



Charlie Crist  
Governor

Ana M. Viamonte Ros, M.D., M.P.H.  
State Surgeon General

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**INTEROFFICE MEMORANDUM**

**DATE:** October 6, 2010

**TO:** Joseph J. Chiaro, M.D., F.A.A.P., Deputy Secretary and  
Deputy State Health Officer for Children's Medical Services

**THROUGH:** James D. Boyd, C.P.A., M.B.A., Inspector General *JDB*

**THROUGH:** Michael J. Bennett, C.I.A., Director of Auditing *MJB*

**FROM:** Mark H. Boehmer, C.P.A., Senior Management Analyst II

**SUBJECT:** Report No. R-0910DOH-008 - *Readiness Review of Individuals With Disabilities Education Act-Part C (Early Steps), American Recovery and Reinvestment Act of 2009 Funds*

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**Introduction**

Section 20.055(2), *Florida Statutes*, charges each Office of the Inspector General responsibility to provide a central point for coordination of activities that promote accountability, integrity, and efficiency in government.

The purpose of this review engagement was to assess the status of the implementation of internal controls at DOH, which should help mitigate the risk of fraud, waste, or abuse in programs that will or have received American Recovery and Reinvestment Act of 2009 (ARRA) funds.

We reviewed controls as they relate to ARRA funds received by DOH's Children's Medical Services, Individuals with Disabilities Education Act (IDEA) – Part C (Early Steps) Program.

We obtained an understanding of selected controls at DOH, including procurement, budget, legal, finance and accounting, and within the Early Steps program area.

We conducted this review engagement in conformance with Quality Standards for Audits by Offices of Inspector General (*Principles and Standards for Offices of Inspectors General*, Association of Inspectors General, 2004 Green Book Revision).

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**OFFICE OF THE INSPECTOR GENERAL**

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We published a report dated January 4, 2010 of interim review work we performed of controls over these Early Steps ARRA funds. At that time, Early Steps ARRA funds had not yet been expended. The interim review focused on the establishment of proper controls prior to funds being spent. We decided at that time to perform follow-up work once there was sufficient documentation to review regarding the expenditures of funds received. This report takes into account the controls and the compliance with those controls, and thus concludes our review.

The engagement was conducted by Office of the Inspector General audit staff Mark H. Boehmer, Certified Public Accountant, Senior Management Analyst II, under the supervision of Michael J. Bennett, Certified Internal Auditor, Director of Auditing.

### **Background**

ARRA became law in February 2009. The three main goals of ARRA are to:

- Create and save jobs;
- Spur economic activity and invest in long-term economic growth; and,
- Foster unprecedented levels of accountability and transparency in government spending.

In the Summer 2009, the Executive Office of the Governor, Office of the Chief Inspector General's Florida American Recovery and Reinvestment Act Risk Assessment Committee (Committee) requested Department of Health (DOH) and other state agencies to have each of their respective programs and offices receiving ARRA funds complete a Risk Assessment Survey (Surveys). At the Committee's direction the scores of those Surveys influenced and were incorporated into our office's *Three Year Audit Plan Beginning with Fiscal Year 2009-2010* (Audit Plan). Additionally, the Committee requested our office perform additional oversight activities based on the scores of the Surveys. Pursuant to that request, we used a review program prepared by the Committee to perform a review of select controls and assess the implementation of those controls.

Early Steps provides a comprehensive system of early intervention services to infants and toddlers and their families. The purpose of Early Steps is to provide quality early intervention services and support that enhance the capacity of families to support their child's well-being, development, learning, and full participation in the community.

Early Steps received DOH's first ARRA funds in February 2009. The \$11,538,560 was authorized to be expended beginning July 1, 2009. Early Steps received its second half of the ARRA funds in August 2009 for a total award of \$24,291,623. These ARRA funds are a supplemental appropriation to the annual federal funds received for the same program. Early Steps plans that nearly 100% of the funds will be contracted out to providers for direct services, technology, recruitment and retention, enhancement grants, and training.

### **What we observed**

There is an infrastructure of existing policies and procedures at DOH in the areas of procurement, budget, finance and accounting, and within the program area that we feel mitigates the risk of fraud, waste, or abuse of ARRA funds. Nothing came to our attention during the review regarding internal controls at DOH that would adversely impact Early Steps ARRA funds. Also, nothing came to our attention during the review to indicate the existence of fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse.

**Closing Remarks**

We would like to thank management and staff of Children's Medical Services and the Division of Administration for providing their cooperation and assistance to us during the course of this review.

JDB/mhb

cc: Phyllis Sloyer, R.N., Ph.D.,  
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