

INNOVATORS IN MILESTONES, INC.
DBA MILESTONE SABIS ACADEMY



COMPLIANCE AUDIT
ISSUED MARCH 11, 2009

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LOUISIANA LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

March 11, 2009

Ms. Catherine Boozer, Director,
and Board of Directors
Milestone SABIS Academy of New Orleans
5951 Patton Street
New Orleans, Louisiana 70115

Dear Ms. Boozer:

We have audited certain transactions of Milestone SABIS Academy (MSA) for fiscal year ended June 30, 2008. Our audit was conducted in accordance with Title 24 of the Louisiana Revised Statutes and consisted primarily of inquiries and the examination of selected financial records and other documentation. The scope of our audit was significantly less than that required of an audit by *Government Auditing Standards*; therefore, we are not offering an opinion on the MSA financial statements or system of internal control nor assurance as to compliance with laws and regulations.

Our audit was conducted to determine if the management of MSA complied with the Office of Management and Budget Circular A-87 (OMB A-87) guidance on expenditures of federal grant funds for payroll cost. OMB A-87 requires semiannual certifications for employees working solely on federal grant programs and monthly personnel activity reports or equivalent documentation for employees that worked on multiple activities or cost objectives.

We examined MSA's grant budgets, payroll records, and other documents and noted that 53 employees received payments from Title I, II, IV, and IDEA (grants). MSA records indicate that eight of the 53 employees' salaries were paid solely from grant funds supported by semi-annual certifications as required by OMB A-87 attesting to work performed under the grant. Forty of the 53 employees' grant payments were supported by other payroll documentation.

The remaining five employees worked on multiple activities or cost objectives, and these employees were paid a total of \$55,045 from federal grants in addition to their regular salaries (general fund payments). MSA management indicated that grant payments to the five employees were based strictly on the grant budget. OMB A-87 states, in part, budget estimates do not qualify as support for charges to federal awards and that monthly personnel activity reports or equivalent documentation is required to substantiate the employee's work associated with

Ms. Catherine Boozer, Director
March 11, 2009
Page 2

multiple activities or cost objectives. The personnel activity report should detail all of the employee's time and activities performed for the period it covers. The agency could not provide sufficient documentation to support the grant payments to these employees. As a result, we could not determine if these payroll costs were reasonable and consistent with salary costs for non-federal programs.

We recommend that MSA comply with OMB A-87 guidance when charging costs to federal grants, to include documentation of cost objectives and time worked and requiring approval of payments by a tier of supervision higher than the employee generating the cost.

This correspondence represents our finding and recommendation as well as management's response. This correspondence is intended primarily for the information and use of MSA management. I trust this information will assist you in the efficient and effective operations of MSA. Should you have any questions, please contact me at (225) 339-3839 or Mr. Dan Daigle, Assistant Legislative Auditor, at (225) 339-3808.

Sincerely,



Steve J. Theriot, CPA
Legislative Auditor

DD:KK:MC:dl

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Management's Response

Milestone SABIS Academy provided a 128-page response that included documentation of work performed on federal grants. The letter included in the response is attached to this report. The response in its entirety can be viewed at the Louisiana Legislative Auditor's Office in Baton Rouge.



Milestone SABIS® Academy of New Orleans

Mr. Kevin Kelley
Compliance Audit Manager
1600 North Third Street
Baton Rouge, LA 70804-9397

Dear Mr. Kelley:

In response to your compliance audit report on the Milestone SABIS® Academy dated January 30, 2009; I am providing a written response to your findings. I would like to thank you for acknowledging me and my staff for our assistance during the audit.

As the director of Milestone SABIS® Academy (MSA), my goal is to always be cooperative with any agency as well as be very transparent about what is taking place at the school. My responsibility is to be able to provide anyone with the necessary documents to any findings. The documents that are provided are very reliable and true to the best of my knowledge. I have in no way or intentionally provided documents that would not provide evidence of the services performed at MSA. Documents are denoted by colored tabs.

As stated in the last paragraph of the preliminary draft, it states; "We recommend that MSA comply with OMB A-87 guidance when charging costs to federal grants, to include documentation of cost objectives and time worked and requiring approval of payments by a tier of supervision higher than the employee generating the cost." According to an email that was sent to the former director of MSA on September 7, 2004, the method of documentation of service provided was misleading or not clearly understood. The email provided documents that included, personnel activity report, Bi-weekly Certification and Semiannual Employee Certification. This document is noted with yellow tabs. According to the findings, in times past, reporting has not been documented properly but; I can assure you that from this moment on, reporting will be done in a more detailed fashion.

The other area to address in the findings is the approval of payments by a tier of supervision higher than the employee generating the cost. The payments received were an inherited continuation of payments. MSA is run by a Management Company which; in the management agreement dated August 12, 2003 section 6.1. Payment of Expenses, 6. 1.1 states; "One Hundred percent (100%) of all funds, except for those grants and donations secured by the Board and fees from School programs not managed by the Education Provider, shall be advanced to the Education Provider to pay for all operational cost of the school." This document is noted with a pink tab.

According to E-Grant instruction on set asides it states; "A district may reserve funds for certain reasonable and necessary services before allocating funds to schools." Under the title of Administration it states; "Costs for administering the program for public and private school children, generally limited to 5% of the grant." The amount allocated for administrative cost of the MSA Title I Grant did not exceed 5%. This document is denoted with a green tab.

As the director of the school, payments made to Jones, Wheeler, Harper and Lilley were approved. As far as payments made to the director of the Title I program; I did not receive prior approval for the payments. Again, I must state that; these payments were in consistent with payments made to the

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previous director. Any payments made from the moment of the findings are presently being approved by a tier supervisor higher than me; prior to any payments being made.

Although prior approval was not received for the services rendered, enclosed you will find several documents denoting the work I performed which involved Title I. Documents included are; Internship Logs provided to Capella University Instructor on the hours spent developing a Title I Afterschool Enrichment Program. These documents are held together by a paper clip and denoted with a yellow tab and a pink tab. Another document is an evaluation of the program done by my supervisor; George Saad. This document is held together by a paper clip and denoted with a green tab and a purple tab.

Another form of documentation submitted are the emails inquiring information on Century 21 grants for the Afterschool Enrichment Program. The emails are denoted with a blue tab and yellow tab. I spent a minimum of three (3) hours researching grants until I was lead to the 21st Century Grant information.

The other documentation that is being submitted is the printout from the Department of Education of the number of times the Title I Grant was submitted and returned for corrections until a final approval was granted. These documents are paper clipped together and denoted with two pink tabs.

Listed are dates and hours spent working on the Title I Grant as well as time spent researching other Title I Grants for directions on what's allowable under Title I since; this was my first experience of submitting a Title I Grant which includes weekends.

09/15/07 – 9:00 to 2pm, 5 hrs.	09/29/07-9:00 to 3pm, 6 hrs.,	10/20/07-10:00 to 4pm 6 hrs.
10/21/07-12pm to 3pm, 3 hrs.	11/12/07-9:00 to 3pm, 6 hrs.	02/23/08-9:00 to 2pm 5 hrs.
04/19/08-9:00 to 2pm, 5 hrs.	04/26/08-9:00 to 2pm, 5 hrs.	05/07/08-4pm to 6pm, 2 hrs.
05/08/08-4pm to 6pm, 2 hrs.	05/10/08-4pm to 6pm, 2 hrs.	05/10/08-9:00 to 2pm, 5 hrs.
05/21/08-4pm to 6pm, 2hrs.	05/22/08-2pm to 6pm, 4 hrs.	05/22/08 –Submitted 15 mins.
06/04/08-3pm to 6pm, 3 hrs.	06/05/08-3pm to 6pm, 3 hrs.	06/06/08-4pm to 6pm, 2 hrs.
06/13/08-12pm to 5pm, 5 hrs.	06/13/08 Re-submitted 15 mins.	

The times above reflects, seventy-one hours (71) and thirty (30) minutes spent working on the 0708 School Year Title I Grant outside of my normal work duties.

The times below are hours spent working on the 0809 School Year Title I Grant.

June 9, 08 to June 26, 08, four (4) hours per day were spent working on the 0809 School Year Title I Grant which was a total of fourteen (14) days and equaled to sixty-four (64) hours and fifteen (15) minutes. The fifteen (15) minutes were time spent submitting the grant and waiting on a response to receive the confirmation of receipt of the grant. Although the 0708 Title I Grant final approval was in June, the Department of Education required that the 0809 School Year Title I Grant be completed by June 30, 2008.

On July 27, 2007, from 8 am to 3pm (8 hrs.), I attended a workshop in Marksville, Louisiana on Title IV, Safe and Drug Free Schools. Attending that workshop gave me the information and tools

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needed to develop the school's crisis plan. On August 29, 2007, I met with Sandra Ezell at MSA to discuss the safety of the school and what was needed to ensure a safe and drug free school. Our meeting was from 10:30am to 12 noon (1 ½ hrs.). During the 2007/2008 School Year, there were weekly crisis team meetings. The meeting dates were; 9/13, 9/20, 9/27, 10/4, 10/11, 10/18, 10/25, 11/1, 11/8, 11/15, 11/29, 12/6, and 12/13/2007. The meetings resumed in 2008 on 01/17, 01/24, 01/31, 02/14, 02/21, 02/28, 04/03, 04/17, 04/24, 05/01, 05/08, 05/15, 05/22 and 05/29. The crisis team consisted of a ten (10) member team of different employees which was lead by the director.

On April 10, 2008, I attended a Title I Workshop in Baton Rouge from 8 am to 3pm (7 hrs.). The workshop included; Titles I, II, IV and IDEA. Attached is an email stating being out of the office and why. This document is denoted with two purple tabs.

Also included is an agenda of Title I Parental Involvement Activity dated October 25, 2007. These activities took place the last Friday of each month which; Title I was discussed with parents. This document is denoted with two yellow tabs.

Other events that happened during the school year and Title I was discussed with the parents were; Parent Orientation-August 30, 2007, September 11, 2007 Grandparents Day where, Title I funds were discussed because; many grandparents are guardians of the children that attends MSA as well as Back to School Night-September 13, 2007. Each meeting Title I Parental Involvement was discussed for approximately 15 minutes. Some discussions were longer because parents had questions about being involved in the school.

On October 27, 2007, we had our Family & Community Fun Day which was part of the School Improvement Plan. During the months of August, September and October, there were weekly meetings with Wheeler and Lilley to ensure implementation of the School Improvement plan. Weekly meetings were held with staff including Jones to discuss preparation for the Family & Community Fun Day. Planning meetings were held periodically which lasted one to one and a half hours. The event was held from 10 am to 3pm. At 1pm I met with parents for an hour to discuss Title I Parental Involvement and how they can be involved in the school. There were approximately 60 parents in attendance.

There were different dates and times spent working on the School Improvement Plan and the implementation. The total number of hours working on the School Improvement Plan equaled sixty-four (64) hours. Dates and times are listed as follows;

08/08/07 -2pm to 6pm, 4 hrs.
08/18/07-9am to 3pm, 6 hrs.
09/08/07-9am to 3pm, 6 hrs.
10/13/08-8am to 4pm, 8 hrs.

08/08/07-2pm to 6pm, 4 hrs.
09/06/07-2pm to 6pm 4 hrs.
09/22/07-9am to 3pm, 6 hrs.
10/18/07-9am to 1pm, 4 hrs.

08/11/07-9am to 3pm, 6 hrs.
09/07/07-2pm to 6pm, 4 hrs.
10/06/07-8am to 4pm, 8 hrs.
10/19/07-9am to 1pm, 4 hrs.

Every first Tuesday of the month, there was a parent connection meeting where I spoke with the parents for 15 minutes on Parental Involvement and funds that were available for parents to be involved in the school.

The documents and notes provided are just a few to show times spent working as the Title I Director. In March, 2007 when I became the director of MSA, its status was Academically Unsatisfactory

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(AU). The school's performance score was 54%. In one year, the school's performance score increased 8 points to 62% which; the school has moved from AU to One Star. In order for there to be such a high growth when the normal growth is 2% to 5%, it took a lot of hard work planning and implementation. Also, according to OMB Circular A-21 page 34 paragraph one, it states;

- (1) *Salary rates for academic year.* Charges for work performed on sponsored agreements by faculty members during the academic year will be based on the individual faculty member's regular compensation for the continuous period which, under the policy of the institution concerned, constitutes the basis of his salary. Charges for work performed on sponsored agreements during all or any portion of such period are allowable at the base salary rate. In no event will charges to sponsored agreements, irrespective of the basis of computation, exceed the proportionate share of the base salary for that period. This principle applies to all members of the faculty at an institution. "Since intra-university consulting is assumed to be undertaken as a university obligation requiring no compensation in addition to full-time base salary, the principle also applies to faculty members who function as consultants or otherwise contribute to a sponsored agreement conducted by another faculty member of the same institution. However, in unusual cases where consultation is across departmental lines or involves a separate or remote operation, and the work performed by the consultant is in addition to his regular departmental load, any charges for such work representing extra compensation above the base salary are allowable provided that such consulting arrangements are specifically provided for in the agreement or approved in writing by the sponsoring agency.

Although MSA is its own sponsoring agency and the additional work was placed upon the school because of its performance status, as the director, I had to do whatever necessary to ensure proper implementation of all programs. As stated earlier; any compensation received by the director of the Title I program will be approved prior to any funds being paid. The OMB Circular A-21 is denoted by two pink tabs.

Documents that are also included with the director's are; documents from Jones, Harper, Wheeler and Lilley showing times they worked in the capacity as a grant supervisor. If you need further information from any of us, please feel free to contact us. We really hope we have provided you with proper documentations to clear up any unclear items.

In each individual's documents, you will notice times each individual met with me to discuss information they gathered concerning the Title area they were overseeing. Some meetings were held weekly because it required weekly attention to matter such as; meetings about safe and drug free schools. Mr. Harper and I met on a weekly basis to ensure that the implementation of Title IV was being fulfilled. In the beginning of the school year, the Title II Coordinator and I met weekly to discuss highly qualified status and what we need to do to make sure our teachers become highly qualified. Ms. Jones and I spoke almost daily about parental involvement as well

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as Mr. Lilley because of his area. The individuals being paid by Title Grants for additional duties work very hard to ensure a successful school.

Again, please feel free to contact me for any additional information needed. My email Address is; cboozer@sabis.net or; you can call me at 504-894-0557.

Sincerely,

Catherine Boozer, Director
Milestone SABIS® Academy of New Orleans

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