

MEMORANDUM OF TRANSMITTAL



To: Lisa Early, Director, Families Parks & Recreation Department

From: George J. McGowan, CPA
Director, Office of Audit Services and Management Support

Dates: October 1, 2019

Subject: Parramore Kidz Zone (PKZ) Childcare Subsidy Controls (Audit Report No. 20-01)

The Office of Audit Services and Management Support performed an audit of the controls over the Parramore Kidz Zone (PKZ) Childcare Subsidy Program. The audit objectives were to confirm if the internal controls and documentation in program recipient files is sufficient to support that the children enrolled in the program were eligible for its benefits. Our examination was performed in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

The scope of this audit focused on the risks we identified with management and the associated operational controls over determining program eligibility being performed by PKZ and Community Coordinated Care for Children (4C). After understanding the associated risks, which we classified as low in this instance, we used our professional judgement to select and review sixteen of the seventy-five files of children enrolled in the program between January 2018 and February 2019 to determine compliance with program eligibility.

Conclusion

Parents who received the child care subsidies during the audit period reviewed were eligible for the subsidy, did provide documentation of eligibility for the program, and the related child care funding was appropriate.

Other Issues

During this engagement, we had several discussions with the PKZ management and operational team and we gained an understanding of their day-to-day operations related to enrolling parents and their children in the program. The process is twofold, first, the families visit the Downtown Recreation Center and complete the application form and provide the required documents. We reviewed and tested these initial files for evidence of the seven eligibility criteria from the program application form to confirm if all the criteria were satisfied and documented in each of the recipient's files. The results of our review of the first stage of the process were:

- 5 of 16 files were missing immunization records
- 4 of 16 files were either missing or had incomplete lease documents
- 4 of 16 files contained non-current paystubs

- 1 of 16 were missing birth certificates

The second stage of the process is that each recipient file is submitted to 4C and reviewed for completeness prior to finalizing eligibility. We met with 4C management to gain an understanding of their processes for reviewing the City's files and how they document program eligibility. We selected and reviewed program recipient files at 4C and confirmed with their management that the files were complete and the children selected were eligible to be enrolled in the program.

Recommendation

We recommend that PKZ management improve their efforts to document all of the eligibility requirements prior to turning files over to 4C.

We appreciate the cooperation and courtesies extended by the staff of Parramore Kidz Zone. This review was performed by Perez Goree, Audit Program Manager and Kelsie Burke, Assistant Auditor.

GJM/pg

c: Brenda March, Children and Education Program Manager
Stacey Marrero, Executive Assistant
Connie Royer, PKZ Program Coordinator