

FLORIDA OFFICE OF EARLY
LEARNING OFFICE OF
INSPECTOR GENERAL

Annual Report for Fiscal Year 2017-18



September 12, 2018

Rodney J. MacKinnon
Executive Director

Sarah Beth Hall
Inspector General



OFFICE OF
Early Learning

LEARN EARLY. LEARN FOR LIFE.

Pam Stewart
Commissioner of Education
Rodney MacKinnon
Executive Director

September 12, 2018

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

Subject: OIG Annual Report for Fiscal Year 2017-18

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 2017-18.

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,

A handwritten signature in blue ink that reads "Sarah Beth Hall".

Sarah Beth Hall
Inspector General



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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 government. Section 20.055, Florida Statutes, defines 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 activities relating to the development, assessment, and validation of performance measures.
- 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.

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 Executive Director of the Florida Office of Early Learning (OEL), the Florida Chief Inspector General (CIG), and the Auditor General.

BACKGROUND

The OEL administers federal and state child care funds and partners with 30 local early learning coalitions (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.



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The state's 30 local, nonprofit coalitions and RCMA are responsible for delivering local services. OEL allocates federal and state funds to each coalition to administer the SR Program, VPK Program, and CCR&R services. These coalitions are governed by boards whose compositions are statutorily mandated and include gubernatorial appointees. Allegations of fraud, waste, or abuse at these coalitions and their contractors are typically investigated by the OIG.

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 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

Section 20.055, Florida Statutes, 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, Florida Statutes.
- Review the actions taken by the state agency to improve program performance and 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.



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- 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 Auditor General, 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.

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.

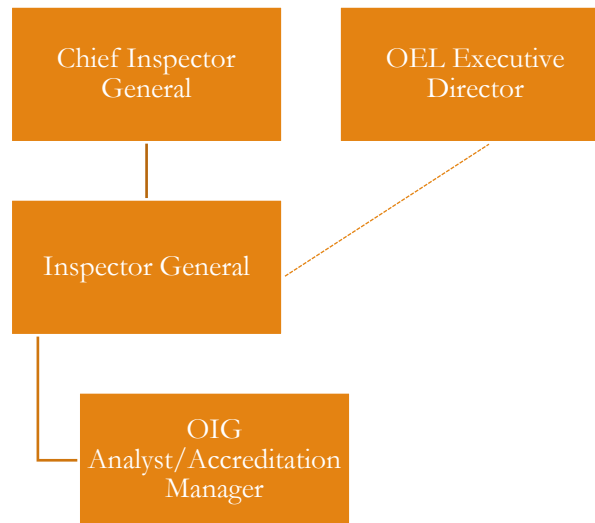
OIG ORGANIZATIONAL STRUCTURE

The Inspector General reports functionally to the CIG and administratively to the OEL Executive Director. 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.



OIG Organizational Chart



OIG 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 state office.



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During the fiscal year, OIG staff held numerous professional certifications. The Professional Certifications table 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	2

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;
- ISACA (National and Local Chapters); and
- The United Council on Welfare Fraud.

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

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 Institute of Internal Auditors, and the applicable *Principles and Standards for Offices of Inspector General*, published and revised by the Association of Inspectors General.



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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 OEL Executive Director and affected program managers. In addition, select reports are sent to the CIG and to the Florida Auditor General.

Internal Audit Accomplishments

During the fiscal year, the OIG completed two internal audits and one management review. The following summaries describe the results of the engagements completed by the OIG during fiscal year 2017-18.

School Readiness Provider Onboarding Audit, Report No. 17-IA001

Issued: May 8, 2018

The OIG conducted an audit of the OEL, the 30 coalitions, and RCMA's process to qualify and accept providers for the SR program. The purpose of the audit was to determine if the coalitions had select controls in place, collect coalition best practices, and identify other state processes for qualifying and accepting providers for the SR program. Our audit had observations in the following areas (1) policies and procedures and (2) review of provider applications. Applicable coalition management concurred with the observations and either drafted or implemented a policy and/or procedure to address the noted observations.

IT Risk Assessment Audit, Report No. 17-IA003

Issued: June 29, 2018

The purpose of the IT Risk Assessment audit was to provide OEL management with an evaluation of the effectiveness of OEL's IT security processes, policies, procedures, governance, and other controls. The audit focused on cybersecurity standards, guidelines, and procedures as well as the implementation of these controls as defined in Florida Agency for State Technology (AST) Information Technology (IT) Security Rule 74-2, Florida Administrative Code (FAC).

The IT Risk Assessment Audit is classified as a confidential report pursuant to Section 282.318, Florida Statutes. We are not disclosing the results of the audit in this report as the audit is confidential and exempt from the provisions of Section 119.07(1), Florida Statutes, and is not available for public distribution.



Performance Measure Management Review, Report No. 18-MR02

Issued: September 29, 2017

The OIG conducts an annual review of the performance measures for the OEL's Long Range Program Plan as required by Section 20.055, Florida Statutes. The OIG assessed the reliability and validity of the two performance measures provided to the Legislature. We determined that the performance measure, "Number of 4 year olds enrolled in Voluntary Prekindergarten" was both reliable and valid. We did not assess the performance measure, "Percentage of children 'ready' for school when they enter kindergarten," as an assessment tool was not available to perform the measure.

Internal Audit Engagements in Progress

At the close of the fiscal year, the OIG had three internal audit engagements in progress. Each engagement is scheduled for completion during fiscal year 2018-19.

OEL Match Reporting Process Audit, No. 17-IA004

The purpose of the audit is to evaluate OEL's internal controls related to processing match funds to provide reasonable assurance that OEL complies with relevant laws, rules, policies, and procedures. The objectives of the audit are to determine if controls (1) for processing match reports and reconciliations performed by OEL staff; (2) for processing the Federal quarterly financial report; and (3) surrounding the automated roll-up process of grantee and contractor invoices are in place and operating effectively.

Data Analytics and Fraud Detection, No. 18-IA01

The purpose of this engagement is to review the data analytics and fraud detection processes used by the OEL to identify public assistance fraud and to make recommendations for additional activities.

Program Integrity Monitoring Efficiency and Effectiveness Review, No. 18-IA02

The Program Integrity Unit within the Florida OEL is responsible for promoting SR and VPK program compliance and effectiveness for the Florida OEL's early education and care programs. The purpose of this engagement is to evaluate the efficiency and effectiveness of the Program Integrity Unit's monitoring efforts.



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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.

During the fiscal year, the OIG conducted follow-up activities on the recommendations made in the fiscal year 2015-16 LRPP Performance Measures Review, OIG No. 17-MR01, dated September 30, 2016. The follow-up activity confirmed that management took appropriate corrective actions to address the recommendations.

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 of the OEL. During the fiscal year, no external audits required follow-up activities.

External Audit Coordination

Section 20.055, Florida Statutes, requires the OIG to ensure effective coordination and cooperation between the Florida Auditor General, 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.



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During the fiscal year, five external engagements were in progress or initiated. Out of those five engagements, one external audit and one external assessment was published. The External Audit Coordination table provides the details on each engagement.

External Audit Coordination			
Entity	Report No.	Report Name	Report Date
Agency for State Technology (AST)	AST-ED-RP-0002	AST Information Technology Standards and Guidelines Assessment Report ¹	December 2017
Florida Auditor General	2018-189	Auditor General, State of Florida - Compliance and Internal Controls Over Financial Reporting and Federal Awards ²	March 2018
Florida Auditor General	N/A	Auditor General, Operational Audit of the OEL	Audit In Progress
OPPAGA	N/A	OPPAGA Research Project	Project In Progress
Agency for State Technology (AST)	N/A	AST Information Technology Standards and Guidelines Assessment Report	Assessment In Progress

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. The OIG participates in these meetings. Additionally, the OIG assists staff from various OIGs with special requests and provides support for Enterprise projects. During the fiscal year, the OIG participated in the following Enterprise projects.

¹ The AST performed an assessment of the OEL's compliance with the Florida Information Technology Project Management and Oversight Standards as enumerated in Rule Chapter 74-1, Florida Administrative Code. There were no findings or recommendations for the OEL.

² There were no findings or recommendations for the OEL.



ISACA Tallahassee Chapter Presentation

The Inspector General presented an educational session on *IT Audit Best Practices and Report Writing Tips* to the ISACA Tallahassee Chapter in November 2017.

Internal Audit Director Roundtable

The mission of the Internal Audit Director Roundtable (Roundtable) is to promote the effective and efficient use of internal audit resources toward accountability, productivity, and enhancement of management control over operations. The Roundtable is a voluntary group composed of representatives (primarily Audit Directors) from local companies and organizations, state agencies, and institutions of higher education with an Internal Audit function. The OIG participates as a member of the Roundtable.

Data Analytics Workgroup

The OIG Analyst participated in the Data Analytics Group. The purpose of the group is to share data analytics best practices and application knowledge so that participants can better support their employer's needs.

INVESTIGATIVE ACTIVITY

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 Sections 112.3187-112.31895, Florida Statutes;
- 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 Inspector General has reasonable grounds to believe there has been a violation of criminal law.



Complaint Receipt and Handling

During the fiscal year, the OIG received, reviewed, and processed 65 new complaints from SR and/or VPK recipients or applicants, a Head Start applicant, child care providers, coalition employees, the general public, a city police department, and anonymous tips. The OIG received complaints from many sources including: letters, telephone calls, e-mails, other state agencies, and the CIG's Office. The following table depicts how the complaints were categorized for the purpose of this report.

CATEGORIZATION OF COMPLAINTS				
Provider Policy and/or Health & Safety Violations: allegations associated with health & safety violations, policy violations, or conduct of provider employees.	ELC Policy: allegations from recipients or providers associated with ELC's violating policies; such as not affording due process, contract disputes, not providing services, or conduct of ELC employees.	Public Assistance Fraud: allegations associated with potential public assistance fraud activities.	OEL Policy: allegations or concerns from VPK recipients regarding the Americans with Disability Act, Individuals with Disabilities Education Act, and/or state statute.	Other: allegations not within the OIG's jurisdiction; information provided wherein no investigative review or engagement was required.

All complaints were categorized, indexed, and assigned a case number for tracking and follow-up. The following diagram depicts how the OIG closed the 65 complaints received.



*Other entities include the Early Learning Coalitions, the Florida Department of Children and Families OIG, the Florida Department of Health Child Care Food Program, The Florida Department of Education OIG, and Local Licensing Authorities as appropriate.

During fiscal year 2017-18, 1 of 65 complaints received required analysis to determine if the complaint met the criteria for Whistle-blower status. The complaint did not qualify for Whistle-blower status.



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The OIG performed a preliminary inquiry into 7 of the 65 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 fiscal year 2017-18 included:

OIG No. 18-C002

A SR recipient made an allegation against a coalition employee regarding disclosure of information. An inquiry by our office found that 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 shared the complaint with coalition and OEL management.

OIG No. 18-C041

A VPK recipient made allegations against a coalition regarding handling of VPK enrollment for their child. An inquiry by our office found that 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.

OIG No. 18-C050

A SR provider made allegations against a coalition regarding the transfer of a SR recipient. An inquiry initiated by our office found that information disclosed did not demonstrate reasonable cause to suspect a violation of federal, state, or local law, rule, or regulation. Contract disputes between the coalition and the provider are outside of the OIG's purview. No further OIG activity was warranted. The complaint was referred to OEL management for review and action deemed appropriate.

OIG Nos. 18-C026, 18-C033, 18-C038, and 18-C060

Four separate complaints from providers regarding the denial or termination of their contracts by their respective coalitions. In all four complaints, the OIG determined that no further OIG activity was warranted. The Statewide SR and VPK Provider Contracts are contracts, which are entered into by a provider and a coalition. The OIG is not an appellate body, nor does it have jurisdiction over contract matters. The OIG referred three of the complaints to the respective coalitions and shared the fourth complaint with OEL Management.

Investigations

No complaints received during fiscal year 2017-18 resulted in an investigation.



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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.



Pictured above from left to right are: CFA Executive Director Lori Mizell, OEL OIG Accreditation Manager Stacey Emminger, OEL OIG Inspector General Sarah Beth Hall, OEL Executive Director Rodney J. MacKinnon, and CFA Chair Chief Anthony Holloway.

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 coalitions 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).



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The OIG made 294 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 eleven SR providers to DPAF for criminal investigation. As of July 2, 2018, DPAF was screening three of these cases; four of these cases were pending assignment to a DPAF investigator. DPAF screened out three of these cases prior to investigation and referred one case to the SAO for criminal prosecution.

Recipient Fraud

The OIG referred 282 SR recipients and 1 VPK program recipient to DPAF for criminal investigation. As of July 2, 2018, DPAF did not investigate 156 of these cases due to having been screened out, deciding not to refer the case to the SAO, or workload issues. Thirty-seven cases were in screening status. Forty-nine cases were pending assignment or a request made for overpayment/over issuance assistance. DPAF was actively investigating 22 of these cases and had referred 19 cases to the SAO for criminal prosecution. Four of which had adjudication withheld or no court action; however, these resulted in restitution of \$30,660.16.

DFS Project Manager Activities

In order to coordinate the referral process, the Inspector General serves as the project manager for the Department of Financial Services DPAF investigation agreement. During fiscal the 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;
- Quarterly 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

Early learning coalitions utilize a web-based application to refer potential public assistance fraud cases to the OIG. During the fiscal year, the OIG performed 68 user account administration activities; such as, account and password resets, deactivation of users who no longer required access, creation of new user accounts, correcting fraud referrals that were already submitted by a coalition.

Additionally, the OIG updated the OEL FRS Administrator Guide in August 2017 and implemented an annual FRS Account Certification process. In October 2017, the OIG hosted a Coalition Administrator Role & Responsibilities webinar. The Webinar covered administrator functions, security and confidentiality, periodic access reviews, and annual certification of FRS users.

Early Learning Coalition Anti-Fraud Plans

Pursuant to Rule 6M-9.400(2), Florida Administrative Code, coalition 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. Coalitions must annually submit a copy of their Plans to the OEL OIG for approval. During the fiscal year, the OIG reviewed and approved 31 coalition and RCMA 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.

Inter-Agency Medicaid Fraud and Abuse Meetings

The OIG is a member of and attends the Inter-Agency Medicaid Fraud and Abuse Meetings hosted by the Agency for Healthcare Administration. The meetings provide an opportunity for participating entities to collaborate on fraud fighting efforts by sharing best practices, forming contacts, and brainstorming new opportunities toward our common goal of identifying, reducing, preventing, and taking action against individuals and entities engaged in fraudulent abusing behavior contributing to overpayments in public assistance benefit programs.



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United Council on Welfare Fraud (UCOWF)

During the fiscal year, the IG along with several coalition personnel joined the UCOWF. The UCOWF is an organization of investigators, administrators, prosecutors, eligibility workers, and claims collectors from local, state, and federal agencies from the United States and Canada who have combined their efforts to fight fraud, waste, and abuse in the social service programs. The focus of UCOWF is the detection, elimination and prosecution of those who fraudulently obtain or attempt to obtain government benefits.

Additionally, in August 2017, the IG and several coalition personnel attended the 45th Annual UCOWF Training Conference (Conference) in Orlando, Florida. The Conference featured multiple training tracks and workshop sessions tailored to new and experienced Investigators, Program Administrators, Eligibility and Recovery Specialists. During the Conference, the Director of Loss Prevention & Compliance, from the Early Learning Coalition of Miami Dade & Monroe presented a session on *Preventing Child Daycare Fraud: Pre-Eligibility Screenings*.

Anti-Fraud Activities

In order to meet the statutory requirements of the office, the OIG initiated an Anti-Fraud Project during the fiscal year. The purpose of the project was to identify ways for the OIG to detect, deter, and prevent fraud within the public assistance programs the OEL administers. During the fiscal year, 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 71 management and staff from the OEL, coalitions, the RCMA, and service providers. The Workgroup discusses fraud fighting best practices, issues, concerns, etc. via periodic webinars and conference calls.

During the fiscal year, the OIG issued ten Workgroup News e-mails detailing fiscal year number of fraud referrals and their statuses. The News e-mails also contained information regarding court ordered restitution received by OEL during the fiscal year and featured other information regarding fraud awareness as appropriate. Additionally, the OIG hosted three Workgroup webinars. Webinars were recorded and made available, along with the presentations, on the Coalition Zone of OEL's SharePoint site. Summaries of the Workgroup webinars are as follows:



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August 2017 Workgroup Webinar

The Compliance and Fraud Program Manager for the Early Childhood School Readiness Programs for Hillsborough County Public Schools shared their best practices and strategies for investigating recipient public assistance fraud.

December 2017 Workgroup Webinar

The Chief Operating Officer & Executive Vice President for the Early Learning Coalition of Palm Beach County shared their program's best practices and strategies on identifying provider fraud.

March 2018 Workgroup Webinar

The OIG hosted a discussion on the requirements for and reviews of Coalition Antifraud Plans, Rule 6M-9.400 FAC. Guest speakers included OEL's Program Integrity Manager regarding common accountability review monitoring observations and OEL's General Counsel regarding due process procedures.

Early Learning Coalition Visits

During the fiscal year, the OIG visited the early coalitions of Broward, Miami Dade/Monroe, and Palm Beach. During the visits, OIG staff met with anti-fraud personnel in order to gain an understanding of the coalition's anti-fraud program and to share best practices.

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, 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 Auditor General. 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

During the fiscal year, 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 Agency management. The OIG is a core member of the CSIRT team for the OEL. During the fiscal year, the IG assisted on three CSIRT events. Additionally, the OIG 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), Florida Statutes.

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 Florida Auditor General 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 continued to provide technical assistance and guidance regarding compliance with Federal and Florida Single Audit Act requirements. During the fiscal year, the OIG reviewed the corrective actions taken and applicable supporting documentation by a sub-recipient to address the independent auditor's finding in their financial audit year ending June 30, 2016. As of this review, the finding 2016-001 was considered closed by our office and no additional follow-up was required.

Additionally, the OIG coordinated the submission of changes in OEL's Catalog of State Financial Assistance (CSFA) numbers and Annual CSFA Certification to the Department of Financial Services.



OIG Quality Assurance and Improvement Program

The OIG is statutorily required to follow the International Professional Practices Framework as published by the Institute of Internal Auditors, Inc. Standard 1300 requires that the chief audit executive develop and maintain a Quality Assurance and Improvement Program (QAIP) that covers all aspects of the internal audit activity. The OIG performs periodic self-assessments to meet this requirement. In addition to our internal assessment, the OIG's first external assessment will be conducted by the Auditor General's office during fiscal year 2018-19.

OIG Internal Quality Assessment, No. 17-IA002

Issued: June 29, 2018

The purpose of the self-assessment was to assess whether the internal audit activity was in conformance with the Standards and Section 20.055, Florida Statutes, as well as, whether internal auditors apply the Code of Ethics. The self-assessment was conducted using the Institute of Internal Auditors' assessment tools and the results were summarized. The self-assessment noted one finding in the area of reporting on the QAIP. Additionally, the self-assessment noted seven opportunities for improvement including in the areas of proficiency and continuing professional development, internal audit policies and procedures, communicating results, monitoring progress, IIA Code of Ethics, planning, and internal audit strategic plan and vision statement. The deficiencies noted did not preclude the internal audit activity from performing its responsibilities in an acceptable manner. Additionally, corrective action plans were initiated.

Based upon the internal assessment and results of the quality assessment review by the Auditor General's office, the inspector general will be able to conclude whether the quality assurance program related to the OIG's internal audit activity was adequately designed and complied with to provide reasonable assurance of conformance with the *Standards for the Professional Practice of Internal Auditing*, as well as the Institute of Internal Auditor's Core Principles, Code of Ethics, and Definition of Internal Auditing.

Outreach & Education

Fraud Awareness

Governor Scott issued a proclamation declaring November 12 -18, 2017, as *Fraud Awareness Week in Florida*. In honor of *Fraud Awareness Week*, the OIG delivered "fraud nuggets" to each OEL employee and contractor. The "fraud nuggets" contained fraud detection and prevention



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tips (specific to the employee/contractor's work unit), a chocolate nugget, and information on how fraud could be reported.

Cyber Security Awareness Briefing

To celebrate *National Cyber Security Awareness Month*, the IG gave a presentation to the OEL All Employee Staff Meeting on Tuesday, October 18, 2017. The presentation highlighted 16 of the 30 Cyber Security Tips offered by WIPFLi³ CPAs and Consultants³ (WIPFLi). Audience members participated by each presenting 1 of the 16 tips which had been taped under random chairs in the meeting room. Participants received a bag of candy for their assistance. The presentation ended with a Cyber Security Challenge – the first employee to email inspector.general@oel.myflorida.com with WIPFLi's Tip No. 17 received a \$15 gift card to iTunes. Employees were encouraged to go to WIPFLi's site to learn more about the tips including the remaining tips throughout the month of October. In addition, attendees received several resource cites to garner additional information on Cyber Security.

Internal Audit Briefing

In honor of *International Internal Audit Awareness Month*, the OIG hosted an Internal Audit Jeopardy game during the May 14, 2018 OEL Extended Leadership team meeting. Three teams of supervisors, managers, and executive leadership competed to be the Internal Audit Jeopardy champions.

³ WIPFLi is a provider of tax, audit, accounting, estate planning, M&A, IT consulting, litigation support and business valuation services.



APPENDIX A: OUTSTANDING RECOMMENDATIONS

Section 20.055, Florida Statutes, 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, 2018, there were six external audit recommendations requiring corrective action and no outstanding internal audit recommendations. The six external audit recommendations are from one external audit. The “Outstanding Significant Audit Recommendations” table bellows lists the open recommendations.

Outstanding Significant Audit Recommendations As of June 30, 2018	
External Audit	Recommendation
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.



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	<p>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>
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