

OFFICE OF EARLY LEARNING
OFFICE OF INSPECTOR
GENERAL

Annual Report for the 2019-20 Fiscal Year



September 24, 2020

Shan Goff
Executive Director

David Ulewicz
Inspector General



September 24, 2020

Ms. Shan Goff, Executive Director
Office of Early Learning
250 Marriott Drive
Tallahassee, FL 32399

Subject: OIG Annual Report for the 2019-20 Fiscal Year

Dear Executive Director Goff:

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 the 2019-2020 Fiscal Year.

We remain committed to the goals of the 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,

David Ulewicz

David Ulewicz
Inspector General



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Office of Early Learning
Office of Inspector General
250 Marriott Drive
Tallahassee, Florida 32399

Office Phone Number: (850) 717-8605
E-Mail: Inspector.General@oel.myflorida.com



INTRODUCTION

The Office of Early Learning (OEL) is established within the Department of Education (DOE), Office of Independent Education and Parental Choice. The Commissioner of Education appoints OEL's Executive Director. A memorandum of understanding exists to separate the duties of the DOE Inspector General (IG) and those of the OEL IG. The OEL IG is responsible for all duties related to the operations of the OEL and may investigate allegations of fraud, waste, or abuse regarding OEL's grantees and contractors.

Section 20.055, Florida Statutes (F.S.), defines the duties and responsibilities of agency inspectors general. The statute requires that the Office of Inspector General (OIG) submit an annual report, no later than September 30 of each year, summarizing the OIG's activities during the preceding state fiscal year. This report includes, but is not limited to:

- Activities relating to the development, assessment, and validation of performance measures.
- 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.
- Recommendations for corrective action made by the IG during the reporting period with respect to significant problems, abuses, or deficiencies identified.
- A summary of each audit and investigation completed during the reporting period.
- The identification of each significant recommendation described in previous annual reports on which corrective action has not been completed.

To comply with statutory requirements and to provide state office staff and interested parties with information on the OIG's progress in accomplishing its mission, this annual report is presented to the OEL Executive Director, the Florida Chief Inspector General (CIG), and the Auditor General (AG).

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

Section 20.055, F.S., outlines the following OIG duties and responsibilities.

- Advise in the development of performance measures, standards, and procedures for the evaluation of state agency programs.
- Assess the reliability and validity of the information provided by the state agency on performance measures and standards, and make recommendations for improvement, if necessary, before submission of such information pursuant to Section 216.1827, F.S.
- Review the actions taken by the state agency to improve program performance, meet program standards, and make recommendations for improvement, if necessary.
- Provide direction for, supervise and coordinate audits, investigations and management reviews relating to the programs and operations of the state 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 CIG and OEL Executive Director 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.
- Ensure effective coordination and cooperation between the AG, federal auditors, and other governmental bodies with a view toward avoiding duplication.
- Review and evaluate internal controls necessary to ensure fiscal accountability of the agency.
- 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.
- Comply with the *General Principles and Standards for Offices of Inspector General* as published and revised by the Association of Inspectors General (AIG).

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.



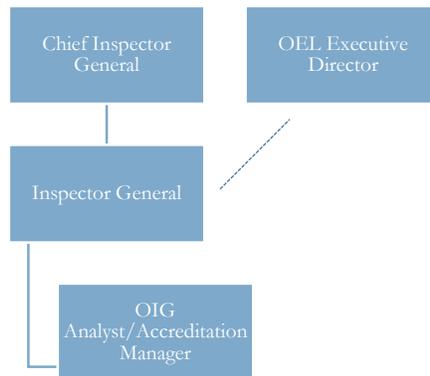
OIG ORGANIZATIONAL STRUCTURE

The IG reports functionally to the CIG and administratively to the OEL Executive Director. The OIG has two professional positions, with one position supervised by the IG. Staff collectively possess diverse professional and educational backgrounds that provide the OIG 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 staff necessary to effectively carry out its responsibilities.

OIG Organizational Chart

The IG position was vacant from July 2019 through October 2019. The OIG Analyst/Accreditation Manager served as the Interim IG during this period.



INTERNAL AUDIT ACTIVITY

The mission of the OIG’s internal audit activity is to provide independent, objective assurance (audits), consulting engagements, and management reviews designed to add value and improve the OEL’s operations. The internal audit activity helps the OEL 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 IIA, and the applicable *Principles and Standards for Offices of Inspector General*, published and revised by the AIG.



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 AIG. These reports are distributed internally to the OEL Executive Director and affected program managers. In addition, select reports are sent to the CIG and to the AG.

Internal Audit Accomplishments

During the 2019-20 Fiscal Year, the OIG completed one management review. The following summary describe the results of the engagement completed by the OIG during the fiscal year.

Performance Measure Management Review, Report No. 20-MR02

Issued: September 27, 2019

The OIG conducted an annual review of the performance measures for the OEL's Long Range Program Plan as required by Section 20.055, F.S. The OIG assessed the reliability and validity of the two performance measures provided to the Legislature. The OIG determined the performance measure; "Number of 4 year olds enrolled in Voluntary Prekindergarten" was reliable and valid. The OIG did not assess the performance measure, "Percentage of children completing the Voluntary Prekindergarten Program (VPK) ready for school when they enter kindergarten," as data was not available for the measure.

Internal Audit Engagements in Progress

At the close of the 2019-20 Fiscal Year, the OIG had two internal audit engagements in progress. Each engagement is scheduled for completion during fiscal year 2020-21.

Confidential Data Audit, No. 19-IA01

The purpose of this audit is to review and evaluate the internal controls in place to secure confidential and sensitive data housed within OEL's resources.

Spreadsheet Reliance Audit, No. 19-IA02

OEL has increased its dependence on the use and automation of spreadsheets. This audit would review and evaluate the controls in place surrounding the use of spreadsheets and their automation.

Follow-up Activities

The *International Standards for the Professional Practice of Internal Auditing*, published by the IIA, and the *Principles and Standards for Offices of Inspector General*, published by the AIG, require the OIG to establish a follow-up process to monitor and ensure management implemented corrective actions. During the 2019-20 Fiscal Year, the OIG followed up on one internal engagement and had one follow up in progress.



IT Risk Assessment Second Follow-up No. 20-FP02

The OIG followed-up on recommendations made in the IT Risk Assessment, OIG No. 17-IA003, dated June 29, 2018. The report included 26 findings and 30 recommendations. The OIG verified that corrective actions are now completed on ten findings and eleven recommendations. The OIG will initiate a follow-up project on the remaining open findings and recommendations in the 2020-21 Fiscal Year.

Monitoring of OEL Planned Corrective Actions

In accordance with Section 20.055(6)(h), F.S., the OIG monitors the implementation of OEL's responses and planned corrective actions to findings and recommendations made in reports issued by the AG 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 an AG or OPPAGA report is published. A copy of the report is also provided to the Joint Legislative Auditing Committee and the Executive Director of the OEL. During the fiscal year, one external audit required follow-up activities.

Auditor General Report No. 2019-203, OEL TEACH Scholarship Program and Prior Audit Follow-up Audit

In September 2019 the OEL OIG provide a written report to the CIG on the status of actions taken in response to the Auditor General Report No. 2019-203, released in April 2019. The report noted corrective action were in progress for 4 audit findings and not started for 1 audit finding.

External Audit Coordination

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

During the 2019-20 Fiscal Year, the OIG coordinated seven external engagements including the Florida Auditor General's Federal Awards and Operational Audits.

Enterprise Projects

To gain efficiencies of working together, the CIG and agency Inspectors General meet on a regular basis to discuss and evaluate enterprise issues and projects. Additionally, the OIG assists staff from various OIGs with special requests and provides support for Enterprise projects.



STATUS OF PRIOR RECOMMENDATIONS

Section 20.055, F.S., requires the identification of each significant recommendation described in previous annual reports on which corrective action has not yet been completed. As of June 30, 2020, there were 3 reports described in previous OIG annual reports that have significant outstanding audit recommendations requiring corrective action. The “Outstanding Significant Audit Recommendations” table below lists the open recommendations.

Outstanding Significant Audit Recommendations as of June 30, 2020
<p>Auditor General External Audit - <i>Office of Early Learning and Selected Early Learning Coalitions Early Learning Programs and Related Delivery Systems</i>, Report No. 2016-192, Recommendations:</p> <ul style="list-style-type: none"> • 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 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.
<p>Auditor General External Audit - <i>Office of Early Learning TEACH Scholarship Program and Prior Audit Follow-up Audit</i>, Report No. 2019-203, Recommendations:</p> <ul style="list-style-type: none"> • We recommend that OEL management ensure programmatic monitoring plans for the Children’s Forum contract require and OEL records evidence the review of source records prior to approving invoices for payment. • We recommend that OEL 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. • We recommend that OEL 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. • We recommend that OEL management establish policies and procedures for conducting periodic reviews of the appropriateness of Coalition Services portal user access privileges. We also recommend that OEL 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. • We recommend that OEL management enhance certain security controls related to employee use of mobile devices to ensure the confidentiality, integrity, and availability of OEL data and IT resources.
<p>OEL OIG Internal Audit – <i>IT Risk Assessment Audit</i>, Report No. 17-IA003, Recommendations:</p>



Twenty-eight recommendations remain outstanding in the functional areas of Identify, Protect, Detect, Respond, and Recover. The OIG is not disclosing recommendations in this report as the audit is classified as a confidential report pursuant to Section 282.318, F.S., and the results are confidential and exempt from the provisions of Section 119.07(1), F.S.

INVESTIGATIVE ACTIVITY

In addition to audit activities, Section 20.055, F.S., 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 Sections 112.3187-112.31895, F.S.;
- Receive and consider the complaints that 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 IG has reasonable grounds to believe there has been a violation of criminal law.

Complaint Receipt and Handling

During the 2019-20 Fiscal Year, the OIG received, reviewed, and processed 80 new complaints from SR and/or VPK recipients or applicants, a Head Start employee, child care providers, the general public, a state agency employee, and anonymous tips.

The OIG received complaints from many sources including: letters, telephone calls, e-mails, other state agencies, and the CIG's office.



All complaints were categorized, indexed, and assigned a case number for tracking and follow up. The diagram below depicts how the OIG closed the 80 complaints received.

- 79 referred to other entities¹
- 16 referred to OEL
- 9 handled by the OIG
- 4 referred to both OEL and other entities⁶
- 1 handled by the OIG and OEL

The OIG performed a preliminary inquiry into 6 of the 80 complaints. A preliminary inquiry is an examination conducted based on limited information in an effort to verify the veracity of a complaint or allegation. The inquiry should determine if supporting information is available to indicate the need for a complete investigation. Specific preliminary inquiries conducted during the 2019-20 Fiscal Year included:

- 20-C019 Allegations made against a VPK provider of excluding children to secure spots for children of the administrator’s friends. An inquiry by the OIG found that information disclosed did not demonstrate reasonable cause to suspect a violation of federal, state, or local law, rule, or regulation for which the OIG had jurisdiction to investigate. No further OIG activity was warranted. The complaint was referred to Broward County School Board Chair.
- 20-C023 Allegations made against an ELC regarding provider underpayment. An inquiry by the OIG found the information disclosed did not demonstrate reasonable cause to suspect a violation of federal, state, or local law, rule, or regulation. No further OIG activity was warranted. The OIG referred the complaint to OEL management for review and action deemed appropriate.
- 20-C052 Allegations made against an ELC employee regarding violation of waitlist laws. An inquiry by the OIG found the employee was a school district employee and the information disclosed did not demonstrate reasonable cause to suspect a violation of federal, state, or local law, rule, or regulation for which the OIG had jurisdiction to investigate. No further OIG activity was warranted. The OIG referred the complaint to the Department of Education OIG.

¹ Other entities include the ELCs, the Florida Department of Children and Families OIG, the Florida Department of Health Child Care Food Program, The Florida Department of Education OIG, the Florida Head Start State Collaboration Office and Local Licensing Authorities as appropriate.



- 20-C056 Allegation made against a SR provider employee. An inquiry by the OIG found the information disclosed did not demonstrate reasonable cause to suspect a violation of federal, state, or local law, rule, or regulation. No further OIG activity was warranted. The OIG referred the complaint to provider management.
- 20-C063 Allegations made against a VPK provider and magnet program regarding their admission process. An inquiry by the OIG found the information disclosed did not demonstrate reasonable cause to suspect a violation of federal, state, or local law, rule, or regulation for which the OIG had jurisdiction. No further OIG activity was warranted.
- 20-C077 Allegations made against a provider regarding harassment and retaliation. An inquiry by the OIG found the information disclosed did not demonstrate reasonable cause to suspect a violation of federal, state, or local law, rule, or regulation for which the OIG had jurisdiction to investigate. No further OIG activity was warranted.

Investigations

During 2019-20 Fiscal Year, the OIG did not complete an investigation and none were on going at year-end.

Accreditation

An accreditation program has long been recognized as a means of maintaining and verifying the highest standards. Accreditation is the certification by an independent reviewing authority that an entity has met specific requirements and prescribed standards. In 2009 the Commission for Florida Law Enforcement Accreditation (CFA) expanded its program to include inspectors general offices.

On November 1, 2017, the full CFA voted unanimously to award the certificate of accreditation to the OEL OIG. The accreditation remains in effect for three years at which point, state assessors will complete a re-accreditation review of the OIG in the Fall of 2020.





Public Assistance Fraud

The OIG administers the public assistance fraud referral process for the OEL and coordinates the process with external partners to ensure maximum efficiency. In order to perform this function, the OIG collaborates with ELCs across the state to refer suspected fraud cases for the SR and VPK Programs for criminal investigation to the Department of Financial Services Division of Public Assistance Fraud (DPAF).

The OIG made 163 referrals to DPAF during the fiscal year for investigation. DPAF refers cases to the appropriate State Attorney's Office (SAO) for criminal prosecution. Public assistance fraud referrals involved both recipients of SR or VPK Programs as well as providers of the SR or VPK Programs.

Provider Fraud

The OIG referred three SR providers to DPAF for criminal investigation. As of July 1, 2020, one of these cases was being actively investigated by DPAF, and two of these cases were screened out prior to investigation by DPAF.

Recipient Fraud

The OIG referred 160 recipients of SR child care support to DPAF for criminal investigation. As of July 1, 2020, 101 of these cases were not investigated by DPAF due to having been screened out or workload issues. Eleven cases were in screening and 38 cases were pending assignment. Four cases were either an active investigation or DPAF made a request for overpayment/over issuance assistance. DPAF referred six cases to the SAO for criminal prosecution.

DFS Project Manager Activities

In order to coordinate the referral process, the IG serves as the project manager for the Department of Financial Services (DFS) Division of Public Assistance Fraud (DPAF) investigation agreement. During the fiscal year, the OIG conducted the following DPAF project manager activities:

- DFS-DPAF and OEL agreement renewal process;
- Monthly review and approval of the DPAF invoice;
- Monthly reporting of restitution received by the OEL to the DPAF leadership;
- Monthly processing and reporting of the SAO disposition reports received from DPAF;
- Periodic reconciliations between the OIG fraud referral system and the DPAF systems; and
- Processing SAO letters, subpoenas, and *Victim Impact Statement* requests as received from various SAOs.



OEL OIG Fraud Referral System Administration

ELCs utilize a web-based application to refer potential public assistance fraud cases to the OIG. During the fiscal year, the OIG performed 31 user account administration activities, maintained the OEL FRS Administrator Guide, and performed an annual FRS Account Certification process.

Early Learning Coalition Anti-Fraud Plans

Pursuant to Rule 6M-9.400(2), Florida Administrative Code, ELCs shall adopt an anti-fraud plan (Plan) addressing the detection and prevention of overpayments, abuse, and fraud relating to the provision of and payment for SR and VPK Program services. ELCs must annually submit a copy of their Plans to the OEL OIG for approval. During the fiscal year, the OIG reviewed and approved 31 ELCs and contractor Plans.

Department of Health's Child Care Food Program

The Child Care Food Program (CCFP) provides reimbursement for nutritious meals and snacks served to children in child care settings. The Bureau of Child Care Food Programs within the Florida Department of Health administers the CCFP. The U.S. Department of Agriculture, Food and Nutrition Service provides funding for the CCFP. During the fiscal year, the OIG continued to collaborate with the CCFP on fraud prevention and detection activities.

Anti-Fraud Activities

In order to meet statutory requirements, the OIG continued to perform activities for the Anti-Fraud Project. The purpose of the project was to identify ways for the OIG to detect, deter, and prevent fraud within the public assistance programs that the OEL administers.

During fiscal year 2019-20, the OIG conducted the following anti-fraud activities:

Statewide Anti-Fraud Workgroup

The OIG continued to facilitate the Statewide Anti-Fraud Workgroup (Workgroup). The Workgroup leverages statewide resources to address the detection and prevention of waste, fraud, and abuse. The Workgroup consists of management and staff from the OEL, ELCs, a contractor, and service providers. The Workgroup discusses fraud fighting best practices, issues, concerns, etc., via periodic webinars and conference calls.

During fiscal year 2019-20, the OIG coordinated a presentation by the DPAF Central District Chief of Investigations on best practices related to improper payment - overpayment calculations, evidence, and communications with DPAF. The OIG also provided clarification on how the OEL guidance for minimizing the fiscal impacts for SR and VPK providers and families related to COVID-19 should be applied to potential fraud cases.



OVERSIGHT ACTIVITIES

The OIG participates in numerous activities that are classified as oversight. This includes OIG risk assessments, OIG work plans, OIG annual reports, internal assistance activities, OIG Quality Assurance and Improvement Program, and Outreach & Education activities. During the fiscal year, the OIG performed the following oversight activities.

OIG Risk Assessment, Annual Audit Plan, and Annual Report

In accordance with Section 20.055, F.S., 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 AG. The OIG is also responsible for preparing an annual report summarizing the activities of the office during the immediately preceding fiscal year.

Internal/External Assistance Activities

The OIG participated in the following internal/external assistance activities.

Computer Security Incident Response Team (CSIRT)

The CSIRT responds to suspected computer security incidents by identifying and controlling incidents, notifying designated CSIRT responders, and reporting findings to OEL management. During the fiscal year, the IG assisted on CSIRT events and provided input into drafting specific policies and procedures for the CSIRT.

OEL Annual Report

The OIG provided input to management for the OEL Annual Report's section detailing a summary of annual findings and collections related to provider fraud, parent fraud, and fraud intervention as required by Section 1002.82(5)(a)(4), F.S.

Legislative Budget Request

The OIG prepared the *Schedule IX: Major Audit Findings and Recommendations (Schedule IX)* for the OEL's Legislative Budget Request. The *Schedule IX* is designed to inform decision makers on recent major findings and recommendations found in AG and OIG reports issued during the current and previous fiscal years. The *Schedule IX* also provides information on the status of action taken to correct reported deficiencies and is cross-referenced to any budget issues for funding to implement audit findings and recommendations.

Single Audit Activities

The OIG coordinated the submission of changes in OEL's Catalog of State Financial Assistance (CSFA) numbers and Annual CSFA Certification to DFS.