



## Office of Inspector General Teachstone, Inc.

**Report #A-2324DOE-012**

**January 2025**

### Executive Summary

In accordance with the Department of Education's fiscal year (FY) 2023-24 audit plan, the Office of Inspector General (OIG) conducted an audit of contract 24-L17 between the Division of Early Learning (DEL) and Teachstone, Inc. The purpose of this audit was to determine whether Teachstone, Inc. met the requirements of the contract with DEL and whether DEL effectively monitored adherence to the contract.

During this audit we noted that, in general, Teachstone, Inc. provided services in compliance with the contract, and DEL and Teachstone, Inc. have sufficient controls in place. However, we noted instances where improvements could be made to strengthen some of these controls. We identified significant variances between the number and type of services originally prescribed in the contract and the services actually provided and invoiced by Teachstone, Inc. We noted that DEL did not authorize changes to those budgeted services in accordance with the contract. We also found that Teachstone, Inc. did not maintain certification documents for their trainers in accordance with contract terms, and DEL did not provide effective monitoring of the contract. The Audit Results section below provides details of the instances noted during our audit.

### Scope, Objectives, and Methodology

The scope of this audit included an examination of contract 24-L17 between the Division of Early Learning (DEL) and Teachstone, Inc. and interactions for the period of September 26, 2023, through the end of field work. We established the following objectives for our audit:

1. Determine if Teachstone, Inc.'s internal controls ensure effective delivery of DEL services to early learning coalitions;
2. Determine if payments and expenditures are made in accordance with contractual terms; and
3. Determine if DEL effectively manages and monitors the contract for compliance.

Our methodology included:

1. Determining whether 70% of CLASS Observers training participants passed their certification exam within three attempts.
2. Selecting a sample of all face-to-face training sessions and ensuring DEL or ELC employees monitored at least 20% of the training sessions.
3. Reviewing risk assessment, monitoring plan, and evaluation documentation to determine if DEL adequately monitored the performance of the provider.
4. Reviewing a sample of expenditures to ensure they were reasonable, allowable, appropriately allocated, and aligned with the approved budget.
5. Reviewing all invoices and supporting documentation to ensure timely submission of invoices, invoices contained all required documents, the amounts invoiced reflected the rates established in the contract, and each invoice was approved prior to payment.
6. Reviewing Teachstone, Inc.'s satisfaction surveys for participants' feedback.
7. Sampling and reviewing the annual recertification process.
8. Sampling and reviewing Teachstone, Inc.'s, personnel records to ensure the trainers are qualified to provide services to participants in accordance with the contract.
9. Reviewing the entire system's performance report using the Service Level Agreement Activity Report for Web-Based Services to ensure 99.5% uptime.

## Background

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The Division of Early Learning (DEL) and Teachstone, Inc. have aligned missions that focus on enhancing early childhood education and preparing young learners for future success. DEL's mission is to "provide access to high-quality programs and services that create a solid foundation for Florida's youngest learners to reach their highest potential. The division empowers early childhood educators and families by providing choice in educational options and support, and resources to ensure Florida's future leaders are ready to learn, graduate, and succeed."

Teachstone, Inc.'s mission complements DEL's by working to help every child reach their full potential by measuring and improving the classroom interactions that matter most. Teachstone, Inc. creates resources and products that support educators to create lifelong impacts. Together, these organizations equip children and educators with the tools and opportunities needed for growth, learning, and success.

Contract 24-L17, executed between the Florida Department of Education and Teachstone, Inc., details an agreement for the provision of specialized training services related to the Classroom Assessment Scoring System (CLASS). The contract, which is non-renewable, became effective on September 26, 2023. It is set to expire on June 30, 2028, with a total budget of \$21,141,322.83 allocated to support comprehensive training, certification, and recertification processes for CLASS observers across Florida. The contract focuses on developing and recertifying CLASS observers, who play a critical role in evaluating the quality of early learning environments, including infant, toddler, and PreK settings. Early Learning Coalitions (ELCs) throughout the state are tasked with carrying out the required assessments and providing technical assistance to providers on improving and maintaining high quality early learning environments. The recertification process ensures the reliability of observers' assessments and upholds the integrity of the CLASS observation tool. Amendment 1 of the contract included a change of name from Teachstone Training LLC to Teachstone, Inc.

## Audit Results

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**Finding 1:** Significant variances existed between the number and type of services originally prescribed in the contract and the services actually provided and invoiced by Teachstone, Inc.; however, DEL did not authorize those budget changes in accordance with the contract.

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Contract 24-L17, Attachment B, Exhibit 1, states, “DEL may authorize budget revisions, otherwise known as Technical Adjustments, under the terms of this contract. The Contractor must obtain written approval from the DEL Contract and Project Manager prior to making changes in or between line items of the approved Contract Budget. DEL may allow such changes by prior written approval if all of the following conditions are met:

- The change does not decrease or increase the original dollar amount of the contract budget for the FY in which said change occurs.
- There is another line item in the Contract's budget from which funds can be moved without affecting the scope of work.
- The change does not involve establishing a new line item.
- The change does not increase or decrease the total Contract value.

Budget revisions that do not meet all the above conditions will require a properly executed Contract Amendment. DEL will not make such accommodations retroactive to a date prior to the execution date of the properly executed amendment.”

The contract requires Teachstone, Inc. to submit invoices on the fifteenth of the month following the month of service. We requested DEL’s budget schedule and the nine invoices submitted by Teachstone, Inc. for the September 26, 2023, through June 30, 2024, contract period. DEL provided a reference table including the invoice dates and amounts for each month. The total budgeted amount for fiscal year (FY) 2023-24 was \$9,141,555.33; however, the total amount paid for FY 2023-24 totaled only \$7,111,392.84. DEL paid the \$7,111,392.84 using funds from the Voluntary Prekindergarten Education Program (VPK), the School Readiness (SR) Program, and the American Rescue Plan Act (ARPA).

We analyzed each service category in the contract identifying 50 service categories ranging from one budgeted unit to 8,997 budgeted units per service type, including eleven services with established minimum requirements of six units per service. Out of the 50 service categories, we determined that Teachstone, Inc. provided and invoiced for less than the budgeted amount of units in the contract for 30 services. Teachstone, Inc. did not provide any services for seven of those 30 service categories, including three services with established minimums of six units per service. We identified twelve service categories where Teachstone, Inc. provided the exact number of budgeted units. Finally, we identified eight services where Teachstone, Inc. provided and invoiced for significantly more services than the contract required. We found those services almost exclusively consisted of training materials, while the services that failed to meet the budgeted amount primarily consisted of required training sessions.

The table below identifies the eleven services with established minimum unit requirements.

Teachstone, Inc. Training	Minimum Units	Total Budgeted Units	Total Units Provided
Class Pre-K Trainer Training	6	45	16
Class Toddler Trainer Training	6	47	22
Class Infant Trainer Training Supplement	6	52	16
Class Group Coaching Pre-K Instructor Training	6	70	23
Class Group Coaching Pre-K Instructor Training (On-site)	6	30	7
Class Group Coaching Infant/ Toddler Instructor Training	6	50	9
Class Group Coaching Infant/ Toddler Instructor Training (On-site)	6	20	6
Class Group Coaching Instructor Add-On Training	6	40	13
Class Group Coaching Instructor Add-On Training (On-site)	6	10	0
Class Pre-K Trainer Training (On-site)	6	24	0
Class Toddler Trainer Training (On-site)	6	12	0

DEL management explained that, despite Teachstone, Inc.'s multiple attempts to reach out to coalition staff via mail and phone, insufficient enrollments caused the failure to meet the minimum delivery requirement for three of the eleven services. DEL management further indicated that delays in completing the contract led to the cancellation of some classes, also adding to the deficiency. DEL indicated that they applied no financial consequences due to the lack of demand for the training classes, which was not a Teachstone, Inc. responsibility, and because the contract was executed three months into the fiscal year.

DEL management explained that, due to ARPA funds expiring on June 30, 2024, combined with the deficiency in dollars spent on training services outlined above, DEL elected to pre-pay for subscriptions and materials to be utilized in FY 2024-25, thereby increasing these services well above the original budgeted amount for FY 2023-24. Those increases are reflected in the table below. With the remaining ARPA funds, DEL spent a total of \$3,429,054.10 for the 8 services that exceeded the allowed amount, \$1,441,289.05 above the original budgeted amount for those services. In June 2024, DEL sent an email correspondence regarding the increased purchases of training materials reflected on the May invoice, suggesting that verbal consent had been given to Teachstone, Inc. to allocate additional funds to training materials in order to compensate for the underutilized training services. DEL's contract manager and former program manager indicated that they subsequently approved these additional materials through an attestation dated June 10, 2024. DEL's action was not in alignment with the contract terms, which require written approval prior to making changes to budget line items.

<b>Training Materials and Services</b>	<b>Total Budgeted Units</b>	<b>Total Units Purchased</b>	<b>Per Unit Cost</b>	<b>Budgeted Total</b>	<b>Amount Over Budget</b>
Class Dictionary and Strategy Bundle Cards	948	7428	\$40.95	\$38,820.60	\$265,356.00
Social and Emotional Support Kit	304	675	\$349.95	\$106,384.80	\$129,831.45
Cognitive Support Kit	307	675	\$349.45	\$107,434.65	\$128,781.60
Intro Participant Materials	5000	6910	\$80.00	\$400,000.00	\$152,800.00
Class Group Coaching Participant Materials	7325	8949	\$105.00	\$769,125.00	\$170,520.00
Banking Time	7	24	\$2,000.00	\$14,000.00	\$34,000.00
MyTeachstone Focus	1	2	\$550,000.00	\$550,000.00	\$550,000.00
Class 2 <sup>nd</sup> Edition Overview for Educators	1	6	\$2,000.00	\$2,000.00	\$10,000.00
<b>Total</b>	<b>13,893</b>	<b>24,669</b>		<b>\$1,987,765.05</b>	<b>\$1,441,289.05</b>

DEL management indicated that training kits and instructional materials were originally distributed based on each coalition's needs and size. DEL management explained that the training materials purchased beyond the originally budgeted amounts are stored at Teachstone, Inc. until orders are placed by the coalitions. DEL management, stated, "We do not have a system in place for tracking these items. If a coalition has MMCI [Making Most out of Classroom Interactions, also known as Classroom Group Coaching participant materials] Kits left over from the previous year, they may use what was already allocated to them for their next cohorts." Teachstone, Inc. confirmed that materials are sent based on coalition need. During the course of the audit, neither DEL nor Teachstone, Inc. could provide inventory tracking logs for the excess training kits in storage. DEL and Teachstone shared an ELC allocation sheet attached to the May invoice; however, it did not include tracking information. Subsequent to the end of audit fieldwork, Teachstone provided an inventory tracking sheet for training kits, which had previously been sent to the former program manager but had not been effectively communicated to DEL management. The absence of a common inventory tracking system increases the risk of loss, theft, or inefficient allocation of resources, which could lead to financial waste, inaccurate reporting, and difficulty ensuring that all coalitions receive the necessary materials for effective training.

***Recommendation***

We recommend Teachstone, Inc. seek prior written approval from DEL in accordance with contract terms before deviating from the approved contract budget. We recommend that DEL authorize budget changes in accordance with contract terms. We further recommend that Teachstone, Inc. and DEL develop a system to track the inventory of purchased, but not yet shipped, training materials.

***DEL Management Response***

Concur. Budget changes will only be made after DEL review and approval and in accordance with the contract terms, including a formal contract amendment (as required). DEL has confirmed all the previous inventory held by Teachstone has been distributed to the Coalitions. DEL is establishing an inventory control process to ensure items purchased are accounted for, tracked, and approved for distribution BEFORE shipping to Coalitions. DEL will no longer pre-purchase materials and maintain an inventory with Teachstone. A DEL Government Operations Consultant III is responsible for implementing these corrective actions with an anticipated completion by December 31, 2024.

***Teachstone, Inc. Management Response***

Concur. Teachstone has worked closely with DEL to identify unit changes that fall within contract guidelines, by submitting email requests to ensure such changes are provided with written communication. As such, Teachstone remains committed to adhering strictly to the contracted services and quantities and will not deviate from these terms without obtaining prior written approval from DEL, as outlined in the contract. To ensure clarity and alignment, Teachstone will collaborate with DEL to define and formalize the specific terms of this written approval process. Teachstone maintains a detailed inventory document which is shared with DEL to track materials purchased and the allocation of materials to coalitions. Once the allocations have been determined by DEL, Teachstone ships the materials in accordance with that document, and Teachstone records shipment details within that document. This process and document were established collaboratively by Teachstone and DEL and are reviewed and discussed at the start of each contract period to ensure clarity and alignment. To reinforce this collaboration, Teachstone will review the inventory document and associated processes with DEL to ensure both parties remain aligned and the process continues to meet contract objectives. The Teachstone, Inc. Senior Client Success Manager and Senior Director are responsible for implementing these corrective actions with an anticipated completion by January 30, 2025.

***Finding 2: Teachstone, Inc. did not maintain certification documents for their trainers in accordance with contract terms.***

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Contract 24-L17, Attachment A 2.2, states, “The Contractor shall maintain, and upon Request, provide a list of all Contractor-certified trainers with resumes and certification documents. 2.2.1 Trainers the Contractor provides to conduct CLASS training shall meet the following qualifications: 2.2.2 Bachelor’s or higher degree. 2.2.3 Have a minimum of two (2)

years of employment in a field related to early childhood education, child development, elementary education, curriculum and instruction, educational leadership, exceptional education or early childhood special education. 2.2.4 Have a minimum of one (1) year of training experience in a field related to early childhood education, child development, elementary education, curriculum and instruction, educational leadership, exceptional education or early childhood special education.”

Teachstone, Inc. provided a list of 57 trainers employed during the period October 2023 through June 2024. Initially, we requested resumes and certification documentation, such as educational degrees or training certifications, for all 57 trainers. Teachstone, Inc. was able to provide CLASS certifications for all the 57 trainers but provided only 47 of the 57 resumes. Teachstone, Inc. provided six of the ten resumes not initially submitted as the audit progressed, but, to date, they could not provide resumes for four employees. We sampled 27 of the 57 trainers and attempted to validate their credentials and experience. However, Teachstone, Inc. could not produce copies of educational degrees for any of the sampled trainers.

The Teachstone, Inc. contract manager stated, “HR does not specifically verify the completion of education as part of our process. Here’s why:

1. Focus on Experience and Skills: We emphasize practical experience, skills, general education over GPA, it is not always a reliable indicator of job performance;
2. Cost Considerations: obtaining transcript information from colleges or universities involves cost. While this cost is generally modest, it is not something we cover for our employees, nor do we ask them to bear this expense;
3. Verification Process: Since HR does not handle verification of education completion, we do not request transcripts or certifications.”

The Teachstone, Inc. project manager also confirmed that education verification is not currently part of their background check process.

Failing to verify and maintain trainer qualification documents violates the Contractor Responsibilities outlined in Contract 24-L17, and increases the risk that Teachstone, Inc. could use unqualified trainers, thereby compromising the quality and integrity of the training provided.

### ***Recommendation***

We recommend that Teachstone, Inc. ensure all trainer certification documents are maintained in accordance with contract terms. We also recommend that DEL include a review of trainer certification documents in their monitoring activities to ensure compliance with contract terms.

### ***DEL Management Response***

Concur. DEL will add the review of trainer certifications to the monitoring tool/plan for the Teachstone contract to ensure compliance with contract terms. The DEL Contract Manager is responsible for implementing this corrective action with an anticipated completion by December 31, 2024.

***Teachstone, Inc. Management Response***

Concur. Teachstone is committed to ensuring that all trainers, observers, and coaches meet the recommended qualifications necessary to deliver high-quality services to our clients. To uphold this commitment, Teachstone will continue to review and verify resumes and transcripts during the recruitment and interview process. Moving forward, these documents, along with all CLASS certification records, will be securely stored in a centralized location upon hire. Additionally, all missing documentation for current Professional Services staff and consultants will be collected and filed no later than February 15, 2025. Upon request, Teachstone will provide the Department of Early Learning (DEL) with the required documents within fifteen business days. The Vice President, Services and Vice President, People Operations are responsible for implementing this corrective action with an anticipated completion by February 15, 2025.

**Finding 3: DEL did not effectively monitor Contract 24-L17.**

Title 2 CFR 200.332(e), requires pass-through entities to, “Monitor the activities of a subrecipient as necessary to ensure that the subrecipient complies with Federal statutes, regulations, and the terms and conditions of the subaward. The pass-through entity is responsible for monitoring the overall performance of a subrecipient to ensure that the goals and objectives of the subaward are achieved.”

Title 2 CFR 200.332(f), states, “Depending upon the pass-through entity's assessment of the risk posed by the subrecipient (as described in paragraph (c) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:

1. Providing subrecipients with training and technical assistance on program-related matters;
2. Performing site visits to review the subrecipient's program operations; and
3. Arranging for agreed-upon-procedures engagements as described in § 200.425.”

DEL's contract manager provided the risk assessment and monitoring plan agreement for the period August 01, 2023, through June 30, 2028. DEL's risk assessment scored this contract as a low risk rating of twenty-five. DEL's monitoring plan agreement establishes that the purpose of contract monitoring is, “to ensure that both the DEL and the contractor are performing in accordance with the contract terms and conditions.” One of the first requirements in the monitoring plan agreement is that the, “Contract manager shall establish a written Contract Monitoring Plan with the assigned Program Manager.” The monitoring plan agreement outlines key monitoring steps for programmatic and fiscal monitoring. The monitoring plan agreement requires the contract manager to document all monitoring activities and the outcomes periodically in a written report. This report must be approved by management, sent to the contractor, and the contractor must submit a corrective action plan in response to the report if necessary.

DEL provided no evidence that they complied with the monitoring plan agreement and performed monitoring for this contract. Despite the significant deviations from budgeted deliverables outlined above, DEL produced no monitoring report or evidence that those

deviations were identified, reported, or addressed until the end of the first fiscal year of the contract.

DEL management indicated that the DEL program manager and staff conduct bi-weekly calls with the contractor's project manager and project team members to review and monitor training and professional learning implementation as well as discuss logistical concerns and services delivered under the contract. They reported that the monthly invoice submissions required the submission of deliverable activity reports and Service Level Agreement Activity Reports that are monitored by project and contract managers monthly to demonstrate the satisfactory delivery of services as required by the contract. However, this does not meet the requirements outlined in the DEL monitoring plan agreement. DEL explained that they were unable to provide documentation that monitoring occurred because the previous project manager is no longer with the department, and they could not locate the file.

Insufficient monitoring increases the risk that non-compliance with the terms of the contract can occur and go undetected. In addition, not communicating monitoring results or improvement recommendations limits Teachstone, Inc.'s opportunity to improve its processes.

### ***Recommendation***

We recommend DEL conduct monitoring in accordance with the risk assessment and create a formal monitoring plan to document the steps for conducting and completing monitoring activities. We also recommend that DEL draft a monitoring report at the conclusion of the monitoring engagement that includes any noted deficiencies and recommendations for correcting those deficiencies. DEL should transmit the report to the subrecipient and follow up on the status of the corrective actions until the subrecipient completes all recommended corrective actions.

### ***DEL Management Response***

Concur. DEL will conduct monitoring in accordance with the risk assessment and create a formal monitoring plan to document the steps for conducting and completing monitoring activities. DEL will draft a monitoring report at the conclusion of the monitoring engagement that includes any noted observations, deficiencies, and recommendations for correcting those deficiencies. DEL will transmit the report to the subrecipient and follow up on the status of the corrective actions until the subrecipient completes all recommended corrective actions. The Contract Manager is responsible for implementing this corrective action with an anticipated completion by March 1, 2025.

## Closing Comments

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The Office of the Inspector General would like to recognize and acknowledge the Division of Early Learning and staff, as well as Teachstone, Inc.'s 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 Ayah Mahdy 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.fl DOE.org/about-us/office-of-the-inspector-general/audit-reporting-products.shtml>. 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*