

**WAKE COUNTY SMART START, INC.
DIRECT SERVICES PROVIDER
FISCAL MONITORING PROGRAM
FISCAL YEAR 2018 - 2019**

Attachment 1

Reviewed By: _____

Date: _____

DATE OF VISIT: _____

MONITOR: _____

PROGRAM TITLE: _____

AGENCY: _____

MONITORING PROCEDURE	DATE	WORK PAPER REF
1. Notify DSP in writing, of date(s) of monitoring visit and request any documentation that may be completed prior to the visit		
2. Obtain latest schedule by month for the current fiscal year of MONTHLY expenditures by line item. Select two months for testing, one should be the latest month that an FSR has been submitted.		
3. Obtain the Cash on Hand worksheet for the most recent reimbursement request.		
4. Make copy of last month's Cash Requirements Sheet		
5. Obtain latest monthly FSR submitted for reimbursement (make copy for workpapers).		
6. Obtain a copy of prior fiscal/contract year June FSR		
7. Review contract with DSP and any revisions and amendments.		
8. Obtain copy of Review of Property & Equipment worksheet from Wake County Smart Start		
9. Review Current Year Fixed Asset Purchases Report for Current Year purchases		
10. Obtain copy of and Review Fixed Asset Report for Prior Year Purchases.		
11. Make copy of most recent FSR/Medicaid Report (if applicable)		
12. From most recent FSR/Medicaid Report (if applicable), prepare YTD Medicaid Reimbursements Received and YTD Medicaid Reimbursement Expenditures.		
13. Obtain listing of Medicaid eligible clients (if applicable)		
14. Obtain Review of Medicaid Expenditures (if applicable)		
15. Review full activity description		
17. Obtain proof of current insurance coverage required by the contract agreement		
18. If the DSP has an annual audit, obtain a copy of its most recent audit report. Review the audit to determine if any weaknesses in internal controls are noted that are related to the Smart Start contract.		
19. Review prior monitoring report for issues which require follow up.		
Program Income		
1. Obtain Reporting Summary Sheet documenting receipt of monthly FSR reports, quarterly cash and in-kind reports and program income (for prior period). Review the files and obtain copies of applicable reports to determine that all reports the DSP is required to file have been filed within required reporting periods and contained required information. Report any reporting exceptions noted.		
2. Obtain Grantee Reporting spreadsheet, determine that reports required under G.S. 143C-6.23, have been completed. Report any reporting exceptions noted.		
Cash Disbursements		
1. Using schedule (WP E-2) prepared prior to visit showing each month's expenditures by line item		

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<ul style="list-style-type: none"> a. Obtain explanations for amounts that fluctuate by more than 10% month to month from the DSP budget. b. Compare YTD expenditures for each line item to the budgeted line item and ensure totals have not exceeded 20% of Budget c. Compare YTD expenditures for Line 35 (Other Expenditures) and ensure that YTD total has not exceeded 8% of YTD Expenditures d. Select 3 line items to test for each month selected at E-2, one line should be personnel, otherwise select 2 different lines. Obtain all supporting documentation from DSP. 		
2. Using workpaper E-3, determine that cash on hand does not exceed one month's worth of budget.		
3. If the DSP is eligible to file a sales tax refund request with the state of North Carolina, determine that sales tax is NOT included in reimbursable expenses reported on the FSR, for line items tested.		
4. For months and line items tested, review 2 vendor files to determine whether any refunds/credits that were received were reported on subsequent FSRs, if applicable.		
5. For months and line items tested, determine if any expenditures met the threshold for bidding requirements, and if so confirm that applicable requirements were followed.		
6. For items selected in procedure 1d verify supporting documentation to ensure <ul style="list-style-type: none"> a. Compliance with Smart Start Cost Principles b. The recorded expense agrees with the amount recorded in the cash disbursements journal c. The payment is supported by a vendors' invoice that agrees with the check amount d. The goods or services were received. e. The expense, based on the monitor's judgment, is reasonable and necessary to meet the objectives of the activity and is included in the DSP's budget f. The reporting is done on a cash basis g. Purchases made with credit cards are recorded when paid, not when purchased. 		
Prior Year June FSR		
1. Review Prior Year June FSR for items paid in subsequent period to ensure cash basis of accounting.		
Salaries and Wages		
1. If the DSP funds staff positions, determine DSP employees whose wages are included on Line 11, Personnel Costs, for the months selected, and:		
<ul style="list-style-type: none"> a. Agree the hours billed to the hours charge to Smart Start on the employees' time cards. Ensured that timesheets are properly completed and approved in accordance with the Smart Start Cost Principles. b. Agree the wage rates billed to Smart Start to the approved and paid wage rates for the employees. c. Agree the total hours on the employees' timecards and wages paid to the applicable payroll register. d. Review applicable benefits invoices, such as retirement, health insurance, etc. to ensure the amounts included on line 11 of the FSRs agree to the amounts paid to the vendor for the applicable employee benefits. e. Agree total personnel costs per the DSP's general ledger and supporting documentation (benefits invoices, payroll registers/payroll checks, timesheets, employer FICA , etc.) to the FSRs. f. Agree the number of employees to the number of FTEs in the Budget Narrative 		
2. If the organization allocates salaries as part of a Cost Allocation Plan:		
<ul style="list-style-type: none"> a. Obtain a copy of the Plan; b. Determine who approved Plan; c. Review Plan and confirm that if salaries are allocated that supporting documentation is appropriate. (Refer to NCPG guidelines for Cost Allocation Plans.) 		
Budgeting/Contracting		

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1. Document current year Budget and Budget Revisions		
2. From copy of most recent budget from DSP, agree totals to the latest Budget Narrative on file with Wake County Smart Start.		
Cash & In-Kind Contributions		
1. Determine percent of Cash & In-Kind met as of date of visit and report.		
2. Using the copy of the latest Quarterly Cash & In-Kind Contribution Report, select the two (2) largest cash contributions, the two (2) largest goods and services contributions and the two (2) largest contributions in volunteers.		
a. Determine that reported contributions are allowable (supporting Smart Start activities, not derived from other state funds, etc.).		
b. Determine that records include documentation to support type, value, valuation method, hours, rates, square footage, etc. as appropriate based on the current NCPD "Cash and In-Kind Contributions Manual."		
3. If Quarterly Report has not been filed, review contribution records and select a sample as described in #2 above and examine documentation to ensure it complies with NCPD and legislative Guidelines. Document steps performed and put copies of documents reviewed in workpapers.		
Property and Equipment		
Using the schedule of property and equipment (P&E) exceeding \$500 prepared in Section A:		
1. Determine any current year purchases > \$500.		
a. Copy of Invoice		
b. Description and Serial Number		
c. Copy of payment date and amount		
d. Smart Start funding sticker applied		
e. FSR amount agrees with Invoice		
f. Used for Smart Start activities		
g. Determine that competitive bidding procedures were followed in accordance with Smart Start requirements. [Contract ¶ 16.Q]		
2. For prior year purchases > \$500		
a. Verify the existence of the equipment		
b. Used for Smart Start activities		
c. In reasonable condition		
d. Smart Start funding sticker applied		
e. Covered by property insurance, warranty, etc.		
f. Agree DSP Asset List with WCSS Asset List		
3. Determine that any asset disposals were in accordance with instructions from Wake County Smart Start.		
a. Total amount of current year disposals		
b. List of current year disposals with description, serial number and date of purchase		
c. Prior written approval for current year disposals		
Medicaid		
1. Determine amount of current year Medicaid reimbursements as of date of monitoring visit		
2. Inquire as to whether DSP expects to expend all Medicaid reimbursements on or before June 30 of current fiscal year. If not, document explanation, if any.		
3. Using listing of Medicaid eligible clients obtained earlier, determine that Medicaid Reimbursements are for Smart Start eligible children. (Under Age 5 and not yet in Kindergarten — cut-off date is August 31, 2014)		
4. Determine that Medicaid reimbursements are used in the Smart Start approved activity		
5. Review Medicaid Expenditures for compliance with Smart Start activities		
Findings & Conclusion		
1. Upon completion of the monitoring, prepare a monitoring report and submit to Controller for review.		
2. Upon completion of the report review by the Controller, issue the report to the DSP.		

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3. If the DSP has monitoring findings, request a response to the findings no more than 30 days from date of report.		
4. Review response from DSP to ensure that it will correct weaknesses identified.		
5. If response to any findings is not adequate, immediately notify the DSP in writing and require additional corrective action within 18 days of date of the notification.		
6. If any findings are major, Wake County Smart Start should make a follow up visit and test to see that corrective action has actually been put in place.		

Wake County SmartStart, Inc.
NC Pre K Limited Scope Monitoring Program
FY 2018-2019

Monitor: _____
 Reviewed By: _____

Date of Review: _____

Date Completed	Workpaper Reference
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SECTION A: PREPARATION

1	Obtain copy of contract between WCSS and NC Division of Child Development and Early Education.		PRE-K-A-1
2	Obtain listing of all NCPReK applications for the year.		PRE-K-A-2
3	Select sample of 5.0% of population by selecting a random starting point (1-20) and select every 20th afterward.		PRE-K-A-2
4	Notify Program Coordinator of items selected and obtain files		Provide spreadsheet to Gary Carr, Director of Finance

SECTION B: ELIGIBILITY TESTING

1	For items selected, review files for documentation/support for the following:		
a	Age --recipients must be four years of age on or before August 31 of the program year. Proper documentation would include application and birth certificate, medical records or recorded in Family Bible.		PRE-K-B-1
	Eligibility Beyond Age Requirements - A child that meets the age requirements is eligible for NC Pre-K if the child meets one of the criteria below:		
b	<ul style="list-style-type: none"> • Is from a family whose gross income is at or below 75% of the State Median Income level; • Has an identified disability as indicated by the child having a current Individualized Education Program (IEP); • Has Limited English Proficiency (LEP) as indicated by the family and/or child speaking limited or no English in the home; • Has a developmental or educational need as indicated by the child's performance results on an approved developmental screening; • Has a chronic health condition as indicated by a health care provider diagnosis • Has at least one parent or legal guardian who is an active duty member of the armed forces of the United States, the North Carolina National Guard or other state military force, or a Reserve Unit of the armed forces, and who is ordered to active duty by the proper authority within the last 18 months, or expected to be ordered within the next 18 months. A child whose parent or legal guardian has been seriously injured or killed while on active duty is also eligible. 		PRE-K-B-1

**Wake County SmartStart, Inc.
NC Pre K Limited Scope Monitoring Program
FY 2018-2019**

	<ul style="list-style-type: none"> • Proper documentation would include review/recalculation of parents' income; recount of number of family members; verification of applicable State Median Income. <p>Priority Requirements to Serve Children Who are "At-Risk". The priority of NC Pre-K is to serve eligible children who are "at-risk." For the purpose of determining eligibility priority for the NC Pre-K program, a child is considered "at-risk" if the child meets one of the criteria below:</p> <ul style="list-style-type: none"> • Is from a family whose gross income is at or below 75% of the State Median income level. • Has an identified disability as indicated by the child having a current Individualized Education Program (IEP). • Has been determined "at-risk" by DCDEE based upon documentation that the child's eligibility criteria and other factors constitute a significant and substantial risk that the child would be unable to avail himself/herself of the opportunity to obtain a sound basic education. <p>Once children who are at-risk have been served, service may be provided to other eligible children who meet one of the criteria below:</p> <ul style="list-style-type: none"> • Has Limited English Proficiency (LEP) as indicated by the family and/or child speaking limited or no English in the home; • Has a developmental or educational need as indicated by the child's performance results on an approved developmental screening; • Has a chronic health condition as indicated by a health care provider diagnosis; • Has at least one parent or legal guardian who is an active duty member of the armed forces of the United States, the North Carolina National Guard or other state military force, or a Reserve Unit of the armed forces, and who is ordered to active duty by the proper authority within the last 18 months, or expected to be ordered within the next 18 months. A child whose parent or legal guardian has been seriously injured or killed while on active duty is also eligible. <p>Proper documentation would include review/recalculation of parents' income; recount of # of family members; verification of applicable State Median Income.</p>		
c	<p>Residency--Recipient must reside in Wake County. Proper documentation would include copy of energy bill, property tax statement, or equivalent.</p>		PRE-K-B-1

**Wake County SmartStart, Inc.
 NC Pre K Limited Scope Monitoring Program
 FY 2018-2019**

SECTION B: PAYMENT TESTING

1	Obtain a general ledger report detailing expenses for NC Pre-K by provider.		
2	Select two months to test		
3	For months selected to test:		
	a. Obtain signed attendance logs		
	b. Recalculate payment based on supporting documentation and agree to payment made by Wake County Smart Start		
	c. Agree payment disbursement amount to general ledger		
	d. Agree expenditure amount to FSR filed with Division of Child Development		

**Wake County SmartStart, Inc.
Quality Enhancement Initiative
Monitoring Program
FY 2018-2019**

Attachment 1

Monitor: _____
Reviewed By: _____
Date of Review: _____

		Date Completed	Workpaper Reference
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SECTION A: PREPARATION

1	Obtain copy of contract between WCSS and NCPC. (Director of Fincance Office)		QEI-Tab 2
2	Obtain copy of full activity description as well as any approved changes. (Attachment I to WCSS Contract with NCPC - Director of Finance Office)		QEI-Tab 2; no amendments
3	Review prior year monitoring reports for issues to be followed up on.		Provide spreadsheet to Gary Carr, Director of Finance
4	Obtain a copy of Quality Enhancement Initiative Operation Procedures.		QEI-Tab 5
5	Obtain list of current year facilities (from list of all Centers & Homes - Tab 7)		QEI-Tab 6
6	Obtain list of all applications.		QEI-Tab 6
7	Pre-monitoring Letter: Notify Directors of dates of monitoring and request sample copies of key grant documents such as policies and procedures, announcement letters, denial/award letters, and grant agreements and amendments.		Verbal - obtained from Gary Carr, Director of Finance
8	Pre-monitoring Letter: Fiscal: Notify fiscal of dates of monitoring and request		Verbal
9	Identify WCSS Program Coordinator & Evaluation Coordinator		A-3
10	Inquire of other WCSS staff of any current issues/problems to be addressed during the visit.		No issues noted
11	Obtain Conflict of Interest Policy.		A-5
12	Obtain a listing of all grants awarded in the prior fiscal year and identify facilities awarded a grant in the current fiscal year.		QEI-Tab 6
13	Obtain copies of Board action relative to activity.		A-7
14	Review contract on file between WCSS and NCPC for proper execution.		QEI-Tab 2

SECTION B: GRANT ADMINISTRATION

1	Compare information to activity description for consistency and to legislative and NCPC requirements		QEI-TAB-2; CAD is consistent with legislative and NCPC requirements
2	Determine if QE policies agree to approved Activity Description. Identify any discrepancies and obtain explanation.		QEI-TAB-5; policies are consistent with CAD
3	Review application process and compare to policies and procedure referred to above. In particular, review announcement and application package, instructions for applying and time frame for application. Select random sample of applications and determine if application requirements were met.		For facilities selected at QEI-B-5, L&C noted that all application requirements were met.
4	Document process for determining approvals for grants and T/A (Technical Assistant) grants. Obtain documentation of related decisions regarding these approvals.		See QEI-TAB-5

**Wake County SmartStart, Inc.
Quality Enhancement Initiative
Monitoring Program
FY 2018-2019**

5	Select random sample of 5 applications and determine eligibility for QE participation. Select random sample of 5 applications and determine eligibility for QM participation.		QEI-B-5
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From the listing of grants awarded, select a sample of grantees for testing and perform the following:

6	(a) Determine that a grant agreement has been executed between the grantee and WCSS, outlining the grant eligibility criteria and other grant conditions, before any disbursements of funds is made. Determine that center was selected to receive a grant.		QEI-B-5
	(b) Determine that adequate documentation is on file to support grant payments and that applicable grant criteria are met (and documented) prior to grant payment (i.e. Subsidy and enrollment requirements documented, completed application, current license, Form W-9 on file, ECERS/ITERS/FDCRS or Technical Assistance)		QEI-B-5
7	From the listing of applicants, select a sample of 2 "denied" applications for the QE and QM program each. Review applications and determine that the reason for denial is reasonable, and denial letter is on file.		QEI-B-5
8	Identify prior year grant recipients with restrictions that cross fiscal years and document procedure for monitoring these restrictions. Obtain Grant Monitoring Plan and verify that monitoring of grant restrictions and on-going conditions has been completed		No recipients had restrictions that crossed fiscal years. New contract is executed each fiscal year.
9	Select a sample of 2 grantees from prior fiscal years and review status of operations on DCD (Division of Child Development) licensure website. www.ncchildcaresearch.dhhs.state.nc.us		QEI-TAB-6

SECTION C: DISBURSEMENTS

1	For any expenditures below which would have required competitive bidding, review supporting documentation to ensure that bidding requirements were adhered to.		QEI-C-1A
2	Select sample of 5 invoices paid from 3 different grantees and determine goods were received prior to payments. Identify any discrepancies.		QEI-C-1
3	Agree invoices to QEI plan in the grant file.		QEI-C-1

SECTION D: FIXED ASSETS

1	Review the WCSS schedule of property and equipment purchases \$500 or greater (each item) since the beginning of the fiscal year. Identify items relative to the QEI program .		QEI-D-1
2	Obtain the schedule of property and equipment purchases \$500 or greater (each item) for grant recipients .		QEI-D-2

**Wake County SmartStart, Inc.
Quality Enhancement Initiative
Monitoring Program
FY 2018-2019**

SECTION E: CASH and IN-KIND CONTRIBUTIONS

Obtain the Cash & In-Kind Contribution Report, select the two (2) largest cash contributions, the two (2) largest goods and services contributions and the two (2) largest contributions in volunteers.

1	Determine that reported contributions are allowable (supports Smart Start activities, not derived from other state funds, etc.)		QEI-E-1
2	Determine that records include documentation to support type, value, valuation method, hours rates, square footage, etc. as appropriate based on the current NCPC Guide "Information & Strategies for Documentation the Local Match Requirement."		QEI-E-1
3	Prepare a schedule of amount of match required and progress made in achievement of the match.		QEI-E-2

SECTION F: REPORTING REQUIREMENTS

1	Review the files at WCSS to determine that all reports are filed within required reporting periods and contain required information. Document in the workpapers any reporting exceptions noted.		No reports were required; per discussion with Gary Carr, Controller 4/20/12, the only reports that would be required would be if a grantee was closing their facility and had assets that need to be returned, disposed of, or repayed back to WCSS.
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SECTION G: KEY GRANT DOCUMENTS

1	Invitation to Apply Letter		G-1
	Application Form		G-2
	Invitation to Orientation		G-3
	Award Letter		G-4
	Denial Letter - Wait List		G-5 (a)
	Denial Letter - Refer to CCSA		G-5 (b)
	Denial Letter - Less than 3 Children		G-5 (c)
	Denial Letter - Less than 75% Compliance		G-5 (d)
	Denial Letter - Non-compliance with NC G.S. 143C-6-23		G-5 (e)
	Grant Agreement		G-6
	Grant Agreement - Cash Award		G-7
	Sample Packet with Plans		G-8

SECTION H: FINDINGS and CONCLUSIONS

1	Upon completion of the financial monitoring, meet with representative of the activity and discuss the results.		H-1
2	Prepare financial monitoring report, including any findings and expected corrective action in accordance with WCSS policies and procedures.		REP-1
3	If warranted, arrange follow up visit(s) for testing of corrective actions taken.		H-3
4	Communicate the results of the visit to WCSS Executive Director, Director of Finance, and Director of QEI.		REP-1

**Wake County SmartStart, Inc.
Child Care Quality Supplement Program Monitoring Program
FY 2018-2019**

Attachment 1

Monitor: _____
Reviewed By: _____

Date of Review: _____

	Date Completed	Workpaper Reference
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SECTION A: PREPARATION

1	Obtain copy of contract between WCSS and NCPC. (Director of Finance Office)		
2	Obtain copy of full activity description as well as any approved changes. (Attachment I to WCSS Contract with NCPC - Director of Finance Office)		
3	Obtain copy of Purchase of Service Contract with Child Care Service Association (CCSA)		

SECTION B: PAYMENT TESTING

1	Obtain a general ledger report from WCSS detailing expenses for Child Care Quality Supplement by Child Care Center		
2	Select two months for testing from two different fiscal quarters		
3	For months selected to test:		
	a. Obtain Quality Supplement Payment Request submitted by CCSA and agree total payment to general ledger		
	b. Select 5 Centers from each test month for testing. Obtain Child Care Supplement Application and Agreement for selected Centers. Verify each application is properly completed.		
	c. For selected Centers recalculate payment based on Wake County Supplement Payment Chart. Obtain data used in calculation from CCSA : Star Rating, Program Standard Points, and Number of Child Care Subsidy Children Being Served.		
	d. Obtain FSR for purchase of services payments made to CCSA for test months selected. Verify expenditures are in compliance with purchase of service contract.		
	e. Agree payment disbursement amount to general ledger and disbursement vouchers for selected Centers and CCSA FSRs.		