



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0006

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Rob Sand
Auditor of State

NEWS RELEASE

FOR RELEASE

November 18, 2020

Contact: Marlys Gaston
515/281-5834

Auditor of State Rob Sand released agreed-upon procedures reports on two agreements between the Bureau of Nutrition and Health Services of the Iowa Department of Education and child care centers for the period October 1, 2019 through August 31, 2020.

The agreements specified federal criteria for the disbursement of Child and Adult Care Food Program assistance funds to child care centers. Reimbursements to child care centers are based on the number of meals and/or snacks served to eligible children.

Sand reported three findings related to the receipt and disbursement of taxpayer funds. They are found on pages 7 through 8 of each report. The findings address issues such as a lack of segregation of duties, documentation of completed applications for each child categorized as free or reduced-price and purchasing the appropriate milk based on the month's menus and meal pattern requirements. Sand provided the Centers with recommendations to address each of the findings.

All three findings discussed above are repeated from the prior year. Management at each Center has a fiduciary responsibility to provide oversight of the Center's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercise in its fiduciary capacity.

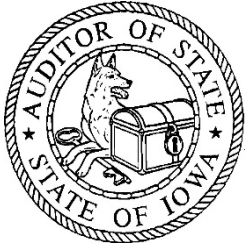
Copies of the agreed-upon procedures reports are available for review in the Office of Auditor of State and on the Auditor of State's website at <https://auditor.iowa.gov/reports/audit-reports/>.

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**BUREAU OF NUTRITION AND HEALTH SERVICES
IOWA DEPARTMENT OF EDUCATION
AGREEMENT #770003
SHINING STARS CHILD DEVELOPMENT CENTER & PRESCHOOL
PLEASANT HILL, IOWA**

**AUDITOR OF STATE'S INDEPENDENT REPORT
ON APPLYING AGREED-UPON PROCEDURES**

**FOR THE PERIOD
OCTOBER 1, 2019 THROUGH AUGUST 31, 2020**



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand
Auditor of State

November 2, 2020

Dear Bureau of Nutrition and Health Services of the Iowa Department of Education and the
Owner/Director of the Shining Stars Child Development Center & Preschool, Pleasant Hill, Iowa:

I am pleased to submit to you the agreed-upon procedures report for the Bureau of Nutrition and Health Services of the Iowa Department of Education-Shining Stars Child Development Center & Preschool, for the eleven months ended August 31, 2020. The report also includes certain unaudited information pertaining to meals served and program reimbursements. The agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants.

I appreciate the cooperation and courtesy extended by the owner and employees of the Shining Stars Child Development Center & Preschool throughout the agreed-upon procedures engagement. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink that reads "Rob Sand".

Rob Sand
Auditor of State

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**Bureau of Nutrition and Health Services
Iowa Department of Education
Agreement #770003
Shining Stars Child Development Center & Preschool**

Officials

Name

Title

State

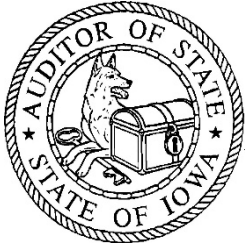
Honorable Kim Reynolds
David Roederer
Glen P. Dickinson
Kala Shipley

Governor
Director, Department of Management
Director, Legislative Services Agency
Bureau Chief, Bureau of Nutrition and Health
Services, Iowa Department of Education

Child Care Center

Dianna Marquardt

Owner/Director



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

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Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 281-6518

Auditor of State's Independent Report on Applying Agreed-Upon Procedures

To the Bureau of Nutrition and Health Services of the Iowa Department of Education and the Owner/Director of the Shining Stars Child Development Center & Preschool:

We have performed the procedures below, which were agreed upon by the management of the Bureau of Nutrition and Health Services of the Iowa Department of Education, solely to assist in evaluating the Shining Stars Child Development Center & Preschool's (Center's) compliance with the requirements and regulations of the Child and Adult Care Food Program, to determine if the program and participation data reported by the Center for reimbursements is accurate and to determine if the Center's internal controls are adequate for program participation, for the period of October 1, 2019 through August 31, 2020. The Center's management is responsible for compliance with the provisions of the Child and Adult Care Food Program and for making all records and related information available.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representations regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed are summarized as follows:

1. We visited the Center on October 21, 2020 and reviewed internal controls with Center staff to determine if the controls in place are adequate for program participation.
2. We reviewed all eligibility applications for the Center for the period of October 1, 2019 through August 31, 2020 to determine if they were complete and properly approved.
3. We selected the month of February 2020 to review the Center's daily meal participation records for accuracy, to review time-in and time-out records to verify children were in attendance at the Center when meals were claimed, to determine children were claimed correctly as either free, reduced-price or paid, to determine if at least 25% of the children enrolled and claimed were eligible for free or reduced-price meals or 25% of the Center's license capacity and claimed were eligible for free or reduced-price meals and to determine if the monthly claim for reimbursement is properly supported.
4. We observed at least one meal or snack to determine if meal pattern requirements were being met, including the presence of the required components, to determine adequate quantities were served for the age and number of participants.
5. We reviewed daily meal production records to determine that quantities prepared met meal pattern requirements based on the month's menu. We completed a milk study comparing milk receipts to meal pattern requirements based on the month's menu.

Based on the performance of the procedures described above, we identified various findings and recommendations for the Center. Our findings and recommendations are described in the Detailed Findings and Recommendations section of this report. Unless reported in the Detailed Findings and Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Center's compliance with the requirements and regulations of the Child and Adult Care Food Program, the accuracy of the data reported for reimbursement and the adequacy of internal controls for the eleven months ended August 31, 2020. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of the Bureau of Nutrition and Health Services of the Iowa Department of Education and Shining Stars Child Development Center & Preschool and is not intended to be and should not be used by anyone other than those specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Bureau of Health and Nutrition Services of the Iowa Department of Education and Shining Stars Child Development Center & Preschool during the course of our agreed-upon procedures. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


Marlys K. Gaston, CPA
Deputy Auditor of State

November 2, 2020

Bureau of Nutrition and Health Services
Iowa Department of Education
Agreement #770003
Shining Stars Child Development Center & Preschool

Schedule of Meals Served and Program Reimbursements
(Unaudited)

Eleven months ended August 31, 2020

	No. of Meals Served	Program Reimbursements			
		Breakfast	Lunch	Snacks	Total
Free meals	36,781	\$ 17,829	39,195	15,542	72,566
Reduced-price meals	2,974	1,078	3,084	632	4,794
Paid meals	59,909	4,865	10,263	2,082	17,210
	<u>99,664</u>	<u>\$ 23,772</u>	<u>52,542</u>	<u>18,256</u>	<u>94,570</u>

See accompanying Auditor of State's independent report on applying agreed-upon procedures.

Bureau of Nutrition and Health Services
Iowa Department of Education
Agreement #770003
Shining Stars Child Development Center & Preschool

Detailed Findings and Recommendations

To the Bureau of Nutrition and Health Services of the Iowa Department of Education
and the Owner/Director of the Shining Stars Child Development Center & Preschool:

At your request, we made inquiries and observations regarding the Shining Stars Child Development Center & Preschool compliance with the requirements and regulations of the Child and Adult Care Food Program, the accuracy of the data reported for reimbursement and the adequacy of internal controls for the period of October 1, 2019 through August 31, 2020. Following are the findings and recommendations we identified as a result of our agreed-upon procedures.

- (A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Generally, one individual is responsible for the preparation, approval and disbursement of bills and the monthly claims for reimbursement are not reviewed by an independent person. Also, there are no policies addressing inventory access, purchasing and recording.

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, the Center should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff. Independent reviews of the monthly claims for reimbursement should be performed and the review should be documented by the initials or signature of the reviewer and the date of the review. Also, policies addressing inventory access, purchasing and recoding should be established and implemented.

Response – We will have the assistant director summarize the bills and the owner/director will review, approve and pay the bills. We will make a policy with the staff that are responsible for reviewing the monthly claim and also a form for them to fill out and document any findings, with the date it was reviewed. A policy will also be made for inventory. There will also be a form that will be initiated by our cook for weekly inventory. This will be done on Thursdays, which is the day we receive our food order. Our cook is the person who puts our food order away.

Conclusion – Response accepted.

- (B) Participant Eligibility – Eligibility applications for the period October 1, 2019 through August 31, 2020 were reviewed to determine if an application was on file for meals/snacks claimed for each child categorized as free or reduced-price and to determine if the application was complete, properly approved and dated. The following findings were noted:

- For fifty-eight of one hundred thirty applications tested, the top portion of the application which included the birthdate, grade and the name of school was not completed.
- For sixty-four of one hundred thirty applications tested, the section listing the people in the household was not completed.
- The income section was not completed for sixty-eight of one hundred thirty applications.

Bureau of Nutrition and Health Services
Iowa Department of Education
Agreement #770003
Shining Stars Child Development Center & Preschool

Detailed Findings and Recommendations

- Three of one hundred thirty applications did not include a Social Security number, nor was the “No Social Security” box checked.
- Eleven of one hundred thirty applications had expired.

Since the applications were incomplete, the overclaimed amount will be calculated by the Center from the date of application to August 31, 2020 and provided to the Department of Education, as required.

- Fourteen of one hundred thirty applications did not have a determination identified at the bottom of the application

Recommendation – The Center should develop and implement procedures to ensure each application on file for children categorized as free or reduced-price is complete, properly approved and dated.

Response – We have a new policy that we just implemented that we will be utilizing, that audits staff and children files monthly. An audit will also be done on applications each month and documented with the date it was done and also any findings.

Conclusion – Response accepted.

- (C) Milk Study – Meal pattern requirements specify the amount of milk required to be served at each meal and/or snack. A milk study was performed which compared the amount of milk required to be served based on the menus for the month to the actual amount of milk purchased and/or donated during the month. The Center only purchased 44% of the milk required to be served based on the menus for the month.

Recommendation – The Center should develop and implement procedures to ensure sufficient milk is purchased and served during the month based on the month’s menus and meal pattern requirements.

Response – We have talked to our milk vendor and also our vendor that supplies our non-perishable items and we will be serving the kids bigger size cups, that way when milk is served the cups won’t be so full and less spills will happen. Also, the teachers won’t be nervous about serving a full cup to the rim. Teachers will also be trained on serving milk, how much milk needs to go in each cup. Also, we will review the menu again so they understand how much milk each child should get. We will be serving the school age kids 1% chocolate milk, after asking the kids what they prefer. This is the milk of choice over white milk. We will also have white milk available for them.

Conclusion – Response accepted.

Bureau of Nutrition and Health Services
Iowa Department of Education
Agreement #770003
Shining Stars Child Development Center & Preschool

Staff

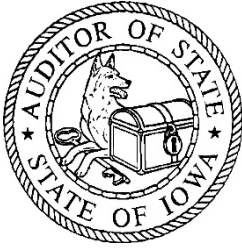
This engagement was performed by:

Marlys K. Gaston, CPA, Deputy
Katherine L. Rupp, CPA, Manager
Sidot K. Shipley, Senior Auditor
Ashley A. Kraber, Assistant Auditor

**BUREAU OF NUTRITION AND HEALTH SERVICES
IOWA DEPARTMENT OF EDUCATION
AGREEMENT #579968
CR GOOSE, INC., DBA MOTHER GOOSE DAYCARE & PRESCHOOL, INC.
CEDAR RAPIDS, IOWA**

**AUDITOR OF STATE'S INDEPENDENT REPORT
ON APPLYING AGREED-UPON PROCEDURES**

**FOR THE PERIOD
OCTOBER 1, 2019 THROUGH AUGUST 31, 2020**



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand
Auditor of State

November 2, 2020

Dear Bureau of Nutrition and Health Services of the Iowa Department of Education and the Owner/Director of CR Goose, Inc:

I am pleased to submit to you the agreed-upon procedures report for the Bureau of Nutrition and Health Services of the Iowa Department of Education - CR Goose, Inc., for the eleven months ended August 31, 2020. This report also includes certain unaudited information pertaining to meals served and program reimbursements. The agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants.

I appreciate the cooperation and courtesy extended by the owner and employees of the CR Goose, Inc. throughout the agreed-upon procedures engagement. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink that reads "Rob Sand".

Rob Sand
Auditor of State

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**Bureau of Nutrition and Health Services
Iowa Department of Education
Agreement #528037
CR Goose, Inc.**

Officials

Name

Title

State

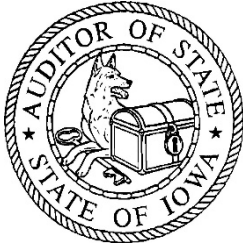
Honorable Kim Reynolds
David Roederer
Glen P. Dickinson
Kala Shipley

Governor
Director, Department of Management
Director, Legislative Services Agency
Bureau Chief, Bureau of Nutrition and Health
Services, Iowa Department of Education

Child Care Center

Amber Taylor

Owner/Director



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

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Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 281-6518

Auditor of State's Independent Report on Applying Agreed-Upon Procedures

To the Bureau of Nutrition and Health Services of the Iowa Department of Education and the Owner/Director of CR Goose, Inc.:

We have performed the procedures enumerated below, which were agreed upon by the management of the Bureau of Nutrition and Health Services of the Iowa Department of Education, solely to assist in evaluating CR Goose, Inc.'s (the Center's) compliance with the requirements and regulations of the Child and Adult Care Food Program, to determine if the program and participation data reported by the Center for reimbursements is accurate and to determine if the Center's internal controls are adequate for program participation, for the period of October 1, 2019 through August 31, 2020. The Center's management is responsible for compliance with the provisions of the Child and Adult Care Food Program and for making all records and related information available.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representations regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed are summarized as follows:

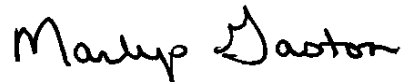
1. We visited the Center on October 13, 2020 and reviewed internal controls with Center staff to determine if the controls in place are adequate for program participation.
2. We reviewed all eligibility applications for the Center for the period of October 1, 2019 through August 31, 2020 to determine if they were complete and properly approved.
3. We selected the month of February 2020 to review the Center's daily meal participation records for accuracy, to review time-in and time-out records to verify children were in attendance at the Center when meals were claimed, to determine children were claimed correctly as either free, reduced-price or paid, to determine if at least 25% of the children enrolled and claimed were eligible for free or reduced-price meals or 25% of the Center's license capacity and claimed were eligible for free or reduced-price meals and to determine if the monthly claim for reimbursement is properly supported.
4. We observed at least one meal or snack to determine if meal pattern requirements were being met, including the presence of the required components, to determine adequate quantities were served for the age and number of participants.
5. We reviewed daily meal production records to determine that quantities prepared met meal pattern requirements based on the month's menu. We completed a milk study comparing milk receipts to meal pattern requirements based on the month's menu.

Based on the performance of the procedures described above, we identified various findings and recommendations for the Center. Our findings and recommendations are described in the Detailed Findings and Recommendations section of this report. Unless reported in the Detailed Findings and Recommendations, items on non-compliance were not noted during the performance of the specific procedures listed above.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Center's compliance with the requirements and regulations of the Child and Adult Care Food Program, the accuracy of the data requested for reimbursement and the adequacy of internal controls for the eleven months ended August 31, 2020. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of the Bureau of Nutrition and Health Services of the Iowa Department of Education and CR Goose, Inc. and is not intended to be and should not be used by anyone other than those specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Bureau of Health and Nutrition Services of the Iowa Department of Education and CR Goose, Inc. during the course of our agreed-upon procedures engagement. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Marlys K. Gaston, CPA
Deputy Auditor of State

November 2, 2020

Bureau of Nutrition and Health Services
Iowa Department of Education
Agreement #579968
CR Goose, Inc.

Schedule of Meals Served and Program Reimbursements
(Unaudited)

Eleven months ended August 31, 2020

	No. of Meals Served	Program Reimbursements			
		Breakfast	Lunch	Snacks	Total
Free meals	47,800	\$ 29,395	58,505	15,044	102,944
Reduced-price meals	-	-	-	-	-
Paid meals	4,725	491	887	126	1,504
	<u>52,525</u>	<u>\$ 29,886</u>	<u>59,392</u>	<u>15,170</u>	<u>104,448</u>

See accompanying Auditor of State's independent report on applying agreed-upon procedures.

Bureau of Nutrition and Health Services
Iowa Department of Education
Agreement #579968
CR Goose, Inc.

Detailed Findings and Recommendations

To the Bureau of Nutrition and Health Services of the Iowa Department of Education
and the Owner/Director of CR Goose, Inc.:

At your request, we made inquiries and observations regarding CR Goose, Inc.'s compliance with the requirements and regulations of the Child and Adult Care Food Program, the accuracy of the data reported for reimbursement and the adequacy of internal controls for the period of October 1, 2019 through August 31, 2020. Following are the findings and recommendations we identified as a result of our agreed-upon procedures.

- (A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Generally, one individual is responsible for the preparation, approval and disbursement of bills and monthly claims for reimbursement are not reviewed by an independent person. Also, there are no policies addressing inventory access, processing and recording and all staff members have access to inventory.

Recommendation – We realize segregation of duties is difficult with a limited number of employees. However, the Center should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff. Independent reviews of monthly claims for reimbursement should be performed and the reviews should be documented by the initials or signature of the reviewer and the date of the review. Also, policies addressing inventory access, processing and recording should be established and implements and access to inventory should be limited.

Response – I am working hard on segregating duties so that so that there is a better internal control policy. I have recently been approved for an on-site supervisor and hope to give that employee adequate training to do more of the food program tasks. I would also like for the center cook to take on some of the tasks of the food program as well. With changing staff it gets challenging at times to delegate duties; but it is something that we are continuing to work on and improve.

Conclusion – Response accepted.

- (B) Participant Eligibility – Eligibility applications for the period of October 1, 2019 through August 31, 2020 were reviewed to determine if an application was on file for meals/snacks claimed for each child categorized as free or reduced-price and to determine if the application was complete, properly approved and dated. For one application which included two children, the family's bi-weekly income exceeded the income limit for free meals. The overclaimed amount will be calculated by the Center from the date of the application to August 31, 2020 and provided to the Department of Education, as required.

Recommendation – The Center should develop and implement procedures to ensure applications are reviewed and the determination for each child is properly categorized as free or reduced-price.

Bureau of Nutrition and Health Services
Iowa Department of Education
Agreement #579968
CR Goose, Inc.

Detailed Findings and Recommendations

Response – I have appointed an on-site supervisor at the center and plan to train her on more office work. She will be responsible for ensuring each family has the participant eligibility applications filled out correctly and are kept in a file. I will then go over each application to look for errors as well.

Conclusion – Response accepted.

- (C) Milk Study – Meal pattern requirements specify the amount of milk required to be served at each meal and/or snack. A milk study was performed which compared the amount of milk required to be served based on the menus for the month to the actual amount of milk purchased and/or donated during the month. The Center only purchased 38% of the milk required to be served based on the menus for the month.

Recommendation – The Center should develop and implement procedures to ensure sufficient milk is purchased and served during the month based on the month's menus and meal pattern requirements.

Response – I am not sure why there would be such a huge discrepancy in the milk purchased vs milk served. I am not certain if I misplaced a milk receipt along the way or what, but we serve an abundance of milk and even allow for extra if requested. I will be certain that the cook and the staff are better trained on accurate on pouring milk. I will also be certain that I am obtaining all receipts for milk purchases and keep in them in better organized system as to not misplace them. If we have any milk donations, I will also be sure that they are documented and recorded for CACFP purposes.

Conclusion – Response accepted.

Bureau of Nutrition and Health Services
Iowa Department of Education
Agreement #579968
CR Goose, Inc.

Staff

This engagement was performed by:

Marlys K. Gaston, CPA, Deputy
Katherine L. Rupp, CPA, Manager
Sidot K. Shipley, Senior Auditor
William J. Sallen, CPA, Staff Auditor