



August 29, 2019

MEMORANDUM

TO: Early Learning Coalition Executive Directors/Chief Executive Officers, Early Learning Coalition Finance Directors, RCMA Executive Director

FROM: Shan Goff, Executive Director, Office of Early Learning

SUBJECT: FY2018-19 School Readiness (SR) Attendance and Reimbursement Processing - Update

The purpose of this document is to provide coalitions and RCMA with updated guidance related to SR attendance and reimbursement processing for FY 2018-19. We understand many coalitions and providers are still in the process of finalizing attendance in EFS Mod and may have concerns regarding the consequences of not meeting the **September 6 deadline** to close out the 2018-19 fiscal year.

This document provides a summary of frequently asked questions and OEL responses concerning School Readiness attendance and reimbursement processing.

- 1. What are OEL's deadlines for attendance processing and for submitting final/13th invoices for program year 2018-19?** These are two different but connected closeout processes and prior discussions have referenced multiple deadlines/due dates.

For FY 2018-19 EFS Mod/School Readiness (SR) Attendance and Reimbursement Processing

Your entity should complete these tasks **on or before Friday, September 6, 2019**. OEL will work with coalitions that are unable to meet this deadline on a case-by-case basis.

For FY 2018-19 submission of final/13th invoices

As described in OEL's 2018-19 grant awards, your entity should submit a final/13th invoice to OEL **on or before Friday, September 20, 2019**.

- All state agencies must comply each year with due dates established by legislative intent and statutes, and a target date of September 18 is set by the Department of Financial Services (DFS) for program year 2018-19.
- OEL's invoice submission date remains as noted in your 2018-19 grant award; your entity has until September 20 to submit your final/13th invoice.

- 2. What happens if my entity does not meet these deadlines?** Since these are two different but connected closeout processes, the results vary if either or both deadlines are not met.

For FY 2018-19 EFS Mod/School Readiness (SR) Attendance and Reimbursement Processing

Prior period adjustments will be generated if your entity still has EFS Mod-related corrections or data input tasks after the above-listed due date. **Coalitions will continue to have the ability to make prior period adjustments as needed going forward.** Prior period adjustments resulting in a payment owed from OEL to the coalition may be requested for payment from the FY19-20 grant. Prior period adjustments resulting in a refund to OEL should be repaid to OEL via a check and

deposit form in accordance with OEL Program Guidance 240.01 – Cash Management at the end of the prior period adjustments/corrections period.

3. **Do we need to send a check back immediately with the 13th invoice?** Your entity should make payment by check to OEL with your 13th invoice for the balance of any advance funds held.
4. **As ELCs work through 2018-19 prior period adjustments, corrections will probably be identified in September and again in October. Should our entity plan to make multiple repayments to OEL, or will there be one set date to return excess funds to OEL by check?** OEL wants to minimize the need to make multiple fund transfers during the FY 2018-19 closeout process. Your entity should make one payment by check to OEL at the close of your prior period adjustments/corrections tasks.
5. **Are there any contractual provisions that can be used to mitigate provider challenges to overpayments due to missing attendance documentation?** Yes, refer to paragraphs 22, 23, 42, 56, and 59 in the SR Provider Contract and paragraphs 33, 36, 43, and 46 in the VPK Provider Contract.
6. **How do I complete attendance for a provider that has gone out of business or no longer has a School Readiness contract?** Your entity has the authority to enter attendance record data into the portal for any provider that is now terminated that had a valid SR contract in FY 2018-19. Your entity should attempt to have the provider submit the attendance through EFS Mod. If the provider is unwilling to submit their attendance through the statewide Provider Portal, use **the School Readiness Attendance Certification and Authorization** form included with this guidance.
7. **What should coalitions do if they have providers who refuse to repay the coalition, in the case of an overpayment?** Coalitions should follow the collections process within OEL Program Guidance 240.03 – Collection of Delinquent Accounts to recover overpaid funds. Email OEL Questions at oel.questions@oel.myflorida.com to provide details and request guidance on a case-by-case basis.
8. **How long should coalitions give providers to repay coalitions, in the case of an overpayment?** OEL is granting local discretion in determining the length of the repayment plan. Based on the amount of the overpayment and consideration to the impact to the provider, the coalition can either recoup the overpayment with the next payment or establish a repayment plan. Collection efforts and repayment plans should adhere to OEL Program Guidance 240.03. Coalitions should work with their providers on a case-by-case basis to recoup the funds as quickly as possible, while considering the impact to the providers.
9. **What should coalitions do in cases where School Readiness children were enrolled with a provider that does not have a School Readiness contract with their coalition?** EFS Mod was designed to allow parents to select a provider of their choice, regardless of whether or not the provider has a School Readiness contract. A feature has been added that will display a message to the coalition users if the provider does not have a SR current contract with your coalition. However, the system does not stop the users from completing the enrollment. It is important for coalition staff to check the **Contracts** tab, located in the **Administrative Review** section of provider profiles in EFS Mod, to determine if an active School Readiness contract with your coalition exists prior to enrolling a child with that provider.

If a child was enrolled with a provider that does not have a School Readiness contract with your coalition, a settlement agreement would need to be established to reconcile payments for the time period where no School Readiness contract was in place.

10. What should coalitions do in cases where they have paid providers for children who are no longer eligible for School Readiness funding? Coalitions should follow the collections process within OEL Program Guidance 240.03 – Collection of Delinquent Accounts to recover overpaid funds. Special circumstances should be emailed to OEL Questions at oel.questions@oel.myflorida.com to provide details and request guidance on a case-by-case basis.

11. Parent copay amounts in EFS Mod are not always correct on payment certificates that providers receive. As a result, some providers have been collecting the wrong copay amount from parents. How should this be handled? The coalition must follow the provisions specified in Rule 6M-4.400(8) and (9), FAC. If the parent copay error is caused by an incorrect copayment assessment in EFS Mod, the coalition shall **not** take action to recover the incorrect copayment made. The coalition must correct the error and apply the corrected copayment **from that point forward**. If it is found that the parent was assessed a copayment that was too high, the following is required.

- Suspend the parent copayment in EFS Mod using the fee waiver option. Set the start and end dates to correspond with the amount owed back to the parent for assessing a too-high copayment.
- Send a notification to the parent and the provider explaining the error and the corrective action taken.
- Document the adjustment in EFS Mod for audit purposes.

12. Tax questions relating to provider 1099s. Providers should consult with their tax accountant regarding tax concerns. As long as the following tasks are completed each year, the ELCs/OEL have met annual reporting/disclosure requirements for tax reporting purposes.

- Issue a Form 1099-MISC to any vendors paid \$600 or more in a given tax year;
- Complete required 1099 forms using best available data for vendor income payments made; and
- File the necessary 1099 forms timely with the IRS and with vendors each year (due Jan 31st).

13. How should coalitions and RCMA address any Single Audit Act observations that may result from the EFS Mod transition? There's still time left for each coalition/entity to make corrections and complete their routine EFS reconciliation tasks/processes; if this occurs for each entity, potential audit issues/findings should be minimized.

14. What steps will OEL take to assist us with EFS Mod transition impacts on our 2018-19 financial statement/Single Audits? OEL staff has already communicated with one ELC audit firm to discuss this issue. It is currently estimated that audit teams can still perform a large portion of the 2018-19 audit work in the normal September/October timelines while coalition/entity staff have final EFS-related corrections underway. To further enhance local communications related to this issue, OEL also plans to:

- Conduct a conference call with all ELC/RCMA audit firms to discuss EFS Mod and share the latest status of completed EFS Mod-related processing tasks.
- Request the audit firms contact each entity's governing board/finance committee to separately inform them of these issues and potential impacts to the annual audit, which may include one or more of the following -

- Potential findings related to compliance/internal controls.
- Worst case potential scope limitation issues if EFS Mod is not functional at the end of the 9 month period required for Single Audit submissions (federal and state) to the Federal Audit Clearinghouse (FAC) and the Office of the Auditor General (OAG).

15. Will coalitions and RCMA be given any special considerations regarding OEL monitoring observations related to the EFS Mod transition? The following actions to document special considerations for FY 2018-19 have been proposed by OEL.

- Programmatic and fiscal monitoring reports will include explanatory note/comment to document the “scope impact” of EFS Mod changes on operations for the 2018-19 program year.
- OEL will provide a written summary of temporary/alternative processes (i.e., SR-recon/VPK-recon codes, etc.) put in place for coalitions and RCMA to assist with and to mitigate operating risks for the 2018-19 program year. This summary will be provided to coalitions/RCMA and their auditors.

We sincerely appreciate the patience, hard work and time spent by coalition staff and child care providers over the past year. If you have other questions, please submit them to the OEL Questions mailbox at OELQuestions@oel.myflorida.com. The OEL team will provide additional updates and instructions as quickly as possible.