

BROCCOLIHALL, INC.

SCHEDULE OF FINDINGS

JUNE 30, 2017

*Status of Prior Year Findings*

**#2011-06 Credit Card Policy**

*Condition and Updated Status:*

In FY 2014, we noted improvement in the control over the documentation and tracking of missing credit card receipts was extremely effective, yet issues remained with respect to the personal use and tracking of receipts for charges on the Organization's credit cards. During FY 2015, FY 2016 and FY 2017, while the dollar amounts were not material, there were numerous personal transactions which were charged to the Organization's credit card, and purchases whereby no receipt was available for review. It is noted that personal items were not charged to the Commonwealth and all such amounts will be reimbursed. Purchases with no receipts are classified as non-reimbursable, ineligible costs that must be paid for with unrestricted support. We continue to encourage the Organization to establish stronger controls over the use of credit cards for personal items and to enforce its policy of requiring receipts for all purchases.

*Management's Response:*

Credit Card policies

Broccoli Hall has discussed eliminating credit card use entirely, but it has deemed that unwise. Instead credit cards will be used only in absolutely necessary or emergency circumstances and only with a purchase order containing estimated cost signed by the Head of School. Summer/Wild Asparagus purchases will be handled separately.

Receipts

Broccoli Hall has purchased a scanner specifically for the Business Office which is now in place. Receipts for all purchases will be scanned immediately to prevent misplacement or loss. Additionally, Broccoli Hall is purchasing a cell phone app. for faculty phones/Quickbooks, called the Receipts Bank. Receipts for purchases can be transmitted immediately to the Business Office computer. No data will be available to senders. Purchases made without a purchase order will not be honored whether paid for in cash, check, personal or school credit card. The only exception will be for fuel and automobile repairs.

**#2013-01 Controls Over Key General Ledger Accounts**

*Condition and Updated Status:*

We reported a material weakness in the FY 2013 audit as a result of inadequate controls over the year end closing process and key balances that were not reconciled until several months after the audit field work was conducted. Since then, there has been significant progress which downgraded the finding to a significant deficiency; however, in each year, there has continued to be one or two significant adjustments detected as part of our audit procedures. Therefore, while we consider this matter to be resolved we encourage the Organization to reconcile key balances regularly during the year and as a minimum at the end of each quarter.

*Management's Response:*

Balance sheet accounts are reconciled on a monthly basis. Quarterly reports are prepared in a timely fashion. Deferred revenue is closely watched.

**#2014-01 Timesheet Preparation and Authorization**

*Condition and Updated Status:*

The recordkeeping requirements of Commonwealth of Massachusetts regulation 808 CMR 1.04 requires contractor organizations to maintain a system of documenting each full and part-time employee's attendance, hours worked, program assignments and payroll expenses to enable the Organization to prepare an accurate schedule of full-time equivalent employees and associated payroll expenses by job category and program. Since FY 2014, we have identified the lack of supervisory review and authorization of time sheets as an ongoing internal control deficiency. In addition, while the school has a set calendar, timesheets that document attendance must be maintained, and during our audit procedures, we noted that time and attendance records were not consistently maintained.

Recommendation:

We encourage the Organization to implement controls and procedures to require supervisory review of timesheets, which would include ensuring that all timesheets are submitted, as required.

Management's Response:

Timesheets are prepared on a timely basis. Timesheets are kept in a large three-ring notebook. Faculty attendance will be monitored by the main office beginning December 1.

**#2015-02**    **Personnel Files**

Condition and Updated Status:

During the FY 2015 and FY 2016 audits, we selected personnel files in order to test for compliance with the record keeping requirements of 808 CMR 1.04. We noted in FY 2015 that CORI forms were missing and in FY 2016 that the personnel files had not been kept up to date. In FY 2016, we tested three files, each of which was incomplete, and missing required documents. In FY 2017, we noted no similar instances of missing documentation and consider the finding to be resolved.