

SOUTH VALLEY PREP CORRECTIVE ACTION PLAN (CAP) – FINANCIAL

Duration– Until school receives audit with unmodified opinion with no more than 2 compliance level findings

Proposed by School 12/18/2024

CHARTER SCHOOL NAME: South Valley Preparatory School

FINDING NUMBER	FINDING DESCRIPTION	STEPS TO RESOLVE FINDING	RESPONSIBLE PERSON	DUE DATE
2024-001	<p>During our testwork over capital assets we noted that the bulk purchase threshold was not identified by management. We also noted that sufficient, appropriate documentation could not be provided for \$67,500 of capital asset additions, therefore the accuracy and completeness of the capital asset balances could not be substantiated.</p> <p style="text-align: right;">(Material Weakness)</p>	<p><u>What Steps Have Been Taken from Baylor's Perspective?</u></p> <p>-New business management services, The Vigil Group, began 1/1/2025.</p> <p>-Mini Grant of \$10,000 awarded to the school by the PEC is being used for the following:</p> <ul style="list-style-type: none"> - The Vigil Group contracted to review and clean up Q1 and Q2. - Mary Scofield contracted to work on 6/30/2024 statement. <p>-The school's former business manager, Alfred Martinez, has joined the finance committee to provide financial expertise.</p> <p>-Financial policies reviewed, revised, and adopted by governing council on 2/26/2025.</p> <p>-Training for governing council by The Vigil Group TBD.</p> <p>-Business Manager will develop procedure where payment packets for fixed assets over \$5,000 are available upon request (e.g., digitized documents including quotes, invoice, PO, etc.).</p> <p>-Business Manager will ensure assets that need to be capitalized are documented on the inventory</p>	Business Manager Head Administrator	Immediate/ On-Going

		tracking software (currently WASP Bar Code Technologies). Assets that are non-capitalized will be tagged.		
2024-002	<p>The June 2024 bank reconciliation varied from the general ledger by \$1,023 and we noted outstanding ACH's of \$11,005 as of June 30, 2024 that did not clear in July 2024, and therefore appeared to be improperly included as outstanding checks at year end.</p> <p>Bank reconciliations and financial reports were presented to the finance committee on a lag of two-four months of the related month end.</p> <p>We noted the September 2023 bank reconciliation was not reviewed timely and did not properly reconcile by \$178. (Significant Deficiency)</p>	<p>-Business Manager will prepare and present general ledger reconciliation reports to the finance committee on a monthly basis.</p> <p>-Business Manager will ensure ACHs clear by the end of the following month.</p>	Business Manager Finance Committee Chair	Monthly
2024-003	<p>During our procedures over state audit compliance we noted the following:</p> <p>-We noted the audit committee did not have a financial expert</p> <p>-We did not obtain signed conflict of interest statements from Management</p> <p>-Disbursements – We noted the following during testwork over cash disbursements:</p> <ul style="list-style-type: none"> o Sales tax was improperly paid on two invoices o We noted one instance of which total purchases under a purchase order exceeded the maximum purchase order amount o Two instances of travel reimbursements did not have proper review and approval o We could not obtain support for \$15,904.81 of sampled purchases. o Historical purchase orders were not retained and as a result the incorrect CPO was listed on reprinted purchase orders during the year <p>-Payroll Filing – We were unable to verify timely filing of the following payroll reports:</p>	<p>-Business Manager will work with consultant (e.g., Mary Scofield, CPA) assigned to conduct part of the internal audit and recreation of the 6/30/2024 statement along with the Business Manager focused on reviewing and addressing concerns from 7/1/2024 onward. The review summary of findings to improve internal controls to mitigate deficiencies in: (a) Disbursements and (b) Payroll Filing.</p> <p>-Business Manager will provide training to Head Administrator and Office Staff.</p> <p>-Business Manager will complete a change order if invoice will exceed PO.</p> <p>-Staff have and will continue to follow travel reimbursement procedure (council approval for out-of-state travel, etc.).</p> <p>-Documents for purchase will be uploaded into finance system for ease of access.</p> <p>-Historical POs will be retrained and uploaded into finance system for ease of access.</p>	<p>Audit Committee Chair</p> <p>Governing Council Chair</p> <p>Business Manager Head Administrator</p>	

	<ul style="list-style-type: none"> 10 out of 12 ERB filings were not provided 3 out of 12 RHC filings were not provided 4 out of 4 941 filings were not provided <p>(Material Weakness)</p>	<p>-Business Manager will retain and digitize payroll filings for ease of access.</p> <p>-Governing Council Chair will retain Conflict of Interest Forms reviewed and signed annually by council members (e.g., digital copies saved in the gc@southvalleyprep.org account).</p>		
2024-004	<p>During our testwork over financial statement balances as of June 30, 2024 we noted the following:</p> <p>-Accounts Receivable – We noted property tax receivable of \$5,605 was improperly excluded from the receivables listing</p> <p>-Prepaid Expenses – Insufficient information was provided in order to test prepaid expenses.</p> <p>-Accrued Payroll – Insufficient information was provided in order to test accrued payroll balances</p> <p>-Fund Balance – We noted adjustment from the 2023 audit were required to be made to properly roll fund balances as of July 1, 2023.</p> <p>(Material Weakness)</p>	<p>-Business Manager will work with consultant (e.g., Mary Scofield, CPA) assigned to conduct part of the internal audit and recreation of the 6/30/2024 statement along with the Business Manager focused on reviewing and addressing concerns from 7/1/2024 onward. The review summary of findings to improve internal controls that mitigate deficiencies in: (a) Accounts Receivable, (b) Prepaid Expenses, (c) Accrued Payroll, and (d) Fund Balance. Specific steps include-</p> <p>-Business Manager will exclude property tax from receivable listing.</p> <p>-Business Manager and Head Administrator will retain prepaid expense documents, which there were none during FY2024.</p> <p>-Business Manager will ensure accrued payroll information is completed and retained on a regular basis.</p> <p>-Business Manager will ensure fund balance adjustment at year's end is properly rolled over to the next year.</p>	Business Manager Head Administrator	
2024-005	<p>During testwork performed we noted the following:</p> <p>-Information technology controls were not provided</p> <p>-We could not obtain support for manual journal entries made in fiscal year 2024</p> <p>-Count sheets for the August 2023 USDA meal claim could not be obtained and therefore the claim could not be substantiated</p>	<p>-Business Manager will work with consultant (e.g., Mary Scofield, CPA) assigned to conduct part of the internal audit and recreation of the 6/30/2024 statement along with the Business Manager focused on reviewing and addressing concerns from 7/1/2024 onward. The review summary of findings to improve internal controls that mitigate deficiencies in: (a) IT controls, (b) meal count sheet</p>	Business Manager Head Administrator Governing Council	Immediately

	<p>-We could not obtain sufficient, appropriate documentation for GASB 96 balances.</p> <p>-Compensated Absences – We could not obtain support for compensated absences</p> <p>-We could not obtain sufficient, appropriate documentation for GASB 87 balances (Material Weakness)</p>	<p>retention, (c) adherence to GASB 96 and 87, and (d) staff compensated absences.</p> <p>- Head Administrator and IT specialist to implement and document controls (see policies and questionnaire).</p> <p>-Business Manager will work with Cafeteria Manager to ensure count sheets are digitized and kept together (i.e., count sheets with monthly NSLP and CACFP claims) for ease of access.</p> <p>-Business Manager will review IT/software contracts/arrangements to determine whether they meet the definition for GASB 96 balances. GC will review and pass IT policies (data retention, data backup, etc.).</p> <p>-Business Manager will provide documentation for uncompensated absences to auditors (e.g., staff absence policy in staff handbook, pp. 40-46).</p> <p>-Business Manager will gather and retain documentation for GASB 97 balances.</p>		
2024-006	<p>During our audit, we noted the follow issues related to budgeting and reporting:</p> <p>The following funds exceeded the budgetary authority:</p> <p>-Fund 13000:2000 Support Services \$8,975</p> <p>-Fund 21000:3000 Noninstructional \$54,987</p> <p>22 instances of reporting errors of revenues and expenses in OBMS. (Significant Deficiency)</p>	<p>-Business Manager will work with consultant (e.g., Mary Scofield, CPA) assigned to conduct part of the internal audit and recreation of the 6/30/2024 statement along with the Business Manager focused on reviewing and addressing concerns from 7/1/2024 onward. The review summary of findings to improve internal controls that mitigate deficiencies in: (a) budgetary authority for funds are not exceeded and (b) revenue and expenses errors in OBMS do not occur.</p>	Business Manager	
2024-007	<p>Audit requests were submitted between 60-120 days overdue including key requests necessary to prepare the financial statements. Not all required information requested for the audit was submitted within the available timeframe. (Material Noncompliance)</p>	<p>-Business Manager will dedicate additional time in late spring to prepare for audit.</p>	Business Manager	

2024-008	We were not provided support for journal entries totaling \$66,070. (Material Weakness)	-Business Manager will retain backup documentation for journal entries and upload into finance system.	Business Manager	
2024-009	The school did not have a CPO between October 2023 and March 2024. (Other Noncompliance)	The school has now a CPO in place and will have a second staff to be certified so this problem won't occur in the future. -Business Manager and Head Administrator will recruit salaried staff to serve as back-up CPO.	Business Manager Head Administrator	