

FLORIDA DEPARTMENT OF EDUCATION



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Commissioner of Education



October 12, 2012

Pam Stewart
Commissioner of Education
325 West Gaines Street, Suite 1514
Tallahassee, Florida 32399-0400

Dear Commissioner Stewart:

We have completed our audit of the Third Party Cooperative Arrangement between the Division of Vocational Rehabilitation (DVR) and the Columbia County School District. Our observations included:

- Adequate internal controls were in place to ensure effective delivery of vocational rehabilitation transition services to eligible high school students;
- The Columbia County School District was operating within the terms and conditions of the Cooperative Arrangement; and,
- Two findings that were noted to strengthen internal controls for the administration of invoices and management of contract provisions.

Sincerely,

Mike Blackburn
Inspector General

Attachment

cc: Aleisa Mckinlay, Director, DVR
Cathy McEachron, Chief, Bureau of Vendor and Contracted Services, DVR



Florida Department of Education

Office of Inspector General

October 2012

Report No. A-1112DOE-021

Third Party Cooperative Arrangement with Columbia County School District

Executive Summary

The Office of Inspector General (OIG) performed an audit of contract administration and performance by the Division of Vocational Rehabilitation (DVR) and the Columbia County School District. The audit covered activities under the Third Party Cooperative Arrangement (TPCA) between DVR and the Columbia County School District for the period of January 1, 2011, through June 30, 2011. The Arrangement, number 11-110, provided Community Based Work Experience (CBWE) to eligible students and became effective on September 01, 2010, through June 30, 2011.

Auditors found appropriate services were provided to high school students as intended by the Cooperative Arrangement. Observations also included:

- Adequate internal controls were in place to ensure effective delivery of vocational rehabilitation transition services to eligible high school students;
- The Columbia County School District was operating within the terms and conditions of the Cooperative Arrangement; and,
- Two findings that were noted to strengthen internal controls for the administration of invoices and management of contract provisions.

The first finding identified an internal control weakness that significantly increased the risk of invoices not being processed within acceptable timeframes as listed in the Arrangement. We recommend that DVR

management adopt and implement internal controls designed to record the submission and receipt of invoices submitted monthly.

The second finding identified an internal control weakness that significantly increased the risk of the Columbia County School District receiving payment for CBWE services without meeting all contract provisions. We recommend that DVR management adopt and implement internal controls to monitor the delivery of all contract provisions and deliverables as listed in the Cooperative Arrangement.

Background

The DVR enacted a Cooperative Arrangement with the Columbia County School District to provide CBWE services to eligible students of Columbia County during Fiscal Year 2010-2011. The purpose of the Arrangement was to provide an innovative approach to creating and expanding CBWE and career exploration activities for students in Columbia County. According to the Arrangement, DVR and the Columbia County School District agreed to provide the services by sharing the cost for up to five (5) Full-Time School District Employment Specialists (ES). At a minimum, each ES was responsible for providing CBWE services for six (6) eligible students for Fiscal Year 2010-2011.

During the Arrangement, the Columbia County School District employed two (2) Employment Specialists who individually provided CBWE services to a minimum of six (6) eligible students in Columbia County. With a minimum of twelve (12) students served during Fiscal

Year 2010-2011, Columbia County Schools met the provision of serving at least six (6) eligible students per ES.

Audit Results

We determined that:

- Adequate internal controls were in place to ensure effective delivery of vocational rehabilitation transition services to eligible high school students; and,
- The Columbia County School District was operating within the terms and conditions of the Cooperative Arrangement.

The audit staff also noted two findings to strengthen internal controls for the administration of invoices and management of contract provisions.

Findings and Recommendations

Finding 1 - Internal controls for the administration of invoices should be strengthened and improved.

The following documentation was reviewed:

- The DVR contract section invoice review process and policies;
- DVR client files, including referral applications, Individual Plans for Employment (IPE), TPCA Student Progress Reports, TPCA Student Tracking and Outcome Reports, case notes;
- Columbia County School District fiscal accountability, Civil Rights, ADA, and administrative processes and policies; and,
- Invoices and supporting documentation detailing CBWE services provided from January 1, 2011, to June 30, 2011.

The internal controls for DVR and Columbia County School District management were adequate to ensure effective delivery of TPCA and CBWE services. The Columbia County School District was also operating within Arrangement terms and conditions. However, we noted DVR and the Columbia County School District did not have uniform processes

in place to determine submission and receipt dates for invoices.

We reviewed six (6) primary invoices that were submitted by the Columbia County School District to DVR for reimbursement. The following conditions were noted:

- Six (6) of six (6) invoice submission and receipt dates could not be determined;
- One of six invoices was missing the TPCA Student Tracking and Outcome Report for both Employment Specialists;
- Four (4) of the six (6) invoices were paid at least one hundred (100) days after the Columbia County School District Representative approved invoice documentation; and,
- One (1) of the six (6) invoices was paid at least sixty (60) days after the Columbia County School District Representative approved invoice documentation.

Arrangement provisions state the contractor is responsible for submitting invoices and supporting documentation for reimbursement of CBWE services. The DVR is responsible for: ensuring supporting documentation is submitted by the contractor for reimbursement of CBWE services; and, approving the invoices and supporting documentation in a timely manner (Appendix).

Strengthened and improved internal controls will significantly increase accountability for both DVR, Columbia County School District, and improve the efficiency of invoice approval. It will also reduce DVR's liability in case of dispute for late payments.

Recommendation

DVR management should adopt and implement internal controls designed to record the receipt of invoices submitted monthly from the Columbia County School District. In addition, if the invoices need amendments or resubmission, all correspondence and return submissions should be recorded.

Management Response

DVR management concurs with this finding. Their response is as follows: To ensure the “date an invoice is received in DVR” and “date an invoice is considered received as complete” in DVR are distinguishable and properly recorded on invoices, the TPCA invoices will now include two DVR receipt dates. Currently, all invoices are date stamped as “Received/Division of Vocational Rehabilitation.” The DVR Contract Manager will now date stamp the invoice a second time, as “Date Received Complete,” upon receipt of all required documents. Also, DVR Management has recently hired additional staff to ensure invoices are processed timely.

Finding 2 - Internal controls for management of contract provisions should be strengthened and improved.

We reviewed a sample of nineteen (19) Columbia County School District student files, their corresponding DVR Student files, and Columbia County School District personnel files. The following conditions were noted:

- The Columbia County School District did not include DVR personnel in the evaluation process for Employment Specialists; and,
- Eleven (11) of Nineteen (19) Columbia County School District and DVR student files did not contain documentation or any reference to One-Stop referrals.

In summary, DVR did not ensure all contract provisions were satisfied prior to reimbursement of submitted invoices from the Columbia County School District.

According to the Arrangement, DVR is responsible for: designating staff to ensure contractual provisions are satisfied; ensuring supporting documentation is submitted by the contractor for reimbursement of CBWE services; and, approving the invoices and supporting documentation in a timely manner (Appendix).

Strengthened and improved internal controls that monitor the delivery of all provisions and

deliverables will significantly increase accountability for DVR and the Columbia County School District. It will also significantly increase the efficiency of CBWE service delivery according to the provisions listed in the Cooperative Arrangement. Strengthened internal controls will significantly reduce the risk of DVR reimbursing the Columbia County School District for services that were not provided.

Recommendation

DVR management should adopt and implement internal controls to ensure the Columbia County School District is following all contract provisions as listed within the Cooperative Arrangement.

Management Response

DVR management concurs with this finding. Their response is as follows: DVR Contract Manager will work with Columbia and DVR to develop a written plan to ensure DVR Area Staff is involved in Columbia’s performance evaluations of the employment specialists. DVR’s management will also reiterate to Columbia and local DVR offices in writing that reports, invoices, records and all other documents relating to the contract must be maintained.

Objectives and Scope

The objectives of the audit were to determine whether:

- Adequate internal controls are in place to ensure effective delivery of vocational rehabilitation transition services to eligible high school students; and,
- The Columbia County School District is operating within the terms and conditions of the Cooperative Arrangement.

The scope included all TPCA and CBWE services provided during the period January 1, 2011, through June 30, 2011.

Methodology

To achieve the objectives, auditors interviewed appropriate DVR and Columbia County School District staff, and reviewed:

- Federal and state statutes, policies and procedures regarding cost reimbursement contractual agreements, Rehabilitation Act of 1973 as amended, 34 CFR-Part 361.28;
- Monthly invoices, TPCA Student Progress Reports, IPEs, TPCA Student Tracking and Outcome Reports;
- Columbia County School District administrative and personnel files, including position descriptions, performance appraisals, staff listings; and
- Policies and procedures associated with the duties and functions of providing CBWE and TPCA services.

This audit was conducted in accordance with *The International Standards for the Professional Practice of Internal Auditing* published by the Institute of Internal Auditors.

Closing Comments

The Office of Inspector General would like to thank the administrators of the Columbia County TPCA and DVR's Contracting Section for their assistance and cooperation during the course of this audit.