DATE: September 1, 2009

TO: George H. Sheldon
Secretary

FROM: Sheryl G. Steckler
Inspector General

SUBJECT: Six-Month Status Report for Auditor General Report No. 2009-100

In accordance with Section 20.055(5)(g), Florida Statutes, enclosed is our six-month status report on Auditor General Report No. 2009-100, "Department of Children and Family Services – Licensing and Fee Collection Child Care Facilities and Homes and Substance Abuse Service Providers, Operational Audit." The report shows the Auditor General's recommendations and the Department's status and comments, taken from representations made by management.

If I may be of further assistance, please let me know.

Enclosure

cc: Kathy DuBose, Staff Director, Joint Legislative Auditing Committee

1317 Winewood Boulevard, Tallahassee, Florida 32399-0700

Mission: Protect the Vulnerable, Promote Strong and Economically Self-Sufficient Families, and Advance Personal and Family Recovery and Resiliency
Six-Month Status Report

Department of Children and Family Services

LICENSING AND FEE COLLECTION

CHILD CARE FACILITIES AND HOMES

AND SUBSTANCE ABUSE SERVICE PROVIDERS

Operational Audit

PURPOSE

The purpose of this report is to provide a written response to the Secretary on the status of corrective actions taken six months after the Auditor General published Report No. 2009-100, Department of Children and Family Services – Licensing and Fee Collection Child Care Facilities and Homes and Substance Abuse Service Providers, Operational Audit.

REPORT FINDINGS, COMMENTS & STATUS

The Department was responsible for providing updated status and corrective action comments for findings 1 through 9. Presented below are the full text of the Auditor General's recommendations and up-to-date corrective action comments and status for audit findings, as reported by the Child Care (PDCC), Substance Abuse (PDSA), and Operations (OSDO) staff.

RECOMMENDATION #1: The Department should ensure that child care providers meet all legal requirements, and that the documentation is maintained in the provider files. In addition, Department staff should ensure that child care facility capacities are correctly calculated.

Status (per Child Care Services staff): Completed

To ensure that all licensing staff understands the importance of reviewing floor plans and measuring accurately, a session on "Determining Capacity" was presented at the annual statewide Child Care Licensing Training Meeting on May 5, 2009. Additionally, all supervisors conducted a follow-up exercise with each licensing counselor to ensure capacity could be determined correctly. The Child Care Program Office developed an Excel capacity calculator for licensing Counselors to help reduce the incidences of incorrect math calculations. Also, the Department purchased 82 measuring tapes and distributed them equitably among the regions.

RECOMMENDATION #2: We recommend that the Department require that, prior to being named in the written plan, operator substitutes for large family day care homes and family day care homes submit to background screenings. In addition, the Department should ensure that all required documentation relating to operator substitutes is included in the Department's licensing files.

Status (per Child Care Services staff): In Progress

The Department is awaiting adoption of the proposed administrative rule to require substitutes in licensed family day care homes to submit proof of screening and training upon being designated a substitute on the provider's written substitute care plan. The proposed rule has been drafted, revised twice, had public hearings held, and sent to the Joint Administrative Procedures Committee (JAPC) for review. JAPC has responded requiring additional changes/edits. PDCC is working with the General Counsel's office on the Department's response to JAPC and will then make final edits.
RECOMMENDATION #3: We recommend the Department develop guidelines providing specific timeframes for follow-up inspections of providers. In addition, training provided to inspectors should stress the importance of timely follow-up and accurate inspection reporting.

Status (per Child Care Services staff): Anticipated Completion Date 12/31/2009

The Child Care Licensing Information System includes a standardized data report that provides each licensing counselor with a listing of pending re-inspections per caseload. The need for new guidelines and use of the caseload management report was discussed for feasibility during the July 2009 Program Analyst meeting. Creating guidelines is believed to be feasible but lengthy. The Program Analysts have been tasked to develop guidelines for timeframes used for re-inspections. When new guidelines are developed and finalized, the Child Care Desk Reference Manual will be revised to provide licensing staff with more detailed guidance on appropriate timeframes to follow-up with corrective action plans, but some flexibility will still be necessary dependent upon the specific circumstances.

RECOMMENDATION #4: We recommend that the Child Care Program Office provide additional training to staff, emphasizing the importance of consistent application of disciplinary actions and fines in accordance with the newly promulgated Rule 65C-22.010, Florida Administrative Code.

Status (per Child Care Services staff): Completed

In 2006, the Florida Legislature passed Senate Bill 1510 (Chapter No. 2006-91, L.O.F.) which required the Department to adopt a uniform system of classification of violations and disciplinary actions. The rules were implemented statewide effective July 1, 2008. We acknowledge that prior to the implementation of this legislation steps in progressive enforcement were not implemented uniformly statewide. Upon implementation in July 2008, licensing staff no longer have discretion regarding the classification of a licensing standard violation or the disciplinary action associated with the violation. The Child Care Licensing Information System used to conduct inspections has been enhanced to automatically assign a classification and track the progressive enforcement of the violation.

RECOMMENDATION #5: The Department should enhance its written guidelines regarding the standard convention used for inputting addresses into the child care licensing database. In addition, the Department should implement procedures to monitor the standardization of addresses, and to perform periodic comparisons between the child care licensing database and the FDLE public registry of sexual predators and offenders.

Status (per Child Care Services staff): Completed

The Child Care Program Office issued a revised Management Memo on March 16, 2009 to licensing staff requesting verification of the address listed on the application through the http://offender.fdle.state.fl.us, under the search function, neighborhood search, at time of initial and renewal of a license to operate a child care program, to ensure no registered sex offenders live at the address. Appropriate legal action will be taken on the license or application based on the requirements in chapter 435, Florida Statutes.

RECOMMENDATION #6: We recommend that the Department’s Substance Abuse and Child Care Program Offices work with circuit offices to establish written procedures specific to each circuit’s collections process. The procedures should incorporate the Department’s overall control procedures regarding cash receipts and should emphasize the importance of separation of duties and physical security.

Status (per Child Care Services staff): Completed

In an effort to ensure statewide consistency across all Regions in the state, the child care central office released a policy directive effective September 4, 2008 regarding the collection and processing of licensing fees and administrative fines. This policy directive has been disseminated to all licensing counselors, supervisors, and safety program managers. The Management Memorandum directs each region to establish a procedure for handling fees that, at a minimum, must include the following:

1. The applicant must be notified in writing of the license fee amount and a copy of the notification be maintained in the licensing file. Notification may be in the form of a separate letter, the 30-day response letter identifying omissions or mistakes on the application, any written verification sent to the provider by the licensing unit or included in the 90-day notification of renewal letter.
2. The license fee must be paid by check or money order made payable to the Department of Children and Families.
3. All license fees must be mailed or hand delivered to the DCF child care licensing office. Under no circumstances shall license fees be collected by a licensing counselor in the field.
4. Once received, all licensing fees must be recorded on a log (CF 933), which includes the date of the check, the name of the person or program issuing the check, the purpose of the check and the amount of the check. All licensing fee collections must be forwarded to the fiscal office daily.

5. Receipt of the license fee must also be documented on the last page of the application in the section "Official Use Only." The documentation must include the amount of the fee, the date collected, the number of the check or money order and includes the initials of the staff person completing the form. Placing a copy of the check in the licensing file will not meet this requirement.

6. License fees must also be entered into the fee field on the provider tab, via the web portal at the time of licensure and renewal of the provider's license to operate. The system is being modified to require the fee amount to be entered into the fee field at the time the approval date field is updated annually.

Note: Entry of the fee amount into the child care information system must be entered by a second staff member and shall not be the same staff member that received and logged the check on the CF 933.

7. The licensing fee shall be refunded if a license is not issued. If an application is denied or withdrawn, the child care licensing office should coordinate with the fiscal office to obtain the refund for the applicant. Be sure to track the status of the refund for the applicant. Due to statutory time constraints, notification of the application status should be sent in a timely manner. Obtaining a refund of the application license fee may include a separate process.

The Management Memo has been updated to include information about securing the fees while in the possession of the licensing office, and re-issued.

**Status (per Substance Abuse/Operations staff): Completed**

On December 18, 2008, the Substance Abuse Program Office (SAPO) contacted Accounting Services and Systems Center (ASSC) staff regarding written procedures for tracking deposits. ASSC developed and forwarded new procedures to regional offices for dissemination to circuit offices. This procedure should allow for reconciling receipts to deposits entered into FLAIR.

**RECOMMENDATION #7:** The Substance Abuse Program and the Child Care Program Offices should communicate with circuit staff regarding the importance of timely deposits.

**Status (per Child Care Services staff): Completed**

As a result of the audit, a Management Memorandum relating to the collection of licensing fees was issued by the Child Care Program Office on September 4, 2008. The memo details highlighted in the response to the findings were published in the final report. The referenced Management Memo has been updated to require that deposits be made by the next business day.

**Status (per Substance Abuse/Operations staff): Completed**

On 8/17/09, an email from the Office of the Assistant Secretary for Operations was sent to Circuits 2, 4, 6, 9, and 11 requesting information on their procedures for making deposits on licensing fees. All circuits responded that they have procedures in place for making the deposits. Several circuits provided their written procedures and/or fee logs that they have developed. Please see the document entitled Responses from Circuits – Procedures for making deposits on licensing fees.

**RECOMMENDATION #8:** We recommend that the Department enhance substance abuse licensing staff training related to the calculation of licensing fees and proceed with the rule clarification regarding provider discounts.

**Status (per Substance Abuse/Operations staff): Ongoing**

Now that the Florida Legislature has amended §397.407, Florida Statutes, pertaining to the licensure process and fees, The Substance Abuse Program Office (SAPO) will reconvene the Rule Revision Workgroup to revise the section of Chapter 65D-30, Florida Administrative Code (FAC). Chapter 65D-30, FAC regulates the assessment of licensing fees and provider discounts. The revision will clarify the intent, purpose and expectations regarding this matter. The department has converted 15 OPS licensure specialists to Career Service positions which will provide more stability. Circuit/Region Licensure Specialists will be trained regarding the calculation of licensing fees.

**RECOMMENDATION #9:** We recommend that the Department enhance its procedures for the collection and recording of child care licensing fees and fines. We also recommend that the Department continue its efforts to implement the statewide substance abuse licensing database.
Status (per Child Care Services staff): Completed

The Child Care Licensing Information System used to conduct inspections has been enhanced to require license fee collection information be entered into the database to confirm annual collection/recording of the fee. This will be monitored randomly by the program analysts.

Status (per Substance Abuse staff): Anticipated completion date 10/1/2009

The Substance Abuse Program Office (SAPO) implemented the Substance Abuse Licensure Information System (SALIS) in July 2008. As of July 1, 2009, each region is using some or all of SALIS’ functionality. In the past year, the SAPO made enhancements to improve SALIS’ utility and usability. For example, on July 8, 2009, SALIS received a number of modifications addressing fee collection and other user identified issues. With these enhancements, SALIS can now reconcile licensure fee data to the FLAIR System. SALIS will be fully implemented by October 1, 2009.

This follow-up audit was conducted as required by Florida Statute 20.055(3)(g) and section 2500.41 of the International Standards for the Professional Practice of Internal Auditing as published by the Institute of Internal Auditors. Elton Jones compiled this follow-up audit from representations provided by program management. Please address inquiries regarding this report to Jerry Chesnutt, Director of Auditing, at (860) 439-8722.