

# EARLY LEARNING PROGRAMS AND RELATED DELIVERY SYSTEMS

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Audit Performed Pursuant to  
Chapter 2011-142, Laws of Florida



STATE OF FLORIDA  
AUDITOR GENERAL  
DAVID W. MARTIN, CPA

## EARLY LEARNING PROGRAMS GOVERNANCE

Prior to July 1, 2011, the Office of Early Learning was included in the organizational structure of the Agency for Workforce Innovation (AWI) pursuant to Section 20.50(2)(c), Florida Statutes (2010), and the Director of the Office of Early Learning was appointed by the AWI Director. During the period of our audit, Cynthia Lorenzo was the Director of AWI and Brittany Birken and Matthew Guse served as the Directors for the Office of Early Learning. Effective September 15, 2011, former AWI Director, Cynthia Lorenzo, appointed Dr. Melody Jurado as the Director of the Office of Early Learning.

Effective July 1, 2011, and allowing for a 3-month transition period ending October 1, 2011, Chapter 2011-142, Laws of Florida, transferred the Office of Early Learning to the Department of Education (DOE). Pursuant to Section 20.15(3)(h), Florida Statutes, the Office is a separate budget entity and is not subject to control, supervision, or direction by DOE or the State Board of Education in any manner including, but not limited to, personnel, purchasing, transactions involving personal property, and budgetary matters. The Office Director is to be appointed by the Governor and confirmed by the Senate.

In addition to the Office of Early Learning, two other State agencies and 31 early learning coalitions are involved in the administration and delivery of the State's early learning programs. Those State agencies, the ten early learning coalitions at which we performed audit field work, and the respective agency heads and coalition executive directors who served during the period of our audit were:

Department of Children and Family Services	David Wilkins, Secretary, from January 2011 George Sheldon, Secretary, September 2008 to January 2011 Robert Butterworth, Secretary, January 2007 to August 2008
Department of Education	Gerard Robinson, Commissioner, from August 2011 John Winn, Interim Commissioner, June 2011 to July 2011 Dr. Eric J. Smith, Commissioner, December 2007 to June 2011
Early Learning Coalition of the Big Bend Region	Lauren Faison
Early Learning Coalition of Escambia County	Diane Hutcherson
Early Learning Coalition of Hillsborough County	David McGerald
Early Learning Coalition of Marion County	Roseann Fricks
Early Learning Coalition of Miami-Dade/Monroe	Evelio C. Torres
Early Learning Coalition of Orange County	Karen Willis
Early Learning Coalition of Palm Beach County	Warren Eldridge
Early Learning Coalition of Pinellas County	Janet Chapman
Early Learning Coalition of Polk County	Kris Giordano
Early Learning Coalition of Southwest Florida	Dr. Kathleen Reynolds

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## EARLY LEARNING PROGRAMS AND RELATED DELIVERY SYSTEMS

### SUMMARY

This audit focused on the governance structure of the State's early learning programs, Statewide administration and oversight of the School Readiness and Voluntary Prekindergarten Education (VPK) Programs (the primary early learning programs in the State), and early learning coalition program delivery and operations. Audit procedures were performed at the three State agencies responsible for the Statewide administration of various aspects of the State's early learning programs: the Office of Early Learning (OEL), Department of Education (DOE), and Department of Children and Family Services (DCF). Additionally, audit field work was performed at 10 of the State's 31 early learning coalitions which are responsible for ensuring access to early learning programs in all 67 Florida counties.

Our audit disclosed areas in which the efficiency and effectiveness of early learning program administration and accountability could be enhanced. Specifically, we noted that OEL did not always provide the oversight necessary for the effective and efficient administration of the School Readiness and VPK Programs or implement the necessary Statewide measures to determine whether legislative objectives are being met, measure School Readiness Program successes, and assess the effectiveness of the investments made. Our audit also disclosed deficiencies in coalition financial management, operations, School Readiness and VPK Program administration, and information technology practices, as well as instances of noncompliance with State laws and Federal regulations. We found that control deficiencies at OEL and the early learning coalitions contributed to many of the problems described in this report.

The results of our audit procedures, when considered as a whole, indicated that the Statewide governance structure of the early learning programs, as designed, was adequate for purposes of the School Readiness and VPK Programs. However, our audit procedures also disclosed that, notwithstanding the adequacy of its design, the governance structure's effectiveness had been impaired by the lack of the execution of certain program duties and responsibilities.

#### EARLY LEARNING PROGRAMS GOVERNANCE AND ACCOUNTABILITY

**Finding No. 1:** Notwithstanding the adequacy of the design of the early learning program governance structure, in many respects, OEL did not effectively administer its responsibilities for the School Readiness and VPK Programs. Therefore, the effective, efficient, and economical accomplishment of early learning program goals and objectives Statewide is less certain.

#### STATEWIDE EARLY LEARNING PROGRAM ADMINISTRATION AND OVERSIGHT

#### EARLY LEARNING PROGRAMS – INFORMATION SYSTEMS AND DATA ANALYSES

**Finding No. 2:** OEL did not conduct data matches between School Readiness Program information and Unemployment Insurance (UI) benefit payment data. Our comparison of School Readiness Program information and UI data identified individuals who were improperly receiving School Readiness Program benefits under a work-dependent eligibility category while also collecting UI benefits. The information for these individuals was provided to OEL for further investigation of fraud.

**Finding No. 3:** OEL's Enhanced Field System (EFS) data analysis and edit report processes need enhancement to ensure that program data used as the basis for reimbursement and State and Federal reporting are accurate and complete. Our EFS data analyses disclosed instances in which excess reimbursements were made, as well as an instance of potential School Readiness Program fraud.

**Finding No. 4:** Implementation of the Early Learning Information System (ELIS) is behind schedule and trending negatively with regard to the planned implementation date and cost, placing the accomplishment of planned project outcomes and benefits at risk.

#### **SCHOOL READINESS PROGRAM PERFORMANCE STANDARDS, OUTCOME MEASURES, AND CURRICULA**

**Finding No. 5:** While performance standards had been established for the School Readiness Program, OEL had not developed or implemented Statewide uniform outcome measures for the Program.

**Finding No. 6:** OEL had not implemented a standard Statewide School Readiness Program curricula review and approval process.

#### **QUALITY IMPROVEMENT ACTIVITIES**

**Finding No. 7:** Contrary to statutory requirement, OEL had not implemented a Statewide Quality Rating and Improvement System that provided a uniform approach to assessing, improving, and communicating the level of quality delivered by child care providers in the State's School Readiness Program.

**Finding No. 8:** The types of expenditures classified as School Readiness Program quality dollar expenditures varied and did not always appear to relate to activities that improved the quality of child care.

#### **EARLY LEARNING COALITION MONITORING AND OVERSIGHT ACTIVITIES**

**Finding No. 9:** The complex and changing nature of OEL's monitoring process may have contributed to deficiencies in the timely performance and reporting of monitoring efforts.

**Finding No. 10:** Coalition School Readiness plans did not always include all the required elements and OEL's plan review and approval processes were not always efficient and effective. In addition, coalitions were not always operating in accordance with OEL-approved plans.

**Finding No. 11:** OEL procedures were not sufficient to promote the timely submission of coalition School Readiness Program annual reports.

#### **EARLY LEARNING COALITION FUNDING**

**Finding No. 12:** OEL could not demonstrate that the formula submitted for use in allocating School Readiness Program funds among the coalitions was based upon the statutory requirement of equity for each county.

<b>EARLY LEARNING COALITIONS</b>
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#### **EARLY LEARNING COALITION SCHOOL READINESS PROGRAM ADMINISTRATION**

**Finding No. 13:** Some coalitions did not always properly conduct or document School Readiness Program eligibility and parent copayment determinations.

**Finding No. 14:** Contrary to OEL rules, coalition waiting lists were not always prioritized according to participant eligibility category.

**Finding No. 15:** Some coalitions did not always reimburse School Readiness Program providers in accordance with OEL-approved payment schedules.

**Finding No. 16:** Some coalition payments to School Readiness Program providers were not supported by appropriate documentation or made in the correct amounts.

#### **EARLY LEARNING COALITION VPK PROGRAM ADMINISTRATION**

**Finding No. 17:** Some coalitions did not always ensure that VPK Program eligibility and enrollment files were maintained in accordance with applicable provisions of State law and OEL rules or that data contained in EFS accurately reflected the information documented in the child eligibility files.

Finding No. 18: Some coalitions did not always document that parents were informed of their rights and responsibilities or that VPK Program provider profiles were made available as required by State law.

Finding No. 19: Some coalitions did not always maintain documentation demonstrating that, prior to delivering VPK Program instruction or receiving payment, VPK Program providers submitted complete and signed Statewide Provider Registration Applications.

Finding No. 20: Some coalitions did not always maintain documentation to demonstrate that background screenings had been properly performed and reviewed for all VPK instructors.

Finding No. 21: Some coalitions did not always maintain documentation to demonstrate that VPK instructor requirements, including education and training requirements, had been satisfied.

Finding No. 22: Coalition payments to VPK Program providers were not always supported by appropriate documentation.

#### EARLY LEARNING COALITION OPERATIONS

Finding No. 23: Some coalitions had not established and implemented effective procurement policies and procedures.

Finding No. 24: Some coalition contractual service contract documents needed improvement to ensure that all appropriate terms and conditions are specified.

Finding No. 25: Coalition expenses were not always accurately paid or adequately supported and were made in amounts that did not always appear to be reasonable.

Finding No. 26: Some coalitions did not always timely and properly record tangible personal property acquisitions in coalition property records. In addition, some coalitions did not always timely reconcile the results of annual physical inventories to master property lists or ensure that physical inventories were performed by persons independent of the property record-keeping and custodial functions.

Finding No. 27: Some coalition revenue collection policies and procedures needed enhancement.

Finding No. 28: Some coalitions did not always ensure that employees who may come into contact with children or have access to confidential information timely received background screenings.

Finding No. 29: 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.

Finding No. 30: Some coalitions did not always properly advertise, and maintain documentation of the advertisement of, board vacancies.

Finding No. 31: Some coalitions did not utilize comprehensive monitoring schedules to track the results of School Readiness and VPK Program provider monitoring efforts. In addition, coalition procedures for the monitoring process did not always address how providers were selected for monitoring.

Finding No. 32: One coalition did not ensure that proper information technology security controls were in place.



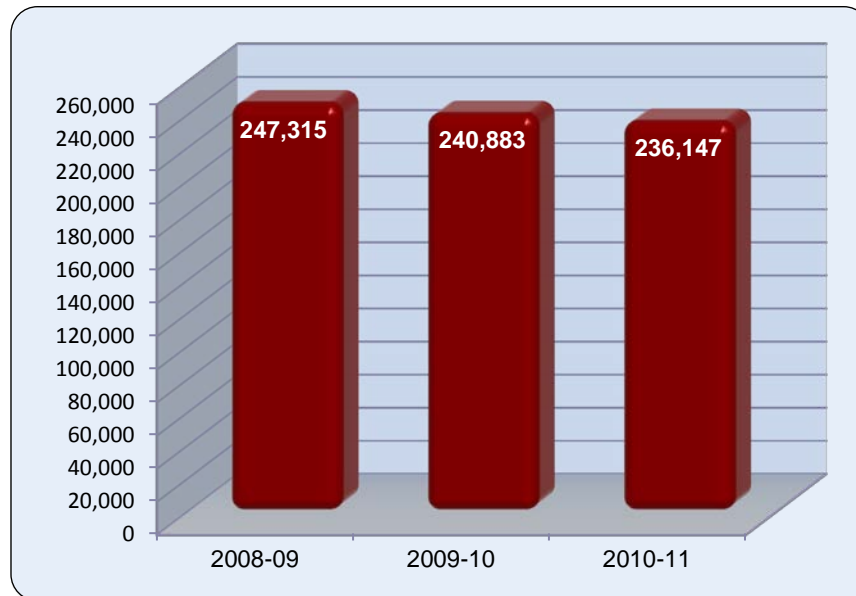
## BACKGROUND

Early education services are available to Florida families with young children through a number of State and Federal programs. These programs are to provide a variety of services designed to enhance a child's cognitive, social, and physical readiness for school. The Office of Early Learning (OEL), in cooperation with the Department of Education (DOE) and Department of Children and Family Services (DCF), is responsible for the administration of the early learning programs at the State level, and 31 early learning coalitions are responsible for the delivery of program services at the local level. The State's two primary early education programs, the School Readiness and Voluntary Prekindergarten Education (VPK) Programs, are described in more detail below.

### **School Readiness Program**

In 1999, the Legislature enacted the School Readiness Act<sup>1</sup> which authorized the establishment of the School Readiness Program for children from birth to the beginning of kindergarten or those children who are eligible to participate in a Federally subsidized child care program. The School Readiness Program was designed to prepare children for school while enabling parents to work and become financially self-sufficient. The Program provides subsidies for early childhood education and child care services to targeted populations based on need. Pursuant to State law,<sup>2</sup> these targeted populations include the children of low-income families; children in protective services who are at risk of abuse, neglect, or abandonment; and children with disabilities. Chart 1 shows the number of children served by the School Readiness Program during the 2008-09, 2009-10, and 2010-11 fiscal years.

**Chart 1**  
**Number of Children Served by the School Readiness Program**  
**by Fiscal Year**



Source: OEL June 2011 *Early Learning Report Card* and OEL *Fact Book*.

Funding for the School Readiness Program is provided by Federal and State sources, including the Federal Child Care and Development Fund (CCDF) Block Grant, the Federal Temporary Assistance for Needy Families (TANF) Program, State General Revenue, and other State funds. As shown in Table 1, CCDF and TANF provided over 70 percent of the School Readiness Program funding during each of the most recent 4 fiscal years.

<sup>1</sup> Section 411.01, Florida Statutes.

<sup>2</sup> Section 411.01(6), Florida Statutes.



**Table 1**  
**School Readiness Program Funding by State Fiscal Year**

Funding Source	2008-09	2009-10	2010-11	2011-12
State Funds	\$152,664,890	\$144,538,022	\$144,556,724	\$141,388,790
Federal CCDF <sup>a</sup>	373,014,868	361,519,204	368,385,355	367,052,647 <sup>b</sup>
Federal TANF <sup>c</sup>	124,542,933	116,618,345	116,618,345	116,618,345 <sup>b</sup>
Federal ARRA Funds <sup>d</sup>	1,535,783	51,261,483	52,533,988	2,457,835
Other Federal Funds <sup>e</sup>	<u>1,500,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
<b>Total Funds</b>	<b>\$653,258,474</b>	<b>\$674,937,054</b>	<b>\$683,094,412</b>	<b>\$628,517,617</b>

<sup>a</sup> CCDF provides funding for subsidized child care for low-income working families and for initiatives to improve the quality of child care.

<sup>b</sup> Amounts include a total of \$30,227,891 in contingent TANF and CCDF funding.

<sup>c</sup> TANF provides assistance and work opportunities to help needy families achieve economic self-sufficiency.

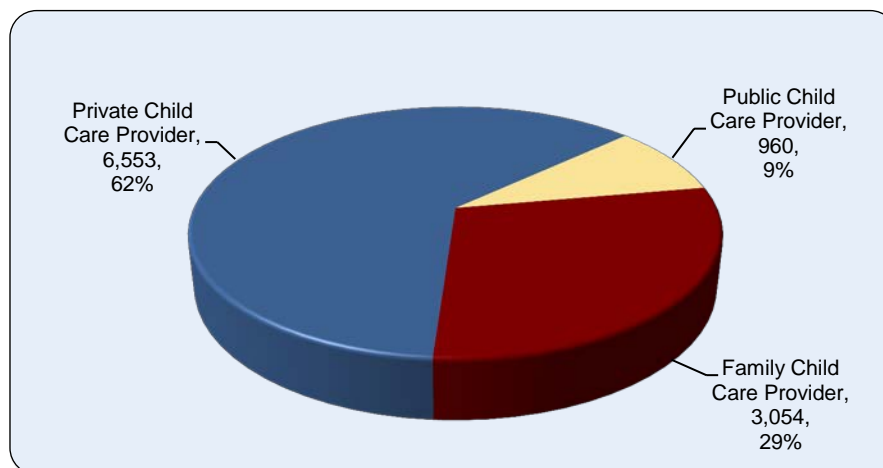
<sup>d</sup> Non-recurring Federal American Recovery and Reinvestment Act (ARRA) funds.

<sup>e</sup> Includes Even Start and Social Services Block Grant funds.

Source: OEL historical funding data.

OEL distributes School Readiness Program funding to the early learning coalitions. The coalitions then distribute funds to contracted third-party providers and local child care providers. State law<sup>3</sup> requires each coalition to provide parents with a choice of settings and locations operated by licensed, registered, religious-exempt, or school-based providers. Many of these providers are licensed by DCF. Chart 2 shows the number and percentage of School Readiness providers, by type, as of June 30, 2011.

**Chart 2**  
**Number and Percentage of School Readiness Providers**  
**by Type as of June 30, 2011**



Note: Faith-based providers are included in the provider counts for private and public providers.

Source: OEL June 2011 *Early Learning Report Card*.

<sup>3</sup> Section 411.01(5)(d)4.c., Florida Statutes.

As described below, OEL, the coalitions, and DCF each are to play key roles in the administration of the School Readiness Program and in the achievement of Program goals:

- Office of Early Learning – Prior to October 1, 2011, the School Readiness Program was administered at the State level by the Agency for Workforce Innovation (AWI), Office of Early Learning (OEL); however, in 2011, legislation was enacted transferring OEL from AWI to DOE.<sup>4</sup> After October 1, 2011, OEL became the State-level entity responsible for the administration of the School Readiness Program as well as for the operational requirements of the VPK Program. OEL is a division of DOE, but is a separate budget entity and is not to be subject to the control, supervision, or direction of DOE or the State Board of Education in any manner. As of July 1, 2011, OEL was authorized 83 full-time equivalent positions. Throughout this report, references to OEL include all functions, records, and authority relating to OEL, both under AWI and as a part of DOE.

OEL is primarily responsible for the administration of all early learning programs in the State and, as the designated lead agency for CCDF, is responsible for ensuring that the School Readiness Program is administered in accordance with applicable Federal requirements and the provisions of the State CCDF Plan. Pursuant to State law,<sup>5</sup> OEL is to establish a unified approach to the State's efforts toward enhancement of school readiness, including establishing specific system support services that address, among other things, developmentally appropriate curricula and rating and improvement systems. OEL is also responsible for developing and adopting performance standards and outcome measures for the School Readiness Program and for developing a School Readiness funding formula that is based upon equity for each county.

- Early Learning Coalitions - State law<sup>6</sup> established early learning coalitions to administer School Readiness Program responsibilities at the local level and ensure access to such services in all 67 Florida counties. Each coalition is governed by a board composed of various private and public stakeholders and community representatives, including the chair who is appointed by the Governor. Every coalition must serve at least 2,000 children, to be calculated based upon the average number of all children served per month through the coalition's School Readiness Program during the previous 12 months, unless OEL specifically waives this requirement. **EXHIBIT A** to this report presents a map showing the areas served by each of the 31 early learning coalitions.

Coalitions are to perform a range of School Readiness Program activities which typically include resource and referral, eligibility determinations, child screening and assessments, provider payment processing, professional development training, and service provider monitoring. Coalitions also contract with child care providers to deliver both School Readiness and VPK Program services. The 31 coalitions reported that, as of July 2011, they employed a total of 876 full-time and 67 part-time employees.

As noted in Table 2, many of the State's 31 coalitions have elected to contract with third-party providers for various activities and, in some instances, the coalitions share certain duties with these providers. As a result, the number of employees at each coalition widely varies and, as of July 2011, ranged from 2 employees at the Clay, Nassau, Baker, and Bradford Counties Coalition to 67 employees at both the Flagler and Volusia Counties Coalition and Miami-Dade/Monroe Coalition.<sup>7</sup> Throughout this report, we make reference to applicable coalitions regardless of whether the coalitions actually perform or have entered into a third-party provider contract for the related service or activity.

<sup>4</sup> Chapter 2011-142, Laws of Florida. The law was effective July 1, 2011, but the Legislature deemed that a 3-month transition period was appropriate and warranted.

<sup>5</sup> Section 411.01, Florida Statutes.

<sup>6</sup> Section 411.01(5), Florida Statutes.

<sup>7</sup> At the 31 coalitions, the median number of employees was 30 as of July 2011.

**Table 2**  
**School Readiness and VPK Program Activities**  
**Performed by Coalitions, Contracted Third-Party Providers, or Both**

Activity	Number of Coalitions at Which the Activity Was Performed by:		
	Coalition	Third-Party Provider	Both
<b>School Readiness</b>			
Child Care Provider Eligibility Determinations	20	10	1
Client Eligibility Determinations	18	13	-
Monitoring of Child Care Providers	20	8	3
<b>Voluntary Prekindergarten</b>			
VPK Provider Eligibility Determinations	21	9	1
Client Eligibility Determinations	19	12	-
Monitoring of VPK Providers	23	5	3
<b>Enhanced Field System Data Entry <sup>a</sup></b>	17	12	2
<b>Provider Payment Processing</b>	18	12	1
<b>Administrative Bookkeeping</b>	25	2	4

<sup>a</sup> The Enhanced Field System is a distributed data system used for management of the State's early learning programs at the State level by OEL and at the local level by each coalition.

Source: Coalition questionnaire responses.

Each year, coalitions are required to meet minimum matching requirements for various funds. For example, the General Appropriations Acts have required a 6-percent local match for eligible working poor participants for School Readiness Program child care slots to be met on a Statewide basis, although the requirement may be waived in writing by OEL for a rural county that demonstrates a significant hardship in meeting the match requirement. This match may include cash for direct services as well as eligible cash for nondirect services and in-kind donations.<sup>8</sup> During the 2010-11 fiscal year, the coalitions provided over \$15 million in funds for the working poor match and met the 6 percent match requirement on a Statewide basis. **EXHIBIT B** to this report summarizes, by coalition and by county, the reported working poor match amounts for the 2008-09, 2009-10, and 2010-11 fiscal years.

- Department of Children and Family Services – Although DCF has no specific School Readiness Program responsibilities, DCF is responsible for licensing child care facilities and homes and registering certain exempt family day care homes, many of which provide services to children participating in the School Readiness Program.<sup>9</sup> The purpose of DCF's child care licensing program is to ensure a healthy and safe environment for children and to improve the quality of care through regulation and consultation. DCF is to ensure that licensing requirements are met through on-going inspections performed by DCF staff in 61 of Florida's 67 counties. As provided for in State law,<sup>10</sup> 6 counties (Brevard, Broward, Hillsborough, Palm Beach, Pinellas, and Sarasota) have elected to regulate child care facilities and homes in their respective counties.

DCF is also responsible for the Gold Seal Quality Care (Gold Seal) Program,<sup>11</sup> which sets standards for a level of child care that exceeds the minimum licensing standards required by law. The Gold Seal Program is a voluntary program that allows child care providers to seek accreditation from a DCF-approved accrediting

<sup>8</sup> In-kind donations to be used as match are defined as donations of goods or services by non-Federal third parties. In-kind donations are allowable and may be counted toward meeting the working poor matching requirements provided there is not a reduction in the number of child care slots or level of services as a result of accepting the in-kind match.

<sup>9</sup> According to an Office of Program Policy Analysis and Government Accountability Research Memorandum dated December 2009, approximately 77 percent of the licensed child care providers DCF inspects were also School Readiness providers.

<sup>10</sup> Section 402.306, Florida Statutes.

<sup>11</sup> Section 402.281, Florida Statutes.

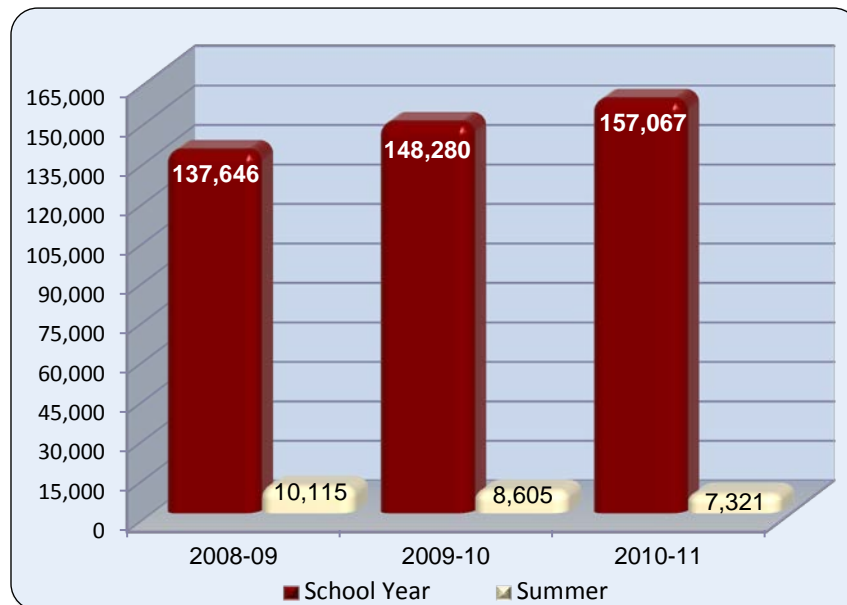
agency. Among the benefits of child care provider participation in the Gold Seal Program is an increased reimbursement rate of up to 20 percent for care provided to children participating in the School Readiness Program and consideration as an educational institution for the purpose of qualifying for an ad valorem tax exemption.<sup>12</sup> DCF recognizes eligible providers which meet the Gold Seal Program standards by issuing a Gold Seal certificate to the providers.

### **Voluntary Prekindergarten Education Program**

In November 2002, Florida voters approved an amendment to the State Constitution<sup>13</sup> requiring that no later than the beginning of the 2005 school year, every 4-year-old child in the State be provided a prekindergarten learning opportunity in the form of an early childhood development and education program. This program is to be voluntary, high quality, free, and delivered according to professionally accepted standards.

Pursuant to State law,<sup>14</sup> the Voluntary Prekindergarten Education (VPK) Program was implemented in the fall of 2005. To be eligible for the VPK Program, a child must be a Florida resident and attain four years of age on or before September 1 of the academic year. Parents of 4-year-olds who elect to participate in the VPK Program may choose either a school-year or a summer program offered by either a private prekindergarten provider or public school. Chart 3 shows the number of children who were enrolled in VPK school-year and summer programs during the 2008-09, 2009-10, and 2010-11 program years.

**Chart 3**  
**VPK Program Enrollments by Program Year**



Source: OEL June 2011 *Early Learning Report Card* and OEL *Fact Book*.

The VPK Program may be offered by either a private provider or a public school. Unlicensed (registered) family day care homes and informal child care providers are not eligible to offer the VPK Program. To be eligible to offer the VPK Program, a private provider must be a:

- Licensed child care facility;
- Licensed family day care home;
- Licensed large family child care home;

<sup>12</sup> General Appropriations Acts and Section 402.26(6), Florida Statutes.

<sup>13</sup> Article IX, Section 1(b) and (c) of the State Constitution.

<sup>14</sup> Section 1002.53(1), Florida Statutes.

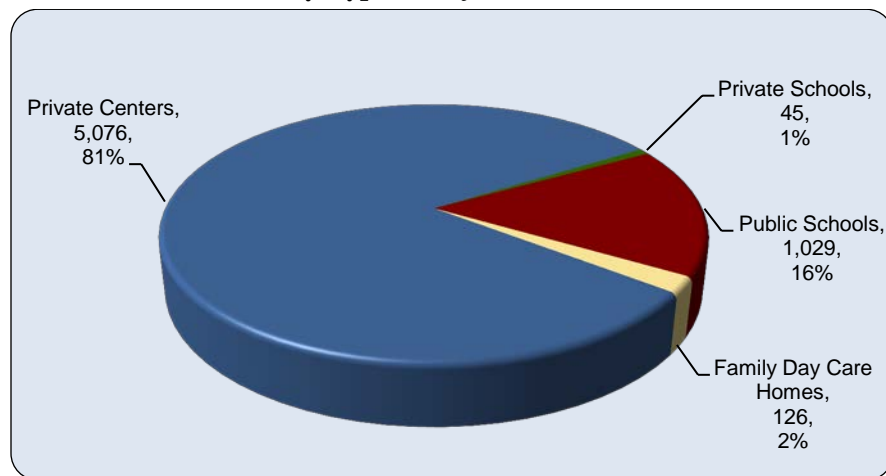
- Nonpublic school exempt from licensure; or
- Faith-based child care provider exempt from licensure.

Additionally, State law<sup>15</sup> requires that a private prekindergarten provider must:

- Be accredited by an accrediting association enumerated in law; or
- Hold a current Gold Seal Quality Care designation; or
- Be licensed and demonstrate, prior to delivering the VPK Program and as verified by the coalition, that the provider meets the VPK Program's statutory requirements.

Chart 4 shows the number and percentage of VPK providers, by type, as of June 30, 2011.

**Chart 4**  
**Number and Percentage of VPK Providers**  
**by Type as of June 30, 2011**



Note: Faith-based providers are included in the provider counts for private and public providers.

Source: OEL *Fact Book*.

Table 3 shows VPK Program funding amounts for the 2008-09 through 2011-12 fiscal years along with the base student allocation per full-time equivalent student. The VPK Program has historically been funded by State General Revenue resources, although such funding was supplemented with Federal resources in the 2009-10 and 2010-11 fiscal years. The base student allocation amount per full-time equivalent student is the same, regardless of whether the student is enrolled in a program delivered by a public school or private VPK provider. However, as also shown in Table 3, the allocation amount differs based on whether the program delivered is a school-year or a summer VPK program.<sup>16</sup>

<sup>15</sup> Section 1002.55(3)(b), Florida Statutes.

<sup>16</sup> Pursuant to Sections 1002.55(2) and 1002.61(2)(a), Florida Statutes, school-year VPK Programs must comprise at least 540 instructional hours while summer VPK Programs must comprise at least 300 instructional hours.

**Table 3**  
**VPK Program Funding by State Fiscal Year**

	2008-09	2009-10	2010-11	2011-12
<b>Total Funding</b>	<b>\$353,488,827</b>	<b>\$366,789,114</b>	<b>\$404,372,806</b>	<b>\$384,606,382</b>
<b>School-Year Program Base Student Allocation</b>	\$2,575	\$2,575	\$2,562	\$2,383
<b>Summer Program Base Student Allocation</b>	\$2,190	\$2,190	\$2,179	\$2,026

Source: General Appropriations Acts and Department of Education records.

OEL administers the operational requirements of the VPK Program at the State level and distributes VPK Program funding, which includes both the base student allocation and an additional amount for administrative and other Program costs, to the early learning coalitions. The coalitions distribute the funds to contracted third-party providers and private VPK providers and public schools. DCF licenses many of the private VPK providers and DOE administers the accountability requirements of the VPK Program at the State level. As further described below, OEL, the coalitions, DOE, and DCF each are to play a key role in administering the VPK Program and in meeting the Program's goals:

- Office of Early Learning - Pursuant to State law,<sup>17</sup> OEL administers the operational requirements of the VPK Program at the State level and manages the day-to-day operations of the VPK Program, including policy development, fiscal management, and oversight of the 31 coalitions and network of local VPK providers.
- Early Learning Coalitions - As with the School Readiness Program, coalitions are responsible for implementing the VPK Program at the local level. Each coalition is the single point of entry for VPK registration and enrollment in its service area and must coordinate with each school district in its service area to develop procedures for enrolling children in public school VPK programs. Local oversight of the VPK Program is divided, with coalitions providing administration over privately provided programs and school districts overseeing public school programs.
- Department of Education - State law<sup>18</sup> provides that, at the State level, DOE shall administer the accountability requirements of the VPK Program. Among other responsibilities, DOE is to adopt a Statewide kindergarten screening that assesses the readiness of each student for kindergarten based upon DOE-adopted performance standards, annually calculate each private and public school VPK provider's kindergarten readiness rate, approve the VPK curricula of private providers and public schools that have been placed on probation, and approve prekindergarten director credentials and emergent literacy courses.<sup>19</sup>

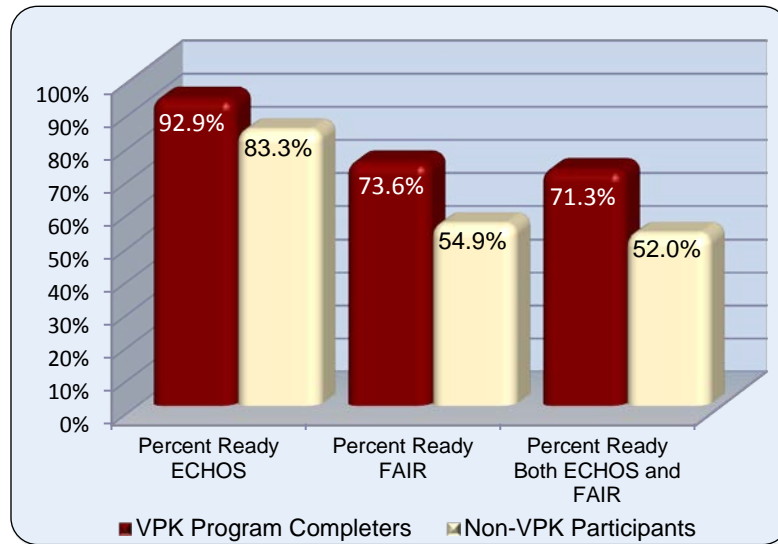
Pursuant to statutory requirements, the State Board of Education adopted VPK Education Standards and DOE designed the Florida Kindergarten Readiness Screener (FLKRS) to assess, within the first 30 days of kindergarten, a child's readiness for kindergarten based on the standards. FLKRS is also used to calculate the VPK Provider Kindergarten Readiness Rate, which measures how well a VPK provider prepared a child for kindergarten based on the VPK Education Standards. FLKRS is composed of two elements: 1) the Florida Assessments for Instruction in Reading (FAIR), which focuses on letter naming and phonemic awareness through a structured testing environment and 2) the Early Childhood Observation System (ECHOS), which measures language and literacy, mathematics, social and personal skills, science, social studies, physical development and fitness, and creative arts, through observation of children in a classroom setting. Charts 5 and 6 show the FLKRS results for the 2008-09 and 2009-10 program years, respectively.

<sup>17</sup> Section 1002.75, Florida Statutes.

<sup>18</sup> Section 1002.73, Florida Statutes.

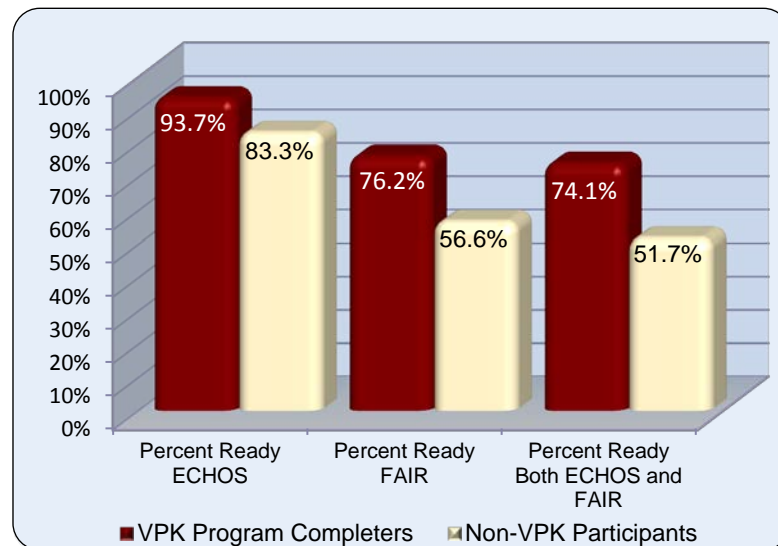
<sup>19</sup> Section 1002.59, Florida Statutes, describes emergent literacy skills as including oral communication, knowledge of print and letters, phonemic and phonological awareness, and vocabulary and comprehension development.

**Chart 5**  
**FLKRS Results by VPK Program Participation Status**  
**for the 2008-09 Program Year**



Source: DOE VPK Program Status Report dated March 10, 2011.

**Chart 6**  
**FLKRS Results by VPK Program Participation Status**  
**for the 2009-10 Program Year**



Source: DOE VPK Program Status Report dated March 10, 2011.

- Department of Children and Family Services - Similar to the School Readiness Program, many of the child care providers licensed by DCF participate in the VPK Program. In addition to licensing oversight, DCF also oversees basic State-mandated child care training and credentials for child care provider personnel.



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**FINDINGS AND RECOMMENDATIONS**

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Our audit tests disclosed that, in many respects, the Office of Early Learning (OEL) did not effectively administer its responsibilities for the School Readiness and Voluntary Prekindergarten Education (VPK) Programs. Our audit also disclosed deficiencies in coalition financial management, operations, School Readiness and VPK Program administration, and information technology practices, as well as instances of noncompliance with State laws and Federal regulations. Our audit also disclosed control deficiencies at OEL and the coalitions, which may have contributed to many of the problems described in this report.

As described in the **BACKGROUND** section of this report, prior to October 1, 2011, the early learning programs were administered by the Agency for Workforce Innovation (AWI) OEL. Subsequent to that date, OEL was transferred to the Department of Education (DOE). Throughout this report, references to OEL include all functions, records, and authority relating to OEL both under AWI and as part of DOE. Additionally, we refer to applicable coalitions regardless of whether the relative service or activity was actually performed by the coalition or by a contracted third-party provider.

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**EARLY LEARNING PROGRAMS GOVERNANCE AND ACCOUNTABILITY**

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The goals and objectives of Florida's early learning programs are established in State law. State law<sup>20</sup> indicates that school readiness programs increase children's chances of achieving future educational success and becoming productive members of society. The law states that it is the intent of the Legislature, among other objectives, that the programs:

- Be developmentally appropriate, research-based, involve the parent as a child's first teacher, serve as preventive measures for children at risk of future school failure, enhance the educational readiness of eligible children, and support family education.
- Enable parents to work and become financially self-sufficient.
- Build upon existing services and work in cooperation with other programs for young children.
- Minimize administrative staff.
- Ensure access to direct enhancement services in all 67 counties.

In addition, the State Constitution provides that every 4-year-old child in Florida be provided by the State a high quality prekindergarten learning opportunity in the form of an early childhood development and education program which shall be voluntary, high quality, free, and delivered according to professionally accepted standards. The Constitution further provides that such a program should enhance each child's ability to make age-appropriate progress in an appropriate range of settings in the development of language and cognitive capabilities and emotional, social, regulatory, and moral capacities through education in basic skills.

Government programs, including early learning programs, should focus on goals and objectives and be structured to best accomplish those goals and objectives. To ensure the accomplishment of the goals and objectives established in law, it is important that an appropriate governance structure be established and in operation. For purposes of our audit, governance is defined as the organizational placement, assignment of duties and responsibilities, and the laws, rules, policies, and procedures established to reasonably ensure accountability and the effective, efficient, and economical accomplishment of the legislatively established program goals and objectives. An appropriate governance

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<sup>20</sup> Section 411.01(2), Florida Statutes.

structure emphasizes accountability at all program levels. Accountability is especially important given the \$1.1 billion annual investment in the State's early learning programs.

### **Finding No. 1: Statewide Early Learning Program Governance**

As part of our audit, we examined the governance of the School Readiness and VPK Programs (the primary early learning programs in the State) to evaluate the suitability of design. Our audit also included an evaluation of the effectiveness of the execution of the duties and responsibilities assigned within the governance structure to OEL, the Department of Children and Family Services (DCF), DOE, the coalitions, and the providers. To aid in this evaluation, we considered the following:

- Does the current governance structure provide a level of oversight and accountability for early learning programs that is consistent with the importance of program goals and objectives and the amount invested?
- Does the governance structure facilitate the effective delivery of program services to the intended recipients in accordance with governing laws, rules, and contracts and that the amounts due are paid in the proper amounts?
- Does the governance structure include program performance measurements and, if so, do they show improvements in the performance of the programs over time?
- Does the governance structure facilitate the delivery of services cost-effectively by qualified individuals and entities, with minimal duplication of interagency activities?
- Has the School Readiness Program been transformed beyond subsidized child care to an educational enhancement program?

To address these criteria, we:

- Reviewed laws, rules, and key policies and procedures to obtain an understanding of early learning program objectives and legal framework and tested OEL, coalition, and provider compliance.
- Interviewed management at OEL, DOE, and DCF.
- Interviewed coalition executive directors and board chairs for the ten coalitions at which we performed on-site audit field work.
- Considered the responses to a survey administered to the management of all 31 coalitions.
- Interviewed School Readiness and VPK providers.
- Surveyed the parents of children participating in the School Readiness Program and reviewed and compiled the responses.
- Considered the results of our other audit procedures.
- Reviewed other early learning governance reports and publications to identify best practices and alternate delivery systems.

The results of our audit procedures, when considered as a whole, indicated that the Statewide governance structure of the early learning programs, as designed, was adequate for purposes of the School Readiness and VPK Programs. However, our audit procedures also disclosed that, notwithstanding the reasonableness of its design, the governance structure's effectiveness had been impaired by the lack of the execution of certain program duties and responsibilities.

The results of our audit procedures addressing each of the questions we established to evaluate the governance structure of the State's early learning programs are described below.

***Does the current governance structure provide a level of oversight and accountability for early learning programs that is consistent with the importance of program goals and objectives and the amount invested?***

As described in the **BACKGROUND** section of this report, OEL was transferred from AWI to DOE and became a separate budget entity not subject to the control of DOE or the State Board of Education. Further, the OEL director is to be appointed by the Governor and confirmed by the Senate. This new organizational placement has the potential for heightening the profile of the State's early learning programs. However, many of the findings in this report describe the need for improved OEL execution of statutory duties and responsibilities. Absent sufficient oversight and accountability, the effective, efficient, and economical accomplishment of program goals and objectives Statewide is less certain.

***Does the governance structure facilitate the effective delivery of program services to the intended recipients in accordance with governing laws, rules, and contracts and that the amounts due are paid in the proper amounts?***

Delivery systems and controls, sufficient as to design, have been established to reasonably ensure that program services are effectively provided to the intended recipients, except that, as disclosed in finding Nos. 2 and 3, OEL had not proactively established procedures to prevent and detect improper payments. Also, in finding Nos. 13, 15, 16, 17, and 22, we have noted instances in which documentation was not available to demonstrate that eligibility requirements were met or that payments were made in accordance with applicable laws and other guidelines.

As these findings underscore, OEL and the coalitions need to provide much stronger controls to ensure program services are effectively provided only to the intended recipients and paid for in the proper amounts.

***Does the governance structure include program performance measurements and, if so, do they show improvements in the performance of the programs over time?***

For the School Readiness Program, Statewide Program measurements had not been developed to allow a determination of the degree of a child's progress over time or the extent to which the Program enabled parents to work. In finding No. 5, we note that OEL had not developed or implemented Statewide uniform outcome measures for the School Readiness Program. We also note in finding No. 7, that OEL had not implemented a Statewide Quality Rating and Improvement System that would provide a uniform and fair approach to assessing, improving, and communicating the level of quality delivered to participating children by providers. These findings describe limitations that inhibit a tangible demonstration that the Program is being successfully administered in an accountable manner that shows improvement over time.

In the absence of Statewide School Readiness outcome measures, we mailed surveys to 2,000 parents (200 at each of the ten coalitions at which we performed audit field work) of children who participated in the School Readiness Program during April 2011. The purpose of our survey was to assist in the measurement of various performance aspects of the School Readiness Program and early learning coalition service delivery. We asked that the parents respond to the survey questions shown in Table 4 by rating their experience with the early learning coalition, its partners (e.g., organizations designated by the coalition to assist in the enrollment process), and the School Readiness Program. Although we received a limited number of responses, our evaluation of the survey responses indicates that the parents' experiences with the coalitions were favorable overall and that the School Readiness Program was effective in allowing parents to work and in enhancing their child's development and education.

**Table 4**  
**School Readiness Parent Survey Results**

Survey Question	Number of Responses <sup>a</sup>	Percentage of Favorable Responses	With 95% Confidence, the Percentage of All Parents Who Would Report Favorable Responses
How easy was it for you to apply for School Readiness (child care) services?	185	87.03% Somewhat Easy to Very Easy	81.31 to 91.51%
How convenient for you are the locations and hours of operation of your area's early learning coalition and its partners?	185	85.95% Somewhat Convenient to Very Convenient	80.09 to 90.61%
How easy for you was the process for determining your family's eligibility for School Readiness (child care) services?	182	87.36% Somewhat Easy to Very Easy	81.64 to 91.82%
How responsive and helpful are coalition (or partner) staff in addressing your questions or concerns?	184	89.13% Somewhat Helpful to Very Helpful	83.71 to 93.23%
How helpful were coalition (or partner) staff in timely assisting you with finding a child care provider and enrolling your child(ren)?	184	88.04% Somewhat Helpful to Very Helpful	82.46 to 92.35%
How satisfied are you that your area coalition's (or its partner's) assistance with selecting a School Readiness (child care) provider has enabled you to make informed decisions?	184	92.93% Somewhat Satisfied to Very Satisfied	88.22 to 96.18%
How effective is the School Readiness Program in allowing you to work?	182	92.86% Somewhat Effective to Very Effective	88.10 to 96.14%
What degree of your child(ren)'s development and educational progress do you attribute to the School Readiness Program?	183	93.44% Moderate Degree to Very High Degree	88.83 to 96.57%

<sup>a</sup> Not every respondent answered every question.

Source: Parent survey responses.

For the VPK Program, existing measures appear to demonstrate that the Program promotes the kindergarten readiness of Florida's children. Charts 5 and 6 in the **BACKGROUND** section of this report show the kindergarten screening results both for children who completed a VPK Program and for children who did not participate in a VPK Program.

***Does the governance structure facilitate the delivery of services cost-effectively by qualified individuals and entities, with minimal duplication of interagency activities?***

As described in the **BACKGROUND** section of this report, OEL, DOE, DCF, and the early learning coalitions are each to play key roles in the administration of the early learning programs and in the achievement of program goals. Our audit procedures, including interviews with providers and coalition and State agency staff, disclosed that these roles were performed generally collaboratively and with minimal duplication of activities. As shown in Table 2 of this report, we also noted that the programs allow flexibility in selecting alternative means of meeting administrative responsibilities. However, we also noted under the subheadings **Early Learning Coalition Monitoring and Oversight Activities** and **Early Learning Coalition Operations** that improved OEL guidance and oversight and stronger coalition controls may result in a more cost-effective delivery of program services.

*Has the School Readiness Program been transformed beyond subsidized child care to an educational enhancement program?*

To transform the State's School Readiness Program from a subsidized child care program to the educational enhancement program envisioned in State law, OEL and the coalitions report that, in partnership with State and local organizations, initiatives have been implemented to support strong, sustainable early learning experiences. However, as noted above and in finding No. 5, Statewide outcome measures had not been established by OEL. Thus, a determination of the extent to which a transformation had occurred was not determinable from OEL records. As noted in Table 4, our survey of parents of School Readiness children does show that a significant number of parents believe that learning gains have occurred.

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**Recommendation:** Notwithstanding the reasonableness of the design of the early learning program governance structure, OEL should establish procedures to prevent and detect improper payments, provide stronger oversight of early learning coalition activities, foster accountability by implementing Statewide measures of program success, and continue to collaborate with DOE and DCF at the State level. Additionally, the early learning coalitions should adhere to the requirements of the State's early learning programs.

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**STATEWIDE EARLY LEARNING PROGRAM ADMINISTRATION AND OVERSIGHT**

Pursuant to State law,<sup>21</sup> OEL is responsible for administering the School Readiness Program at the State level and coordinating with the early learning coalitions in providing school readiness services on a full-day, full-year, full-choice basis to the extent possible in order to enable parents to work and be financially self-sufficient. State law<sup>22</sup> also requires OEL to administer the operational requirements of the VPK Program at the State level and that DOE administer the accountability requirements, including administration of the Statewide kindergarten screening and calculation of kindergarten readiness rates.<sup>23</sup> Included in the many OEL responsibilities enumerated in law are the establishment of a single Statewide information system, development and adoption of performance standards and outcome measures, conduct of planning activities related to overall program improvement and effectiveness, and monitoring and evaluation of coalition performance.<sup>24</sup>

**Early Learning Programs – Information Systems and Data Analyses**

State law<sup>25</sup> requires OEL to establish a single Statewide information system that each coalition must use for the purposes of managing the single point of entry, tracking children's progress, coordinating services among stakeholders, determining eligibility, tracking child attendance, and streamlining administrative processes for providers and coalitions. Currently, OEL utilizes the Enhanced Field System (EFS), Single Point of Entry, and Unified Wait List System as the single Statewide information system. The data maintained in EFS also affords OEL and the coalitions the opportunity to perform a variety of data analyses that could assist in identifying data anomalies and fraud.

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<sup>21</sup> Section 411.01(4)(a), Florida Statutes.

<sup>22</sup> Section 1002.75(1), Florida Statutes.

<sup>23</sup> Section 1002.69, Florida Statutes.

<sup>24</sup> Sections 411.01(5)(c)1.e., 411.01(4)(d)8., 411.01(4)(k), and 411.01(4)(l), Florida Statutes.

<sup>25</sup> Section 411.01(5)(c)1.e., Florida Statutes.

## Finding No. 2: Improper School Readiness Program Payments

In administering the School Readiness Program, OEL and the coalitions collect and utilize a vast amount of data, including information relating to eligibility requirements, such as a parent's employment and earned and unearned income. To ensure accountability in the provision of School Readiness Program child care subsidies, it is vital that OEL avail itself of data analysis techniques designed to indicate potential impropriety within the Program. For example, OEL could perform data matches between School Readiness Program information and unemployment insurance (UI) benefit payment data to determine whether parents who apply for and receive subsidized child care under the auspice of being employed, also collect UI benefits that could affect eligibility or the amount of School Readiness Program benefits received. Our audit disclosed that OEL did not conduct data matches between School Readiness Program information and UI benefit payment data that would have timely identified individuals who were improperly receiving School Readiness Program benefits.

To determine whether individuals received subsidized child care based on a parental representation of employment during the same time period for which UI benefits were received, we compared School Readiness Program data for the period July 2008 through April 2011 for the 31 early learning coalitions to UI benefit payment information maintained by AWI, Office of Unemployment Compensation Services.<sup>26</sup> By matching data using the parent's social security number, we identified records for 16,589 individuals who had received subsidized child care benefits under work-dependent eligibility categories during periods of time for which they were also collecting UI benefits. In these instances, we noted that the School Readiness Program child care subsidies ranged from \$7 to \$38,725 and totaled \$39.8 million and the UI benefit payments ranged from \$10 to \$31,707 and totaled \$54.2 million.

To ascertain whether reasonable explanations existed for the receipt of School Readiness Program benefits under a work-dependent eligibility category during the same time period during which UI benefit payments were paid, we provided the results of our analysis to OEL and the Office of Unemployment Compensation Services and requested and reviewed additional information for 26 individuals who our analysis identified as receiving large amounts of UI benefits. Our analysis resulted in 14 of these individual's records being referred for fraud investigation and, as of November 15, 2011, 9 of the 26 individual's records were still being reviewed by OEL and the applicable coalitions. As shown in Table 5, the estimated School Readiness Program losses related to the 14 individuals whose records were referred for fraud investigation totaled \$52,905. During the same period in which these 14 individuals received School Readiness Program benefits, they also collected a total of \$176,348 in UI benefits.

Based on the results of the analysis described above, further investigation of the other records identified is necessary to determine the extent of additional improper payments of School Readiness Program or UI benefits.

**Table 5**  
**Improper School Readiness**  
**Program Payments**

Participant	Estimated School Readiness Program Loss
1	\$12,382
2	6,647
3	5,500
4	5,164
5	4,789
6	4,331
7	2,430
8	2,430
9	2,171
10	2,171
11	1,963
12	1,244
13	945
14	738
<b>Total</b>	<b>\$52,905</b>

**Recommendation:** We recommend that OEL routinely conduct data matches between School Readiness Program information and UI benefit payment data. Such analyses are necessary to ensure the proper payment of School Readiness Program benefits under work-dependent eligibility categories. In addition, OEL should continue to pursue the investigation of the potential improper payments noted above.

<sup>26</sup> Pursuant to Chapter 2011-142, Laws of Florida, the Office of Unemployment Compensation Services responsible for UI was transferred from AWI to the newly created Department of Economic Opportunity.



### Finding No. 3: Enhanced Field System (EFS) Controls and Data Analysis

As previously mentioned, OEL utilizes EFS to assist in managing the State's early learning programs. EFS is a distributed data system used at the State level by OEL and independently maintained at the local level by each coalition. State law<sup>27</sup> requires that each coalition use EFS for a variety of purposes including establishing eligibility for School Readiness Program benefits and maintaining a database of VPK students. EFS data is to accurately reflect the most current circumstances that the applicant presents to the coalition and are used as a basis for provider reimbursement and Federal and State reporting.

In our report No. 2009-003, we recommended that OEL enhance its procedures to promote the accuracy and completeness of the data in EFS. We also recommended that OEL continue to periodically perform analyses of EFS data and expand those analyses to include comparisons of data across coalitions. In OEL's January 2009 6-month follow-up response to report No. 2009-003, OEL reported that an edit report process that included identifying potential EFS data errors, creating and distributing data edit reports, informing coalitions of potential data errors, requesting coalitions review and correct data errors, and publishing support documentation and instructions with each data edit report had been established. Table 6 shows the seven edit reports noted by OEL to have been developed and released for OEL and coalition staff use in 2008.

**Table 6**  
**Description of EFS Edit Reports**

	<b>Edit Report</b>	<b>Frequency</b>	<b>Purpose</b>
1	<b>VPK (School-Year Program) Dual Enrollment</b>	Monthly	To identify children who may be served by more than one coalition.
2	<b>VPKS (Summer Program) Dual Enrollment</b>	Monthly	To identify children who may be served by more than one coalition.
3	<b>VPK Calendar Edit</b>	Quarterly	To identify provider school-year calendars that do not equal 540 hours and summer calendars that do not equal 300 hours.
4	<b>VPK Provider Contract Rate Edit <sup>a</sup></b>	Quarterly	To identify each provider that has a VPK provider contract rate that does not equal the VPK rate for the service county.
5	<b>VPK Maximum Rate Edit <sup>a</sup></b>	Quarterly	To identify payment rates entered in the Funding Contract/Default Rates screen that do not equal the VPK rate for the service county or a rate where the funding source is not defined as VPK or VPKS.
6	<b>VPK Instructor Credential Edit</b>	Quarterly	For class instructors, to identify instructor records that have one or more of the following errors: <ul style="list-style-type: none"> <li>• Invalid instructor name.</li> <li>• No value for instructor credential.</li> <li>• Non-standard or inactive code for instructor credential.</li> <li>• No value for highest degree.</li> <li>• Non-standard or inactive code for highest degree.</li> </ul>
7	<b>Gold Seal Edit</b>	Quarterly	To provide detailed accreditation and Goal Seal information for School Readiness providers who may need their accreditation information updated to remain in the Gold Seal category.

<sup>a</sup> According to OEL, these reports were not being utilized due to lack of necessary information. In October 2010, OEL established a new Provider Payment Rate Edit report. However, this report had not been incorporated into OEL's monitoring process as of February 2011.

Source: OEL records.

Our evaluation of the EFS edit reports shown in Table 6 and OEL's data analysis process disclosed various issues regarding the full implementation and consistent utilization of these reports as well as opportunities for additional data analysis. Specifically:

<sup>27</sup> Sections 411.01(5)(c)1.e. and 1002.71(5)(a), Florida Statutes.



- OEL did not ensure that all EFS edit reports were properly designed to reasonably identify EFS data errors. Discussions did not begin until the fall of 2010 between the OEL Data Quality Unit staff responsible for the design of the EFS edit reports and the OEL Accountability Unit staff responsible for the field testing of edit report information and monitoring coalitions.
- Although OEL management indicated in January 2009 that the EFS edit reports had been implemented, at the time of our audit field work, three of the seven edit reports were not being utilized by OEL monitoring staff or being made available to the coalitions. These reports included the VPK Provider Contract Rate Edit Report and VPK Maximum Rate Edit Report, which were replaced by a single Provider Payment Rate Edit report that had not been incorporated into OEL's monitoring process as of February 2011. Additionally, as of May 2011, the VPKS Dual Enrollment Report had not been made available to the coalitions and the VPK Instructor Credential Edit Report was not utilized by monitoring staff until April 2011.
- The VPK Dual Enrollment Report (applicable for the school-year VPK Program) and the VPKS Dual Enrollment Report (applicable for the summer VPK Program) implemented to assist OEL in identifying children who may have been served by more than one coalition, contained flaws in the search methodology such that children who attended a school-year VPK Program and then a summer VPK Program would not always be identified. State law<sup>28</sup> provides that parents may enroll their child in either a school-year or summer VPK program.
- OEL had not performed analyses or comparisons of EFS data across coalitions for multiple reporting periods to identify coalitions with recurring problems in the same areas. Such analyses and comparisons could include, but not be limited to, matching data or checking for duplicate enrollment across coalitions, multiple providers being paid for VPK Program services provided to the same child for the same dates of instruction, or children who had substantially completed a VPK Program who were reenrolled in another VPK Program. Information derived from these analyses could be used to identify trends in recurring problems within and across coalitions, allowing OEL and the coalitions to better ensure the accuracy and completeness of EFS data.
- Although coalition grant agreements required coalitions to comply with any OEL data analysis and correction requests, OEL had not established procedures requiring coalitions to periodically review EFS data for errors and potential fraud.

As part of our audit, we also performed various analytical procedures that disclosed issues related to the quality of data contained in EFS and raised concerns about missed opportunities for OEL data analysis. Specifically, we performed analytical procedures to:

- Identify potential over-reimbursements to School Readiness and VPK providers by comparing, for 3 selected months, the number of reimbursed days to provider scheduled hours of operation. Our analysis identified 28 instances in which the number of reimbursed days appeared to exceed the number of days the particular provider was scheduled to be open during the applicable month. Further analysis by OEL and the coalitions disclosed that 8 of the 28 instances did contain errors in the number of reimbursed days, resulting in payment adjustments totaling \$1,361. In another instance, EFS records indicated that two children had attended a family child care home every calendar day during the 3 months reviewed, many days for a reported 18 hours per day. Further review of EFS data for the period July 2008 through April 2011, indicated that the children had attended every calendar day from September 2010 through April 2011, including holidays. We provided this information to OEL and the applicable coalition for further investigation of potential fraud. During the period September 2010 through April 2011, School Readiness Program funds totaling \$11,464 had been paid to the family child care home on behalf of the two children.
- Evaluate the quality of EFS data, as it related to reported family incomes for the School Readiness Program, to determine whether the incomes recorded in EFS supported participant eligibility. For participants in income-dependent eligibility categories who received Program benefits during the period July 2008 through April 2011, we compared family incomes recorded in EFS to family incomes calculated at 200 percent of the Federal poverty level and noted 398 participants whose reported income appeared to exceed the maximum

<sup>28</sup> Section 1002.53(3), Florida Statutes.

allowed for participation in the School Readiness Program.<sup>29</sup> Further investigation of the EFS records and case files for 13 of these participants disclosed that, while none of the participants was improperly receiving School Readiness Program benefits, 5 participant records in EFS contained incorrect reported family incomes. The errors were the result of coalition data input errors. In response to our audit inquiry, OEL management reported that EFS does not have in place an edit to compare income recorded in EFS to income calculated at the Federal poverty level maximum. The lack of such edits exposes the School Readiness Program to an increased risk of providing services to ineligible clients.

Absent implementation of appropriate system edits and an adequate data analysis process that includes utilization of available edit reports, OEL cannot ensure the accuracy or completeness of the data used as the basis for provider reimbursement and Federal and State reporting and OEL's ability to proactively detect improprieties is limited.

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**Recommendation:** To improve the accuracy and completeness of EFS data and detect potential improprieties, we recommend that OEL enhance its data analysis process and implement appropriate edits in the information system used for the State's early learning programs.

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#### **Finding No. 4: Early Learning Information System (ELIS)**

According to OEL, EFS, the Single Point of Entry, and Unified Wait List System are outdated systems that fail to adequately support the administrative and programmatic needs of the State's early learning programs. Therefore, for the 2009-10 fiscal year, OEL requested and was appropriated funding for the development of a new Statewide information system estimated to cost approximately \$23.7 million. Effective April 2010, OEL executed a contract with Hewlett-Packard to implement the Early Learning Information System (ELIS), a Web-based data system currently in the design phase. Once completed, ELIS is intended to serve as a comprehensive, Web-based, central information system that will support OEL's mission of delivering quality School Readiness and VPK Programs. ELIS is expected to provide a unified, cohesive data system for accessing, managing, storing, and sharing programmatic, administrative, financial, and outcome data related to the State's early learning programs.

Successful implementation of large-scale information technology projects require, among other things, a strong and effective project governance structure and successful management of project resources and risks. We reviewed ELIS project documentation prepared by the project's independent monitor and the OEL ELIS project team to evaluate the status of system development and noted that, as of September 2011, the project was behind schedule, still in the design phase, and trending negatively with regard to planned time and financial budgets. As such, the accomplishment of planned project outcomes and benefits was at risk. Specifically:

- The July 8, 2011, *Independent Verification and Validation Monthly Assessment Report Summary (Report)* prepared by the project's independent monitor projected the Statewide implementation of ELIS to be completed October 5, 2013, 56 weeks beyond the project's planned implementation date of September 7, 2012. The *Report* further indicated that:
  - The ELIS project team was not operating as a single integrated team, aligned with the objectives of the ELIS project.
  - The existing change control processes and associated decision framework were not effective for managing changes to the project.
  - The project continued to experience challenges with level of effort and schedule estimates, increasing the risk of not timely completing milestones.

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<sup>29</sup> The maximum income allowed for a School Readiness Program income-dependent eligibility category is 200 percent of the Federal poverty level.

- Internal OEL documents, as of July 2011, showed the projected Statewide implementation date to be June 16, 2014, 92 weeks beyond the project's planned implementation date.

In response to our audit inquiry, OEL management indicated that the difference in projected planned implementation dates was the result of timing differences in the information used to estimate the dates and that the OEL projection included more current project data. Table 7 shows, as of July 2011, the status of the ELIS project and the projected number of days the remaining project milestones were behind schedule.

**Table 7**  
**ELIS Project Schedule as of July 2011**

Project Milestone	Original Planned End Date <sup>a</sup>	Revised Planned End Date <sup>b</sup>	Actual End Date	Projected End Date <sup>a</sup>	Number of Days Late Milestone Achieved	Projected Number of Days Late	
						From Original Planned End Date	From Revised Planned End Date
Planning Phase Gate	07/29/10	07/29/10	07/29/10		-		
Requirements Validation Phase Gate	10/29/10	10/29/10	01/04/11		67		
Design Phase Gate	01/21/11	08/11/11	N/A	12/29/11	N/A	342	140
Development Phase Gate	08/29/11	02/10/12	N/A	10/23/12	N/A	421	256
User Acceptance Testing Phase Gate	02/27/12	05/11/12	N/A	03/23/13	N/A	390	316
Operational Production Pilot Phase Gate	04/30/12	07/10/12	N/A	06/30/13	N/A	426	355
Statewide Implementation Completion	06/28/12	09/07/12	N/A	10/05/13	N/A	464	393

N/A – Not applicable as the milestone had not been achieved at the conclusion of our audit field work in October 2011.

Source: OEL-provided documentation.

<sup>a</sup> July 2011 *Independent Verification and Validation Monthly Assessment Report Summary* report.

<sup>b</sup> Corrective Action Plan submitted by Hewlett-Packard on December 22, 2010, and subsequently approved by OEL.

ELIS project documentation reviewed during our audit also indicated potential budget concerns. According to OEL-provided documentation, as of July 1, 2011, appropriations for the ELIS project have greatly exceeded actual project expenditures. However, July 2011 OEL project documentation warns that “it is possible that the remaining ELIS budget is insufficient if the project end date is extended.”

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**Recommendation:** We recommend that OEL, in coordination with its ELIS project partners, take the steps necessary to minimize further project delays and avoid potential cost overruns.

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<p><b>School Readiness Program Performance Standards, Outcome Measures, and Curricula</b></p>
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The Legislature, in enacting the School Readiness Act, indicated that school readiness programs increase children's chances of achieving future educational success and becoming productive members of society. State law<sup>30</sup> provides that it is the intent of the Legislature that the School Readiness Program be:

- Developmentally appropriate;
- Research-based;
- Involve the parent as a child's first teacher;
- Serve as a preventive measure for children at risk of future school failure;
- Enhance the educational readiness of eligible children; and

<sup>30</sup> Section 411.01(2)(a), Florida Statutes.

- Support family education.

To effectively assess the success of the School Readiness Program in satisfying legislative objectives, it is critical that performance standards and outcome measures be established that objectively gauge whether the Program is achieving desired results. Recognizing this, State law<sup>31</sup> mandates that OEL develop and adopt performance standards and outcome measures for the School Readiness Program, a requirement that has been in place since January 2005. The performance standards are to address the age-appropriate progress of children in the development of school readiness skills. Further, State law<sup>32</sup> requires that program providers participating in the School Readiness Program meet the performance standards and outcome measures adopted by OEL.

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**Finding No. 5: School Readiness Outcome Measures**

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Our review of OEL efforts to implement Statewide School Readiness performance standards and outcome measures disclosed that OEL continued to use standards<sup>33</sup> developed by the former Florida Partnership for School Readiness and that OEL and DOE had collaborated to create the *Florida Early Learning and Developmental Standards for Four-Year-Olds* that were adopted by the State Board of Education on October 18, 2011. However, to date, OEL had not developed Statewide outcome measures (for example, measures of a child's progress in the development of school readiness skills and the extent to which the School Readiness Program enabled parents to work and become self-sufficient) thereby limiting the ability of stakeholders to measure Program successes and assess overall Program effectiveness. During the period of our audit, OEL did require each coalition to address outcome measures and assessments in the coalition's plan; however, our review of the coalition plans disclosed that, while the plans referred to various outcome measures and assessments, the metrics and descriptive details provided were unique to the coalition.

According to OEL, in an effort to comply with the law and develop School Readiness Program outcome measures, OEL launched the Early Learning Partner's Initiative (Initiative) during the 2009-10 fiscal year. OEL described the Initiative as encompassing several projects to support implementation of strong, sustainable early learning experiences for all children. Included in the Initiative is the Child Progress project, a collaborative effort between OEL and the coalitions to identify consistent measures for screening and assessing children Statewide. In addition, OEL reported that it was working to adopt a Statewide system for assessing a random sample of children participating in the School Readiness Program and would then use the resulting data to study the effectiveness of Program investments.

Absent uniform, Statewide outcome measures for the School Readiness Program, stakeholders including the Legislature, State agencies, coalitions, providers, and parents lack the information necessary to measure Program successes and evaluate overall Program effectiveness.

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**Recommendation:** We recommend that OEL in collaboration with the coalitions develop and implement uniform, Statewide outcome measures for the School Readiness Program that provide stakeholders with the information necessary to measure and assign responsibility for Program successes and failures, and assess the effectiveness of the investments made.

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<sup>31</sup> Section 411.01(4)(d)8., Florida Statutes.

<sup>32</sup> Section 411.01(8), Florida Statutes.

<sup>33</sup> *Florida Birth to Three Learning and Developmental Standards* and *Florida School Readiness Performance Standards for Three, Four, and Five-Year-Old Children*.

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**Finding No. 6: Developmentally Appropriate Curricula**


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State law<sup>34</sup> requires that every coalition implement a comprehensive program of school readiness services. These coalition programs must include developmentally appropriate curricula designed to enhance the age-appropriate progress of children in attaining the performance standards adopted by OEL. Effective July 1, 2010, State law<sup>35</sup> further stipulated that, in establishing a unified approach to the State's School Readiness Program, OEL must adopt system support services that include developmentally appropriate curricula.

When submitting School Readiness plans, each coalition must demonstrate to OEL that the coalition has a system in place to identify and monitor developmentally appropriate curricula as well as a process for providers to submit curricula to the coalition for evaluation. However, beyond the approval of the coalition plan, OEL had not designated any support services, such as suggested standard Statewide curricula, nor had OEL established any curricula guidance.

According to OEL management, a School Readiness Curriculum Review project was underway which will establish rules to outline a standardized process whereby curricula will be evaluated for compliance with statutory requirements. OEL management indicated that OEL was in the midst of developing a standardized process for approving curricula and, in collaboration with coalitions and other stakeholders, planned to create a Statewide list of curricula.

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**Recommendation:** We recommend that OEL establish the rules and guidance necessary to implement a standard Statewide curricula review and approval process.

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<b>Quality Improvement Activities</b>
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According to State law,<sup>36</sup> OEL is to focus on improving the educational quality of all program providers participating in the publicly funded School Readiness Program. Toward that end, the law requires that OEL adopt system support services that include rating and improvement systems and establish criteria for expending funds for activities to improve the quality of child care in the State.<sup>37</sup>

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**Finding No. 7: Statewide Quality Rating and Improvement System**


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A Quality Rating and Improvement System (QRIS), as defined by the National Child Care Information and Technical Assistance Center,<sup>38</sup> is a systematic approach to assess, improve, and communicate the level of quality in early and school-age care and education providers. In general, a QRIS assigns quality ratings to early and school-age care and education providers based on the extent to which the providers meet a set of defined program standards. A QRIS is typically composed of five common elements which include:

- Standards;
- Accountability measures;
- Provider support;
- Financial incentives; and

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<sup>34</sup> Section 411.01(5)(c)2.a., Florida Statutes.

<sup>35</sup> Section 411.01(4)(d)3.f., Florida Statutes.

<sup>36</sup> Section 411.01(4)(b)2., Florida Statutes.

<sup>37</sup> Section 411.01(4)(d)3.h. and 5., Florida Statutes.

<sup>38</sup> Effective August 31, 2011, the Child Care Technical Assistance Network.

- Parent and consumer education efforts.

Effective July 1, 2010, State law<sup>39</sup> required that OEL establish a unified approach to the State's efforts toward the enhancement of school readiness and, in support of the effort, OEL was mandated to adopt specific system support services, including rating and improvement systems that address the State's School Readiness Program. With the myriad of child care providers charged with delivering Program services at the local level, the establishment of a unified approach for assessing the quality of those services would establish a standard set of expectations and, thus, promote provider equity while providing an opportunity to improve accountability for the School Readiness Program. Our audit disclosed, however, that OEL had not adopted specific system support services for a Statewide QRIS.

In response to our audit inquiry, OEL management indicated that they were in the process of developing a framework for a Statewide QRIS. In the absence of a Statewide QRIS, various coalitions have implemented QRIS programs in their own communities. For example, during the 2009-10 fiscal year, the **Big Bend Region Coalition** implemented a QRIS program ("Quality Counts") with its contracted School Readiness Program providers to assess the five elements of curriculum, screening, and assessment; family engagement; health and safety; program administration; and staff qualifications as well as a sixth optional element, learning environment.

The adoption of a standard Statewide QRIS would better enable a uniform assessment of the quality of School Readiness Program services delivered to participating children by child care providers throughout the State. In addition, the adoption of a uniform Statewide QRIS may assist the State and coalitions in avoiding the costs associated with the creation of differing QRIS programs by individual coalitions.

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**Recommendation:** We recommend that OEL, in compliance with governing law and in collaboration with the coalitions and child care providers, work to implement a Statewide School Readiness Program QRIS.

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#### **Finding No. 8: Quality Dollar Expenditures**

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As noted in the **BACKGROUND** section of this report, within the School Readiness Program, CCDF is the principal source of Federal funding for subsidized child care for low income working families and for initiatives to improve the quality of child care programs. Federal regulations<sup>40</sup> applicable to CCDF mandate that no less than 4 percent of the aggregate CCDF funds expended in the State be expended for quality activities ("quality dollar expenditures") to improve the quality of child care.

As defined in Federal regulations, quality activities may include, but are not limited to:

- Activities designed to provide comprehensive consumer education to parents and the public;
- Activities that increase parental choice; and
- Activities designed to improve the quality and availability of child care.

Federal regulations further describe activities designed to improve the quality and availability of child care to include:

- Operating directly or providing financial assistance to organizations for the development, establishment, expansion, operation, and coordination of resource and referral programs specifically related to child care;
- Making grants or providing loans to child care providers to assist providers in meeting child care standards;
- Improving the monitoring of compliance with, and enforcement of, applicable legal requirements;

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<sup>39</sup> Section 411.01(4)(d)3.i., Florida Statutes.

<sup>40</sup> Title 45, Section 98.51, Code of Federal Regulations.



- Providing training and technical assistance in areas appropriate to the provision of child care services;
- Improving salaries and other compensation for staff who provide child care services; and
- Any other activities that are consistent with the intent of the regulations.

As the 4 percent quality dollar expenditure requirement is applicable to the State as a whole, OEL has passed the requirement down to the coalitions through coalition grant agreements. Pursuant to State law,<sup>41</sup> all coalitions are required to complete and submit a School Readiness plan describing the early learning activities developed by the coalition. OEL's School Readiness plan template includes a section devoted to Quality Activities and Services, wherein coalitions are to describe the activities coalitions will implement utilizing quality dollars.

To assist in the capture and reporting of quality dollar expenditures, OEL has provided guidance to the coalitions defining the Other Cost Accumulators (OCAs) for use in tracking such expenditures made from State and Federal funds. Specifically, to demonstrate that the 4 percent quality dollar expenditure threshold has been met, OEL instructs coalitions to always use the following three OCAs: 97QOO, 97QVP, and 97GSD. In addition to the 4 percent minimum investment in quality child care, Federal regulations require States to spend additional targeted funds for quality expansion activities such as programs for infants and toddlers and child care resource and referral. OEL has established separate OCAs to capture these expenditures and, according to OEL, amounts in excess of applicable minimum requirements may be utilized to satisfy the 4 percent quality dollar expenditure requirement.

As shown in Table 8, OEL data for the 2008-09, 2009-10, and 2010-11 fiscal years shows that each of the coalitions subject to audit far exceeded the 4 percent quality dollar threshold for all three fiscal years.

**Table 8**  
**Coalition Quality Dollar Expenditures by Fiscal Year**

Coalition	2008-09 Fiscal Year		2009-10 Fiscal Year		2010-11 Fiscal Year <sup>a</sup>	
	Amount of Quality Dollars Expended <sup>b</sup>	Percentage of Total Expenditures	Amount of Quality Dollars Expended <sup>b</sup>	Percentage of Total Expenditures	Amount of Quality Dollars Expended <sup>b</sup>	Percentage of Total Expenditures
Big Bend Region	\$ 1,544,935	8.82%	\$ 1,314,606	7.51%	\$ 1,520,768	8.65%
Escambia County	915,868	6.47%	831,969	5.70%	955,708	7.01%
Hillsborough County	4,453,200	9.80%	4,148,891	8.90%	4,752,011	12.23%
Marion County	1,101,609	10.23%	1,011,660	10.00%	711,197	7.81%
Miami-Dade/Monroe	15,198,290	12.87%	13,545,663	11.28%	13,596,703	11.46%
Orange County	2,935,230	7.59%	2,733,573	6.87%	3,185,297	9.16%
Palm Beach County	4,080,376	11.11%	4,451,383	11.55%	4,789,746	13.22%
Pinellas County	3,506,153	11.19%	3,423,951	10.23%	1,935,074	6.74%
Polk County	1,810,521	8.66%	1,954,777	9.29%	1,929,579	9.67%
Southwest Florida	1,968,521	9.88%	1,951,875	8.97%	1,987,985	11.19%

<sup>a</sup> The 2010-11 fiscal year data is as of July 27, 2011. Data does not include year-end close-out for amounts certified forward.

<sup>b</sup> Amounts include ARRA expenditures, as applicable. Quality dollar expenditures only include the following OCAs: 97QOO, 97QVP, and 97GSD.

Source: OEL-provided data.

As part of our audit, we examined expenditure transactions reported as quality dollar expenditure transactions to evaluate whether the expenditures were qualifying expenditures and were captured and reported in accordance with applicable guidelines. Our tests disclosed that the types of expenditures classified as quality dollar expenditures varied from coalition to coalition. Specifically, we noted that while some coalitions primarily classified direct costs as quality

<sup>41</sup> Section 411.01(5)(d)6., Florida Statutes.



dollar expenditures, other coalitions allocated portions of almost all the coalitions' indirect (including administrative) costs to quality dollar OCAs. For example:

- The **Big Bend Region Coalition** allocated \$15.54 (29.5 percent) of the \$52.66 cost for a rug purchased for the children's play area in the Leon County service center to the Coalition's quality dollar expenditures. In another instance, the Coalition allocated \$8.20 (30.4 percent) of a \$27 pest control service payment for the Coalition's Madison County office to quality dollar expenditures.
- The **Hillsborough County Coalition** allocated \$56.79 (35.9 percent) of a \$158.38 monthly bill for the Executive Director's cellular telephone service to quality dollar expenditures.
- The **Polk County Coalition** allocated \$343.12 (54 percent) of a \$635.40 monthly general liability insurance bill for Coalition officers and directors to quality dollar expenditures.

While the allocation of indirect costs to meet Federal program earmarking requirements is not prohibited, inconsistent classification and allocation brings into question how certain expenditures classified by the coalitions as quality dollar expenditures actually improve the quality of child care. In addition, according to Federal agency earmarking guidance, "it is a general financial management principal that costs should be treated as direct costs wherever possible."<sup>42</sup> Further, as administrative costs for the School Readiness Program are limited to 5 percent of total Program expenditures, by allocating large percentages of administrative costs to quality dollar expenditures, coalitions can report lower administrative costs while increasing purported quality dollar expenditures.

Effective July 1, 2010, State law<sup>43</sup> requires OEL to adopt a rule establishing criteria for the expenditure of funds designated for the purpose of funding activities to improve the quality of child care within the State in accordance with CCDF requirements. However, as of September 2011, OEL had not promulgated such a rule. In response to our audit inquiry, OEL management noted that a rule<sup>44</sup> had been adopted related to Federal quality funds that outlined the quality dollar requirements set forth in Federal CCDF regulations. However, this rule was implemented in August 2008, and does not address the development of criteria for the expenditure of quality funds within the State.

To ensure that the capture and reporting of quality dollar expenditures is consistent among coalitions and that such expenditures are limited to those which actually support comprehensive consumer education to parents and the public, increase parental choice, and improve the quality and availability of child care, further clarification and guidance is necessary.

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**Recommendation:** When establishing criteria for the expenditure of funds to improve the quality of School Readiness Program services, we recommend that OEL clearly define the types of expenditures that should be classified as quality dollar expenditures.

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<b>Early Learning Coalition Monitoring and Oversight Activities</b>
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State law<sup>45</sup> requires that OEL monitor and evaluate the performance of each early learning coalition in administering the School Readiness Program, implementing the coalition's School Readiness plan, and administering the VPK

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<sup>42</sup> *Reference Book Two: A Quick Guide to Financial Management Requirements for Earmark Grants*, United States Department of Labor Employment and Training Administration.

<sup>43</sup> Section 411.01(4)(d)5., Florida Statutes.

<sup>44</sup> Agency for Workforce Innovation, Office of Early Learning Rule 60BB-9.121, Florida Administrative Code.

<sup>45</sup> Section 411.01(4)(l), Florida Statutes.

Program. These monitoring and performance evaluations must include, at a minimum, on-site monitoring of each coalition's finances, management, operations, and programs.

### **Finding No. 9: Monitoring of Early Learning Coalitions**

As the coalitions have significant responsibilities and perform critical functions for the School Readiness and VPK Programs, a strong comprehensive State-level monitoring function is necessary to ensure that the coalitions provide program services efficiently, effectively, and in compliance with the requirements of State and Federal laws and regulations.

Over the years, OEL's process for monitoring coalition activities has gone through a variety of modifications. For example, during the 2008-09 fiscal year, OEL had two units that performed coalition programmatic monitoring, the Coalition Performance Review Unit, which performed *Triennial Performance Reviews*, and the Eligibility Support and Fraud Prevention Unit, which performed *Eligibility Reviews*. In an effort to streamline the monitoring process, OEL merged these two units during the 2009-10 fiscal year into one Accountability Unit. The Accountability Unit was to perform the following types of reviews: *Programmatic Performance Review*, *Eligibility Review/Data Security Review/Payment Validation*, and an *ARRA Jobs Reporting and School Readiness Plan Amendments Review*. OEL also established Data Accuracy Scorecards to be used as a monitoring tool to evaluate a coalition's implementation of both the School Readiness and VPK Programs. Each Data Accuracy Scorecard included a number of assessments for key coalition activities such as determinations of whether a Gold Seal accreditation was current, enrollment terminations were reflected in EFS, and duplicate or unallowable reimbursements were not made.

As part of our audit, we reviewed OEL monitoring documentation for the 2009-10 fiscal year. Our review disclosed that the complex and changing nature of OEL's monitoring process may have contributed to the following deficiencies:

- OEL staff did not timely complete all aspects of the monitoring process. According to OEL procedures, the monitoring process should take a total of 182 calendar days. Specifically, OEL procedures required that OEL approve the final monitoring report within 137 calendar days of OEL's coalition monitoring notification letter date, the coalition submit a Corrective Action Plan (CAP) to OEL within 30 calendar days of report publishing, and OEL review and approve the CAP within 15 calendar days of receipt. According to OEL staff, final monitoring reports were generally published within 1 to 2 days after final approval. During the 2009-10 fiscal year, the OEL Accountability Unit began performing 31 coalition reviews. Regarding the timeliness of these reviews we noted:
  - As of June 8, 2011, OEL had published the results of all 31 reviews. However, the results for the 31 reviews were approved and subsequently published from 48 to 254 calendar days after the 137 days prescribed by OEL procedures.
  - Coalitions submitted 15 of the 27 applicable CAPs to OEL more than 30 calendar days after the review report was published. These 15 CAPs ranged from 1 to 102 days late and averaged 20 days late.
  - OEL did not timely review and approve 18 of the 27 applicable coalition CAPs. Specifically, OEL reviewed these 18 CAPs 10 to 148 days after 15 calendar days had elapsed.
  - OEL staff did not timely close any of the 31 monitoring reviews, and the number of days to close the reviews ranged from 50 to 353 calendar days in excess of the 182-calendar-days period in OEL procedures.
- To assess the effects of OEL's streamlined monitoring review process implementation, we also reviewed the timeliness of OEL monitoring reviews performed during the 2010-11 fiscal year. While we noted a decrease in the number of days late that coalitions had submitted CAPs and that OEL had published reports, closed

reviews, and approved CAPs, widespread problems persisted regarding OEL and coalition adherence to established monitoring timeframes. For example, OEL documentation as of August 16, 2011, indicated that 12 of the 14 published reviews were published 29 to 116 calendar days after the 137 days prescribed by OEL procedures.

- OEL Accountability Unit staff did not consistently utilize the Data Accuracy Scorecards. We noted that for the 14 Scorecards completed by OEL staff during the 8-month period August 2010 through March 2011:
  - Six different versions of the Scorecards were utilized and it was not apparent that the most current version was always utilized.
  - OEL staff did not consistently complete 11 of the 14 Scorecards. For example, we noted instances in which the standard Scorecard template information was deleted and modified without adequate explanation.

Absent timely and complete execution of its monitoring procedures, OEL will not timely detect instances of coalition noncompliance with School Readiness and VPK Program requirements. Additionally, absent the timely communication of monitoring results in a final published report, the coalitions may not take timely and appropriate corrective actions.

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**Recommendation:** OEL should improve the timeliness and execution of the monitoring processes. In addition, coalitions should ensure that CAPs are timely prepared and submitted to OEL.

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#### **Finding No. 10: School Readiness Plan Reviews**

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To participate in the School Readiness Program, each coalition must submit a School Readiness plan to OEL for approval. Pursuant to State law,<sup>46</sup> the plan must address specific elements such as the business organization of the coalition and demonstrate how the coalition-offered program is designed to satisfy statutory requirements and meet the system support services and performance standards adopted by OEL.

Effective July 1, 2010, State law<sup>47</sup> mandates that OEL provide final approval and every 2 years review coalition School Readiness plans. Previously, State law required that OEL provide final approval and *periodic* review of coalition School Readiness plans. State law<sup>48</sup> also requires, effective July 1, 2010, that OEL adopt rules establishing criteria for the approval of School Readiness plans. Once OEL approves a plan, pursuant to State law,<sup>49</sup> a coalition may not implement revisions until the coalition submits a revised plan to, and receives approval from, OEL.

As of September 2011, we noted that OEL had not yet promulgated rules establishing criteria for the approval of School Readiness plans. As part of our audit, we examined OEL records for all 31 coalition School Readiness plans and evaluated the plan submission and review process. We noted deficiencies, indicative of an inefficient and ineffective process, that increase the risk that coalitions may operate under plans not sufficiently vetted in accordance with State law. For example, our audit tests disclosed:

- In the absence of the required rules, OEL had not established or implemented adequate procedures for timely reviewing and approving coalition plans and plan amendments. We did note that OEL had provided guidance to coalitions on what should be included in the School Readiness plan and any plan amendments and had established (effective August 2011) an internal instrument for use in evaluating the plans submitted.

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<sup>46</sup> Section 411.01(5)(d)4., Florida Statutes.

<sup>47</sup> Section 411.01(4)(d)2., Florida Statutes.

<sup>48</sup> Section 411.01(5)(d)4., Florida Statutes.

<sup>49</sup> Section 411.01(5)(d)6., Florida Statutes.

However, absent procedures that have been properly established and implemented, OEL can provide only limited assurance that coalition plans and amendments have been subject to consistent evaluation in conformity with the requirements of State law. Additionally, coalition plans and amendments may lack OEL approval and not accurately reflect the manner in which the coalitions are administering the School Readiness Program. The lack of OEL procedures may have contributed to the other deficiencies noted below.

- OEL did not have evidence, such as a signed approval letter or an approval signature on the plan, that the **Escambia County Coalition's** most recent School Readiness plan had been approved by OEL.
- OEL did not always ensure that coalition School Readiness plans contained all required elements. In response to statutory changes in 2010, OEL issued the *2010 School Readiness Plan Legislative Changes and Required Amendments* checklist (checklist). In correspondence accompanying the checklist, OEL asked that every coalition submit new required plan elements and review its School Readiness plan to determine if additional plan amendments were necessary to address legislative changes. Coalitions were to return the checklist to OEL by August 2, 2010, and submit all new plan elements and any other necessary amendments by September 1, 2010. However, our review of OEL-provided plan documentation disclosed that, as of August 23, 2011:
  - The **Northwest Florida Coalition** had not submitted a completed checklist or any required plan revisions.
  - The **Miami-Dade/Monroe Coalition** had not submitted all required plan revisions.
  - Although the **Clay, Nassau, Baker, and Bradford Counties Coalition** initially submitted its checklist in August 2010, the submission remained incomplete and unapproved.
  - The **Escambia County Coalition** initially provided an incomplete submission to OEL in September 2010, but in March 2011 completed the submission. However, due to a delay resulting from misplacement of a plan amendment, OEL was still in the process of reviewing the completed submission.
  - The **Nature Coast, St. Lucie, Seminole, and Marion County Coalitions** did not file submissions until August 2010, November 2010, April 2011, and June 2011, respectively. In response to our audit inquiry, OEL indicated that additional information had been requested from the **St. Lucie County Coalition** in November 2010 and from the **Seminole County Coalition** in May 2011 and all four coalition submissions were pending OEL approval.
- Contrary to State law, changes in the operations of the **Marion and Polk County Coalitions** did not appear to have been approved by OEL prior to implementation. Specifically,
  - In August 2010, the **Marion County Coalition** ceased contracting with a third-party provider for certain functions, including School Readiness and VPK client eligibility determinations and School Readiness provider eligibility determinations. However, the Coalition did not submit an amendment to update the School Readiness plan element to address this change until June 2011.
  - Similarly, in April 2011, the **Polk County Coalition** ceased contracting with a third-party provider for certain functions, including School Readiness and VPK client eligibility determinations. However, the Coalition did not submit an amendment to update the School Readiness plan element to address this change until August 2011.

Finally, although State law stipulated that OEL review coalition School Readiness plans on a periodic, or more recently, biennial basis, we found that for all 31 coalitions, OEL had not performed a comprehensive review of all plan elements within the 2-year period July 2009 through June 2011. In response to our audit inquiry, OEL management indicated that OEL's monitoring and review of all coalition-submitted plan amendments satisfied the statutory review requirements. However, the instances noted above, in which coalition plans did not conform to statutory requirements and occasions in which coalitions appeared to be operating under revised plans that had not been approved by OEL, demonstrate the need for improved coalition plan review and monitoring processes.

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**Recommendation:** We recommend that OEL establish and implement rules and procedures for reviewing and approving coalition School Readiness plans to better ensure that coalition plans conform to statutorily required criteria and that reviews are conducted in accordance with the requirements of State law. Further, OEL should strengthen its monitoring activities to better ensure that coalitions are operating in accordance with OEL-approved plans.

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#### **Finding No. 11: School Readiness Annual Reports**

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State law<sup>50</sup> requires that each coalition conduct an evaluation of its implementation of the School Readiness Program, including system support services, performance standards, and outcome measures, and provide an annual report and fiscal statement to OEL. The annual report must include an evaluation of the effectiveness of the coalition's direct enhancement services and conform to the content and format specifications adopted by OEL. OEL is to include an analysis of the coalitions' reports in OEL's annual report to the Governor, President of the Senate, Speaker of the House, and minority leaders in both houses of the Legislature.

As a condition of the School Readiness Program coalition grant agreements, OEL mandates that coalitions submit annual reports by October 1<sup>st</sup> of each grant award period. As part of our audit we evaluated the timeliness of the coalition annual report submissions and noted that 9 of the 31 annual reports required to be submitted by October 1, 2010, were not timely received by OEL. OEL documentation indicated that these 9 coalition annual reports were submitted from 3 to 147 days late and were, on average, 96 days late. We also noted that, although OEL had a mechanism in place to track receipt of the reports, OEL had not implemented procedures to reasonably ensure timely receipt of the coalitions' annual School Readiness reports.

Absent timely coalition submission of the annual School Readiness reports, OEL has reduced assurance that the School Readiness Program is being implemented by the coalitions in accordance with the requirements of Federal and State law and OEL directives and guidance. The untimely report submissions also adversely impact OEL's ability to timely prepare a complete report of relevant School Readiness Program information for concerned stakeholders.

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**Recommendation:** We recommend that OEL strengthen its procedures to better promote the timely submission of coalition School Readiness Program annual reports.

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<b>Early Learning Coalition Funding</b>
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The activities of the State's 31 early learning coalitions are primarily funded by State and Federal dollars that are distributed to the coalitions by OEL. VPK Program funding is appropriated to DOE and amounts are transferred to OEL for distribution to the early learning coalitions in the amounts specified in the General Appropriations Acts. With respect to the School Readiness Program, OEL is responsible for funds, plans, and policies and for preparing and submitting a unified budget request for the school readiness system.<sup>51</sup> The Legislature appropriates State and Federal School Readiness Program funds to OEL for allocation to the early learning coalitions.

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<sup>50</sup> Section 411.01(5)(f), Florida Statutes.

<sup>51</sup> Section 411.01(9)(b)1., Florida Statutes.

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**Finding No. 12: School Readiness Funding Formula**


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Effective July 1, 2010, State law<sup>52</sup> requires that OEL, subject to legislative notice and review, establish a formula for allocating among the coalitions all State and Federal funds for children participating in the School Readiness Program, whether served by a public or private provider, based upon “equity for each county.” The formula must be submitted to the Governor and the chairs of the House and Senate committees addressing appropriations matters no later than January 1 of each year. If the Legislature specifies changes to the allocation formula, OEL is required to allocate funds as specified in the General Appropriations Act. Prior to July 1, 2010, the law required that the funding formula be based upon “equity and performance.”

During our review of OEL’s School Readiness Allocation Formula for the 2011-12 fiscal year, we noted that, contrary to State law, OEL could not demonstrate that the submitted formula was based upon equity for each county. In response to our audit inquiry, OEL management indicated that the percentages included in the formula for use in allocating the \$616,834,264 in base School Readiness Program funding<sup>53</sup> were inherited in 2005 from DCF and the former Florida Partnership for School Readiness. OEL management provided a spreadsheet that listed the historical factors used in developing the formula; however, the information provided did not adequately explain how the formula’s allocation percentages were developed, and OEL management indicated that the detail data used to initially establish the allocation percentages was unavailable. Consequently, OEL could not demonstrate that the allocation formula was based upon equity for each county. OEL funding formula documentation acknowledges this, noting that because the “allocation methodology for base funding has not changed in ten years, shifting demographics over time have resulted in certain levels of inequity among the coalitions in terms of how existing funds are distributed.”

As illustrated in Table 1 in the **BACKGROUND** section of this report, funding since the 2007-08 fiscal year has exceeded the base-level funding, most recently because of the infusion of ARRA moneys, allowing at times an additional allocation of School Readiness Program funds. The formula for allocating these funds was explained and was based upon demographic categories. Notwithstanding the explanations for the formula for the supplemental allocations, the majority of the School Readiness Program funds have been allocated based on a dated, unexplained methodology.

To allow a demonstration of compliance with governing law, it is necessary that the basis for OEL’s School Readiness Program funding formula be documented and updated to reflect equity for each county.

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**Recommendation:** We recommend that the State utilize and document a School Readiness Program funding formula that fully conforms to the requirements of State law.

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**EARLY LEARNING COALITIONS**

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As discussed in the **BACKGROUND** section of this report, early learning coalitions are responsible for implementing the School Readiness and VPK Programs at the local level. For the conduct of on-site audit field work, we selected 10 of the 31 early learning coalitions, based on a risk assessment that considered materiality of program funding, results of financial audits, and the results of OEL programmatic and financial monitoring. As also illustrated on **EXHIBIT A** of this report, the 10 early learning coalitions selected were:

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<sup>52</sup> Section 411.01(9)(c), Florida Statutes.

<sup>53</sup> Base School Readiness funding was defined by OEL as the coalition allocation amounts that existed at the start of the 2007-08 fiscal year.



- Early Learning Coalition of the Big Bend Region – Gadsden, Jefferson, Leon, Liberty, Madison, Taylor, and Wakulla Counties.
- Early Learning Coalition of Escambia County.
- Early Learning Coalition of Hillsborough County.
- Early Learning Coalition of Marion County.
- Early Learning Coalition of Miami-Dade/Monroe.
- Early Learning Coalition of Orange County.
- Early Learning Coalition of Palm Beach County.
- Early Learning Coalition of Pinellas County.
- Early Learning Coalition of Polk County.
- Early Learning Coalition of Southwest Florida – Collier, Glades, Hendry, and Lee Counties.

During our audit field work, we performed various audit procedures to determine whether the early learning coalitions were operating and administering the School Readiness and VPK Programs effectively and efficiently and in compliance with applicable laws, rules, regulations, and other guidelines. These audit procedures included, but were not limited to, interviews with coalition board chairpersons, executive directors, staff, and providers; surveys of parents; examination of selected coalition documents, policies, and procedures; tests of coalition transactions; tests of provider and client eligibility; and various analytical procedures.

#### Early Learning Coalition School Readiness Program Administration

Pursuant to State law,<sup>54</sup> each early learning coalition must implement a comprehensive program of school readiness services in accordance with the rules adopted by OEL which enhance the cognitive, social, and physical development of children. Included in the coalition responsibilities enumerated in State law are responsibilities related to School Readiness Program eligibility determinations, use of a waiting list to track eligible children waiting for Program enrollment, adoption of a payment schedule, and Program provider disbursements.<sup>55</sup>

#### Finding No. 13: School Readiness Eligibility Documentation and Parent Copayment Determinations

Various Federal regulations and State laws and rules establish eligibility criteria for participation in the School Readiness Program. To demonstrate that eligibility criteria have been evaluated by the coalition and met, documentation of the child's age, citizenship, immunizations and health requirements and, when applicable, family income and family unit size is required.

We reviewed 250 coalition files for children participating in the School Readiness Program and noted that most files properly documented Program eligibility and accurate parent copayment calculations. However, we also noted deficiencies that may have been more timely detected or prevented had the files been subjected to a robust review by coalition management following the eligibility and parent copayment determinations. Specifically, we noted deficiencies in the following areas:

##### Citizenship Documentation

A child must be a United States citizen or a qualified alien to be eligible for School Readiness Program services. If a child was born outside the United States, the coalition must ensure that documentation exists in the child's file to

<sup>54</sup> Section 411.01(5)(c)2., Florida Statutes.

<sup>55</sup> Sections 411.01(6), 411.01(5)(c)1.e., 411.01(5)(e)2., and 411.01(7)(e), Florida Statutes.



support the child's legal status. Our review of 25 files at the **Palm Beach County Coalition** disclosed one instance in which documentation was not available to evidence that the child was a United States citizen or a qualified alien. In this instance, the child was identified as a qualified alien; however, documentation, such as a green card, was not available in support of this representation. During the period February 2009 through September 2010, School Readiness Program payments totaling \$4,743 were made on behalf of this child.

#### Income and Family Unit Size Documentation and Parent Copayment Determinations

To be approved for School Readiness Program services, families must meet certain income eligibility requirements, unless qualification for services is without regard to income (such as in the case of referrals for at-risk children). Additionally, under the State's CCDF Plan and OEL Rules,<sup>56</sup> each family that receives School Readiness Program services is to be assessed a copayment based on income and family unit size. To document the coalitions' calculation of family income and the applicable parent copayment, OEL Rules<sup>57</sup> require that for children participating in the School Readiness Program, each child's file include a completed *School Readiness Income Worksheet for Eligibility and Parent Copayments (Worksheet)* as well as income documentation such as pay stubs, signed statements from employers, or signed employment contracts. When calculating the parent copayment, coalition staff are to utilize the sliding fee scale included in the coalition's OEL-approved School Readiness plan.

As part of our audit we tested 250 eligibility files for children participating in the School Readiness Program during the period June 2010 through April 2011. As shown in Table 9, our tests disclosed several instances at four coalitions in which documentation of family income and family unit size was insufficient, earned and unearned family income was not correctly calculated on the *Worksheet* in accordance with the State's CCDF Plan and OEL Rules,<sup>58</sup> or parent copayments were incorrectly calculated.

**Table 9**  
**School Readiness Program Eligibility File Deficiencies**

Coalition	Number of Files Tested	Number of Files With Deficiencies <sup>a</sup>	Type of Deficiency Noted			
			Income Documentation Not Sufficient to Support Eligibility	Family Unit Size Unsupported, Unverified, or Incorrect	Income Calculation Errors	Parent Copayment Calculations Incorrect or Not Supported
Big Bend Region	25	7	6	2	-	7
Escambia County	25	5	1	-	1	5
Palm Beach County	25	2	-	-	2	1
Southwest Florida	<u>25</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>1</u>	<u>1</u>
<b>Totals</b>	<b><u>100</u></b>	<b><u>16</u></b>	<b><u>7</u></b>	<b><u>2</u></b>	<b><u>4</u></b>	<b><u>14</u></b>

<sup>a</sup> Some files contained more than one deficiency.

At the **Big Bend Region Coalition**, we also noted inconsistent calculation of family income on the *Worksheets* we reviewed. For example, overtime pay and unpaid leave were not consistently considered in the calculations.

#### Immunization and Health Requirements Records

The State's CCDF Plan requires that each child receiving services under CCDF be age-appropriately immunized or otherwise documented as exempt from immunization requirements. State law<sup>59</sup> further requires that within 30 days

<sup>56</sup> Agency for Workforce Innovation, Office of Early Learning Rule 60BB-4.400, Florida Administrative Code.

<sup>57</sup> Agency for Workforce Innovation, Office of Early Learning Rule 60BB-4.208, Florida Administrative Code.

<sup>58</sup> Agency for Workforce Innovation, Office of Early Learning Rules, Chapter 60BB-4, Florida Administrative Code.

<sup>59</sup> Section 411.01(4)(j), Florida Statutes.

after enrollment in the School Readiness Program, coalitions must ensure that the program provider obtains information regarding the child's immunizations, physical development, and other health requirements as necessary, including appropriate vision and hearing screening and examinations. The law indicates that for providers licensed by DCF, the provider's compliance with the immunization and health records requirements for child care facilities' licensure, as verified during the DCF license inspections, satisfies this requirement. Our tests of eligibility files disclosed the following instances in which required immunization and health requirement documentation was not available:

- Two of the 25 files included in our tests at the **Big Bend Region Coalition** did not include evidence that the provider obtained immunization records, and one other file indicated that the immunizations were past due.
- For 4 of the 25 files included in our tests at the **Escambia County Coalition**, the Coalition did not verify that the provider obtained documentation of age-appropriate immunizations.
- Similarly, for 2 of the 25 files included in our tests at the **Polk County Coalition**, the Coalition did not document that it verified that the provider obtained documentation of age-appropriate immunizations.

None of these nine files included any documentation to indicate that the child was exempt from the immunization requirements. In each of the above instances, coalition staff indicated that since the children were school-age, the coalitions did not collect immunization records and instead relied upon the schools for verification of immunizations. Notwithstanding this explanation, to ensure compliance with State law, coalitions should obtain appropriate documentation from schools demonstrating that immunization requirements are satisfied for children participating in the School Readiness Program.

Absent appropriate documentation and accurate calculations, the coalitions cannot demonstrate that School Readiness Program funds in the correct amounts were used to provide services only to eligible children. Additionally, errors made in calculating parent copayments may result in parents being required to contribute more to child care services than specified by the applicable sliding fee scale or, alternatively, may result in less money being available for School Readiness Program services.

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**Recommendation:** We recommend that coalitions obtain and maintain appropriate documentation to demonstrate the proper conduct of eligibility determinations. To ensure the proper conduct of eligibility determinations and parent copayment calculations, we also recommend that applicable documentation, including the required *Worksheets*, be subject to sufficient review.

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#### **Finding No. 14: School Readiness Waiting Lists**

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Pursuant to State law,<sup>60</sup> there must be a unified waiting list to track eligible children waiting for enrollment in the School Readiness Program. State law<sup>61</sup> specifies that the School Readiness Program is established for children from birth to the beginning of the school year for which a child is eligible for admission to kindergarten in a public school and for children who are eligible for a Federally subsidized child care program. The law also requires that for School Readiness Program services, each coalition give certain children priority for participation. Specifically:

- Priority shall be given first to a child from a family in which there is an adult receiving temporary cash assistance who is subject to Federal work requirements.

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<sup>60</sup> Section 411.01(5)(c)1.e., Florida Statutes.

<sup>61</sup> Section 411.01(6), Florida Statutes.

- Priority shall be given next to a child who is eligible for the School Readiness Program but who has not yet entered school, who is served pursuant to State law<sup>62</sup> by the DCF Family Safety Program Office or a community-based lead agency, and for whom child care is needed to minimize risk of further abuse, neglect, or abandonment.
- Subsequent priority shall be given to a child who meets one or more of the following criteria:
  - A child who is younger than the age of kindergarten eligibility and:
    - Is at risk of welfare dependency, including an economically disadvantaged child, a child of a participant in the welfare transition program, a child of a migratory agricultural worker, or a child of a teen parent.
    - Is a member of a working family that is economically disadvantaged.<sup>63</sup>
    - For whom financial assistance is provided through the Relative Caregiver Program.<sup>64</sup>
  - A 3-year-old child or 4-year-old child who may not be economically disadvantaged but who has a disability; has been served in a specific part-time exceptional education program or a combination of part-time exceptional education programs with required special services, aids, or equipment; and was previously reported for funding part-time under the Florida Education Finance Program as an exceptional student.
  - An economically disadvantaged child, a child with a disability, or a child at risk of future school failure, from birth to 4 years of age, who is served at home through a home visitor program and an intensive parent education program.
  - A child who meets Federal and State eligibility requirements for the migrant preschool program but who is not economically disadvantaged.

Additionally, OEL Rules<sup>65</sup> require that every coalition utilize a waiting list as a management tool for filling available child care slots under the School Readiness Program. The Rules further mandate that the waiting lists should be prioritized according to eligibility category.

OEL has established a Single Point of Entry (SPE) Web-based system that parents and guardians may use to apply for School Readiness and VPK Programs. The Unified Wait List (UWL) is a Web-based system that coalitions and their contracted designees use to retrieve, review, and manage applications submitted by the public through the SPE. When a coalition is unable to enroll eligible children due to space or funding limitations, the UWL is also to be used to prioritize the children on the waiting list for future School Readiness Program enrollment based on each child's eligibility category. **EXHIBIT C** shows the number of children on the waiting lists as reported to us by the coalitions during our audit.

As part of our audit, we examined coalition School Readiness Program waiting lists. At the **Miami-Dade/Monroe Coalition** we noted that, although the waiting list did not include children from families in which an adult was receiving temporary cash assistance subject to Federal work requirements or children who were referred for child care to minimize the risk of further abuse, neglect, or abandonment, the children on **Miami-Dade/Monroe Coalition's** waiting list were prioritized by the date a child was added to the UWL rather than by eligibility category as required by OEL Rules. In response to our audit inquiry, Coalition management stated that it was not feasible to prioritize the waiting list by eligibility category given the number of children served by the Coalition (as of May 31, 2011, the coalition's waiting list included 13,528 children). Notwithstanding this explanation, Coalition management also

<sup>62</sup> Chapter 39 or Chapter 409, Florida Statutes.

<sup>63</sup> As used in Section 411.01(6), Florida Statutes, the term "economically disadvantaged" means having a family income that does not exceed 150 percent of the Federal poverty level.

<sup>64</sup> Section 39.5085, Florida Statutes.

<sup>65</sup> Agency for Workforce Innovation, Office of Early Learning Rule 60BB-4.300, Florida Administrative Code.

indicated that, in June 2011, at the direction of the Coalition's board of directors, staff had begun prioritizing children birth to 5 years of age on the waiting list.

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**Recommendation:** We recommend that coalitions prioritize the children on School Readiness Program waiting lists according to eligibility category in accordance with OEL Rules.

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#### **Finding No. 15: School Readiness Payment Schedules**

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As lead agency for the State's CCDF Program,<sup>66</sup> OEL is required to establish payment rates that ensure eligible children equal access to comparable child care services available for children who do not receive School Readiness or other child care assistance funds. State law<sup>67</sup> further requires that each coalition adopt a payment schedule for the School Readiness Program that must:

- Take into consideration the prevailing market rate;<sup>68</sup>
- Include the projected number of children to be served; and
- Be submitted for OEL approval.

OEL guidance provides that, as part of the coalition's School Readiness plan process, coalitions are to submit payment schedules for OEL approval. If a coalition desires to subsequently adjust a rate on its approved payment schedule, it must file a plan amendment for OEL approval. State law<sup>69</sup> also mandates that a coalition may not implement revisions to its School Readiness plan unless and until the amendments receive approval from OEL.

As part of our audit, we tested 249 School Readiness provider payments to determine whether the coalitions were paying providers in accordance with OEL-approved payment schedules. As an element of our testing, we compared the provider payment schedules being utilized by the coalitions to the most recent OEL-approved payment schedules. In doing so, we found that two of the ten coalition's payment schedules did not agree with their OEL-approved schedules. Specifically:

- At the time of our audit field work in June 2011, the **Big Bend Region Coalition** was not utilizing the most recent OEL-approved payment schedule. As a result of our audit request, Coalition management analyzed the effect of using the outdated payment schedule and calculated that, during the period September 2008 to June 2011, the Coalition had under-paid various providers by amounts that totaled \$18,932. So that the applicable providers could be properly paid, coalition management indicated that the calculated adjustments would be included in the Coalition's final 2010-11 fiscal year invoice to OEL requesting reimbursement funds.
- At the time of our audit field work in July 2011, the **Polk County Coalition** was utilizing a payment schedule that included an unapproved payment rate. In response to our audit inquiries, Coalition and OEL management indicated that the rate had been included on previous payment schedules approved by OEL, but due to an administrative oversight, had been excluded when a new payment schedule amendment, effective July 1, 2009, was submitted to and approved by OEL.

Absent coalition use of an OEL-approved payment schedule, the amounts paid to providers may not meet the requirements of law.

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<sup>66</sup> Section 411.01(4)(c), Florida Statutes.

<sup>67</sup> Section 411.01(5)(e)2., Florida Statutes.

<sup>68</sup> Pursuant to Section 411.01013(1)(b), Florida Statutes, the prevailing market rate is the annually determined 75<sup>th</sup> percentile of a reasonable frequency distribution of the market rate in a predetermined geographic market at which child care providers charge a person for child care services.

<sup>69</sup> Section 411.01(5)(d)6., Florida Statutes.

**Recommendation:** Coalitions should strictly adhere to OEL-approved School Readiness payment schedules when reimbursing providers. Additionally, coalitions should take care to ensure that payment schedules submitted for OEL approval contain all applicable rates.

### Finding No. 16: School Readiness Provider Payments

School Readiness providers are paid by coalitions based on the attendance of children and, pursuant to OEL Rules,<sup>70</sup> providers are required to keep a daily record of each child's attendance. At a minimum, attendance documentation must include the use of a sign-in and sign-out process approved by the coalition that would allow the validation of the attendance data. Additionally, to receive payment from a coalition, providers are to certify the attendance of each child every month using an Enrollment/Attendance Certification form. OEL Rules<sup>71</sup> allow providers to be reimbursed for up to three absences per calendar month per child. In the event of extraordinary circumstances, a coalition may provide written approval for up to an additional seven absences if the parent provides written documentation justifying the excessive absences.

As part of our audit, we tested 249 School Readiness provider payments totaling \$62,588. As shown in Table 10, our tests disclosed various deficiencies at seven of the ten coalitions at which we performed audit field work.

**Table 10**  
**School Readiness Provider Payment Deficiencies**

Coalition	Number of Payments Tested	Total Dollar Value of Tested Payments	Type of Deficiency Noted											
			Payment Not Made in Accordance With OEL-Approved Payment Schedule		Number of Days Paid Did Not Agree With Attendance Records		Payment Not Supported by Adequate Sign-In and Sign-Out Records <sup>a</sup>		Care for Child Attending Part-Time Reimbursed as if Full-Time		Parent Copayment Not Correctly Assessed		Payment Included Excess Absences Not Properly Approved	
			Number	Payment Amount	Number	Payment Amount	Number	Payment Amount	Number	Payment Amount	Number	Payment Amount	Number	Payment Amount
Big Bend Region	24	\$6,077	1	\$250	2	\$524	3	\$1,028	-	-	-	-	-	-
Marion County	25	3,706	-	-	1	158	1	294	-	-	-	-	-	-
Orange County	25	8,101	1	208 <sup>b</sup>	-	-	-	-	-	-	-	-	-	-
Palm Beach County	25	6,265	-	-	1	136	-	-	-	-	1	\$54	-	-
Pinellas County	25	6,758	-	-	1	141	4	874	1	\$63	-	-	-	-
Polk County	25	7,152	-	-	-	-	2	481	-	-	-	-	-	-
Southwest Florida	<u>25</u>	<u>6,410</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>\$28</u>
<b>Totals</b>	<b><u>174</u></b>	<b><u>\$44,469</u></b>	<b><u>2</u></b>	<b><u>\$458</u></b>	<b><u>5</u></b>	<b><u>\$959</u></b>	<b><u>12</u></b>	<b><u>\$3,026</u></b>	<b><u>1</u></b>	<b><u>\$63</u></b>	<b><u>1</u></b>	<b><u>\$54</u></b>	<b><u>1</u></b>	<b><u>\$28</u></b>

<sup>a</sup> Records illegible, incomplete, or missing.

<sup>b</sup> Subsequent to our audit inquiry, the coalition determined that the provider related to this payment was under-reimbursed a total of \$158 during the period January 2011 through May 2011.

Absent appropriate documentation and sufficient care taken by staff during the School Readiness provider payment process, providers may not be correctly paid for services.

<sup>70</sup> Agency for Workforce Innovation, Office of Early Learning, Rule 60BB-4.502, Florida Administrative Code.

<sup>71</sup> Agency for Workforce Innovation, Office of Early Learning, Rule 60BB-4.500(2), Florida Administrative Code.

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**Recommendation:** To ensure that payment documentation requirements are satisfied and that all payments are made in accordance with applicable laws and other guidelines, we recommend that staff involved in the delivery of School Readiness Program services adhere to payment documentation requirements.

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<b>Early Learning Coalition VPK Program Administration</b>
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Pursuant to State law,<sup>72</sup> OEL is required to adopt procedures governing the administration of the VPK Program by early learning coalitions for: enrolling children and determining the eligibility of children, providing parents with profiles of VPK Program providers, registering and determining the eligibility of VPK Program providers, verifying the compliance of VPK Program providers, and paying VPK Program providers.

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**Finding No. 17: VPK Eligibility and Enrollment**

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For a child to be eligible for the VPK Program, the child must reside in the State and attain four years of age on or before September 1 of the Program year. State law<sup>73</sup> requires OEL to adopt procedures governing the administration of the VPK Program by coalitions and school districts, including procedures for enrolling children in and determining the eligibility of children for the VPK Program. These procedures are set forth in OEL Rules<sup>74</sup> which coalitions are to follow when performing eligibility determinations. State law<sup>75</sup> also requires that EFS, the integrated information system for the State's early learning programs, be used to maintain VPK Program eligibility and enrollment information.

Once a coalition determines that a child is eligible for the VPK Program, the coalition issues the child's parent a Certificate of Eligibility (COE). The COE may either be a paper form prepared by the coalition or a form electronically generated and printed using EFS. To enroll an eligible child with a VPK provider, the COE must be signed by the provider and parent, and the provider must submit the child's completed COE to the coalition.

As part of our audit, we reviewed the VPK eligibility determination process at the coalitions and examined 250 child VPK Program eligibility files. We noted that, on the whole, VPK Program eligibility files contained proper documentation. However, contrary to OEL Rules,<sup>76</sup> for one of 25 files reviewed at the **Southwest Florida Coalition**, the file did not contain the required documentation of the child's residency. Documentation to demonstrate residency may include, for example, a utility bill, a pay stub, or residential rental agreement that shows the name and address of a parent with whom the child resides. In addition, this file did not contain a completed COE with all elements of the certificate properly completed.

For the coalitions at which we conducted audit field work, we also compared VPK child eligibility files to EFS records to determine the accuracy and completeness of the EFS records. We noted 3 instances out of 75 at the **Escambia County, Orange County, and Southwest Florida Coalitions** in which EFS information, such as class identifiers,<sup>77</sup> did not agree with the information in the child eligibility and enrollment file. As EFS VPK data is the basis for VPK provider reimbursement and State reporting, it is important that the data accurately reflects complete and accurate information contained in each child's eligibility file.

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<sup>72</sup> Section 1002.75(2), Florida Statutes.

<sup>73</sup> Section 1002.75(2)(a), Florida Statutes.

<sup>74</sup> Agency for Workforce Innovation, Office of Early Learning Rules 60BB-8.200 and 8.202, Florida Administrative Code.

<sup>75</sup> Sections 1002.53(4)(a), 1002.71(5)(a), and 411.01(5)(c)1.e., Florida Statutes.

<sup>76</sup> Agency for Workforce Innovation, Office of Early Learning Rule 60BB-8.200(2)(b), Florida Administrative Code.

<sup>77</sup> Class identifiers are to be established by providers to record class schedules and enroll children in VPK classes.



Accurate and complete eligibility and enrollment data is necessary to demonstrate that only eligible children participate in the publicly funded VPK Program, as well as to ensure accurate VPK Program information is provided to decision makers.

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**Recommendation:** We recommend that the coalitions ensure that all VPK Program eligibility and enrollment information is maintained in accordance with applicable provisions of State law and OEL rules and that data contained in EFS accurately reflects the information documented in the child eligibility files.

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#### **Finding No. 18: VPK Provider Profiles and Parental Rights**

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State law<sup>78</sup> requires that every coalition provide to each parent enrolling a child in the VPK Program a profile of every private VPK provider and public school delivering the Program within the county where the child is being enrolled. VPK provider profile information is to be provided to parents to help them in making an informed decision related to the selection of a VPK provider. The profiles must be in the format prescribed by OEL and, at a minimum, include the following information about each VPK provider and school:

- The services provided.
- Curriculum.
- Instructor credentials.
- Instructor-to-student ratio.
- Kindergarten readiness rate based on the most recent Statewide kindergarten screening results.

OEL Rules<sup>79</sup> state that if a coalition posts profiles of VPK providers on its Web site, the parent shall be informed of the Web site as well as the VPK Web portal of DCF's Child Care Information System. For the VPK providers in the coalition's geographical region, the coalition is to keep current the provider profile shown by the DCF System.

As part of our audit, we attempted to verify that the coalitions were providing VPK provider profiles in accordance with applicable laws and rules and found evidence that coalitions generally provided such information. However, we noted that the **Miami-Dade/Monroe Coalition** was unable to provide evidence that the Coalition had provided parents with a profile of every eligible VPK provider within the county where the children were being enrolled or otherwise informed parents of how the profiles could be obtained. In response to our audit inquiry, Coalition management stated that parents were shown how to look up eligible providers on the Coalition's Web site; however, documentation of the process of providing VPK provider profile information to parents was not evidenced through a mechanism such as a signed acknowledgement form.

In addition to provider profiles, OEL Rules<sup>80</sup> require that every parent be provided a copy of the OEL-developed *VPK Parent Handbook (Handbook)*. The *Handbook* provides VPK Program information and contains a verification of receipt that allows a parent to certify receipt of the *Handbook* and document his or her review and understanding of the parental rights and responsibilities described therein. While OEL Rules require that every parent be provided a copy of the *Handbook*, the Rules do not specify the manner in which the *Handbook* is to be provided. In an effort to decrease administrative costs, OEL, in March 2009, provided guidance to the coalitions encouraging alternative methods of *Handbook* distribution, including electronic methods. In addition, OEL provided coalitions with a short form version of the *Handbook* that also provides for certification of receipt by the parent.

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<sup>78</sup> Section 1002.53(5), Florida Statutes.

<sup>79</sup> Agency for Workforce Innovation, Office of Early Learning Rule 60BB-8.201(4)(a)6. and 7., Florida Administrative Code.

<sup>80</sup> Agency for Workforce Innovation, Office of Early Learning Rule 60BB-8.201(4)(a)2., Florida Administrative Code.



During our audit testing, we noted that the **Miami-Dade/Monroe Coalition** did not provide parents with a copy of the *Handbook*. In response to our audit inquiry, Coalition management indicated that due to printing costs, copies of the *Handbook* were not provided to parents and that instead the Coalition's contracted service provider reviewed the *Handbook* information with parents. However, parents were not required to sign a *Handbook* receipt or any other documentation to acknowledge that they had reviewed and understood the *Handbook* information, including the provisions addressing parental rights. We similarly noted that the **Escambia County Coalition** did not provide the *Handbook* to parents. While the Coalition did provide to parents, by means of other Coalition documents, some information contained in the *Handbook*, none of the documents provided addressed the parent's right to VPK Provider Kindergarten Readiness Rate information.

While we recognize the importance of minimizing VPK Program administrative costs, it is also important for coalitions to ensure that VPK Program information is provided to parents. Absent documentation evidencing parental receipt of the required information, the coalitions cannot demonstrate that they have provided parents with the minimum VPK Program information necessary for parents to understand their rights and responsibilities and to make informed decisions about their children's enrollment and participation in the VPK Program.

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**Recommendation:** To ensure that parents are provided all the information necessary to make an informed decision regarding their child's enrollment and participation in the VPK Program, and to promote compliance with the requirements of State law, we recommend that coalitions obtain and maintain documentation demonstrating that all parents are provided access to VPK provider profiles. Additionally, we recommend that coalitions ensure that parents are informed of their rights and responsibilities under the VPK Program and that the coalitions document the parents' receipt of the information. To minimize administrative costs, coalitions should consider OEL suggestions for the alternative delivery of VPK Program information contained in the *VPK Parent Handbook*.

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#### **Finding No. 19: VPK Statewide Provider Registration Application**

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Early learning coalitions administer the VPK Program at the county or regional level through various VPK providers. Pursuant to OEL Rules,<sup>81</sup> before delivering VPK instruction or receiving payment, both private VPK providers and public schools must submit a completed and signed Statewide Provider Registration Application (Application), including supporting documents, to the coalition serving the county of the VPK provider's site. If a VPK provider has more than one VPK site, the provider must submit a separate Application for each site. The Application addresses such matters as licensing information, Gold Seal accreditation information, and curriculum information and provides the coalition a basis for considering the applicant's ability to properly deliver the VPK program in compliance with the requirements of State law. As part of our test of provider files, we reviewed required documentation, including Applications. We noted that at the **Escambia County Coalition**, for 2 of 21 private VPK providers and one of 4 public school providers, the files did not contain a completed and signed Application.

Absent a completed and signed Application with supporting documents, coalitions cannot demonstrate compliance with OEL Rules or provide assurance that VPK providers have been properly determined eligible to provide VPK services.

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<sup>81</sup> Agency for Workforce Innovation, Office of Early Learning Rule 60BB-8.300(1)(b), Florida Administrative Code.

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**Recommendation:** We recommend that coalitions ensure that, prior to delivering VPK instruction or receiving payment, all VPK providers have submitted complete and signed Statewide Provider Registration Applications with applicable supporting documents. Such Applications should be maintained in coalition files.

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### Finding No. 20: VPK Instructor Background Screenings

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State law<sup>82</sup> requires that each prekindergarten instructor employed by either private VPK providers or public schools be subject to a level 2 screening prior to employment and be rescreened at least every 5 years. In June 2010, OEL and DCF management jointly issued a memorandum to all coalition Executive Directors clarifying the type of documentation each coalition must use to verify a provider or potential provider's compliance with statutory VPK background screening requirements.<sup>83</sup>

The memorandum stated that, to document private provider compliance, coalitions must use DCF background screening clearance letters in conjunction with documentation from the provider indicating that the screening results had been reviewed and attesting that each VPK instructor had cleared the required level 2 screening. To document public school compliance, the memorandum required that coalitions use the background screening clearance letters obtained from local school districts as documentation that the school district's VPK Program instructors had completed the required level 2 screenings.

To determine coalition compliance with statutory VPK background screening requirements, we reviewed 199 files for private providers and 41 files for public schools and noted the following instances of noncompliance:

- At the **Big Bend Region Coalition**, for one of 6 public school providers, documentation obtained from the school district indicated that level 2 screenings for four lead and secondary instructors had not been timely updated (at least every 5 years). For these four instructors, the rescreenings exceeded the 5-year requirement by periods ranging from 12 to 25 days. We also noted that for one of 19 private providers, the coalition did not have any documentation showing that a background screening had been conducted for one VPK teaching assistant.
- At the **Escambia County Coalition**, for 5 of 21 private providers, the coalition did not have documentation showing that a level 2 screening had been timely conducted for a total of seven instructors. Specifically, documentation of level 2 screenings was not provided for five instructors and the screenings for two other instructors had not been completed within the past 5 years.
- At the **Orange County Coalition**, for one of 22 private providers, a screening for a lead instructor disclosed a charge of neglect of a child. No documentation was available to demonstrate the court's disposition of the charge or otherwise to show that the Coalition had evaluated the impact of the charge on the instructor's qualifications. In response to our audit inquiry, Coalition personnel indicated that the instructor was no longer employed with the provider.
- At the **Polk County Coalition**, for one of 6 public school providers, nothing in the file demonstrated that the screening results for one secondary instructor satisfactorily met the statutory requirements. Subsequent to our audit inquiry, the Coalition obtained a letter from the school district indicating that the individual was eligible to be a VPK instructor.

Absent sufficient documentation and review of level 2 screening results, coalitions cannot demonstrate compliance with the requirements of State law or provide assurance that VPK students receive instruction from qualified teachers in a safe environment.

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<sup>82</sup> Sections 1002.55(3)(d), 1002.61(5), and 1002.63(5), Florida Statutes.

<sup>83</sup> Pursuant to Sections 402.305(2) and 435.05(3), Florida Statutes, DCF receives evidence of level 2 screenings for the personnel of the child care providers that are registered with or licensed by DCF.

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**Recommendation:** We recommend that coalitions maintain documentation to demonstrate that background screenings have been properly performed and reviewed for all VPK instructors.

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#### **Finding No. 21: VPK Instructor Credentials**

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A VPK provider must have, for every VPK class, at least one instructor who meets the statutory qualifications to act as a VPK instructor.<sup>84</sup> One such requirement is that every private VPK provider delivering a school-year VPK Program must have, for each class, at least one instructor who holds, at a minimum, either a child development associate (CDA) credential or a credential approved by DCF as being equivalent to or greater than the CDA credential. Also, the instructor must successfully have completed an emergent literacy training course approved by DOE, unless the instructor holds one of the educational credentials provided for in State law.<sup>85</sup>

Our review of VPK provider files disclosed that generally, coalitions adequately documented that VPK instructors possessed the required credentials. However, our audit noted that for 2 of 21 private provider files tested at the **Escambia County Coalition**, the Coalition did not have documentation in the files at the time of our on-site field work demonstrating that three lead instructors possessed the required credentials. Subsequent to our field work, documentation of the required credentials was provided for two of the three instructors. Additionally, we found that for another private provider, the Coalition did not have documentation demonstrating that a lead instructor had successfully completed a DOE-approved emergent literacy training course or was otherwise exempt from this requirement.

To demonstrate compliance with State law, and to ensure that VPK students receive instruction from qualified teachers, it is important that coalitions adequately document that all VPK instructor qualifications have been satisfied.

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**Recommendation:** We recommend that coalitions ensure that adequate documentation is maintained to demonstrate that all VPK instructor qualifications have been satisfied.

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#### **Finding No. 22: VPK Provider Payments**

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Coalitions are to pay VPK providers in accordance with the requirements of OEL Rules.<sup>86</sup> OEL Rules<sup>87</sup> require that VPK providers maintain daily attendance documentation to serve as the basis for provider payments. At a minimum, attendance documentation must demonstrate the use of a sign-in and sign-out process approved by the coalition to validate the attendance data. In addition, each month, parents must verify the child's attendance for the previous month on an OEL-designed form. Specifically:

- A child's parent must verify the child's attendance on the *Child Attendance and Parental Choice Certificate Short Form (Short Form)* if the VPK provider records the child's daily attendance using either a paper sign-in or sign-out log or an electronic attendance tracking system.
- A child's parent must verify the child's attendance on the *Child Attendance and Parental Choice Certificate Long Form (Long Form)* if the VPK provider records the child's daily attendance using a method other than a paper sign-in or sign-out log or electronic attendance tracking system.

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<sup>84</sup> Sections 1002.55, 1002.61, and 1002.63, Florida Statutes.

<sup>85</sup> Section 1002.55(4), Florida Statutes.

<sup>86</sup> Agency for Workforce Innovation, Office of Early Learning Rules 60BB-8.204 and 60BB-8.205, Florida Administrative Code.

<sup>87</sup> Agency for Workforce Innovation, Office of Early Learning Rule 60BB-8.305(1) and (2), Florida Administrative Code.

OEL Rules<sup>88</sup> require coalitions to supply VPK providers with a monthly roster (Enrollment/Attendance Certification) that lists each child enrolled in the provider's or school's VPK Program and includes blank spaces for the provider or school to certify a child's attendance for the calendar month. A provider or school must certify and submit the monthly Enrollment/Attendance Certification to receive payment from a coalition.

To better ensure that payments to providers are in correct amounts and made in compliance with the various requirements of governing State laws and OEL Rules, it is incumbent upon coalitions to make only those payments supported by adequate documentation of attendance. As part of our audit, we tested 250 VPK provider payments totaling \$62,353. As shown in Table 11, our tests disclosed that at nine of the ten coalitions at which we performed audit field work, payments were not adequately supported by attendance documentation required by OEL Rules.

**Table 11**  
**VPK Provider Payment Deficiencies**

Coalition	Number of Payments Tested	Total Dollar Value of Tested Payments	Number of Payments With Deficiencies <sup>a</sup>	Type of Deficiency Noted					
				Payments For Which a Properly Completed Short or Long Form Not Available		Payments Not Supported by Adequate Sign-In or Sign-Out Sheets		Certification Did Not Agree With Sign-In or Sign-Out Sheets	
				Number	Payment Amount	Number	Payment Amount	Number	Payment Amount
Big Bend Region	25	\$ 6,801	7	3	\$ 609	2	\$ 511	4	\$1,042
Escambia County	25	5,774	1	1	162	-	-	-	-
Hillsborough County	25	6,252	8	8	2,039	-	-	-	-
Marion County	25	7,306	1	1	123	-	-	-	-
Orange County	25	6,731	1	-	-	-	-	1	272
Palm Beach County	25	5,486	3	-	-	3	672	-	-
Pinellas County	25	6,856	5	1	306	5	1,346	-	-
Polk County	25	6,718	5	5	1,616	-	-	-	-
Southwest Florida	<u>25</u>	<u>4,940</u>	<u>1</u>	<u>1</u>	<u>251</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Totals</b>	<b><u>225</u></b>	<b><u>\$56,864</u></b>	<b><u>32</u></b>	<b><u>20</u></b>	<b><u>\$5,106</u></b>	<b><u>10</u></b>	<b><u>\$2,529</u></b>	<b><u>5</u></b>	<b><u>\$1,314</u></b>

<sup>a</sup> We noted more than one deficiency for some payments.

Additionally, for the 25 payments tested at the **Miami-Dade/Monroe Coalition**, we noted that, contrary to OEL Rules,<sup>89</sup> one payment for \$259 was made to a provider for whom a Statewide Provider Agreement had not been executed.

Absent appropriate documentation and sufficient care taken during the VPK provider payment process, the risk is increased that providers will be paid for services that were not delivered. Additional and improved training for coalition and contractor staff may result in fewer VPK provider payment deficiencies.

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**Recommendation:** To ensure that payment documentation requirements are satisfied and that all payments are made in accordance with applicable laws and other guidelines, we recommend that staff involved in the delivery of VPK services receive adequate training.

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<sup>88</sup> Agency for Workforce Innovation, Office of Early Learning Rule 60BB-8.305(3), Florida Administrative Code.

<sup>89</sup> Agency for Workforce Innovation, Office of Early Learning Rule 60BB-8.301, Florida Administrative Code.

<b>Early Learning Coalition Operations</b>
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<b>Finding No. 23: Coalition Procurement Processes</b>
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Pursuant to State law,<sup>90</sup> prior to July 1, 2010, coalitions were required to follow the provisions governing the procurement of commodities or contractual services as set forth in State law.<sup>91</sup> Beginning July 1, 2010, each early learning coalition was required to comply with the procurement and expenditure procedures adopted by OEL.<sup>92</sup> Pursuant to the terms of the 2010-11 and 2011-12 fiscal year coalition grant agreements, OEL required the coalitions to procure commodities and contractual services (except for School Readiness and VPK direct services) in accordance with the provisions of State law,<sup>93</sup> with some language substitutions, and, as applicable, Office of Management and Budget (OMB) Circulars.<sup>94</sup> The substituted language raised from \$35,000 to \$65,000 the statutory threshold for competitive solicitation processes and revised the contract renewal provisions. As the coalitions were only required to follow the provisions of the referenced State procurement law for procurements of commodities and contractual services exceeding \$65,000, it was incumbent on the coalitions to establish policies and procedures promoting good procurement practices for smaller procurements.

Good procurement practices should include controls such as adequate separation of duties, proper procurement authorizations, and documentation of procurement decisions. Additionally, as competition is a basic tenet of procurement using public funds, coalition procurement practices should ensure that quotes be obtained when purchases exceed a predetermined amount. To determine whether the coalitions had established and implemented policies and procedures to promote good procurement practices and compliance with applicable laws, rules, and other guidelines, we examined various procurement documents and tested the related disbursement transactions. We noted that each of the coalitions had established and implemented its own unique procurement policies and procedures and generally abided by good procurement practices; however, our audit procedures also disclosed instances in which coalition purchases were not properly approved or adequately documented, or there was a lack of separation of duties in the procurement process. Specifically:

- We tested 24 purchases at the **Big Bend Region Coalition**. Contrary to the Coalition's internal procurement policies and procedures, for 6 of the tested purchases totaling \$13,364, the Coalition did not obtain the required number of quotes or seek Board approval when quotes were not attained. Two other Coalition purchases totaling \$2,868 were not properly approved. In one instance, the purchase order was approved subsequent to receipt of the vendor's invoice, and in the other instance, it appeared that the Coalition split purchase orders, which were prepared on the same day, to avoid having to obtain Board approval. For another \$2,856 purchase, the duties of the Coalition staff involved in the procurement were not adequately separated. In this instance, the same employee procured the items and approved the payment. We also noted that the **Big Bend Region Coalition** made a \$170 monthly disbursement to a storage unit company that was not supported by current contract file documentation demonstrating that the rate paid was the most economical available. Our review of the **Big Bend Region Coalition's** procurement policies disclosed potentially confusing and contradictory guidance that may have contributed to some of these deficiencies.
- At the **Marion County Coalition**, of the 15 purchases tested, 4 totaling \$9,229 were not supported by an approved purchase order authorizing the purchase. Items purchased included telephone cables, financial accounting software services, and training.

<sup>90</sup> Section 411.01(5)(e)1., Florida Statutes (2009).

<sup>91</sup> Section 287.057, Florida Statutes.

<sup>92</sup> Chapter 2010-210, Laws of Florida, and Section 411.01(5)(e)1., Florida Statutes.

<sup>93</sup> Section 287.057, Florida Statutes.

<sup>94</sup> OMB Circular Nos. A-87, A-110, or A-133.

- For the 8 purchase orders we reviewed at the **Polk County Coalition**, the Coalition did not demonstrate a clear separation of duties in the procurement process or maintain adequate documentation supporting 7 purchases totaling \$26,823. Specifically, in 2 instances, the same employee who requisitioned the goods authorized the purchase order and, in another instance, the same employee requisitioned the goods, authorized the purchase order, and verified receipt of the goods. Further, one of the 7 purchases was not supported by a signed purchase order authorizing the purchase and the purchase orders for 3 other purchases were not signed by the requestor.

Absent good procurement practices that include effectively implemented controls and appropriately assigned duties, the risk of uneconomical purchasing and error is increased.

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**Recommendation:** We recommend that effective coalition procurement policies and procedures be established and implemented to ensure that purchases are approved and supported by appropriate documentation, coalition staff procurement duties are adequately separated, and quotes be obtained when appropriate.

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#### **Finding No. 24: Contractual Services Contracts**

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To administer the School Readiness and VPK Programs, coalitions may enter into various agreements and contracts, including contractual service contracts for provider and client eligibility determinations, provider monitoring, data entry, bookkeeping, and issuance of provider payments. To effectively and efficiently procure the services needed, provide for the adequate monitoring of contractor delivery of those services, and best protect the interests of early learning coalitions, contract documents should include appropriate terms and provisions.

State law,<sup>95</sup> as well as best practices, outline important elements that, if incorporated in coalition contracts, would better protect the coalitions and, as the coalitions enter into contracts funded by State and Federal dollars, the State's interests as well. These contractual elements include, but are not limited to, provisions documenting the responsibilities of the parties to the contract; specifying a scope of work that clearly establishes all the tasks the contractor is required to perform; identifying quantifiable, measurable, and verifiable deliverables; addressing access rights to any documentation or other materials received by the contractor in conjunction with the contract; providing for unilateral cancellation of the contract should the contractor refuse to allow public access to applicable documents; specifying financial consequences should the contractor fail to perform; identifying contract renewal and extension terms, if any; and describing dispute resolution procedures. In addition, a properly executed contract will clearly identify the term of the contract and be reviewed and signed by persons with the appropriate level of authority prior to the receipt of services. A contract should also specify the maximum amount that may be paid under the terms of the contract.

Our examination of 49 coalition contract documents disclosed that the contract documents utilized by the **Hillsborough County, Marion County, Palm Beach County, and Polk County Coalitions** did not always include important provisions, such as provisions allowing for the unilateral cancellation of the contract should a contractor refuse to allow public access to applicable documents, identifying the contract renewal or extension terms, or specifying the financial consequences should a contractor fail to perform in accordance with the contract.

For the eight contract documents examined at the **Polk County Coalition**, we also noted that in two instances, although copies of the contract documents were provided, the documents were signed by the Coalition's Executive Director and the contractors a month after the contract periods began. Both contracts were for Early Childhood Environment Rating Systems assessors and stipulated that the contractors would be paid \$250 for each assessment.

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<sup>95</sup> Section 287.058, Florida Statutes.



Also, we found that neither contract contained the total maximum amount that the Coalition would pay under the contract.

Absent adequate contractual provisions, a coalition's ability to protect its interests is reduced.

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**Recommendation:** We recommend that coalition management consider incorporating the contract document provisions required by State law in applicable contractual services contracts. We also recommend that coalitions ensure that all contracts are signed prior to the beginning of the contract term and that, when appropriate, contracts specify the maximum amount that may be paid.

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#### **Finding No. 25: Coalition Expenses and Disbursement Controls**

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To test the effectiveness of coalition disbursement controls, including coalition procedures for maintaining documentation to demonstrate that expenses were authorized, necessary, and reasonable to accomplish coalition purposes and made in accordance with governing laws, contracts and other guidelines, we examined coalition documentation for selected transactions. As described in the **OBJECTIVES, SCOPE, AND METHODOLOGY** section of this report, we tested a variety of coalition expense and disbursement transactions representing various types of coalition expenses including administrative<sup>96</sup> and nondirect costs. Our tests disclosed that the coalition expenses tested were generally supported by documentation evidencing that School Readiness and VPK Program funds were used appropriately. However, we noted some instances in which expenses were not accurately paid, were not properly supported, or did not appear to be reasonable. Specifically, we noted:

- Instances at the **Orange County** and **Polk County Coalitions** in which travel expense reimbursements were not approved by the employee's supervisor or Board Chair, in the case of Executive Director travel, prior to payment. At the **Polk County Coalition**, we noted the Coalition's policies and procedures did not address approval of employee travel expenses. We also noted instances at the **Palm Beach County** and **Pinellas County Coalitions** in which travel mileage reimbursement amounts were incorrectly calculated, resulting in relatively small overpayments to employees.
- Several instances in which amounts reimbursed to travelers were not limited to the amounts allowed by statute or did not appear to be necessary or reasonable for the conduct of coalition business.<sup>97</sup> For example, at the **Escambia County Coalition**, a meal allowance was paid although the employee's travel did not begin before the requisite time. At the **Miami-Dade/Monroe Coalition**, we noted travel authorization forms did not always include a statement or other documentation explaining the benefits of the travel to the Coalition. Additionally, certain mileage reimbursements at the **Marion County** and **Pinellas County Coalitions** were not adequately supported.
- Three purchases made by the **Big Bend Region Coalition** for items with prices that did not appear reasonable. The purchases included \$3,527 in furnishings (e.g., a \$249 craft table, a \$338 chalkboard, and three \$139 child-sized chairs) purchased from an online children's specialty retailer, interactive wall toys costing \$2,711, and a decorative green metal tree-shaped bookshelf costing \$2,849. Each of these items was located at the Coalition's main office.

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<sup>96</sup> Section 411.01(9)(d), Florida Statutes, states that OEL is to require that coalitions keep School Readiness Program administrative costs to the minimum necessary for efficient and effective administration, but total administrative expenditures must not exceed 5 percent. The General Appropriations Acts (GAAs) have also imposed limits on the amount of VPK Program funds that may be expended by a coalition for administrative and other Program costs. The GAA for the 2011-12 fiscal year limited such expenditures to 4 percent of the total amounts allocated to the VPK Program.

<sup>97</sup> Section 112.061, Florida Statutes, establishes requirements for the travel expenses of public officers, employees, and authorized persons. Per coalition grant agreements, all coalition travel-related costs are to be reimbursed in accordance with Section 112.061, Florida Statutes.



To ensure that coalition costs are kept to the minimum necessary for efficient and effective administration, expenses should be properly authorized, paid in the appropriate amounts, and limited to what is necessary and reasonable for the conduct of coalition business.

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**Recommendation:** We recommend that coalition controls be enhanced to ensure that expenses are paid in the correct amounts, are properly authorized and supported by appropriate documentation, and are clearly necessary and reasonable for the conduct of coalition business.

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**Finding No. 26: Tangible Personal Property Controls**

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Pursuant to the provisions of coalition grant agreements and OEL guidance,<sup>98</sup> coalitions must perform an annual physical inventory of all grant-purchased property that is required to be inventoried under either Federal regulations or State law (generally, items with a purchase price of \$1,000 or more). Further, coalitions are required to maintain a master property inventory list of all grant-purchased property, reconcile the results of the annual physical inventory to the master property list, and provide the master property list to OEL by no later than October 1 of each year. Among other information, the master property list is required to include each property item's physical location, description, acquisition cost, and acquisition date.

Our tests of coalition tangible personal property records and the recording of 72 items totaling \$250,766 purchased during the period June 2010 through May 2011 disclosed, as shown in Table 12, that improvements were needed in accountability for tangible personal property.

**Table 12**  
**Summary of Coalition Tangible Personal Property Record Deficiencies**

Coalition	Number of Items Tested	Items Not Properly Recorded in Coalition Property Records			
		Number of Items With Deficiencies	Type of Property	Description of Record Deficiency	Acquisition Costs
Big Bend Region	N/A <sup>a</sup>	2	Office equipment	Items not included on master property list submitted to OEL.	\$ 3,699
Marion County	3	3	Security and fingerprinting equipment	Items not tagged or recorded in property records.	22,926
Orange County	13	1	Office furniture	Item not recorded in property records.	2,090
Pinellas County	10	9	Computer and office equipment	Acquisition dates not recorded in property records.	66,831
Polk County	25	3	Computer and office equipment	Two items not recorded in property records and one item recorded with incorrect acquisition date.	37,458
<b>Totals</b>	<b><u>51</u></b>	<b><u>18</u></b>			<b><u>\$133,004</u></b>

<sup>a</sup> Individual property items were not selected for testing. Deficiencies were disclosed through the performance of analytical procedures.

We also noted that the **Big Bend Region Coalition** did not reconcile the results of its last physical inventory to its master property list and that the **Polk County Coalition** did not adequately separate inventory duties. Specifically, the **Polk County Coalition** employee who was responsible for maintaining the property records was also responsible for conducting the annual physical inventory.

Absent effective controls to ensure that all applicable property is timely added to the property records, inventory results are reconciled to the property records, and annual physical inventories are properly performed by persons

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<sup>98</sup> OEL Fiscal Guidance 240.02.

independent of the property record-keeping and custodial functions, the coalitions' ability to maintain accountability over property, including computers which may contain nonpublic or confidential information, is reduced. Also, absent such accountability, OEL has limited assurance as to the accuracy and completeness of the master property lists provided by the coalitions.

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**Recommendation:** We recommend that the coalitions ensure that all applicable tangible personal property items are timely and properly recorded in coalition property records. Coalitions should also ensure that the results of annual physical inventories are timely reconciled to the master property lists and that physical inventories are performed by persons independent of the property record-keeping and custodial functions.

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#### **Finding No. 27: Coalition Revenue and Receipts Policies and Procedures**

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Coalitions receive a variety of funds, including School Readiness and VPK Program grant awards, as well as other unrestricted and restricted revenue. Such revenues include local government or private donations to be used at the discretion of the coalition to further its mission, or donor-restricted revenue that the coalition may only use subject to the donor's directions. To ensure the prudent management and safeguarding of coalition revenue, it is necessary that policies and procedures governing the management of moneys received be established and implemented by the coalitions. Such policies and procedures should address key revenue and receipts controls such as, proper separation of duties, immediate restrictive endorsement of checks at the point of collection, maintenance of check logs and other receipt documentation, reconciliation of receipt documentation to deposit information, and timely deposit of moneys.

We reviewed coalition revenue and receipts policies and procedures and noted instances in which the policies and procedures could be improved. Specifically, we noted that the **Escambia County Coalition** had not established written policies and procedures over the revenue and receipts function and that **Pinellas County Coalition** procedures could be strengthened by requiring that all checks received be logged and immediately restrictively endorsed upon receipt at the point of collection.

Effective and properly implemented revenue and receipts policies and procedures reduce the opportunity for theft, serve to reasonably ensure the timely deposit of all moneys received, and promote the accuracy and completeness of accounting records.

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**Recommendation:** We recommend that the coalitions enhance their policies and procedures to ensure that revenue and receipts controls are appropriately established.

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#### **Finding No. 28: Coalition Personnel Background Screenings**

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Coalition employees oftentimes come into contact with children or have access to confidential information, and grant agreements between the coalitions and OEL require that each coalition establish and comply with a policy designating particular employee positions as positions of special trust for which a background screening must be conducted that meets or exceeds the requirements established in State law.<sup>99</sup> OEL requires that, at a minimum, the coalition policy must designate as positions of special trust those positions that have contact with children for 15 hours or more per

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<sup>99</sup> Section 110.1127(3)(a), Florida Statutes.

week or have access to confidential information. Persons occupying positions of special trust are to be subject to the level 2 screenings defined in State law.<sup>100</sup>

As defined in State law, a level 2 screening includes, but need not be limited to, fingerprinting for Statewide criminal history records checks through the Department of Law Enforcement, national criminal history records checks through the Federal Bureau of Investigation, and may include local criminal records checks through local law enforcement agencies. Applicable employees must undergo this screening as a condition of employment and continued employment.

Our audit tests disclosed that several coalitions did not always ensure that employees who may come into contact with children or have access to confidential information timely underwent level 2 screenings. Specifically:

- At the **Hillsborough County Coalition**, we found that two of the four coalition employee personnel files tested did not contain evidence of a level 2 screening. These 2 files were for the Coalition's Executive Director and Chief Operating Officer.
- In October 2010, the **Escambia County Coalition** arranged to have level 2 screenings performed for Coalition employees. Prior to this effort, employees had not always been screened upon hire. We also noted that the backgrounds of employees hired after October 2010 had not been subject to screening. Our tests of 10 Coalition employee personnel files disclosed that the two employees hired after October 2010 (one in January 2011 and one in March 2011) had not been screened as of June 2011. We further noted that one employee's file, the Coalition's Executive Director who was hired in June 2001, did not contain evidence of a level 2 screening.
- Documentation evidencing the performance of a level 2 screening could not be located in one of the 4 personnel files we tested at the **Palm Beach County Coalition**. Subsequent to our audit inquiry, a screening was conducted for the applicable employee and no offenses were disclosed.
- For 9 of the 15 personnel files tested at the **Polk County Coalition**, we noted that complete level 2 screenings were performed subsequent to the start of employment. In these instances, the number of days that had elapsed between the date of hire and date of the level 2 screening ranged from 10 to 117 days.

Absent timely background screenings as a condition of employment, there is an increased risk that persons with inappropriate backgrounds will be employed.

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**Recommendation:** We recommend that coalitions ensure that, as a condition of employment and continued employment in a position of special trust, employees timely undergo level 2 screenings.

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#### **Finding No. 29: Coalition Personnel Education Requirements**

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The effectiveness of the early learning services delivered at the local level by coalitions is dependent, in part, on the employment of individuals who meet the minimum requirements for the positions they occupy. Effective employment practices include the adoption of position descriptions that specify minimum education and experience requirements to ensure that employees have the skills necessary to adequately perform the required duties.

Our review of 98 coalition personnel files disclosed that the coalitions did not always ensure, prior to hire, that employees satisfied the minimum educational requirements for their positions. At the **Polk County Coalition**, we found that for 2 of 15 personnel files tested, the Coalition did not obtain, prior to hire, documentation demonstrating that the employees met the educational requirements for their positions. The two employees in question were an Administrative Assistant/Outreach Coordinator and a Child Screening Specialist. Similarly, at the **Pinellas County**

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<sup>100</sup> Section 435.04, Florida Statutes.

**Coalition**, we noted that for 2 of 10 personnel files tested, the employees did not meet the minimum educational requirements for the positions held. The two employees in question were a Program Assessment Specialist and an Infant-Toddler Specialist, both positions which required a bachelor's degree in either child development, early childhood education, or a related field. The employees only held associate's degrees. In response to our audit inquiry, **Pinellas County Coalition** management stated that, due to the employees' extensive experience, they were considered eligible for the positions; however, a waiver of the educational requirements for these positions was not documented in the respective personnel files.

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**Recommendation:** We recommend that the coalitions ensure that, prior to hire, an applicant for employment meets all the educational requirements applicable to the position. Should previous experience be considered acceptable in lieu of educational requirements, the coalitions should document this consideration in the respective personnel file as the justification for waiving the educational requirements.

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#### **Finding No. 30: Advertisement of Board Vacancies**

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To ensure the success of the School Readiness and VPK Programs, it is important that coalitions have in place an effective leadership structure. Toward that end, State law<sup>101</sup> mandates the creation of early learning coalition boards to be composed of at least 15 members, but not more than 30 members, encompassing various private and public stakeholders and community representatives. Coalition board responsibilities include policymaking and the hiring of an executive director who is responsible for ensuring board policies are implemented, managing funds, and overseeing day-to-day coalition operations.

State law<sup>102</sup> requires coalitions to establish terms for all appointed members, that the terms be staggered, and that each term be a uniform length that does not exceed 4 years per term. Appointed members may serve a maximum of two consecutive terms. When a vacancy occurs in an appointed member position, the coalition must advertise the vacancy. OEL guidance states that coalitions may advertise a vacancy, using print or electronic media available to the general public in the coalition's service delivery area, until the vacancy is filled.

As part of our audit, we evaluated the composition of the coalition boards for compliance with State law and requested and reviewed documentation demonstrating that the coalitions properly advertised any appointed member vacancies that occurred. In response to our audit request, the **Palm Beach County Coalition** was unable to provide documentation demonstrating that three vacancies for appointed private-sector voting board members had been advertised. As of the date of the conclusion of our Coalition audit field work, the vacancies had not been filled.

Absent documentation supporting the advertisement of appointed board member vacancies, a coalition cannot demonstrate compliance with State law or that the coalition sought to maintain its leadership structure.

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**Recommendation:** We recommend that the coalitions properly advertise board vacancies and, to allow a demonstration of compliance with applicable State law and OEL guidance, maintain documentation of those advertisements.

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#### **Finding No. 31: Provider Monitoring**

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School Readiness and VPK Program services are made available to eligible children by providers, such as private child care centers, family child care homes, and public and private schools, which enter into contracts with the coalitions.

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<sup>101</sup> Section 411.01(5), Florida Statutes.

<sup>102</sup> Section 411.01(5)(a)13., Florida Statutes.

To ensure the provision of School Readiness and VPK Program services in accordance with applicable laws, regulations, and contract and grant agreements, OEL grant agreements require that the coalitions perform on-site monitoring of School Readiness and VPK providers. This monitoring may be performed by coalition staff or by contracted monitors.

Due to the large number and various types of providers, it is important that coalitions utilize tools that promote the completeness and tracking of monitoring efforts. Such tools, along with effective monitoring procedures, would also allow coalitions to better identify higher risk providers for monitoring.

As part of our audit, we evaluated the monitoring tools and procedures utilized by the coalitions as well as documentation of coalition School Readiness and VPK provider monitoring efforts. We noted that the **Big Bend Region, Orange County, Polk County, and Pinellas County Coalitions** did not utilize schedules that contained all of the information necessary to adequately track the results of coalition School Readiness or VPK provider monitoring efforts. Well-designed monitoring schedules should include all of the information necessary to adequately track the timing and results of monitoring efforts, such as the dates the monitoring was conducted, cited noncompliance issues, dates corrective actions were taken, and follow-up monitoring activities. Such schedules would help ensure accountability; promote efficient, timely, accurate, and complete reporting of monitoring results; and assist with the identification of higher risk providers. Additionally, we found that the **Marion County Coalition's** School Readiness provider monitoring procedures did not detail the methodology used to prioritize and select providers for monitoring.

Without adequate tracking of monitoring efforts or established procedures for the monitoring process that address the selection of providers for monitoring, the risk is increased that coalition monitoring efforts may be insufficient and instances of provider noncompliance and nonperformance may not be timely detected and corrected.

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**Recommendation:** We recommend that coalitions implement comprehensive provider monitoring schedules that incorporate information such as the dates the monitoring was conducted, any noncompliance issues noted, dates corrective actions were taken, and follow-up monitoring activities. We also recommend that coalitions ensure that policies and procedures describe the methodology to be used to prioritize and select providers for monitoring.

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#### **Finding No. 32: Coalition Information Technology Controls**

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Our review of coalition information technology (IT) controls disclosed that IT security controls at one coalition needed enhancement. Specific details of the enhancements needed are not disclosed in this report to avoid the possibility of compromising early learning program data and IT resources. However, appropriate coalition personnel have been notified of the control enhancements needed.

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**Recommendation:** We recommend that all coalitions ensure that proper IT security controls are in place to ensure the confidentiality, integrity, and availability of data and IT resources.

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#### **PRIOR AUDIT FOLLOW-UP**

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Except as discussed in the preceding paragraphs, corrective actions had been taken for the applicable findings included in our report Nos. 2004-085 and 2009-003.

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**OBJECTIVES, SCOPE, AND METHODOLOGY**

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The Auditor General conducts 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.

Chapter 2011-142, Laws of Florida, required us to conduct, before December 31, 2011, a financial and performance audit, as defined in Section 11.45, Florida Statutes, of the Office of Early Learning's programs and related delivery systems. Section 11.45(1)(c), Florida Statutes, defines a financial audit as an examination of financial statements in order to express an opinion on the fairness with which they are presented in conformity with generally accepted accounting principles and an examination to determine whether operations are properly conducted in accordance with legal and regulatory requirements. Section 11.45(1)(h), Florida Statutes, defines a performance audit as an examination of a program, activity, or function of a governmental entity, and includes an examination of issues related to:

- Economy, efficiency, or effectiveness of the program.
- Structure or design of the program to accomplish the goals and objectives.
- Adequacy of the program to meet the needs identified by the Legislature or governing body.
- Alternative methods of providing program services or products.
- Goals, objectives, and performance measures used by the agency to monitor and report program accomplishments.
- The accuracy or adequacy of public documents, reports, or requests prepared under the program by State agencies.
- Compliance of the program with appropriate policies, rules, or laws.
- Any other issues related to governmental entities as directed by the Legislative Auditing Committee.

Each early learning coalition receives an annual independent financial statement audit pursuant to grant agreement terms, and OEL, DOE, and DCF are part of the State of Florida reporting entity and are subject to audit during the annual Statewide Financial Statement Audit. We reviewed the reported results of selected audits and, as described in more detail below, performed additional auditing procedures related to various early learning program financial transactions and tested OEL and coalition compliance with applicable legal and regulatory requirements.

We conducted this audit from May 2011 through October 2011 in accordance with 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 audit focused on the Office of Early Learning programs and related delivery systems, and specifically, the School Readiness and VPK Programs. The overall objectives of the audit were:

- To evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse and in administering assigned responsibilities in accordance with laws, rules, contracts, grant agreements, and other guidance.
- To evaluate management's performance in achieving the economy, efficiency, or effectiveness of the early learning programs.

- To evaluate the suitability of the structure or design of the early learning programs to the accomplishment of the programs' goals and objectives.
- To evaluate the adequacy of the early learning programs to meet the needs identified by the Legislature and stakeholders.
- To identify alternate methods of providing early learning program services.
- To evaluate the goals, objectives, and performance measures used by the OEL and others responsible for the delivery of program services to monitor and report program accomplishments.
- To determine the accuracy and adequacy of documentation, reports, or requests prepared for the early learning programs.
- To evaluate compliance with controlling laws, administrative rules, and other guidelines.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

Our audit also included steps to determine whether management had corrected, or was in the process of correcting, relevant deficiencies disclosed in prior audits (report Nos. 2004-085 and 2009-003).

In conducting our audit we performed various audit procedures at OEL, DOE, DCF, and 10 of the 31 early learning coalitions. Specifically, we:

- Reviewed laws, rules, and key policies and procedures to obtain an understanding of early learning program objectives and legal framework.
- Obtained an understanding of the roles of OEL, DOE, DCF, and the 31 early learning coalitions in the State's early learning programs through interviews of employees and reviews of relevant documentation and data. Specifically, we interviewed the management and staff of OEL, DOE, DCF, and the coalitions; the board chairs of the 10 coalitions at which we performed on-site audit field work; and representatives from the Association of Early Learning Coalitions. We also reviewed State agency and coalition records and School Readiness and VPK Program data.
- Reviewed various reports, including those of other auditors, pertaining to the State's early learning programs, as well as other state and national early learning programs, to identify and obtain an understanding of alternate methods for providing early learning program services.
- Established criteria against which to evaluate the suitability of the structure of the State's early learning programs.
- Evaluated the effectiveness of the goals, objectives, and performance measures utilized by OEL, DOE, and DCF to assess program performance and achievement of program expectations.
- Obtained the April 2011 DCF list of Gold Seal Program providers and, from April 2011 EFS payment data, the number of School Readiness providers with a Gold Seal payment indicator to determine the percentage of Gold Seal providers that also participated in the School Readiness Program.
- Surveyed 2,000 parents with children participating in the School Readiness Program during the month of April 2011 regarding various aspects of the School Readiness Program and the early learning coalition servicing the parent's local area.
- Reviewed OEL salary increases and promotions for the 2008-09, 2009-10, and 2010-11 fiscal years to identify any large or unusual salary increases and promotions.
- Reviewed five OEL personnel files to verify that the employee's salary increases or promotions were properly documented, approved, and that the employee possessed the credentials required for the position.
- Performed an analysis of OEL expenditures for the 2008-09, 2009-10, and 2010-11 fiscal years to identify and evaluate any large or unusual trends or transactions and any unusual vendor relationships and requested and obtained explanations for any noted.



- Reviewed two OEL contract files to ensure that the contract documents specified the contract deliverables and invoice requirements and contained no unusual or unreasonable provisions, and that OEL had assigned a contract manager who was knowledgeable about the services to be delivered.
- Tested two OEL contract expenditures made during July 2011 and totaling \$260,257 to determine if the expenditures conformed to the terms and conditions of the contract.
- Reviewed for timeliness of submission, 31 coalition annual reports that were due to OEL by October 1, 2010.
- To determine OEL compliance with the requirements of State law, evaluated actions taken by OEL to establish School Readiness performance standards and outcome measures.
- Reviewed applicable rules, monitoring tools, and coalition plans to determine whether OEL had developed appropriate system support services for the School Readiness Program in accordance with State law.
- Evaluated actions taken by DOE to develop and adopt VPK performance standards and a Statewide kindergarten screening in accordance with the requirements of State law.
- Reviewed documentation for the Statewide kindergarten screening to determine whether the screening adequately assessed the readiness of each student for kindergarten based upon performance standards adopted by DOE.
- Obtained an understanding of the ELIS project timeline and status and assessed whether the project was on schedule by interviewing OEL staff and reviewing OEL documentation and independent verification and validation reports.
- Examined ELIS project documentation to determine whether ELIS was procured in accordance with the requirements of State law.
- Tested 3 ELIS project-related expenditures made during the period September 2010 and April 2011 and totaling \$438,362 to determine if the associated deliverables were correctly and timely received in accordance with the terms of the contract.
- Obtained an understanding of selected OEL IT controls, including EFS, SPE, and UWL controls, assessed the related risks, and determined whether selected general and application IT controls were in place.
- Evaluated the OEL programmatic monitoring process by interviewing OEL staff and reviewing OEL monitoring procedures and determined whether OEL had developed a monitoring plan that would allow for all coalitions to be timely subjected to programmatic monitoring.
- Reviewed OEL's Data Accuracy Edit and Exception Report Annual Review Process procedures to determine whether the procedures provided for periodic OEL analysis of EFS data.
- Evaluated OEL's data analyses process and tested seven EFS edit and exception reports to determine whether:
  - The reports were sufficient to make the coalitions aware of potential data errors and allow the opportunity to improve the data quality in EFS.
  - OEL followed-up on potential data errors during monitoring.
  - OEL had enhanced EFS to capture paid, unpaid, and total absences and whether these enhancements were used to accurately establish a child's attendance rate.
  - OEL periodically performed analyses that included comparisons of data across coalitions.
- Reviewed OEL programmatic monitoring documentation for the 2009-10 and 2010-11 fiscal years to determine the timeliness of various monitoring activities.
- Examined the documentation of four OEL programmatic monitoring visits completed for the 2009-10 fiscal year to assess whether the monitoring was performed in compliance with applicable laws and rules.

- Examined the documentation of 12 OEL programmatic monitoring visits completed for the 2010-11 fiscal year to determine whether the monitoring instruments incorporated applicable School Readiness laws and rules and were properly completed.
- Reviewed the 2009-10 and 2010-11 fiscal monitoring contracts between OEL and KPMG to determine whether the contracts included adequate provisions to ensure KPMG employees were independent of the coalitions and required monitoring of all coalitions using the OEL-developed monitoring tool.
- Evaluated OEL actions to monitor the contract with KPMG and verify that KPMG performed in compliance with the fiscal monitoring contract terms.
- Examined documentation related to four fiscal monitoring visits performed by KPMG during the 2010-11 fiscal year to verify that the monitoring was fully and timely completed.
- Reviewed the 2011-12 funding formula proposed by OEL to determine whether the formula was based on equity for each county in accordance with the requirements of State law.
- Reviewed all 31 coalition School Readiness plans to determine whether the plans were properly approved by OEL staff in compliance with the requirements of State law, included all required elements, and that the established payment rates took into consideration the most current market rate survey.
- Reviewed OEL Prevailing Market Rate Schedule documentation to determine whether the Schedule, effective July 1, 2009, was adopted in accordance with the requirements of State law.
- For all 31 coalitions, administered a questionnaire to coalition management, either in writing or through on-site audit interviews, to gather information related to coalition operations.
- Interviewed OEL staff and reviewed Federal regulations and other literature to obtain an understanding of allowable quality dollar expenditures.
- Determined whether OEL had developed rules establishing criteria for the expenditure of funds designated for the purpose of funding activities to improve the quality of child care.
- Performed analytical procedures to assess the reasonableness and consistency with which coalitions recorded School Readiness and VPK Program administrative expenditures (including salary costs), as well as to measure compliance with legal spending restrictions for the 2008-09, 2009-10, and 2010-11 fiscal years.
- Performed analytical procedures to evaluate the appropriateness of the number of coalition office locations.
- Accumulated and compiled local match data for the 2008-09, 2009-10, and 2010-11 fiscal years and evaluated Statewide compliance with applicable matching requirements.
- Analyzed EFS data for the period July 2008 through April 2011 to identify School Readiness and VPK Program payments made for which a unique child identifier was not recorded. Further analyzed those payments identified to verify that the payment related to an actual Program participant.
- Performed analytical procedures to identify and investigate the appropriateness of School Readiness and VPK Program payments made during the period July 2008 through April 2011 to children included in the death records compiled from Bureau of Vital Statistics data.
- Assessed the prevalence of school-age child enrollments in the School Readiness Program as of June 30, 2011, and considered whether such enrollments were consistent with legislative intent.
- Analyzed EFS data for the months of October 2010, February 2011, and April 2011 to identify potential School Readiness and VPK Program payment records in which the number of reimbursed days exceeded the potential number of reimbursable days for a provider in a month.
- Performed analytical procedures for the period July 2008 through April 2011 to identify records in EFS with associated School Readiness Program payments when the family income levels exceeded those allowed for Program participation. Requested and obtained explanations for a sample of the records noted and further evaluated the relationship between School Readiness Program reimbursement amounts and family incomes.

- Performed analytical procedures for the period July 2008 through April 2011 to identify records in EFS with reported family sizes that did not appear reasonable and requested and obtained explanations for a sample of the records noted.
- Performed analytical procedures for the period July 2008 through April 2011 to identify participants who received School Readiness child care subsidies under a work-dependent eligibility category while also receiving unemployment insurance benefits.

For the 10 coalitions at which we conducted on-site audit field work, we also:

- Obtained an understanding of selected coalition IT controls, assessed the related risks, and determined whether selected general and application IT controls were in place.
- Determined whether the coalition boards were properly established in accordance with State law.
- Reviewed documentation related to 40 coalition board meetings held during the period July 2009 through May 2011 to evaluate whether the meetings were properly noticed and conducted in accordance with State law.
- Evaluated the effectiveness of controls established by coalition management related to the recording and reporting of major revenues.
- Reviewed coalition guidance to child care providers to assess whether the level of authority exercised was appropriate and in accordance with State law and legislative intent.
- Reviewed the coalition chart of accounts and assessed the adequacy of the classification system established to accurately record and report program and administrative costs.
- Determined whether the coalitions had established a methodology that provided for an allocation of costs.
- Reviewed coalition bank reconciliation processes and determined whether coalition management had established adequate controls, including appropriate separation of duties.
- Reviewed 98 coalition personnel files to determine whether applicable education and position background screening requirements had been satisfied.
- Examined 107 coalition salary payments made during May 2011 and totaling \$241,152 to determine whether the payments were properly calculated and made in authorized amounts.
- Examined six coalition employment contracts to identify any unusual or excessive benefits.
- Performed procedures to verify that coalition salary payments were made only to bona fide employees.
- Examined 237 coalition travel transactions made during the period June 2010 through May 2011 and totaling \$30,476, and assessed whether the expenditures were necessary and reasonable to conduct coalition business, incurred in compliance with applicable laws and rules, and properly supported and authorized.
- Examined 248 coalition transactions recorded as administrative expenditures during the period June 2010 through May 2011 and totaling \$455,969 to determine whether the expenditures were incurred in compliance with applicable laws, rules, and contractual agreements, properly supported, and necessary and reasonable.
- Determined the extent to which the coalitions had implemented adequate procedures and records to ensure the proper acquisition, control, use, and disposition of tangible personal property procured with State and Federal funds.
- Determined whether coalitions reconciled the results of the last physical inventory of tangible personal property to the property records, investigated any differences, and posted applicable corrections to the property records.
- Examined coalition records related to 72 tangible personal property acquisitions made during the period June 2010 through May 2011 and totaling \$204,766 to determine whether the acquisitions were timely and properly recorded in coalition property records.

- Examined 202 coalition transactions made during the period June 2010 through May 2011 and totaling \$3,181,366 that were recorded as nondirect costs to determine whether the costs were reasonable, necessary, and properly classified.
- Examined 49 active contracts executed with third-party providers during the period June 2010 through May 2011 to determine whether coalitions used standard contract language; the terms of the contracts were complete and appropriate; the contract was not prohibited by governing laws, rules, or other guidelines; the contracts were properly authorized; and the goods or services procured were necessary and reasonable for the conduct of coalition operations.
- Examined 43 third-party provider contract payments made during the period June 2010 through May 2011 and totaling \$18,242,763 to evaluate whether the payments were only made for goods and services as provided in the contract terms and conditions.
- Examined 214 coalition purchase orders made during the period July 2010 through May 2011 and totaling \$880,800 to determine whether the purchases were adequately documented, properly authorized, representative of good business practices, and in compliance with applicable laws, rules, and other guidelines.
- Evaluated coalition School Readiness and VPK Program provider monitoring tools and schedules for adequacy.
- Examined 250 School Readiness Program client files and assessed whether the coalition or its contracted service provider properly determined and documented client eligibility prior to enrollment and properly enrolled clients in the Program.
- Examined 250 VPK Program client files and assessed whether the coalition or its contracted service provider properly determined and documented client eligibility prior to enrollment and whether clients were properly enrolled in the VPK Program.
- Determined whether coalition School Readiness Program waiting lists were compiled in accordance with applicable requirements in State law and whether client eligibility was assessed prior to placing children on the waiting list.
- For the VPK Program, examined 199 private provider files and 41 public and charter school provider files to evaluate whether the coalition or its contracted service provider properly determined that client service providers were eligible to participate in the VPK Program prior to the enrollment of children.
- Determined whether the coalition or its contracted service provider documented that the instructional staff of the providers we selected for testing met the minimum professional requirements outlined in State law and had been subjected to applicable background screenings.
- Examined 250 School Readiness provider files to determine whether the coalition or its contracted service provider properly ensured providers were eligible to participate in the program prior to the enrollment of children.
- Evaluated whether the coalitions promoted parental choice to the maximum extent possible for both the School Readiness and VPK Programs.
- Determined whether the coalitions were utilizing the most recent OEL-approved payment schedule in accordance with the requirements of State law.
- Examined 249 School Readiness Program provider payments made during the period July 2010 through April 2011 and totaling \$62,588 to assess whether the payments were made in the appropriate amounts and supported by documentation required by State law.
- Examined 250 VPK Program provider payments made during the period July 2010 through April 2011 and totaling \$62,353 to determine whether the payments were made and supported by documentation required by State law.
- Examined 212 coalition transactions recorded in whole or in part to quality dollar expenditures during the period June 2010 through May 2011 and totaling \$2,500,682 and evaluated whether the transactions were made to fund activities that clearly related to the improvement of child care quality in the State.

- Determined whether coalition quality dollar expenditures met or exceeded 4 percent of all School Readiness Program expenditures for the 2008-09 and 2009-10 fiscal years and July 2010 through May 2011, in compliance with Federal CCDF regulations.
- Conducted 100 telephone interviews with early learning child care providers to obtain provider opinions related to the effectiveness and efficiency of the current early learning programs delivery system and the reasonableness of the programs' regulatory activities.
- Performed 20 on-site visits at early learning child care providers and interviewed provider management to gain an understanding of provider operations and obtain provider opinions related to the effectiveness and efficiency of the current early learning programs delivery system and the reasonableness of the program regulatory activities.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions.

#### AUTHORITY

Chapter 2011-142, Laws of Florida required that, before December 31, 2011, the Auditor General conduct a financial and performance audit, as defined in Section 11.45, Florida Statutes, of the Office of Early Learning Services' programs and related delivery systems. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our audit.

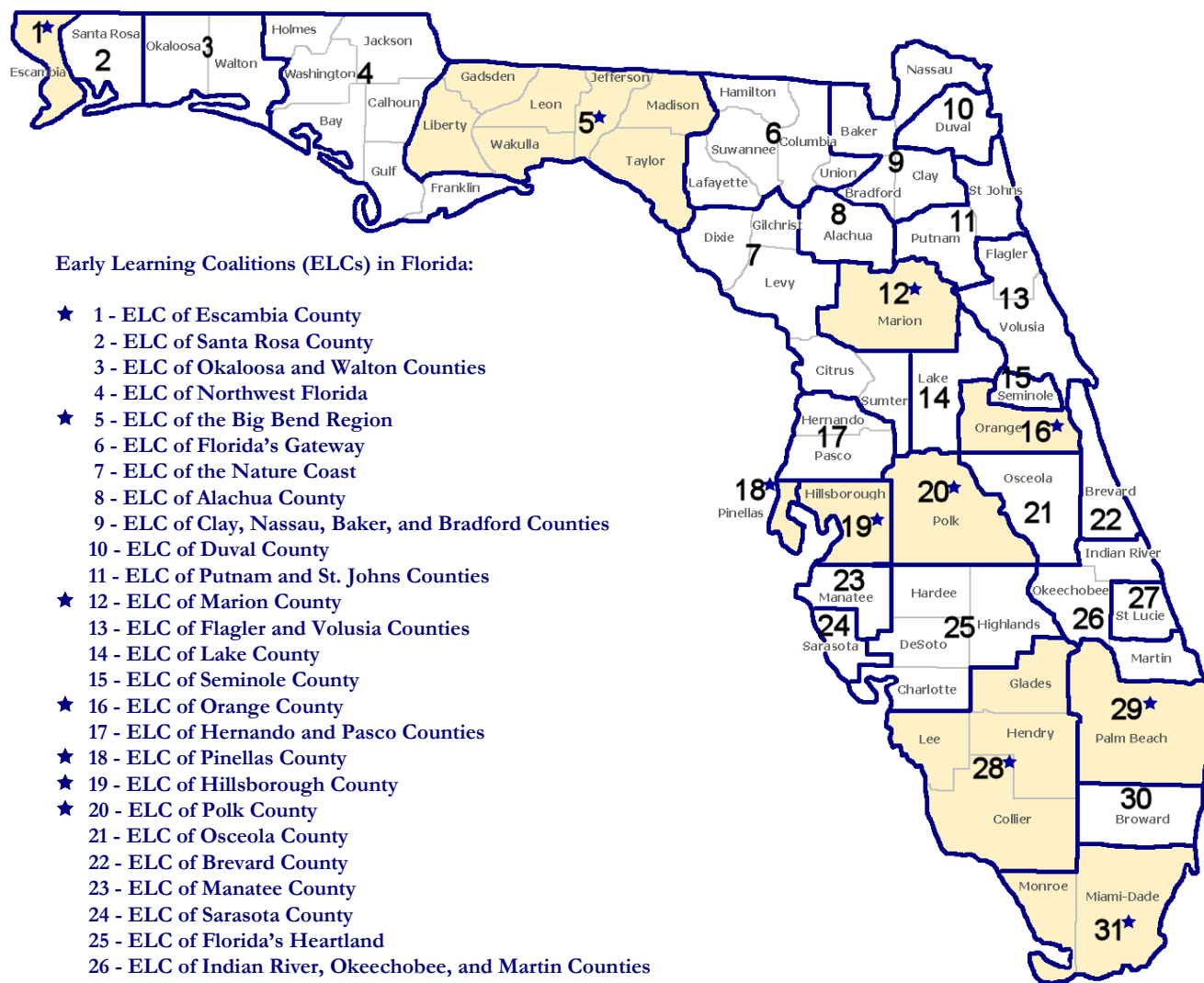


David W. Martin, CPA  
Auditor General

#### MANAGEMENTS' RESPONSES

In response letters dated December 9, 2011, through December 15, 2011, the Director of the Office of Early Learning and the Executive Directors of the ten early learning coalitions at which we performed audit field work generally concurred with our audit findings and recommendations. The responses are included as **EXHIBIT D**.

## EXHIBIT A EARLY LEARNING COALITIONS MAP



★ Denotes a coalition at which we conducted on-site audit field work.

As part of our audit, we conducted on-site audit field work at the following coalitions: ELC of Escambia County, ELC of the Big Bend Region, ELC of Marion County, ELC of Orange County, ELC of Pinellas County, ELC of Hillsborough County, ELC of Polk County, ELC of Southwest Florida, ELC of Palm Beach County, and ELC of Miami-Dade/Monroe.

**EXHIBIT B**  
**WORKING POOR LOCAL MATCH**  
**BY COALITION AND COUNTY**  
**FOR THE 2008-09 THROUGH 2010-11 STATE FISCAL YEARS**

Coalition/County		2008-09 Fiscal Year Match <sup>1</sup>	2009-10 Fiscal Year Match <sup>1</sup>	2010-11 Fiscal Year Match <sup>1, 2</sup>
<b>Alachua County</b>		<b>\$251,787</b>	<b>\$291,139</b>	<b>\$270,253</b>
<b>Big Bend Region</b>	Gadsden	14,422	15,440	18,454
	Jefferson	3,358	3,250	4,569
	Leon	109,270	203,364	166,238
	Liberty	952	2,399	3,038
	Madison	8,228	9,997	10,115
	Taylor	15,802	17,917	20,939
Wakulla		3,038	1,378	3,673
<b>Big Bend Region Total</b>		<b>\$155,070</b>	<b>\$253,745</b>	<b>\$227,026</b>
<b>Brevard County</b>		<b>\$293,109</b>	<b>\$363,779</b>	<b>\$377,775</b>
<b>Broward County</b>		<b>\$917,938</b>	<b>\$736,419</b>	<b>\$721,279</b>
<b>CNBB</b>	Clay	105,343	115,439	119,120
	Nassau	26,280	19,499	17,800
	Baker	5,850	5,850	5,850
	Bradford	-	13	-
<b>CNBB Total</b>		<b>\$137,473</b>	<b>\$140,801</b>	<b>\$142,770</b>
<b>Duval County</b>		<b>\$2,434,594</b>	<b>\$1,657,638</b>	<b>\$1,663,609</b>
<b>Escambia County</b>		<b>\$292,335</b>	<b>\$290,560</b>	<b>\$296,507</b>
<b>Flagler/Volusia</b>	Flagler	38,439	48,227	48,735
	Volusia	313,422	355,386	240,938
<b>Flagler/Volusia Total</b>		<b>\$351,861</b>	<b>\$403,613</b>	<b>\$289,673</b>
<b>Florida's Gateway <sup>3</sup></b>	Columbia	-	-	-
	Hamilton	-	-	-
	Lafayette	-	-	-
	Suwannee	-	-	-
	Union	-	-	-
<b>Florida's Gateway Total</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Florida's Heartland</b>	Charlotte	59,323	91,033	79,662
	DeSoto	2,000	8,788	6,602
	Hardee	41,248	59,571	50,555
	Highlands	95,458	98,241	81,972
<b>Florida's Heartland Total</b>		<b>\$198,029</b>	<b>\$257,633</b>	<b>\$218,791</b>
<b>Hillsborough County</b>		<b>\$1,473,793</b>	<b>\$1,300,110</b>	<b>\$1,065,949</b>
<b>IRMO</b>	Indian River	76,138	66,053	54,672
	Martin	118,840	59,267	76,520
	Okeechobee	13,000	10,000	18,000
<b>IRMO Total</b>		<b>\$207,978</b>	<b>\$135,320</b>	<b>\$149,192</b>
<b>Lake County</b>		<b>\$182,340</b>	<b>\$165,798</b>	<b>\$180,705</b>
<b>Manatee County</b>		<b>\$285,968</b>	<b>\$284,019</b>	<b>\$253,656</b>
<b>Marion County</b>		<b>\$363,735</b>	<b>\$300,374</b>	<b>\$351,342</b>
<b>Miami-Dade/Monroe</b>	Miami-Dade	3,711,156	3,025,121	3,040,523
	Monroe	147,331	101,837	126,086
<b>Miami-Dade/Monroe Total</b>		<b>\$3,858,487</b>	<b>\$3,126,958</b>	<b>\$3,166,609</b>

<sup>1</sup> Match amount includes cash for direct services as well as eligible cash for nondirect services and in-kind donations.

<sup>2</sup> Amounts do not include year-end accounting entries.

<sup>3</sup> According to OEL records, Florida's Gateway Coalition did not contribute working poor local match for any of the three fiscal years.

<sup>4</sup> OEL contracts with the Redlands Christian Migrant Association, a nonprofit, nonsectarian Statewide organization, to provide School Readiness Program services to the children of seasonal and migrant farm worker families.

Source: OEL records.



**EXHIBIT B (CONTINUED)**  
**WORKING POOR LOCAL MATCH**  
**BY COALITION AND COUNTY**  
**FOR THE 2008-09 THROUGH 2010-11 STATE FISCAL YEARS**

Coalition/County		2008-09 Fiscal Year Match <sup>1</sup>	2009-10 Fiscal Year Match <sup>1</sup>	2010-11 Fiscal Year Match <sup>1,2</sup>
Nature Coast	Citrus	52,870	79,077	77,762
	Dixie	-	-	-
	Gilchrist	4,406	-	-
	Levy	299	-	-
	Sumter	36,410	31,301	52,101
<b>Nature Coast Total</b>		<b>\$93,985</b>	<b>\$110,378</b>	<b>\$129,863</b>
Northwest Florida	Bay	157,976	141,556	19,667
	Calhoun	-	-	-
	Franklin	125	1	-
	Gulf	6,861	-	-
	Holmes	-	-	-
	Jackson	2,375	2,256	2,252
	Washington	-	-	-
<b>Northwest Florida Total</b>		<b>\$167,337</b>	<b>\$143,813</b>	<b>\$21,919</b>
Okaloosa/Walton	Okaloosa	172,745	147,085	129,354
	Walton	14,501	15,763	22,156
<b>Okaloosa/Walton Total</b>		<b>\$187,246</b>	<b>\$162,848</b>	<b>\$151,510</b>
<b>Orange County</b>		<b>\$1,400,411</b>	<b>\$1,250,243</b>	<b>\$1,229,444</b>
<b>Osceola County</b>		<b>\$168,912</b>	<b>\$159,576</b>	<b>\$162,062</b>
<b>Palm Beach County</b>		<b>\$1,790,317</b>	<b>\$1,436,024</b>	<b>\$1,521,362</b>
Pasco/Hernando	Pasco	21,258	16,131	7,359
	Hernando	42,807	17,164	25,214
<b>Pasco/Hernando Total</b>		<b>\$64,065</b>	<b>\$33,295</b>	<b>\$32,573</b>
<b>Pinellas County</b>		<b>\$538,187</b>	<b>\$387,877</b>	<b>\$463,195</b>
<b>Polk County</b>		<b>\$801,376</b>	<b>\$634,740</b>	<b>\$582,027</b>
Putnam/St. Johns	Putnam	12,011	1,784	-
	St. Johns	96,562	86,522	80,780
<b>Putnam/St. Johns Total</b>		<b>\$108,573</b>	<b>\$88,306</b>	<b>\$80,780</b>
<b>Redlands Christian Migrant Association <sup>4</sup></b>		<b>\$647,426</b>	<b>\$610,312</b>	<b>\$546,910</b>
<b>Santa Rosa County</b>		<b>\$79,620</b>	<b>\$101,327</b>	<b>\$58,397</b>
<b>Sarasota County</b>		<b>\$193,238</b>	<b>\$152,388</b>	<b>\$155,769</b>
<b>Seminole County</b>		<b>\$164,702</b>	<b>\$199,902</b>	<b>\$247,140</b>
<b>St. Lucie County</b>		<b>\$311,544</b>	<b>\$191,469</b>	<b>\$272,260</b>
Southwest Florida	Collier	115,861	157,642	230,436
	Glades	-	-	-
	Hendry	-	-	-
	Lee	355,882	315,673	200,220
<b>Southwest Florida Total</b>		<b>\$471,743</b>	<b>\$473,315</b>	<b>\$430,656</b>
<b>Total Local Match by State Fiscal Year</b>		<b><u>\$18,593,179</u></b>	<b><u>\$15,843,719</u></b>	<b><u>\$15,461,003</u></b>

<sup>1</sup> Match amount includes cash for direct services as well as eligible cash for nondirect services and in-kind donations.

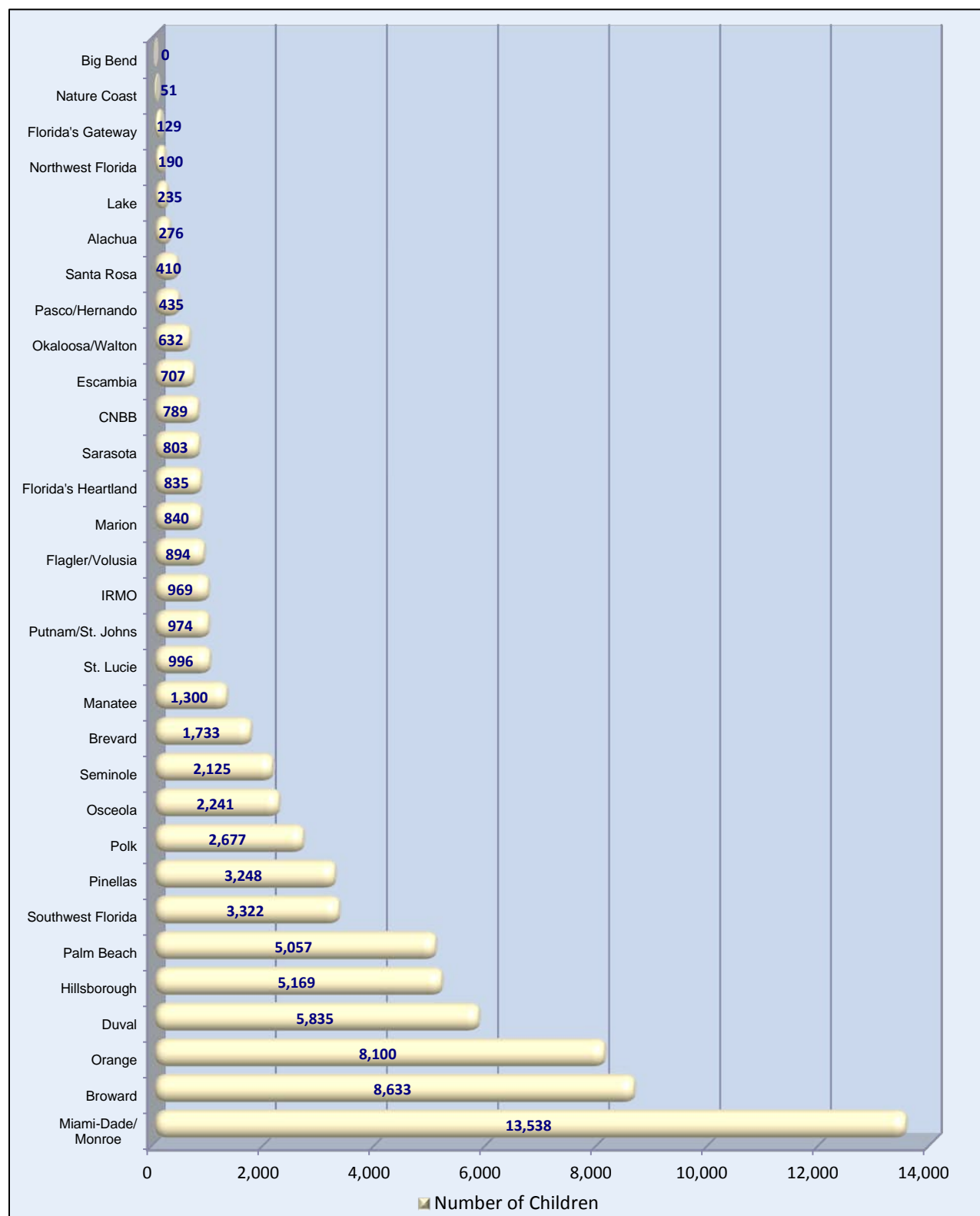
<sup>2</sup> Amounts do not include year-end accounting entries.

<sup>3</sup> According to OEL records, Florida's Gateway Coalition did not contribute working poor local match for any of the three fiscal years.

<sup>4</sup> OEL contracts with the Redlands Christian Migrant Association, a nonprofit, nonsectarian Statewide organization, to provide School Readiness Program services to the children of seasonal and migrant farm worker families.

Source: OEL records.

**EXHIBIT C**  
**EARLY LEARNING COALITION SCHOOL READINESS WAITING LISTS**



Note: The numbers of children on the waiting lists were reported by the coalitions as of July 2011, except for the Broward County and Miami-Dade/Monroe Coalitions which were as of May 2011 and the Escambia County, Hillsborough County, Marion County, Orange County, and Palm Beach County Coalitions which were as of June 2011.

Source: Coalition questionnaire responses.

**EXHIBIT D**  
**MANAGEMENTS' RESPONSES**

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# Florida's Office of Early Learning

**Rick Scott**  
*Governor*  
**Mel Jurado**  
*Director*

December 15, 2011

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

Dear Mr. Martin:

Pursuant to Section 11.45(4)(d), Florida Statutes, the enclosed response is provided for the preliminary and tentative audit findings for inclusion in the Auditor General's financial and performance audit of the Office of Early Learning Services' and related delivery systems.

Thank you for providing us the opportunity to respond to your preliminary findings. The Office of Early Learning and the Early Learning Coalitions have worked together to provide you with a joint response. We have included letters from each coalition involved in the audit and have identified the contributor within each response.

If you have any questions concerning this response, please contact Stephanie L. Gehres, Deputy Director of Operations, at (850)717-8598.

Sincerely,

A handwritten signature in black ink that reads "Mel Jurado".

Mel Jurado, Director  
Florida's Office of Early Learning

**Florida's Office of Early Learning**

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## OFFICE OF EARLY LEARNING and EARLY LEARNING COALITIONS

## FINANCIAL AND PERFORMANCE AUDIT RESPONSES

**Early Learning Programs and Related Delivery Systems**

The Office of Early Learning (OEL) appreciates the professionalism of the Auditor General staff in conducting this audit of the state's Early Learning Programs and related delivery systems. As reflected in the report the new organizational placement of OEL has heightened the profile of the state's early learning programs. As Florida's early learning leaders, the Office of Early Learning welcomes recommendations and suggestions for improvement to ensure efficient and effective delivery of the state's early learning programs.

The public and private partnership created by the Florida Legislature is a key piece in the governance structure of the early learning systems. Early Learning Coalitions provide opportunities to partner with local business leaders to promote early learning and capitalize on the needs of local communities. This enables the coalitions to work more efficiently and maximize relationships with community partners **which results in the infusion of approximately \$22 million of match funding for the School Readiness Program.** During the 2010 Legislative session, the House and Senate passed Senate Bill 2014 which helped clearly define the responsibility of the state. The favorable School Readiness Parent Survey that was conducted supports the current local delivery of the School Readiness Program.

The local coordination of School Readiness and Voluntary Prekindergarten Education ensures a seamless delivery system of services to approximately 10,000 providers and more than 300,000 children and families annually.

OEL, along with its partners continue to coordinate on many projects which will address many of the areas identified in this report:

- Child Outcomes
- Alignment of Curricula to Florida's Early Learning Developmental Standards
- Quality Rating and Improvement System

This report further demonstrates OEL's need for the implementation of the Early Learning Information System (ELIS). Many of the issues demonstrated in the report align to the OEL's Schedule IV B Feasibility Study, including but not limited to; a system that interfaces with other state agencies; eligibility determination and fraud prevention; time and attendance modules; and, improved case management and auditing capabilities.

**EARLY LEARNING PROGRAMS GOVERNANCE AND  
ACCOUNTABILITY****Finding No. 1: Statewide Early Learning Governance**

Notwithstanding the adequacy of the design of the early learning program governance structure, in many respects, OEL did not effectively administer its responsibilities for the School Readiness and VPK Programs. Therefore, the effective, efficient, and economical accomplishment of early learning program goals and objectives statewide is less certain.

**Recommendation:** Notwithstanding the reasonableness of the design of the early learning program governance structure, OEL should establish procedures to prevent and detect improper payments, provide stronger oversight of

## OFFICE OF EARLY LEARNING and EARLY LEARNING COALITIONS

## FINANCIAL AND PERFORMANCE AUDIT RESPONSES

early learning coalition activities, foster accountability by implementing Statewide measures of program success, and continue to collaborate with DOE and DCF at the State level. Additionally, the early learning coalitions should adhere to the requirements of the State's early learning programs.

**OEL Response:** OEL concurs that opportunities exist for operational improvement within the current governance structure. The design of the early learning program governance structure ensures that the state is well poised to implement a system that will gain efficiencies as existing projects are completed.

Establish procedures to prevent and detect improper payments: OEL continues to improve the accountability system to prevent and detect improper payments, and is taking steps to stand up a fraud investigation unit. When OEL implements the Early Learning Information System (ELIS) data interfaces are included in the current project scope that will support the prevention and detection of improper payments. Prior to this audit OEL initiated a request to be provided data from the Social Security Administration (SSA), this request was approved during the audit and OEL is currently working with SSA on required data protocols to be utilized prior to ELIS implementation. Specific corrective actions addressing improper payments are included in the OEL responses to findings No. 2 and 3 and the ELC responses to findings No. 13, 15, 16, 17, and 22.

Provide stronger oversight of early learning coalition activities: OEL concurs with this recommendation as demonstrated in the responses to this report indicating corrective action that has been implemented and is in process as identified in findings No. 2, 3, 9, 10 and 11. In addition, the Director has embarked on a statewide visitation to the 31 communities where coalitions exist. The focus of these visits has included ELC staff members, board members, providers, elected officials, community leaders, early learners, and other key stakeholders. Discussions and actions have focused on improved communications, coordination, strategy solutions, and a celebration of best practices identified through creative approaches (i.e., the ELC of St. Lucie's recovery of \$70,000 in fraudulent payments). OEL is also currently working in conjunction with the Governor's Office to ensure three (3) gubernatorial appointees are in place on each of the thirty-one (31) ELCs.

Foster accountability by implementing Statewide measures of program success: OEL agrees with this recommendation, and began work on program measures prior to this audit on projects that will support comprehensive program measurement. Specific corrective actions are identified in the responses to findings No. 5 and 7.

Continued collaboration with DOE and DCF: OEL will continue to collaborate with DOE and DCF. For example, the Director regularly meets with these Agency Heads to ensure a seamless connection of our work and has recently collaborated to discuss the implementation of the P.O.W. E. R. (Power of Words Equip Readers) Campaign. OEL has also been deeply engaged in collaboration with DOE and DCF through activities within the Early Learning Partners Initiative. OEL meets weekly with DOE to work more seamlessly around projects including curriculum approval processes, early learning and developmental standards and child screening and assessment. OEL partners directly with DCF on the professional development project, including contracting directly with the Child Care Licensing Office to build the professional development registry within the Child Care Training Application. Both DOE and DCF attend and participate in cross-sector workgroups, committees and councils with OEL. Examples of this include the Professional Development Initiative committee, Early Learning Partners Initiative project workgroups, the Early Learning Advisory Council (ELAC), and the Children and Youth Cabinet.



## OFFICE OF EARLY LEARNING and EARLY LEARNING COALITIONS

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**OEL and ELC Response:** Early learning coalitions should adhere to requirements of the State's early learning programs. OEL is developing a strategic system-wide communication campaign to provide ELC's with tools that will assist them with meeting the requirements of the state's early learning programs. This communication campaign will be developed by a team made up of OEL's new Public Information Officer, the Deputy Director of Operations and AELC leadership. This team is charged with tracking and identifying common issues; outlining guidelines, training and technical assistance; as well as, communicating this information on a regular basis to the ELC's to assist them with proactively monitoring potential issues.

**STATEWIDE EARLY LEARNING PROGRAM ADMINISTRATION  
AND OVERSIGHT**

**Early Learning Programs – Information Systems and Data Analyses**

**Finding No. 2 Improper School Readiness Program Payments**

OEL did not conduct data matches between School Readiness Program information and Unemployment Insurance (UI) benefit payment data. Our comparison of School Readiness Program information and UI data identified individuals who were improperly receiving School Readiness Program benefits under a work-dependent eligibility category while also collecting UI benefits. The information for these individuals was provided to OEL for further investigation of fraud.

**Recommendation:** We recommend that OEL routinely conduct data matches between School Readiness Program information and UI benefit payment data. Such analyses are necessary to ensure the proper payment of School Readiness Program benefits under work-dependent eligibility categories. In addition, OEL should continue to pursue the investigation of the potential improper payments noted above.

**OEL Response:** OEL is working with the Department of Economic Opportunity on a data sharing agreement for access to claims paid for Unemployment Insurance (UI). Under the current information system this will serve as an "audit" step to help identify potential improper payments, coalitions and UI staff will need to follow-up on each client identified to determine if improper payments were actually made. UI clients may receive reduced benefits if they are working and their wages are under a set amount, additionally certain types of wages would not be reported to UI. As stated in the response to finding No. 1, OEL is also working on data sharing with the Social Security Administration, which will also support post eligibility "audits." The OEL and DEO have completed their investigation of the clients noted and have made fraud referrals as applicable. In addition to the actions noted above as well as the expansion of edit reports and data analysis noted in the response to finding No. 3, the implementation of ELIS will provide functionality to verify this type of data during the intake process versus a post eligibility "audit," which will ensure that improper payments are prevented. Conjointly to the above mentioned items, OEL is taking steps to stand up a fraud investigation unit.

## OFFICE OF EARLY LEARNING and EARLY LEARNING COALITIONS

## FINANCIAL AND PERFORMANCE AUDIT RESPONSES

**Finding No. 3 Enhanced Field System Controls and Data Analysis:**

OEL's Enhanced Field System (EFS) data analysis and edit report processes need enhancement to ensure that program data used as the basis for reimbursement and State and Federal reporting are accurate and complete. Our EFS data analyses disclosed instances in which excess reimbursements were made, as well as an instance of potential School Readiness Program fraud.

**Recommendation:** To improve the accuracy and completeness of EFS data and detect potential improprieties, we recommend that OEL enhance its data analysis process and implement appropriate edits in the information system used for the State's early learning programs.

**OEL Response:** The OEL Data Quality and Program Integrity Units have created a process to continue to identify errors in the Enhanced Field System (EFS) and provide technical assistance and follow up to the coalitions on correcting data to ensure accuracy of EFS. This cross unit process was implemented in 2010 and has gone through several edits to ensure the reports are accurate and the appropriate guidance is provided to the coalitions. The Data Accuracy Scorecards (monitoring tools) and Data Accuracy Review Guides are now final and are provided to the coalitions to assist them in monitoring their own programs. Data accuracy edit and exception reports are run on a monthly or quarterly basis by the Data Quality Unit and placed on the Coalition Zone as information for the coalitions to follow up on, as these reports may identify instances in which there is information missing, invalid, or inaccurate. In some instances there may be a questioned cost associated with an error in a file. Due to the number of reports available for the coalitions to review, the Program Integrity Unit selects two to three edit reports to be reviewed with the biennial reviews. Corrective action plans are required within 30 days of report publication to ensure data is corrected.

Additionally, regular technical assistance is provided by the Program Integrity Unit to the coalitions as part of the quarterly technical assistance process. This process is updated as the reports are revised, added, or discontinued. Lists of reports, analysis, and assessment activities related to the available reports are included in the Data Accuracy Review Guide and are made available to the coalitions.

Specifically, the OEL will review the VPK Dual Enrollment report logic to determine how the report can be enhanced so that children who received services during the school year program will be included on a coalition's report where the child has been determined eligible for the Summer Program and the child has a school-year payment greater than zero. By incorporating the logic into the VPK Dual Enrollment report, the OEL will not need to issue the VPKS Dual Enrollment report. This enhancement will be completed prior to the start of the upcoming Summer Program.

The OEL has created a prioritized list of edit reports that will be added to the monthly and/ or quarterly edit report process. The identified reports include reports to identify potential payment issues (such as reimbursable days of care), eligibility determination errors (income level, purpose for care), data cleansing, and standardization. The OEL Data Quality and Accountability units are working with the Early Learning Information System (ELIS) team to roll out the edit reports, monitor the reports, and create performance measurements to track the correction of errors. The below

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## FINANCIAL AND PERFORMANCE AUDIT RESPONSES

table shows the current list or prioritized reports. As a result of ongoing meetings with the ELIS and Accountability teams, additional reports will be added to the list and the list re-prioritized.

Report	Description	Status
Purpose for Care Report	Identifies clients with active SR enrollments, employment as the purpose for care, but no employer is included in interview.	In Production
Other Income of UNEM	Identifies clients with active SR enrollments who have employment listed as the Purpose for Care but unemployment is included as a source of income.	In Production
Childs age => 13 excludes SN Teens	Lists children who are older than 13 and receiving SR services. Excludes special needs teens (SPTN). Includes special needs if incorrectly coded as SPCR.	In Production
Active SR files with SSA/SSI income	Lists clients with active enrollment and SSA/SSI income, identifies family member receiving SSA/SSI, and annual amount.	In Production
Care Level Too Low for Age	Lists children with active SR enrollments where the age based on the child's birth date does not equal the assigned care level.	Pending Accountability Review
TANF and RCG Income Report	Lists all TANF income amounts for validation check. Lists only RCG amounts that do not match the amounts given in the SR Standard Review Program Guide Appendix J. Include billing group, total family income, TANF and/or RCG amount.	In Development
HH Size For BG1, BG3R, and RCG	Lists clients who received SR services under BG1 14R, BG1 13, BG3R RCG, BG3 28A and the clients' family size. Client size should include child only or sibling group.	In Development
FTFT Childcare Days Exceed 20/Month	Lists children whose reimbursed days exceed 20 days a month.	Conceptual Design
BG3 with no TANF Income	Lists clients enrolled under BG3 who do not have TANF income. Puts indicator for Parent1 and Parent2 if employment is received. RCG is excluded.	Pending Accountability Review
Unemployment Income in SR for More Than 30 Days (Allow Variances)	Identifies families where the eligibility period associated with unemployment income exceeds 30 contiguous calendar days.	Conceptual Design
Total Family Income Exceeds 200%	Lists clients with family income above the FPL 200% amount for their family size. BG3, BG3R & BG3W are excluded.	Pending Accountability Review

## OFFICE OF EARLY LEARNING and EARLY LEARNING COALITIONS

## FINANCIAL AND PERFORMANCE AUDIT RESPONSES

**Finding No. 4: Early Learning Information System**

Implementation of the Early Learning Information System (ELIS) is behind schedule and trending negatively with regard to the planned implementation date and cost, placing the accomplishment of planned project outcomes and benefits at risk.

**Recommendation:** We recommend that OEL, in coordination with its ELIS project partners, take the steps necessary to minimize further project delays and avoid potential cost overruns.

**OEL Response:** The mission of the Early Learning Information System (ELIS) Project is to develop a comprehensive, dynamic, web-based, centralized information system to efficiently support the state's administration of Florida's early learning programs. Currently the state's Early Learning Programs are being administered on a 20 year old distributed data system. This system is responsible for administering \$1 billion in services to more than 300,000 children and families annually. This outdated technology has left OEL with a technology system that must be supplemented by extensive use of cumbersome, manual paper processes. The Early Learning Information System (ELIS) will replace this system leading to multiple efficiencies.

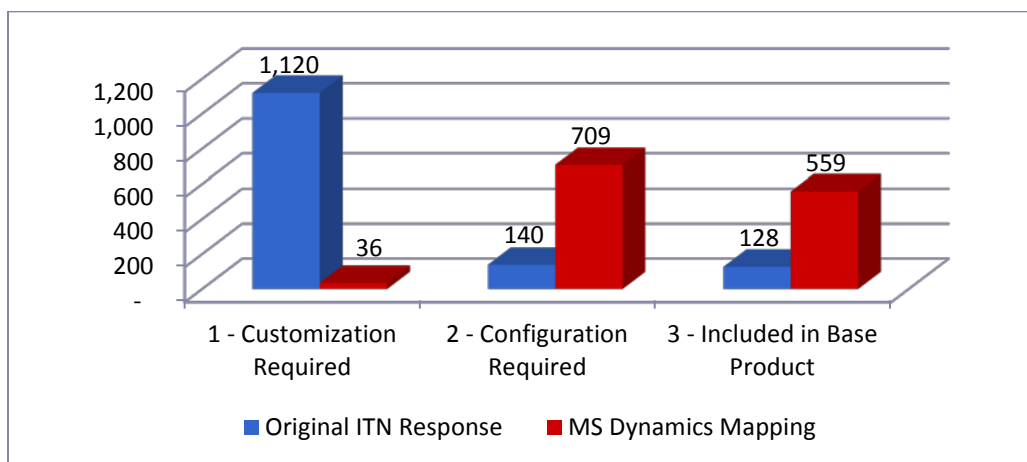
During the course of the Design Phase for the ELIS Project, the project experienced delays in performance by the ELIS System Integrator, HP. Issues included late performance, underestimation of work, lower than planned level of reuse for existing proven components, and an assumption the majority of work would be performed as new development. Accordingly, on October 6, 2011, OEL notified the ELIS System Integrator of the need to prepare a Corrective Action Plan as provided for in the contract to address these issues.

On November 14, 2011, OEL approved the ELIS System Integrator's Corrective Action Plan, which is now in a 60-day cure period, to ensure all state concerns have been adequately addressed. The approved Corrective Action Plan provides several benefits toward the successful completion of the project:

- **Solution:** HP has proposed an industry standard application development framework called Microsoft Dynamics CRM that HP has assured will provide the majority of ELIS requirements through configuration of the tool's existing capabilities. The proposed solution addresses open issues related to lower than planned reuse of existing proven components and underestimation of work. Below is a mapping of the proposed solution to ELIS high level requirements showing the improved fit when compared to the original HP ITN response:

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- **Approach:** HP has proposed a modified approach to developing ELIS that provides earlier and more frequent reviews and feedback from OEL, based on a Microsoft standard methodology that HP has used successfully on other MS Dynamics CRM projects. The nature of the new approach will help foster the ELIS project team to operate as a single integrated team, aligned with the objectives of the ELIS project.
- **Schedule:** HP has proposed a revised end date of June 2013, which represents a 9-12 month improvement when compared to implementing ELIS as primarily new development.

In addition to corrective actions in progress by HP, OEL has taken steps to streamline project decision making and governance in alignment with the new OEL organizational structure through a formal contract amendment with HP. The contract amendment, currently in OEL Legal Review, once executed will establish a single overall ELIS Project Sponsor as the primary lead, point-of-contact, and decision architect for the project. Other changes are in progress to project change control processes and the associated decision framework which will be reviewed with the ELIS IV&V for input prior to OEL approval.

Following completion by HP of corrective actions by January 13, 2012, including the transition to implement ELIS using the new solution, the project will be positioned for successful completion in June 2013. We will reinstate Monthly status briefings commencing January 2012 to ensure transparency and keep stakeholders apprised.

**School Readiness Program Performance Standards, Outcome Measures, and Curricula**

**Finding No. 5: School Readiness Outcome Measures**

While performance standards had been established for the School Readiness Program, OEL had not developed or implemented Statewide uniform outcome measures for the Program.

**Recommendation:** We recommend that OEL in collaboration with the coalitions develop and implement uniform, Statewide outcome measures for the School Readiness Program that provide stakeholders with the information necessary to measure and assign responsibility for Program successes and failures, and assess the effectiveness of the investments made.

## OFFICE OF EARLY LEARNING and EARLY LEARNING COALITIONS

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**OEL Response:** As noted in the audit report, OEL has begun and made significant progress in defining processes for gathering statewide child outcome data. The Child Progress Project encompasses three key components of measuring child outcomes: developmental screening, ongoing assessment, and child outcomes.

To address child screening, OEL in collaboration with the early learning coalitions, has implemented a unified developmental screening process using the Ages & Stages Questionnaires®, Third Edition (ASQ-3™). In 2010, early learning coalition trainers participated in statewide train-the-trainer seminars on the screening tool and began training providers across the state. All 31 early learning coalitions now utilize the ASQ-3™ to provide developmental screening to children participating in the School Readiness Program. Furthermore, OEL will initiate rulemaking on developmental screenings for children that participate in the School Readiness program.

To address ongoing assessment of children in the School Readiness program, the Association of Early Learning Coalitions issued a statement of commitment to adopt Teaching Strategies GOLD statewide. This means that all coalitions will begin moving toward the use of one assessment system. The primary purpose of Teaching Strategies GOLD is to document children's learning gains and inform instruction. Results of these assessments will feed into the state's data system, allowing stakeholders to access information about how children in the School Readiness program are progressing. Furthermore, OEL will initiate rulemaking on child assessments for children that participate in the School Readiness Program.

To address child outcomes, in the fall of 2010, OEL began researching the process for assessing a sample of children participating in the School Readiness program using a norm-referenced instrument to determine how children who participate in the School Readiness program perform against their peers. The development of a sound methodology for determining sample size and administration of the sample is under development. In addition, OEL has initiated a qualitative study to identify high quality classrooms across the state to determine the sample for the child outcome study which is being funded by the State Advisory Council. This qualitative study is currently underway and scheduled for completion in early 2012.

An Intent to Negotiate has been drafted to help identify a contractor for the child outcomes study. This study is scheduled to begin in fall 2012. Results from this study will be used to provide credible evidence regarding the extent to which state-funded, high-quality center-based providers of early care and education impact the school readiness of three- and four-year-old children receiving School Readiness funding.

Initiation of Rule promulgation for the Child Performance Standards and Child Screening and Assessment will be packaged to coincide with related rules including Developmentally Appropriate Curriculum beginning in January 2012.

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**Finding No. 6: Developmentally Appropriate Curricula**

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OEL had not implemented a standard Statewide School Readiness Program curricula review and approval process.

**Recommendation:** We recommend that OEL establish the rules and guidance necessary to implement a standard Statewide curricula review and approval process.



## OFFICE OF EARLY LEARNING and EARLY LEARNING COALITIONS

## FINANCIAL AND PERFORMANCE AUDIT RESPONSES

**OEL Response:** OEL has developed a standardized process for reviewing and approving School Readiness curricula aligned with the Florida Early Learning and Developmental Standards in collaboration with early learning coalitions and other stakeholders. To ensure alignment across all of the system improvement projects of the Partner's Initiative, the OEL initiated this work. In December of 2010, a workgroup of representatives from early learning coalitions, provider organizations, school districts and state community colleges was identified to guide the development of the curriculum review process, building on the processes originally implemented by the early learning coalitions. The OEL capitalized on the work initiated locally to implement an effective and accurate process for statewide use.

The workgroup, under leadership from OEL, developed a process for aligning curricula to Florida's Early Learning Developmental Standards, requirements for curriculum reviewers and a rubric to be used by reviewers. These system supports are under final review within OEL and will be codified in rule.

OEL is also required by statute to reduce duplication of services. To this end OEL is working with the Department of Education to prepare for coinciding promulgation of rules for the approval of School Readiness and VPK Low-Performing Provider curricula. This will reduce burden on the states' early learning system customers including: child care providers, schools, publishers, and stakeholders. OEL will try to align the policies and procedures documents for the School Readiness Curriculum Review Process to the DOE sponsored VPK Curriculum Review Process.

As stated the response to Finding No. 5, initiation of Rule promulgation for the School Readiness Curriculum Review Process will be in January 2012.

<b>Quality Improvement Activities</b>
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<b>Finding No. 7: Statewide Quality Rating and Improvement System</b>
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Contrary to statutory requirement, OEL had not implemented a Statewide Quality Rating and Improvement System that provided a uniform approach to assessing, improving, and communicating the level of quality delivered by child care providers in the State's School Readiness Program.

**Recommendation:** We recommend that OEL, in compliance with governing law and in collaboration with the coalitions and child care providers, work to implement a Statewide School Readiness Program QRIS.

**OEL Response:** OEL developed a pilot statewide, uniform Quality Rating Improvement System (QRIS) by direction of former Lt. Governor Jennings in 2006. During an Early Learning Advisory Council (ELAC) meeting in October 2006, OEL presented the pilot system and the Early Learning Advisory Council approved the model. During the 2008 and 2009 legislative sessions, bills were proposed which gave OEL the authority and the funding (\$25 million fiscal impact included in the bill language) to implement the system statewide. No resulting bill was passed during either legislative session. However, following the October 2006 presentation to ELAC, a group of local QRIS leaders in early learning coalitions created what they called the QRIS Multicounty Collaborative by pooling

## OFFICE OF EARLY LEARNING and EARLY LEARNING COALITIONS

## FINANCIAL AND PERFORMANCE AUDIT RESPONSES

local resources, knowledge, and expertise. The purpose of this group was to take the OEL's pilot system as presented on paper and begin to partner and move toward a uniform system. OEL dedicated staff to the QRIS Multicounty Collaborative and supported their efforts in beginning to mold local systems to match the state pilot system and generate buy-in locally.

The QRIS Multicounty Collaborative continues to work toward uniform measures of quality and the state's partnership with the group exists today. This relationship prepared OEL to begin strategically planning a statewide system when authority was granted during the 2010 legislative session. It is important to note, that funding was not attached to the authority.

In 2009, one year before OEL was granted authority – four major initiatives were set into motion, which comprise a QRIS system. Nationally, there are common components across different state QRIS including: Comprehensive Professional Development, Child Outcome Measurement, Program Quality Measurement, Family Engagement Activities, Unified Data Systems, and Program Administration.

Fully utilizing 2009 American Recovery and Reinvestment Act funds, OEL planned and continues to implement the following statewide, early learning system infrastructure projects:

1. Professional Development System:

*Florida Steps to Success* – a comprehensive professional development system for all of the state's early childhood professionals to realize further training and higher education. The state, along with stakeholders, had planned for this system for seven years and began implementation once funding was available. To date OEL has in place a career pathway for early childhood professionals, which is a key component of the QRIS.

2. Child Outcome Measures:

Uniform Child Screening – completed in 2010 – OEL implemented statewide use of the Ages and Stages Questionnaire (ASQ and ASQ-SE) screening instrument to be used with all children enrolled in the School Readiness Program.

Consistent Child Assessment – concurrent to this report, the state's 31 early learning coalitions are in the process of statewide adoption of a consistent child assessment measure. Teaching Strategies GOLD Assessment System, self-selected by the coalitions, is closely aligned to the Early Learning and Developmental Standards. Data from these assessments will be used to inform classroom instruction and provide valuable data on the child development gains of children in the School Readiness Program.

3. Measuring Program Quality:

Program Assessment – OEL is in contract negotiations to provide training and materials on two program quality assessments to all early learning coalitions. Beginning in 2012, training and materials for the Classroom Assessment and Scoring System (CLASS) and the Environment Rating Scales (ERS) will be implemented consistently statewide. The goal is to build a cadre of reliable assessors who will be positioned to conduct program quality assessments necessary for implementing a statewide QRIS in Florida given such program quality scores are commonly a cornerstone of most national QRIS.

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## 4. Early Learning Information System (ELIS):

Design, Development, and Implementation- The ELIS system will allow OEL to implement a centralized technology system that will provide critical information to parents, early learning partners, and early childhood professionals. The ELIS system will be used to administer a \$1 billion early learning budget while creating an annual reoccurring cost savings of \$28 million a year. Please see finding No. 4 for more information related to the ELIS project.

OEL, through these initiatives, is creating the foundation for the standards needed to successfully adopt a statewide QRIS model. OEL intends to ensure that any QRIS system adopted is tied directly to child outcomes instead of based solely on inputs. The methods to collect and analyze data from all instruments currently being deployed (screening, child assessment, program assessment) will ensure that the system designed by Florida is aligned to the state's Early Learning and Developmental Standards. Florida's Early Learning and Developmental Standards are nationally reviewed standards for what children should know and be able to do at all ages. This approach ensures that the system is focused primarily on positive outcomes for children.

**Finding No. 8: Quality Dollars Expenditures**

The types of expenditures classified as School Readiness Program quality dollar expenditures varied and did not always appear to relate to activities that improved the quality of child care.

**Recommendation:** When establishing criteria for the expenditure of funds to improve the quality of School Readiness Program services, we recommend that OEL clearly define the types of expenditures that should be classified as quality dollar expenditures.

**OEL Response:** Federal Cost Principles state that costs should be allocable to a cost activity if the goods or services involved are chargeable or assignable to that activity in accordance with the benefit received. OEL confirmed with the Administration for Children and Families on October 21, 2011 that these cost principles were applicable to quality expenditures associated with this program. Included in this confirmation were various examples of support costs that would be appropriately charged to quality activities, which did include but was not limited to office space, computers, and phones. Cost Allocation and Disbursement Testing continue to be a major focus area in OEL's annual fiscal monitoring tasks which will include quality expenditures. As recommended OEL will develop more specific criteria for expenditures of funds for quality activities and provide additional guidance on cost allocation to ensure consistency in quality reporting expenditures. Additionally, OEL will proceed with rule promulgation as identified in the statute.

## OFFICE OF EARLY LEARNING and EARLY LEARNING COALITIONS

## FINANCIAL AND PERFORMANCE AUDIT RESPONSES

## Early Learning Coalition Monitoring And Oversight Activities

## Finding No. 9: Monitoring of Early Learning Coalitions

The complex and changing nature of OEL's monitoring process may have contributed to deficiencies in the timely performance and reporting of monitoring efforts.

**Recommendation:** OEL should improve the timeliness and execution of the monitoring processes. In addition, coalitions should ensure that CAPs are timely prepared and submitted to OEL.

**OEL Response:** The coalition review process has gone through several modifications as OEL refined its approach, combined two separate processes into one process, cross trained staff to be able to complete programmatic and eligibility monitoring, and to reduce duplication. As of the 2011-2012 fiscal year the monitoring tools were updated and final before the beginning of the review year and will be updated with statute or Rule changes. The coalitions were provided with a detailed list of areas that were to be reviewed, including a monitoring schedule in order for the coalitions to prepare themselves for the monitoring. Timelines are being reviewed to ensure they are appropriate for the workload, staffing, and integrity of the reviews. Timelines will be reinforced with Program Integrity staff to ensure timelines are met. Additionally, coalitions will be provided with a memo to explain the monitoring process and expectations, timelines for document and corrective action submission, and what constitutes acceptable requests for extensions.

Additionally, quarterly trainings have occurred to provide technical assistance and training to coalition staff on specific areas so that they can be prepared and compliant when their coalition comes up for review. Trainings that have already occurred with coalitions within the previous year include "Child Care Resource and Referral Requirements and the Provider Update process," "Data Security Training," Outcome Measures and SR Plan Amendments," "SSI/SSA in relation to determining SR eligibility," "SR Review Guide," "VPK Child Eligibility," "VPK Provider Eligibility," "Fraud Prevention," and "Home Instruction for Parents of Preschool Youngsters" eligibility.

Upcoming trainings include Benefit Recovery and Suspected Fraud Prevention Process, Data Accuracy Edit and Exception reports and data cleansing processes, SR/VPK Guide Review, and Data Security Training (part II).

OEL has finalized all the scorecards and created a Review Guide that includes assessment activities to accompany the Data Accuracy Scorecard. This will be provided to the coalitions as part of the training for Edit and Exception/Data Accuracy Reports in the next quarter. During the course of the prior years, the scorecards were modified and the version that was available at the start of each review was used during that review, even though modifications were made to the template during the review.

## Finding No. 10: School Readiness Plan Review

Coalition School Readiness plans did not always include all the required elements and OEL's plan review and approval processes were not always efficient and effective. In addition, coalitions were not always operating in accordance with OEL-approved plans.

## OFFICE OF EARLY LEARNING and EARLY LEARNING COALITIONS

## FINANCIAL AND PERFORMANCE AUDIT RESPONSES

**Recommendation:** We recommend that OEL establish and implement rules and procedures for reviewing and approving coalition School Readiness plans to better ensure that coalition plans conform to statutorily required criteria and that reviews are conducted in accordance with the requirements of State law. Further, OEL should strengthen its monitoring activities to better ensure that coalitions are operating in accordance with OEL-approved plans.

**OEL Response:** The coalition SR Plans section has been moved to be housed in the Program Integrity Unit to leverage additional staff as necessary to assist with thoroughly reviewing plan amendments. A new review tool for assessing the amendments has been created and OEL's new review process for SR Plans was created for consistency and efficiency of responses to elements. When plan amendments come in they are sent to the plans coordinator for review. If there is an influx of amendments the accountability supervisor will assign some of the workload to an accountability analyst to review and assist. Once the review is complete the supervisor reviews and then it is sent to the manager for approval. The Manager then will ensure timely responses. Tracking sheets and checklists are being developed to support this process. The SR Plan Coordinator confirms submission of SR Plan Amendments within 3 days of submission and will ensure that the coalition is aware of documentation to support the amendment that has not been received and will give the coalition a five day turn around to receive this information, if necessary. It will be reinforced to the coalitions that they are to use the appropriate element templates and current plan submission processes for all SR Plan amendments. Amendments will be responded to within 30 days of receiving all the required information from the coalition.

The coalitions' SR Plans continue to be reviewed biennially as part of the Educational Service Delivery component of the Accountability reviews and the coalitions are required to submit corrective action plans as required. The coalitions have also been informed by OEL that they must submit a plan amendment for any changes that have been approved by their board within 60 calendar days of the board meeting in which the change to the plan was approved. Sixty days was chosen to be in alignment with the federal expectations for states to report changes to its Child Care and Development Fund Plan. This includes payment rates, board membership, outcomes, activities, curriculum, assessment processes, etc. OEL will cite coalitions for noncompliance on any board approved change not submitted to OEL for approval within 60 days or if the coalition implements the change without prior OEL approval or conditional approval.

Initiation of Rule promulgation for the School Readiness Plan will begin in January 2012.

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**Finding No. 11: School Readiness Annual Report**


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OEL procedures were not sufficient to promote the timely submission of coalition School Readiness Program annual reports.

**Recommendation:** We recommend that OEL strengthen its procedures to better promote the timely submission of coalition School Readiness Program annual reports.

## OFFICE OF EARLY LEARNING and EARLY LEARNING COALITIONS

## FINANCIAL AND PERFORMANCE AUDIT RESPONSES

**OEL Response:** The submission date for each Coalitions Annual report is outlined in its Grant Agreement with OEL. However, Coalitions are sent a reminder a month before the annual reports are due to OEL. A log is kept and when an annual report is received by the plan analyst, the date of receipt is entered into the log.

After the due date has passed another email is sent to those coalitions that have not submitted their annual report and they are given a deadline. We received 28 annual reports this year (2011) prior to the due date, one report was one day late, one was four days late and the remaining report was received within the time frame requested by the coalition and approved by Florida's Office of Early Learning. The coalitions will be reminded throughout the year of reports that are required to be submitted to OEL and the due dates therefore ensuring compliance.

<b>Early Learning Coalition Funding</b>
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<b>Finding No. 12: School Readiness Funding Formula</b>
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OEL could not demonstrate that the formula submitted for use in allocating School Readiness Program funds among the coalitions was based upon the statutory requirement of equity for each county.

**Recommendation:** We recommend that the State utilize and document a School Readiness Program funding formula that fully conforms to the requirements of State law.

**OEL Response:** In accordance with the statutory requirements, OEL has established a School Readiness Allocation Formula based on equity among Florida's counties. OEL has updated this formula with the most recent demographic data for children and families by county. A review of the historical funding for Florida's School Readiness Program reveals decreases over the past ten years while the need, costs and demand for quality early learning and child care services continue to be significant. In Fiscal year 2010, the American Reinvestment and Recovery Act provided a temporary increase in School Readiness funds; however, a huge unmet need still exists. As an illustration of the existing unmet need, OEL currently estimates that \$907 million in additional funding would be required to provide School Readiness services to Florida's eligible children living at or below the poverty level. Therefore, immediate and total reallocation of existing School Readiness funding would remove critical resources from many coalitions which are already grappling with a significant unmet need and would require some coalitions to remove children who are enrolled and receiving services. Because of this, OEL is recommending that the allocation formula be phased-in over the next three years to minimize impact on the coalitions and mitigate the potential of having to remove children from services.

<b>EARLY LEARNING COALITIONS</b>
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<b>Early Learning Coalition School Readiness Program Administration</b>
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**OEL Response:** The OEL Accountability monitoring reviews include review of eligibility determination procedures and payment validation and will continue to do so. The Accountability unit also conducts trainings quarterly based on areas of risk identified during monitoring reviews.

## OFFICE OF EARLY LEARNING and EARLY LEARNING COALITIONS

## FINANCIAL AND PERFORMANCE AUDIT RESPONSES

**Finding No. 13: School Readiness Eligibility Documentation and Parent Copayment Determinations**

Some coalitions did not always properly conduct or document School Readiness Program eligibility and parent copayment determinations.

**Recommendation:** We recommend that coalitions obtain and maintain appropriate documentation to demonstrate the proper conduct of eligibility determinations. To ensure the proper conduct of eligibility determinations and parent copayment calculations, we also recommend that applicable documentation, including the required Worksheets, be subject to sufficient review.

**OEL Response:** Immunization: This finding cites three coalitions for not collecting immunization records for school-age children. Immunization records are a requirement for school-entry; this would be a duplication of effort. OEL will work with DOE on obtaining assurances that can be used by each coalition and will pursue a legislative change. Income Calculation: Similar findings occurred in Palm Beach and Big Bend where the ELC's determined that the six weeks of pay provided was not reflective of future earnings, therefore they calculated income using less than six weeks of pay and shortened the redetermination period to two months. OEL concurs that in some circumstances this action more accurately provides the future earnings on which to base a parent fee and will move to clarify Rule language.

**Palm Beach Response:** Citizenship Documentation: The client referenced in the finding related to legal immigration status is eligible for care and appropriate documentation has been obtained, therefore no questioned costs exists. Income Calculation: One of the clients identified in Table 9 of the report had recently had a decrease in the hourly rate of pay, therefore the coalition based the calculation of income (future earnings) on this new rate of pay and shortened the redetermination period, versus using the cumulative pay (six weeks) which reflected a higher rate of pay. Adjustment was made during the audit for the remaining error and the ELC will provide additional training to staff to ensure income calculations and parent copayments are calculated accurately.

**Big Bend Response:** The ELC has made adjustments as necessary. Two of the files were similar to the situation described for Palm Beach and commented on by OEL. The ELC determined that the six weeks cumulative pay was not reflective of future earnings and used less than six weeks for the income calculation and shortened the redetermination period to ensure an accurate reflection of future earnings. The ELC Big Bend is actively engaged in documenting specific procedures for eligibility determination. Once procedures are drafted, a comprehensive training program will be initiated to allow for accountability in this area. Procedures and training are anticipated to be complete by spring of 2012.

**Escambia Response:** See OEL Response above related to immunizations. Income Calculation: Three of the clients referenced in Table 9 of the report were school age clients, the ELC requires that school-age children pay full-time rate during the summer, however during the school year parents pay their standard part-time fee for school holidays. Due to limitations in the existing data system, the coalition implemented a policy to institute co-payment changes July 1 to full-time and September 1 back to part-time for school-age children. This policy was implemented to minimize administrative costs. The coalition will continue to provide training for staff members on appropriate documentation.



## OFFICE OF EARLY LEARNING and EARLY LEARNING COALITIONS

## FINANCIAL AND PERFORMANCE AUDIT RESPONSES

**SW Florida Response:** The ELC concurs with the finding and has made the appropriate adjustments. The coalition conducts regular trainings each year that includes areas of noncompliance identified in internal/external audits.

**Polk Response:** See OEL Response above related to Immunization.

**Finding No. 14: School Readiness Waiting Lists**

Contrary to OEL rules, coalition waiting lists were not always prioritized according to participant eligibility category.

**Recommendation:** We recommend that coalitions prioritize the children on School Readiness Program waiting lists according to eligibility category in accordance with OEL Rules.

**Miami-Dade/Monroe Response:** As reflected on this report, the coalition's board of directors approved a policy in June 2011 that gives first priority to children birth to five (5) years of age. Based on the above explanation and the June 2011 policy change, we believe that no additional corrective action is required on this finding.

**Finding No. 15: School Readiness Payment Schedules**

Some coalitions did not always reimburse School Readiness Program providers in accordance with OEL-approved payment schedules.

**Recommendation:** Coalitions should strictly adhere to OEL-approved School Readiness payment schedules when reimbursing providers. Additionally, coalitions should take care to ensure that payment schedules submitted for OEL approval contain all applicable rates.

**Big Bend Response:** The ELC agrees with this finding. Adjustments have been made. By the end of the current fiscal year, the ELC of Big Bend will have established a change management process that will ensure that all Coalition Board approved transactions are communicated to appropriate departments and will involve internal monitoring to validate that changes were implemented according to Coalition Board directives.

**Polk Response:** As reflected in this report, the coalition and OEL agree that this was an administrative oversight issue and no questioned costs occurred as a result. This item was corrected, updated and approved by OEL on September 29, 2011.

## OFFICE OF EARLY LEARNING and EARLY LEARNING COALITIONS

## FINANCIAL AND PERFORMANCE AUDIT RESPONSES

**Finding No. 16: School Readiness Provider Payments**

Some coalition payments to School Readiness Program providers were not always supported by appropriate documentation or made in the correct amounts.

**Recommendation:** To ensure that payment documentation requirements are satisfied and that all payments are made in accordance with applicable laws and other guidelines, we recommend that staff involved in the delivery of School Readiness Program services adhere to payment documentation requirements.

**OEL Response:** The Accountability monitoring reviews include review of eligibility determination procedures and payment validation which include proper income determinations and assessment of co-payments and will continue to do so.

**Big Bend Response:** The ELC has corrected three of the deficiencies noted in this finding and is working on collecting documentation for the remaining three. The ELC has implemented a comprehensive internal payment monitoring process that included 100% monitoring of September and October payments with a more selective monitoring in the following months. In addition, the ELC has partnered with several of its providers to draft a toolkit for ELC providers that give detail procedures on completing sign in/out sheets and attendance rosters. This toolkit is expected to be distributed to all providers during February 2012.

**Marion Response:** The ELC agrees with this finding and has corrected this error. The coalition monitoring process includes identification of this type of error as well. The coalition will review current processes and determine if additional procedures should be put in place.

**Orange Response:** The ELC of Orange County concurs with this finding. The provider in question was underpaid a total of \$158.00 over the period of January through May 2011 as a result of a \$1.00 per hour EFS data entry error. Our documentation indicates that a supervisor who serves as the second reviewer for EFS payment rate updates failed to catch the data entry error. The underpayment has been corrected and the provider has been fully reimbursed. We will, however, continue to closely monitor data entry updates to ensure proper payment rates are in place.

**Palm Beach Response:** The ELC concurs and has made the appropriate corrections. Additional training was given to these providers to ensure sign-in/out sheets accurately reflect child's attendance.

**Pinellas Response:** The ELC concurs with this finding and payment adjustments were made subsequent to audit inquiry. Prior to July 1, 2011, sign-in/out sheets supporting the attendance certification were not required to be submitted each month by the more than 700 child care providers in Pinellas. In June 2011, sign-in/out sheets were required to be submitted for all family child care homes, informal child care providers and a sample of centers. Additionally the ELC now requires all "high risk" providers to submit their sign-in/out sheets with the attendance rosters to the coalition by the 3<sup>rd</sup> of month for the previous month and these are then audited for accuracy to catch any errors, misrepresentation and fraud prior to payments being made.

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**Polk Response:** The ELC concurs with this finding. The two clients referenced in Table 10 were cited for inadequate documentation of sign-in/out records, this was based on records submitted by the Polk County School District based on a verbal agreement, the clients were in attendance and the ELC will ensure that the procedures agreed upon as required by Rule will be approved by the Coalition in writing.

**Southwest Florida Response:** The ELC concurs with this finding and has corrected the files as applicable. The coalition has also initiated a new policy requesting original sign-in/out sheets to be sent with the monthly request for payment.

<b>Early Learning Coalition VPK Program Administration</b>
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**OEL Response:** The Accountability monitoring reviews include review of VPK Program eligibility determination and payment validation which includes a check for EFS data accuracy based upon review of the documentation submitted in the file with the information contained in EFS. The Accountability unit also conducts trainings quarterly based on areas of risk identified during monitoring reviews.

<b>Finding No. 17: VPK Eligibility and Enrollment</b>
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Some coalitions did not always ensure that VPK Program eligibility and enrollment files were maintained in accordance with applicable provisions of State law and OEL rules or that data contained in EFS accurately reflected the information documented in the child eligibility files.

**Recommendation:** We recommend that the coalitions ensure that all VPK Program eligibility and enrollment information is maintained in accordance with applicable provisions of State law and OEL rules and that data contained in EFS accurately reflect the information documented in the child eligibility files.

**Southwest Florida Response:** The ELC concurs with this finding. The coalition conducts regular trainings each year that includes areas of noncompliance identified in internal/external audits.

**Escambia Response:** The ELC concurs with this one instance of data entry error and will review procedures to determine if additional steps should be included to prevent this in the future.

**Orange Response:** The ELC of Orange County concurs with this finding. The electronic file in question did show a data entry error wherein the correct address of 13221 was incorrectly entered as 12331. The electronic record has been corrected. We will, however, continue to closely monitor data entry of addresses to ensure future accuracy.

<b>Finding No. 18: VPK Provider Profiles and Parental Rights</b>
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Some coalitions did not always document that parents were informed of their rights and responsibilities or that VPK Program provider profiles were made available as required by State law.

## OFFICE OF EARLY LEARNING and EARLY LEARNING COALITIONS

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**Recommendation:** To ensure that parents are provided all the information necessary to make an informed decision regarding their child's enrollment and participation in the VPK Program, and to promote compliance with the requirements of State law, we recommend that coalitions obtain and maintain documentation demonstrating that all parents are provided access to VPK provider profiles. Additionally, we recommend that coalitions ensure that parents are informed of their rights and responsibilities under the VPK Program and that the coalitions document the parents' receipt of the information. To minimize administrative costs, coalitions should consider OEL suggestions for the alternative delivery of VPK Program information contained in the VPK Parent Handbook.

**Miami-Dade/Monroe Response:** The Coalition has had processes in place to ensure parents are provided access to the VPK provider profile of every approved VPK provider in the county. This information is readily available on the coalition's website. However, as indicated in the Auditor General's report, supporting documentation to verify parent's receipt of this information was unavailable at the time of the audit. The Coalition has taken corrective action to update the parent's rights and responsibilities form to add information that informs parents on how to access provider profiles on the website. Additionally, while the coalition has always provided parents with the information contained in the Handbook, the parent's rights and responsibilities form has been modified to reflect parents' signed acknowledgement of receipt of the Handbook. Copies of the signed acknowledgement form will be maintained in the case file.

**Escambia Response:** The ELC agrees with this finding. The Coalition will update their Rights and Responsibilities to reflect the parent's right to access to the VPK Provider's Kindergarten Readiness Rate information.

**Finding No. 19: VPK Statewide Provider Registration Application**

Some coalitions did not always maintain documentation demonstrating that, prior to delivering VPK Program instruction or receiving payment, VPK Program providers submitted complete and signed Statewide Provider Registration Applications.

**Recommendation:** We recommend that coalitions ensure that, prior to delivering VPK instruction or receiving payment, all VPK providers have submitted complete and signed Statewide Provider Registration Applications with applicable supporting documents. Such Applications should be maintained in coalition files.

**Escambia Response:** The coalition provided signed Statewide Provider Registration Applications subsequent to audit inquiry.

**Finding No. 20: VPK Instructor Background Screenings**

Some coalitions did not always maintain documentation to demonstrate that background screenings had been properly performed and reviewed for all VPK instructors.

**Recommendation:** We recommend that coalitions maintain documentation to demonstrate that background screenings have been properly performed and reviewed for all VPK instructors.

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## FINANCIAL AND PERFORMANCE AUDIT RESPONSES

**Big Bend Response:** The ELC has corrected two of the five instances noted and has also documented subsequent to audit inquiry that two of the providers were not in the classroom after the screening had expired. ELC has implemented control procedures through the Laser Fiche “paperless” system that include monitoring expiration dates on several provider documents on a monthly basis. This allows the ELC to send notifications/reminders to the providers and ensures that all requirements are met throughout the contract period. In addition, Coalition Board passed a Non Compliance Policy to give ELC management some flexibility in holding providers accountable.

**Escambia Response:** The coalition agrees and will ensure that documentation to demonstrate the complete Level 2 background screenings will be maintained.

**Orange Response:** The ELC of Orange County concurs with this finding. We have retrained our staff and implemented a new procedure that requires all screenings that include additional information will be flagged for secondary review. We have also strengthened our secondary review to include a physical signoff of each piece of documentation associated with VPK location, director and teacher qualifications.

**Polk Response:** The ELC concurs with this finding and as stated in the report the missing documentation has been obtained. The coalition has implemented practices to reduce the likelihood of reoccurrence.

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**Finding No. 21: VPK Instructor Credentials**

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Some coalitions did not always maintain documentation to demonstrate that VPK instructor requirements, including education and training requirements, had been satisfied.

**Recommendation:** We recommend that coalitions ensure that adequate documentation is maintained to demonstrate that all VPK instructor qualifications have been satisfied.

**Escambia Response:** The ELC agrees with this finding and has provided documentation as noted in the report. Coalition staff has received additional training on documentation requirements.

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**Finding No. 22: VPK Provider Payments**

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Coalition payments to VPK Program providers were not always supported by appropriate documentation.

**Recommendation:** To ensure that payment documentation requirements are satisfied and that all payments are made in accordance with applicable laws and other guidelines, we recommend that staff involved in the delivery of VPK services receive adequate training.

**Big Bend Response:** The ELC agrees with this finding and has taken corrective action as applicable. The ELC has partnered with several of its providers to draft a toolkit for ELC providers that give detailed procedures on completing sign in/out sheets and attendance rosters. This toolkit is expected to be distributed to all providers during February 2012.

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**Escambia Response:** The ELC will ensure that their staff receive additional training on VPK documentation requirements.

**Hillsborough Response:** The documentation in question is the monthly parent signature that indicates the parent intends to continue receiving VPK services with that provider. The State does not require providers to submit this information to Coalitions on a monthly basis. The Hillsborough Coalition conducts a minimum of two (2) site visits every year to 100% of our VPK providers. The Coalition agrees with the above finding and welcomes any suggestion for improving our strategy for insuring compliance.

**Marion Response:** The coalition agrees with this finding, however the provider submitted sign-in/out sheets that supported the attendance of the child in the classroom and therefore no questioned costs exists. The coalition will emphasize to this VPK provider that they should ensure that the parent signs the VPK Short Form in addition to the maintaining sign-in/out sheets.

**Miami-Dade/Monroe Response:** In Miami-Dade there are 900 VPK providers delivering services to children. The one provider who did not have a signed agreement had complied with all program requirements and was deemed fully eligible to provide VPK services. To address the issue of unsigned agreement, the coalition has implemented an electronic process for VPK providers to submit their VPK applications, including the Statewide Provider Agreement. As part of the electronic submission process, a provider signature is required before the agreement can be submitted to the coalition. In addition, additional training will be provided to staff.

**Orange Response:** The coalition agrees that the certification submitted does not agree with the sign-in/out sheets. The sign-in/out sheets are not required to be submitted on a monthly basis. The Coalition conducts random post-payment audits monthly and those procedures would have identified this discrepancy if the provider had been selected. We are currently reviewing our post audit procedures to determine how best to expand our monthly sample.

**Palm Beach Response:** The ELC concurs and has made the appropriate corrections. Additional training was given to these providers to ensure sign-in/out sheets accurately reflect child's attendance.

**Pinellas Response:** The ELC concurs with this finding and has made payment adjustments and collected missing documentation as applicable. The coalition will remind all providers to maintain adequate sign in/out documentation including appropriately signed short and long forms. The coalition also conducts mandatory VPK contract renewal meetings for all VPK providers wanting to renew each year in addition to new provider contract meetings. The rules and guidelines are reviewed during these required meetings.

**Polk Response:** The coalition agrees with this finding, however the provider submitted sign-in/out sheets supported the attendance of the child in the classroom and therefore no questioned costs exists. The coalition also conducts post-attendance monitoring on an annual basis.

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**Southwest Florida Response:** The ELC concurs with this finding, and has located the documentation missing from the file. All documentation on hand will be looked over to ensure that all information submitted is enclosed in any file to be reviewed.

<b>Early Learning Coalition Operations</b>
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**OEL Response:** The OEL conducts compliance monitoring which includes areas listed below.

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**Finding No. 23: Coalition Procurement Processes**

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Some coalitions had not established and implemented effective procurement policies and procedures.

**Recommendation:** We recommend that effective coalition procurement policies and procedures be established and implemented to ensure that purchases are approved and supported by appropriate documentation, coalition staff procurement duties are adequately separated, and quotes be obtained when appropriate.

**Big Bend Response:** The ELC agrees with this finding, however for the one instance noted related two split purchase orders the ELC was following their established best practices. To provide an effective purchasing trail and ensure accountability for individual department purchase requests the ELC develops separate purchase orders for separate purchase requests. The ELC will be reviewing current procurement policies and realigning policy with current best practices. This review is anticipated to be completed by the end of the 2011-2012 fiscal year. The ELC will be drafting procedures that include documenting competitive pricing on contracted purchases. These procedures are anticipated to be completed by the end of the 2011-2012 fiscal year.

**Marion Response:** As reflected in the report the coalition has established procurement policies and procedures, and based on the coalition policy three of the purchases did not require purchase orders. The coalition will review current practices to determine if policies should be amended and will take additional measures to ensure that the policies are adhered to including additional training for staff.

**Polk Response:** The coalition agrees with this finding and has implement practices to ensure separation of duties.

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**Finding No. 24: Contractual Services Contracts**

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Some coalition contractual service contract documents needed improvement to ensure that all appropriate terms and conditions are specified.

**Recommendation:** We recommend that coalition management consider incorporating the contract document provisions required by State law in applicable contractual services contracts. We also recommend that coalitions ensure that all contracts are signed prior to the beginning of the contract term and that, when appropriate, contracts specify the maximum amount that may be paid.



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**Hillsborough Response:** The Coalition agrees with this finding. Although the language in question has not been a requirement we are happy to make accommodations in the future to add the language that has been recommended.

**Marion Response:** The coalition currently includes all contract provisions required by governing law, the state law referenced is not a requirement for coalitions. As recommended coalition management with the Board of Directors guidance will consider adopting additional provisions as a best practice and provide additional training for staff.

**Palm Beach Response:** The coalition concurs with this best practice. While the coalition has followed all applicable laws and rules regarding contracting, the coalition agrees that the inclusion of financial penalties for non-performance is a best practice. Coalition staff has already alerted the Board to this recommendation and will work with legal counsel and the Board to implement this best practice.

**Polk Response:** The coalition currently includes all contract provisions required by governing law, the state law referenced is not a requirement for coalitions. As recommended coalition management will consider adopting additional provisions as a best practice and ensure contracts are signed prior to the effective date of the contract.

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**Finding No. 25: Coalition Expenses and Disbursement Controls**

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Coalition expenses were not always accurately paid or adequately supported and were made in amounts that did not always appear to be reasonable.

**Recommendation:** We recommend that coalition controls be enhanced to ensure that expenses are paid in the correct amounts, are properly authorized and supported by appropriate documentation, and are clearly necessary and reasonable for the conduct of coalition business.

**Orange Response:** The ELC of Orange County concurs with this finding. Authorization by the Director of Provider Services for December 2010 travel in the amount of \$96.42 was overlooked when the staff member in question submitted November 2010 and December 2010 reimbursement requests at the same time. The November reimbursement request was authorized by the Director. The December request was not. Having reviewed the December 2010 reimbursement request, the Director has subsequently authorized the payment as appropriate. We will continue to closely monitor payment documentation to ensure proper authorizations are in place.

**Polk Response:** The ELC agrees with this finding and has put a practice in place to reduce the likelihood of reoccurrence.

**Palm Beach Response:** The ELC concurs with this finding. The \$4.27 has been repaid by the employee. In addition, the newly-hired Chief Financial Officer is tasked with reviewing each travel expense form.

**Pinellas Response:** The Early Learning Coalition of Pinellas County Inc. travel related costs are reimbursed in accordance with Section 112.061, Florida Statutes and the Coalition Policy ELCPC 400.05 - Travel Procedures. The Coalition has strengthened controls in place to ensure that expenses are paid in the correct amounts, are properly

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authorized and supported by appropriate documentation, and is clearly necessary and reasonable for the conduct of coalition business. In addition, the following has been completed:

- Mileage claimed must be from point of origin to destination based on the map mileage.
- Vicinity mileage necessary to conduct Coalition business must be shown separately on the *Voucher for Reimbursement of Travel Expenses* form.
- Local vicinity mileage claim must include description with destination and purpose of trip.

**Escambia Response:** The ELC agrees with this finding and the \$6.00 in question has been repaid. Coalition staff have received additional training as well.

**Miami-Dade/Monroe Response:** The ELC agrees with this finding, the coalition's procedures have included individual review and approval by the CEO and shall include backup documentation to support the travel and the purpose for the travel. The coalition will strengthen the process of documenting the benefit of each out-of town travel to the organization and the children and families that we serve.

**Marion Response:** The coalition will evaluate all requests for reimbursement for travel to insure compliance with local and state policy.

**Big Bend Response:** The ELC's purchase of equipment, furniture and supplies for their new location was within the Board approved budget. The coalition's intent was to create a space for families seeking services that inspired families, supported children's development and provided a model for communities of how the environment could have a positive impact on customer satisfaction and employee performance.

#### Finding No. 26: Tangible Personal Property Controls

Some coalitions did not always timely and properly record tangible personal property acquisitions in coalition property records. In addition, some coalitions did not always timely reconcile the results of annual physical inventories to master property lists or ensure that physical inventories were performed by persons independent of the property record-keeping and custodial functions.

**Recommendation:** We recommend that the coalitions ensure that all applicable tangible personal property items are timely and properly recorded in coalition property records. Coalitions should also ensure that the results of annual physical inventories are timely reconciled to the master property lists and that physical inventories are performed by persons independent of the property record-keeping and custodial functions.

**Big Bend Response:** The ELC concurs with this finding. The items identified in this finding have been included in the Master Inventory List. Coalition procedures require reconciliation of acquisitions to the inventory list on a monthly basis. The coalition will review procedures with staff to ensure this will not occur in the future.

**Marion Response:** The coalition will review property procedures to ensure acquisitions are timely recorded.

## OFFICE OF EARLY LEARNING and EARLY LEARNING COALITIONS

## FINANCIAL AND PERFORMANCE AUDIT RESPONSES

**Orange Response:** The ELC of Orange County concurs with this finding. The desk in question was delivered in late May 2010 slightly more than 30 days prior to this audit. Upon delivery, the desk was properly tagged but not immediately placed on the inventory list. Our past practice has been to periodically update the inventory list generally after any applicable item is paid for; with a complete update concluded prior to submission of the annual inventory list due to OEL on October 1<sup>st</sup> of each year. The desk in question does appear on the 2011 inventory list. We will revise our procurement procedures to include immediate assignment of applicable inventory to the inventory list at the time the inventory is tagged or within 30 days of delivery whichever occurs first.

**Pinellas Response:** The coalition's practice is to timely and properly record acquisitions in coalition property records; the coalition will ensure in the future that acquisition dates are documented. The coalition has confirmed that all acquisitions noted were recorded in the property records.

**Polk Response:** The ELC agrees with this finding and has put a practice in place to reduce the likelihood of reoccurrence.

**Finding No. 27: Coalition Revenue and Receipts Policies and Procedures**

Some coalition revenue collection policies and procedures needed enhancement.

**Recommendation:** We recommend that the coalitions enhance their policies and procedures to ensure that revenue and receipts controls are appropriately established.

**Escambia Response:** The coalition has enhanced their policies and procedures effective August 2011.

**Pinellas Response:** The coalition will enhance existing procedures related to cash receipts.

**Finding No. 28: Coalition Personnel Background Screenings**

Some coalitions did not always ensure that employees who may come into contact with children or have access to confidential information timely received background screenings.

**Recommendation:** We recommend that coalitions ensure that, as a condition of employment and continued employment in a position of special trust, employees timely undergo Level 2 screenings.

**Hillsborough Response:** The Coalition's policy has been to background screen all employees that have contact with children as part of their job. The coalition agrees with this finding and will rescreen the two employees.

**Escambia Response:** As of December 2, 2011 all coalition employees, temporary staff and volunteers have completed background screenings or have appointments scheduled. Additionally each September a local criminal records check with the Sheriff's office is completed for every employee.

## OFFICE OF EARLY LEARNING and EARLY LEARNING COALITIONS

## FINANCIAL AND PERFORMANCE AUDIT RESPONSES

**Palm Beach Response:** As reflected in this report, this finding has been corrected. The coalition will ensure that each background screen is located in on-site personnel files.

**Polk Response:** The coalition has implemented a practice to require that employees are screened on the first day of employment.

**Finding No. 29: Coalition Personnel Education Requirements**

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 the coalitions ensure that, prior to hire, an applicant for employment meets all the educational requirements applicable to the position. Should previous experience be considered acceptable in lieu of educational requirements, the coalitions should document this consideration in the respective personnel file as the justification for waiving the educational requirements.

**Polk Response:** The coalition will ensure that documentation for educational requirements will be obtained prior to hiring employees.

**Pinellas Response:** The coalition has completed documentation for the waivers for the two employees noted in the finding. The coalition will ensure that if previous experience is considered acceptable in lieu of educational requirements, the coalition will document this consideration in the personnel files in the future as well.

**Finding No. 30: Advertisement of Board Vacancies**

Some coalitions did not always properly advertise, and maintain documentation of the advertisement of, board vacancies.

**Recommendation:** We recommend that the coalitions properly advertise board vacancies and, to allow a demonstration of compliance with applicable State law and OEL guidance, maintain documentation of those advertisements.

**OEL Response:** The OEL has developed a Technical Assistance Paper related to Board Membership, which also addresses board vacancies.

**Palm Beach Response:** The ELC concurs with this finding. The coalition will implement procedures to document advertise of board vacancies which includes screen shots of Board vacancies advertised on its website. As of December 15, 2011 all Board vacancies will be filled with the exception of gubernatorial appointments.

## OFFICE OF EARLY LEARNING and EARLY LEARNING COALITIONS

## FINANCIAL AND PERFORMANCE AUDIT RESPONSES

**Finding No. 31: Provider Monitoring**

Some coalitions did not utilize comprehensive monitoring schedules to track the results of School Readiness and VPK Program provider monitoring efforts. In addition, coalition procedures for the monitoring process did not always address how providers were selected for monitoring.

**Recommendation:** We recommend that coalitions implement a comprehensive provider monitoring schedule that incorporates information such as the dates the monitoring was conducted, any noncompliance issues noted, dates corrective actions were taken, and follow-up monitoring activities. We also recommend that coalitions ensure that policies and procedures describe the methodology to be used to prioritize and select providers for monitoring.

**Big Bend Response:** The ELC agrees with this finding. The ELC will develop and implement a comprehensive provider monitoring schedule that incorporates information such as the dates the monitoring was conducted, any noncompliance issues noted, dates corrective actions were taken and follow up monitoring activities. In addition, ELC of Big Bend will develop document related procedures for the FY 2011-2012 provider monitoring.

**Orange Response:** The ELC of Orange County concurs with this finding. We agree our current process for tracking provider compliance with contractual requirements should be expanded to include electronic tracking of such items as: license renewal dates, insurance renewal dates, director credential renewal dates, etc. We have completed the tracking database and are in the process of populating the fields. Once completed, we will evaluate whether additional efficiencies can be garnered through combining current tracking tools.

**Polk Response:** The coalition currently maintains documentation on each provider monitored, the coalition will work to develop a comprehensive tracking sheet for each program which includes all applicable providers.

**Pinellas Response:** The coalition currently tracks provider monitoring by function (attendance monitoring, fraud, program support, professional development requirements and developmental service requirements). The coalition is currently in the process of developing a report that will document all monitoring comprehensively as recommended by this report.

**Marion Response:** Subsequent to audit inquiry the coalition has developed and adopted a methodology for prioritizing monitoring of VPK providers by risk level for the 2011-2012 fiscal year. Corrective action is complete.

**Finding No. 32: Coalition Information Technology Controls**

One coalition did not ensure that proper information technology security controls were in place.

**Coalition Response:** The coalition has implemented the additional security controls recommended by this report.



**Chief Executive Officer**  
Lauren Faison

**Executive Committee**  
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Janice Sumner  
Angel Trejo

December 15, 2011

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

Dear Mr. Martin:

Pursuant to Section 11.45(4)(d), Florida Statutes, the enclosed response is provided for the preliminary and tentative audit findings for inclusion in the Auditor General's financial and performance audit of the Office of Early Learning Services' and related delivery systems.

Thank you for providing us the opportunity to respond to your preliminary findings. The Office of Early Learning and the Early Learning Coalitions have worked together to provide you with a joint response. Appreciate the opportunity to clarify specific findings that you identified.

If you have any questions concerning this response, please contact Lauren Faison, CEO at 850.385.0504

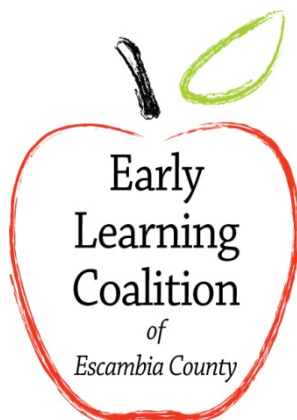
Sincerely,

Lauren Faison  
Chief Executive Officer



**FAMILY • CHILD • TEACHER**

Northwood Centre 1940 North Monroe Street • Suite 70 • Tallahassee, FL 32303  
Phone: 850.385.0504 • Fax: 850.922.0075 • [www.elcbigbend.org](http://www.elcbigbend.org) • Email: [info@elcbigbend.org](mailto:info@elcbigbend.org)



December 9, 2011

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

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Dear Mr. Martin:

Pursuant to Section 11.45(4)(d), Florida Statutes, the enclosed response is provided for the preliminary and tentative audit findings for inclusion in the Auditor General's financial and performance audit of the Office of Early Learning Services' and related delivery systems.

Thank you for providing us the opportunity to respond to your preliminary findings. The Early Learning Coalition of Escambia County has worked with the Florida Office of Early Learning to provide you with a joint response. We have included documents which support our responses in the information provided to OEL which was the basis for our response. The Coalition's Executive Committee has reviewed the responses submitted by this Coalition.

If you have any questions concerning this response, please contact Diane W. Hutcherson at [dhutcherson@elcescambia.org](mailto:dhutcherson@elcescambia.org) or 850.595.5402.

Sincerely,

Diane W. Hutcherson  
Executive Director



3636D North L Street, Suite A, Pensacola, FL 32505  
Tel: (850) 595-5400 Fax: (850) 595-5405 · [www.elcescambia.org](http://www.elcescambia.org)





December 13, 2011

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

Dear Mr. Martin:

Pursuant to Section 11.45(4)(d), Florida Statutes, the enclosed response is provided for the preliminary and tentative audit findings for inclusion in the Auditor General's financial and performance audit of the Office of Early Learning Services' and related delivery systems.

Thank you for providing the ELC of Hillsborough County the opportunity to respond to your preliminary findings. The Office of Early Learning and the Early Learning Coalition of Hillsborough have worked together to provide you with a joint response.

If you have any questions concerning this response, please contact Dave McGerald at (813) 204-1769.

Sincerely,

Dave McGerald  
CEO



[www.elc-marion.org](http://www.elc-marion.org)

3304 SE Lake Weir Avenue, Suite 2  
Ocala, FL 34471

Phone (352)369-2315

Fax (352) 369-2475

December 9, 2011

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

Dear Mr. Martin:

Pursuant to Section 11.45 (4) (d), Florida Statutes, the enclosed response is provided for the preliminary and tentative audit findings for inclusion in the Auditor General's financial and performance audit of the Office of Early Learning Services' and related delivery systems.

Thank you for providing us the opportunity to respond to your preliminary findings. The Office of Early Learning and the Early Learning Coalitions have worked together to provide you with a joint response, thereby allowing you to have one document instead of many, to review as you consider the responses.

If you have any questions concerning the responses of Marion County, please feel free to contact me directly at (352) 369-2315 or at [rfricks@elc-marion.org](mailto:rfricks@elc-marion.org).

Sincerely,

Roseann Fricks  
Executive Director





2555 Ponce de Leon Blvd. 5<sup>th</sup> Floor; Coral Gables, FL 33134

Tel: (305) 646-7220 Fax: (305) 447-1608 Web: [www.elcmdm.org](http://www.elcmdm.org)

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December 15, 2011

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111 West Madison Street

Tallahassee, Florida 32399-1450

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Dear Mr. Martin:

Pursuant to Section 11.45(4)(d), Florida Statutes, the enclosed response is provided for the preliminary and tentative audit findings for inclusion in the Auditor General's financial and performance audit of the Office of Early Learning Services' and related delivery systems.

Thank you for providing us the opportunity to respond to your preliminary findings. The Office of Early Learning and the Early Learning Coalitions have worked together to provide you with a joint response. We appreciate the professionalism of the AG staff and their promptness in responding to our questions.

Sincerely,

A handwritten signature in dark ink, appearing to read "Evelio C. Torres".

Evelio C. Torres, M.P.A.

President and CEO

### President & CEO

Evelio C. Torres, M.P.A.



December 15, 2011

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

Dear Mr. Martin:

On behalf of the ELC of Orange County, thank you for the opportunity to respond to your preliminary findings. We appreciate the professionalism of the review team members and the dedication of the draft report preparation team to provide a balanced analysis of the findings.

If you have any questions concerning ELC of Orange County responses, please contact me directly at (407) 841-6607 extension 106.

Sincerely,

Karen Willis, CWDP  
Chief Executive Officer  
Early Learning Coalition of Orange County



December 15, 2011

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

Dear Mr. Martin:

Pursuant to Section 11.45(4)(d), Florida Statutes, the enclosed response is provided for the preliminary and tentative audit findings for inclusion in the Auditor General's financial and performance audit of the Office of Early Learning Services' and related delivery systems.

Thank you for providing us the opportunity to respond to your preliminary findings. The Early Learning Coalition of Palm Beach County appreciates your recommendations as we consistently look for ways to enhance our services. Further, we appreciate the professionalism of the Audit team that performed the on-site field work.

If you have any questions concerning this response, please contact Warren Eldridge at (561) 214-7420.

Sincerely, Warren

Eldridge  
Executive Director  
Early Learning Coalition of Palm Beach County, Inc.



December 15, 2011

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

Dear Mr. Martin:

Pursuant to Section 11.45(4)(d), Florida Statutes, the enclosed response is provided for the preliminary and tentative audit findings for inclusion in the Auditor General's financial and performance audit of the Office of Early Learning Services' and related delivery systems.

Thank you for providing us the opportunity to respond to your preliminary findings. The Early Learning Coalitions have worked together with Office of Early Learning to provide you with a joint response.

If you have any questions concerning this response, please contact Janet Chapman, Executive Director at (727) 548-1439, extension 222.

Sincerely,

Janet Chapman  
Early Learning Coalition of Pinellas County, Inc.

5735 Rio Vista Drive, Clearwater, Florida 33760-3137  
Phone: (727) 548-1439 Fax: (727) 548-1509



December 9, 2011

Mr. David W. Martin  
Auditor General  
111 West Madison Street  
Tallahassee, FL 32399-1450

Dear Mr. Martin:

The Early Learning Coalition of Polk County always strives to fulfill its duties and responsibilities in the most efficient and productive manner while attempting to adhere to all state, federal, and legal regulations. To this end, the Coalition welcomes reviews and monitoring from agencies such as the Auditor General as opportunities to improve the operation of our programs.

Thank you for the opportunity to respond to your preliminary findings and for prospects to enhance the way our business may be conducted.

Sincerely,

Kris Giordano  
Chief Executive Officer

1765 N. Broadway Ave., Bartow, FL 33830  
Phone: (863) 733-9064  
Fax: (863) 733-9081





**EARLY LEARNING COALITION OF SOUTHWEST FLORIDA**  
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[www.elcofswfl.org](http://www.elcofswfl.org)

**Reply to:**  
Kathleen Reynolds, CEO  
**DIRECT LINE: 239-210-6865**  
Tel: 239-267-4105

December 12, 2011

Mr. David W. Martin, CPA  
Auditor General  
State of Florida  
Claude Pepper Building  
111 West Main Street  
Tallahassee, FL 32399-1450

Dear Mr. Martin:

I am pleased both to participate in and to concur with the system-wide response to the preliminary and tentative audit findings of the Auditor General's financial and performance audit of the Office of Early Learning and related delivery systems.

I would also like to acknowledge the professionalism experienced with Samantha Perry and her team members Leslee Walker and Thuyvy Bui during their visit to the Early Learning Coalition of Southwest Florida on behalf of the Auditor General's Office. They appeared to address their work in a timely and thorough manner, while also engaging in relevant conversations with Coalition staff as required for further explanations when necessary. From this perspective, there was true effort on their parts to really understand the workings of an Early Learning Coalition and the impact of that work on the communities served.

Please note that the ability to respond collectively in concert with the Office of Early Learning and all Coalitions state-wide is appreciated.

Sincerely,

Kathleen H. Reynolds, Ph.D. – CEO  
Early Learning Coalition of SW FL

KHR:k

**Our Mission Statement:**

*Our mission is to enhance the quality of children's lives by providing families, early childhood educators, care-givers and community partners in Collier, Glades, Hendry and Lee Counties, with opportunities to positively impact the future.*