



April 12, 2007

Annette E. Lewis, Consulting Manager
S. Davis & Associates, P.A.
2521 Hollywood Boulevard
Hollywood FL 33021

Dear Ms. Lewis:

Attached is the supporting documentation for the following findings from the draft Exit Memo dated 3/14/2007:

Prior Year Finding # ELC 28-2005-06-004

Finding/Condition: The Coalition does not maintain direct management of and control over supporting records for grant match requirements for the School Readiness program. During the review we found that the Coalition maintained the certified match reports and the matching tracking sheets, but the supporting records were not submitted by the Coalition's central agency, Child Care of Southwest Florida, Inc.

Recommendation: The Coalition should review its financial management system structure and make modifications as needed to ensure it retains direct control over all material fiscal and administrative records. The Coalition should also revise the procedures for preparing monthly reimbursement requests to include a review of supporting information for cash match funds reported. Policy revisions and staff training sessions should be completed on a timely basis. Revised procedures should be approved and implemented on as soon as possible after the close of the 2005-06 grant period.

Status - Corrective Action Taken

In Progress – At the time of our site visit the Coalition had began monitoring and gathering match documentation. No reports had been issued and the Coalition has not been collecting match documentation on an otherwise regular basis.



ELC-SWF Response:

The Coalition responded to the prior year Match Report finding by preparing monthly reimbursement requests to include a review of supporting information for cash match funds reported. The Coalition's contracted agency (CCSWFL), charged to collect the Match documentation, prepared a Source Document to identify the Match sources. (See Attachment # I). This Source Document was forwarded to AWI with last year's Monitoring response to confirm if this documentation was acceptable. Although we could not locate a response from AWI, we submitted this Source Document form monthly without hearing from AWI that any additional information was necessary.

At our monitoring of CCSWFL in February, we did a thorough check of the back up documentation to support the Match reports. Our consultant CPA reviewed the general ledger/trial balance transaction activities and compared with the match report for the month of November for Lee county and Collier County for the 6% 97POO match; and Lee, Collier and Hendry, for the CCEP match. The amounts reviewed were in agreement.

In addition, the checks issued to the providers were reviewed and compared with what was paid to CCSWFL to ensure match payment is in compliance. Eight (8) provider checks were verified and no non-compliance issues were found.

We are attaching the local match report and source document that we have regularly submitted to AWI monthly. We are also attaching a written process by which CCSWFL manages the match. The support documentation for the November Monitoring review including a copy of the general ledger trial balance, invoices and contribution checks are also attached.

Please advise if you require this additional back up documentation on future monthly Match Reports.

Current Year Finding ELC 28-2006-07-001

Finding/Condition: The Coalition paid a \$29.00 late fee associated with Office Depot credit card – Check # 2176 in the amount of \$3,593.00.

Criteria: OMB Circular A-122 Attachment A, Item A.2. - Basic Cost Considerations; OMB Circular A-122 Attachment B, Item 16. – Fines and Penalties.

Cause: Oversight on the part of the Coalition.



Effect: This results in unallowable expenses being charged to the grant.

Recommendation: Repay AWI the amount of the late fee and review all Office Depot statements to ensure that no other fees had been paid in prior invoices.

ELC-SWF Response:

Upon further investigation as to why our Office Depot bill was not paid on time, we received confirmation from Office Depot that, according to their records, our invoice was returned from the Post Office undelivered, for reasons unknown. Office Depot agreed to issue a credit for the \$29 as we did not receive their invoice. A letter from Office Depot justifying this error and agreement to credit our April invoice in the amount of \$29 will be sent to AWI.

A check in the amount of \$29 will be reimbursed to AWI with our March invoice.

We request that this finding be removed from our Monitoring report.

Current Year Finding ELC 28-2006-07-002

Finding/Condition: During our disbursement testing we noted that payments were made from faxed copies on invoices. It is the Coalition's policy to pay from original documents. There was no evidence of that the faxed copies were authorized.

Criteria: ELC of Southwest Florida Accounting and Financial Policies & Procedures – Accounts Payable Management (Recording of Accounts Payable pg 39) dated July 2006.

Cause: In order to begin the payment processing a faxed copy was sent to the fiscal agent while it was the intention to later match the original invoice it never replaced the faxed copy.

Effect: Non compliance with the Coalition's policy to pay from original invoices only.



Recommendation: We recommend that the Coalition update its procedures to include a positive confirmation e.g. signature confirming that the due diligence was performed or a stamp indicating ‘certified original’ only in those instances when an original invoice cannot be replaced.

ELC-SWF Response:

The Coalition has a policy in place to pay only on original invoices. This faxed invoice was an isolated incident and is not our normal operating policy. We will update our procedures to include a stamp indicating ‘certified original’ be placed on all invoices to clearly distinguish them as original documents and ready for processing payment.

Current Year Finding ELC 28-2006-07-003

Finding/Condition: The Coalition paid the following invoices without proper supporting documentation.

Check #	Amount	Vendor	Exception
2383	109.00	Hilton Garden Inn	The payment was for a speaker David Elkind for a learning symposium that occurred on October 28, 2006. There was no agenda for the meeting or a contract with the speaker. Additionally the check was issued based on a confirmation copy and not an actual bill.
2458	200.00	Institute for Business Development	This was a payment for meeting space. There was no agenda or minutes to substantiate the purpose of the meeting. As a result we cannot properly determine that the correct program was charged etc.

Criteria: OMB Circular A-122 Attachment A, Item A.2. - Basic Cost Considerations; OMB Circular A-133 Appendix B (Compliance Supplement, March 2004) Part 3B – Allowable Costs/Cost Principles, Coalition ELC of Southwest Florida Accounting and Financial Policies & Procedures.



Cause: The Coalition did not request that the speaker or the hotel forward the invoice or a statement for the amount to which it agreed to pay.

Effect: Improper payment from a confirmation rather than an invoice and the potential for exposure to additional unforeseen expenses.

Recommendation: Attach the appropriate documentation that will support an invoice without requiring additional explanation and train the personnel responsible for preparing invoices for payment.

ELC-SWF Response:

Regarding Check #2383, in the amount of \$109 for the Hilton Garden Inn, the speaker, David Elkind, used a travel management service, American Program Bureau, to process and coordinate his travel. All original receipts were sent to the American Program Bureau for processing. We agree that the Coalition should have been sent the original hotel bill as we were paying the hotel room. The documentation supporting this conference and the overnight stay were available in the Coalition office but were not attached to the invoice. Please refer to Attachment # II: American Program Bureau, Inc. Travel Itinerary; Early Learning Symposium flyer and announcement; List of attendees; and Press Release.

Regarding Check # 2458 in the amount of \$200, the meeting agenda and information was in the Coalition office but not attached to the invoice. Please refer to Attachments # III and # IV: "After School at it's Best" and "Inclusions & Challenging Behaviors" agendas for the November 18 and December 7 meetings agenda.

Although policies are in place to include all original bills and proper back up for all travel related invoices, the Executive Director conducted training with all staff to ensure compliance with this policy.

Current Year Finding ELC 28-2006-07-004

Finding/Condition: The Coalition cannot provide supporting documentation to substantiate the calculation of allocations according the cost allocation plan for the period beginning July 1, 2006 through January 31, 2007.

Criteria: Approved cost allocation plan effective July 1, 2005, until amended.



Cause: Documentation could not be located.

Effect: It can not verified whether the allocations as defined in the cost allocation plan are being properly calculated and applied properly to the Coalition expenses that are subject to allocations.

Recommendation: We recommend that the Coalition analyze the calculated allocations to date in order to determine that the allocations are in line with the plan. Make the required adjustments and submit them with the AWI upon completion.

ELC-SWF Response:

The Coalition has an approved Cost Allocation Plan in place with a process for calculating allocations in line with our approved CAP. As evidence of this procedure, during our Independent Single Audit review, the auditor confirmed via email that our fiscal director Michael Kinney utilized a methodology and process in allocating the salaries and wages for the Early Learning Coalition of Southwest Florida, Inc. (See attachment #3, Email from Auditor confirming that she did review Mike Kinney's calculations for his allocation methodology).

AWI is currently reviewing our revised CAP and we are presently in discussion with AWI to complete the process.

Sincerely

Peter Escayg
Director of Operations

Cc: Barbara Saunders, Executive Director
Lemuel Toro, FMSAS, AWI
Linda Parsche, Program Analyst, AWI Office of Early Learning
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