

North Central Texas Council of Governments

September 29, 2023

Ms. Kara Waddell
President, CEO
Child Care Associates/ Curantis Group, LLC
3000 E. Belknap Street
Fort Worth, TX 76111

Dear Ms. Waddell:

The North Central Texas Council of Governments has completed its FY2023 Fiscal Integrity Review of Curantis Group, LLC in accordance with §12 Bonding Requirements, §13 Insurance Requirements, §16.9 Monitoring, Audits, and Evaluations of contracts FY23-TWC-01, and Financial Manual for Grants and Contracts, Insurance, Texas Administrative Code Title 40, Part 20, Chapter 802, Subchapter B, Rule §802.21 Board Contracting Guidelines, a) Fiscal Integrity Provisions, and 2 CFR 200 Uniform Guidance.

The fiscal results reflected for the FY2023 Fiscal Integrity Review further support the contract period October 1, 2022, through September 30, 2023. This review report covers Curantis operations underway during January 1 - December 31, 2022 (Child Care Associates and Subsidiaries FY22).

The documentation provided for bond and insurance coverage is determined to be acceptable. Based on performance of the FY2023 Fiscal Integrity Review for Curantis for fiscal year January 1 through December 31, 2022, the Single Audit reporting package "Information and Report of Independent Auditors on the Schedule of Expenditures of Federal Awards" rating assigned is Pass.

Fiscal Monitoring appreciates Curantis' efforts to comply with Uniform Guidance and Single Audit Act requirements, as well as the cooperation and assistance received from Curantis employees during the execution of this contract. If you have any questions, please contact Fatima Parsons at (817) 704-5671.

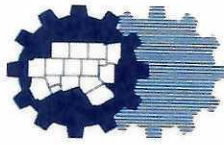
Sincerely,

Phedra Redifer
Executive Director of Workforce Development

cc: **North Central Texas Workforce Development Board**
Carlton Tidwell, Chairman, Oversight and Accountability

cc: **North Central Texas Council of Governments**
Molly Rendon, Director of Administration
Randy Richardson, Assistant Director of Finance
Debra Reyna, Manager, Continuous Improvement

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FY2023 Fiscal Integrity Review Report
for
Curantis Group, LLC
Contract FY23-TWC-01

Prepared by the
North Central Texas Council of Governments
Workforce Solutions for North Central Texas
September 29, 2023

Table of Contents



Background	3
Risk	3
Objective	3
Scope	4
Methodology	4
Summary of Results	4
Conclusion	5
Appendix A.....	6

**North Central Texas Council of Governments
Workforce Solutions for North Central Texas
FY2023 Fiscal Integrity Review Report
Curantis Group, LLC - Contract FY23-TWC-01**

Background

The North Central Texas Council of Governments (NCTCOG) contracts with Curantis Group, LLC (Curantis) to operate and manage Child Care Services program and funding in all 14 counties for the North Central Texas Workforce Development Board (WFD or Board) as part of the oversight responsibility. Curantis Group, LLC is a wholly owned subsidiary of Child Care Associates (CCA).¹

All funding received from the Texas Workforce Commission for the operation and management of these programs is subject to the requirements for accounting for funds listed within TWC's Financial Manual for Grants and Contracts. In general, Workforce Boards are required to provide oversight of fiscal, operational, and program requirements in exercising due diligence. NCTCOG Fiscal Monitoring is required to perform a fiscal integrity review of Curantis in accordance with §12 Bonding Requirements, §13 Insurance Requirements, §16.9 Monitoring, Audits, and Evaluations under Curantis contract FY23-TWC-01, as well as Texas Administrative Code Title 40, Part 20, Chapter 802, Subchapter B, Rule §802.21 Board Contracting Guidelines, a) Fiscal Integrity Provisions.

NCTCOG Fiscal Monitoring (FM) completed its Fiscal Integrity Review related to the financial statements and bonding and insurance requirements of Curantis to provide WFD feedback on the integrity of the Child Care System of the Subrecipient (i.e., Curantis) and in compliance with the requirements of the TAC, Single Audit Act, and 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Risk

NCTCOG conducted the Fiscal Integrity Review to address risks resulting from noncompliance to ensure that the Subrecipient:

- Met the external audit requirements for the noted fiscal year.
- Correctly identified Federal awards by Assistance Listing title and number, award name and number, award year and name of Federal Agency.
- Followed Federal award requirements imposed by laws and regulations, provisions of contracts or grant agreements, and any supplemental requirements imposed by the pass-through entity.
- Used Federal awards for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals were achieved.
- Audit may (or may not) have necessitated adjustment of the pass-through entity's own records per audit review.
- Used resources efficiently and effectively for authorized purposes, and protected resources from waste, fraud, and abuse, and misstatement of financial statements, and
- Incurred expenses were allowable, necessary, and reasonable.

Objective

NCTCOG's overall objective of the Fiscal Integrity Review was to 1) review bonding and insurance, 2)

review the provider's prior three-year financial history, and 3) conduct a Single Audit desk review. Components and associated objectives of the Single Audit desk review, in accordance with the applicable CIGIE Guide for Desk Reviews of Single Audit Reports, are noted below:

- Major Program Determination Worksheet – to determine whether the outside auditors properly identified the major programs and to support specified Desk Review Guide Questions.
- Desk Review Guide Questions – to determine whether audit reports performed in accordance with the Single Audit Act and Uniform Guidance are acceptable under reporting requirements, identify any quality issues that may warrant follow-up audit work and/or revisions to the audit report, and identify issues that may require management attention.
- Desk Review Summary – to recap any exceptions, findings, and/or conclusions and determine the appropriate report classification category for the Desk Review.

Scope

The Fiscal Integrity Review included review of bonding and insurance calculations and associated documentation. It also included a three-year review of Child Care Associates and Subsidiaries, audited financial statements for the year ended December 31, 2022, and 2021 as issued by Carr, Riggs, & Ingram, LLC (CRI). Additionally, a Single Audit desk review of CCA Independent Auditors on the Schedule of Expenditures of Federal Awards for the fiscal year ended December 31, 2022. The results reflected for the Fiscal Integrity Review further support the contract period October 1, 2022, through September 30, 2023. This review report covers Curantis operations underway during January 1 through December 31, 2022 (CCA FY22).

Methodology

NCTCOG's Fiscal Integrity Review included completion of a:

- Review of bonding and insurance documentation.
- Review of three-years audited financial data of CCA and Subsidiaries for the years ended December 31, 2020, 2021, and 2022, as issued by CRI.
- Desk review in accordance with the Single Audit Act, CIGIE, and Uniform Guidance based on CCA's Information and Report of Independent Auditors on the Schedule of Expenditures of Federal Awards for the fiscal year ended October 31, 2022, as issued by Carr, Riggs, & Ingram, LLC. Documentation reviewed included the Independent Auditor's Report on the Schedule of Expenditures of Federal Awards, the Report on Compliance with Federal Programs and on Internal Control over Compliance, and the Schedule of Findings and Questioned Costs.

NCTCOG did not test the implementation of internal controls noted in the audited financial reports nor perform tests of operating effectiveness during this review process. The examination of documents was neither meant to confirm, support, nor deny information obtained in other areas of the review.

Summary of Results

The following paragraphs provide a summary of the results for each of the three objectives within the Fiscal Integrity Review project performed by FM.

Insurance and Bonding – Adequate

First, FM's review of bonding and insurance is based on the total average payments to Curantis from NCTCOG. The current bond coverage amount per the Commercial policy provides an additional amount

of bonding coverage; therefore, the insurance coverage is adequate. Additionally, the worker's compensation policy is also sufficient.

Three-Year Financial History – Adequate

Generally, the review of the CCA's prior three-year financial history includes a high-level fluctuation analysis of the financial statements through a comparison of the current year to the previous two years to ensure significant variances are identified and explained. CCA is a multi-funded, not-for-profit organization with two wholly owned subsidiaries, Curantis Group, LLC and Pre-K Today, where their financial statements are all consolidated. We reviewed a three- year comparison of data based on CCA's data. Per the review, the financial statements appeared reasonable. Therefore, we reviewed:

- Variances with a threshold calculated at 5% of the greater of total revenues or total assets.
- Notes to the Financial Statements and subsequent events.
- Financial ratios to provide an indicator of the financial health of Child Care Associates and Subsidiaries

Single Audit Desk Review – Adequate

Based on performance of the Fiscal Integrity Review for CCA (parent of Curantis Group, LLC) fiscal year January 1 through December 31, 2022, the auditor's reports, including the Independent Auditor's Report on the Schedule of Expenditures of Federal Awards, the Report on Compliance with Federal Programs and on Internal Control over Compliance, and the Schedule of Findings and Questioned Costs, the rating assigned is "Pass" meaning the reporting package contains no quality issues or only minor quality deficiencies that do not require corrective action.

Conclusion

Results of the Fiscal Integrity Review for the Child Care Associates and Subsidiaries (parent of Curantis Group, LLC), insurance and bonding, three-year financial statements, and single audit documents did not produce any findings. Adequate documentation support was provided by the Subrecipient during the project. Overall, the Fiscal Integrity Review rating assigned is "Pass" based on FM's work. This review is closed upon issuance of this report and no further action is necessary. FM appreciates the cooperation and assistance received from Curantis employees during the execution of this contract.

Appendix A

Acronyms

2 CFR 200	Uniform Guidance, Title 2 U.S. Federal Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
AAG-GAS	Citations from AICPA Audit Guide “Government Auditing Standards and Single Audits” updated 3/1/2019
CIGIE	Council of the Inspectors General on Integrity and Efficiency
Curantis	Curantis Group LLC
NCTCOG	North Central Texas Council of Governments
NCTWDB	North Central Texas Workforce Development Board
FM	Fiscal Monitoring
SEFA	Schedule of Expenditures of Federal Awards
TAC	Texas Administrative Code Title 40, Part 20, Chapter 802, Subchapter B Contracting, Rule §802.21 Board Contracting Guidelines
TWC	Texas Workforce Commission

Conclusion Definitions

Per CIGIE Guide for Desk Reviews of Single Audit Reports:

- ***Pass*** - Report contains no quality issues or only minor quality issues that do not require corrective action for the audit under review or future audits.
- ***Pass with Deficiencies*** - Report contains quality deficiencies that should be brought to the attention of the auditor (and auditee, where appropriate) for correction in future audits.
- ***Fail*** - Report contains quality deficiencies that may affect the reliability of the audit report and/or may require the auditor to conduct additional audit work to support the opinions in the report under review, and which must be corrected in the audit report under review.

Notes

¹Child Care Associates (CCA) is the parent company of Curantis Group, LLC (Curantis) and Pre-K Today (LLC) wholly owned subsidiaries organized during 2021.

SharePoint URL

<https://nctcog.sharepoint.com/sites/WD-CurantisProjects/Shared%20Documents/Forms/AllItems.aspx>> Fiscal Integrity folder