



September 26, 2016

Mr. Rodney J. MacKinnon, Executive Director  
Florida Office of Early Learning  
250 Marriott Drive  
Tallahassee, FL 32399

Subject: OIG Annual Report for Fiscal Year 2015-16

Dear Executive Director MacKinnon:

In accordance with Section 20.055(8), Florida Statutes, I am pleased to present the Annual Report for the Office of Inspector General (OIG). This report reflects the activities and accomplishments of the OIG for Fiscal Year 2015-16.

We remain committed to the goals of the Florida Office of Early Learning and to our work to provide a central point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency.

If you have any questions or require additional information, please contact me. Thank you for your continued support of our efforts.

Sincerely,

Sarah Beth Hall  
Inspector General

Enclosure



**Florida Office of Early Learning  
Office of Inspector General**



**Annual Report for Fiscal Year 2015-16  
September 26, 2016**

**SARAH BETH HALL**

INSPECTOR GENERAL, OFFICE OF EARLY LEARNING



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### **Introduction**

The role of the Office of Inspector General (OIG) is to provide a central point for coordination of, and responsibility for, activities that promote accountability, integrity, and efficiency in the department. Sections 20.055 and 1002.91(8)(c), Florida Statutes, define the duties and responsibilities of agency inspectors general.

The statute requires that the OIG submit an annual report, no later than September 30 of each year, summarizing the office activities during the preceding state fiscal year.

This report includes, but is not limited to:

- A description of significant abuses and deficiencies relating to the administration of programs and operations of the agency disclosed by investigations, audits, reviews, or other activities during the reporting period.
- A description of the recommendations for corrective action made by the Inspector General during the reporting period with respect to significant problems, abuses, or deficiencies identified.
- The identification of each significant recommendation described in previous annual reports on which corrective action has not been completed.
- A summary of each audit and investigation completed during the reporting period.

This annual report is presented to the Executive Director of the Florida Office of Early Learning (OEL), the Florida Chief Inspector General (CIG), and the Florida Auditor General to comply with statutory requirements and to provide department staff and interested parties with information on the OIG's progress in accomplishing its mission.

### **Background**

The OEL administers federal and state child care funds and partners with 30 local early learning coalitions and the Redlands Christian Migrant Association (RCMA) to deliver comprehensive early learning services statewide. The office oversees three programs—the School Readiness (SR) Program, the Voluntary Prekindergarten (VPK) Education Program, and Child Care Resource and Referral (CCR&R) services.

The state's 30 local, nonprofit early learning coalitions and RCMA are responsible for delivering local services. OEL allocates federal and state funds to each early learning coalition to administer the SR program, VPK program, and CCR&R services.



These early learning coalitions are governed by boards whose compositions are statutorily mandated and include gubernatorial appointees. Allegations of fraud, waste, or abuse at these early learning coalitions and their contractors are typically investigated by the OIG.

For the 2015-16 fiscal year, the OEL was administratively housed under the Florida Department of Education (DOE). A memorandum of understanding exists to separate the duties of the DOE Inspector General and those of the OEL Inspector General. The OEL Inspector General is responsible for all duties related to the operations of the OEL.

### **OIG Mission**

The mission of the OIG is to protect and promote public integrity and accountability within the OEL through audits and investigations that detect fraud, waste and abuse and administrative violations. Additionally, the OIG offers consulting services to assist management in their efforts to maximize effectiveness and efficiency.

### **OIG Duties and Responsibilities**

The OIG's duties and responsibilities include the following:

- Provide direction for, supervise and coordinate audits, investigations and management reviews relating to the programs and operations of the agency;
- Conduct, supervise or coordinate other activities carried out or financed by the agency for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, its programs and operations;
- Keep the OIG informed concerning fraud, abuses, and deficiencies relating to programs and operations administered or financed by the agency, recommend corrective action concerning fraud, abuses, and deficiencies, and report on the progress made in implementing corrective action;
- Review and evaluate internal controls necessary to ensure fiscal accountability of the agency;
- Review the actions taken by the state agency to improve program performance and meet program standards and make recommendations for improvement, if necessary;



- Assess the reliability and validity of the information provided by the agency on performance measures and standards and make recommendations for improvement, if necessary;
- Review, as appropriate, rules relating to the program and operations of the agency and make recommendations concerning their impact;
- Ensure that an appropriate balance is maintained between audit, investigative, and other accountability activities; and
- Comply with the *General Principles and Standards for Offices of Inspector General* as published and revised by the Association of Inspectors General.

Pursuant to legislative intent, the OIG also administers the public assistance fraud referral process for the OEL and coordinates the process with external partners to ensure maximum efficiency.

### **Organizational Structure**

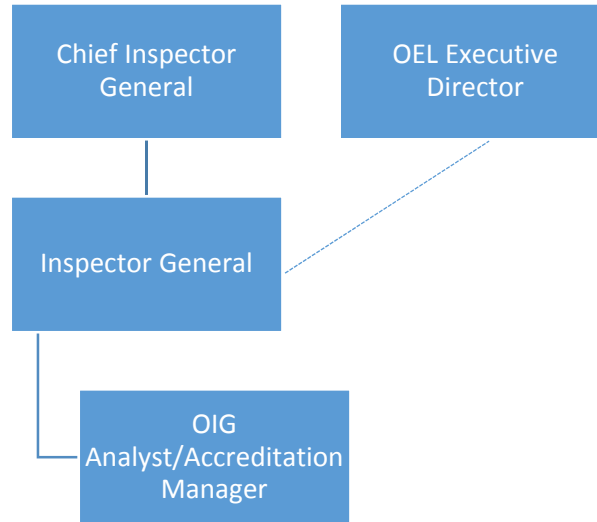
The Inspector General reports functionally to the CIG and administratively to the Executive Director of the OEL. The OIG has two professional positions, with one position supervised by the Inspector General. Personnel collectively possess diverse professional and educational backgrounds that provide the office with the expertise to fulfill its statutory requirements.

Pursuant to state statute, the OIG has full, free, and unrestricted access to all OEL activities, records, data, properties, functions, and personnel necessary to effectively carry out its responsibilities.

The OEL Inspector General position was vacant from December 1, 2014, through May 2, 2016. Additionally, the OIG Investigator/Accreditation Manager position was vacated on August 1, 2015.



### OIG Organizational Chart



### Staff Qualifications

The *International Standards for the Professional Practice of Internal Auditing* as published by the Institute of Internal Auditors, and the *Principles and Standards for Offices of Inspector General* as published and revised by the Association of Inspectors General require internal auditors to maintain their professional proficiency through continuing education and training. OIG personnel complete training each year to improve knowledge and skills in audits and investigations. The OIG staff remains committed to seeking professional excellence through continued training and development to ensure the highest quality of service to our customers.

Expertise within the OIG encompasses a variety of disciplines with personnel qualified in auditing, accounting, investigations, and information technology. Staff members continually seek to augment their professional credentials which further enhance their abilities and skill level through additional training.

The accomplishments of the staff in obtaining professional certifications represent significant time and effort by each staff member, reflecting positively on the individual as well as the Department.





During Fiscal Year 2015-16, OIG staff held numerous professional certifications. The table below details the types and number of certifications held by OIG staff.

Professional Certifications	No.
Certified Internal Auditor	1
Certified Information Systems Auditor	1
Certified Information Systems Security Professional	1
Certified Inspector General	1
Certified Inspector General Auditor	1
Notary Public	1

In addition to maintaining professional certifications, OIG personnel are active in professional organizations that support audits and investigations; such as:

- The Association of Inspectors General (National and Local Chapters);
- The Institute of Internal Auditors (National and Local Chapters);
- The Association of Certified Fraud Examiners; and
- ISACA (National and Local Chapters).

This participation assists staff in maintaining a high level of proficiency in their profession and areas of certification.

### **Internal Audits**

The mission of the internal audit activity is to provide independent, objective assurance (audits), consulting engagements, and management reviews designed to add value and improve the organization's operations. The internal audit activity helps the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Audits and consulting engagements are conducted in accordance with *the International Standards for the Professional Practice of Internal Auditing*, published by the Institute of Internal Auditors and the applicable *Principles and Standards for Offices of Inspector General*, published and revised by the Association of Inspectors General.





Management reviews are reviews of the OEL's units, programs, or processes that do not require a comprehensive audit. Management reviews result in written reports or letters of findings and recommendations, including responses by management. Management reviews are conducted in accordance with the applicable *Principles and Standards for Offices of Inspector General*, published by the Association of Inspectors General.

These reports are distributed internally to the Executive Director and affected program managers. In addition, certain reports are sent to the CIG and to the Florida Auditor General.

During the 2015-16 fiscal year, the OIG performed the following single audit related activities.

- Completed the Florida Catalog of State Financial Assistance annual agency certification for the 2015-16 fiscal year.
- Reviewed thirty-two independent audit plans of early learning coalitions, RCMA, and the Children's Forum.
- Reviewed thirty-two independent financial audit reports of early learning coalitions, RCMA, and the Children's Forum.

#### **Follow-up Activities**

The *International Standards for the Professional Practice of Internal Auditing* published by the Institute of Internal Auditors and the *Principles and Standards for Offices of Inspector General* published by the Association of Inspectors General require the OIG to establish a follow-up process to monitor and ensure management corrective actions were effectively implemented.

In accordance with Section 20.055(6)(h), Florida Statutes, the OIG monitors the implementation of OEL's responses and planned corrective actions to findings and recommendations made in reports issued by the Florida Auditor General or by the Office of Program Policy Analysis and Government Accountability (OPPAGA). The OIG is also required to provide a written report to the CIG on the status of planned corrective actions no later than six months after a Florida Auditor General or OPPAGA report is published. A copy of the report is also provided to the Joint Legislative Auditing Committee and the Executive Director.

During Fiscal Year 2015-16, the OIG responded to the Summary Schedule of Prior Audit Findings for the Statewide Federal Awards Audit published by the Florida Auditor General for the fiscal year ended June 30, 2015.



**External Audit Coordination**

Section 20.055, Florida Statutes, requires the OIG to ensure effective coordination and cooperation between the Auditor General, federal auditors, and other governmental bodies with a view toward avoiding duplication. The OIG is the primary liaison with external audit entities and is responsible for coordinating and facilitating responses to audits or reviews by those entities.

During Fiscal Year 2015-16, two external audits were published. The table below provides the details on each engagement.

<b>External Audit Coordination</b>			
<b>Entity</b>	<b>Report No.</b>	<b>Report Name</b>	<b>Status</b>
Florida Auditor General	2016-192	Office of Early Learning and Selected Early Learning Coalitions Early Learning Programs and Related Delivery Systems	Completed – May 2016
Florida Auditor General	2016-159	State of Florida Compliance and Internal Controls Over Financial Reporting and Federal Awards	Completed – March 2016

**Investigations**

In addition to audit activities, Section 20.055, Florida Statutes, details investigative duties of the OIG. The OIG shall initiate, conduct, supervise, and coordinate investigations designed to detect, deter, prevent, and eradicate fraud, waste, mismanagement, misconduct, and other abuses. In line with this, the OIG is required to:

- Receive complaints and coordinate all activities of the agency as required by the Whistle-blower’s Act, pursuant to Section 112.3187-112.31895, Florida Statutes;
- Receive and consider the complaints which do not meet the criteria for an investigation under the Whistle-blower’s Act and conduct, supervise, or coordinate such inquiries, investigations, or reviews as appropriate; and
- Report expeditiously to the Department of Law Enforcement or other law enforcement agencies, as appropriate, whenever the Inspector General has reasonable grounds to believe there has been a violation of criminal law.

During the 2015-16 fiscal year, the OIG received and processed 17 inquiries or complaints. The inquiries or complaints came from many sources including, but not limited to, letters,



telephone calls, e-mails, and the CIG's Office. As of June 30, 2016, 3 of the 17 complaints were in progress and scheduled for completion during the first quarter of fiscal year 2016-17. None of the completed inquiries resulted in a written report.

### **Oversight Activities**

The OIG participates in numerous activities that are classified as oversight. This includes coordination of the fraud referral process and administration of the fraud referral database, an annual review of OIG procedures, data analytics, internal quality assessment, annual OIG risk assessment, OIG work plan, OIG annual report, and other internal/external assistance.

### **Public Assistance Fraud**

The OIG performed the following activities related to public assistance fraud during fiscal year 2015-16.

- Processed 603 public assistance fraud referrals.
- Provided user account administration activities for the OEL Fraud Referral System.
- Reviewed 24 early learning coalition anti-fraud plans in accordance with Section 1002.91, Florida Statutes.
- Worked with the Department of Health's Child Care Food Program on fraud prevention activities.
- Served as program manager for the Division of Public Assistance Fraud investigation contract.

### **Risk Assessment, Annual Audit Plan, and Annual Report**

In accordance with Section 20.055, Florida Statutes, the OIG develops long-term and annual audit plans, based on the findings of a comprehensive annual risk assessment. The annual audit plan was approved by the agency head and submitted to the CIG and the Florida Auditor General. The OIG is also responsible for preparing an annual report summarizing the activities of the office during the immediately preceding fiscal year.



**Appendix A: Outstanding Recommendations**

As of June 30, 2016, there were 18 external audit recommendations requiring corrective action and no outstanding internal audit recommendations. The 18 external audit recommendations are from 1 external audit. The recommendations are listed in the table below.

<b>Outstanding Audit Recommendations As of June 30, 2016</b>	
<b>External Audit</b>	<b>Recommendation</b>
Florida Auditor General <i>Office of Early Learning and Selected Early Learning Coalitions Early Learning Programs and Related Delivery Systems</i> , Report No. 2016-192	To improve the accuracy of Enhanced Field System (EFS) data and detect potential errors and improprieties, we recommend that OEL management ensure that appropriate data analyses are conducted.
	We also recommend that OEL management ensure that the coalitions review and follow up on any matters identified by data analyses be subject to comprehensive monitoring.
	We recommend that OEL management establish change management controls that document the appropriate authorization, testing, approval, and tracking of program modifications to the EFS, the Single Point of Entry (SPE), and the Unified Wait List (UWL).
	In addition, we recommend that OEL management perform periodic reviews of the appropriateness of EFS and UWL user access privileges and ensure that the timely deactivation of EFS and UWL access privileges upon an employee's separation from OEL employment is appropriately documented.
	We recommend that OEL management strengthen security controls for the EFS and the UWL related to user authentication to ensure the continued confidentiality, integrity, and availability of EFS and UWL client data and related IT resources.
	We recommend that OEL management ensure that the review and approval process for all School Readiness Program curricula is appropriately documented and that all Committee members satisfy established requirements.
	We recommend that coalition management take steps to ensure that School Readiness Program eligibility



	determinations are supported by appropriate documentation and properly conducted in accordance with State law and School Readiness Program rules.
	We recommend that coalition management verify and document that School Readiness Program providers obtain and maintain required insurance coverages.
	We recommend that coalition management ensure that School Readiness Program provider payments are made in accordance with applicable rules and are supported by accurate and complete attendance documentation.
	We recommend that coalition management verify and document that private VPK Program providers obtain and maintain required insurance coverages.
	We recommend that coalition management ensure that VPK Program provider payments are made in accordance with applicable rules.
	We recommend that coalition management ensure that purchases are appropriately approved in accordance with established policies and procedures.
	We recommend the coalition management ensure that all applicable tangible personal property items are properly recorded in the property records, annual physical inventories are adequately documented and the results reconciled to master property lists, and property disposal records are maintained in accordance with DFS rules.
	We recommend that coalition management ensure that, prior to hire, an applicant for employment meets the educational requirements applicable to the position. When other qualifications and experience are considered acceptable in lieu of educational requirements, coalitions should adequately document this consideration in the personnel file as justification for waiving the educational requirements.
	To minimize the risk of compromising coalition data and IT resources, we recommend that coalition management ensure that appropriate background screenings are performed for all staff and contractors with access to confidential data in accordance with coalition grant agreements and State law.



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	Additionally, we recommend that coalition management ensure that sufficient IT policies and procedures are established related to user access and other critical IT activities.
	Coalition management should also ensure that all IT access privileges are deactivated immediately upon a user's separation from coalition employment.
	We recommend that Coalition management enhance IT security policies and procedures to ensure the continued confidentiality, integrity, and availability of Coalition data and related IT resources.





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