REVIEW OF UNIVERSITY OF NEW MEXICO
CHILDREN’S CAMPUS

THE UNIVERSITY OF NEW MEXICO

Report 2014-10
October 7, 2014

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<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Mexico Pre-K Grant</td>
<td>29</td>
</tr>
<tr>
<td>Income Support Division</td>
<td>31</td>
</tr>
<tr>
<td>CACFP – Child &amp; Adult Care Food Program</td>
<td>32</td>
</tr>
<tr>
<td>COMPLIANCE WITH STATE CHILDCARE REGULATIONS</td>
<td>34</td>
</tr>
<tr>
<td>Compliance with State Training Requirements</td>
<td>34</td>
</tr>
<tr>
<td>UNMCC Employee Background Checks</td>
<td>35</td>
</tr>
<tr>
<td>Incident Reporting Requirement</td>
<td>37</td>
</tr>
<tr>
<td>Child/Staff Ratios</td>
<td>38</td>
</tr>
<tr>
<td>CYFD Inspections</td>
<td>40</td>
</tr>
<tr>
<td>SURVEYS OF UNMCC PARENTS</td>
<td>40</td>
</tr>
<tr>
<td>UNMCC Annual Parent Survey</td>
<td>40</td>
</tr>
<tr>
<td>Internal Audit Survey</td>
<td>41</td>
</tr>
<tr>
<td>EXPANSION OF THE UNM CHILDREN’S CAMPUS</td>
<td>42</td>
</tr>
<tr>
<td>REQUIRED UNIVERSITY TRAINING FOR FACULTY AND STAFF</td>
<td>46</td>
</tr>
<tr>
<td>APPROVALS</td>
<td>48</td>
</tr>
</tbody>
</table>
ABBREVIATIONS

AY.............................................. Academic Year
CACFP........................................... Child and Adult Care Food Program
CCAMPIS...................................... Child Care Access Means Parents in School
CCM............................................. Child Care Management System
CYFD............................................. New Mexico Children, Youth and Families Department
DHHS............................................. United States Department of Health and Human Services
DOE............................................. Department of Education
FAFSA............................................. Free Application for Federal Student Aid
FNB............................................. Family Nutrition Bureau
FY................................................ Fiscal Year
Internal Audit................................ University of New Mexico Internal Audit Department
ISD............................................. Income Support Division
NAEYC........................................ National Association for the Education of Young Children
NMAC........................................ New Mexico Administrative Code
P-Card......................................... Purchasing Card
PED............................................. New Mexico Public Education Department
Pre-K............................................ New Mexico Pre-Kindergarten
QRIS........................................... Quality Rating and Improvement System
TQRIS......................................... Tiered Quality Rating and Improvement System
UAPPM.......................................... University Administrative Policies and Procedures Manual
University..................................... University of New Mexico
UNM........................................... University of New Mexico
UNMCC........................................ University of New Mexico Children’s Campus
UNM HR......................................... University of New Mexico Human Resources
USDA............................................. United States Department of Agriculture
EXECUTIVE SUMMARY

BACKGROUND
The University of New Mexico Children’s Campus (UNMCC) is a nationally recognized program that has been accredited by the National Association for the Education of Young Children’s (NAEYC) Early Childhood Program. UNMCC is a nationally recognized 5-Star child care facility licensed and certified through the Children, Youth and Families Department’s (CYFD) AIM High Program. UNMCC Early Care and Education Program provide children of University of New Mexico’s (UNM) student, staff, and faculty parents a quality early childhood learning experience.

FINANCIAL ANALYSIS
For FY 2014, UNMCC had total revenue of $2,363,719 and total expenditures of $2,635,057. Total expenses over revenues for the UNMCC for FY 2014 were $271,337. UNMCC receives unrestricted funding from parent tuition and mandatory student fees. Restricted funding sources include federal/state contracts and grants.

In FY 2014, UNMCC revenues totaled $2,363,719. Of this amount, 56 percent ($1,319,678) was from parent/child tuition; 24 percent ($568,260) from federal and state grants; 16 percent ($376,356) from mandatory student fees; and 4 percent ($93,944) from the USDA food program.

ELIGIBILITY AND ADMISSION
UNMCC admission is dependent on which program the child is applying for and availability of classroom space for the child. UNMCC offers admission in July for August enrollment and throughout the year as openings occur. Parents are
required to provide UNM affiliation status each semester.

UNMCC offers four programs for children: Traditional, Pre-K, CCAMPIS, and Summer Camp. For calendar year ended 2013, the total enrollment percentage for staff/faculty children was 47 percent and student children was 53 percent.

The UNMCC’s current wait list period is about three years. UNMCC is in the process of converting to a new wait list management software program called BumbleBee.

UNMCC STAFFING

The UNMCC has five administrators that share most of the Center’s responsibilities: the Director, a Program Specialist, and three (3) Master Teachers. Administrative support staff includes an accountant, administrative assistants, kitchen staff, and a facilities coordinator. Each classroom team consists of a Lead Teacher, Assistant Teacher, Childcare Worker(s), and Student Staff, supported by a Master Teacher. All classroom staff that supervise or mentor other staff members must have specialized college-level course work or professional development training and preparation in adult supervision, mentoring, and leadership development.

The UNMCC employs UNM students to work in the classrooms in an effort to foster UNM’s retention and recruitment goals and to support the student’s academic endeavors. Positions available to students are Program Support Staff IV, Group Leader, and Student Staff Classroom Assistant.

COMPLIANCE WITH STATE CHILDCARE REGULATIONS

Title 8, Chapter 16 Part 2 of the New Mexico Administrative Code (NMAC) applies to Child
Internal Audit did not audit regulations regarding services and care of children in child care centers such as: diapering, feeding, nap times, etc. CYFD performs semiannual and annual surveys (audits) that cover these areas. Internal Audit reviewed the CYFD reports and followed up on implementation of the CYFD recommendations for the period of audit.

Internal Audit selected seven UNMCC employees to test for compliance with CYFD training regulations. Internal Audit did not note any exceptions for the seven UNMCC employees.

Internal Audit selected a sample of 37 UNMCC employees to test for compliance with CYFD background checks. Based on test work performed, UNMCC is not in compliance with the CYFD regulation background checks. Internal Audit noted eight exceptions where employees did not have CYFD background check certification documents in their file. Further research indicated that either the background check on the employee was not completed or the proper documentation was not provided by UNM Human Resources Department.

Under the Child Protective Services Act, mandated childcare center employees are required to report any suspicion of abuse or neglect of children to the appropriate authorities. All employees of the UNMCC are considered mandated reporters under this law. Employees are required to report their suspicions of child abuse/neglect to CYFD. The UNMCC strongly suggests employees to inform the Director prior to making the report. UNMCC cooperates fully with any investigations into accusations of child abuse and/or neglect and all employees are required to cooperate as well.

SURVEYS OF UNMCC PARENTS

In October 2013, the UNMCC conducted an annual parent survey. The survey consisted of 37 questions and modeled surveys from the NAEYC accreditation board website; UNMCC received 154 responses. The parent survey indicates 97 percent are satisfied with the overall childcare program, and 83 percent are satisfied with the facility and learning environment.
INTERNAL AUDIT

Student parents are given priority on the UNMCC waitlist. For FY 2014, all students pay a $16 per semester mandatory student fee allocable to the UNMCC. The total allocation of student fees to UNMCC approved by the Board of Regents for FY 2014 was $376,356.

The UNMCC tuition rates for infants - preschoolers is anywhere from $200-700 more than the cost of a full time load at the University per semester. Grant programs reduce the financial burden for many parents who cannot afford the tuition rates.

The New Mexico Pre-Kindergarten program prepares four-year-old children for success in school through funding from two agencies: CYFD and the New Mexico Public Education Department (PED). The UNMCC Pre-K Program is funded by CYFD.

Internal Audit conducted a parent satisfaction survey of the UNMCC wait list. The survey was e-mailed to 446 individuals that are currently or previously on the UNMCC wait list. Internal Audit received 146 responses (a 33 percent response rate). Overall, parents were not satisfied with their wait list experience.

CONTRACT, GRANT, AND STATE SUBSIDIES

The UNMCC has two grants from which it receives funding, as well as two state subsidies. UNMCC has a federal grant, Child Care Access Means Parent in School (CCAMPIS), a state grant, the New Mexico Pre-Kindergarten (Pre-K), and two subsidized programs: Child and Adult Care Food Program (CACFP), and Income Support Division (ISD) program.

The CCAMPIS program is sponsored through the U.S. Department of Education. The CCAMPIS program is a drop-in and evening care program that is available on a first come, first served basis for eligible student families with children ages six (6) weeks through twelve (12) years old. This program is available to UNM students with the greatest need of child care services as a means to support parents’ efforts to stay in school and complete their desired degree program.

New Mexico Pre-K is a state funded program that provides four sessions at 3.5 hours of care per day and one session at 6 hours per day to eligible four year olds. In order to be eligible for this program, the child must be four years old on or prior to August 31, and must reside in a Title I School District. The program is open to the community; therefore, it does not require UNM affiliation.

Internal audit tested UNMCC compliance with the reporting requirements for both the federal (CCAMPIS) and state (Pre-K) grants. No exceptions were noted.
The UNMCC also receives support through state funded program assistance and food programs. The mission of the ISD is to relieve, minimize or eliminate poverty and to make available certain services for eligible low income individuals and families through statewide programs of financial assistance, food assistance, employment assistance and training services.

CYFD conducted a CACFP administrative review at the UNMCC in the fall of 2013. CYFD examined the UNMCC’s record keeping system, food service records, and fiscal records, and provided their recommendations to UNMCC management. CYFD also provided positive feedback stating UNMCC has excellent procedures in place to ensure that all the requirements of the CACFP program are met. CYFD issued a finding on the UNMCC enrollment eligibility verification process.

**Key Recommendations**

1. The UNMCC should expedite installation of the BumbleBee wait list tracking system to facilitate effective reporting and management of the UNMCC wait lists.
2. UNMCC should develop a plan for resolving the causes of the annual deficit.
3. The UNMCC should reconcile accounts receivable on a monthly basis.
4. The UNMCC should work with the Office of Student Affairs and the Human Resources Department to ensure that appropriate staff members take the proper University cash handling training.
5. The UNMCC should review and strengthen its internal controls.
6. The UNMCC Human Resources Department should work with UNMCC to review the background check process, correct issues that are delaying the timely completion of

**Internal Audit reviewed and tested UNMCC internal controls and noted several areas for improvement:**

- **P-Card reports are not timely reconciled and submitted to the Purchasing Department.**
- **P-card reallocations were not properly performed.**
- **Money lists and deposits are not prepared on a daily basis and deposited by the next business day.**
- **Inadequate separation of duties.**
- **Account receivable not reconciled on a monthly basis.**
- **Mandatory training not provided to personnel that handle cash.**
the background checks, and provide CYFD clearance letters to the UNMCC for its employee files.

7. The University should consider expanding the UNMCC as an integral component of meeting its mission. The University should work with the Budget Office to assess the availability of funding for the proposed expansion of the UNMCC.

8. The Director of the UNMCC should ensure that all UNMCC staff take the University's required annual training.
INTRODUCTION

BACKGROUND

The mission of the UNMCC is to support student retention and recruitment by providing the UNM community with a high quality early childhood program that supports their educational goals and experiences. The UNMCC believes that children learn best through constructive and trustful relationships with their teachers. Family collaboration is very important, with the family viewed as a partner engaged in their child’s learning. Pursuant to these guiding principles, in August 2014, the UNMCC implemented a four year Continuity of Care Model. New research supporting the Continuity of Care model has shown that there are increased benefits in overall development and school readiness for those children who participate in Continuity of Care programs for longer periods of time.

UNMCC serves as a nexus for academic connections for UNM students and faculty. The UNMCC participates in practicum assignments, observations, projects, internships, student teaching placements, and informal research to further the mission of UNM as a research institute. The UNMCC aims to provide an environment for research, study, and training for UNM, and to serve as a resource to a variety of departments in the University community.

The UNMCC’s roots can be traced back to a student cooperative in 1969, and was originally located in Mesa Vista Hall. In 1982, the co-op relocated to its current address on University Blvd, and in 1990 the Regents approved a master plan for construction of a Child Care Campus. The first of three buildings was financed and completed in January 1992. The new building allowed for elementary-aged children and an infant program to be initiated. The enrollment grew to 155 children. In August 1993, the UNM Childcare Center joined nine other programs in Albuquerque and was accredited by the National Academy of Early Childhood Programs. The UNM Childcare Center was re-accredited in December 1996, March 2000, March 2003, in March 2008, and most recently in June 2013.

In January 2003, the final phase of this initial expansion was completed. As part of this phase, the College of Education’s Early Childhood Program, Manzanita Early Learning Center, merged with the UNM Childcare Center. The program’s name changed to the UNM Children’s Campus for Early Care and Education (UNMCC) to reflect the January 2003 merger.

In July 2005, the Children’s Campus was awarded one of the first Pre-Kindergarten Initiative (Pre-K) grants sponsored by the State of New Mexico. This grant was renewed in July 2011 for an additional four years. The Pre-K grant funds 3.5 hours of quality early childhood programming for approximately 74 eligible four year olds. In the fall 2014 semester, the UNMCC was awarded an extended day service Pre-K program that provides six hours of programming for 20 children.

In October 2005, the UNMCC was awarded a four year federally funded grant: Child Care Access Means Parents in School (CCAMPIS). This grant enabled the Children’s Campus to
INTRODUCTION

expand its existing services for students by: establishing a drop-in care program; expanding existing before and after school services; and, establishing an evening care program.

In August 2008, a Childcare Expansion Task Force was formed to address the President’s request to double the capacity of the Children’s Campus and reduce the extensive waiting list. The Childcare Expansion Task Force and the Children’s Campus worked closely with an outside architectural firm on the completion of the schematic design of the expanded facility. The project is currently shovel-ready, pending the approval of funding.

The UNMCC has a total of 82 employees comprised of nine administrative and support staff and 72 childcare providers. The state licensing authority sets the capacity limits for childcare centers. Currently, the UNMCC is permitted to have 271 children in its facility; this is an increase from the previously approved number of 250 children.

UNMCC Programs

The UNMCC supports the University’s mission to improve student recruitment, retention, and graduation rates by providing student families with access to affordable high quality, campus based childcare. In pursuit of these goals, the UNMCC offers three primary programs:

- The Traditional Program offers care for children ages six (6) weeks through twelve (12) years old.
- The Pre-K Program is a grant funded program that is available for four (4) year olds; priority funding is given to children residing in Title I District.
- The CCAMPIS program is a grant funded drop-in and evening care program that is available on a first come, first served basis for eligible student families with children ages six (6) weeks through twelve (12) years old. Priority given to Pell-eligible, and low income students.

The UNMCC also provides a Summer Camp for elementary and middle school children, and participates in the federally funded Child and Adult Care Food Program. The program provides aid to child and adult care institutions and family or group day care homes for the provision of nutritious foods that contribute to the wellness, healthy growth, and development of young children, and the health and wellness of older adults and chronically impaired disabled persons.

CYFD Licensing

UNMCC is licensed under NMAC 8.16.2.21 through 8.16.2.29 as a center that provides care, education, services and supervision to children for less than 24 hours a day in a non-residential setting. CYFD is the licensing authority for child care licensing regulations, and performs annual and semi-annual inspections of childcare facilities to ensure that they are complying with regulations.
INTRODUCTION

AIM HIGH/FOCUS Rating Systems

The UNMCC is a 5-Star licensed child care facility within the state of New Mexico’s CYFD AIM HIGH Program. AIM HIGH is a program developed by the CYFD to improve the quality of child care services to families in New Mexico. The AIM HIGH Program’s essential elements include quality standards for staff qualifications and professional development, childcare center environment, curriculum and children’s progress, family involvement, and administrative policies. The program uses a 5-Star rating system to measure the quality of care and services of childcare centers. Each level requires compliance with progressively more stringent standards, with 5-Star rating being the highest quality.

The AIM HIGH program is being phased out and will be replaced by the CYFD FOCUS program. The FOCUS program will honor the 5-Star rating system from the AIM HIGH program through 2016. The UNMCC must transition to the FOCUS process by December 2016 to retain the 5-Star AIM HIGH designation for 2017. Once fully implemented, the FOCUS program will eliminate the 5-Star rating under AIM HIGH.

In 2011, the CYFD revised the state’s childcare center rating standards. The revised Tiered Quality Rating and Improvement System (TQRIS) called FOCUS will include:

- Targeted program and practitioner supports;
- Professional development to increase teacher knowledge and skills and program quality;
- Graduated program standards that are closely tied to the state’s Early Learning Guidelines: Birth through Kindergarten, and children’s school readiness expectations;
- Substantive content related to child assessment, curriculum development, instruction practices, learning activities, and adult-child interactions;
- Health promotion practices;
- More emphasis on program administration; and,
- Lower child to staff ratios which have the effect of reducing the overall capacity of the childcare center.

During the FOCUS phase-in period, programs will maintain their current star rating for their license while they work to meet and maintain the new standards in the FOCUS TQRIS. UNMCC is currently on the waiting list to be admitted to the FOCUS program, and will maintain its 5-Star rating under AIM HIGH while awaiting admission.

NAEYC Accreditation

UNMCC is accredited by NAEYC. NAEYC sets forth national standards of quality to raise the quality of education for all children from birth through age eight. NAEYC standards have three broad goals:

October 7, 2014
Review of UNM Children’s Campus
Report 2014-10
Page 9
INTRODUCTION

1. Improving professional practice and working conditions in early childhood education;
2. Supporting early childhood programs by working to achieve a high-quality system of early childhood education; and
3. Building a high-performing, inclusive organization of groups and individuals who are committed to promoting excellence in early childhood education for all young children.

NAEYC accreditation standards are more stringent than CYFD regulations, and certification by NAEYC immediately qualifies UNMCC as a 5-Star childcare facility. NAEYC accreditation is contingent upon UNMCC continuing to meet licensing requirements.

UNMCC Resources Center

The UNMCC Resources Center was initiated in the spring of 2012 to provide supporting resources for UNMCC student families. Although it is still in the beginning stages, the UNMCC Resources Center is moving forward as a full service resources center. It has already implemented the following services:

- Lending library - a wide collection of books and videos on parenting and child care.
- Large collection of toys and children’s videos available for lending.
- Dedicated study space for student parents.

The UNMCC has plans to outfit the study space with computers for student parents to use. To expand and enhance the UNMCC Resources Center for student parents, the UNMCC has initiated collaboration with other departments including:

- Center for Academic Program Support (CAPS)
- Women’s Resource Center
- Student Health & Counseling (SHAC)
- Career Services

With these collaborations, UNMCC aims to provide support and advocacy for navigating the University system, including financial aid, workshops on exercise, general health and nutrition, and assistance for student families in identifying a family support network. UNMCC plans to offer a variety of workshops, in collaboration with Career Services, aimed at supporting student parents’ career goals. Eventually, the UNMCC plans to add an Education and Outreach coordinator to assist student parents with Income Support Division applications and problem resolution, as well as outreach to other state agencies involved with child care issues. In August 2014, UNMCC conducted the first professional Early Childhood Seminar open to all licensed childcare facilities in the state of New Mexico.
INTRODUCTION

Expansion of UNMCC

UNMCC's current facility has 22,623 square feet to provide care for approximately 300 full time children. UNMCC has proposed an expansion plan that requests an additional 23,520 square feet to provide care to 360 additional full time children. The proposed expansion will ease wait times for admission to the UNMCC programs, and should eliminate a significant portion of the wait list. The projected costs of the expansion project are broken out into a single phase, which would take 12 months to complete, or a multi-phase project which would be complete in 24 months. Based on discussions with the architect in 2014, and taking into account the new FOCUS capacity standards that will be in effect upon completion of the project, the cost of the proposed expansion will be approximately $11 million.

PURPOSE, SCOPE AND OBJECTIVES

The audit was selected as part of the UNM Internal Audit annual risk-based audit plan. The scope of the review was limited to interviewing key personnel, and reviewing the Parent Handbook, financial analysis and business processes, compliance with Federal and State agencies, training requirements, and University policies.

PROCEDURES

Our review included interviewing UNMCC personnel and the following procedures:

- Reviewing internal documents;
- Reviewing external data and research;
- Analyzing wait list and admissions processes;
- Performing tests on select statutory requirements, including background checks and employee training;
- Performing tests on selective financial processes and transactions; and
- Assessing internal controls and compliance with the University’s policies and procedures.
OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

ELIGIBILITY AND ADMISSION

Admission Process

Individuals are not required to be affiliated with the University of New Mexico to place a child on the waiting list. However, affiliation is required once the UNMCC makes a formal offer of enrollment. Individuals must provide proof of UNM affiliation (staff identification, banner user identification number, or current student class schedule). Each semester, UNMCC verifies the individual is affiliated with UNM’s main or branch campuses. Affiliation may include active staff, faculty, medical residents or students of UNM. UNMCC Pre-K program does not require UNM affiliation; this program is open to the general public.

UNMCC admission is dependent on which program the child is applying for and availability of classroom space for the child. To make a determination for an admission offer, the UNMCC reviews all wait lists and classroom lists for available spaces. See Exhibit 1 for the admission process flowchart.

UNMCC offers admission in July for August enrollment and throughout the year as openings occur. The parent must notify UNMCC to accept the admission offer within 24 hours and complete the UNMCC admission offer paperwork. UNMCC requires the parent to provide UNM affiliation documentation and their UNM Banner identification number. The parent is responsible for payment of all tuition and fees incurred; this may include a security fee, registration fee, administrative fee, and first month’s tuition.

Child enrollment for the fall of 2014 is 299 children in all programs. This differs slightly from the total UNMCC capacity of 271 due to the various options and flexibility offered by the UNMCC Programs. The 271 child capacity set by the CYFD is the total campus capacity on an FTE basis; however, due to options such as flexible schedule, AM/PM classes, two day, three day, and weekend schedules, two or more children can count as a single FTE. The following chart shows the total enrollment for fall 2014, broken out by student affiliated families, faculty/staff affiliated families, and Pre-K non-affiliated families (no UNM affiliation is required for the state funded Pre-K program).
**Fall 2014 Enrollment by Family Affiliation**

![Pie chart showing enrollment percentages]

Source: UNMCC

**Traditional Program Admission**
UNMCC's Traditional Program offers care for children between the ages of six (6) weeks and twelve 912) years old. All applicants must be on the UNMCC wait list and UNMCC notifies the applicant when a space becomes available. The applicant submits required UNMCC paperwork and child records (birth certificate, immunization, etc.). UNMCC reviews the applicant's paperwork and provides a transition schedule to parents. A UNMCC teacher performs a home visit and the child's classroom teacher is notified of start date. The traditional program had an enrollment total of 154 for fall 2014.

**Pre-K Admission**
New Mexico Pre-K is a state funded program that provides four sessions of 3.5 hours and one session of 6 hours of care to eligible four year olds. In order to be eligible for this program, the child must be four years old on or prior to August 31, and must reside in a Title I School District. The program is open to the community; therefore it does not require a UNM affiliation. The UNMCC currently offers a Pre-K morning and afternoon program. All applicants must submit their child's application, and UNMCC determines eligibility for the program based on age and Title 1 funding priorities. UNMCC uses the Albuquerque Public Schools' annual report which indicates schools that are within Title 1 District areas. The Pre-K program had an enrollment total of 91 for fall 2014.

**CCAMPIS Admission**
CCAMPIS is a federally funded grant program that supports the participation of low-income parents in postsecondary education through the provision of campus-based child care services. The UNMCC received notice from the Department of Education (DOE) that stated funding is renewed through 2018. The CCAMPIS grant primarily covers UNMCC staff salaries (80% - 85%), supplies, and office expenses. UNMCC stated they will reallocate funding from parent fees and UNMCC will have to properly budget for the remaining months. The CCAMPIS program had an enrollment total of 54 for fall 2014.
Per grant guidelines, first priority is given to Pell-eligible, low income students, followed by low income graduate and low income foreign exchange students. Children are enrolled for the entire semester, dependent on available spacing. Applicants are enrolled prior to the beginning of the semester based on the priorities noted above. This program follows the UNM academic calendar for the fall, spring and summer semesters. All applicants must complete a registration packet for their child. The UNMCC determines eligibility based on sliding scale according to the student’s adjusted gross income, and prioritizes the eligibility based on student status.

**Summer Camp Admission**  
The UNMCC offers a summer camp for elementary age children. In the summer of 2014, UNMCC hosted a summer camp for middle school age children. In-house families have admission priority, then admission is offered to the general public on a first come, first served basis. The child must have completed kindergarten to be eligible.

**UNM Employee vs. Student Rates**

The UNMCC has five different rate scales, depending on the age of the child and the level of care provided (full-time, part-time or extended care). The tuition rates for students and faculty/staff from infants through preschool differ by approximately $200. Prior to August 1, 2014, faculty and staff rates ranged from $854 - $1,003 per month, while student rates ranged from $641 - $751. The cost of sending a school-aged child to the UNMCC is significantly lower, starting at $291 for students and $388 for faculty per month. New rate schedules were implemented effective July 1, 2014.

**UNMCC 2012-2013 Current Rates (Based on Full Time Care)**

![Graph showing UNMCC rates](https://example.com/graph)

Under the old rate schedules, the UNMCC offered a flat 25 percent discount for undergraduate student parents taking at least six (6) credit hours, and graduate student parents enrolled in at least three (3) credit hours. Effective August 1, 2014, UNMCC will be implementing the following tiered rate structure based on the number of credit hours a student is enrolled each semester.

October 7, 2014

Review of UNM Children’s Campus Report 2014-10
All student families with children enrolled in the UNMCC Traditional Program will be eligible to apply for this new tiered student discount which is subsidized by UNM student fees. Likewise, all student families are also eligible to receive additional child care assistance through the UNMCC CCAMPIS program based on their family income and Pell eligibility for the fall 2014 semester.

Without the support of Student Fees, student parents would be responsible for the full cost of care, or as much as $5,015 per semester ($1,030 per month) for full-time infant care. Student parents qualifying for the 25 percent discount on child care tuition rates pay approximately $3,755 per semester ($751 per month). The student rate offered by the UNMCC is still below other centers in the surrounding community and includes formula, table food, diapers and wipes.

### University Support of Campus Based Early Childhood Centers

UNMCC compared their student fee allocation with the following Universities:

- University of Houston
- Texas A&M University
- Ohio State University
- University of Wisconsin-Madison

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<th>Childcare Capacity</th>
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Source: UNMCC
*Texas A&M Alumni Foundation provides a $2.5 million dollar endowment for its early childcare center.

**Ohio State University subsidy includes $1 million for the University and $900,000 for its medical center.

Ohio State University and University of Wisconsin are substantially larger institutions than UNM, and provide significant institution support. UNM student fee allocations comprise a higher level of support than at Texas A&M and University of Houston.

**Waiting Lists**

The UNMCC wait list is comprised of seven lists based on the child’s age, and the available classroom space to which the age group is assigned:

- Unbcrn list*
- Infant list
- Toddler 1 list
- Toddler 2 list
- Pre-K eligible list
- Preschool list
- School age list

*UNMCC does not charge the $25 administration fee until child moves to the infant list.

There is no initial charge to be placed on the wait list; however, the wait list is updated twice a year (March and October), and the UNMCC charges a $25 administrative fee each time to reserve a wait list space. If parents do not respond to the wait list update correspondence notification, or do not remit the $25 fee, their child is removed from the wait list. Currently, there is a three year waiting period with over 300 children on the UNMCC wait lists.

The UNMCC wait list is generally first come, first served; however, priority is given first to UNM students and then UNM faculty/staff. Although students generally have first priority on the wait list, certain conditions give rise to exceptions to this priority:

1. UNM affiliated student with sibling enrolled at UNMCC
2. UNM/CC staff expectant parents
3. UNM faculty or staff with sibling enrolled at UNMCC
4. UNM affiliated student
5. UNM faculty or staff

UNMCC decided that parents with a child already enrolled at UNMCC should be given priority when the child’s sibling is added to the wait list. UNMCC believes that children should not be separated between daycare centers and will allow sibling priority status over UNM affiliated students with a child on the wait list that does not have a sibling already enrolled at UNMCC. The UNMCC offers its priority on the UNMCC wait list to its own staff in order to retain quality teachers and to avoid disruption of its programs and services at the childcare center.
Because there are wait lists at each age and stage of a child's development, there is an unusual dynamic created when a child moves from one list category to another. A child with a higher priority for a classroom may end up with a lower priority on the next list due to the number of children already on that list and the spaces available in that age group.

Currently, the wait list process is being managed in a Microsoft Access database (legacy system) which requires considerable amounts of time to manually process, update, and manage the various lists. The UNMCC updates the waitlist twice a year: October (fall) and March (spring).

The spring wait list data presented below indicates the high demand for childcare at UNM. The spring 2012 wait list percentages were comprised of 65 percent for student families and 35 percent for staff/faculty families. Spring 2013 had 71 percent student families and 29 percent staff/faculty families. Spring 2014 had a wait list trend reversal with staff/faculty families at 66 percent and student families at 34 percent. The UNMCC wait list may fluctuate due to UNM students graduating or withdrawing, larger enrollments of student families, or fewer student families were added to the wait lists.

**UNMCC Spring Wait List**

![Wait List Chart]

The UNMCC has recognized the limitations of the legacy system, and proactively purchased the BumbleBee Childcare Software; however, the UNMCC has not yet implemented the system. The software was purchased in June 2013 at a cost of $800. The BumbleBee Childcare Software specializes in wait list management for child care centers and has many attributes that allow for a more effective wait list management system, including:

- Unify inquiries in one place, log phone calls, capture emails, log tours, and house website forms directly in the system;

Source: UNMCC
OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

- Simplify applications, manage waiting lists, and identify openings (part time or full time); and
- Manage enrollment, print sign-in/out sheets, replace out of date spreadsheets, and access historical data.

Recommendation 1

The UNMCC should expedite installation of the BumbleBee wait list tracking system to facilitate effective reporting and management of the UNMCC wait lists.

Response from the Director of the UNM Children’s Campus

<table>
<thead>
<tr>
<th>Action Items</th>
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<tbody>
<tr>
<td><strong>Targeted Completion Date</strong>: December 2014</td>
</tr>
<tr>
<td><strong>Assigned to</strong>: Program Specialist</td>
</tr>
</tbody>
</table>

**Corrective Action Planned**: The UNM Children’s Campus agrees with the recommendation to expedite installation of the BumbleBee wait list tracking system.

- Minor modifications will be made to the BumbleBee parent interface.
- Training will be provided to Children’s Campus staff responsible for wait list maintenance.
- The link will be published to the Children’s Campus website to begin collection of new wait list data.
- Existing wait list data will be input into the BumbleBee wait list tracking system.

UNMCC STAFFING

The UNM Children’s Campus is committed to providing quality child care services through employment of qualified classroom and administrative support staff. The following table shows the current staffing levels and positions for the UNMCC.
# Observations, Recommendations and Responses

## Administrative Support Staff

<table>
<thead>
<tr>
<th>Administrative / Support Staff</th>
<th># of Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director</td>
<td>1</td>
</tr>
<tr>
<td>Program Specialist</td>
<td>1</td>
</tr>
<tr>
<td>Facilities Coordinator</td>
<td>1</td>
</tr>
<tr>
<td>General Services Assistance</td>
<td>1</td>
</tr>
<tr>
<td>Accountant I</td>
<td>1</td>
</tr>
<tr>
<td>Administrative Assistant</td>
<td>2</td>
</tr>
<tr>
<td>Cook</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total Admin/Support Staff</strong></td>
<td><strong>9</strong></td>
</tr>
</tbody>
</table>

## Classroom Staff

<table>
<thead>
<tr>
<th>Classroom Staff</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Master Teacher</td>
<td>3</td>
</tr>
<tr>
<td>Lead Teacher</td>
<td>12</td>
</tr>
<tr>
<td>Assistant Teacher</td>
<td>15</td>
</tr>
<tr>
<td>Childcare Worker</td>
<td>17</td>
</tr>
<tr>
<td>Students</td>
<td>25</td>
</tr>
<tr>
<td><strong>Total Classroom Staff</strong></td>
<td><strong>72</strong></td>
</tr>
<tr>
<td><strong>Total UNMCC Staff</strong></td>
<td><strong>81</strong></td>
</tr>
</tbody>
</table>

Source: UNMCC

### UNMCC Administration

The UNMCC has five administrators: the Director, Program Specialist, and three Master Teachers. These administrators share most of the Center’s responsibilities.

**Director** - The Director is responsible for the overall management of UNMCC, as well as for strengthening and sustaining its presence and role as a model of Early Childhood Best Practices in the southwest region.

**Program Specialist** – Oversight of all grant funded and special programs. Provide direct assistance to Director.

**Master Teacher** - In addition to their responsibilities as the Lead Teacher in their own classroom, they mentor and support staff in additional classrooms, and support the Director in managing the child care center.

### Administrative Support

Administrative support staff includes an accountant, administrative assistants, kitchen staff, and a facilities coordinator.
OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

Classroom Staff

Each classroom team consists of a Lead Teacher, Assistant Teacher, Childcare Worker(s), and Student Staff, supported by a Master Teacher. All classroom staff that supervise or mentor other staff members must have specialized college-level course work or professional development training and preparation in adult supervision, mentoring, and leadership development.

Master Teacher - Master Teachers are required to have a Bachelor’s Degree in Early Childhood or a related field and are required to complete the New Mexico Early Childhood 45 Hour Entry Level Course. In addition to their responsibilities as the Lead Teacher in their own classroom, they mentor and support staff in additional classrooms.

Lead Teacher - All Lead Teachers are required to have earned at least an Associate’s Degree or equivalent (60 credit hours of coursework) in Early Childhood or a related field and are required to complete the New Mexico Early Childhood 45 Hour Entry Level Course. It is their role to develop and implement their classroom’s curriculum and to supervise/mentor their classroom staff.

Assistant Teacher - Assistant Teachers are expected to support the Lead Teacher in implementing the classroom’s curriculum and to assist in the training and supervision of classroom staff. All Assistant Teachers are required to complete the New Mexico Early Childhood 45 Hour Entry Level Course as the first step towards receiving their Child Development Associate degree, and are strongly encouraged to complete the competency-based credential issued by the National Academy of Early Childhood Programs, or a degree.

Childcare Worker - Child Care Workers support the daily operations of the classroom. All Childcare Workers are required to complete the New Mexico Early Childhood 45 Hour Entry Level Course as the first step towards receiving their Child Development Associate degree and are encouraged to complete the competency-based credential issued by the National Academy of Early Childhood Programs, or a degree.

Student Employees

The UNMCC employs UNM students to work in the classrooms in an effort to foster UNM’s retention and recruitment goals and to support the student’s academic endeavors.

Program Support Staff IV - The Program Support Staff IV provides administrative support and performs daily front desk responsibilities for all grant funded programs.

Group Leader - Student Group Leaders are existing Student Staff who have qualified for additional responsibilities at the center. They are responsible for mentoring newly hired Student Staff and for supervising classrooms as needed. These student employees are required to attend additional trainings and UNMCC events. Group Leaders must re-apply at the end of each semester to continue as a Group Leader for the following semester.
Student Staff Classroom Assistant - Student Staff generally have had some contact with children and are enthusiastic about working with children as they pursue their course of study at UNM. Student staff are hired on a semester basis with flexible classroom assignments to support the permanent classroom staff. Responsibilities in the classroom include implementing activities, interacting with the children, and classroom maintenance.

FINANCIAL ANALYSIS

UNMCC Funding and Expenditures

The UNMCC’s budget for Fiscal Years (FY) 2012-2014 is presented in Exhibit 2. For FY 2014, the UNMMCC had total revenues of $2,363,719 (reserves not included) and total expenditures of $2,635,057, resulting in overall expenses in excess of revenues of ($271,337). For FY 2013, the UNMMCC had total revenues of $2,481,004 and total expenditures of $2,661,232, resulting in overall expenses in excess of revenues of ($180,228). The UNMCC practices the University’s standard budget process when preparing and adjusting approved budgets.

Under University Administrative Policy (UAP) 7000 section 4.2, departments that anticipate a year-end deficit must notify the dean or director of the estimated deficit. The dean or director must identify funds to cover the deficit or else the next fiscal year’s budget will be reduced in order to cover the prior year deficit. The department head must also submit a plan for resolving the causes of the deficit. UAP 7000 section 4.1 states that departments with negative fund balances must submit follow-up annual reports to the dean or director showing the progress being made to reduce the deficit.

UNMCC management has already initiated budget deficit reduction measures and is in the process of formulating a deficit reduction plan according to UNM Administrative Policy 7000. The FY 2014 deficit resulted from a combination of a decrease in revenues and increases in certain expense categories. From FY 2013 to FY 2014, revenues decreased in total by approximately $321,000. Although overall expenses decreased in total from FY 2013 to FY 2014 by $26,000, there were increases in certain expense accounts.

Decrease in Revenues

During FY 2014, the prior UNMCC Director instituted an overflow Pre-K program offered for children that were not eligible for the state funded Pre-K class. UNMCC did not receive state funding for this class which resulted in higher costs and ineffective use of classroom space and UNMCC resources. In addition, the children in this unofficial Pre-K program were provided with the same program services and activities as the regular Pre-K enrollees, increasing the cost of running these classrooms.
The UNMCC lost out on approximately $103,000 in potential revenue due to the classroom space allocated to this purpose. This amount was based on FY 2014 staff/faculty preschool rates of $854 with 10 child spaces for the entire academic year.

Other reasons for decreases in revenues include fluctuating enrollment numbers and reduced classroom use in the summer. UNMCC enrollment rates fluctuate throughout the school year depending on the parents’ school or work schedule. This presents a challenge to the center as flexible schedules result in underutilization of classroom space, and a potential loss of revenue since flex children cannot be charged full time tuition. CCAMPIS classrooms were closed during the summer because these are academic year programs that do not operate in the summer. For FY 2015, UNMCC will change the CCAMPIS classrooms and allow the Traditional program to utilize the space during the summer.

Expense Analysis

The dollar changes in expense categories between FY 2013 and FY 2014 were analyzed and multiple accounts were judgmentally selected to review. Expense accounts were categorized and reviewed based on the following classifications:

- Salaries and benefits costs
- Office supplies
- Travel
- Equipment and furniture
- Professional service

Salaries and benefit expense account amounts increased due to higher reliance on temporary staff. The hiring process for full time employees is extensive, requiring multiple interviews, background checks, and collaboration with UNM Human Resources department. At the same time, there is increased competition for qualified employees from other children centers. In order to meet compliance with the CYFD staff/child ratios, UNMCC made the decision to hire temporary employees to fill unexpected job vacancies. The temporary employees included teaching staff, temporary administrative staff, and temporary child case workers. Due to the increased amount of UNM temporary workers, UNMCC was charged a temp service fee by UNM Temps Services. The service fee is based on the number of temporary staff multiplied by a service percentage for each individual work hours. This is charged on the monthly and biweekly payrolls. Several of the temporary employees went through the temp-to-hire process, and are currently full-time employees at the UNMCC.

Supplies/Office expenses increased due to installation of Wi-Fi within buildings and classrooms, and from the installation of an intercom throughout the children’s campus.

Travel expenses included out-of-state travel and per diem. UNMCC allows master teachers and lead teachers to attend out of state training and development courses, and UNMCC encourages all teachers to take more professional development courses.
Equipment and maintenance improvement expenses increased because of renovations performed by the UNM Physical Plant Department for the UNMCC front office area.

Professional service charges increased due to event fees associated with classroom field trips and the additional summer camps for middle school children. UNMCC provided additional seminar trainings to their staff, and hosted a statewide training seminar for childcare professionals in New Mexico.

**Recommendation 2**

UNMCC should develop a plan to identify causes of the annual deficits, submit a plan for resolving the causes of the deficit, and submit follow-up reports to the Vice President for Student Affairs showing the progress being made to reduce the deficit.

**Response from the Director of the UNM Children’s Campus**

<table>
<thead>
<tr>
<th>Action Items</th>
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<tr>
<td><strong>Targeted Completion Date:</strong> July 2015</td>
</tr>
<tr>
<td><strong>Assigned to:</strong> Director, Accountant I</td>
</tr>
<tr>
<td><strong>Corrective Action Planned:</strong> The UNM Children’s Campus agrees with the recommendation to develop a plan to identify causes of the annual deficits and submit a plan for resolution of the deficit under University Administrative Policy (UAP) 7000.</td>
</tr>
<tr>
<td>- Identify over and under expenditures for fiscal years 2012-2014 and determine whether they were one time or reoccurring expenses.</td>
</tr>
<tr>
<td>- Evaluate revenue for fiscal years 2012-2014 as it relates to Children’s Campus enrollment.</td>
</tr>
<tr>
<td>- Deficit reduction measures will continue to be implemented as outlined in the Children’s Campus UAP 7000 report.</td>
</tr>
</tbody>
</table>

The UNMCC receives unrestricted funding from various revenue sources, including childcare tuition paid by parents, mandatory student fees, and other revenue. Restricted funding sources include federal and state contracts and grants. These funds are restricted for specific purposes as indicated in the contract or grant agreement, and spending from such sources must comply with provisions specified by the funding agency. The UNMCC has two grants: one federal grant, and one State of New Mexico grant. Total revenue by source for the UNMCC for FY 2014 is presented below.
The CCAMPIS grant is a drop-in and evening care program sponsored through the U.S. Department of Education. The goal of the program is to assist parents with a low cost or free child care service, and the grant provided 9 percent of the UNMCC’s revenue for FY 2014.

The Pre-K program is funded through a state grant and is designed to increase access to voluntary high-quality pre-kindergarten programs, provide developmentally appropriate activities for New Mexico children, and expand early childhood community capacity at the UNMCC. The Pre-K program accounted for 15 percent of the UNMCC’s revenue for FY 2014.

**Analysis of Internal Controls**

*Billing Process*

The billing for childcare service for UNMCC-affiliated families is managed through the UNM Bursar’s Office. Upon admission to UNMCC, the parent signs a contract for childcare with the UNMCC, and the family’s contract charges are set up in the Child Care Management system (CCM). The contract charges are based on what room the child is in, the rate for that room, the billing cycle, and any appropriate discounts are applied. Charges are entered in the CCM receivable module for the security deposit, registration, and administrative fees. The contract information is then forwarded to the UNM Bursar’s Office where the billing account is established for each affiliated family at UNMCC.

The CCAMPIS program is billed on a bi-weekly basis, and the Traditional and Pre-K programs are billed on a monthly basis. To initiate the billing process, the UNMCC runs a billing report and then submits a batch file for the client billing to the Bursar’s Office. The Bursar’s Office then sends the billing out, receives all collections for contract charges, and performs follow up
on unpaid billings. The Bursar’s Office follows up on collection activity, including assessment of service charges and late fees.

The UNMCC does an accounts receivable reconciliation at the beginning of each semester. Parents may not enroll a child for a new semester if they have outstanding Bursar’s account balances, and children will be dis-enrolled if there is a past due balance. Parents work directly with the Bursar’s Office to address any billing issues or discrepancies.

Although the family accounts are reconciled at the beginning of the semester, the UNM Unrestricted Accounting department requires monthly reconciliation of departmental accounts receivable. UNMCC is working with the Bursar’s Office to develop and access monthly reporting templates. The UNMCC accountant currently is able to access summary reports in Banner for each family, but does not have access to MyReports, the Banner reporting system. Approval of a Banner Authorization Request for the UNMCC accountant’s access to the MyReport system is pending.

The Pre-K program is funded through a state grant which requires the program to accept families not affiliated with UNM. The non-affiliated families do not have accounts with the UNM Bursar’s Office and generally pay with cash, check or money order at the UNMCC front desk. When families submit payments after normal business hours, the front desk attendant will secure the cash or check in the accountant’s office or in a locking cabinet. During business hours, collections are processed with the preparation of a money list, deposit only stamp for checks, and multiple cash count reconciliations. Generally, once the money list is completed, it is delivered to the Bursar’s Office; however, the accountant indicated that the deposits are done on a weekly basis with the exception of wait list payments that come due each October and March; those deposits are made every other day. UNM Policy requires deposits of business receipts, accompanied by a reconciled money list, to be deposited next business day after receipt.

**Recommendation 3**

The UNMCC should obtain a Banner Authorization Request for MyReports and work with the Bursar’s office to develop and implement a methodology for monthly reconciliation of family accounts receivable.
Response from the Director of the UNM Children's Campus

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<th>Action Items</th>
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<tbody>
<tr>
<td><strong>Targeted Completion Date:</strong> October 2014</td>
</tr>
<tr>
<td><strong>Assigned to:</strong> Accountant 1</td>
</tr>
</tbody>
</table>

**Corrective Action Planned:** The UNM Children's Campus agrees with the recommendation to obtain Banner Authorization for MyReports and to work with the Bursar’s office to complete monthly reconciliation of family accounts receivable.

- Banner Authorization for MyReports was received effective September 29, 2014.
- The Bursar’s office has provided the Children’s Campus with MyReports forms including AR Summary for Childcare; Transactions per Feed Document; Childcare Charges by Academic Period; and Childcare Charges by ID.
- MyReports forms are being used to complete a monthly reconciliation of Children’s Campus family accounts receivable.
- Families with outstanding Childcare balances are being notified and required to submit a plan for payment to avoid discontinuation of services.

**Cash Handling**

Most of the key accounting personnel have had cash management training; however, certain UNMCC employees that receive cash payments at the front reception desk have not taken the required cash management training.

Under University Administrative Policies and Procedures Manual (UAPPM) – Policy 7200: Cash Management, Section 1.1 Mandatory Cash Handling Training, individuals responsible for handling cash and their direct supervisor must take the online "Cash Management" training course offered by the University Employee and Organizational Development Department. Supervisors are responsible for ensuring that new employees, students, and volunteers responsible for monies take the required training as soon as possible after being assigned cash handling duties, but no later than sixty (60) days after the assignment date.

**Recommendation 4**

UNMCC should work with the Office of Student Affairs and the Human Resources Department to ensure that appropriate staff members take the proper University cash handling training.
Response from the Director of the UNM Children’s Campus

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<tbody>
<tr>
<td><strong>Targeted Completion Date:</strong> December 2014</td>
</tr>
<tr>
<td><strong>Assigned to:</strong> Accountant I, Master Teachers</td>
</tr>
<tr>
<td><strong>Corrective Action Planned:</strong> The Children’s Campus agrees with the recommendation to work with the Office of Student Affairs and the Human Resources Department to ensure that appropriate staff members take the proper University cash handling training.</td>
</tr>
<tr>
<td>- Individuals requiring cash handling training will be identified.</td>
</tr>
<tr>
<td>- Cash handling training will be added to Learning Central Learning Plans for identified individuals.</td>
</tr>
<tr>
<td>- Individuals will be notified of the required training and corresponding deadline for completion.</td>
</tr>
<tr>
<td>- Follow-up will be completed to ensure individuals have completed the required training by the specified deadline.</td>
</tr>
</tbody>
</table>

*Internal Control Weaknesses*

Internal Audit reviewed accounting and control processes, performed tests of transactions, interviewed key accounting personnel, and reviewed self-assessments completed by UNMCC staff. Internal Audit found that UNMCC has several internal control weaknesses including:

- The P-Card report is not reconciled and submitted to the Purchasing Card Department each month. Standard Purchasing Card Department policies and procedures require the P-Card holder to reconcile the P-Card statement with the billing statement and submit to the Purchasing Department on a monthly basis.

- Account reconciliation and P-card allocations were not properly performed. Standard Purchasing Card Department policies and procedures require the P-Card holder to reconcile the P-Card statement with the billing statement and Banner transaction log.

- Money lists and deposits are not prepared on a daily basis and deposited by the next business day according to UAPPM – Policy 7200: Cash Management, Section 2.1 Money List and Credit Card Reports and Section 2.3 Transporting Deposit.
UNMCC did not maintain adequate separation of duties during the period under review. The individual reviewing and approving financial transactions is the same individual who reconciles monthly financial reports. The UNMCC was short staffed for a period of time and the director was also acting as the accountant, with no compensating controls for separation of duties in place. UAPPM – Policy 7200: Cash Management, Section 3 Internal Controls states internal control requires segregation of accounting functions to prevent or detect any possible errors or irregularities involving monies.

UNMCC Personnel lack familiarity with the UNM “Conflicts of Interest” Policy 3720.

The UNMCC director had P-Card privileges revoked because the P-Card was not being reconciled, P-Card reports were submitted late, and P-Card charges were not properly reallocated.

Recommendation 5

UNMCC should review its business processes to address internal control weaknesses. UNMCC should also ensure that P-Card holders are fully trained, and that the department adheres to all UNM P-Card policies.

Response from the Director of the UNM Children’s Campus

<table>
<thead>
<tr>
<th>Action Items</th>
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<tbody>
<tr>
<td><strong>Targeted Completion Date:</strong> December 2014</td>
</tr>
<tr>
<td><strong>Assigned to:</strong> Director, Accountant I, Master Teachers, and Facilities Coordinator</td>
</tr>
<tr>
<td><strong>Corrective Action Planned:</strong> The Children’s Campus agrees with the recommendation to review its business processes to address internal control weaknesses. UNMCC should also ensure that P-Card holders are fully trained, and that the department adheres to all UNM P-Card policies.</td>
</tr>
<tr>
<td>• A review of Children’s Campus departmental P-Card procedures will be conducted to determine internal control weaknesses.</td>
</tr>
<tr>
<td>• Internal control weaknesses will be addressed.</td>
</tr>
<tr>
<td>• Children’s Campus departmental P-Card procedures will be modified and implemented.</td>
</tr>
<tr>
<td>• All P-Card holders will continue to complete required P-Card training as outlined by the UNM Purchasing Department.</td>
</tr>
<tr>
<td>• All P-Card holders will stay abreast of all updates to University Purchasing Guidelines for P-Card use.</td>
</tr>
</tbody>
</table>
CONTRACTS & GRANTS AND STATE SUBSIDIES

The UNMCC has a federal grant (CCAMPIS), a state grant (Pre-K), and a number of assistance programs to help parents access its facilities.

CCAMPIS Grant

The CCAMPIS program is a federally grant-funded, drop-in and evening care program that is available on a first come, first served basis for eligible student families with children ages six (6) weeks through twelve (12) years old.

The CCAMPIS program is sponsored through the U.S. Department of Education. The goal of the program is to assist parents with a low cost or free child care service. This program is available to UNM students with the greatest need of child care services as a means to support parents' efforts to stay in school and complete their desired degree program. The CCAMPIS Program, like the UNM Children's Campus full day and half day programs, is accredited by the NAEYC.

Exhibit 3 provides details of revenues and expenditures for the CCAMPIS grant for FY 2011-2013. For FY 2013, the grant had revenues of $312,013, and the main expenditure was the salary expense of $271,778. UNMCC submitted the application during calendar year 2013 and received notice from the DOE that the grant would be extended for an additional four year term. The renewed grant is $427,000 annually, an increase of $181,000 per annum over the prior grant. The grant term commences on October 1, 2014 and expires on September 30, 2018.

New Mexico Pre-K Grant

New Mexico Pre-K is a state funded program that provides four sessions of 3.5 hours and one session of 6 hours of care per day to eligible four year olds. In order to be eligible for this program, the child must be four on or prior to August 31, and funding priority goes to children living in a Title 1 District. The program is open to the community; therefore it does not require UNM Affiliation. The Pre-K program is funded through a grant by the New Mexico CYFD and provides increased access to voluntary, high-quality pre-kindergarten programs at UNMCC. The program is nationally recognized for practicing a play-based curriculum with a strong emphasis on social-emotional health and development and provides the following benefits:

- Developmentally appropriate activities for New Mexico children;
- Expansion of early childhood community capacity;
- Linguistically and culturally appropriate curriculum; and
- School readiness for children.

The Pre-K program prepares four-year-old children for success in school through funding from CYFD. The NM Pre-K grant provides funding for the program, and the UNMCC provides all
meals. Therefore, the program is cost-free for families. Revenues and expenditures for the Pre-K grant for FY 2011-2013 are presented in Exhibit 4. For FY 2013, the grant had revenues of $320,872, while the main expenditure was the salary expense of $286,646.

Enrollment for Pre-K services is prioritized, based on the targeted communities that have the highest percentage of public elementary schools with Title I designations, and that serve the most students that do not meet either math or reading proficiency components. A minimum of 66 percent of the UNM Children’s Campus Pre-K enrollment will be open to the identified targeted communities.

Compliance with Grant Reporting Requirements
Internal audit tested UNMCC compliance with the reporting requirements for both the federal (CCAMPIS) and state (Pre-K) grants, and found UNMCC is in compliance with each grant’s stated reporting requirements.

Year-End Administrative Program report - The Year-End Administrative Program report requires the UNMCC to document the following for the Pre-K grant:

- Administrative oversight
- Professional development by education, training, and experience
- Curriculum
- Child assessment
- Parent engagement
- New Mexico Pre-K consultant report
- Program evaluations

Personnel Qualifications Reflection Report - The Personnel Qualifications Reflection report documents all Pre-K staff qualifications based on academic degrees in early childhood education, as well as details on Pre-K staff not meeting qualifications. CYFD requires the child care centers to list when the Pre-K staff will obtain their education degrees and provide the amount of training hours they had during the year. UNMCC is required to list their professional development goal plans for all their Pre-K staff and provide feedback on achievements and how the program operated during the year.

CYFD Continuous Quality Improvement Plan - UNMCC is required to provide documentation for specific areas for improvement within their Pre-K program. UNMCC must provide documentation for at least three goals during each quality improvement plan submitted to CYFD.

Internal Audit reviewed and tested UNMCC compliance with the Year-End Administrative Program report, the Personnel Qualifications Reflection Report, and the CYFD Continuous Quality Improvement Plan reports for calendar year 2013. UNMCC is in compliance with all grant reporting requirements for the CCAMPIS and Pre-K programs.
Income Support Division

In addition to restricted funding through the two grants, the UNMCC also receives support through state funded program assistance and food programs. The mission of the Income Support Division (ISD) is to relieve, minimize or eliminate poverty and to make available certain services for eligible low-income individuals and families through statewide programs of financial assistance, food assistance, employment assistance and training services.

The Child Care Assistance Program subsidizes the cost of child care for low-income families (at or below 200 percent of the federal poverty level) that are working and/or are in school and have a need for child care. The subsidy amount varies depending upon the age of the child, the type of child care, the location of the program, and the rating of the child care program (as determined by the Look for the STARS Quality Rating System). Regional offices are located throughout the state and are staffed by Eligibility Interviewers who work with families to determine the amount of subsidy they qualify for.

UNMCC ISD Requirements

Parents must apply with the ISD to ensure they are income eligible to receive services. The income eligibility (federal poverty level guidelines) for all ISD programs are based on an individual’s or family’s countable household income. The federal poverty level guidelines are set by the United States Department of Health and Human Services (DHHS). Each year the DHHS releases the income eligibility guidelines, and ISD caseworkers will compute income level for individuals based on household size, poverty guidelines, and deductions. Deductions may include telephone allowances, dependent care, homeless shelter deduction, and a heating/cooling standard utility allowance.

Individuals must also present the following documents to establish eligibility: completed signed application form, current proof of income, school schedule (if applicable), verification of birth for all applicant children, proof of unearned income, and proof of residency.

After an individual is deemed eligible for ISD services, a contract is created between the individual and CYFD. Individuals must abide by all regulations set forth by CYFD and may only utilize child care assistance benefits while they are working or attending school. CYFD will provide co-payments for child care services and all payments go directly to the UNM Bursar’s Office for the UNMCC.

Parents are responsible for paying any additional charges for UNMCC-provided care not covered by the ISD contract. Additional fees may include the semester administrative fee, late registration fees, overtime fees, and transportation fees. The additional fees are the responsibility of the parent as they are not covered by an ISD contract. ISD contracts must be completely filled out by the parent before they can be signed by the Administrative Staff and sent to the appropriate office. All individuals receiving child care benefits must recertify for services at least once every six months.
Each month UNMCC receives a statement from CYFD for the payments and any other costs associated with the childcare services for each individual; UNMCC maintains a file to record payments. Since CYFD pays a portion of the child care services, the parent must pay for the remaining amount. Parents pay through the UNM Bursar’s Office for their account.

The month following services, CYFD remits payment information to the UNMCC for each ISD family. As such, copayments due to the Children’s Campus are billed the month following services. Parents are responsible for paying the copayment indicated on their ISD contract in full in addition to any additional charges not covered by the ISD contract. Accounts must be kept current. Failure to maintain the account in good standing will result in disenrollment for non-payment.

It is also the parent’s responsibility to ensure that their ISD contract is current and to renew the contract before it expires in order to avoid a lapse in coverage. In the event that an ISD contract has lapsed, the parent will be responsible for paying a security fee, registration fee, and 100 percent of the regular UNMCC tuition rate for their child in lieu of their copay for all months not covered by an ISD contract.

The following table shows the number of children whose families are receiving assistance, along with the total reimbursement received by UNMCC under the programs for FY 2012 – 2014.

<table>
<thead>
<tr>
<th>Income Support Division</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Children</td>
<td>32</td>
<td>24</td>
<td>27</td>
</tr>
<tr>
<td>Total Reimbursement</td>
<td>$82,263</td>
<td>$87,927</td>
<td>$64,076</td>
</tr>
<tr>
<td>Total Reimbursement per Child</td>
<td>$2,570</td>
<td>$3,663</td>
<td>$2,373</td>
</tr>
</tbody>
</table>

Source: UNMCC

**CACFP – Child & Adult Care Food Program**

The CACFP is a United States Department of Agriculture Child Nutrition Program that provides reimbursement to childcare providers for nutritious meals and snacks served to primarily low-income children in child care settings. The program is administered by the CYFD’s Family Nutrition Bureau (FNB) and is 100 percent federally funded. The UNMCC provides all the meals and is reimbursed for the cost through the CACFP program.

UNMCC was approved by the state of New Mexico to receive reimbursement funding for the CACFP Program. The current agreement is from October 1, 2013 and ends on September 30, 2014. The chart below shows the total meals served and the reimbursement received by UNMCC for those meals during FY 2012-2014.
## Child & Adult Care Food Program

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breakfast</td>
<td>18,010</td>
<td>34,018</td>
<td>29,663</td>
</tr>
<tr>
<td>Lunch</td>
<td>20,929</td>
<td>38,843</td>
<td>30,839</td>
</tr>
<tr>
<td>PM Snack</td>
<td>16,480</td>
<td>33,824</td>
<td>31,239</td>
</tr>
<tr>
<td>Dinner</td>
<td>3,485</td>
<td>3,733</td>
<td>973</td>
</tr>
<tr>
<td><strong>Total Meals Provided</strong></td>
<td>58,904</td>
<td>110,418</td>
<td>92,714</td>
</tr>
<tr>
<td><strong>Total Reimbursement</strong></td>
<td>$51,773</td>
<td>$95,740</td>
<td>$86,187</td>
</tr>
</tbody>
</table>

Source: UNMCC

### 2013 CYFD Administrative Review Report

CYFD conducted a CACFP administrative review at the UNMCC from November 5-7, 2013. Three CYFD employees reviewed the UNMCC’s files and provided their recommendations to UNMCC management. CYFD examined the UNMCC’s record keeping system, food service records, and fiscal records for September 2013.

Based on the federal regulations guidelines, CYFD primarily focused on the following areas from UNMCC records:

- Permanent contract agreement and documents binder, including last 3 year renewals;
- Attendance records, daily meal counts, and enrollment forms;
- Income eligibility of participants and income eligibility roster;
- Menu record book and nutrition education documentation;
- Training and monitoring efforts; and
- Financial tracking system.

CYFD provided positive feedback stating UNMCC has excellent procedures in place to ensure that all the requirements of the CACFP program are met, and that UNMCC has an adequate financial tracking system, general ledgers, and financial procedures. CYFD indicated UNMCC spent 98 percent of the reimbursement received for the sample month of September 2013 on food purchases, and 100 percent of the reimbursement on allowable food service expenditures. CYFD commended the UNMCC for service and dedication in their administration of the CACFP.

### CYFD Report Findings

CYFD issued a finding on the UNMCC enrollment eligibility verification process. All reviewed income eligibility applications in the sample were completed correctly; however, total children reported on claim forms differed from total children documented in the CYFD files. UNMCC did not have an income eligibility roster that would have tracked the total number of qualifying children. The chart below indicates the variances between CYFD and UNMCC.

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October 7, 2014  
Review of UNM Children’s Campus  
Report 2014-10  
Page 33


**Observations, Recommendations and Responses**

<table>
<thead>
<tr>
<th>Meal</th>
<th>UNMCC Claimed</th>
<th>CYFD Verified</th>
<th>Variance</th>
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<tbody>
<tr>
<td>Free</td>
<td>105</td>
<td>109</td>
<td>4</td>
</tr>
<tr>
<td>Reduced</td>
<td>27</td>
<td>34</td>
<td>7</td>
</tr>
<tr>
<td>Ineligible (paid)</td>
<td>245</td>
<td>245</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>377</strong></td>
<td><strong>388</strong></td>
<td><strong>11</strong></td>
</tr>
</tbody>
</table>

Source: CYFD

**Corrective Action to CYFD Findings**

CYFD indicated that UNMCC should utilize a monthly reconciliation to categorize free, reduced, and paid applications for meals. CYFD required UNMCC to submit procedures documenting the steps to correct the income eligibility rosters, including accurate reporting numbers and IEA roster, for the month of November 2013. Also, CYFD required UNMCC to submit a completed roster on a monthly basis.

The December 2013 UNMCC income eligibility roster showed there were 94 free lunches, 33 reduced lunches, and 169 paid lunches, for a total of 296 used to claim for reimbursement. The income eligibility roster includes the child's (participant's) first and last name, start date at UNMCC, enrollment eligibility status for free, reduced, or paid, and date dis-enrolled from UNMCC (if applicable). UNMCC is in compliance with CYFD instructions and is using the income eligibility rosters to document each free, reduced, and paid meal.

**Compliance with State Childcare Regulations**

Title 8, Chapter 16 Part 2 of the NMAC applies to Child Care Licensing. The CYFD is the issuing agency for this specific code. Key areas of the regulation discuss: surveys for childcare facilities, background checks, capacity of centers, incident reporting requirements, administrative requirements for centers, policy and procedures, parent handbook, personnel records, personnel handbook, personnel and staffing requirements, training, and staff/child ratios.

**Compliance with State Training Requirements**

Internal Audit judgmentally selected seven UNMCC employees to test for compliance with CYFD training regulations. Internal Audit used CYFD Regulation NMAC 8.16.2.23, Personnel and Staffing Requirements for Centers, for compliance guidance. All seven UNMCC employees were tested for the following attributes: Completion of a 45-hour entry level course OR approved 3 credit early care and education course OR equivalent approved by CYFD. Each staff working directly with children for more than 20 hours per week, including the director, must obtain 24 hours of training each year.

UNMCC maintains training files with employee's name, date of hire, and position. Training must address the following areas: First Aid, CPR, Infection Control, and at least three competency areas within one year, and all of the following seven areas within two years: Child Growth &

Internal Audit did not have any exceptions for the seven UNMCC employees. UNMCC appears to be in compliance with CYFD training regulations.

**UNMCC Employee Background Checks**

All UNMCC employees and volunteers must go through a background investigation. Potential employees are allowed to work at UNMCC while a CYFD background check is being processed; however the employee is never left unattended with children.

**2013 Background Check Process**

Prior to fall 2013, UNMCC was the primary facilitator of the background check process. As a condition of employment with UNMCC, an applicant must pass a criminal background check upon hiring. If the applicant did not complete the background packet, they would not be allowed to work at UNMCC. The criminal background check packet included the following documents:

- UNMCC instructions
- Two fingerprint cards
- One CYFD applicant written statement

The applicant had their fingerprints taken by the UNM Police Department (this was later outsourced to an independent contractor). The applicant would complete the CYFD written statement that included information pertaining to demographics, employment history, CYFD investigations, and any arrest records.

After the fingerprints and CYFD application were completed by the applicant, UNMCC submitted them to CYFD. The applicant provided a money order or cashier’s check in the amount of $33.00 made payable to CYFD. CYFD conducted the background check and sent a background results notification letter to UNMCC. If the applicant did not pass the background check, UNMCC excluded them from employment. UNMCC also submitted a criminal conviction form to the UNM Human Resources Department (UNM HR). UNM HR conducted an applicant background check, and if the background results were questionable, UNM HR notified the UNMCC.

**2014 Background Check Process**

In fall 2013, the UNM HR department changed the process for conducting background checks, and became the primary facilitator for the background check process for UNMCC hires.

Under the new procedures, UNMCC submits a request for background check form for applicants to UNM HR. UNMCC must complete a CYFD employer statement that requires UNMCC to be in compliance with CYFD background regulations 8.8.3 NMAC. The applicant completes the CYFD written statement which includes information pertaining to demographics, employment
history, CYFD investigations, and any arrest records. UNM HR initiates the applicant’s fingerprinting process and instructs the employee to obtain fingerprints with an outside consulting firm. UNMCC must pay for the applicant’s fingerprinting.

UNM HR sends an e-mail notification to UNMCC requesting information that needs to be completed before sending the items to CYFD. When UNM HR receives the electronic fingerprinting cards, CYFD employer statement, and CYFD applicant written statement, they will submit the information to CYFD.

Compliance with Background Checks Requirements
Internal Audit selected 37 UNMCC employees to test for compliance with CYFD background checks. Internal Audit used CYFD Regulation NMAC 8.8.3, Background Checks, for compliance guidance. All 37 employees were tested for the following attributes: CYFD criminal records check clearance maintained in employee’s file; and, the UNMCC employee signed an annual statement (each year of employment) that indicates if they have, or never had, an arrest or substantiated referral to a child protective services agency.

Based on test work performed, UNMCC is not in compliance with NMAC 8.8.3 Background Checks. Internal Audit found eight employees that did not have a CYFD background clearance check letter in their file.

Based on our analysis of the process it appears the background check process has become less efficient and has procedural issues that should be addressed. UNMCC indicated that under the new background check process, they have not received applicant background check results from UNM HR, including original CYFD clearance confirmation letters.

Recommendation 6

UNM Human Resources department should work with UNMCC to review the background check process, correct issues that are preventing or delaying the timely completion of the background checks, and provide documentation of CYFD clearance letters for the UNMCC employee files.
Response from the Vice President for Human Resources

<table>
<thead>
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<tr>
<td><strong>Assigned to:</strong> Human Resources Manager, Consulting Services</td>
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</table>

**Corrective Action Planned:** A standard operating procedure (SOP) has been developed by UNM HR in collaboration with the UNMCC outlining the background check process. This SOP will ensure both parties, UNMCC and UNM HR are aware of the process and the respective roles of each. The SOP will be implemented immediately; however, both parties have agreed to use the next 60 days as an evaluation/test period for the SOP. During this time, UNMCC will provide feedback on the effectiveness of the SOP and UNM HR will manually monitor and track fingerprint requests to ensure timely completion of the background checks.

**Incident Reporting Requirement**

Under the Child Protective Services Act, mandated reporters are required to report any suspicion of abuse or neglect to the appropriate authorities. All employees of the UNMCC are considered mandated reporters under this law. Employees are required to report their suspicions of child abuse/neglect to the CYFD. The UNMCC strongly encourages employees to inform the Director prior to making the report to CYFD.

The UNMCC takes this responsibility very seriously and makes warranted reports to the appropriate authorities. The Child Protective Services Act is designed to protect the welfare and best interest of all children. The UNMCC is steadfastly committed to protecting children and helping them to grow. Staff members who suspect child abuse or neglect have an ethical and legal responsibility to take action. Staff members should inform their supervisor, who will support the staff member in collecting information and taking the appropriate action.

UNMCC staff members are legally obligated to report unusual physical marks or inexplicable behavior to the CYFD. It is not UNMCC’s responsibility or intention to offer interpretation or explanation of the observations.

The following procedures must be initiated in accordance with the CYFD regulations:

1. Staff members must be familiar with the signs of abuse/neglect as given in the description provided by the Department of Children, Youth and Families.
2. As required by New Mexico law (the Children’s Code), staff members will report any known or suspected cases of child abuse or neglect.
OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

Should an employee be accused of child abuse or neglect, whether the abuse or neglect is reported to have occurred at the facility or not, they will be immediately placed on paid administrative leave pending the outcome of an investigation as well as any criminal charges filed against the employee. UNMCC takes all allegations of abuse extremely seriously and will take immediate action. Investigations will include the CYFD, University Counsel, Human Resources, Risk Management, and all other appropriate agencies.

UNMCC cooperates fully with any investigations into accusations of child abuse and/or neglect and all employees are required to cooperate as well. There has only been one incident that has been reported in the past several years. It turned out to be an unsubstantiated report; however, the above procedures were followed by the UNMCC staff. The alleged report of abuse was investigated by the Albuquerque Police Department and found to be unsubstantiated. The second part of the allegation was that the UNMCC failed to timely report said incident. The CYFD conducted its own investigation and found that the UNMCC properly followed the incident reporting regulations.

Child/Staff Ratios

UNMCC’s programs and age groups create a dynamic environment that is challenging to manage, especially in regard to capacity limits of the childcare facilities. CYFD has licensed the UNMCC for a maximum capacity of 271 children, based on staff levels, square footage and other licensing regulations.

Each age group of children is to be assigned to teaching staff that will have primary responsibility for working with that group of children. A child is to have no more than three (3) primary, consecutive care givers in any day, including care givers in the early morning and late afternoon.
<table>
<thead>
<tr>
<th>Single Age Group</th>
<th>NM State Licensing Maximums</th>
<th>NAEYC Accreditation Maximums</th>
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</thead>
<tbody>
<tr>
<td>6 weeks through 24 months</td>
<td>1:6</td>
<td>1:4</td>
</tr>
<tr>
<td>2 years</td>
<td>1:10</td>
<td>1:5</td>
</tr>
<tr>
<td>3 years</td>
<td>1:12</td>
<td>1:6</td>
</tr>
<tr>
<td>4 years</td>
<td>1:12</td>
<td>1:9</td>
</tr>
<tr>
<td>5 years</td>
<td>1:15</td>
<td>1:9</td>
</tr>
<tr>
<td>6 years</td>
<td>1:15</td>
<td>1:12</td>
</tr>
<tr>
<td>School-Age</td>
<td>1:15</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Mixed Age Group</th>
<th>NM State Licensing Maximums</th>
<th>NAEYC Accreditation Maximums</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 weeks through 24 months</td>
<td>1:6</td>
<td>1:4</td>
</tr>
<tr>
<td>2.5 years through 3 years</td>
<td>1:12</td>
<td>1:8</td>
</tr>
<tr>
<td>3, 4, &amp; 5 years</td>
<td>1:14</td>
<td>1:9</td>
</tr>
<tr>
<td>6 years</td>
<td>1:15</td>
<td>1:12</td>
</tr>
</tbody>
</table>

Source: CYFD & NAEYC

UNMCC follows the NAEYC accreditation maximums which are more stringent standards than those required by New Mexico State licensing requirements.

The prior process for determining staff to children ratios in the classroom was a very dynamic and fluid process. Classrooms generally include a master teacher or lead teacher, assistant teacher, and child care worker(s). The ratios are in a constant state of fluctuation as children are added or leave the classrooms throughout the day.

If the staff to child ratio is not in compliance with CYFD regulations, the lead teacher will call the front office and request an additional teacher or student. This is an informal process, and is based on the need the teacher recognizes at the time, and may change, since additions and departures of the children fluctuate during the day. UNMCC has weekly scheduling meetings that help identify the number of staff based on the needs of each classroom and children’s ages. Staffing can be adjusted on a weekly or daily basis. Student employees may help with each classroom depending on their schedules. Volunteers help with children’s activities; however they are never left unattended with children and must pass a background check before they can volunteer.

In spring 2014, UNMCC implemented a new daily ratio check sheet for each of their classrooms by posting the ratios in classrooms. UNMCC management has instructed teachers to document the total number of children and number of staff present in their classroom. UNMCC requires staff to document children and staff ratios several times throughout the day.
The documentation of staff ratios are in compliance with NMAC 8.16.2.21 Section (B)(1)(c) which states: “Centers must post classroom capacities and ratios in an area of the room that is easily visible to parents, staff and visitors.”

**CYFD Inspections**

Internal Audit did not audit regulations regarding services and care of children in child care centers such as: diapering, feeding, nap times, and similar rules. CYFD performs semiannual and annual surveys (audits) that cover childcare regulations for these areas. Internal Audit reviewed the CYFD reports and followed up on implementation of the CYFD recommendations for the period of audit.

CYFD provides a completion date, usually within 30 days from inspection, for each deficiency and UNMCC must adhere to these guidelines or incur CYFD penalties. UNMCC must provide supporting documentation for addressing each deficiency through a work order, purchase invoice (if necessary), or photographs. UNMCC creates a summary documentation folder and submits this to CYFD. After all deficiencies have been documented and submitted, CYFD will perform a follow-up inspector and determine if UNMCC is in compliance.

Internal Audit reviewed the annual UNMCC survey inspection conducted on December 10, 2013. There were deficiencies in the following CYFD categories: Administrative Requirements, Services & Care of Children, Health & Safety Requirements, and Buildings, Grounds, & Safety. Internal Audit reviewed the follow-up inspections and noted that all deficiencies were corrected by UNMCC.

**SURVEYS OF UNMCC PARENTS**

**UNMCC Annual Parent Survey**

In October 2013, the UNMCC conducted its annual parent survey as a walk up computer entry survey located at the entrance to UNMCC. The survey was available for parents to take when visiting the UNMCC. The survey consisted of 37 questions and was designed after model surveys from the NAEYC accreditation board website. UNMCC received 154 responses to the survey from parents. The 37 questions from the UNMCC Annual Survey were grouped into five categories established by NAEYC.

1. General Satisfaction, Overall satisfaction with UNMCC
2. Communication, UNMCC communication with parents
3. Relationships, Development of relationships with children & families
4. Program Environment, Facilities and learning environment
5. Parent Involvement, Parental interaction with UNMCC programs and staff

Of the 37 questions, 32 contained response options of “agree/disagree.” For the purposes of summarizing responses, the questions were aggregated into the following categories.
OBSERVATIONS, RECOMMENDATIONS AND RESPONSES

- Satisfied - Internal Audit grouped "strongly agree," "moderately agree," "very satisfied," and "moderately satisfied" into this category.
- Neutral – Internal Audit grouped "neutral" and "not applicable" into this category.
- Dissatisfied – Internal Audit grouped "moderately disagree," "strongly disagree," "moderately dissatisfied," and "very dissatisfied" into this category.

Overall, the parent responses tended toward satisfaction with the UNMCC programs and personnel as shown in the following graph.

2013 UNM Children's Campus Parent Satisfaction Survey Responses

[Graph showing survey responses with bars for satisfied, neutral, and dissatisfied responses across categories like General Satisfaction, Communication, Relationships, Program Environment, and Parent Involvement.]

NAEYC Survey Categories  
Source: UNMCC

Internal Audit Survey

Internal Audit conducted a survey based on UNMCC wait list user satisfaction. The survey was e-mailed to 446 individuals that are currently on or were on the UNMCC wait list. Internal Audit received 146 responses (a 33 percent response rate). The survey consisted of 10 questions that asked individuals their opinions towards UNMCC expansion and their wait list experience.
The majority of individuals indicated they were no longer on the wait list and the wait list time responses ranged between 16 and 60 months. The main reason for removing a child from UNMCC wait list was the wait time. Individuals indicated that their child care arrangements are currently being met through a private daycare center, family member, childcare in own home, or through an after school program.

A majority of individuals indicated they would support UNMCC expansion efforts and would place their child on a wait list again if UNMCC were to expand its capacity.

Survey Write-in Comment Summary
Individuals stated they removed their child from the UNMCC wait list because of the renewal fee or because they found other Albuquerque quality childcare centers that did not require fees. Individuals, identifying themselves as students, said that lack of accessibility to UNMCC was disappointing. Several individuals stated that they would support expansion efforts by signing petitions or lobbying for UNMCC expansion funding. Other comments stated that they are currently not working/attending school because they need to take care of their children.

EXPANSION OF THE UNM CHILDREN’S CAMPUS

The UNMCC currently provides full time care to approximately 270 children. The approximate time a family spends on a wait list is over 3 years. The number of children on the wait list can fluctuate, however the spring wait list, presented below, indicates that from 2011 through 2014, the average was above 300 children.

UNMCC Spring Wait List

![UNMCC Spring Wait List Graph]

Source: UNMCC
The current UNMCCC has 22,623 square feet to provide care for approximately 300 full time children. The proposed expansion will request an additional 23,520 square feet to provide care to 300 additional full time children, thus eliminating 79 percent of the current waiting list (370). The projected costs of the expansion project were broken out into a single phase, which would take 12 months to complete, or a multi-phase project which would be complete in 24 months. Based on preliminary estimates with the architect in 2014, new FOCUS capacity standards will increase costs to $11 million. The new lower ratio requirements of FOCUS, materials cost, and changing program needs will cause the building costs to increase.

Children under the age of three make up approximately 79 percent of the total number of children on the wait list. These numbers fluctuate throughout the year as children on the wait list age, and as families add and remove their children. This is due to a variety of factors, including limited options in the community, as well as smaller classroom size and child/teacher ratios as mandated by CYFD licensing regulations and NAEYC standards. Historically, infant classrooms at the UNMCCC maintain roughly a 10 percent attrition rate. Most children, approximately 90 percent, who begin with the UNMCCC program as infants, continue on into the preschool classrooms.

**Student Parents Nationwide**

Parents of dependent children now make up nearly a quarter (3.7 million) of the undergraduate students in the United States, and half of those parents are single parents (1.9 million). Student parents are more likely to attend community colleges and non-degree institutions than non-parent students — 13.1 percent of students at four-year institutions are parents, compared to 29.2 percent of students at community colleges.

The DOE’s data (2003) shows that student parents are more likely to leave postsecondary education (49.7 percent without degree and no longer attending) after six years than are non-parents (31.1 percent without degree and no longer attending). Overall completion rates among those receiving bachelor’s degrees, associate’s degrees, and certificates show a similar pattern, with 54 percent of non-parents completing a degree or certificate within six years (34.2 percent with a bachelor’s degree), compared to 40 percent of parents (3.8 percent with a bachelor’s degree).

Research has found that child care is a crucial factor in determining whether or not parents choose to pursue postsecondary education. A study of student parents attending community college found that over 80 percent of respondents reported that the availability of child care was very important in the decision to attend college, and 46 percent reported that campus child care was the first priority factor when enrolling in college. Nearly 60 percent of respondents reported they could not have continued college without child care services, and 95 percent reported that child care was crucial in making their decision to increase their college class load.¹

Observations, Recommendations and Responses

Student Parents at UNM
Student parents with access to campus-based child care have on average a 26 percent higher success rate than that of the general student population. Students with dependent children represent approximately one in four students pursuing higher education in the United States. The UNM Student Financial Aid Office reported that 31 percent or 4,733 students with dependent children receiving financial aid received $18,006,075 in Pell Grants for the FY 2011-2012. This data draws attention to the unmet need of student parents on the UNM Campus, the financial need of students with dependent children, and the need for expanded campus-based child care services at the UNMCC.

The graph below shows dependent children of all ages of Free Application for Federal Student Aid (FASFA) applicants at UNM. FAFSA data does not include ages of dependent children. However, the Vice President of Enrollment Management indicated that there is little likelihood of FAFSA applicants with other children (i.e. up to 26 years old).

Number of FAFSA Applicants with Children
FY 2011-2013

<table>
<thead>
<tr>
<th>Year</th>
<th>Total students with children</th>
<th>Total FAFSA applicants (enrolled)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2011</td>
<td>21,242</td>
<td>4,025</td>
</tr>
<tr>
<td>FY 2012</td>
<td>21,757</td>
<td>4,015</td>
</tr>
<tr>
<td>FY 2013</td>
<td>21,168</td>
<td>3,681</td>
</tr>
</tbody>
</table>

Source: UNM Financial Aid

Of the 21,168 UNM students applying for financial aid in FY 2013, 3,681 have children. Over the last three years there is a trend that shows approximately 18 percent of UNM students applying for financial aid have children.
Over the last three years, approximately 53 percent of all student parents applying for financial aid were single parents. Per UNM Benefits Office records, there are a total 869 dependent children (age 0 – 5 years old) of UNM faculty and staff employees: 474 children of IISC employees, and 395 children of main campus employees. The graphs below only include employees who have children covered on either UNM health or dental insurance plans. UNM employees whose children are covered under their spouse’s insurance plan are not included in the totals.

Source: UNM Financial Aid

Source: UNM Benefits Office
Observations, Recommendations and Responses

Recommendation 7

The demand for access to quality childcare at UNM is constantly growing. The University should consider expanding the UNMCC to meet the needs of this segment of its student and staff/faculty population. The University should work with the Budget Office to assess the availability of funding for the proposed expansion of the UNMCC.

Response from the Associate Vice President for Student Services

<table>
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</tr>
<tr>
<td><strong>Corrective Action Planned:</strong> The AVP for Student Life agrees with the recommendation that the University should consider expanding the UNMCC to meet the needs of this segment of its student and staff/faculty population.</td>
</tr>
<tr>
<td>- The AVP for Student Life will coordinate with the Provost's Office to prioritize this project in the context of main campus capital priorities. The challenge will be assessing the need for expansion of the UNMCC against academic priorities relative to available state, institutional and private funding sources.</td>
</tr>
</tbody>
</table>

**REQUIRED UNIVERSITY TRAINING FOR FACULTY AND STAFF**

The University of New Mexico requires mandatory training for employees in order to fulfill state and federal safety, risk, and employment law requirements. UNM employees, including faculty and staff, must take the required training annually through the University’s Learning Central website by December 31 of each year. Directors and department heads have the discretion to exempt certain employees, such as on call and temporary employees, and employees that are less than .25 FTE. However, in making this decision, directors should consider the ramifications of temporary employee misconduct or unethical behavior.

The required courses are Preventing Sexual Harassment, Basic Annual Safety Training, and Ethics: A Framework for Ethical Decision Making. UNM Internal Audit conducted test work on required training data from Learning Central for calendar year 2013, and found that faculty and staff did not adequately complete the required annual training. Ten (10) UNMCC staff employees (18 percent) did not complete the required training courses by December 31, 2013. Seven of those employees were temporary workers, who may be exempt by discretion of a director. None of the 25 UNMCC student employees completed the required training courses by December 31, 2013.
Observations, Recommendations and Responses

University departments are responsible for encouraging a healthy working environment that is ethical, promotes workplace safety, and respects employees' civil rights. Compliance with the required annual training reduces the University's exposure to legal liability or financial loss.

Recommendation 8

The Director of the UNM Children's Campus should work with the Office of the Provost and the Human Resources Department to ensure that all faculty and staff take the University's required annual training.

Response from the Director of the UNM Children's Campus

<table>
<thead>
<tr>
<th>Action Items</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Targeted Completion Date:</strong> December 2014</td>
</tr>
<tr>
<td><strong>Assigned to:</strong> Director, Master Teachers</td>
</tr>
</tbody>
</table>

**Corrective Action Planned:** The Children's Campus agrees with the recommendation that the Director of the UNM Children's Campus work with the Office of the Provost and the Human Resources Department to ensure that all staff takes the University's required annual training.

- All Children's Campus staff including student employees, temporary employees, and regular employees will be required to complete all University annual trainings by the required internal deadlines.
APPROVALS

Manu Patel, CPA
Director, Internal Audit Department

Approved for Publication

Chair, Audit Committee
UNM Children's Campus
Admission Flowchart Process (1)
2014-10

Parent submits application to add name to wait list. (2a & 2b)

Placement space becomes available. Children's Campus reviews wait lists and notifies parent. (3)

Parent must complete required paperwork, including Children's Campus contract.

Children's Campus provides transition schedule to parent and classroom staff notified.

Child begins at Children's Campus.

Children's Campus Child Teacher performs family home visit.

Notes:
(1) Children's Campus has four programs: Traditional, CCAMPIS, Pre-K, and Summer Camp
(2a) CCAMPIS requires parents to complete a registration packet and pay a $10 registration fee
(2b) Pre-K requires parents to complete an application
(3) Children's Campus reviews all wait list to determine next eligible child
<table>
<thead>
<tr>
<th>Revenues</th>
<th>FY 2012 Budget vs. Actual</th>
<th>FY 2013 Budget vs. Actual</th>
<th>FY 2014 Budget vs. Actual</th>
<th>Over (under)</th>
<th>Budgeted use of reserves</th>
<th>Total Revenues</th>
<th>FY 2012 Budget vs. Actual</th>
<th>FY 2013 Budget vs. Actual</th>
<th>FY 2014 Budget vs. Actual</th>
<th>Over (under)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child Care Fees</td>
<td>$1,830,000</td>
<td>$1,433,514</td>
<td>($366,486)</td>
<td>$1,700,000</td>
<td>$1,314,159</td>
<td>($355,841)</td>
<td>$1,700,000</td>
<td>$1,282,110</td>
<td>$417,890</td>
<td>($120,590)</td>
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<tr>
<td>Mandatory Student Fees</td>
<td>$346,740</td>
<td>$325,627</td>
<td>($20,113)</td>
<td>$353,520</td>
<td>$365,262</td>
<td>9,742</td>
<td>$376,356</td>
<td>$375,356</td>
<td>$-</td>
<td>($1,000)</td>
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<tr>
<td>Program Income</td>
<td>723</td>
<td>24,730</td>
<td>24,007</td>
<td>14,101</td>
<td>31,788</td>
<td>17,687</td>
<td>39,913</td>
<td>37,568</td>
<td>2,345</td>
<td>($76,350)</td>
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<tr>
<td>Miscellaneous</td>
<td>80,150</td>
<td>88,083</td>
<td>7,934</td>
<td>80,150</td>
<td>103,425</td>
<td>23,275</td>
<td>80,150</td>
<td>126,882</td>
<td>($46,832)</td>
<td>($46,832)</td>
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<td>Transfers</td>
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<td>(50,000)</td>
<td>(226,826)</td>
<td>(41,515)</td>
<td>33,485</td>
<td>75,000</td>
<td>(75,000)</td>
<td>($75,000)</td>
<td>($75,000)</td>
<td>($75,000)</td>
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<tr>
<td>Total Revenues</td>
<td>$3,151,285</td>
<td>$2,480,418</td>
<td>($670,867)</td>
<td>$2,747,953</td>
<td>$2,481,004</td>
<td>($266,949)</td>
<td>$3,048,469</td>
<td>$2,363,719</td>
<td>$684,750</td>
<td>($684,750)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses, by Function</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Total Salaries and Labor Costs</td>
<td>$2,161,963</td>
<td>$1,813,147</td>
<td>($348,816)</td>
<td>$1,847,993</td>
<td>$2,039,438</td>
<td>$191,445</td>
<td>$2,108,832</td>
<td>$1,883,420</td>
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<tr>
<td>Supplies &amp; Office Expenses</td>
<td>104,055</td>
<td>104,068</td>
<td>13</td>
<td>138,716</td>
<td>61,280</td>
<td>(77,436)</td>
<td>159,652</td>
<td>122,948</td>
<td>36,704</td>
<td>($36,704)</td>
</tr>
<tr>
<td>Travel and Fuel Expense</td>
<td>51,279</td>
<td>11,209</td>
<td>(40,070)</td>
<td>71,073</td>
<td>14,979</td>
<td>56,094</td>
<td>50,409</td>
<td>43,552</td>
<td>6,856</td>
<td>($6,856)</td>
</tr>
<tr>
<td>Architectural Engineering Service</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equipment and Furniture</td>
<td>65,000</td>
<td>-</td>
<td>(65,000)</td>
<td>47,500</td>
<td>93,238</td>
<td>45,738</td>
<td>37,852</td>
<td>8,613</td>
<td>29,240</td>
<td>($29,240)</td>
</tr>
<tr>
<td>Professional Services Fee</td>
<td>79,909</td>
<td>70,898</td>
<td>(9,012)</td>
<td>106,843</td>
<td>56,461</td>
<td>(50,382)</td>
<td>159,803</td>
<td>165,221</td>
<td>(5,419)</td>
<td>($5,419)</td>
</tr>
<tr>
<td>Maintenance and Improvements</td>
<td>47,323</td>
<td>15,366</td>
<td>(31,957)</td>
<td>59,032</td>
<td>17,420</td>
<td>(41,612)</td>
<td>28,032</td>
<td>58,100</td>
<td>(30,068)</td>
<td>($30,068)</td>
</tr>
<tr>
<td>Rent Expenses</td>
<td>15,000</td>
<td>4,631</td>
<td>(8,569)</td>
<td>16,000</td>
<td>7,734</td>
<td>(8,266)</td>
<td>18,500</td>
<td>9,409</td>
<td>9,091</td>
<td>($9,091)</td>
</tr>
<tr>
<td>Other Operating Costs³</td>
<td>420,549</td>
<td>124,611</td>
<td>(295,938)</td>
<td>289,066</td>
<td>250,584</td>
<td>(38,482)</td>
<td>327,151</td>
<td>135,556</td>
<td>191,595</td>
<td>($191,595)</td>
</tr>
<tr>
<td>Food Expenses</td>
<td>114,844</td>
<td>40,020</td>
<td>(74,824)</td>
<td>109,816</td>
<td>47,054</td>
<td>(62,762)</td>
<td>113,618</td>
<td>137,580</td>
<td>(23,962)</td>
<td>($23,962)</td>
</tr>
<tr>
<td>Loss on Sponsored Project</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>69,807</td>
<td>52,648</td>
<td>(17,159)</td>
<td>64,958</td>
<td>47,690</td>
<td>(17,268)</td>
<td>78,010</td>
<td>42,768</td>
<td>35,242</td>
<td>($35,242)</td>
</tr>
<tr>
<td>Bed Debt Expense</td>
<td>30,000</td>
<td>13,775</td>
<td>(16,225)</td>
<td>20,000</td>
<td>25,354</td>
<td>5,354</td>
<td>20,000</td>
<td>27,890</td>
<td>(7,890)</td>
<td>($7,890)</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$3,159,728</td>
<td>$2,252,172</td>
<td>($907,557)</td>
<td>$2,770,996</td>
<td>$2,661,232</td>
<td>($109,764)</td>
<td>$3,094,858</td>
<td>$2,635,057</td>
<td>$459,802</td>
<td>($459,802)</td>
</tr>
</tbody>
</table>

| Revenues over (under) expenses   | ($8,444)                  | $228,246                          | $236,690                  | ($23,044)             | ($180,228)              | (157,185)       | ($46,389)                 | ($271,337)                       | $224,948                  | ($224,948)  |
| Reserves, beginning of year      | $226,064                  | $226,064                          | -                        | $439,710              | $439,710                 | -               | $236,137                   | $236,137                         | -                         | -                       |
| Grant Reserves³                  | $14,600                   | -                                 | (14,600)                  | $23,345               | $23,345                 | -               | $23,956                    | (23,956)                         | -                         | -                       |
| Reserves, end of year            | $217,620                  | $439,710                          | $222,090                  | $416,667              | $236,137                | $180,530        | $187,748                   | ($59,156)                        | ($248,904)     | ($248,904)  |

Note 1: Other Operating Costs include: Office expenses (Walmart, Target, Home Depot and Lowe's), online purchase (Paypal and Amazon), purchases from Whole Food Company (Sysco and Ben E Kelth), office supplies (Sandia Office Supply), Office materials/supply (Lakeshore Learning Materials), Traveling expenses (Delta Airlines, United Airlines and Marriot JW Indianapolis).

Note 2: CCAMPIS is a four year grant ending on September 30, 2014. The program revenues of this federal grant are required to be kept separate and are not closed out to the department's reserve balance. Upon closure of the grant any remaining reserve balance is returned to the granting agency.

Exhibit 2

October 7, 2014
Review of UNM Children's Campus
Report 2014-10
### UNM Children's Campus

**CCAMPIS Grant Analysis**

**Audit# 2014-10**

<table>
<thead>
<tr>
<th></th>
<th>FY 2012</th>
<th>FY 2013</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Grant Contracts</td>
<td>$311,771</td>
<td>$312,013</td>
<td>$217,792</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$311,771</td>
<td>$312,013</td>
<td>$217,792</td>
</tr>
<tr>
<td><strong>Expenses, by Function</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary Expenses</td>
<td>$268,252</td>
<td>$271,778</td>
<td>$190,672</td>
</tr>
<tr>
<td>Supplies &amp; Office Expenses</td>
<td>394</td>
<td>933</td>
<td>331</td>
</tr>
<tr>
<td>Travel Expense</td>
<td>-</td>
<td>544</td>
<td>-</td>
</tr>
<tr>
<td>Equipment and Furniture</td>
<td>-</td>
<td>6647.81</td>
<td>361</td>
</tr>
<tr>
<td>Professional Services Fee</td>
<td>500</td>
<td>1,126</td>
<td>1,679</td>
</tr>
<tr>
<td>Other Operating Costs</td>
<td>16,933</td>
<td>5,504</td>
<td>7,719</td>
</tr>
<tr>
<td>Food Expenses</td>
<td>-</td>
<td>30</td>
<td>-</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>2,597</td>
<td>2,339</td>
<td>897</td>
</tr>
<tr>
<td>F&amp;A Expense General</td>
<td>23,094</td>
<td>23,112</td>
<td>16,133</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$311,771</td>
<td>$312,013</td>
<td>$217,792</td>
</tr>
<tr>
<td>Revenues over (under) expenses</td>
<td>$</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Note: In FY 2014 87% of the grant money was used for salary expenses. This trend has been consistent over the past 4 fiscal years. Other Operating Expenses include purchases of learning materials, play ground equipment, arts & crafts supplies, and food supplies. F&A expenses are composed of indirect cost allocations of overhead to the grant.
### UNM Children's Campus
### Pre-K Grant Analysis
### Audit# 2014-10

<table>
<thead>
<tr>
<th></th>
<th>FY 2012</th>
<th>FY 2013</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Grant Contracts</td>
<td>$345,683</td>
<td>$320,872</td>
<td>$322,912</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$345,683</td>
<td>$320,872</td>
<td>$322,912</td>
</tr>
<tr>
<td><strong>Expenses, by Function</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary Expenses</td>
<td>$234,373</td>
<td>$286,646</td>
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<td>Supplies &amp; Office Expenses</td>
<td>41,819</td>
<td>281</td>
<td>-</td>
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<td>Food Expenses</td>
<td>8</td>
<td>-</td>
<td>992</td>
</tr>
<tr>
<td>Travel Expense</td>
<td>1,916</td>
<td>36</td>
<td>1,246</td>
</tr>
<tr>
<td>Professional Services Fee</td>
<td>38,105</td>
<td>25,033</td>
<td>36,515</td>
</tr>
<tr>
<td>Other Operating Costs</td>
<td>4,233</td>
<td>2,888</td>
<td>60,328</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>2,616</td>
<td>1,083</td>
<td>4,017</td>
</tr>
<tr>
<td>Loss on Sponsored Project</td>
<td>(17,212)</td>
<td>(877)</td>
<td></td>
</tr>
<tr>
<td>F&amp;A Expense General</td>
<td>22,615</td>
<td>22,118</td>
<td>21,182</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>$345,683</td>
<td>$320,872</td>
<td>$322,912</td>
</tr>
<tr>
<td><strong>Revenues over (under) expenses</strong></td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
</tr>
</tbody>
</table>

**Note:** In FY 2014 61% of the grant money was used for salary expenses. This is a decrease of 28% from FY13 to FY14. Supplies and Office Expenses saw a drastic increase in FY 12; this can be attributed to the instruction materials and the computer equipment purchased with the grant money. Other Operating Expenses include purchases of learning materials, play ground equipment, arts & crafts supplies, and food supplies. F&A expenses are composed of indirect cost allocations of overhead to the grant.