

FLORIDA DEPARTMENT OF EDUCATION



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August 11, 2009

Ms. Aileen Peterson
Auditor General
Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1195

Dear Ms. Peterson:

Please find attached the Department's responses to the previous audit findings for the State of Florida Federal awards audit report #2009-144.

If you have any questions, please contact me at 850-245-0403.

Sincerely,

Ed W. Jordan

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Attachments

c: Martha Asbury

Florida Joint Legislature Auditing Committee

ED W. JORDAN, CIG, CFE, CIA
INSPECTOR GENERAL

JLAC
Rec'd 8/14/2009

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FLORIDA OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

<u>Paragraph/Finding No(s).</u> (1)	<u>Program/Area</u>	<u>Brief Description</u>	<u>Status of Finding</u>	<u>Comments</u>
FA 08-015	Various	FDOE management had not implemented certain systems development and access security controls for the Financial Management Information System (FMIS).	Fully Corrected	As of July 1, 2009, the Financial Management Information System (FMIS) was replaced by the Cash Advance and Reporting of Disbursements System (CARDS).
FA 08-016	Various	FDOE procedures were not adequate to reasonably ensure the documentation of access authorization approval for individuals with access capability to FDOE's On-Line Cash Advance (D-502) Application and the elimination of such access capability when no longer needed.	Fully Corrected	As of July 1, 2009, the On-Line Cash Advance (D-502) Application was replaced by the Cash Advance and Reporting of Disbursements System (CARDS).

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<u>Paragraph/Finding No(s)</u> (1)	<u>Program/Area</u>	<u>Brief Description</u>	<u>Status of Finding</u>	<u>Comments</u>
FA 08-017 FA 07-019	Adult Education – Grant Program CFDA No. 84.002 Career and Technical Education – Basic Grants to States CFDA No. 84.048	The significant deficiency disclosed in the prior audit regarding FDOE's untimely on-site monitoring of subgrantees continued to exist during the 2007-08 fiscal year.	Fully Corrected	During 2007-08 a Director was hired and the <i>Quality Assurance Policies, Procedures, and Protocols</i> were developed. Implementation of on-site monitoring began in September 2008 and continued through May 2009. During 2008-09 on-site monitoring was completed in 11 agencies for both Adult Education and Career and Technical Education Programs. These findings have been addressed through the Cooperative Audit Resolution Oversight Initiative (CAROI) activities in which representatives of the FDOE and the USED are working collaboratively to address several prior-year audit findings.

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<u>Paragraph/Finding No(s). (1)</u>	<u>Program/Area</u>	<u>Brief Description</u>	<u>Status of Finding</u>	<u>Comments</u>
FA 08-018 FA 07-027 FA 06-027 FA 05-034 FA 04-031 FA 03-40 02-045 01-055 00-42	Career and Technical Education - Basic Grants to States CFDA No. 84.048	FDOE had not resolved issues disclosed in a prior audit regarding its ability to demonstrate compliance with the matching and maintenance of effort requirements and the reporting of amounts expended toward those requirements.	Not Corrected	As noted many times previously, FDOE disagreed with certain findings related to the matching and maintenance of effort requirements. FDOE has taken every available opportunity to work with USED to resolve these findings. Once again, FDOE has entered into a Cooperative Audit Resolution Oversight Initiative with representatives of the USED. As of June 30, 2009, work on resolution of these findings had progressed substantially; however, a final determination had not yet been made; therefore, it cannot be said that the findings are "corrected."
FA 08-019	Title I Grants to Local Educational Agencies CFDA No. 84.010	FDOE did not complete a follow-up review of documentation that evidenced the implementation of the corrective actions taken by its subgrantees regarding areas of noncompliance disclosed in monitoring reports.	Fully Corrected	FDOE has made improvements to its on-line monitoring system that requires LEAs to develop SIPs to correct any findings and upload evidence that issues have been corrected. FDOE program staff verifies that the problems are corrected and properly entered in the system.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FLORIDA OF EDUCATION
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<u>Paragraph/Finding No(s). (1)</u>	<u>Program/Area</u>	<u>Brief Description</u>	<u>Status of Finding</u>	<u>Comments</u>
FA 08-020 FA 07-030 FA 05-037 FA 04-033 FA 03-42	Rehabilitation Services – Vocational Rehabilitation Grants to States CFDA No. 84.126	FDOE did not always authorize expenditures for client services in a timely manner.	Partially Corrected	<p>The Department continues to address adherence to prescribed procedures at Quarterly Supervisor Meetings, New Counselor Training, through communication with area directors and counselor performance reviews. The activities are ongoing.</p> <p>Since 2006, the FDOE requires all new counselors to complete an extensive on-line training. This is to be completed during the first six months of employment or before the next "new counselor training". This on-line training specifically addresses the requirements for processing authorizations.</p>
FA 08-021	Rehabilitation Services – Vocational Rehabilitation Grants to States CFDA No. 84.126	As a result of a fire, DVR does not have complete case files.	Partially Corrected	<p>The Department received guidance from USED, Rehabilitation Service Administration regarding case service records destroyed by a fire. Staff was notified of the need to reconstruct any information not available in the Rehabilitation Information Management System (RIMS) for active case records. Work is proceeding on the reconstruction.</p>

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<u>Paragraph/Finding No(s). (1)</u>	<u>Program/Area</u>	<u>Brief Description</u>	<u>Status of Finding</u>	<u>Comments</u>
FA 08-022	Rehabilitation Services – Vocational Rehabilitation Grants to States CFDA No. 84.126	FDOE did not accurately report data listed on the Annual VR Program/Cost Report (RSA-2).	Fully Corrected	FDOE has enhanced its written procedures in the collecting and reporting of the RSA-2 to ensure that information is accurate and timely. Additionally, FDOE has changed its methodology on the collection of data for Schedule II (Number of Individuals) to ensure that information is reported on actual time by filled positions. Amounts to be reported are reconciled with the accounting records, the Federal Financial Status Reports, and the applicable case management system.
FA 08-023 FA 07-033	Rehabilitation Services – Vocational Rehabilitation Grants to States CFDA No. 84.126	State matching requirements were not met, and FDOE did not always report on the Financial Status Report (SF-269) all non-Federal expenditures incurred in carrying out State activities. In addition, amounts were not properly reported on the Division of Blind Services SF-269 reports.	Fully Corrected	Errors were immediately corrected and a revised report submitted to the USED. As evidenced by the submissions of the SF-269 for the 2007 and 2008 federal awards on April 29, 2009, and April 27, 2009, respectively. FDOE has enhanced its procedures to ensure that the collection and reporting of fiscal data is accurate and timely.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FLORIDA OF EDUCATION
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<u>Paragraph/Finding No(s).</u> (1)	<u>Program/Area</u>	<u>Brief Description</u>	<u>Status of Finding</u>	<u>Comments</u>
FA 08-026 FA 07-040	English Language Acquisition Grants CFDA No. 84.365	As of June 30, 2008, moneys set aside for the Immigrant Children and Youth Program from the 2004, 2005, and 2006 grants had not been used for such purposes. Additionally, FDOE management did not have a system in place to ensure that subgrants pertaining to this funding would be uniquely identified and accounted for in the fiscal records.	Fully Corrected	Funds for the immigrant portion of the Title III grant were reserved in 2002, 2005, and 2006. Beginning in 2007 procedures and methodology were finalized to ensure that the factors used in awarding the funds were appropriately applied to eligible school districts. Immigrant funds have been awarded for years 2007-2008 and 2008-2009. Florida has been removed from 2007 USED T-Conditions attached to the federal grant award that included this finding.
FA 08-027 FA 07-041	English Language Acquisition Grants CFDA No. 84.365	Although progress had been made, FDOE had not fully implemented an effective and efficient monitoring system during the 2007-08 fiscal year.	Partially Corrected	The Bureau of Student Achievement Through Language Acquisition joined the FDOE NCLB Monitoring Team in 2008-2009 and conducted both on-site and desk top monitoring of Title III LEA projects. Through guidance and findings from a USED monitoring visit conducted in May 2009, this monitoring will be improved to include monitoring protocols to ensure that they are inclusive of all Title III LEA project requirements.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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<u>Paragraph/Finding No(s)</u> (1)	<u>Program/Area</u>	<u>Brief Description</u>	<u>Status of Finding</u>	<u>Comments</u>
FA 08-028 FA 07-018	Improving Teacher Quality State Grants CFDA No. 84.367	As noted in the prior year audit, FDOE did not have procedures in place to ensure that amounts were accurately reported in the Cash Management Improvement Agreement (CMIA) Annual Report to the Florida Department of Financial Services (FDFS).	Fully Corrected	Although this finding amount was immaterial and did not cause the Department of Financial Services to miscalculate the State's interest liability, FDOE has enhanced its existing review procedures to ensure that all appropriate expenditures are reported accurately and timely on the CMIA. Formulas in the CMIA were corrected and reviewed to ensure the accuracy and completeness of reporting.
FA 08-029	Improving Teacher Quality State Grants CFDA No. 84.367	FDOE did not complete a review of corrective actions taken by its subgrantees to address the deficiencies noted in monitoring reports.	Fully Corrected	FDOE has made improvements to its on-line monitoring system that require LEAs to develop System Improvement Plans (SIPs). The SIPs are responses to findings from monitoring activities reported from on site, desktop and self-evaluations. A tracking sheet has been developed to assist in follow-up to the pending SIPs. FDOE program director/program staff review all uploaded documents for compliance and verify that the problems are corrected in the timeline indicated on the approved SIPs.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FLORIDA OF EDUCATION
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<u>Paragraph/Finding No(s).</u> (1)	<u>Program/Area</u>	<u>Brief Description</u>	<u>Status of Finding</u>	<u>Comments</u>
FA 07-020 FA 06-022 FA 05-027 FA 04-021 FA 03-31 02-041 01-046	Title I Grants to Local Educational Agencies CFDA No. 84.010 English Language Acquisition State Grants CFDA No. 84.365 Improving Teacher Quality State Grants CFDA No. 84.367	The results of FDOE's monitoring visits were not timely communicated to the LEAs.	Fully Corrected	All LEAs scheduled for monitoring during 2008-09 received their preliminary reports within the established timelines.
FA 07-022	Special Education – Grants to States CFDA No. 84.027	FDOE did not accurately account for capacity building and improvement expenditures.	Not Corrected	As noted in the State Agency Response to this finding, the FDOE disagreed with the finding. As noted by the auditors, "The final allowability of the transfer of expenditures and its impact on other compliance matters, including earmarking requirements, will be determined by the grantor agency." Although USED monitoring staff reviewed this issue during their November 2008, monitoring visit, no official resolution has been received by the FDOE. Absent additional direction from USED the FDOE has not made changes in procedures for accounting for capacity building and improvement expenditures.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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<u>Paragraph/Finding No(s)</u> (1)	<u>Program/Area</u>	<u>Brief Description</u>	<u>Status of Finding</u>	<u>Comments</u>
FA 07-026 FA 06-026 FA 05-035	Career and Technical Education - Basic Grants to States CFDA No. 84.048	FDOE had not resolved issues in the prior audit relating to allotments and expenditures for Nontraditional Training and Education.	Not Corrected	FDOE entered in a Cooperative Audit Resolution Oversight Initiative with representatives of the USED. As of June 30, 2009, work on resolution of these findings had progressed substantively; however, a final determination had not yet been made. Therefore, it cannot be said that the findings are "corrected."
FA 07-029	Rehabilitation Services - Vocational Rehabilitation Grants to States CFDA No. 84.126	The Division of Blind Services had not established adequate policies and procedures to ensure that client service payments were authorized, processed, and recorded properly within the Division's Accessible Web-based Activity and Reporting Environment (AWARE) System and the State's Accounting System (FLAIR).	Fully Corrected	The FDOE/Division of Blind Services provided training to all staff responsible for recording and processing authorizations for client service payments into the AWARE system during the months of April, May and June of 2008. Written procedures were developed to address payment authorizations. Additionally, the FDOE/Division of Blind Services developed an automatic reconciliation application that allows the AWARE case management system to reconcile with FLAIR. The automated system has assisted in mitigating issues regarding payment records for client service rendered.

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<u>Paragraph/Finding No(s)</u> (1)	<u>Program/Area</u>	<u>Brief Description</u>	<u>Status of Finding</u>	<u>Comments</u>
FA 07-031	Rehabilitation Services – Vocational Rehabilitation Grants to States CFDA No. 84.126	FDOE did not always ensure that program regulations pertaining to eligibility determinations were met. In addition, FDOE had not resolved issues regarding the provision of adequate information to clients by referring them to other One-Stop delivery programs that might address the individuals' training or employment related needs. In addition, FDOE did not fairly state the status of a similar finding in the Summary Schedule of Prior Audit Findings.	Partially Corrected	FDOE/ Division of Vocational Rehabilitation continues to address adherence to the prescribed procedures at Quarterly and/or Tri-annual Supervisors Meetings, at New Counselor and Follow-Up Trainings, Area Directors Meetings and Counselor performance reviews. Since 2006, the FDOE/ Division of Vocational Rehabilitation requires all new counselors to complete an extensive on-line training. This is to be completed during the first six month of employment or before the next "new counselor" training. This on-line training specifically addresses the requirements for eligibility determinations and referral to One Stops.

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<u>Paragraph/Finding No(s)</u> (1)	<u>Program/Area</u>	<u>Brief Description</u>	<u>Status of Finding</u>	<u>Comments</u>
FA 07-032	Rehabilitation Services – Vocational Rehabilitation Grants to States CFDA No.84.126	FDOE did not ensure that the Individualized Plan for Employment (IPE), a written document prepared on forms provided by the Divisions, was signed by both the counselor and eligible individual.	Partially Corrected	FDOE/Division of Vocational Rehabilitation continues to address adherence to the prescribed procedures at Quarterly and/or Tri-annual Supervisors Meetings, at New Counselor and Follow-Up Training, Area Directors Meetings, and Counselor performance reviews. Since 2006, the FDOE/Division of Vocational Rehabilitation requires all new counselors to complete an extensive on-line training. This is to be completed during the first six months of employment or before the next “new counselor” training. This on-line training specifically addresses the individualized plan for employment requirements.

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FLORIDA OF EDUCATION
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<u>Paragraph/Finding No(s)</u> (1)	<u>Program/Area</u>	<u>Brief Description</u>	<u>Status of Finding</u>	<u>Comments</u>
FA 07-034 FA 06-029	Rehabilitation Services – Vocational Rehabilitation Grants to States CFDA No.84.126	FDOE did not accurately report data listed on the Annual VR Program/Cost Report (RSA-2). In addition, FDOE management did not document that a review was completed prior to submitting the report to USED.	Fully Corrected	The Department has assigned additional staff to perform the collection and preparation of the RSA-2. The procedures for completion of this report have been enhanced to include multiple management reviews and further reconciliations between Financial Status Reports (SF-269), FDOE trial balances, and RSA-2. Additionally, FDOE has sought technical assistance from USED in clarifying classification of expenditures and encumbrances with the RSA-2 report.
FA 07-038	Reading First State Grants CFDA No. 84.357	FDOE did not always ensure that the State's accounting system (FLAIR) was timely updated for transactions originally recorded in FDOE's On-Line Disbursement Reporting (D-503) Application.	Fully Corrected	As a result of the ongoing training provided to all staff regarding the monthly reconciliation process, all reported expenditures were reported in the FDOE's On-Line Disbursement Reporting Application.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FLORIDA OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

<u>Paragraph/Finding No(s). (1)</u>	<u>Program/Area</u>	<u>Brief Description</u>	<u>Status of Finding</u>	<u>Comments</u>
FA 07-039 FA 06-036	Reading First State Grants CFDA No. 84.357	Significant deficiencies noted during the prior audit regarding the approval of subaward budgets that contained incorrect indirect cost rates continued to exist during the audit period.	Fully Corrected	FDOE and USED reached agreement on slightly modified procedures for calculating the indirect cost rates for 2009 -10. Immediately upon completion of the agreement, training was provided to all staff as appropriate to ensure that the correct rates are applied to the approval of subaward budgets.
FA 05-039	Twenty-First Century Community Learning Centers CFDA No. 84.287	FDOE incorrectly classified a vendor as a subrecipient.	Finding Does Not Warrant Further Action	In October, 2007, FDOE received a Program Determination Letter that included a determination related to this finding. FDOE immediately followed up with a response to the PDL. The response questioned a portion of the required corrective action. As of this date, FDOE has not received a response to our inquiry.

Note: (1) Paragraph/Finding No(s). refer to audit findings in report No. 01-134 (00-), report No. 02-192 (01-), report No. 03-167 (02-), report No. 2004-168 (FA 03-), report No. 2005-158 (FA 04-), report No. 2006-152 (FA 05-), report No. 2007-146 (FA 06-), report No. 2008-141 (FA 07-), or report No. 2009-144 (FA 08-).

Name and Title of Responsible Official: Ed W. Jordan