

OFFICE OF EARLY LEARNING

TEACH Scholarship Program and Prior Audit Follow-Up



Sherrill F. Norman, CPA
Auditor General

Executive Director of the Office of Early Learning

The Office of Early Learning (Office) is established within the Department of Education, Office of Independent Education and Parental Choice, by Section 20.15(3)(i)1., Florida Statutes. The head of the Office is the Executive Director who is fully accountable to the Commissioner of Education. Rodney MacKinnon served as Executive Director during the period of our audit.

The team leader was Jim Beaumont, CPA, and the audit was supervised by Joshua T. Barrett, CPA.

Please address inquiries regarding this report to Christi Alexander, CPA, Audit Manager, by e-mail at christialexander@aud.state.fl.us or by telephone at (850) 412-2786.

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OFFICE OF EARLY LEARNING

TEACH Scholarship Program and Prior Audit Follow-Up

SUMMARY

This operational audit of the Office of Early Learning (Office) focused on administration of the Teacher Education and Compensation Helps (TEACH) Scholarship Program and the Child Care Resource and Referral (CCR&R) Network. The audit also included a follow-up on the applicable findings noted in our report No. 2016-192. Our audit disclosed the following:

TEACH Scholarship Program

Finding 1: Office records did not always evidence that source records were reviewed prior to approving Children's Forum invoices for payment.

Data Analysis and Information Technology Controls

Finding 2: Office controls for monitoring coalition use of data quality edit reports need enhancement. A similar finding was noted in our report No. 2016-192.

Finding 3: Certain user authentication controls related to the Modernized Enhanced Field System (EFS) Family and Provider portals need improvement to ensure the confidentiality, integrity, and availability of Modernized EFS data and related information technology (IT) resources.

Finding 4: The Office did not conduct periodic reviews of Coalition Services portal user access privileges and the Office was unable to demonstrate that user access privileges to the Coalition Services portal were timely deactivated when access was no longer required.

Finding 5: Security controls over mobile device utilization need improvement to ensure the confidentiality, integrity, and availability of Office data and IT resources.

BACKGROUND

State law¹ establishes the Office of Early Learning (Office) within the Department of Education (DOE) to administer Federal and State child care funds and to partner with 30 local early learning coalitions (coalitions) and the Redlands Christian Migrant Association to deliver comprehensive Statewide early learning services. Among other responsibilities, the Office administers the School Readiness Program, including the Teacher Education and Compensation Helps (TEACH) Scholarship Program and the Child Care Resource and Referral (CCR&R) Network. Funded by State general revenue, the Federal Child Care and Development Fund Block Grant, the Temporary Assistance for Needy Families Program, and other Federal programs, the School Readiness Program helps eligible low-income families obtain child care so they can work or attend training or education programs. For the 2017-18 fiscal year, the Legislature appropriated approximately \$1.1 billion to the Office and authorized 99 positions.

¹ Section 1001.213, Florida Statutes.

FINDINGS AND RECOMMENDATIONS

TEACH SCHOLARSHIP PROGRAM

The TEACH Scholarship Program provides educational scholarships² to caregivers and administrators of early childhood programs, family day care homes, and large family child care homes to increase the education, training, and compensation of child caregivers, while reducing the rate of turnover in the field of early childhood education. The TEACH Scholarship Program is a three-way partnership that shares the expenses of receiving an early childhood education degree or credential between the caregiver receiving the scholarship, the sponsoring early childhood program or family child care home, and the Office.

Pursuant to State law,³ the Office contracted with the Children’s Forum, Inc. (Children’s Forum) on a cost reimbursement basis to administer the TEACH Scholarship Program, including conducting outreach and recruitment activities, processing scholarship applications, and administering scholarships. The Children’s Forum was to execute contracts with the caregiver receiving the scholarship and the sponsoring early childhood program or family child care home which detailed the minimum requirements that were to be achieved. For example, caregivers were to enroll and attend classes in an early childhood program and the sponsoring early childhood program or family child care home was to provide the caregiver a minimum of 3 hours per week of paid release time during the school term.

During the 2016-17 and 2017-18 fiscal years, the Legislature appropriated \$10 million and \$3 million, respectively, to the Office for the TEACH Scholarship Program. According to Office and Children’s Forum records, the Children’s Forum awarded 6,083 scholarships, totaling approximately \$8.3 million, during the period July 2016 through February 2018.

Finding 1: TEACH Scholarship Program Monitoring

The Office’s contract with the Children’s Forum specified that with each month’s invoice the Children’s Forum was to submit a service provision report to the Office. Among other things, the service provision report was to detail:

- The number of TEACH scholarship applications received.
- The number of TEACH scholarship contracts issued.
- The number of active and pending TEACH scholarship contracts.
- The number, type, and amount of each TEACH scholarship payment claim processed.

The information and data in the monthly invoices and service provision reports served as the basis for the Office to reimburse the Children’s Forum for achieving required contract performance goals.

² The scholarships allow participants to earn a Child Development Associate credential, a Staff credential, a Bachelor or Associate degree in Early Childhood Education, or a Director credential. Scholarships are also available for credential renewals.

³ Section 1002.95, Florida Statutes.

To ensure that the Children’s Forum achieved contractually specified performance goals and complied with Federal and State requirements, the Office performed programmatic and fiscal monitoring of Children’s Forum activities. Office policies and procedures⁴ required the Contract Manager to develop a programmatic monitoring plan for the Children’s Forum contract and, in coordination with the Project Manager, evaluate the Children’s Forum performance by reviewing the timeliness and accuracy of invoice submissions, the acceptability of deliverables, validity of expenditures, responsiveness to Office requests, and any other criteria established in the monitoring plan.

As part of our audit, we evaluated Office monitoring processes and controls for the TEACH Scholarship Program and examined related records, including six selected monthly Children’s Forum invoices, totaling \$3,308,985, paid by the Office during the period July 2016 through February 2018. Our audit procedures found that, although the programmatic monitoring plan for the Children’s Forum outlined the Contract and Project Managers’ monitoring responsibilities, the plan did not require the Contract or Project Manager, prior to approving each invoice, to review source records supporting the information included in the accompanying service provision report. According to Office management, the Contract Manager only reviewed source records for randomly selected monthly service provision reports. Further, the Project Manager’s review of monthly service provision reports was limited to comparing reported performance results to the contractually specified minimum deliverable requirements. Consequently, Office records did not evidence that Children’s Forum records supporting the achievement of required contract performance goals had been reviewed prior to the approval of five monthly invoices totaling approximately \$2.4 million.

Reviewing Children’s Forum source records prior to approving all invoices for payment would better demonstrate that contract expenditures are appropriate, allowable, and that required contract performance goals had been achieved.

Recommendation: We recommend that Office management ensure programmatic monitoring plans for the Children’s Forum contract require and Office records evidence the review of source records prior to approving invoices for payment.

DATA ANALYSIS AND INFORMATION TECHNOLOGY CONTROLS

State law⁵ requires State agencies to establish information security controls to ensure the security of agency data, information, and information technology (IT) resources. Additionally, Agency for State Technology (AST) rules⁶ establish minimum security standards for ensuring the confidentiality, integrity, and availability of State agency data, information, and IT resources.

State law⁷ requires the Office to establish a single Statewide information system that the coalitions must use to track children’s progress, coordinate services among stakeholders, determine eligibility, track child attendance, and streamline administrative processes. Prior to July 2018, the Office and coalitions utilized the Enhanced Field System (EFS) and the Modernized EFS Family, Coalition Services, and Provider

⁴ Office *New Contract Manager Desk Procedures*.

⁵ Section 282.318(4), Florida Statutes.

⁶ AST Rules, Chapter 74-2, Florida Administrative Code.

⁷ Section 1002.82(2)(n), Florida Statutes.

portals (Releases 1.0 and 2.0) as the single Statewide information system to manage the State's early learning programs. In July 2018, the Office began implementation of the Modernized EFS (Release 3.0), a centralized information system that allows real-time access to program and financial data at both the State and local level.

Finding 2: Technical Assistance Reviews and Data Analysis

To ensure that providers were appropriately reimbursed, Office guidance⁸ specified that EFS data was to accurately reflect the most current household circumstances presented by an applicant to the coalition. The Office produced monthly and quarterly data quality edit reports identifying instances in which EFS data was potentially missing, invalid, inaccurate, or indicative of duplicate payments. Report results were to be shared with the coalitions for their review and follow-up. Pursuant to Office guidance,⁹ Office staff were to conduct periodic Technical Assistance (TA) reviews of coalition use of selected data quality edit reports and document monitoring activities on a TA Scorecard. The TA Scorecard was to document, among other things, each data quality edit report included in the TA review, the errors identified in each report, the coalition's resolution of the errors, and whether resolution occurred within 30 days of the coalition's receipt of the edit report.

In our report No. 2016-192 (Finding 1), we noted that Office EFS data analysis and monitoring processes needed improvement to ensure that the School Readiness Program data used as the basis for provider reimbursements and State and Federal reporting was accurate. Additionally, our EFS data analyses disclosed instances in which excess School Readiness reimbursements were made. As part of our follow-up audit procedures, we evaluated the adequacy of Office TA review controls and examined Office records for 6 of the 32 TA reviews conducted of the July 2016 through May 2017 data quality edit reports. Our audit procedures disclosed that:

- Office records did not evidence the monitoring activities performed for 1 TA review and, for another TA review, whether the coalition resolved the errors noted in the selected data quality edit reports. In response to our audit inquiry, Office management indicated that monitoring activities and coalition resolution of the errors noted in data quality edit reports were not consistently documented due to employee oversight.
- The Office did not conduct TA reviews of the coalitions' use of the data quality edit reports produced during the 2017-18 fiscal year. According to Office management, TA reviews were put on hold in anticipation of the scheduled November 2017 implementation of the Modernized EFS (Release 3.0), which was to include controls to prevent duplicate or erroneous data from being entered into the Modernized EFS. However, as previously noted, the Office did not begin implementation of the Modernized EFS (Release 3.0) until July 2018.

Additionally, we analyzed EFS data for the period July 2016 through February 2018 to identify potential overpayments and compared the results of our analysis to the Office's data quality edit reports to determine whether the reports captured all potential overpayments. While our comparison found that the Office's data quality edit reports appeared to sufficiently capture potential overpayments, we noted certain

⁸ Office *School Readiness Standard Eligibility Review Program Guide* and *Voluntary Prekindergarten Standard Eligibility Review Program Guide*.

⁹ Office *Accountability Review Process*.

overpayments that were not resolved through the conduct of a TA review. Specifically, our analysis disclosed:

- 22 School Readiness Program provider overpayments made during the period July 2016 through May 2017. Subsequent to our audit inquiry, the applicable coalitions made payment adjustments totaling \$2,035.
- 34 School Readiness Program provider overpayments made during the period June 2017 through January 2018. Subsequent to our audit inquiry, the applicable coalitions made payment adjustments totaling \$2,971.

Appropriate data analyses and monitoring processes would provide the Office better assurance that coalition data used as the basis for provider reimbursements and State and Federal reporting is complete and accurate and that coalitions timely resolve reporting errors.

Recommendation: We recommend that Office management consistently document monitoring actions and coalition resolution of errors noted in all applicable data quality edit reports during the conduct of periodic TA reviews.

Finding 3: Modernized EFS Security Controls

Security controls are intended to protect the confidentiality, integrity, and availability of data and IT resources. Our audit disclosed that certain user authentication controls related to the Modernized EFS Family and Provider portals need improvement. We are not disclosing specific details of the issues in this report to avoid the possibility of compromising Modernized EFS data and related IT resources. However, we have notified appropriate Office management of the specific issues.

Without adequate user authentication controls related to the Modernized EFS Family and Provider portals, the risk is increased that the confidentiality, integrity, and availability of Modernized EFS data and related IT resources may be compromised.

Recommendation: We recommend that Office management enhance certain user authentication controls related to the Modernized EFS's Family and Provider portals to ensure the confidentiality, integrity, and availability of Modernized EFS data and related IT resources.

Finding 4: IT Access Privilege Controls

AST rules¹⁰ require State agencies to periodically review user access privileges for appropriateness and ensure that IT access privileges are deactivated when access to an IT resource is no longer required. Effective IT security controls include logging and monitoring to ensure that users are only performing activities that have been explicitly authorized and that logs recording exceptions and other relevant security events are produced and appropriately retained to assist in future investigations and access control monitoring.

The Office implemented the Coalition Services portal within the Modernized EFS to allow coalition users the ability to manage School Readiness and Voluntary Prekindergarten Education Program applications submitted through the Family portal. In December 2017, the Office created the *Employee Separation Checklist (Checklist)* to document, among other things, whether access privileges had been deactivated

¹⁰ AST Rule 74-2.003(1)(a), Florida Administrative Code.

upon an employee's separation from Office employment. As of February 28, 2018, the Office had granted Coalition Services portal access privileges to 41 Office employees, including 13 employees who were granted administrator access privileges,¹¹ and 12 contracted employees.

As part of our audit, we evaluated user access privilege controls for the Coalition Services portal and found that:

- The Office had not established policies and procedures for periodically reviewing Coalition Services portal user access privileges and, as a result, did not periodically review the appropriateness of Coalition Services portal user access privileges during the period July 2016 through February 2018. In response to our audit inquiry, Office management indicated that in lieu of periodic reviews the Office relied on supervisors to e-mail the applicable administrator when an employee no longer required access to the portal. Office management also indicated that, because contracted employee turnover was minimal, the Office relied on the contract manager to notify management when a contracted employee no longer required access privileges.
- The Coalition Services portal did not capture the date that access to the system was deactivated. Consequently, the Office was unable to demonstrate whether user access privileges were timely deactivated upon an Office or contracted employee's separation from employment or when the access privileges were no longer required. During the period November 2015 through February 2018, nine Office employees with Coalition Services portal user access privileges separated from Office employment. We also noted that the Office could not demonstrate whether the Coalition Services portal access privileges for two other Office employees and a contracted employee were timely deactivated when the access privileges were no longer necessary.

Periodic reviews of user access privileges provide Office management assurance that user access privileges are authorized and remain appropriate. Additionally, capturing the dates user access privileges are deactivated would better demonstrate that Coalition Services portal user access privileges are timely deactivated when access is no longer required.

Recommendation: We recommend that Office management establish policies and procedures for conducting periodic reviews of the appropriateness of Coalition Services portal user access privileges. We also recommend that Office management ensure that the timely deactivation of Coalition Services portal user access privileges upon a user's separation from employment or when the access privileges are no longer required is appropriately documented.

Finding 5: Mobile Device Security Controls

Security controls are intended to protect the confidentiality, integrity, and availability of data and IT resources. Our audit procedures disclosed that certain security controls related to mobile device¹² utilization need improvement. We are not disclosing specific details of the issues in this report to avoid the possibility of compromising Office data and IT resources. However, we have notified appropriate Office management of the specific issues.

¹¹ Modernized EFS administrator access privileges granted users the ability to, among other things, reset user passwords, unlock accounts, and enter School Readiness plan rates.

¹² Mobile devices are portable devices, such as laptop computers, smartphones, and tablets, that allow storage and transmittal of entity data.

Without appropriate security controls related to the use of mobile devices by Office employees, the risk is increased that the confidentiality, integrity, and availability of Office data and IT resources may be compromised.

Recommendation: We recommend that Office management enhance certain security controls related to employee use of mobile devices to ensure the confidentiality, integrity, and availability of Office data and IT resources.

PRIOR AUDIT FOLLOW-UP

Except as discussed in the preceding paragraphs, the Office had taken corrective actions for the applicable findings included in our report No. 2016-192 (Findings 1 through 3).

OBJECTIVES, SCOPE, AND METHODOLOGY

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

We conducted this operational audit from February 2018 through July 2018 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 operational audit of the Office of Early Learning (Office) focused on the administration of the Teacher Education and Compensation Helps (TEACH) Scholarship Program, the Child Care Resource and Referral (CCR&R) Network, and selected administrative activities. 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 applicable laws, administrative rules, contracts, grant agreements, and other guidelines.
- To examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- 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, the applicable deficiencies noted in our report No. 2016-192 (Findings 1 through 3).

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in management's internal controls, instances of noncompliance with applicable governing laws, rules, or contracts, and instances of inefficient or ineffective operational policies,

procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit's findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of transactions and records. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature, does not include a review of all records and actions of agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, abuse, or inefficiency.

In conducting our audit, we:

- Reviewed applicable laws, rules, Office policies and procedures, and other guidelines, and interviewed Office personnel to obtain an understanding of the CCR&R Network, the TEACH Scholarship Program, and selected administrative activity controls.
- Examined the CCR&R Specialist Evaluation tool to determine whether the tool included sufficient criteria to verify that CCR&R Network staff had knowledge of the CCR&R Network in their service area in accordance with Office Rule 6M-9.300, Florida Administrative Code.
- Examined Office personnel records for the two employees responsible for grading CCR&R Specialist Evaluation essay questions during the period July 2016 through February 2018 to determine whether, prior to grading CCR&R Specialist Evaluations, the employees had sufficient knowledge of the CCR&R Network.
- From the population of 22 CCR&R Network programmatic monitoring review engagements conducted by the Program Integrity Unit (PIU) during the period July 2016 through February 2018, examined Office records for 6 selected CCR&R Network programmatic monitoring review engagements to determine whether the Office ensured that the early learning coalitions (coalitions) complied with applicable laws, rules, and Office policies and procedures, and whether the Office appropriately and timely followed up on deficiencies noted during monitoring.
- From the population of 93 coalition CCR&R Network employees hired to perform CCR&R Specialist duties during the period July 2016 through October 2017, examined Office records for 15 selected CCR&R Network employees to determine whether the Office ensured that CCR&R Network employees completed required training within 4 months of performing CCR&R Specialist duties pursuant to Office Rule 6M-9.300(9), Florida Administrative Code.

- Analyzed Office data for the 399,004 CCR&R Network calls received and logged into the Enhanced Field System (EFS) during the period July 2016 through February 2018 to determine whether the information provided to individuals requesting CCR&R Network services was recorded in the EFS in accordance with Office Rule 6M-9.300, Florida Administrative Code.
- Analyzed the 51 CCR&R Network staffing lists submitted by the 30 coalitions during the period July 2016 through February 2018 to determine whether the coalition staffing lists were accurate, complete, and timely submitted in accordance with Office policies and procedures.
- From the population of 4,828 scholarship recipients who completed the TEACH Scholarship Program during the period July 2016 through February 2018, examined Children’s Forum, Inc. (Children’s Forum) records for 25 selected scholarship recipients to determine whether the Children’s Forum appropriately documented recipient eligibility, compliance with TEACH Scholarship Program procedures, and Program completion requirements.
- Analyzed Office and Children’s Forum data for the 4,828 recipients of a TEACH scholarship during the period July 2016 through February 2018 to determine whether recipients met selected scholarship eligibility requirements.
- From the population of 26 Children’s Forum service provision reports (20 monthly, 5 quarterly, and 1 annual) due to the Office during the period July 2016 through February 2018, examined Office records for 8 selected Children’s Forum service provision reports (4 monthly, 3 quarterly, and 1 annual) to determine whether the Office ensured that service provision reports were timely submitted and adequately supported.
- Examined Office records for the TEACH Scholarship Program contract monitoring activities conducted by the PIU during the period February 2016 through February 2017 to determine whether the PIU ensured that the Children’s Forum complied with contract terms and maintained documentation evidencing the achievement of contract deliverables.
- Examined Office records for the TEACH Scholarship Program contract monitoring activities conducted by the PIU during the period July 2016 through June 2017 to determine whether the Office ensured that the Children’s Forum adhered to Florida Single Audit Act and Uniform Guidance requirements.
- From the population of 20 TEACH Scholarship Program invoices, totaling \$11,063,780, submitted by the Children’s Forum and paid by the Office during the period July 2016 through February 2018, examined Office records for 6 selected invoices, totaling \$3,308,985, to determine whether the Office ensured that the invoiced amounts were properly supported and invoiced expenditures were made in accordance with applicable laws, rules, TEACH Scholarship Program contract terms, and the Uniform Guidance.
- From the population of 113 Office and 83 Children’s Forum personnel employed at some point during the period July 2016 through February 2018, examined records for 15 selected Office and 22 selected Children’s Forum employees to determine whether, prior to employment, background screenings had been requested, obtained, and reviewed to ensure that employee backgrounds were appropriate. Additionally, we interviewed Office management to determine whether background screenings were periodically performed for Office personnel as a condition of continued employment.
- Examined Office records for the Children’s Forum contract to administer the TEACH Scholarship Program during the period July 2015 through June 2018 to determine whether:
 - The contract included all applicable statutory contract terms pursuant to Section 287.058, Florida Statutes.
 - Office records sufficiently demonstrated the basis for utilizing the sole source procurement method in accordance with Section 287.057(3)(c), Florida Statutes.

- Evaluated Office actions to correct the applicable findings noted in our report No. 2016-192 (Findings 1 through 3). Specifically, we:
 - From the population of 32 technical assistance (TA) reviews conducted of the July 2016 through May 2017 data quality edit reports, examined Office records for 6 selected Office TA reviews to determine whether the results of the TA reviews were adequately documented, including whether the coalitions appropriately investigated and resolved the errors noted in the selected data quality edit reports.
 - Analyzed EFS data for the 215 coalition and 4,791 potential provider overpayments made by the Office during the period July 2016 through February 2018 to determine whether PIU staff timely and appropriately followed up with coalitions when potential overpayments were noted and whether coalitions took sufficient action to ensure potential overpayments were resolved and timely reimbursed to the Office, as applicable.
 - Obtained an understanding of selected Office information technology (IT) controls, assessed the risks related to those controls, evaluated whether selected general and application IT controls for the Modernized EFS were in place, and tested the effectiveness of the controls.
 - Examined Office records for the 41 Office employees and 12 contractor employees who had Modernized EFS user access accounts at some point during the period July 2016 through February 2018 to determine whether the Office periodically evaluated user access privileges to ensure they remained appropriate and were timely deactivated when the access privileges were no longer necessary.
- Reviewed applicable laws, rules, and other State guidelines to obtain an understanding of the legal framework governing Office operations.
- Observed, documented, and evaluated the effectiveness of selected Office processes and procedures for:
 - Budgetary, cash management, revenue and cash receipt, and purchasing activities.
 - The administration of Office contracts. As of February 7, 2018, the Office was responsible for 65 active contracts totaling \$65,281,230.
 - The administration of Office travel in accordance with State law and other applicable guidelines. During the period July 2016 through February 2018, Office travel expenditures totaled \$439,638.
 - The assignment and use of wireless devices with related costs totaling \$459 during the period July 2016 through February 2018.
 - The administration of the requirements of the Florida Single Audit Act. During the period July 2016 through February 2018, the Office expended \$681,594,063 for three State Financial Assistance programs.
- 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. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

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

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with a large initial 'S' and 'N'.

Sherrill F. Norman, CPA
Auditor General

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MANAGEMENT'S RESPONSE



Richard Corcoran
Commissioner of Education

April 2, 2019

Sherrill F. Norman, CPA
Auditor General
Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399

Dear Ms. Norman:

Pursuant to Section 11.45(4)(d), Florida Statutes, this is our response to your report, *Operational Audit of the Office of Early Learning TEACH Scholarship Program and Prior Audit Follow-Up*. Our responses correspond with the findings and recommendations related to the Office of Early Learning contained in the preliminary and tentative finding report.

Thank you for providing us the opportunity to respond to your preliminary findings. If you have any questions concerning this response, please contact Sarah Hall, Inspector General, at (850)717-8686.

Sincerely,

Rodney J. MacKinnon
Executive Director

RJM/sbh

Enclosure

cc: Stephanie Gehres, Deputy Director of Operations & Programs
Melanie May, Deputy Director of Information Services
Sarah Beth Hall, Inspector General

RODNEY J. MACKINNON

EXECUTIVE DIRECTOR, OFFICE OF EARLY LEARNING

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Office of Early Learning
TEACH Scholarship Program and Prior Audit Follow-Up Operational Audit
Responses to Preliminary and Tentative Findings

TEACH Scholarship Program

Finding 1: TEACH Scholarship Program Monitoring

Office records did not always evidence that source records were reviewed prior to approving Children’s Forum invoices for payment.

Recommendation: We recommend that Office management ensure programmatic monitoring plans for the Children’s Forum contract require and Office records evidence the review of source records prior to approving invoices for payment.

OEL Response: OEL will update programmatic monitoring plans. The monthly deliverable review process will be expanded to include documentation of and the review of additional source records prior to approving invoices for payment. The Financial Management Systems Assurances Section will continue to monitor for fiscal compliance with internal controls; cost allocation plans; OMB Uniform Grant Guidance; and contract provisions. Additionally, the Accountability Section will conduct monitoring of the Children’s Forum’s T.E.A.C.H. Scholarship Program that will evaluate participant eligibility determinations; scholarship reimbursement claims; scholarship management and staff qualifications; and education service delivery performance achievement.

Data Analysis and Information Technology Controls

Finding 2: Technical Assistance Reviews and Data Analysis

Office controls for monitoring coalition use of data quality edit reports need enhancement. A similar finding was noted in our report No. 2016-192.

Recommendation: We recommend that Office management consistently document monitoring actions and coalition resolution of errors noted in all applicable data quality edit reports during the conduct of periodic TA reviews.

OEL Response: The Office suspended its technical assistance reviews of data quality edit reports produced during the 2017-18 fiscal year due to the anticipated deployment of the modernized enhanced field system (EFS-Mod). The anticipated deployment was November 2017 which is the typical month when the edit report technical assistance reviews begin for the fiscal year. However, actual phased migration of data from the legacy system to the modernized system did not start until July 1, 2018. The legacy system was comprised of more than 31 separate databases that were managed by each individual early learning coalition and Redlands Christian Migrant Association (RCMA). One of the many upgraded features of EFS-Mod would be having a centralized database

Office of Early Learning
TEACH Scholarship Program and Prior Audit Follow-Up Operational Audit
Responses to Preliminary and Tentative Findings

of statewide customer enrollments, attendance, and provider reimbursements for both the school readiness (SR) and the voluntary prekindergarten (VPK) programs. This feature would eliminate the need for most or all of the edit reports that were produced under the EFS-legacy system.

As previously stated, the phased migration of data has been underway since July 1, 2018. The Office is currently creating EFS-Mod edit reports, using Tableau software, that will identify VPK and SR duplicate records. These reports will provide the Office the opportunity to test the modernized system's inherent functionality to prevent improper or overlapping payments. The plan of action will be to run these edit reports, once available, at least monthly for each early learning coalition and RCMA. Each coalition and RCMA will receive a report detailing potential overpayments and corrective action reporting instructions that are to be submitted to the Office. The Office will ensure that monitoring actions and coalition resolution of errors will be documented. After the 1st quarter of fiscal year 2019-20, the Office will reevaluate to determine 1) if the existing edit reports are identifying overpayments as intended; 2) if there are additional edit reports needed to identify other sources of potential overpayments; and 3) if there are any system upgrades that can be made to further prevent intentional or unintentional data entry errors from causing improper overpayments.

Finding 3: Modernized EFS Security Controls

Certain user authentication controls related to the Modernized Enhanced Field System (EFS) Family and Provider portals need improvement to ensure the confidentiality, integrity, and availability of Modernized EFS data and related information technology (IT) resources.

Recommendation: We recommend that Office management enhance certain user authentication controls related to the Modernized EFS's Family and Provider portals to ensure the confidentiality, integrity, and availability of Modernized EFS data and related IT resources.

OEL Response: OEL concurs with the finding. OEL will improve user authentication controls within the Modernized EFS's Family and Provider portals. OEL is committed to security controls that ensure the confidentiality, integrity, and availability of Modernized EFS data and related IT resources.

Finding 4: IT Access Privilege Controls

The Office did not conduct periodic reviews of Coalition Services portal user access privileges and the Office was unable to demonstrate that user access privileges to the Coalition Services portal were timely deactivated when access was no longer required.

Recommendation: We recommend that Office management establish policies and procedures for conducting periodic reviews of the appropriateness of Coalition Services portal user access

Office of Early Learning
TEACH Scholarship Program and Prior Audit Follow-Up Operational Audit
Responses to Preliminary and Tentative Findings

privileges. We also recommend that Office management ensure that the timely deactivation of Coalition Services portal user access privileges upon a user's separation from employment or when the access privileges are no longer required is appropriately documented.

OEL Response: OEL concurs with the finding. OEL will incorporate audit trails for user access privileges within the Coalition Services portal and ensure periodic reviews are conducted for these privileges. OEL will ensure audit trails for the Coalition Services portal include user account activation dates, user account deactivation dates, and user account creation information, including the existing user that created the user account.

Finding 5: Mobile Device Security Controls

Security controls over mobile device utilization need improvement to ensure the confidentiality, integrity, and availability of Office data and IT resources.

Recommendation: We recommend that Office management enhance certain security controls related to employee use of mobile devices to ensure the confidentiality, integrity, and availability of Office data and IT resources.

OEL Response: OEL concurs with the finding. OEL is testing certain security controls related to employee use of mobile devices. OEL is committed to security controls that ensure the confidentiality, integrity, and availability of mobile devices and other IT resources.