



#### Executive Team

Mildred S. Cunningham, President  
& Chief Executive Officer

Dr. Raul Carranza, Superintendent

Matthew Brown, Chief Operating  
Officer / Chief Financial Officer

Dr. Maria Pimienta, Assistant  
Superintendent

#### Board of Directors

Lori Butler, Board Chairman

Justin Shahbaz, Member

Earl Turner, Member

Kelvin Piazza, Member

Dr. Sonali Tucker, Member

Pastor James Lobdell

March 6, 2019

## **TEACH Public Schools Response to the Annual Performance-Based Oversight Visit Report 2018-2019**

Per CSD recommendation, the TEACH Academy of Technologies Annual Performance-Based Oversight Visit Report was discussed at the March 6, 2019 TEACH Public Schools Board of Directors Meeting.

### **1. Lack of Proper Procurement Procedures**

*CSD reviewed a sample of 30 checks and noted one check that was not supported by a purchase order and showed no evidence of preapproval (Check # 71107, in the amount of \$395.56 dated 9/21/2018 and made payable to Scholastic Inc.)*

Response: Verbal preapproval of this purchase was given by both Dr. Carranza & Mr. Brown on January 8<sup>th</sup> 2018 during at teacher in-service day meeting. Both Dr. Carranza & Mr. Brown verified their approval by signing the invoice for payment during the August 31, 2018 accounts payable batch submission. This aligned to the board approved TEACH fiscal policies at the time. The adoption of written approval/purchase order as part of the TEACH fiscal policy did not occur until May 15, 2018. The purchase in question was placed in February 2018 and received preapproval in January 2018, thus the May 15, 2018 fiscal policy isn't controlling. As evidenced by the other 29 checks sampled, this has been address by the May 15, 2018 fiscal policy update and is not a recurring issue.

### **2. Lack of Proper Procurement Procedures:**

*CSD noted 2 vendors in which cumulative combined payments for both schools exceeded the \$50,000 BOD approval contract threshold.*

Response: TEACH's fiscal policies and procedures does not suggest nor state that if the organization spends a cumulative amount of \$50,000 in services from a vendor, that there



needs to be contract or board approval, thus the finding should be removed. These vendors are providing services on an as needed basis. These services do not warrant a signed contract and thus does not require board approval per TEACH's fiscal policies and procedures both as written and as interpreted by the TEACH Public School's Board of Directors. The CSD interpretation of the TEACH fiscal policy nor 2017 FCMAT Manual are controlling. The TEACH Public School's Board of Directors is aware of the schools spending on vendors service via the monthly fiscal report. It is well within the Board's purview to demand a RFP, annual contract or modifications to the TEACH fiscal policies if believes that its needed in the cases of cumulative annual spending over \$50,000. However, it's not currently a requirement of the TEACH Public Schools fiscal policy.

As demonstrated by our annual action plan in response to CSD oversight, the TEACH Board and leadership is receptive to best practices suggestions and observations, however these items are not findings of non-compliance with the TEACH Public School fiscal policies and procedures. These items should listed under "Other Observations (Items described in the section, while not addressed in the school's fiscal policies and procedures, are recommended for improvement to align with optimal business practices" with no impact on the fiscal score.

### **3. Late Fee**

*CSD Recommends that the school implement procedures to track recurring and non-recurring invoices and billing statement and ensure that all vendors are paid timely, to prevent the school from incurring additional late fees in the future.*

Response: TEACH concurs that there was an accessed late fee incurred for Vendor Cell Business Equipment, \$2,954.69, Check #61290. TEACH currently has a Board Approved list of utility vendors that are paid monthly. These automatic recurring payments have eliminated late fees for those vendors and is not a significant recurring issue.

### **4. Bank Reconciliation Reports**

*CDS notes Bank Reconciliation Reports: (a) CSD Reports Bank Account #7843- April 2018 that a \$50 reconciling item was not listed on the bank reconciliation. (b) CSD Reports Bank Account #7835- May 2019, check #1028 in the amount of \$125*



*was shown as an outstanding suspense item in the bank reconciliation report without explanation. The CSD recommends that the bank reconciliation reports be prepared, reviewed and approved in a timely manner, and include the appropriate signatures (including the printed names and titles/positions), as well as the preparation and review/approval dates, to validate the accuracy of the submitted reports”*

Response: TEACH does not concur. The \$50 amount was identified as a reconciling item in the previous month March 2018. CSD did not review the bank reconciliation for this March 2018. The \$50 March suspense amount was recorded on the books in April 2018 and thus would not have been a reconciling item in April 2018 because the bank reconciliation would be reconciled with the book balance at this point as the suspense item was recorded. TEACH suggest CSD review prior year’s bank reconciliations provided for the LAUSD audit where the amount can be review on the March 2018 bank reconciliation. The May 2018 bank reconciliation was reconciled with all outstanding and suspense items noted. Suspense reconciling items are “items awaiting explanation”. Rather than record an amount in the books without knowing the expense category, it is held in suspense until an explanation is obtained. Bank reconciliations are prepared on a monthly basis consistent with the close process. Additionally, all bank accounts’ activities are reviewed on a weekly basis to record bank activity in the general ledger. Thus, this finding should be removed.

#### **5. Outstanding Checks**

*The CSD recommends the school revisit its fiscal policies and procedures in this area and consider implementing practices that facilitate resolution of its outstanding checks more promptly.*

Response: TEACH does not concur- As per the procedures “any checks over 90 days will be researched and **if applicable** deleted from the accounting system. As such, the listed checks were reviewed and were deemed to still be viable and remained on the outstanding check list. Thus, this finding should be removed.

#### **6. Organizational Chart Discrepancies:**



Fiscal Policies reference an Executive Director position while the organizational chart identifies this position as the Chief Executive Officer.

Response: TEACH will revise its fiscal policies and procedures to include both titles (Chief Executive Officer/Executive Director). However, this is not a significant recurring issue.

TEACH Public Schools believes based on the above information and on review of the TEACH Academy FY 18-19 Fiscal Rubrics, TEACH Academy of Technologies is entitled to a "3" score. As "there are no significant recurring issues", which was the sole criteria causing our score to fall to a "2".

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