

Foreword: HOB Daycare program was implemented in August, 2015 with average of 62 students attend the program.

December, 2014

- 1) After reviewing daycare monthly P&L report, the Principal expressed concerns over the daycare deficit.
- 2) Finance staff met with HOB daycare manager for following up.

January, 2015

- 1) Finance staff found Money Collected Form was not used to document deposits from the collections.
- 2) Finance staff request receipt books from HOB daycare manager for reconciliation of bank activities.

February, 2015

Finance staffs continue the reconciliation process and found disparity of the following:

- Total collections from Aug. 18, 2014 to Jan. 9, 2015 (per receipt book#1 through book #4) is \$42,888.39
Bank deposit transactions from Aug. 18, 2014 to Jan. 31, 2015 per bank statement is \$28,806.25
Discrepancy of \$14,082.14 is pending for further reconciliation from student payment register and daily attendance.
- Estimated total daycare revenue(attendance from Aug, 2014 to Jan, 2015 times \$45/weekly payment) is \$57,645
Total of payment \$39,069.84 and outstanding \$12,620.51 entries from Student Payment Register is \$51,690.35
Discrepancy of \$5,954.65 is pending for further reconcilment between attendance and register..

February 25, 2015 HOB site visit

Issue 1:

Segregation of duty - Daycare manager is currently taking attendances, collecting fees and entering both attendance and payment into student records.

Issue 2:

Funds left at school overnight - Daycare collections were placed in the bookkeeper's office (drawer) at night by daycare manager without Money Collect Form to dual certify collections being deposited.

Issue 3:

Negligence of reconciliation – Sample transactions from Student payment registers were reviewed, however, there is no evidence that the entries being reconciled with deposit activities.

Note A: Total 30 transactions from internal account were reviewed (5 deposit records per month from Aug, 2014 to Jan. 2015), and all were reconciled with bank statement and supported with Money Collect Forms. The review result rules out the possibility of \$14,082.14 un-reconciled amount being deposited to school internal account.

It is also noted, the money collect forms are not pre-numbered, and also advise the bookkeeper to purchase pre-numbered money collect forms. And list student name on both check and cash receipt.

Note B: Met with the principal to discuss the daycare deficit from the monthly daycare report, the daycare manager was called in to the principal office to provide information of monthly average attendances. It is noted that when the principal is questioning a particular month receipts vs. the attendance of the month, the daycare manager was visibly upset and state the discrepancy was the outstanding reimbursement from ELC (Early Learning Coalition) subsidized student. Principal contacted ELC manager and was informed the reimbursement information will be provided.

Note C: During the latter part of the meeting, the principal invited both office manager & bookkeeper in the meeting and implemented the payment policy. Daycare parent will pay the fee to school front office personnel (bookkeeper primary and office manager as back up). The purpose of the action is to address below issue:

- Overburden of daycare manager who is currently recording daycare financial activities, collecting payment from parent, taking attendance & overseeing /monitoring the student activities.
- Deficiency in accountability, segregation of reasonability and internal control.