



## Office of Inspector General DCAE Grants Administration

**Report #A-1617-025**

**January 2018**

### **Executive Summary**

In accordance with the Department of Education's fiscal year (FY) 2016-2017 audit plan, the Office of Inspector General (OIG) conducted an audit of the Division of Career and Adult Education (DCAE) grants administration function. The purpose of this audit was to determine if DCAE has sufficient controls in place to effectively and efficiently monitor the grants administration process. During this audit, we noted that, in general, the department has sufficient controls in place. Based on our review, it appears DCAE is accurately determining the initial eligibility of the providers to receive grant funding; DCAE is ensuring participating institutions remain eligible to receive funds; and DCAE has adequate internal controls in place to ensure the providers are submitting the required deliverables. There were instances where DCAE could make improvements to strengthen their processes. For example, we cited instances where DCAE did not issue desktop monitoring reports in a timely manner; DCAE did not include the achievement of Adult General Education performance targets in their risk analysis; and current Adult Education grants do not include performance targets for all primary measures. The Audit Results section below provides details of the deficiencies noted during our audit.

### **Scope, Objectives, and Methodology**

The scope of this engagement included an examination of the Adult Education, Farmworker, and Career & Technical Education grants, as well as Statewide Articulation Agreements for the period of July 1, 2015, through June 30, 2017. We established the following objectives for our audit:

1. Determine if DCAE has sufficient internal controls to effectively administer the grants;
2. Determine if DCAE effectively monitors the performance of the providers for compliance with grant terms; and
3. Determine if providers make expenditures in accordance with grant terms and applicable laws.

To accomplish our objectives we reviewed applicable laws, rules, and regulations; interviewed appropriate department staff; reviewed policies, procedures, and related documents; and reviewed DCAE grants and related documentation.

## Background

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The Florida Department of Education (department) receives federal funding from the U.S. Department of Education for the following programs:

- Career and Technical Education through the Carl D. Perkins Career and Technical Education Act of 2006;
- Adult Education through the Workforce Innovation and Opportunity Act (WIOA); and
- Farmworker Career Development through WIOA.

In addition, the department receives state funding to help expand the opportunities for individuals to receive postsecondary degrees and certificates via Statewide Articulation Agreements. The Division of Career and Adult Education (DCAE) awards sub-grants to eligible providers to administer local programs. Per Florida Statute, the department is required to oversee the performance of sub-grantees in the enforcement of all laws and rules. The purpose of each programs is as follows:

### Adult Education (AE):

Florida's adult education system includes a range of instructional programs that help adults get the basic skills they need to be productive workers, family members, and citizens. The major program areas are Adult Basic Education, Adult High School and GED® Preparation, and English for Speakers of Other Languages. These programs emphasize basic skills such as reading, writing, math, and English language competency. The adult education programs also help adult learners gain the knowledge and skills they need to enter and succeed in postsecondary education. <sup>1</sup>

### Career & Technical Education (CTE):

Through the CTE Program, also known as Perkins, DCAE is responsible for developing and maintaining educational programs that prepare individuals for occupations important to Florida's economic development. These programs are organized into 17 different career clusters and are geared toward middle school, high school, district technical school, and Florida College System students throughout the state.<sup>2</sup>

### Florida Department of Education Farmworker Career Development Program (FCDP):

The purpose of the FCDP is to provide career services and appropriate training leading to year-round, unsubsidized employment to eligible migrant and seasonal farmworkers and to provide emergency stabilization services such as food and rent to those who choose to stay in farm work.<sup>3</sup>

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<sup>1</sup> <http://fldoe.org/academics/career-adult-edu/adult-edu/>

<sup>2</sup> <http://fldoe.org/academics/career-adult-edu/career-tech-edu/>

<sup>3</sup> <http://fldoe.org/academics/career-adult-edu/farmworker-jobs-edu-program/>

### Statewide Articulation Agreements (SAA):

The department receives state funding to help expand the opportunities for individuals to receive postsecondary degrees and certificates. Many of these grants are technology and industry specific grants that allow the person(s) to be awarded a certificate in the area of choice.<sup>4</sup>

During FY 2015-2016, DCAE allocated \$37,814,605 to Adult Education grants, \$62,199,266 to Perkins grants, \$3,313,689 to Farmworker grants, and \$9,836,490 to Statewide Articulation Agreements totaling \$113,164,050.00. During FY 2016-2017, DCAE allocated \$37,766,685 to Adult Education grants, \$61,900,611 to Perkins grants, \$3,313,689 to Farmworker grants, and \$3,985,000 to Statewide Articulation Agreements totaling \$106,965,985.

### Finding 1: DCAE did not issue desktop monitoring reports in a timely manner

Per CFR 200.331 (b), “All pass through entities must evaluate each subrecipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.”

Section 2 CFR Part 200.331 (d) additionally states, “All pass through entities must monitor the activities of the sub recipient as necessary to ensure that the subaward is used for authorized purposes in compliance with Federal statutes, regulations, and the terms and the conditions of the subaward; and that the subaward performance goals are achieved. Pass through entity monitoring of the sub recipient must include:

(2) Following-up and ensuring that the sub recipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the sub recipient from the pass-through entity detected through audits, on-site reviews, and other means.”

The DCAE Quality Assurance and Compliance Team conducts annual risk assessments to determine the monitoring strategy for each provider. Those providers deemed to be at a higher risk receive a more comprehensive monitoring strategy such as an onsite visit or desktop monitoring review. DCAE completes the risk assessment in the spring of each year.

Based on the risk assessment, DCAE monitored 18 providers in FY 2016-2017. Of the 18 monitoring engagements, DCAE conducted 13 onsite visits and 5 desktop monitoring reviews. We determined DCAE completed and issued 17 draft reports (94%) to the 18 providers receiving a monitoring engagement. DCAE issued the draft reports 8 to 32 business days after the completion of monitoring for onsite reviews and 59 to 169 days after the completion of monitoring for desktop reviews. As of October 2017, DCAE had not issued one draft monitoring report to a provider who received a desktop review in the spring of 2017.

DCAE issued final reports to 14 (77%) of the 18 providers reviewed in FY 2016-2017. DCAE issued 13 final reports for onsite reviews ranging from 18 to 68 business days after completion of monitoring. DCAE issued one final report resulting from a desktop review 90 days after the

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<sup>4</sup> <http://fldoe.org/academics/career-adult-edu/career-technical-edu-agreements/>

completion of monitoring. As of October 2017, DCAE had not issued final reports to four of the five providers who received desktop monitoring reviews.

We determined DCAE has not implemented timelines for the issuance of monitoring reports to the providers. We additionally noted that, while DCAE issued monitoring reports timely to providers who received onsite reviews, they did not issue reports timely to those who received desktop monitoring reviews. Per DCAE staff, the delayed desktop monitoring reports were due to a new pilot program started in 2016. The program also reported that they were short staffed and had not established clear definitions for draft reports and final reports.

Lack of timelines for the issuance of monitoring reports can result in providers not receiving reports in a timely manner. As a result of the delayed reporting, DCAE will be unable to provide timely monitoring feedback to providers and ensure the providers correct the noted deficiencies.

### ***Recommendation***

We recommend that DCAE establish timelines for the issuance of monitoring reports and ensure that reports are issued within those timelines. We also recommend that DCAE establish definitions for draft reports and final reports.

### ***Management Response***

Concur. DCAE will establish timelines for the issuance of monitoring reports and ensure that reports are issued within those timelines. DCAE will establish definitions for draft reports and final reports.

### ***Finding 2: DCAE did not include the achievement of Adult General Education performance targets in their risk analysis.***

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Section 2 Code of Federal Regulations (CFR) Part 200.331 (b), “All pass through entities must evaluate each subrecipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.”

Section 2 CFR Part 200.331 (d) additionally states, “All pass through entities must monitor the activities of the sub recipient as necessary to ensure that the subaward is used for authorized purposes in compliance with Federal statutes, regulations, and the terms and the conditions of the subaward; and that the subaward performance goals are achieved.”

Per the Adult Education grants, the scope of work is comprised of primary core measures and secondary core measures. The primary core measures included educational gains, which are addressed through educational functional levels. Per the grant agreements, gains must be validated using the National Reporting System (NRS) and State of Florida approved assessment instruments. The NRS Adult General Education performances and targets are listed below.

**Florida**  
**Years 2014-15, 2015-16, 2016-17**  
**NRS Adult General Education Performances and Targets**

1	2	3	4	5
Educational Functioning Levels (EFL)	Actual State Performance 2014-2015	State Performance Targets 2015-16	Actual State Performance 2015-2016*	State Performance Targets 2016-17
ABE Beginning Literacy	28%	39%	28%	40%
ABE Beginning	33%	42%	32%	40%
ABE Low Intermediate	37%	47%	33%	39%
ABE High Intermediate	39%	51%	33%	40%
ASE Low	41%	56%	34%	42%
ASE High	N/A	N/A	N/A	N/A
ESL Beginning Literacy	38%	45%	40%	42%
ESL Low Beginning	41%	49%	40%	51%
ESL High Beginning	35%	46%	34%	42%
ESL Low Intermediate	28%	41%	30%	39%
ESL High Intermediate	28%	38%	28%	38%
ESL Advanced	23%	39%	23%	26%

\*2015-2016 Actual State Performances are pending USDE, OCTAE approval.

We analyzed 14 of the 144 (10%) FY 2015-2016 Adult General Education grants to determine whether the providers achieved the primary core measures listed under the scope of work. The 14 selected grants encompassed 13 providers. We compared the FY 2015-2016 actual performances to the state performance targets for the sampled 13 providers and determined none of the providers met all state performance targets. See Appendix A.

While all sampled providers submitted their standardized test result through the NRS as mandated by the contract, we noted that the achievement of Adult General Education state performance targets was not included in the FY 2015-2016 and 2016-2017 risk assessments. The addition of the category would help ensure those providers who are not achieving the state performance targets are identified in the risk analysis, receive a higher risk rating, and receive an opportunity to receive onsite or desktop monitoring.

### ***Recommendation***

We recommend that DCAE incorporate the achievement of Adult Education state performance targets into their risk analysis in order to ensure those providers not achieving the performance targets will be identified, receive a higher risk rating, and receive an opportunity for onsite or desktop monitoring.

### ***Management Response***

Concur. DCAE will incorporate the achievement of Adult Education state performance targets into their risk analysis in order to ensure those providers not achieving the performance targets

will be identified, receive a higher risk rating, and receive an opportunity for onsite or desktop monitoring.

Finding 3: Current Adult Education grants do not include performance targets for all primary core measures.

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Per the Adult Education grants, the scope of work is comprised of primary core measures and secondary core measures. The primary measures include the following:

- Entered unsubsidized employment;
- Retained employment – learner retains employment through the third quarter after program exit; and
- Placement in postsecondary education or training.

WIOA was signed into law on July 22, 2014, and supersedes the titles I and II of the Workforce Investment Act of 1998 and amends the Wagner-Peyser Act and Rehabilitation act of 1973. The WIOA joint rule for unified and combined state plans, performance accountability, and the one-stop system joint provisions was published August 19, 2016, and took effect October 18, 2016.

Section 116, Chapter 4 (2) (A) of the WIOA, states “In general, the State primary indicators of performance for activities provided under the ...program of adult education and literacy activities authorized under title II...shall consist of -

- (I) the percentage of program participants who are in unsubsidized employment during the second quarter after exit from the program;
- (II) the percentage of program participants who are in unsubsidized employment during the fourth quarter after exit from the program;
- (III) the median earnings of program participants who are in unsubsidized employment during the second quarter after exit from the program;
- (IV) the percentage of program participants who obtain a recognized postsecondary credential, or a secondary school diploma or its recognized equivalent (subject to clause (iii)), during participation in, or within 1 year after, exit from the program; and
- (V) the percentage of program participants who, during a program year, are in an education or training program that leads to a recognized postsecondary credential or employment and who are achieving measurable skill gains toward such a credential or employment.”

Section 116, Chapter 4 (3) (A) (iv) (II) of the WIOA states, “The State and the Secretary of Labor, in conjunction with the Secretary of Education, shall reach an agreement, prior to the third program year covered by the State plan, on levels of performance for each indicator described in clause (iii) for each of the programs described in clause (ii) for each of the third and fourth program years covered by the State plan.”

Section 2 CFR Part 200.331 (d) additionally states, “All pass through entities must monitor the activities of the sub recipient as necessary to ensure that the subaward is used for authorized purposes in compliance with Federal statutes, regulations, and the terms and the conditions of the subaward; and that the subaward performance goals are achieved.

Currently DCAE does not include performance targets for all primary core measures in the Adult Education grants. The U.S. Department of Education, Office of Career, Technical, and Adult Education, released a guidance document on August 23, 2017 to all WIOA agencies. The guidance provided clarifying language and corrections to the operating parameters and addresses the methodology for calculating the primary indicators of performance for the core programs. However, the memo did not discuss required levels of performance. Lack of required levels of performance prevents DCAE from effectively monitoring all the primary performance measures and identifying underperforming providers.

### ***Recommendation***

We recommend that DCAE include performance targets for all primary measures in the Adult Education grants to ensure providers are achieving their performance goals and to address forthcoming WIOA guidelines.

### ***Management Response***

Concur. DCAE will incorporate performance targets for all primary core measures in the Adult Education grant. OCTAE does not plan to negotiate performance targets for employment outcome measures and credential attainment rate until there is at least two years of baseline data. It is anticipated that performance targets for one or more of the outcome measures will be established for the 2019-20 reporting year. Notation of this expected schedule was included on page 50 of the 2017-18 AGE RFA released January 2016. Therefore performance targets could not be negotiated and set for local agencies prior to reporting year 2019-20.

### **Closing Comments**

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The Office of the Inspector General would like to recognize and acknowledge the DCAE 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 Keith Bennett and supervised by Tiffany Hurst, Audit Director.*

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**Appendix A**

Indian River and Brevard County ..... 9

Daytona and Lee County ..... 10

Citrus and Hardee County ..... 10

Northwest FL State College and Pinellas County ..... 11

Santa Fe and TCC..... 11

St. Johns River and Hamilton County..... 12

Washington County.....12

The graphs below are a representation of the sampled provider’s actual performance during FY 2015-2016 compared to state performance target. Each provider is responsible to meet at least 90% of the required state performance target.







