

**DEPARTMENT OF CHILDREN AND  
FAMILY SERVICES**

**LICENSING AND FEE COLLECTION**

**CHILD CARE FACILITIES AND HOMES**

**AND SUBSTANCE ABUSE SERVICE PROVIDERS**

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Operational Audit

July 2006 through February 2008  
and Selected Actions Through July 2008



## SECRETARY OF THE DEPARTMENT OF CHILDREN AND FAMILY SERVICES

The Department of Children and Family Services is created by Section 20.19, Florida Statutes. The head of the Department is the Secretary who is appointed by the Governor subject to confirmation by the Senate. During the audit period, the following individuals served as Secretary:

Secretary	Dates of Service
Lucy D. Hadi	September 2004 to January 2007
Robert Butterworth	January 2007 to August 2008

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**DEPARTMENT OF CHILDREN AND FAMILY SERVICES****Licensing and Fee Collection**  
Child Care Facilities and Homes  
and Substance Abuse Service Providers**SUMMARY**

This operational audit of the Department of Children and Family Services (Department) focused on the issuance of licenses to and the collection of fees from providers of child care services and substance abuse services. Our audit covered the period July 2006 through February 2008, and selected Department actions through July 2008.

**Child Care Licensing****CHILD CARE PROVIDER LICENSING**

**Finding No. 1:** The Department's licensing process did not always ensure child care providers met the legal requirements for licensure.

**CHILD CARE OPERATOR SUBSTITUTES**

**Finding No. 2:** The Department did not always obtain the required documentation for substitute child care providers.

**CHILD CARE PROVIDER INSPECTIONS**

**Finding No. 3:** The Department did not timely perform follow-up inspections to verify that inspection violations had been corrected by child care providers.

**DISCIPLINARY ACTIONS FOR CHILD CARE PROVIDERS**

**Finding No. 4:** The Department's procedures did not ensure consistent disciplinary actions were taken against providers for violations of laws and rules.

**SEXUAL OFFENDER ADDRESS CROSS-MATCH**

**Finding No. 5:** The Department did not have procedures in place to periodically compare the addresses of child care homes and facilities to the addresses of registered sexual predators and offenders.

**Licensing Fees****LICENSING FEE COLLECTION PROCEDURES**

**Finding No. 6:** Circuit procedures related to cash collections needed improvement.

**LICENSING FEE DEPOSITS**

**Finding No. 7:** The Department did not always timely deposit checks submitted in payment of licensing fees.

**LICENSING FEE AMOUNTS**

**Finding No. 8:** The Department did not always assess the correct licensing fee for substance abuse treatment service providers.

**DATABASE ENTRIES**

**Finding No. 9:** The Department's method for accounting for child care and substance abuse licensing fee collections needed improvement.

## BACKGROUND

The mission of the Department is to protect the vulnerable, promote strong and economically self-sufficient families, and advance personal and family recovery and resiliency. For the purposes of administration and field operations, the Department is organized into six geographic regions, as shown by EXHIBIT A. Each region is comprised of two or more circuits that are responsible for the provision of community services.

Pursuant to Florida Statutes, among the responsibilities of the Department is the regulation of child care providers. As shown by EXHIBIT B there were 6,443 child care providers licensed by the Department during the audit period. The Department was also responsible for the regulation of substance abuse service providers.

## FINDINGS AND RECOMMENDATIONS

### Child Care Licensing

Chapter 402, Florida Statutes, provides for the licensing of child care facilities,<sup>1</sup> large family child care homes,<sup>2</sup> and certain family day care homes.<sup>3</sup> The Child Care Program Office within the Department administers the child care licensing program in 61 of the State's 67 counties.<sup>4</sup> Our audit focused on the licensing, inspection, and the collection of fees for child care providers licensed by the Department.

#### **Finding No. 1: Child Care Provider Licensing**

Sections 402.305, 402.313, and 402.3131, Florida Statutes, and Chapters 65C-20 and 65C-22, Florida Administrative Code, define the licensure requirements applicable to those desiring to provide child care services. Our audit of the Department's child care provider licensing activities disclosed instances in which the Department did not ensure that child care providers met all applicable licensure requirements. Specifically:

- Child care operators and employees were required to undergo background screenings prior to caring for children, and sign an Attestation of Good Moral Character form. In addition, background screenings, including delinquency screening for persons between the ages of 12 and 18, were required to be performed for certain persons living in homes providing child care services. Our test of Department files for 40 providers licensed by the Department disclosed:
  - For one provider, the Federal Bureau of Investigation (FBI) and Florida Department of Law Enforcement (FDLE) background checks were not obtained for an employee.
  - For one provider, a juvenile delinquency screening for a child over the age of 12 who lived in the home could not be provided for our review.

<sup>1</sup> Section 402.302(2), Florida Statutes, defines a child care facility as any child care center or child care arrangement that provides child care for more than five children, unrelated to the operator and that receives a payment, fee, or grant for any of the children receiving care, wherever operated, and whether or not operated for profit.

<sup>2</sup> Section 402.302(8), Florida Statutes, defines a large family child care home as an occupied residence in which child care is regularly provided for children from at least two unrelated families, which receives a payment, fee, or grant for any of the children receiving care, whether or not operated for profit, and which has at least two full-time child care personnel on the premises during the hours of operation.

<sup>3</sup> Section 402.302(7), Florida Statutes, defines a family day care home as an occupied residence in which child care is regularly provided for children from at least two unrelated families and which receives a payment, fee, or grant for any of the children receiving care, whether or not operated for profit.

<sup>4</sup> Brevard, Broward, Hillsborough, Palm Beach, Pinellas, and Sarasota counties have designated a local licensing agency to license child care providers, as authorized by the provisions of Section 402.306, Florida Statutes.

- For two providers, the Attestation of Good Moral Character was not documented for all of the provider’s employees.
- Child care operators and employees are required to receive initial and continued training. Our test of Department and operator-provided records for 40 providers licensed by the Department disclosed:
  - For one provider, the operator of a facility did not complete the required 10-hour annual in-service training.
  - For nine providers, at least one facility employee did not complete the required 40-hour “Introduction to Child Care” training program within 90 days of hire or did not complete the training within 12 months of enrolling in the class. For three other providers, an evaluation of the extent of the provider’s compliance with the training requirements was not possible, as training documentation was not provided upon request.
  - For one provider, documentation showing that the operator of a family day care home was certified in CPR and first-aid could not be provided for our review.
- Florida law requires providers to have at least 35 square feet of useable indoor floor space per child.<sup>5</sup> In order to calculate the capacity of a facility, Department procedures instructed staff to determine the total usable square footage of all the facility’s rooms, divide by 35, and then round to the nearest whole number. As shown in Table 1 below, our test of the Department-calculated capacity for 20 child care facilities disclosed that Department staff had incorrectly calculated the capacity for five of the 20 facilities. The incorrect calculations generally resulted from measurement and math errors.

**TABLE 1  
CHILD CARE FACILITY  
INCORRECT CAPACITY CALCULATIONS  
(NUMBER OF CHILDREN)**

Facility	Department Calculated Capacity	Per Audit Calculated Capacity	Over/(Under) Capacity
1	74	69	5
2	35	38	(3)
3	39	43	(4)
4	39	38	1
5	97	94	3

Failure to ensure completion of required background screenings and training could compromise the Department’s ability to ensure the safety and well-being of children in child care facilities. Additionally, incorrect calculations of facility capacity could result in providers either enrolling more children than allowed by law, or underutilizing their facility’s lawful capacity. Details relating to the exceptions disclosed by our audit were provided to Department management.

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**Recommendation:** 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.

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<sup>5</sup> Twenty square feet if the facility was licensed on or before October 1, 1992.

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**Finding No. 2: Child Care Operator Substitutes**

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Department rules required large family day care homes and family day care homes to have a written plan identifying at least one competent adult who is to be available as a substitute for the operator on a temporary or emergency basis.<sup>6</sup> To enable licensure staff to verify whether the substitute has met statutory training requirements and has not exceeded the maximum allowable work hours, a statement attesting to the number of hours that the substitute worked in the home was required to be maintained by the provider. Additionally, substitutes were required to submit to background screenings and receive training prior to caring for children.

Our tests of applicable records for five large family day care homes and 15 family day care homes disclosed that, for eight of the homes, documentation related to substitute child care operators was not always maintained. Specifically:

- In four instances, the provider did not maintain a statement attesting to the number of hours that the substitute worked in the home.
- In four instances, FBI, FDLE, and local background checks were not obtained for the substitute. In response to our inquiry, Department staff indicated that the Department did not have the authority to require providers to complete background screenings until and unless the substitute had begun caring for children. However, since the purpose of the substitute is for emergency or temporary situations, the Department should require the background screenings to be performed for substitutes named in the written plan.
- In four instances, the Department could not provide evidence that the substitute completed the required training.

Absent proper documentation, the Department's child care inspectors may not have the information needed to ensure that licensed providers do not employ unscreened and untrained operator substitutes.

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**Recommendation:** 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.

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**Finding No. 3: Child Care Provider Inspections**

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Department policies required Department staff to perform inspections of child care facilities three times per year and inspections of large family day care homes and family day care homes twice per year. Inspectors were required to report on an inspection report noncompliance noted during the inspection, and the inspection report was to be signed by both the child care operator and inspector.

The Department's inspection policy did not provide guidelines prescribing specific timeframes for correction of noncompliance noted during inspections. The policy allowed the inspector to set due dates for the correction of noncompliance based on the nature and severity of the violation and the amount of time that it would take to correct the deficiency. In addition, the policy did not provide guidelines prescribing specific timeframes within which inspectors were to follow up on the correction of noncompliance, with the exception of over-capacity violations, for which a follow-up inspection was required within 48 hours.

During our audit of Department files for inspections of 20 child care facilities, 5 large day care homes, and 15 family day care homes, we noted the following inspection deficiencies:

- One facility was cited twice for over-capacity violations. The inspector did not perform re-inspections for these violations until 12 days after the first violation and then 28 days after the second violation.

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<sup>6</sup> Department of Children and Family Services Rule 65C-20.009, Florida Administrative Code.

- At 13 providers, inspectors performed follow-up inspections on dates ranging from 5 to 84 days after the corrective action due dates. For example:
  - In 1 instance, noncompliance with training requirements was identified during an inspection on July 17, 2006. The inspector did not perform a follow-up inspection until October 25, 2006.
  - In 1 instance, noncompliance with the requirement that the home, furnishings, toys, and equipment be sanitary and free of hazards and in good repair was identified in an inspection report dated October 1, 2007. The inspector did not perform a follow-up inspection until February 18, 2008.
- One facility was marked as compliant on the inspection report; however, inspection records indicated that the facility was found to be in noncompliance with training requirements.

Failure to promptly follow-up on violations increases the likelihood that such problems will not be corrected in a timely manner.

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**Recommendation:** 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.

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#### **Finding No. 4: Disciplinary Actions for Child Care Providers**

State law<sup>7</sup> requires the Department to adopt Florida Administrative Code rules establishing a uniform system of procedures for the imposition of disciplinary sanctions for violations of law. Such procedures are to provide for the consistent application of disciplinary actions across the State. The law required the Department to implement these procedures by January 1, 2007; however, the Department did not complete promulgation of the rule until May 1, 2008.<sup>8</sup> In the absence of established rules, the Department relied upon an internal policy addressing discipline; however, the guidelines were broad and did not address the consistent application of disciplinary actions. The policy defined inspection violations by class, based on the severity of the offense, as shown by EXHIBIT C.

Our analysis of the disciplinary actions taken by the Department against 44 providers disclosed both incorrect assessments of fines and inconsistent application of discipline, as described in the examples below:

- In two instances the fine imposed by Department staff was less than the established minimum fine for the specified violation. Specifically:
  - In one instance, the Department cited a provider for a Class I violation related to severe or humiliating discipline and fined the provider \$50. The correct fine should have been no less than \$100.
  - In the other instance, the Department cited a provider for a Class II violation related to the lack of background screenings and fined the provider \$25. The fine should have been no less than \$50 per day.
- In seven instances, Department staff imposed fines for providers for a Class I violation related to leaving a child unattended. In all seven instances, this violation was the first such occurrence noted; however, the fine amounts varied from the minimum of \$100 to the maximum of \$500, as shown by EXHIBIT D, Example I. The basis for the variation in the fine amounts was not evident from the related inspection records.
- In one instance, a provider was cited nine times over a period of four years for Class II violations related to employee background screenings. In another instance, a provider was cited four times over a period of two years for Class II violations related to employee background screenings. Although the disciplinary actions taken by the Department in both instances were generally progressive in nature, the actions were inconsistent and the fines appeared nominal considering the number of instances of repeat violations. Additional details regarding these citations are shown by EXHIBIT D, Example II.

<sup>7</sup> Section 402.310(1)(c), Florida Statutes.

<sup>8</sup> Department of Children and Family Services, Rule 65C-22.010, Florida Administrative Code.

- Four facilities were noted as noncompliant for the same inspection criteria (i.e., documentation of employee background screenings or children's immunizations) at least three times during the four inspections performed at each facility during the year. However, the Department did not impose any disciplinary fines on the applicable provider.

In response to our inquiry, Department staff indicated that the classifications of violations in the policy were guidelines to assist inspectors in determining the severity of a violation and the amount of the fine. Previous violations and actions taken by the provider to correct violations were also to be taken into consideration. Staff also indicated that the range of the fines levied was to begin with the minimum amount, increasing in increments for continued noncompliance.

Absent the fair and consistent application of disciplinary actions, the Department had reduced assurance that the disciplinary actions imposed would produce the desired response, including timely corrective action. As noted above, the Department did not establish administrative rules until May 1, 2008. The absence of the rules may have contributed to the inconsistent discipline imposed on providers during the audit period.

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**Recommendation:** 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.

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**Finding No. 5: Sexual Offender Address Cross-Match**

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In the interest of public safety, Florida law prohibits persons convicted of certain sexual crimes committed on or after October 1, 2004, from residing within 1,000 feet of any school, day care center, park, or playground, and upon initial and periodic re-registration of a sexual predator or offender, law enforcement personnel must confirm whether the person's residence is located at least 1,000 feet from nearby schools, day care centers, parks, and playgrounds.<sup>9</sup> In addition, Section 775.21(7), Florida Statutes, requires local law enforcement agencies to notify each licensed day care center, elementary school, middle school, and high school within a one-mile radius of the temporary or permanent residence of a sexual predator. The addresses provided by the sexual offender or predator to the local law enforcement agency are to be provided to the Florida Department of Law Enforcement (FDLE). Florida law requires that the addresses of sexual predators and sexual offenders be registered with the FDLE, and the FDLE is responsible for maintaining a registry of the addresses of sexual predators and sexual offenders and for making the information available to the public.<sup>10</sup>

To aid law enforcement entities in the enforcement of this law, the Department periodically provided the child care licensing database to FDLE, which in turn made the data available to local law enforcement agencies, and to the Department of Corrections. To further ensure the effective enforcement of the provisions of Sections 775.21, 794.05, and 943.0435, Florida Statutes, the Department should have procedures in place to periodically compare the addresses in the FDLE public registry to the addresses of child care homes and facilities, as shown in the child care licensing database. Our audit disclosed that the Department did not have such procedures in place. To facilitate the efficient use of the child care licensing database for this comparison, standard conventions should be used in recording the addresses of child care homes and facilities. We noted the addresses contained in the Department's child care licensing database lacked standardization. Examples included:

- Directional words that were spelled out in some instances, abbreviated in some instances, and abbreviated with periods in some instances (e.g., *Northwest*, *NW*, *N.W.*).

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<sup>9</sup> Section 794.065, Florida Statutes. Local ordinances may establish a different distance, but the distance may not be less than 1,000 feet.

<sup>10</sup> Sections 775.21 and 943.0435, Florida Statutes.



- Apartment numbers listed in various formats (e.g., *Apartment 12*, *Apt. 12*, *Apt. #12*, *#12*), and apartment numbers listed before and after the street name (e.g., *444 Florida St Apt A*, *444-A Florida St*).
- Street names spelled out in some instances and abbreviated in some instances (e.g., *MLK Jr. Ave*, *Martin Luther King Jr. Ave*).

Upon our inquiry, Child Care Program Office management indicated that they had provided child care licensing staff in the circuit offices with written instructions on how to input addresses into the database in a standardized manner. However, management acknowledged that the circuit staff had not always followed the instructions and indicated that the Child Care Program Office did not have the staff resources to centralize responsibility for address standardization. In addition, we reviewed the address input instructions and noted that they were not sufficiently comprehensive to cover many routine address formats. For example, there was no instruction regarding the correct designation of addresses located on a highway, State road, or county road. In addition, the listing allowed other inconsistencies, such as the use of the words street, road, and lane or their abbreviations.

As a part of our audit, we attempted to compare the center addresses, as shown by the Department's child care licensing database, to the FDLE public registry of the names and addresses of sexual predators and offenders. Notwithstanding the lack of standardization within the child care licensing database, by further truncating and analyzing the available data, we were able to perform some comparisons between the Department's child care licensing database and the addresses reported to local law enforcement and recorded in the FDLE sexual predator and sexual offender registry. While the absence of standardized formatting precluded us from completely matching the data files, our comparison did disclose that:

- One family day care home was located at the same address as a sexual offender. Upon our inquiry, law enforcement officers were asked by the Department to investigate and confirmed that the sexual offender was living in the home. The family care home operator was found to be in violation of Department rules for not listing the individual on the licensure application, and the license was revoked. Although the sexual offender was not in violation of the law due to the fact that the crime was committed prior to October 1, 2004, he would not have passed the background screenings required for the licensure of a family day care home.
- Two family day care homes had the same address as that shown for sexual offenders. Department staff indicated that both of the family day care homes were closed before our audit, but the database had not been updated to reflect the closures.

Although our comparisons resulted in the matches described above, due to the lack of address standardization in the child care licensing database, there is reduced assurance that the database can be efficiently used by the Department to perform such comparisons or otherwise always efficiently locate day care homes and facilities.

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**Recommendation:** 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.

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#### Licensing Fees

From July 2006 through February 2008, the Department recorded fee and fine revenues totaling approximately \$765,000 for child care providers and \$900,000 for substance abuse treatment service providers. The Department's licensing fee collection process was decentralized, with collections occurring at the Department circuits shown by EXHIBIT A. The procedures used to process receipts varied by circuit. Our audit evaluated the licensing and collection processes at Circuits 2, 4, 6, 9, and 11.

Substance abuse treatment service providers and child care providers submitted licensing fees at the time of initial licensure and annually during license renewal. Information required for licensure, along with the licensing fee, was mailed to the circuit in which the provider was located. Department rules prescribed substance abuse treatment service provider licensing fees, which varied depending on the service components for which the provider applied.<sup>11</sup> Child care facility licensing fees were defined by statute as \$1 per child, based on the facility's capacity, with a minimum fee of \$25 and a maximum fee of \$100.<sup>12</sup>

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### **Finding No. 6: Licensing Fee Collection Procedures**

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As noted above, substance abuse treatment service providers and child care providers paid licensing fees and fines to the applicable Department circuit. Effective internal controls related to cash receipts are imperative to ensure that the collections are accounted for, timely deposited and recorded, and safeguarded. Such controls include the following, as described in the Department's policies and procedures related to the processing of receipts:

- The mail opener should be independent of the cash collection process.
- Checks should be restrictively endorsed as the mail is opened.
- All receipts should be totaled on a mail-in log, which is to be signed by the mail opener.
- Upon transfer to the cashier (from the mail opener), the cashier should total all checks accompanying the mail-in log to verify the total.
- Collections on the mail-in log should be verified to the subsequent deposit by a person independent of the collection process.
- Collections should be adequately safeguarded by the Department until deposit into the bank.

During our audit, we noted the following deficiencies in circuit procedures related to the processing of licensing fee collections:

- As indicated above, the Department had established general procedures related to check collections. However, with the exception of the child care licensing office in Circuit 2, the circuit offices had not developed written policies and procedures specific to the circuit's collection and deposit procedures.
- In Circuits 4, 6, 9, and 11, checks were not restrictively endorsed by the mail opener in the licensing offices. Instead, checks were endorsed by the fiscal department after transfer (usually by mail) from the licensing offices.
- In Circuits 6 and 9, transfers of collections from the mail opener to the cashier were not documented for child care licensing fees. In Circuits 4 and 9, transfers of collections from the mail opener to the cashier were not documented for substance abuse treatment service provider licensing fees.
- In some circuits, the collections were not properly secured. Details regarding these security issues were provided to Department management.

In the absence of effective internal controls, errors and fraud may escape timely detection.

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**Recommendation:** 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.

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<sup>11</sup> Rule 65D-30.003, Florida Administrative Code. Examples of service components include detoxification, intervention, and prevention.

<sup>12</sup> Section 402.315, Florida Statutes.

**Finding No. 7: Licensing Fee Deposits**

State law requires funds received on behalf of the State to be deposited no later than seven working days from the close of the week in which the funds were received.<sup>13</sup> Department policies and procedures instruct staff to deposit collections daily, or no later than the following day. Our tests of collections disclosed instances where provider checks for substance abuse treatment and child care licensing fees were not timely deposited, as noted in Table 2.

**TABLE 2  
UNTIMELY LICENSING FEE DEPOSITS**

Circuit	Number of Checks Tested	Checks Not Timely Deposited	Maximum Number of Days Held
2	19	2	10 days
4	29	7	31 days
6	19	8	42 days
9	16	7	30 days
11	20	1	8 days

Delays in depositing fees increase the risk that collections may be misplaced or misappropriated.

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

**Finding No. 8: Licensing Fee Amounts**

As noted above, the amount of licensing fees due from substance abuse treatment service providers is governed by Department rules. Our audit tests disclosed that the Department did not always correctly calculate the amount of licensing fees due. Specifically, our recalculation of licensing fees due from 40 substance abuse treatment service providers in five circuits disclosed that 3 underpaid by a total of \$785 and 3 overpaid by a total of \$265.

**TABLE 3  
SUBSTANCE ABUSE LICENSING FEE  
OVER/(UNDER) PAYMENTS**

Circuit	Provider	Amount Paid	Correct Amount	Over/(Under) Paid
4	A	\$ 300.00	\$ 225.00	\$ 75.00
	B	\$ 170.00	\$ 160.00	\$ 10.00
6	C	\$ 855.00	\$ 675.00	\$ 180.00
	D	\$ 3,442.50	\$ 3,825.00	\$ (382.50)
9	E	\$ 7,087.50	\$ 7,157.50	\$ (70.00)
	F	\$ 3,500.00	\$ 3,832.50	\$ (332.50)

In some of the above instances, the incorrect amount resulted from arithmetic errors, and in other instances, the errors resulted from confusion regarding the application of certain discounts allowed by the rule. In response to our

<sup>13</sup> Section 116.01(1), Florida Statutes.

inquiry regarding the discounts, Department management indicated that the rule would be revised to clearly delineate when to provide the discount.

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**Recommendation:** 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.

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### **Finding No. 9: Database Entries**

Our audit disclosed deficiencies in the procedures used to account for licensing fees and related collections in the databases for both the child care and substance abuse programs. Those issues are described in succeeding paragraphs.

#### *Child Care System*

The Department maintained a Statewide child care licensing database that contained, for each provider, the licensing fee amount to be paid based on capacity and the amount of any fines paid.<sup>14</sup> During our audit of collections at the circuit offices, we noted that employees who opened the mail made a list of amounts received from facilities and provided the list to licensing specialists, who were then to issue the license or record the fine. However, the licensing specialists did not compare the amount paid to the amount due, as shown by the licensing database. Further, the licensing database did not make provision for the recording of a check number or other indicator (such as a “paid” field) to show that the facility had paid, and to act as a link between the database and the deposit. In addition, the Child Care Program Office staff did not perform reconciliations between the amounts that should have been collected, as shown by the database, to the amount actually collected and deposited in the bank and recorded as revenue in the State’s accounting records.

The Department licensed approximately 4,200 child care facilities, and reported revenues for child care licenses for the 2006-07 and 2007-08 fiscal years of approximately \$305,000 and \$311,000, respectively. Absent comparison of the amounts collected to the amounts due, the Department lacks assurance that child care licensing fee and fine revenues in the correct amount have been collected.

#### *Substance Abuse System*

During the audit period, the Department did not have a Statewide system for tracking the issuance of licenses and accounting for the collection of fees from substance abuse treatment service providers.<sup>15</sup> Absent a comprehensive database, the Department had reduced assurance that fees and fines owed by substance abuse treatment service providers were accurately assessed and fully accounted for. As discussed in finding No. 8, our audit tests disclosed instances in which licensing fees were miscalculated. During our audit, the Department was in the process of developing a comprehensive Statewide substance abuse licensing database, which became operational in July 2008.

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**Recommendation:** 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.

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<sup>14</sup> As noted above, child care facility licensing fees were set by law as \$1 per child, based on the facility’s capacity, with a minimum fee of \$25 and a maximum fee of \$100.

<sup>15</sup> The lack of a substance abuse licensing system was reported in the Department’s internal audit report No. A-07-2004-025.

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**OBJECTIVES, SCOPE, AND METHODOLOGY**

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The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit in accordance with applicable generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This operational audit focused on Department activities related to the issuance of licenses and the collection of fees for child care and substance abuse treatment service providers. The overall objectives of the audit were:

- To evaluate the effectiveness of established internal controls in achieving management's control objectives in the categories of compliance with controlling laws, administrative rules, and other guidelines; the economic, efficient, and effective operation of State government; the relevance and reliability of records and reports; and the safeguarding of assets.
- To evaluate management's performance in achieving compliance with controlling laws, administrative rules, and other guidelines; the economic, efficient, and effective operation of State government; the relevance and reliability of records and reports; and the safeguarding of assets.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

Our audit included examinations of various transactions, as well as events and conditions occurring during the period July 2006 through February 2008, and selected Department actions through July 2008. In conducting our audit, we:

- Interviewed selected Department personnel.
- Obtained an understanding of internal controls and tested processes and procedures related to areas within the scope of the audit.
- Examined records for 40 substance abuse treatment service providers to determine whether the providers met the licensing requirements and whether the Department collected the licensing fee amount authorized by law.
- Examined the disciplinary fines assessed by the Department for 18 substance abuse treatment service providers to determine whether the disciplinary actions taken were consistent with the requirements of law.
- Examined the records relating to 48 substance abuse licensing fee collections in five circuits to evaluate the effectiveness of controls over the collection and deposit.
- Examined licensing files and documentation for 20 child care facilities, 5 large family day care homes, and 15 family day care homes, to determine whether the providers met the licensing requirements and whether the Department collected the licensing fee amount authorized by law.
- Examined the disciplinary fines assessed by the Department for 44 child care providers to determine whether the fines were consistently assessed.
- Examined inspection reports and supporting documentation for 20 child care facilities, 5 large family day care homes, and 15 family day care homes, to determine whether inspections were performed as required by law and to determine the appropriateness and timeliness of the Department's follow up on provider corrective actions.
- Performed an analysis to determine whether the amount of licensing fees and fines recorded in the Department's child care licensing database was reasonable in relation to the number of licenses issued, and whether the database revenue reconciled with the amount recorded in the State's accounting records.

- Examined the records relating to 55 child care licensing fee collections to evaluate the effectiveness of controls over the collection and deposit in five circuits.
- Performed a comparison of the data in the Department's child care licensing database and foster care home listing to related information in the FDLE sexual predator and sexual offender registry.
- Performed various other auditing procedures as necessary to accomplish the objectives of the audit.

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**AUTHORITY**

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Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each State agency on a biennial basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



David W. Martin, CPA  
Auditor General

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**MANAGEMENT'S RESPONSE**

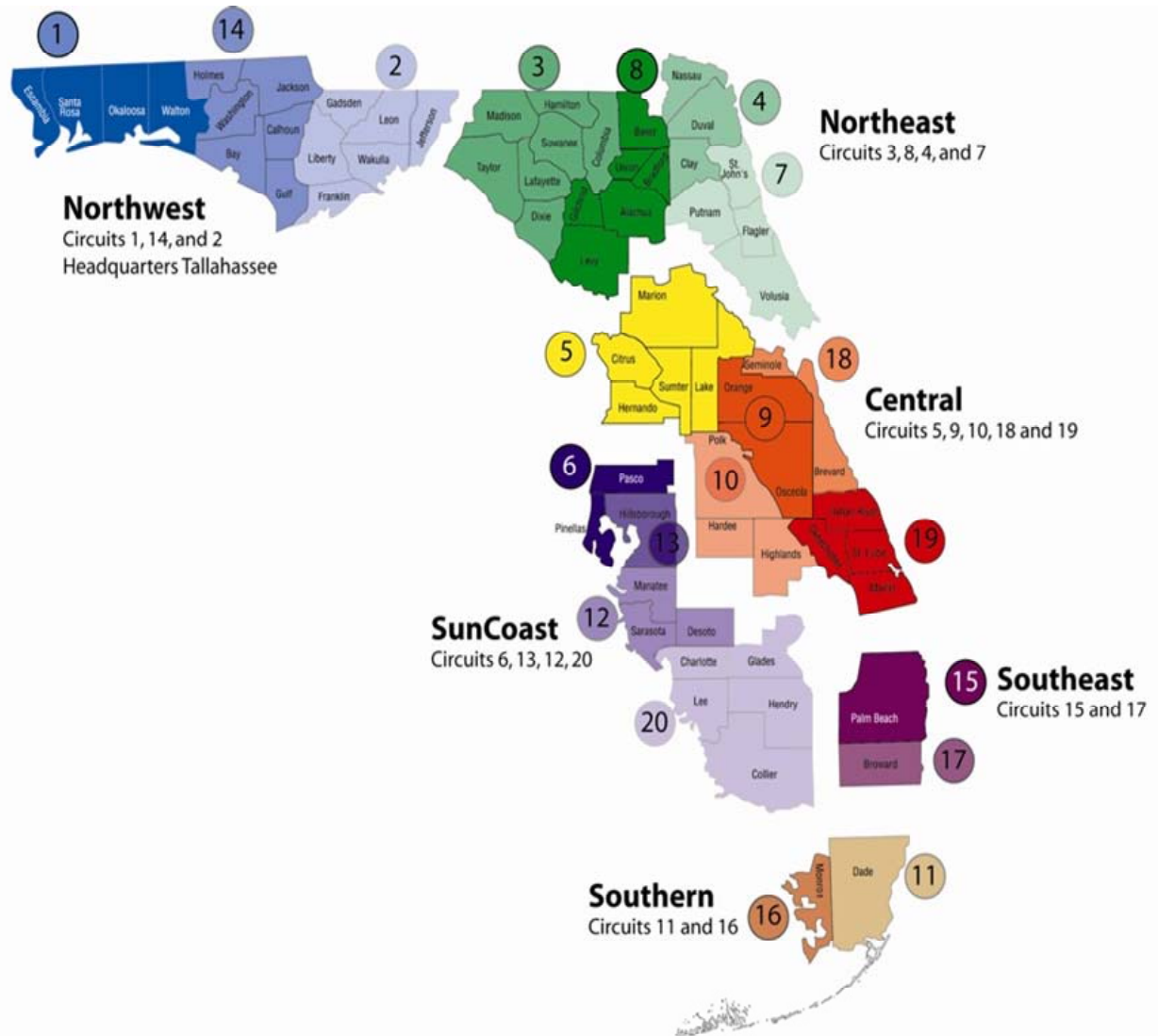
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In a response letter dated January 15, 2009, the Department provided responses to our findings and recommendations. The Secretary's response is included at the end of this report as EXHIBIT E.

EXHIBIT A

DEPARTMENT GEOGRAPHIC LOCATIONS OF REGIONS AND CIRCUITS



## EXHIBIT B

**NUMBER OF CHILD CARE PROVIDERS BY CIRCUIT BY TYPE  
FOR THE PERIOD JULY 2006 THROUGH FEBRUARY 2008**

Circuit	Counties	Child Care Facilities	Large Family Child Care Homes	Family Day Care Homes	Total Child Care Providers
1	Escambia, Okaloosa, Santa Rosa, Walton	229	13	91	333
2	Leon, Gasden, Wakulla, Jefferson, Franklin, Liberty	159	3	23	185
3	Columbia, Dixie, Hamilton, Lafayette, Madison, Suwannee, Taylor	79	5	24	108
4	Nassau, Duval, Clay	495	33	487	1,015
5	Citrus, hernando, Lake, Marion, Sumter	224	20	150	394
6	Pasco	119	3	89	211
7	Flagler, Putnam, St. Johns, Volusia	274	20	177	471
8	Alachua, Baker, Bradford, Gilchrist, Levy, Union	138	15	63	216
9	Orange, Osceola	385	3	85	473
10	Hardee, Highlands, Polk	279	10	22	551
11	Miami-Dade	958	128	236	1,322
12	DeSoto, Manatee	120	2	34	156
14	Bay, Calhoun, Gulf, Holmes, Jackson, Washington	105	2	22	129
16	Monroe	24	0	2	26
18	Seminole	133	1	15	149
19	Indian River, Martin, Okeechobee, St. Lucie	174	3	71	248
20	Charlotte, Collier, Glades, Hendry, Lee	297	18	141	456
	<b>Total</b>	<b>4,192</b>	<b>279</b>	<b>1,732</b>	<b>6,443</b>

Note: As authorized by Section 402.306, Florida Statutes, six counties (Brevard, Broward, Hillsborough, Palm Beach, Pinellas, and Sarasota) have a designated local licensing agency to license child care providers.

Source: Department of Children and Family Services.



**EXHIBIT C**

**CHILD CARE INSPECTION VIOLATIONS**

<b>Violation Class</b>	<b>Description</b>	<b>Fine Amount</b>	<b>Examples</b>
<b>Class I</b>	Could result or does result in death or serious harm to the health, safety, or well-being of a child.	Not less than \$100 or more than \$500 per day for each violation.	-Serious child abuse or neglect -Child left unattended or child absconds from the facility or home -Inappropriate child discipline
<b>Class II</b>	Serious in nature but does not pose an immediate threat to the health, safety, or well-being of a child, but could be expected to cause harm within 90 days.	Not less than \$50 or more than \$100 per day for each violation.	-Inadequate staff to child ratios -Capacity violation -Background screening not submitted
<b>Class III</b>	Those conditions or occurrences related to the operation and maintenance of a facility or home other than Class I or Class II violations.	Not less than \$25 or more than \$50 per day for each violation.	-Incomplete first aid supplies -Training violations -Napping space insufficient

Source: Department of Children and Family Services Policy (CF Pamphlet 175-2).

**EXHIBIT D**

**EXAMPLES OF CHILD CARE DISCIPLINARY ACTIONS**

**Example I  
Inconsistency in First Occurrence Class I Violations**

<b>Provider</b>	<b>Violation</b>	<b>First Occurrence?</b>	<b>Fine Amount</b>
1	Class I - Child Left Unattended	Yes	\$ 100
2	Class I - Child Left Unattended	Yes	\$ 100
3	Class I - Child Left Unattended	Yes	\$ 150
4	Class I - Child Left Unattended	Yes	\$ 200
5	Class I - Child Left Unattended	Yes	\$ 500
6	Class I - Child Left Unattended	Yes	\$ 500
7	Class I - Child Left Unattended	Yes	\$ 500

**Example II  
Actions Taken In Response to Repeat Occurrences of Class II Violations (Employee Screenings)**

*Provider A*

<b>Violation</b>	<b>Date</b>	<b>Action Taken</b>
1	April 2003	None
2	August 2003	Letter of intent to impose administrative action.
3	December 2004	Letter of intent to impose administrative action.
4	May 2005	Letter of intent to impose administrative action.
5	August 2005	Letter of intent to impose administrative action.
6	September 2005	Administrative fine of \$50.
7	April 2006	Administrative fine of \$100.
8	August 2006	Administrative fine of \$150.
9	May 2007	Administrative fine of \$200.

*Provider B*

<b>Violation</b>	<b>Date</b>	<b>Action Taken</b>
1	September 2004	None.
2	December 2005	Technical assistance provided by the Department.
3	April 2006	Letter of intent to impose administrative action.
4	January 2007	Administrative fine of \$50.

## EXHIBIT E

## MANAGEMENT'S RESPONSE



State of Florida  
Department of Children and Families

Charlie Crist  
Governor

George H. Sheldon  
Secretary

January 15, 2009

Mr. David W. Martin, Auditor General  
Office of the Auditor General  
111 West Madison Street  
Tallahassee, Florida 32399-1450

Dear Mr. Martin:

Thank you for your December 15 letter with the accompanying preliminary and tentative findings and recommendations regarding the Operational Audit of the Department of Children and Family Services, Licensing and Fee Collection, Child Care Facilities and Homes, and Substance Abuse Service Providers, for the period July 2006 through February 2008, and Selected Actions Through July 2008. Our responses to the recommendations are enclosed.

If you have questions regarding responses relating to child care, please contact Deborah Russo, Director of Child Care Program, at (850) 488-4900 or questions regarding responses to substance abuse, please contact Bill Janes, Assistant Secretary for Substance Abuse and Mental Health, at (850) 414-9064.

Sincerely,

A handwritten signature in black ink that reads 'George H. Sheldon'. The signature is written in a cursive style with a large initial 'G'.

George H. Sheldon  
Secretary

Enclosure

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

## EXHIBIT E

## MANAGEMENT'S RESPONSE (CONTINUED)

RESPONSE TO OFFICE OF AUDITOR GENERAL PRELIMINARY AND  
TENTATIVE FINDINGS ON OPERATIONAL AUDIT OF DEPARTMENT OF  
CHILDREN AND FAMILY SERVICES,  
LICENSING AND FEE COLLECTION, CHILD CARE FACILITIES AND HOMES,  
AND SUBSTANCE ABUSE SERVICE PROVIDERS, FOR THE PERIOD JULY  
2006 THROUGH FEBRUARY 2008, AND SELECTED ACTIONS THROUGH  
JULY 2008

**Finding No. 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.

**Department Response:**

Regional staff have been instructed to ensure that child care providers meet all legal requirements and maintain documentation in the provider file. The licensing unit supervisor reviews all licensing packets to ensure accuracy and verification for each of the required documents, as noted on the checklist. Staff has been provided training on documentation and its importance as recently as the May 2008 statewide meeting. The importance of documentation and thoroughness will be emphasized again on our January statewide conference call.

The Child Care Desk Reference Manual (*Child Care Services Licensing Staff Operating Procedures*) was revised in 2008, subsequent to the preliminary audit findings, to provide licensing staff with more detailed instructions for calculating square footage of child care facilities. This information is shared in pre-service training for all new personnel and will be emphasized in future training sessions.

During the February 2009 Regional Safety Program Manager's meeting, the Child Care Program Office will discuss and develop a plan of action to complete a one-time review, at the time of renewal and upon the facility's request, to ensure that capacity has been correctly calculated and procedures for documenting the approval of a lower capacity than the calculations allow. To ensure that all licensing staff understands the importance of reviewing floor plans and measuring accurately, a session on "Determining Capacity" will be presented at the annual Statewide Child Care Licensing Training Meeting. Additional performance standards relating to capacity calculations and capacity documentation will be incorporated into routine program performance monitoring tools. Finally, the Department will also review measuring instruments and determine if additional equipment should be purchased, such as laser measuring devices, budget permitting.

## EXHIBIT E

## MANAGEMENT'S RESPONSE (CONTINUED)

RESPONSE TO OFFICE OF AUDITOR GENERAL PRELIMINARY AND TENTATIVE FINDINGS ON OPERATIONAL AUDIT OF DEPARTMENT OF CHILDREN AND FAMILY SERVICES, LICENSING AND FEE COLLECTION, CHILD CARE FACILITIES AND HOMES, AND SUBSTANCE ABUSE SERVICE PROVIDERS, FOR THE PERIOD JULY 2006 THROUGH FEBRUARY 2008, AND SELECTED ACTIONS THROUGH JULY 2008

**Finding No. 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.**

**Department Response:**

Pursuant to §402.313(3), Florida Statutes, (F.S.), "for purposes of screening in family day care homes, the term [screening] includes any member over the age of 12 years of a family day care home operator's family, or persons over the age of 12 years residing with the operator in the family day care home. Members of the operator's family, or persons residing with the operator, who are between the ages of 12 years and 18 years shall not be required to be fingerprinted, but shall be screened for delinquency records." Statute does not specifically mention the screening of substitutes. Section 65C-20.008(3), Florida Administrative Code (F.A.C.), states that "Prior to taking care of children, the designated substitute for the operator must comply with background screening requirements and the licensing authority must receive proof of background screening clearances." Based on this language, the Department's legal counsel has determined that the Department does not have the authority to require substitutes in licensed family day care homes and large family child care homes to complete background screening and training until and unless the substitute has begun caring for children.

Based on the recommendation of the Auditor General, the Child Care Program will work with the General Counsel's office and as appropriate seek to revise the administrative rule, which is now open for revision, 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.

**Finding No. 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.**

## EXHIBIT E

## MANAGEMENT'S RESPONSE (CONTINUED)

RESPONSE TO OFFICE OF AUDITOR GENERAL PRELIMINARY AND  
TENTATIVE FINDINGS ON OPERATIONAL AUDIT OF DEPARTMENT OF  
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**Department Response:**

As stated in the report, current policy allows the inspector to set the due date for the correction of noncompliance based on the nature and severity of the violation and the amount of time that it would take to correct the deficiency; with the exception of Class I Violations (those which pose immediate threat or harm to children), which must be followed-up immediately or within 24 hours, and over capacity violations, which require licensing staff to remain on-site until the provider comes into compliance with ratio and then return within 48 hours to re-inspect for ratio compliance. The Department believes this policy to be appropriate at this time. Until the Child Care Program is sufficiently staffed (the program is currently staffed at 74% of need in licensing counselor positions based upon National caseload standards), it is necessary for licensing staff, with the approval of their supervisor, to have the flexibility to prioritize their inspection workload, which consists not only of inspections and re-inspections, but also complaint inspections. While we will not be standardizing the dates at this time, the importance of follow-up will be emphasized on our January statewide conference call.

The Child Care Licensing Information System includes a standardized data report that provides each licensing counselor with a listing of pending re-inspections on his or her caseload. 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 plans and we will explore the feasibility of enhancing the system to limit the number of date selections, given available funding, but will still allow some flexibility for the staff dependent upon the circumstances. The need for new guidelines and use of the caseload management report will be addressed during the February Regional Safety Program Manager's meeting and once finalized will be shared at the annual Statewide Child Care Meeting, which will be held May 4-6, 2009 in Orlando.

**Finding No. 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.**

**EXHIBIT E****MANAGEMENT'S RESPONSE (CONTINUED)**

RESPONSE TO OFFICE OF AUDITOR GENERAL PRELIMINARY AND  
TENTATIVE FINDINGS ON OPERATIONAL AUDIT OF DEPARTMENT OF  
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**Department Response:**

In 2006, the Florida Legislature passed Senate Bill 1510 (Chapter 2006-91, Laws of Florida), 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.

**Finding No. 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.**

**Department Response:**

Since February 2005, the Child Care Program Office has provided FDLE and DOC a report containing the name and address of child care settings on a monthly basis to ensure an address in the report does not match as a registered address of a sexual predator or offender.

The Child Care Program Office will request from FDLE/DOC that if an address is identified that the information be provided to the policy unit (Tallahassee) via an email to advise of the match within 24 hours. In addition, the Child Care Program Office will issue a Management Memo 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 licensure and renewal 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.

## EXHIBIT E

## MANAGEMENT'S RESPONSE (CONTINUED)

RESPONSE TO OFFICE OF AUDITOR GENERAL PRELIMINARY AND TENTATIVE FINDINGS ON OPERATIONAL AUDIT OF DEPARTMENT OF CHILDREN AND FAMILY SERVICES, LICENSING AND FEE COLLECTION, CHILD CARE FACILITIES AND HOMES, AND SUBSTANCE ABUSE SERVICE PROVIDERS, FOR THE PERIOD JULY 2006 THROUGH FEBRUARY 2008, AND SELECTED ACTIONS THROUGH JULY 2008

**Finding No. 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.**

**Department Response:****CHILD CARE**

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 at least weekly.
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



**EXHIBIT E****MANAGEMENT'S RESPONSE (CONTINUED)**

RESPONSE TO OFFICE OF AUDITOR GENERAL PRELIMINARY AND  
TENTATIVE FINDINGS ON OPERATIONAL AUDIT OF DEPARTMENT OF  
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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 will be updated to include information about securing the fees while in the possession of the licensing office, and re-issued.

**SUBSTANCE ABUSE**

The Department of Children and Families' Accounting/Fiscal Office will develop written procedures and internal mechanisms to address the finding. Further, the Substance Abuse Program Office will convey the Department's procedures and mechanisms to the Circuit/Region staff and ensure compliance. Additionally, the Substance Abuse Program Office will ensure that circuit/region-specific policies are developed, approved and enforced.

**Finding No. 7:**

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

**EXHIBIT E****MANAGEMENT'S RESPONSE (CONTINUED)**

RESPONSE TO OFFICE OF AUDITOR GENERAL PRELIMINARY AND TENTATIVE FINDINGS ON OPERATIONAL AUDIT OF DEPARTMENT OF CHILDREN AND FAMILY SERVICES, LICENSING AND FEE COLLECTION, CHILD CARE FACILITIES AND HOMES, AND SUBSTANCE ABUSE SERVICE PROVIDERS, FOR THE PERIOD JULY 2006 THROUGH FEBRUARY 2008, AND SELECTED ACTIONS THROUGH JULY 2008

**Department Response:****CHILD CARE**

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 Management Memo referenced above will be updated to require that deposits be made by the next business day.

**SUBSTANCE ABUSE**

The Substance Abuse Program Office will communicate the importance of timely licensing fee collection deposits to Circuit/Region Directors. Further, the Substance Abuse Program Office will expect compliance with CFOP 155-31 (effective September 14, 2006), and any and all policies regarding timely deposits of licensure fees.

**Finding No. 8:**

**The Department did not always assess the correct licensing fee for substance abuse treatment providers.**

**Department Response:**

The Substance Abuse Program Office will revise the section of Chapter 65D-30, F.A.C., which regulates the assessment of licensing fees and provider discounts, in order to clarify the intent, purpose and expectations regarding this matter. Circuit/Region Licensure Specialists will be trained regarding the calculation of licensing fees.

**Finding No. 9:**

**We recommend that the Department enhance its procedures for the collection and recording of child care licensing fees and fines.**

**Department Response:****CHILD CARE**

The Child Care Licensing Information System used to conduct inspections has been enhanced to require license fee collection information be entered into the

**EXHIBIT E****MANAGEMENT'S RESPONSE (CONTINUED)**

RESPONSE TO OFFICE OF AUDITOR GENERAL PRELIMINARY AND  
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database to confirm annual collection/recording of the fee. This will be monitored randomly by program analysts.

**SUBSTANCE ABUSE**

The Substance Abuse Program Office implemented a Substance Abuse Licensure Information System (SALIS) in July 2008. When the system is fully operational, the SALIS has the capacity to collect licensure fee data which can be reconciled to the FLAIR System. In the interim, the Department's Comptroller has developed an internal reconciliation system specific to licensure fees which became effective October 15, 2008.

