Office of Inspector General
Florida Center for the Blind, Inc. (FCB)

Report #A-2223DOE-018 **June 2024**

Executive Summary

In accordance with the Department of Education's fiscal year (FY) 2022-2023 audit plan, the Office of Inspector General (OIG) conducted an audit of the Pre-Employment Transition Services (Pre-ETS), Transition Services (TS), and Vocational Rehabilitation Services (VR) Contract 21-533 between the Division of Blind Services (DBS) and the Florida Center for the Blind, Inc. (FCB). The purpose of this audit was to determine whether FCB met the requirements of the agreement with DBS, and whether DBS effectively monitored adherence to the agreement.

During this audit we noted that FCB partially met their contractual requirements, and DBS effectively monitored adherence to the agreement. We noted two instances where improvements should be made to strengthen certain internal controls. We noted that FCB did not meet all required contract deliverables, and FCB did not maintain proper fiscal oversight. The Audit Results section below provides details of the instances noted during our audit.

Scope, Objectives, and Methodology

The scope of the engagement included an examination of Contract 21-533 between DBS and the Florida Center for the Blind, Inc., for the 2021-2022 federal fiscal year. The purpose of the engagement was to determine the extent to which Florida Center for the Blind has complied with the agreement, and whether DBS effectively monitored adherence to the agreement. We established the following objectives for our audit:

1. Determine if FCB's internal controls ensure effective delivery of Pre-ETS and TS-A services to DBS customers;
2. Determine if payments and expenditures are made in accordance with contractual terms; and
3. Determine if DBS effectively manages and monitors the contract for compliance.

To achieve these objectives, we reviewed applicable laws, rules, and regulations; reviewed policies and procedures; interviewed appropriate division and provider staff; reviewed contracts and related documents; reviewed program deliverables; reviewed invoices and payments; reviewed eligibility documentation; and reviewed a sample of client files.

The methodology for our review included:

1. Determining if Florida Center for the Blind's internal controls ensured effective delivery of Pre-ETS and TS-A services to DBS customers;

2. Reviewing a sample of customer service records;
3. Reviewing the contract risk assessment, monitoring plan, and subsequent monitoring documents to determine if DBS adequately monitored the performance of the provider;
4. Reviewing a sample of invoices and supporting documentation to determine whether invoices contained all required documents, and the amounts invoiced reflected the rates established in the contract;
5. Ensuring each invoice contained approval prior to payment;
6. Reviewing a sample of FCB expenditures and supporting documentation to ensure that all expenditures met the requirements of applicable laws, rules, and regulations and were made in accordance with contract terms; and
7. Determining if FCB staff met qualifications to provide services in accordance with the contract.

Background

Section 413 of the Florida Statutes establishes the Division of Blind Services (DBS) and outlines one of the primary responsibilities of the division is to plan, supervise, and conduct programs to aid and improve independence in individuals who are blind or visually impaired.

Transition Services are programs that work with school-aged individuals to help build the skills necessary to be successful in furthering education and career goals. Pre-employment Transition Service (Pre-ETS) programs are required by law to have at least five types of activities, including: job counseling, work-based learning experiences, counseling for transitional or post-secondary education, workplace readiness training, and instruction on self-advocacy, as outlined in the Rehabilitation Act of 1973, as amended (section 113). Each client taking part in these programs receives an individualized plan for employment after receiving a referral from DBS.

In accordance with DBS's mission, the Florida Center for the Blind (FCB), a 501(c)(3) non-profit organization, has the goal to aid blind or visually impaired individuals to allow them to live as independently as possible. The contract dictates that FCB will create both Pre-ETS and VR related programs to help clients 14-22 years old develop skills and tools necessary to thrive in post-secondary education and the workplace. Amendment 2 of the contract requires FCB to serve a minimum of 14 unique or carryover clients during a contract year at an average rate of 160 hours per client per year. In the 2021-2022 contract year, FCB served a total of fourteen (14) clients an average of 133.8 service hours.

During our review, we noted that FCB achieved 48% of their total service hours for the contract year during two week-long summer camps, one in June and one in July. During these camps, FCB has students served under this contract serving as camp counselors for younger blind students served under a separate DBS contract. Further, during those camps, and at times during the rest of the year, FCB records up to 16 service hours per day, the contractually allowed maximum. Finally, while those camps do provide some work-based learning experience, it is questionable if those hours align with each student's work interests outlined in their individualized plans for employment.

Audit Results

Finding 1: FCB did not meet all required contract deliverables.

Attachment A Section II. D (8) of the contract, as amended in Amendment No. 2, requires FCB to provide a minimum of 200 hours of structured curriculum hours per annum, provide a minimum cumulative number of 14 unique students a minimum cumulative average of 160 hours of instruction per student (total of at least 2,240 direct service hours), and ensure each student receives at least 80% of the 160 minimum cumulative individual client hours. Additionally, the contract requires that each Pre-ETS/TS-A student participates in a minimum of four (4) work-based learning experiences; one in the first trimester, one in the second trimester, and two in the third trimester.

Attachment A Section II. D (2) of the contract states, "Full payment for this contract period will be based on the Contractor serving 14 unduplicated new (unique) eligible and Carryover full time Pre-ETS or TS-A clients, at a rate of $9,600.00 per client for a minimum of 160 hours per client or 2,240 cumulative service hours (units) for this contract period. Monthly and cumulative performance benchmarks indicated are designed to ensure the Contractor is paced to meet the annual deliverable."

Attachment A Section VI. A of the contract sets the following standards for financial consequences regarding deliverables;

- If a deficiency exists in the cumulative number of clients served by the end of any month, that month's payment will be reduced at a rate of $4,800.00 per client, as necessary to address the deficiency.
- If a deficiency exists in cumulative service hours by the end of any month, that month's payment will be reduced at a rate of $55.00 per hour, as necessary to address the deficiency.
- Clients who do not receive all of the work experiences as set forth in section III.B.5 above, will result in a financial consequence of $400.00 per client.

The contract also indicates that "The final 12th month contract payment will not be approved until a final review has been made to determine that all deficiencies or surpluses have been reconciled in accordance with the terms of this Contract." Attachment A Section VI. D of the contract; states, "Failure to meet the annual deliverable will result in a financial consequence which shall not be recouped."

<u>Service Hours</u>

We collected and reviewed service logs for the entire 2021-2022 contract period for this audit. Each month, FCB had at least one weekend event for the students to take part in depending on the students' schedules and availability. FCB achieved the minimum requirement of fourteen unique students during the 2021-22 year, although one student received only four service hours during the year. Per the contract, FCB should provide, on average, 160 service hours per student for a total minimum service hour requirement of 2,240 hours during the contract period. According to the service logs provided for the audit period, FCB provided a total of 1,873.75 hours, leaving them 366.25 hours short of the 2,240 minimum required service hours. FCB management indicated their interpretation of the contract deliverable minimums came from the

Performance Benchmark chart located in Amendment 2. This matrix outlines the minimum direct service hours of 149 per month to avoid financial consequences. As a result, FCB was operating under the assumption that they had exceeded the minimum requirements for this year, because they exceeded the cumulative minimum direct service hours per month. However, Attachment A Section VI of the contract explicitly; states, "Full payment for this contract period will be based on the Contractor serving 14 unduplicated new (unique) eligible and Carryover full time Pre-ETS or TS-A clients, at a rate of $9,600.00 per client for a minimum of 160 hours per client or 2,240 cumulative service hours (units) for this contract period."

Additionally, FCB did not provide the required service hour minimums for each individual student. FCB must provide at least 80% of the required cumulative 160 service hours to each student to comply with the contract. Of the fourteen unique clients for this contract period, only seven achieved an attendance rate above the 80% minimum, as reflected in Table 1 below. FCB management indicated during our site visit that one of the primary troubles they experience with this age group is maintaining attendance. These students are in school during the week, so the only time for meaningful instruction is on the weekends. FCB management indicated the majority of the hours are served during the summer months due to the students being on break from school and more readily available to participate. The absence of effective client participation controls to ensure that minimum service hours are met increases the likelihood that students will not receive critical service hours and DBS could pay for service hours not performed. Failing to provide all contractually required services increases the risk that students do not receive the services necessary to help achieve the goals in their employment plans.

Fiscal Year 2021-2022 Service Hours

Student	Total Hours	Avg Required Hours	Attendance Avg (of 160)
A	14	160	9%
B	85.75	160	54%
C	37	160	23%
D	274.25	160	171%
E	279	160	174%
F	214.75	160	134%
G	16.5	160	10%
H	8	160	5%
I	231.75	160	145%
J	4	160	3%
K	49	160	31%
L	219.75	160	137%
M	179.5	160	112%
N	260.5	160	163%
Total	1,873.75	2,240	84%
7 of 14 students above 80% attendance rate			

Table 1

Work-Based Learning Experiences

Contract 21-533 requires that each Pre-ETS/TS-A student participates in a minimum of four work-based learning experiences: one in the first trimester, one in the second trimester, and two in the third trimester. The contract also requires FCB to submit three curriculum plans during each contract period. The three plans provided by FCB outline each weekend the students spend at the facility and how their activities are broken up by service category. All three curriculum plans submitted by FCB included at least two activities labeled as 'Work Experience'. Attachment A of the contract notes that exceptions to providing these services beyond the Contractor's control must be documented in the AWARE system. In total, there were eight exemption requests filed during the contract period, two for the first trimester, three for the second trimester, and three for the third trimester. These exemptions are indicated by the yellow highlighted squares in Table 2 below. Our review of the service logs for this contract year noted that FCB failed to provide five required work-based learning experiences to two of the fourteen students. Student A received none of the four required work-based learning experiences and had no exemption request on file. Student K was not a client until after the start of the third trimester, in July of 2022. Per section VI. A. of the contract, the contractor will not receive financial consequences if a client enters the program within one month of the end of the curriculum plan reporting period. With two months remaining in the third trimester, student K should have received the two requisite WBLE services.

Fiscal Year 2021-2022 – Work Based Learning Experiences

Student	Trimester A Received	*Required*	Trimester B Received	*Required*	Trimester C Received	*Required*
A	0	1	0	1	0	2
B	2	*1*	1	*1*	0	*2*
C	0	*1*	1	*1*	0	*2*
D	3	*1*	1	*1*	2	*2*
E	3	*1*	1	*1*	3	*2*
F	2	*1*	1	*1*	2	*2*
G	1	*1*	0	*1*	0	*2*
H	0	*1*	0	*1*	0	*2*
I	2	*1*	0	*1*	3	*2*
J	0	*1*	0	*1*	0	*2*
K	*	1	*	1	1	2
L	3	*1*	0	*1*	3	*2*
M	3	*1*	1	*1*	2	*2*
N	2	*1*	1	*1*	3	*2*
Total	21	*14*	7	*14*	19	*28*

**Student was not a client during this trimester*

Table 2

Job Coaching

During preliminary interviews, DBS indicated a concern that service hours listed as 'Job Coaching' were duplicates of the WBLE hours for the same timeframe. During our site visit, FCB management indicated that, based on prior instruction, Job Coaching records should be included in AWARE even though the numbers do not count towards the total number of service hours. FCB management subsequently indicated that they no longer include Job Coaching records in their AWARE submissions to mitigate any appearance of double counting. Our review of the service logs determined that FCB did not count any duplicative Job Coaching hours towards their total number of service hours.

Recommendation

We recommend that FCB enhance their controls to ensure all service deliverable requirements are met. We also recommend that DBS include a review of service deliverables in their monitoring activities to ensure compliance with the contract terms and its service deliverables and make appropriate adjustments to performance funding when service deliverables are not met. Finally, we encourage DBS and FCB to review the contract and consider making appropriate revisions to better align the contractual deliverables with the contractor's business model.

DBS Management Response

Concur. DBS agrees that FCB did not meet all required contract deliverables. As a result, DBS withheld funds from FCB and ultimately made the referral to the IG's office.

Service deliverables are reviewed monthly as well as with desk and onsite monitoring. Payments are withheld when deliverables are not met. DBS will continue this process.

This model is statewide for all our contracted service providers. This process is reviewed annually. Major shifts of the business model could result in a shortage of available service providers. DBS has reviewed the contract and considered the recommendation for adjusting the business model. However, DBS does not anticipate any major shifts in the business model for contracts, effective 7/1/2024.

This matter is considered to be completed.

FCB Management Response

Partially. Concur with work experiences only. Disagree with remainder. We agree that we did not provide 5 out of the 56 work experiences, although we offered several work experiences each trimester. Regarding the actual work experiences, the audit focused on the work experience of the summer. As previously explained, that work experience focuses on the 10 transferrable skills (applicable to any job and as represented in DBS's own work evaluation form) such as attendance, initiative, work quality, etc. We provided documentation that showed each student received work experience in their area(s) of interest or vocational goals throughout the remainder of the year.

Regarding the deliverables, the audit reports that only 7 of the 14 students met the 80% of the required hours. One of the 7 was only open for 3 months, yet received 31% of the hours. He began services in July 2022. A second student was on track to receive over 80% but became very sick with seizures and was either hospital-bound or bed-bound for several months beginning in spring through rest of contract. Every attempt was made to provide service as she could tolerate it. As previously reported during the audit, students 3 and 4 were severely disabled and they were provided services that met their family's needs. The remainder (5-7) had attendance issues. Six of the seven (excluding student that had just started in July) were subsequently closed. All of these students provided circumstances beyond the contractor's control, which is covered in the contract. What is in our control is the ability to provide and offer quality services. As discussed, we provide all transportation for the students. What is not in our control is we can not make a student get on the van, we can not control if a student has serious medical issues, and we can not control what contract a client is referred under. We have since began pushing back on referrals and questioning if they are being referred under the correct contract to avoid this in the future. We also move to close clients if they are noncompliant. The contract has since been modified to allow students to be served as it best suits their needs instead of being forced to meet a minimum number of hours. The agency has a total hour requirement that allows for varying hours per student. Of the 7 that did receive at least 80% of their hours, the actual average was 185% of the required hours. This was done in good faith to provide the total required hours in the contract.

There is still disagreement regarding interpretation of the contract. The contract mentions 200 "program hours" and that the agency must be in 80% compliance. The program hours are just that. The number of hours of programming offered throughout the year. DBS monitoring reports show our agency provided over 265 program hours. The 160 hours refers to the hours of service provided as a cumulative average". The contract also requires 80% compliance with those hours. The audit appears to have confused program hours with service hours. The audit did not take into account the 80% compliance of the 160 cumulative average which would calculate to be 128 hours cumulative average. If the contract meant that each student receive a minimum of 80% of the service hours, the contract should have stated that in simple terms. Instead, the contract refers to a "cumulative average" which means the total number of hours divided by the number of students. Furthermore, the actual DBS contract monitoring sheet that is used to track compliance, and is shared with the agency, reflects the same understanding of the service hours being 128 (for 80% compliance) and therefore shows a total number 1,791.96 hours required as a minimum. (128 hours x 14 students = 1792). The same report also shows we provided 1,873.75 hours and we did in fact meet the 80% compliance requirement. Also, hours per client are not monitored on that DBS worksheet, only the total cumulative hours. Again, seemingly in line with our understanding as well.

Finally, we can not remember the last time DBS provided training on the contracts. It would be very helpful to all agencies. It is also disappointing, that even though FCB was asked if we had any concerns/issues with DBS and we provided those concerns, none of them were seemingly addressed.

This matter is considered to be completed.

Inspector General's Rebuttal

Notwithstanding FCB's assertion that the contract only requires them to complete 80% of the stated deliverables, the OIG maintains that FCB failed to meet the minimum number of service hours, falling 366.25 hours short of the 2,240 minimum required service hours. While the contract states that FCB must meet 80% of each month's deliverable to avoid penalty in that month, it does not state that they only need to meet 80% of the total deliverable requirement. In fact, it very clearly states in Attachment A Section II. D (2) of the contract that, "Full payment for this contract period will be based on the Contractor serving 14 unduplicated new (unique) eligible and Carryover full time Pre-ETS or TS-A clients, at a rate of $9,600.00 per client for a minimum of 160 hours per client or 2,240 cumulative service hours (units) for this contract period. Monthly and cumulative performance benchmarks indicated are designed to ensure the Contractor is paced to meet the annual deliverable." Consequently, the finding and related recommendations stand as presented.

Finding 2: FCB did not maintain proper fiscal oversight.

Funding Source Documentation

Section VII. H. of the contract requires FCB to maintain records that "will sufficiently and properly reflect all expenditures of funds provided by DOE/DBS under this contract."

Section 216.3475, Florida Statutes states, "Each agency shall maintain records to support a cost analysis, which includes a detailed budget submitted by the person or entity awarded funding and the agency's documented review of individual cost elements from the submitted budget for allowability, reasonableness, and necessity."

Section C of the Florida Department of Education's Green Book relating to Fiscal and Program Accountability states, "Project recipients shall maintain and use project records sufficient to assure compliance with the program and fiscal requirements of the project and demonstrate project accomplishment and shall prepare all required reports. Recipients are responsible for determining that all disbursements comply with applicable laws, regulations, statutes, rules, policies, procedures, and program requirements, regardless of the payment method assigned to the project award." It further states in part, "Such records shall include, at a minimum:

- The use of fiscal control and fund accounting procedures that ensure proper disbursement of, and accounting for, federal and state funds.
- Fiscal and other business records that document all revenues received through the project and any amendments to the project. All disbursements must be supported by adequate documentation, including, but not limited to, invoices, receipts, payrolls, contracts, time and attendance records, and paid checks."

We requested the contract's budget and cost analysis from DBS. DBS provided the most recent cost analysis completed on October 1, 2020; however, DBS could not provide a cost analysis or budget for the review period. FCB and DBS provided no further explanation for the absence of a cost analysis or budget for the 2021-2022 period. We requested and received FCB's itemized General Ledger (GL) for the period of October 1, 2021, through September 30, 2022, the federal fiscal year. Upon request of the GL, FCB management informed our office that expenditures directly and solely applicable to Contract 21-533 are recorded in the GL under the 8000 and 8100 series codes, labeled Transition and Transition Summer Program, respectively. Other expenditure codes applicable to multiple funding sources are attributed proportionately to the contract funding based on hours and services. FCB provided a detailed list of the codes used specifically for this contract and the codes that are paid proportionately for this contract in addition to the GL. Our review of the list of expenses in the GL revealed a total of 352 expenditures related to this contract. We judgmentally sampled 46 of the 352 expenditures and reviewed the supporting documentation. To conduct the analysis, we compared the sampled expenditures to the total amount on the provided invoices.

Our review of the expenditures determined that FCB did not categorize expenditures by funding source, nor did they indicate the proportion of expenditures that crossed multiple funding sources applicable to this contract. Therefore, FCB was unable to demonstrate that they allocated all contract funds to actual Transition Services expenditures. When asked about this during our November 2023 site visit, FCB management indicated that, due to the size of the agency, most of their costs are intermingled. This practice limits FCB's ability to demonstrate that allocated costs were distributed proportionally to expenses covered under the contract, and it hinders DBS's ability to monitor expenditures.

New England Reward Trip Expenditures

As mentioned above, Section C of the Florida Department of Education's Green Book relating to Fiscal and Program Accountability requires that, "Project recipients shall maintain and use project records sufficient to assure compliance with the program and fiscal requirements of the project and demonstrate project accomplishment and shall prepare all required reports. Recipients are responsible for determining that all disbursements comply with applicable laws, regulations, statutes, rules, policies, procedures, and program requirements, regardless of the payment method assigned to the project award."

In August of 2022, two FCB staff members accompanied eight of their transition students on a week-long trip to the New England area. All expenses for this trip were listed under the code "8196 – Summer Reward Trip to NE". GL code 8196 is a subset of FCB GL code 8100, titled Transition Summer Program. As previously stated, all 8000 and 8100 series GL codes for expenditures relate directly to the transition services under the DBS contract. Expenses covered for students and staff during this trip include travel, lodging, food, and activities totaling $9,906.68. The FCB CEO purchased airline tickets, labeled as "Other" on the chart below, with her personal credit card, which the CEO stated she used because her personal card allowed for a reduced luggage expense for all travelers. Students and staff rented a house during this trip totaling $2,515.82, with food costs adding up to $1,565.96 for the week. Travel and fuel costs, including the rental car and toll fees incurred while on this trip, totaled $1,166.98; and entertainment, including tours and entrance fees for the trip excursions, totaled $1,158.24. FCB management indicated that, during the trip, they provided two hours of pre-ETS work-based learning experience, and they submitted those hours in the invoice to DBS. No other events were included in the invoices.

8196 - Summer Reward Trip to NE		
Type	**Payee**	**Amount**
Lodging	Airbnb	347.30
Lodging	Airbnb	779.36
Lodging	Airbnb	1,389.16
Entertainment	Olis Trolleys	661.44
Entertainment	Sea Princess	296.80
Entertainment	NH State Park	32.00
Entertainment	NH State Park	168.00
Food	Coffee Pot	115.00
Food	Wal-Mart	159.90
Food	Starbucks	11.61
Food	Dunkin Donuts	4.98
Food	Hannaford	65.49
Food	Centerplate	36.89
Food	Acadia National Park	19.75
Food	Acadia National Park	26.34
Food	Stewmans	530.00
Food	The Colonels	156.00
Food	Abel's Lobster Pound	440.00
Travel/Fuel	Sunoco	96.02
Travel/Fuel	Enterprise	899.52
Travel/Fuel	Citgo	55.02
Travel/Fuel	Pride Convenience	65.22
Travel/Fuel	Erac Toll	4.85
Travel/Fuel	Erac Toll	2.00
Travel/Fuel	Erac Toll	6.00
Travel/Fuel	Sunpass	38.35
Other	President/CEO	2,593.26
Other	President/CEO	864.42
Other	President/CEO	42.00
Grand Total		$9,906.68

FCB management described the trip as a triennial reward trip for students who had high attendance and participation. Students worked together to create presentations on potential destinations and voted on their favorite. FCB provided the written narrative that they originally submitted to the board seeking approval to use $10,000 to cover the cost of the trip. All three board members approved the trip during their budget meeting on June 20, 2022. FCB management indicated the funds used for this reward trip came from donated funds; however, FCB could not demonstrate through their GL that they paid these expenditures from donated funds, as the trip was coded under Transition Summer Program funds. This reward trip to New England is outside the scope of services in the DBS contract, and the lack of funding source documentation limits FCB's ability to demonstrate the funding came from non-DBS sources. Insufficient documentation delineating funding sources inhibits DBS's ability to effectively monitor expenditures and ensure that contract funds are being used appropriately.

Policies and Procedures

FCB Financial Management – Purchasing Policies and Procedures, Purchasing Procedures states, "Individuals requesting expenditures to be paid from agency funds must complete a Request for Purchase authorization. Once the form is completed and appropriate documentation attached, the form must be submitted to the Administrative Assistant who will obtain authorization from the President/CEO. If approved by the President/CEO, the Administrative Assistant will either purchase the item using a check card or issue a check for signature." The policy further states, "Under no circumstances shall personal purchases be allowed for any reason or by any means."

While reviewing expenses on the GL a total of six expenditures were paid out to the FCB CEO totaling $5,363.68. FCB management stated the CEO used her personal credit card, instead of FCB check card or FCB issued check as required in policy, to make $5,363.68 worth of purchases and requested reimbursement from FCB for the same amount. "This check is for several different accts." is hand-written on the FCB reimbursement check stub. Of the $5,363.68 reimbursement request, $3,823.68 was for purchases made under the 8000 and 8100 transition services codes. The CEO explained that she used her personal credit card for the purchase of airline tickets as stated above, and "there are also WUFT invoices that I had to use my personal credit card for payment. I tried two different FCB cards, two different accounts, and both were declined."

One purchase the CEO requested reimbursement for included a personal purchase for $324.00 to Red Fern Pet Lodge to have her dog boarded during the New England trip. This $324.00 pet lodging fee was refunded to her as part of the $5,363.68 reimbursement request. On the reimbursement request, the President/CEO stated that the pet lodging fees, "were required to board my dog to be able to accompany the teens on trip to Maine as the only chaperone who could drive."

Absent effective policies and procedures to ensure that all fiscal transactions are properly authorized, the risk of inappropriate and unauthorized expenditures is increased.

Recommendation

We recommend FCB enhance its controls to ensure expenses funded through DBS's contract are allowable, appropriately reflected by funding source in the general ledger, and correlate to invoices submitted to DBS for payment for services rendered. We further recommend FCB submit a budget to DBS in accordance with statutory requirements. We also recommend FCB enhance its fiscal oversight to ensure compliance with internal policies and procedures, including Board of Director oversight of the President/CEO position. We further recommend DBS include a review of expenditures as part of their monitoring efforts. Finally, we recommend that DBS maintain records to support a cost analysis, including the agency's documented review of individual cost elements from the submitted budget for allowability, reasonableness, and necessity.

DBS Management Response

Concur. DBS agrees that FCB did not maintain proper fiscal oversight and we are appreciative that the IG's office has identified this issue.

DBS reviews expenditures as part of the cost analysis for CRPs by program. We agree that a review of expenditures should occur during the monitoring process and that the agency should maintain records to support cost analysis as recommend and to review whether the expenditures align with the proper deliverables for the program. DBS will update it's desk and onsite monitoring protocols to incorporate the IG's recommendation.

Note: Our contracts team is short staffed and does not have this level of expertise. DBS will require additional resources and training to provide this level of analysis. This may entail contracting with outside accounting or monitoring firms and/or the reallocation of FTEs for staff capable of providing this level of analysis of expenditures.

DBS currently lacks full budget authority for contracting and has had difficulty recruiting new contracting staff.

This matter has not been started. The anticipated completion date is December 31, 2024.

FCB Management Response

Disagree. We provided a general ledger for all accounts when asked. We then provided a cost analysis, specifically for the Transition Program, that shows a total income of $140,298 from DBS with related expenses of $151,022 without any expenses allocated from the summer Maine trip.

We explained that the account numbers track expenses by "program", not "contract". We did not allocate any DBS money towards that trip, as clearly shown in the cost analysis, and we still show a loss of approximately $11,000. As stated before, the trip was paid from investment income. As such, any discussion and detail about that trip is inappropriately shown and discussed in this audit report.

We are using Classes within the accounting system to show the on-going allocations of shared expenses (payroll, utilities, audit, etc), specific expenses and income to each contract. This should address any outstanding concerns regarding this issue.

Regarding the contract cost-analysis/budget that was requested of both FCB and DBS, the last one requested near that time period was in 2020. We have always provided the cost analysis when requested by DBS. Historically, new contracts require an updated cost analysis; whereas, contract renewals (no change in contract amount) historically has not resulted in DBS asking for an updated cost analysis. The 2020-2021 contract was a new contract. The audit period, 2021-2022, was a renewal. We were not asked for an updated cost analysis and that explains why DBS could not produce one when asked.

Finally, FCB policy was referenced in the audit findings that state "Under no circumstances shall personal purchases be allowed for any reason or by any means." That policy is referring to no one can use company credit cards/checks to make personal purchases. The purchases made were for the agency (airline tickets and radio/TV advertisement). The policy has since been updated and approved by the Board to remove any ambiguity to address the concerns raised in the audit.

This matter is considered to be completed.

Inspector General's Rebuttal

FCB Management indicated in their response that they track expenditures by program and not by contract, that DBS funds were not allocated to the Maine trip, and that the FCB personal purchase policy is referring only to the use of company credit cards/checks to make personal purchases. Notwithstanding FCB's response, the general ledger documentation provided to our office during the course of the audit does not indicate that the source of funds expended originated from funds provided by DOE/DBS under Contract 21-533 to FCB. This was also confirmed by FCB Management during our site visit in November 2023. Furthermore, per FCB's own response, they do not track the funds by contract. This practice prohibits FCB from demonstrating that they distribute costs appropriately in a manner commensurate with the relative benefit received. The Office of the Inspector General maintains that is a violation of Contract 21-533 Section VII. H., which states that records maintained "will sufficiently and properly reflect all expenditures of funds provided by DOE/DBS under this contract." Consequently, the finding and related recommendations stand as presented.

Closing Comments

The Office of the Inspector General would like to recognize and acknowledge the DBS Office and staff, as well as the FCB staff, for their assistance during the course of this audit. Our fieldwork was facilitated by the cooperation and assistance extended by all personnel involved.

To promote accountability, integrity, and efficiency in state government, the OIG completes audits and reviews of agency programs, activities, and functions. Our audit was conducted under the authority of section 20.055, F.S., and in accordance with the International Standards for the Professional Practice of Internal Auditing, published by the Institute of Internal Auditors, and Principles and Standards for Offices of Inspector General, published by the Association of Inspectors General. The audit was conducted by Lauren Shepard and supervised by Bradley Rich, Audit Director.

Please address inquiries regarding this report to the OIG's Audit Director by telephone at 850-245-0403. Copies of final reports may be viewed and downloaded via the internet at https://www.fldoe.org/about-us/office-of-the-inspector-general/audit-reporting-products.stml. Copies may also be requested by telephone at 850-245-0403, by fax at 850-245-9419, and in person or by mail at the Department of Education, Office of the Inspector General, 325 West Gaines Street, Suite 1201, Tallahassee, FL 32399.