



October 28, 2016

Melinda Miguel
Chief Inspector General
The Capitol
Tallahassee, FL 32399-0001

RE: Auditor General Report No. 2016-192, Office of Early Learning and Selected Early Learning Coalitions, Early Learning Programs and Related Delivery Systems

Dear Chief Inspector General Miguel:

Section 20.055(6)(h), Florida Statutes, requires the Inspector General to monitor the implementation of the agency's response to any report on the Florida Office of Early Learning (OEL) issued by the Auditor General or by the Office of Program Policy Analysis and Government Accountability. The referenced statute further requires that no later than six months after the report is published, the Inspector General must provide a written response on the status of actions taken. The purpose of this letter is to provide updated information on the agency's response to the Auditor General findings and fulfill these requirements.

In May 2016, the Auditor General released its report No. 2016-192 titled Office of Early Learning and Selected Early Learning Coalitions, Early Learning Programs and Related Delivery Systems. The report outlined 14 audit findings and 18 associated recommendations for the OEL and select early learning coalitions. The following pages detail each audit finding and recommendation with the current progress of the OEL and applicable early learning coalition staff to address each recommendation.

If you require additional information on these matters, please feel free to contact me at your earliest convenience at (850) 717-8686.

Sincerely,

A handwritten signature in blue ink that reads "Sarah Beth Hall".

Sarah Beth Hall
Inspector General

cc: Rodney J. MacKinnon, Executive Director, OEL
Kathy DuBose, Coordinator, Joint Legislative Auditing Committee

SARAH BETH HALL

INSPECTOR GENERAL, OFFICE OF EARLY LEARNING

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Management's Status of Corrective Actions

1. Finding No. 1 OEL Enhanced Field System (EFS) data analysis and monitoring processes need improvement to ensure that the School Readiness Program data used as the basis for provider reimbursements and State and Federal reporting is accurate. In addition, our EFS data analyses disclosed instances in which excess reimbursements were made.

Recommendations: To improve the accuracy of EFS data and detect potential errors and improprieties, we recommend that OEL management ensure that appropriate data analyses are conducted. We also recommend that OEL management ensure that the coalitions' review and follow up on any matters identified by data analyses be subject to comprehensive monitoring.

OEL Management's Status of Corrective Actions: The EFS Modernization Project is replacing EFS. With the EFS Modernization Project we have implemented data integrity controls with the development of the application. Also, with the purchase of the new reporting/data analytics tool, Tableau, data analysis will be more efficient.

As previously stated in the response to the preliminary and tentative audit findings, beginning in the fall of fiscal year 2015-16, OEL resumed more comprehensive edit report technical assistance (TA) reviews in addition to the edit reports reviewed with accountability monitoring. In total, OEL is reviewing nine additional edit reports for each early learning coalition and RCMA (where applicable). Four of the nine edit reports evaluate dual enrollments for voluntary prekindergarten (VPK) and overlapping payments for school readiness (SR). As of October 1, 2016, OEL had completed 31 of 31 of the 15-16 reviews (all 30 coalitions and RCMA). From the fiscal year 2015-16 reviews, OEL and/or the coalitions recouped \$17,161.44, with \$4,202.77 being VPK and \$12,958.94 being SR. For fiscal year 2016-17, OEL has completed 12 of 31 reviews (as of 10/25/16). From these reports, OEL has recouped \$3,662.85, with \$2,053.05 being VPK and \$1,609.80 being SR. For fiscal year 2016-17, five (5) coalitions have been involved in these payment adjustments so far.

2. Finding No. 2: Information technology (IT) controls for the EFS, the Single Point of Entry (SPE), and the Unified Wait List (UWL) need enhancement.

Recommendations: We recommend that OEL management establish change management controls that document the appropriate authorization, testing, approval, and tracking of program modifications to the EFS, the SPE, and the UWL. In addition, we recommend that OEL management perform periodic reviews of the appropriateness of EFS and UWL user access privileges and ensure that the timely deactivation of EFS and UWL access privileges upon an employee's separation from OEL employment is appropriately documented.

OEL Management's Status of Corrective Actions: The EFS Modernization Project is replacing EFS, SSPE and UWL. The modernization project has addressed and initiated a change management process and a quality assurance process to track

program approvals, development items and issues found in testing. OEL tracks source code through Microsoft Team Foundation Server based on what functionality has been approved for release. Finally, as a routine part of annual fiscal monitoring tasks applied to all coalitions, OEL will continue to sample internal controls, policies and processes at the local level that deactivate access to systems for outgoing and terminated employees.

3. Finding No. 3: Certain security controls for the EFS and the UWL related to user authentication need improvement to ensure the continued confidentiality, integrity, and availability of EFS and UWL client data and related IT resources.

Recommendation: We recommend that OEL management strengthen security controls for the EFS and the UWL related to user authentication to ensure the continued confidentiality, integrity, and availability of EFS and UWL client data and related IT resources.

OEL Management's Status of Corrective Actions: OEL will evaluate the requirements to implement an off-boarding process to ensure timely removal of user access and will communicate that process to the coalitions. The EFS Modernization Project is replacing EFS and UWL. With the EFS Modernization Project, OEL will be implementing a stronger user authentication password scheme. Finally, as a routine part of annual fiscal monitoring tasks applied to all coalitions, OEL will continue to sample internal controls, policies and processes at the local level that deactivate access to systems for outgoing and terminated employees.

4. Finding No. 4: The OEL did not always appropriately document the School Readiness Program curricula review and approval process or ensure that all individuals responsible for reviewing and approving curricula satisfied established requirements.

Recommendation: We recommend that OEL management ensure that the review and approval process for all School Readiness Program curricula is appropriately documented and that all Committee members satisfy established requirements.

OEL Management's Status of Corrective Actions: The next curricula review cycle will not occur until, at the earliest, during the summer of 2017. In the meantime, the rules governing the policies for the next cycle are being reviewed for modifications to address the recommendations made by the Auditor General. When the rule promulgation process begins, the OIG will be included on any correspondence in order to be kept abreast of the development and implementation of the new policies.

5. Finding No. 5: Some coalitions did not always properly conduct or document School Readiness Program eligibility and parent copayment determinations.

Recommendation: We recommend that coalition management take steps to ensure that School Readiness Program eligibility determinations are supported by appropriate documentation and properly conducted in accordance with State law and School Readiness Program rules.

Broward Management's Status of Corrective Actions: The Coalition continues to take steps to ensure that eligibility determinations have the appropriate supporting documentation and are properly conducted in accordance with all applicable state law and rules. The Coalition continues to work with its current (new) contractor to ensure that staff trainings continue to ensure staff are knowledgeable on all factors of eligibility. Also, the Coalition conducts monitoring activities to ensure continued compliance. Areas of concern and/or risk are identified and addressed.

Flagler & Volusia Management's Status of Corrective Actions: Completed. ELCFV staff have continued to conduct internal file monitoring monthly and offer refresher trainings. Have released the Learning Library capturing multiple training pieces, including income calculations. Staff were provided TA/refresher training pieces on documentation and income calculations during May 16 thru Oct 16, and ongoing. Each staff meeting has refresher focus topics. Specific income calculations (SSI) training is scheduled for Dec. 2016.

North Florida Management's Status of Corrective Actions: Regular monthly department meetings are being held. They include training/discussion in new eligibility topics as well as refresher trainings. Our agency conducts file reviews and internal monitoring in addition external monitoring. Internally, we give immediate feedback to staff and use trend analysis help to determine any training areas of opportunity to make improvements.

Pasco & Hernando Management's Status of Corrective Actions: Complete. The Eligibility Guide was completed in November 2015 and is fully implemented with eligibility staff.

6. Finding No. 6: Coalition records did not always evidence that the coalitions had verified that School Readiness Program providers maintained the insurance coverages required by State law.

Recommendation: We recommend that coalition management verify and document that School Readiness Program providers obtain and maintain required insurance coverages.

OEL Management's Status of Corrective Actions: Complete. The statewide provider contract rule was promulgated February 18, 2015 and the statewide provider contract monitoring tool was promulgated July 1, 2015. To ensure compliance with statutory and contract requirements, coalitions now monitor providers using the monitoring tool which includes a check of insurance coverage.

Broward Management's Status of Corrective Actions: The Coalition continues to document liability coverage prior to contracting. Additionally, the Coalition tracks expiration dates and ensures that proof of current coverage is provided. Providers will not be paid for days for which proof of coverage cannot be verified. The Coalition continues to concur with OEL's response regarding worker's compensation and

reemployment assistance coverage deficiencies. Provider monitoring (using the monitoring tool) includes checking insurance coverage.

Flagler & Volusia Management's Status of Corrective Actions: Corrected. ELCFV has implemented a check list process for staff to utilize when reviewing new contracts that include reviewing transportation, workers' compensation and reemployment assistance coverage for accuracy. ELCFV has also added to the ongoing practice of monitoring contract compliance these coverages as part of the routine review.

North Florida Management's Status of Corrective Actions: Currently, our coalition/contract service provider is utilizing OEL's provider monitoring tool to monitor providers. The provider monitoring tool includes both worker's compensation insurance and reemployment assistance coverage in its phrasing.

Pasco & Hernando Management's Status of Corrective Actions: Complete. To ensure compliance with statutory and contract requirements, PHELC monitors providers using Form OEL-SR 20M – Tier 2 SR Provider Monitoring Tool.

Santa Rosa Management's Status of Corrective Actions: Staff of the Early Learning Coalition of Santa Rosa County continue to monitor School Readiness Providers using the monitoring tool that includes documenting that providers maintain required insurance coverage according to contract and rule.

7. Finding No. 7: Some coalition payments to School Readiness Program providers were not supported by appropriate documentation or made in the correct amounts.

Recommendation: We recommend that coalition management ensure that School Readiness Program provider payments are made in accordance with applicable rules and are supported by accurate and complete attendance documentation.

Flagler & Volusia Management's Status of Corrective Actions: Completed. ELCFV utilizes a risk matrix to identify high risk providers which leads to increased PAM monitorings as well as additional technical assistance where applicable. When payment is not supported by appropriate documentation, ELCFV re-coups any appropriate funds.

North Florida Management's Status of Corrective Actions: Our coalition/contracted service is utilizing OEL's provider monitoring tool in addition to coalition sampling policy to monitor providers in addition to provider attendance monitoring. Technical assistance for providers is offered on a one-on-one basis, as well as during provider meetings.

Pasco & Hernando Management's Status of Corrective Actions: Complete. In an ongoing effort to process accurate provider payments, post-attendance monitoring

has been increased to ensure payments are made in accordance with applicable rules and are supported by accurate and complete documentation.

8. Finding No. 8: Coalition records did not always evidence that the coalitions had verified that private VPK Program providers maintained the insurance coverages required by State law.

Recommendation: We recommend that coalition management verify and document that private VPK Program providers obtain and maintain required insurance coverages.

OEL Management's Status of Corrective Actions: Complete – The VPK Provider monitoring tool was revised to include confirmation of these coverages effective July 1, 2016. The Statewide Voluntary Prekindergarten Provider Contract was revised to incorporate this changes with an effective date of April 9, 2015.

Broward County Management's Status of Corrective Actions: The Coalition continues to document liability coverage prior to contracting. Additionally, the Coalition tracks expiration dates and ensures that proof of current coverage is provided. Providers will not be paid for days for which proof of coverage cannot be verified.

Flagler & Volusia Management's Status of Corrective Actions: Corrected. ELCFV has implemented a check list process for staff to utilize when reviewing new contracts that include reviewing transportation, workers' compensation and reemployment assistance coverage for accuracy. ELCFV has also added to the ongoing practice of monitoring contract compliance these coverages as part of the routine review.

North Florida Management's Status of Corrective Actions: Currently, our coalition/contract service provider is utilizing a (OAMI) provider monitoring tool to monitor providers. The provider monitoring tool includes both worker's compensation insurance and reemployment assistance coverage in its phrasing.

Pasco & Hernando Management's Status of Corrective Actions: Complete. To ensure compliance with statutory and contract requirements, PHELC verifies required insurance coverages during VPK program monitoring.

Santa Rosa Management's Status of Corrective Actions: Staff of the Early Learning Coalition of Santa Rosa County continue to monitor Voluntary Pre-Kindergarten Providers using the monitoring tool that includes documenting that providers maintain required insurance coverage according to contract and rule.

9. Finding No. 9: Some coalition payments to VPK Program providers were not supported by appropriate documentation.

Recommendation: We recommend that coalition management ensure that VPK Program provider payments are made in accordance with applicable rules.

Flagler & Volusia Management's Status of Corrective Actions: Corrected. ELCFV has modified processes to include the collection of Short Forms as needed during reviews and audit periods. Additionally, staff have received training regarding appropriate documentation during reviews and audits.

North Florida Management's Status of Corrective Actions: Our coalition/contracted service is utilizing an OAMI provider monitoring tool in addition to coalition sampling policy to monitor providers. Desk reviews have been added to the process to help ensure provider error reduction.

Santa Rosa Management's Status of Corrective Actions: Coalition staff continue to process VPK provider payments according to OEL and statutory regulations. Coalition staff continue to provide technical assistance regarding reimbursement documentation to providers during annual monitoring visits. In addition, technical assistance is given to providers monthly during reimbursement processing when errors are noted in a continued effort to reduce/eliminate errors.

10. Finding No. 10: One coalition did not always ensure that purchases were appropriately approved in accordance with established policies and procedures.

Recommendation: We recommend that Coalition management ensure that purchases are appropriately approved in accordance with established policies and procedures.

OEL Management's Status of Corrective Actions: As of September 30, 2016* OEL staff completed the first phase of technical assistance for the ELCs. Specific policy topics reviewed to incorporate uniform grant guidance changes include Purchasing/procurement/contracts and Disbursement Controls. Current policy manuals for all ELCs were reviewed to identify potential missing written staff instructions required by federal regulations, state statutes and/or program rules. Updated policies from all ELCs should be submitted for review/acceptance (as a newly-required element of the SR Plans) by mid-November. Target is for all ELCs to present policy updates to their governing boards for review/approval on or before the December 26, 2016 due date. OEL staff is tracking these tasks.

*OEL experienced some delays beyond the target June 30, 2016 completion date due to (1) staff turnover, other project/workload assignments and (2) ELC extension requests/delays in completing TA reviews for other fiscal policies now included in the SR plans – records management, IT security and tangible personal property).

Pasco & Hernando Management's Status of Corrective Actions: The Coalition received an extension through December 31, 2016 and received technical assistance from OEL in September 2016. The policy is currently being revised and will be

submitted to OEL for approval prior to being submitted to the Board for approval (tentatively scheduled for November 16, 2016).

11. Finding No. 11: Some coalition tangible personal property controls need enhancement.

Recommendation: We recommend the coalition management ensure that all applicable tangible personal property items are properly recorded in the property records, annual physical inventories are adequately documented and the results reconciled to master property lists, and property disposal records are maintained in accordance with DFS rules.

OEL Management's Status of Corrective Actions: By June 30, 2016, the described technical assistance (i.e., policy reviews by OEL staff*) was completed for 24 or 30 ELCs. By September 5, 2016, technical assistance tasks were completed for all 30 ELCs and 4 of 5 ELC central agency subrecipients. Final tasks that require additional coordination with/instructions from OEL are currently pending for 1 ELC central agency; OEL staff anticipates these tasks will be completed before October 31, 2016.

*OEL staff reviewed specific fiscal policy topics (records management, IT security and tangible personal property) to identify potential missing written staff instructions required by federal regulations, state statutes and/or program rules.

Pasco & Hernando Management's Status of Corrective Actions: Complete. The policy was approved by the Board June 15, 2016.

Flagler & Volusia Management's Status of Corrective Actions: Completed. ELCFV has updated Tangible person property procedures and has completed additional staff training regarding maintaining appropriate records to support work performed.

12. Finding No. 12: Coalition records did not always demonstrate that, prior to hire, an applicant's education had been verified and determined to meet the educational requirements applicable to the position.

Recommendation: We recommend that coalition management ensure that, prior to hire, an applicant for employment meets the educational requirements applicable to the position. When other qualifications and experience are considered acceptable in lieu of educational requirements, coalitions should adequately document this consideration in the personnel file as justification for waiving the educational requirements.

Flagler & Volusia Management's Status of Corrective Actions: Completed. Processes have been updated and implemented to collect confirmation of educational documentation prior to hiring employees.

Pasco & Hernando Management's Status of Corrective Actions: Complete. The coalition has fully implemented verification of education requirements for all new hires

as required. Any discrepancies in education requirements are clearly documented in employee files.

Santa Rosa Management's Status of Corrective Actions: The Coalition continues to document educational requirements for all new hires. Since the time of the AG review, the Coalition has hired one new staff and files include the appropriate documentation to substantiate that the employee meets the educational requirements.

13. Finding No. 13: Some coalition IT controls related to contractor background screenings and user access privileges need enhancement.

Recommendations: To minimize the risk of compromising coalition data and IT resources, we recommend that coalition management ensure that appropriate background screenings are performed for all staff and contractors with access to confidential data in accordance with coalition grant agreements and State law. Additionally, we recommend that coalition management ensure that sufficient IT policies and procedures are established related to user access and other critical IT activities. Coalition management should also ensure that all IT access privileges are deactivated immediately upon a user's separation from coalition employment.

Broward Management's Status of Corrective Actions: The Coalition continue to follow its policies and procedures to ensure that background screenings are performed for all staff and contractors who have access to confidential data. Additionally, IT security policy disclosures have been submitted in accordance with OEL requirements. Current policies and procedures also dictate that IT access is immediately deactivated for staff and contractors upon separation from employment or termination of the contract.

Pasco & Hernando Management's Status of Corrective Actions: Complete. The coalition has updated its IT Security Policies as part of our coalition plan. (Submitted to OEL in July 2015; updated and resubmitted in March 2016.)

14. Finding No. 14: One coalition did not ensure that proper IT security controls were in place.

Recommendation: We recommend that Coalition management enhance IT security policies and procedures to ensure the continued confidentiality, integrity, and availability of Coalition data and related IT resources.

Santa Rosa Management's Status of Corrective Actions: As stated in the initial corrective action response, the Coalition's IT Policies and Procedures were updated as required to address all requirements. The Coalition continues to follow these as required. There have never been security breaches or information technology safety breaches prior to or since the AG review and the Coalition will work according to policies and procedures to ensure that IT security/safety will be maintained at all times.