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September 30, 2014

Melinda Miguel  
Chief Inspector General  
Office of the Chief Inspector General  
The Capitol  
Tallahassee, FL 32399-0001

Dear Melinda:

In accordance with Section 20.055(5)(h), Florida Statutes, attached is the six-month status of corrective actions taken in response to Auditor General Report #2014-173, *Compliance on Internal Controls Over Financial Reporting and Federal Awards*.

If you have any concerns regarding this status report, please contact Mike Blackburn by phone at 245-9418 or by email at [Mike.Blackburn@fldoe.org](mailto:Mike.Blackburn@fldoe.org).

Sincerely,

Pam Stewart  
Commissioner

Attachment

cc: Mike Blackburn, Inspector General  
Martha Asbury, Assistant Deputy Commissioner, Finance and Operations  
Joint Legislative Auditing Committee

**Department of Education OIG**  
**Status Report on: Statewide Federal Awards Audit**  
**AG Report # 2014-173 Issued: March 31, 2014**  
**Status as of September 30, 2014**

<b>Finding</b>	<b>Recommendation(s)</b>	<b>Management Response as of March 31, 2014</b>	<b>Management Response as of September 30, 2014</b>	<b>Anticipated Completion Date &amp; Contact</b>
<p>The FDOE incorrectly recorded Advances to other entities, Investment earnings, and Deferred revenue for the Board of Governors auxiliary debt obligations to be repaid by colleges and universities.</p>	<p>We recommend that the FDOE consider all applicable Board of Governors bond activity when adjusting the Advances to other entities and other related account balances.</p>	<p>The agency agrees with this recommendation. Board of Governors staff will consider all university bond activity in preparing the annual required entries as noted in the finding.  <i>Anticipated completion: July 31, 2014</i></p>	<p>Board staff have carefully considered all bond activity, and have worked closely with the DOE Comptroller's Office on the annual entries for 2013-14.</p>	<p>Completed as of August 2014  Chris Kinsley</p>
<p>FDOE procedures for preparing the Schedule of Expenditures of Federal Awards (SEFA) data form were not sufficient to ensure amounts reported were accurate. As a result, amounts reported on the State's SEFA were materially misstated before adjustment.</p>	<p>We recommend that the FDOE enhance its procedures to ensure amounts reported on the SEFA data form are complete and accurate and provided in accordance with FDFS instructions.</p>	<p>FDOE will add additional review steps in its SEFA reporting process to ensure FDOE is in agreement with the data reported by the Office of Early Learning.  <i>Anticipated completion: June 30, 2014 and on-going</i></p>	<p>Additional procedures were added to the department's verification processes both within the Office of Early Learning (OEL) and within the department's Office of Comptroller. Expenditure data is verified by OEL through their multiple-level process prior to submission to the Office of Comptroller. The Office of Comptroller further verifies the data by cross-referencing and reconciling to the department's trial balance to ensure completeness and accuracy.</p>	<p>Completed as of June 30, 2014 and ongoing  Debra Evans</p>
<p>The FDOE did not document the timely reporting of applicable subaward data in the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System (FSRS) pursuant to</p>	<p>We recommend that the FDOE ensure that all required key data elements are timely reported in the FSRS for subawards from the applicable grants.</p>	<p>FDOE has had a great deal of difficulty uploading data into the FSRS as required by FFATA. For the better part of two years, whenever data were uploaded to the system we received numerous error messages. It is</p>	<p>FDOE subaward data through July 2014 has been timely uploaded into the FSRS system and the department has supporting documentation which substantiates</p>	<p>Completed as of June 30, 2014  Martha Asbury</p>

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Federal regulations.		our understanding from both USED as well as other states, that these problems have been experienced nationally and not just by Florida. However, just recently, the FDOE has identified methodology for successfully loading the required data into the FFATA reporting system. All subaward data will be fully and accurately uploaded into the system consistent with federal requirements. <i>Anticipated completion: June 30, 2014</i>	timeliness and completeness of the required subaward uploads.	
The FDOE did not notify two local educational agencies (LEAs) of the authority to consolidate Federal, State, and local funds to operate schoolwide programs.	We recommend that the FDOE notify the LEAs of the authority to operate schoolwide programs using consolidated Federal, State, and local funds.	The two LEAs, the Florida Virtual School and the Lake Wales Charter School System have been advised of the authority to consolidate Federal, State, and local funds in Title I schoolwide programs. <i>Complete</i>	The two LEAs (the Florida Virtual School and the Lake Wales Charter School System) were notified on February 26, 2014, of the authority to consolidate Federal, State and local funds in Title I schoolwide programs.	Completed as of February 26, 2014  Martha Asbury
The FDOE did not correctly allocate IDEA funding to local educational agencies (LEAs) in accordance with Federal regulations.	We recommend that the FDOE allocate IDEA funds to the LEAs in accordance with Federal regulations and USED guidance.	FDOE will seek guidance from the USED Office of Special Education Programs (OSEP) concerning the unique circumstances which the department faces with respect to its LEAs. Furthermore, FDOE will seek guidance from OSEP on best practices to resolve equity tension which the department encountered as a result of Provision 2 designations and will encounter with the newly implemented Community Eligibility	The error in the IDEA, Part B, Preschool allocations (\$450) was corrected. FDOE has been in contact with staff at the USED Office of Special Education Programs (OSEP) seeking guidance on resolution of the remaining issues surrounding the allocation of funds and child counts.	Pending guidance from USED OSEP  Monica Verra-Tirado

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		Provision option. Lastly, FDOE has taken the necessary steps to correct the \$450 offsetting allocation which occurred by using an incorrect child count in the calculation of the 2012-13 fiscal year allocation of two IDEA Preschool Grant funds. <i>Anticipated completion: Pending consultation with USED OSEP</i>		
The FDOE could not provide documentation to support all budgeted amounts used in the State-level maintenance of effort (MOE) calculation for the 2012-13 fiscal year.	We recommend that the FDOE maintain documentation to support the calculation of the State-level MOE.	The revised methodology for calculating the maintenance of effort is required to include estimated budgeted (i.e., appropriated) amounts used to provide special education and related services to students with disabilities from all possible sources - not just education appropriations. As part of the calculation, FDOE reached out to the Division of Blind Services, the Division of Vocational Rehabilitation, the Department of Children and Families, the Department of Juvenile Justice, and the Department of Corrections. It was very difficult for many of these entities to provide an estimate of amounts that were allocated for students with disabilities as their budgets are not constructed in that manner; however, all of the entities involved did provide FDOE with their estimates going back to 2008-09. Unfortunately due to staff turnover and other factors, not all of these entities were able to provide the backup	FDOE staff have been in contact with USED OSEP staff regarding this finding and how best to resolve the issue of backup documentation from other state agencies.	Pending resolution with USED.  Martha Asbury

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		<p>documentation required by the auditors. FDOE will consult with the USED to determine how best to address this issue with respect to prior-year calculations. Going forward, FDOE will request that the entities involved provide us with backup documentation supporting the estimates provided to FDOE. It should be noted that the amount of support provided from the six entities included in the calculation is just over 10% of the total amount appropriated for special education and related services.</p> <p><i>Anticipated completion: June 30, 2014 for future calculations.</i></p>		
<p>The FDOE did not obtain periodic certifications for employees whose salaries and benefits were paid solely from CTE Program funds. In addition, the FDOE did not fairly state the status of a similar finding in the Summary Schedule of Prior Audit Findings (SSPAF).</p>	<p>We recommend that the FDOE obtain semiannual certifications for employees working solely on the CTE Program.</p>	<p>FDOE is implementing a process for obtaining semiannual certifications for all employees working solely on a single federal program.</p> <p><i>Anticipated completion: June 30, 2014</i></p>	<p>FDOE has implemented semiannual certifications department-wide for all employees working on a single cost objective; however, collection of the semi-annual certification did not occur during this audit period.</p>	<p>October 31, 2014 Martha Asbury</p>
<p>The FDOE did not meet the Federal maintenance of effort (MOE) requirement and incorrectly reported the non-Federal share of outlays amount on</p>	<p>We recommend that the FDOE follow the USED-approved procedures for calculating the non-Federal share of outlays amount. We</p>	<p>The FDOE has responded to a Program Determination Letter (PDL) including revision to the FSR, re-submittal of the revised methodology and other requested</p>	<p>FDOE has not received any further guidance from the USED.</p>	<p>Pending further guidance from USED.</p>

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<p>the Final Financial Status Report (FSR) submitted in December 2012 for the period July 2010 through September 2012.</p>	<p>also recommend that the FDOE appropriately revise the FSR for the period ended September 2012.</p>	<p>information. To the extent directed by the USED in the PDL, corrective action has been completed. Any further corrective action will be dependent on further direction from USED.  <i>Anticipated completion: pending further direction from USED.</i></p>		<p>Martha Asbury</p>
<p>The FDOE Division of Vocational Rehabilitation (DVR) and Division of Blind Services (DBS) did not obtain periodic certifications for employees whose salaries and benefits were paid solely from VR Program funds. Additionally, the DVR did not appropriately allocate salary and benefits costs for employees who worked on multiple programs.</p>	<p>We recommend that the FDOE implement semiannual certifications for all employees who work on a single cost objective. We also recommend that the FDOE take steps to ensure that salary and benefits cost reallocations are correctly made for employees who worked on multiple programs.</p>	<p>FDOE is implementing semiannual certifications for all employees working on a single cost objective including DVR and DBS employees. The DVR personnel located in the Turlington building will be included in future time studies so that any necessary salary and benefits adjustments can be made timely.  <i>Anticipated completion: June 30, 2014</i></p>	<p>FDOE has implemented semiannual certifications department-wide for all employees working on a single cost objective; however, collection of the semi-annual certification did not occur during this audit period. Additionally, to properly allocate salary and benefits for employees who work on multiple programs, FDOE will include in its next time study, all DVR personnel who are located within the Turlington building.</p>	<p>October 31, 2014</p>

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<p>The FDOE did not always ensure that eligibility determinations were made within the time frame required by VR Program regulations.</p>	<p>We recommend that FDOE management take steps to ensure the timely completion of eligibility determinations. Such steps should include emphasizing to counselors the importance of timely eligibility determinations.</p>	<p>The FDVR continues to address adherence to the prescribed procedures at annual Supervisors Meetings, at New Counselor Trainings, Area Directors Meetings and Counselor performance reviews. Increased emphasis on compliance is part of the Field Services Operating Procedure (FSOP), Field Services Quality Assurance Monitoring implemented on August 2, 2011. The FDVR 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 eligibility requirements. <i>Anticipated completion: ongoing</i></p>	<p>VR conducted the following training/meetings:  <b>Area Office Meeting/Training (s)</b>            August 2013, October 2013, December 2013, April 2014 and June 2014  <b>Area Director Meeting(s)</b>            August 13-15; October 17; December 11; February 19; April 14; June 11  <b>New Counselor Training</b>            December 10-11, 2013  <b>Follow Up Training</b>            September 17-19, 2013  <b>Performance Reviews were conducted in January 2014.</b></p>	<p>Ongoing  Aleisa McKinlay</p>
<p>The FDOE did not correctly allocate ITQ funds to local educational agencies (LEAs).</p>	<p>We recommend that the FDOE appropriately adjust future ITQ fund allocations to correct the errors and establish a process for reviewing the allocation prior to the distribution of funds.</p>	<p>FDOE appropriately adjusted the ITQ fund allocations prior to the end of audit field work. Processes are and have been in place for reviewing the allocations prior to distribution of funds. FDOE will, however, enhance its current processes by adding another level of review as well as adding protection features to templates to prevent overwriting and/or deletion. <i>Anticipated completion: June 30, 2014</i></p>	<p>Allocations were appropriately adjusted and policies and procedures have been enhanced accordingly to ensure correct allocations going forward.</p>	<p>Completed as of June 30, 2014  Eileen McDaniel</p>

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<p>The FDOE did not always conduct required monitoring activities as specified in the SIG application.</p>	<p>We recommend that the FDOE evaluate the performance of schools as specified in the FDOE SIG application and complete Rubrics for all Tier I and II schools.</p>	<p>The Regional Executive Directors (REDs) of FDOE’s Differentiated Accountability field support teams have committed to a completion date of 2/28/14 for the 62 missing rubrics from the 2012-13 school year. REDs will complete similar rubrics for any SIG Cohort 2 schools applying for no-cost extensions for the 2014-15 school year prior to award of funding. FDOE plans to integrate progress monitoring rubrics into a new online monitoring system in time for reviewing SIG Cohort 3 continuation awards in the summer of 2015. <i>Anticipated completion: February 28, 2014 and ongoing</i></p>	<p>The 62 missing rubrics were completed. In September 2013, the Regional Executive Directors (REDs) completed the Year 3 Rubrics for those school districts requesting a Cohort 1* Year 4 extension (Duval, Jefferson, Orange and Pasco). In November and December the REDs collected Corrective Action Plans for several instances where a school requesting an extension had not met the Year 3 evaluation threshold. On December 11, 2013, the FDOE Bureau of School Improvement (BSI) sent Year 3 Rubrics to the REDs for the remaining Cohort 1 schools; all were completed and returned by March 10, 2014. <i>* The original State Agency Response and Corrective Action Plan, sentence 2, contained a typo. Cohort 2 should have read Cohort 1.</i></p>	<p>Completed as of March 10, 2014  Christine Evans</p>