concerns relative to the audit criteria, findings and conclusions along with responses to the audit recommendations have been incorporated in the audit report. The responses show general concurrence with all of the recommendations and include action plans for implementation. If you have any questions regarding this report or would like the report to be placed on a committee agenda, please contact our office.

We appreciate the cooperation and assistance we received from MPS personnel as we conducted the audit.
CAMP CASH HANDLING REVIEW

AUDIT:  2020-019

NOVEMBER 2019

MILWAUKEE PUBLIC SCHOOLS
BOARD OF SCHOOL DIRECTORS

Larry Miller, President
Tony Baez, Vice President

Marva Herndon
Paula Phillips
Megan O’Halloran
Erika Siemsen
Annie Woodward

Bob Peterson
Sequanna Taylor

Director Office of Board Governance
Jacqueline M. Mann, Ph.D.

Audit Team
Paul Geib - Performance Audit Manager
Nita Farrow - Performance Auditor II
Alberto Adame – Performance Auditor II
Objective
Audit Services conducts school audits and investigations to determine if controls related to proper cash handling of school-related activities, including Camp programs operated at various school sites, are adequate. Recent investigations have identified theft of camp funds and potential weaknesses in internal controls. This review was undertaken to determine if internal controls are adequate to ensure that camp payments and attendance processes are working as intended for private-pay camp children. This review included tracing private-pay students’ payments to supporting documents and bank deposits, as well as verifying that all private-pay students’ payments and attendance were properly recorded to the camp’s CAYEN software program.

As a special review, this report is not considered an audit under Generally Accepted Government Auditing Standards (GAGAS); however, we believe that the evidence obtained provides a reasonable basis for our findings and conclusion.

Background
The MPS Recreation Department oversees approximately 52 childcare camp programs that received $3,065,672 in private-pay and $2,838,042 in Wisconsin Share revenue in the 2018-19 school year. The before- and after-school childcare camps, which are in MPS schools throughout Milwaukee, primarily serve K4 through Grade 8 students enrolled in MPS schools. The goal is to provide a safe and healthy experience for children to enjoy fun recreational and enrichment activities in an environment that is culturally inclusive.

Each MPS childcare camp program has a camp director, who supervises and evaluates all camp staff. The camp directors report to both the MPS Recreation Department and the School Leader. Support staff for the camp program may include an assistant camp director and a number of camp instructors, including a clerk, door monitors, and academic tutors.

MPS Recreation has implemented policies and procedures for all childcare camp programs. There is a Recreation Child Care Camp Staff Manual and a guide to additional policies and procedure. In addition to the Recreation Department’s guidance, the Department of Finance’s School Accounting Manual provides additional requirements for camp-program operations related to proper cash handling, accounting, and expenditures. All childcare camps are required to use the CAYEN system to enter student attendance, to create billing statements, and to process payments. All payments should be made by the parent or guardian and are processed on a weekly basis. The parents’ payments are made at each camp site to the camp director.

Camp programs receive payment through either private pay or the Wisconsin Shares program. The Wisconsin Shares Child Care Subsidy Program supports low-income working families by subsidizing a portion of the cost of quality childcare while the parents or caregivers are working or participating in another approved activity. Counties and tribes implement Wisconsin Shares locally. If a camp accepts Wisconsin Shares Child Care Subsidy as a form of payment, it is required
to abide by the Department of Children and Families’ licensing rules and regulations for group care centers.

Low-income working families with children under the age of 13 may be eligible for Wisconsin Shares. If a child has a special need, the child may remain eligible until the child’s 19th birthday. Parents must be working or participating in another approved activity to receive Wisconsin Shares. The number of private-pay versus Wisconsin Shares children varies from camp program to camp program, with some children being eligible for Wisconsin Shares for a part of a school year, and then private pay, and then Wisconsin Shares.

Our review places a special emphasis on camp programs with high numbers of private-pay students.

Testing Methodology
MPS Audit Services selected eight summer camps from the 2018 list of 26 summer recreation childcare camps on which to perform detailed testing, as well as one childcare program on which to perform limited testing of transactions for the 2019 year. The eight schools selected for testing were Burdick, Clement Avenue, Cooper, Curtin, Howard, Humboldt Park, Milwaukee Spanish Immersion, and Thoreau.

For each school selected for testing, the following documents were requested from MPS Recreation:

1. school camp roster for the 2017-18 school year;
2. Child Care Provider Portal (CCPP) report for 2017-18 school year (students on the roster are authorized for Wisconsin Shares and the authorization period);
3. student attendance report from CAYEN system (student attendance, student outstanding balance, and payments paid);
4. school camp’s sign-in/sign-out binder for the 2017-18 school year;
5. school’s charge rates from CAYEN System for the 2017-18 school year;
6. complete listing of the camp’s hours of operations, including the camp’s calendar for the 2017-18 school year; and
7. MPS Recreation’s Child Care Site Assessment Report for the school.

The first step was to identify those students who were under Wisconsin Shares for the entire school year. Those students were exempt from testing because all payments were made to the school directly from Wisconsin Shares, and no cash payments, with the exception of a minimal registration fee, had been made.

The next step was to identify those students that were private-pay and Wisconsin Shares for the 2017-18 school year. These students were considered both private-pay and under Wisconsin Shares if they had not been authorized for Wisconsin Shares for the entire school year and there
had been a lapse in coverage for the school year. The MPS Auditors reconciled the camp roster to the Child Care Provider Portal’s document.

For the 2017-18 school year the following were identified for each school selected for testing:

<table>
<thead>
<tr>
<th>Camp Site</th>
<th>Enrolled</th>
<th>WI Shares Only</th>
<th>WI Shares and Private-pay</th>
<th>Tested</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burdick</td>
<td>134</td>
<td>19</td>
<td>5</td>
<td>18</td>
</tr>
<tr>
<td>Clement Avenue</td>
<td>132</td>
<td>8</td>
<td>12</td>
<td>21</td>
</tr>
<tr>
<td>Cooper</td>
<td>162</td>
<td>2</td>
<td>17</td>
<td>32</td>
</tr>
<tr>
<td>Curtin</td>
<td>87</td>
<td>11</td>
<td>9</td>
<td>19</td>
</tr>
<tr>
<td>Howard/Bay View Montessori</td>
<td>206</td>
<td>2</td>
<td>15</td>
<td>25</td>
</tr>
<tr>
<td>Humboldt Park</td>
<td>122</td>
<td>10</td>
<td>12</td>
<td>22</td>
</tr>
<tr>
<td>Milwaukee Spanish Immersion</td>
<td>237</td>
<td>13</td>
<td>32</td>
<td>42</td>
</tr>
<tr>
<td>Thoreau</td>
<td>98</td>
<td>15</td>
<td>29</td>
<td>39</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,178</strong></td>
<td><strong>80</strong></td>
<td><strong>131</strong></td>
<td><strong>218</strong></td>
</tr>
</tbody>
</table>

After a student was identified as being both Wisconsin Shares and private-pay, attendance and payments were tested. Because cash transactions represent the highest risk level, there was an additional 10 private-pay students at each school selected for testing.

In regard to attendance, if a student was identified as both private-pay and Wisconsin Shares:

1. attendance was verified only for the dates that the student was considered private-pay or was not authorized for Wisconsin Shares; and
2. attendance was traced to the sign-in sheets at the school.

In the case of a student who was private-pay only, all attendance was verified and traced to the sign-in sheets at the school.

In regard to payment, if a student was identified as both private-pay and Wisconsin Shares, or private-pay alone:

1. all cash payments were selected for testing (the amount tested was identified from the Account Transaction Report);
2. the amount selected was traced to the parent’s receipt and verified for accuracy;

Audit: #2020-019 Camp Cash Handling Review
3. the parent’s receipt was traced to the camp director’s cash receipt and the amount recorded to the Bookkeeper cash receipt form; and
4. the Bookkeeper’s cash receipt form was traced to the deposit grouping and bank statement to verify that the deposit had been deposited to the bank.

Testing Results
As the table on the preceding page indicates, there were eight camp programs tested and 1,178 total camp students, 80 WI Shares camp students, 131 private-pay and Wisconsin Shares camp students, and 218 camp students tested.

According to MPS Recreation, if a student who is under the Wisconsin Shares program becomes ineligible for Wisconsin Shares at any point in time during the school year, and there are funds available in his/her account, they can be used towards camp fees for that school year only. The funds cannot be used for summer camp transactions, as this requires a separate approval for WI Shares for summer. MPS Recreation is in the process of updating the process for the WI Shares program to address how camp programs should handle carryover of funds. Currently MPS Recreation does not allow for camp programs to carryover WI Shares funds, and the Wisconsin Department of Children and Families does not have a clear process by which to handle overpay of funding.

MPS Recreation is also piloting a portal for parents to pay for their childcare expenses online. Five schools have been selected for the program. The online portal can be accessed via the website or phone application. This will an alternative way for parents, and it will decrease the amount of monies that will be collected on-site at the programs.

The following findings were noted as a result of the audit testing noted above:

Attendance Findings
1. An adjustment was made for one student when there was no attendance entered for that day — the student amount owed was decreased for this error (Burdick)
2. Nine students did not have attendance entered correctly (Curtin)
3. Coding WI Shares students with a specific code in CAYEN did not provide details on the student, including date and payment (Thoreau)

Payment Findings
1. Two parental payments were not entered in the CAYEN system (Burdick and Curtin).
2. For one camp program for the 2017-18 school year, the payments could not be traced to the cash receipt forms and bank deposits (Spanish Immersion).
3. For one camp program for the 2017-18 school year, copies of the parental receipts were not attached to the camp directors’ copy of the cash-receipt form (Spanish Immersion).

4. 22 students had a balance owed at the end of the 2017-18 school year (Howard/Bayview Montessori, Curtin, and Thoreau).

5. One student’s payment could not be located or traced to a cash-receipt form (Curtin).

6. For five students’ payments, the blue parental receipts could not be located by the camp director (Curtin).

7. Two parental receipts, dated 10/9/17 and 11/19/17, were not deposited until 12/17/19, which is 69 and 28 days, respectively, after payment had been received from the parents (Thoreau).

**Conclusion**
Our review concluded that, overall, the internal controls over camp payments and attendance procedures were adequate to ensure that camp programs’ payments and attendance were properly reported, recorded, and verified. Testing of the selected camp programs did identify that not all camp program staff were properly entering attendance in the CAYEN system, based on the attendance sheets. All camp programs enter attendance differently, based on how the school sets its price for camp. In addition, there were various discrepancies related to payments at individual camp programs. This included missing parental receipts, payments not entered in the CAYEN system, incomplete cash-receipt forms, and outstanding balances owed to the school.

**Recommendation**
It is recommended that the MPS Recreation Department ensure that:

1. The camp directors enter all students’ attendance correctly based on the attendance sheets and proper coding.

2. The copy of the receipt form that accompanies the payment is maintained to verify payments and attached to the corresponding cash receipt form.

3. All monies received from parents are deposited timely and include a completed cash-receipt form with the receipt numbers.

4. Procedures are put in place to recover or write off outstanding balances owed by students.
Responses from MPS Recreation Department

1. By June 30, 2020, all Child Care Camp Directors will be trained regarding the standardized use of the Cayen Afterschool System. Training will include key topics including but not limited to properly recording payments, attendance data entry and reporting functions.

2. The Recreation Department S.O.P. 3125 outlines the steps for processing parent payments, including the need for a copy of the transaction receipt to accompany the payment. By June 30, 2020 a refresher training will be provided to Child Care Camp Directors on S.O.P. 3125 Processing and Reconciliation of Camp Parent Payments.

3. According to S.O.P. 3125 Processing and Reconciliation of Camp Parent Payments and in alignment with the MPS School Accounting Manual, camp deposits are submitted to MPS Bookkeepers weekly. By June 30, 2020, a refresher training will be provided to Child Care Camp Directors on S.O.P. 3125 and Camp-related School Accounting Manual subjects.

4. By June 30, 2020, a standardized operating procedure will be developed to guide the recovery and forgiveness of family child care camp balances.