



EARLY LEARNING COALITION OF
BREVARD COUNTY, INC.
PO BOX 560692
ROCKLEDGE, FL 32956-0692
PHONE: (321) 637-1800
FAX: (321) 637-7244

Executive/Finance Committee Meeting

March 11, 2019 3:30 pm

Approval of February 11, 2019 Minutes

Legislative Update

- AELC Board Meeting
- Bills
 - SB1144
 - SB970
 - SB 1594 & HB 1193

Budget to Actual Report

Fiscal Monitoring Draft report

Grant Expenditure Review (attached)

VPK Payment Reconciliation Update

Proposed Revision to PTO Policy

Board Committees

Next Meeting: April 8, 2019 3:30 pm

PROUDLY SUPPORTED BY:





EARLY LEARNING COALITION OF BREVARD COUNTY, INC.


MINUTES: Executive/Finance Committee Meeting
DATE/TIME: Monday, February 11, 2019 at 3:30 pm
LOCATIONS: Early Learning Coalition of Brevard County, 1018 Florida Ave, Rockledge, FL 32955
MEMBERS PRESENT: Alan Bergman, Chairperson, Mark Broms, Treasurer, Jeffrey Harrison, Vice Chairperson, and Beth Mills, Secretary
EXCUSED ABSENT MEMBERS:
UNEXCUSED ABSENT MEMBERS: N/A
STAFF PRESENT: Jessica Beecham, Executive Coordinator, Cathie Odom, Director of Business Operations, Tina Snyder, Director of Human Resources, Gina Sousa, Interim Executive Director
GUEST/PUBLK: N/A
START TIME: February 11, 2019 at 3:38 pm

AGENDA ITEM	SUMMARY/DISCUSSION	ACTION/FOLLOW-UP
Approval of meeting minutes	<u>Minutes: January 14, 2019:</u> No changes were made to the meeting minutes.	Jeffrey Harrison motioned for the minutes to be approved. Mark Broms seconded the motion. The motion passed unanimously by all Executive Committee members.
Audit Review	<p>Cathie informed the Committee that the Audit was not available for review due to a document from OEL not being sent with enough time for the audit to be ready.</p> <p>The Committee discussed how to proceed with the audit review. The Audit will be email to the Committee to be reviewed and if no questions are submitted by the Committee the Auditors will be scheduled to be present to the Full Board at the February meeting.</p>	
Titusville CDBG Funding	Cathie informed the Committee that the Coalition has received the monitoring requirements from the City of Titusville and the level of funding received from the CDBG funding is not worth the amount of work. The amount of monitoring requirements the City of Titusville is requiring for the CDBG funding is more than the state requires for the School Readiness funding. The Committee discussed the requirements and concluded that the Coalition will send a letter to the City of Titusville explaining why the Coalition will be pulling our application. The letter will explain that the Coalition will not be applying for the funds because of the requirements.	Mark Broms motioned to approve the rescinding of the City of Titusville FY 19.20 CDBG funding application. Beth Mills seconded the motion. The motion passed unanimously by all Executive Committee members.
Contract Terminations Update	Gina updated the Committee on the SR contract termination for J&A Joyful and CG Academy. At this time there was no ELCB Review Hearing Committee, because of	No Follow-up/ Action

	<p>DCF revoking both center's licenses. J&A Joyful met with the Coalition staff to discuss the next steps for the termination. The Coalition staff met with CG Academy on the date the original Review Hearing Committee was scheduled and the owner brought her brother, staff and parents to the Coalition Rockledge office.</p> <p>If the licenses are renewed by DCF the Review Hearing may need to be rescheduled.</p>	
Public Comment	N/A	No Action/Follow-up needed
Adjournment	The meeting was adjourned at 4:07 pm	<p>Jeffrey Harrison motioned for the adjournment of the Executive/Finance Committee meeting. Beth Mills seconded the motion. The motion passed unanimously by all Board members.</p>
Next Meeting	March 11, 2018 at 3:30 pm	

February 2019 Executive/Finance Committee Minutes Approved:

Respectfully Submitted,

 3/1/2019

Date

Executive Coordinator

Approved

 3/1/19

Signature

Date

Executive Director

School Readiness Funding Formula Methodology

Background:

Florida's School Readiness program is designed to provide children at greatest risk of school failure with enriching early learning opportunities that prepare them for kindergarten and early grade success. Florida has among the lowest payment rates in the nation, undermining the ability of the child care industry to provide quality early learning programs. With a clear definition of quality now in law and an influx of federal funding, there is opportunity to contemplate a funding distribution formula that directs funds to early learning coalitions where most needed and factors in critical data such as eligible population and the cost of care.

The initial funding allocations of the School Readiness program, enacted in 1999, were based largely on funding requests submitted by the then newly formed Early Learning Coalitions. The methodology for allocating funds has remained relatively constant and to date has not been based on any identifiable data indicators of need or cost.

At the inception of the program, participating child care providers were reimbursed at the 100% of the "prevailing market rate" or 75th frequency of rates. However, this payment rate was not codified in law and therefore, over time the payments rates held constant, while the cost of goods and services increased. This has greatly compromised the ability of early learning providers that serve high numbers of School Readiness children to implement quality programs. Additionally, the policy codified in Florida Statute until 2013 required early learning coalitions to prioritize serving children on the waitlist over raising the School Readiness payment rates. This allowed some early learning coalitions that did not consistently have waiting lists to raise rates while others have not had payment increases for over a decade. The impact of low/flat payment rates has resulted in disparities between payment rates and the actual cost of care.

Florida's Office of Early Learning (OEL) is required by federal regulation to biennially collect data on the rates child care providers charge the general public by care type and care level. This data results in the publishing of a market rate schedule by county. In Florida, this schedule then is intended to be used by an early learning coalition to set school readiness provider reimbursement rates. However, due to funding limitations, early learning coalitions have not been able to increase reimbursement rates that have aligned to the rate of increase in the actual cost of child care.

Due to a \$130 million increase in new federal funding for the state's School Readiness program, Florida has an unprecedented opportunity to move toward an equity-based School Readiness Funding Formula that is based on readily available data sets. As discussions continue on the need to create parity in funding across the 67 counties, it is important to consider payment rates, the cost of goods and services, and the market rate survey data.

Methodology: The following components are contributing factors for an equity-based School Readiness allocation formula.

Market Rate Survey-

The federal guidance for determining payment rates that are reasonably in alignment with the cost of care is to utilize a market rate survey. The market rate survey collects data by provider type and care level and is representative of the 75th frequency rate for full-time care. While the market rate is intended to represent the actual cost of care in some communities it does not. This is due to the fact that Florida is in a unique position in that the state does not lack for child care provider capacity. In fact, as of the last statewide analysis there was a 40% vacancy rate in child care. This has resulted in some child care providers reducing their private pay rates in an effort to attract more enrollments while then not having sufficient revenue to provide quality child care. Over time this has depressed the market rate survey data in some communities. For instance, in Miami-Dade County the toddler rate is \$150 per week whereas in Orange County it is \$175.00 per week; whereas when the cost of goods and services are factored in the actual cost of care should at least be equivalent or higher.

To develop a formula that adequately balances these realities, the market rate survey data needs to be expanded to include multiple counties with similar market conditions. Creating a market rate survey based on zones would better account for the actual cost of care and begin to counterbalance the current depressed market rates.

The latest OEL **market rate survey** is available at:

<http://www.floridaearlylearning.com/Content/Uploads/floridaearlylearning.com/files/MarketRateReport2017FullTimeFinalweb.pdf>

Florida Price Level Index*-

In order to place counties in zones it is important to understand the differences in operating costs due to the varying costs of goods and services by county. Therefore, the purpose of utilizing the Florida Price Level Index is to use it as a lever to account for the difference in the cost of care and equalize depressed child care markets. For example, in Miami-Dade County the index rate is 101.79 and in Orange County the index rate is 100.87. However as stated above the toddler rate in Miami-Dade is \$150 per week whereas in Orange County it is \$175.00 per week. To create parity across the state counties should be placed in zones by its FPLI rate. The zones would be as follows:

Zone 4: Counties whose Florida Price Level Index rate was between 100.67- to the highest rate

* The Florida Price Level Index is utilized in this methodology to bring parity in the calculations for K-12 education. As the legislature reviews the methodology for the FPLI this factor in the methodology may be changed to align with any new proposed calculation factors.

Zone 3: Counties whose Florida Price Level Index rate was between 97.00- 100.66

Zone 2: Counties whose Florida Price Level Index rate was between 94.00- 96.99

Zone 1: Counties whose Florida Price Level Index rate was between the lowest rate and - 93.99

Furthermore, once the 75th frequency of each zone is calculated, local county variances can be accounted for by multiplying each county's FPLI by the yearly cost of care for its zone.

The Florida Price Level Index may be found at: <https://floridapoly.edu/wp-content/uploads/2018fpli.pdf>

Population Data-

Since the School Readiness program is means tested it is important to use eligible population data in determining an appropriate level of funding to each community. In theory each community would be allocated dollars that would provide services for the same percentage of eligible children based on the cost of care. Using the number of children in each county birth to 5 whose income is below 200% of the Federal Poverty Level. This data set accounts for the potentially eligible population of children that allows for program entrance at 150% of the federal poverty level and program exit eligibility of 200% of the federal poverty level or 85% of State Median Income. The percentage of children served would not be used to limit the number of children served, but rather to establish an allocation methodology that is equitable across communities.

Care Level-

The cost of care within the School Readiness program varies greatly by care level, level of quality, and provider type. For example, the cost of infant care is greater than the cost of preschool-age care. This is largely due to differing teacher: child ratios by care level. For example, in an infant classroom the ratio is 1:4 whereas in a four-year-old classroom the ratio is 1:20. To be able to account for these variables the most comprehensive rate to use for the basis of a funding formula is the 75th frequency market rate for full time toddler care. This would allow an early learning coalition to have enough funding to provide for variances in enrollment across time.

Formula:

Based on the above data sets and methodology the formula calculation would be as follows:

Zone Prevailing Market Rate for Toddler Care x County Price Level Index Rate x Defined % of Eligible Population= County Allocation

Considerations:

As the legislature continues to consider funding options for the School Readiness program and with the current increase of federal funding, this methodology could be applied to each county without impacting the current base funding or children enrolled in the program.

DRAFT

Early Learning Coalition of Brevard County, Inc.
Budget to Actual - Q2
7/1/18 - 12/31/18

Column1	Current Period Actual	Current Period Budget	Yearly Budget	Qtr %	Yr %	Budget Balance	Current Surplus (Deficit)	Estimated Surplus (Deficit)	Notes (+ or - 10% of budget)
Personnel Expenses									
Salaries	856,064	1,156,403	2,312,807	74%	37%	1,456,743	300,340	901,019	Open positions budgeted not hired
Payroll Taxes	68,953	92,450	184,901	75%	37%	115,947	23,497	70,492	
Workers' Comp Insurance	4,387	6,555	13,110	67%	33%	8,722	2,167	6,502	
Fringe Benefits	153,900	227,199	454,399	68%	34%	300,499	73,299	219,898	
Total Personnel Expenses	1,083,304	1,482,608	2,965,216	73%	37%	1,881,911	399,303	1,197,910	
Other Expenses									
Audit			20,000		0%	20,000	-	-	Audit started, no billing as of 12/2018
Bank Fees	28	250	500	11%	6%	472	222	666	
Computing/Networking	54,710	49,470	98,940	111%	55%	44,230	(5,240)	(15,721)	Renewal licenses **
IT Equipment	20,604	17,500	35,000	118%	59%	14,396	(3,104)	(9,311)	
Dues & Subscriptions	7,347	8,100	16,200	91%	45%	8,853	753	2,259	Additional costs for FSA carryover period not originally budgeted
Employment Costs	4,071	2,000	4,000	204%	102%	(71)	(2,071)	(6,214)	
Equipment Leases	7,564	8,250	16,500	92%	46%	8,936	686	2,058	Budget for new office **
Furniture & Fixtures	2,360	15,000	30,000	16%	8%	27,640	12,640	37,920	
Insurance	9,618	10,000	20,000	96%	48%	10,382	382	1,146	Period of no services
Legal Services	175	2,500	5,000	7%	4%	4,825	2,325	6,975	
Maint & Repair	6,945	10,000	20,000	69%	35%	13,055	3,055	9,165	Rent increase delayed until April 2019 **
Office Expense	7,138	8,500	17,000	84%	42%	9,862	1,362	4,087	
Postage	1,309	5,000	10,000	26%	13%	8,691	3,691	11,073	Majority of funds for Annual Provider Conference in April 2019
Printing	4,419	4,250	8,500	104%	52%	4,081	(169)	(507)	
Public Education	22,853	23,932	47,863	95%	48%	25,010	1,078	3,234	Change in staffing required additional training
Rent	123,661	177,381	354,761	70%	35%	231,101	53,720	161,160	
Telephone	3,984	6,250	12,500	64%	32%	8,516	2,266	6,797	Travel for new positions budgeted for entire year, not hired until Spring 2019
Training/Conf/Meetings	10,333	5,000	10,000	207%	103%	(333)	(5,333)	(15,999)	
Travel	5,989	15,000	30,000	40%	20%	24,011	9,011	27,033	Majority of funds for Annual Provider Conference in April 2019
Utilities	8,293	8,000	16,000	104%	52%	7,707	(293)	(878)	
TA Supplies/Quality Materials	7,128	18,110	36,219	39%	20%	29,091	10,981	32,943	Majority of funds for Annual Provider Conference in April 2019
Total Other Expenses	308,529	394,492	808,984	78%	38%	500,454	85,962	257,887	
	1,391,834	1,877,100	3,774,199	74%	37%	2,382,366	485,266	1,455,798	

** Current Budget is straight-line projection

Early Learning Coalition of Brevard County, Inc.
Budget to Actual - Q1
7/1/2018-9/30/2018

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Column1	Current Period Actual	Current Period Budget	Yearly Budget	Qtr %	Yr %	Budget Balance	Current Surplus (Deficit)	Estimated Surplus (Deficit)	Notes (+ or - 10% of budget)
Personnel Expenses									
Salaries	387,196	578,202	2,312,807						
				67%	17%	1,925,611	191,006	573,018	Open positions budgeted not hired
Payroll Taxes	33,506	46,225	184,901	72%	18%	151,395	12,719	38,158	
Workers' Comp Insurance	2,239	3,277	13,110	68%	17%	10,870	1,038	3,114	
Fringe Benefits	68,022	113,600	454,399	60%	15%	386,377	45,578	136,734	
Total Personnel Expenses	490,963	741,304	2,965,216	66%	17%	2,474,253	250,341	751,024	
Other Expenses									
Audit		-	20,000		0%	20,000	-	-	
Bank Fees	5	125	500	4%	1%	495	120	360	
Computing/Networking	21,554	24,735	98,940	87%	22%	77,386	3,181	9,544	
IT Equipment	14,021	8,750	35,000	160%	40%	20,979	(5,271)	(15,813)	IT items purchased on as needed basis **
Dues & Subscriptions	5,791	4,050	16,200	143%	36%	10,409	(1,741)	(5,224)	Some dues are paid at beginning of year **
Employment Costs	1,300	1,000	4,000	130%	33%	2,700	(300)	(900)	**
Equipment Leases	2,665	4,125	16,500	65%	16%	13,835	1,460	4,380	
Furniture & Fixtures	2,200	7,500	30,000	29%	7%	27,800	5,300	15,900	
Insurance	3,206	5,000	20,000	64%	16%	16,794	1,794	5,382	
Legal Services		1,250	5,000	0%	0%	5,000	1,250	3,750	
Maint & Repair	2,573	5,000	20,000	51%	13%	17,427	2,427	7,282	
Office Expense	2,450	4,250	17,000	58%	14%	14,550	1,800	5,401	
Postage	69	2,500	10,000	3%	1%	9,931	2,431	7,293	
Printing	2,476	2,125	8,500	117%	29%	6,024	(351)	(1,052)	Brochures are printed on an as needed basis **
Public Education	10,197	11,966	47,863	85%	21%	37,667	1,769	5,308	
Rent	41,220	88,690	354,761	46%	12%	313,541	47,470	142,410	Rent increase not budgeted until November 2018
Telephone	1,619	3,125	12,500	52%	13%	10,881	1,506	4,519	
Training/Conf/Meetings	8	2,500	10,000	0%	0%	9,992	2,492	7,476	
Travel	2,009	7,500	30,000	27%	7%	27,991	5,491	16,472	
Utilities	4,819	4,000	16,000	120%	30%	11,181	(819)	(2,457)	Higher summer months, should even out over year
TA Supplies/Quality Materials	618	9,055	36,219	7%	2%	35,601	8,437	25,310	Majority of funds for Annual Provider Conference in April 2019
Total Other Expenses	118,799	197,246	808,984	60%	15%	690,185	78,447	235,342	
	609,761	938,550	3,774,199	65%	16%	3,164,438	328,789	986,366	

** Current Budget is straight-line projection

**Independent Accountants' Report on
Financial Compliance Advisory Services**

**Early Learning Coalition of Brevard County, Inc.
(ELC 22)**

2018-19 Financial Monitoring Report
Period Reviewed: January 1, 2017 – October 31, 2018

The Florida Office of Early Learning is an equal opportunity employer/program. The Florida Office of Early Learning will provide auxiliary aids and services upon request to individuals with disabilities. All voice telephone numbers on this document may be reached by persons using TTY/TDD equipment via the Florida Relay Service at 711.

**Independent Accountants' Report on
Financial Compliance Advisory Services
Early Learning Coalition of Brevard County, Inc. (ELC 22)
2018-19 Financial Monitoring Report
*Period Reviewed: January 1, 2017 - October 31, 2018***

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January 18, 2019

State of Florida
Office of Early Learning
Tallahassee, Florida

We have performed specific financial compliance consulting services as described in the Florida Office of Early Learning's 2018-19 Onsite Financial Monitoring Tool for the Early Learning Coalition of Brevard County, Inc. (ELC 22 or the entity). These services were contracted by the Office of Early Learning (OEL) to comply with its oversight and monitoring responsibilities as outlined in the following applicable federal regulations and state statutes.

- 45 Code of Federal Regulations (CFR) § 75.342(a), USDHHS, *Monitoring and reporting program performance*;
- 2 CFR § 200.328(a), *Monitoring and reporting program performance*;
- 2 CFR § 200.331(d), *Requirements for pass-through entities*; and
- Chapter 1002.82(2)(r), Florida Statutes (F.S.), *OEL; powers and duties*.

These advisory services were conducted in accordance with the consulting standards established by the American Institute of Certified Public Accountants. OEL is solely responsible for the sufficiency of the procedures performed. Consequently, we make no representation regarding the sufficiency of the procedures performed, either for the purpose for which this report has been requested or for any other purpose.

On January 15, 2019 through January 18, 2019, we visited the Early Learning Coalition of Brevard County, Inc. (ELC 22) and performed financial compliance consulting services as summarized in OEL's 2018-19 Onsite Financial Monitoring Tool for the period January 1, 2017, through October 31, 2018. Detailed descriptions of the procedures performed and our related findings begin on page 6 of this report.

In addition, during this monitoring engagement, we became aware of certain matters that are opportunities for strengthening internal control and/or operating efficiency. We have included these observations in *The Schedule of Observations* section of this report. We recommend OEL review the status of these observations.

These consulting procedures were not designed to express an opinion on the business, operational, and internal control risks associated with the ELC's compliance with the previously described financial management standards as outlined in applicable Office of Management and Budget Uniform Grant Guidance, Code of Federal Regulations, or other state and federal requirements. Accordingly, we do not express such an opinion. Additionally, because of inherent limitations of internal control systems, the procedures performed should not be relied upon to prevent or detect errors or fraud associated with grant related revenues or expenditures. Had we performed additional procedures, other matters might have come to our attention that would have been reported to OEL.

This report is intended solely for the information and use of OEL and OEL's management, and is not intended to be and should not be used by anyone other than these specified parties.



Thomas Howell Ferguson P.A.
Tallahassee, Florida

Early Learning Coalition of Brevard County, Inc. (ELC 22)

2018-19 Financial Monitoring Report Period Reviewed: January 1, 2017 – October 31, 2018

Executive Summary

I. Executive Summary

1.0 Findings

We performed financial monitoring procedures based on the testing procedures included in OEL's 2018-19 Onsite Financial Monitoring Tool, which is available on OEL's SharePoint Coalition Zone. Please contact your SharePoint manager for access to the tools via your local SharePoint website.

Our procedures were performed using firm and professional standards. A summary of the testing categories, or Objectives, used during this engagement and the related monitoring results are summarized here.

Early Learning Coalition of Brevard County, Inc. (ELC 22)		
2018-19 Monitoring Results		
Objectives ⁽¹⁾	Prior Period Findings ⁽²⁾	Current Period Findings
1.0 – Preventive /corrective action plan (PCAP) Implementation	-	-
2.0 – Financial management systems	-	-
3.0 – Internal control environment	-	-
4.0 – Cash management	-	-
5.0 – OEL's statewide information system ¹	N/A	N/A
6.0 – Prepaid program items	-	-
7.0 – Cost allocation and disbursement testing	1	-
8.0 – Travel	-	-
9.0 – Purchasing	-	-
10.0 – Contracting	-	-
11.0 – Subrecipient monitoring	-	2
TOTAL	1	2

(1) Objective 5.0 – For 2018-19, testing of this objective is not included in the scoped onsite financial monitoring tasks. This objective shown for disclosure purposes only.

(2) Please refer to the entity's 2016-17 fiscal monitoring report for detailed disclosures of any noted prior period findings.

Early Learning Coalition of Brevard County, Inc. (ELC 22)

2018-19 Financial Monitoring Report

Period Reviewed: January 1, 2017 – October 31, 2018

Executive Summary

Included in the table below is a summary of the results from our review of prior period findings. New findings may occur in the current period if prior period findings, which should have been corrected, remain unresolved.

Early Learning Coalition of Brevard County, Inc. (ELC 22)				
Status of Prior Period Findings				
Finding	Resolved	Partially Resolved	Unresolved	New Finding
# ELC 22-2016-17-001 Cost allocation and disbursement testing - Outreach activities without required OEL logo elements	X			None

These financial monitoring procedures apply to both the School Readiness (SR) and Voluntary Prekindergarten (VPK) programs. Since Chapter 1002, F.S. does not provide specific financial monitoring steps for the federally-funded School Readiness program or the state-funded VPK program, the minimum federal standards have been applied to both programs.

The attached Schedule of Findings contains detailed information about current period and prior period findings. If the entity has current period findings it must submit a preventive/corrective action plan (PCAP) response to OEL within 30 days of receiving this report. Please contact OEL staff with any questions about the PCAP process.

Early Learning Coalition of Brevard County, Inc. (ELC 22)

2018-19 Financial Monitoring Report *Period Reviewed: January 1, 2017 – October 31, 2018*

Executive Summary

2.0 Observations

Other matters or circumstances may have been noted by us as we completed the indicated monitoring tasks. Detailed information about these observations is provided in *The Schedule of Observations* and is summarized here.

Observations from 2018-19 onsite visit

- **3.0 – Internal control environment**
 - Review/update staff instructions – other income
 - Review/update staff instructions – process for reconciling items
 - Review/update staff instructions – processing deficiency notices from OEL
- **4.0 – Cash management**
 - Review/update staff instructions for monthly bank reconciliations

Items for OEL follow-up

The monitoring team noted no items for OEL follow-up.

This monitoring report is intended solely for the information and use of OEL and OEL's management, and is not intended to be and should not be used by anyone other than these specified parties.

Early Learning Coalition of Brevard County, Inc. (ELC 22)

2018-19 Financial Monitoring Report Period Reviewed: January 1, 2017 – October 31, 2018

Schedule of Findings

II. Schedule of Findings

We performed financial monitoring procedures based on the Testing Procedures included in OEL's 2018-19 Onsite Financial Monitoring Tool, which is available on OEL's SharePoint Coalition Zone. Please contact your SharePoint manager for access to the tools via your local SharePoint website.

The monitoring procedures performed included tests of details of transactions, file inspections and interviews with the entity's personnel (1) to determine the status of recommendations from the prior period monitoring visit(s) and (2) to adequately support the current period findings and recommendations. Detailed information for these items is disclosed in the following sections of this report.

1.0 – Preventive/corrective action plan (PCAP) implementation

The current period monitoring procedures were performed to determine if the entity implemented the required preventive and corrective actions as described in the accepted PCAP from the most recently closed grant program year.

Prior Year Finding # ELC 22-2016-17-001

Cost allocation and disbursement testing - Outreach activities without required OEL logo elements

Finding/Condition: During testing procedures, two instances of printed and online event materials distributed by the Coalition for outreach events that did not include the required OEL logo and sponsorship disclosures in accordance with the OEL grant agreement. The Coalition's grant agreement with OEL states the OEL logo and a statement of sponsorship will be included on all sponsorship materials.

Status: **Corrective action resolved.**

No findings noted in the current period.

2.0 – Financial management systems

The current period monitoring procedures were performed to gain an understanding of the entity's financial and operational environments through review of policies and procedures, observation of processes, document inspection and interviews of entity personnel.

No findings noted in the current period.

Early Learning Coalition of Brevard County, Inc. (ELC 22)

2018-19 Financial Monitoring Report *Period Reviewed: January 1, 2017 – October 31, 2018*

Schedule of Findings

3.0 – Internal control environment

The current period monitoring procedures were performed to gain an understanding of the entity's internal control environment through testing of key internal controls and observation of entity operations to ensure compliance with Federal laws, regulations and grant program compliance requirements.

No findings noted in the current period.

See *The Schedule of Observations* for observations related to this objective.

4.0 – Cash management

The current period monitoring procedures were performed to determine if sampled documentation demonstrated appropriate and sufficient cash management procedures are in place and being followed. The processes examined include cash management procedures related to sources of other non-grant revenues.

No findings noted in the current period.

See *The Schedule of Observations* for observations related to this objective.

5.0 – OEL's statewide information system reporting and reconciliation – N/A for 2018-19

6.0 – Prepaid program items

The current period monitoring procedures were performed to identify any prepaid program activity for this entity. If such activity was found, monitoring procedures were applied to determine if all prepaid program items were appropriately safeguarded, managed, tracked and reported.

Based on results obtained from inquiries made to and an inspection of data items provided by entity personnel, the monitors noted no current year prepaid program item activity.

Early Learning Coalition of Brevard County, Inc. (ELC 22)

2018-19 Financial Monitoring Report Period Reviewed: January 1, 2017 – October 31, 2018

Schedule of Findings

7.0 – Cost allocation and disbursement testing

The current period monitoring procedures were performed to determine if sampled disbursements were appropriately incurred and posted within the entity's financial records. Sampled items were tested to ensure the activity: is allowable, has appropriate approval (including pre-approval from OEL if needed), and meets the period of availability requirements for the grant monies used to fund disbursements. Sampled items are also tested to verify appropriate allocation in accordance with applicable cost principles, grant program compliance requirements and guidance issued by OEL.

No findings noted in the current period.

8.0 – Travel

The current period monitoring procedures were performed to determine if the entity's sampled travel-related expenditures are paid in accordance with applicable federal/state laws and rules, and entity-established policies.

No findings noted in the current period.

9.0 – Purchasing

The current period monitoring procedures were performed to determine if the sampled procurement transactions comply with the appropriate federal or state procurement laws, as well as the entity's procurement policies.

No findings noted in the current period.

10.0 – Contracting

The current period monitoring procedures were performed to determine if the sampled contract transactions demonstrate the entity's contracting processes comply with federal and state requirements, as well as the entity's own contracting policies.

No findings noted in the current period.

Early Learning Coalition of Brevard County, Inc. (ELC 22)

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11.0 – Subrecipient monitoring

The current period monitoring procedures were performed to identify any subrecipient activity for this entity. If such activity was found, monitoring procedures were applied to determine if the entity's disclosure requirements and subrecipient monitoring activities comply with federal grant program requirements, state laws and the entity's own policies and procedures.

Finding # ELC 22–2018–19-001

Subrecipient monitoring – *Missing required federal data elements in contract*

Finding/Condition: During our detailed testing of one sampled subrecipient contract, we noted missing federal and state data elements, which are required for subawards and must be provided to Subrecipient entities.

- **Subrecipient:** The School Board of Brevard County, Florida; **Subaward date:** 7/1/2017; **Subaward period performance:** 7/1/2017 – 6/30/2018; **Subaward amount:** \$261,500; **Issue(s):** This contract/award was missing the following required federal grant program data elements.
 - The subaward was not clearly identified to the Subrecipient as a subaward
 - Subrecipient DUNS number (see 2 CFR Part 200.32 Data Universal Numbering System)
 - Federal award identification number (FAIN)
 - Total amount of the federal award
 - Federal award project description
 - Name of the federal awarding agency, pass through entity, and contact information for the awarding official
 - CSFA number, name and amount for state financial assistance

Criteria: 2 CFR Part 200 Section 200.331(a), *Requirements for pass-through entities*, instructs each pass-through entity (like the ELC) to "Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward..."

- Federal Award Identification.
- Subrecipient name (which must match registered name in DUNS);
- Subrecipient's DUNS number (see § 200.32 Data Universal Numbering System (DUNS) number);
- Federal Award Identification Number (FAIN);
- Federal Award Date (see § 200.39 Federal award date);

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- Subaward Period of Performance Start and End Date;
- Amount of Federal Funds Obligated by this action;
- Total Amount of Federal Funds Obligated to the subrecipient;
- Total Amount of the Federal Award;
- Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
- Name of Federal awarding agency, pass-through entity, and contact information for awarding official,
- CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement;
- Identification of whether the award is R&D; and
- Indirect cost rate for the Federal award (including if the de minimis rate is charged per §200.414 Indirect (F&A) costs)."

Also see s. 215.971, F.S., *Agreements funded with federal or state assistance*, which provide additional instructions for required data elements for agreements funded with state project funds.

Cause: Inadvertent oversight by staff as to the items required to be in every subaward.

Effect: Non-compliance with the 2017-18 OEL grant award and 2 CFR Part 200 Section 200.331(a)(1). Incomplete and/or inadequate disclosure of required data elements for Subrecipient awards increase the risk of activities non-compliant with federal grant program regulations, which may result in potential questioned or unallowed costs for subaward-related disbursements.

Recommendation(s): The Coalition should complete tasks that include, but are not limited to, the following.

1. Confirm for OEL the results reported here. Testing results indicate one subrecipient award for \$261,500 was missing one or more required subrecipient award data elements.
2. For the sampled subrecipient award, prepare (as supplemental award data) the missing data elements noted and provide these disclosures in writing to the Brevard County School Board.
3. For the rest of the monitoring period, analyze current subrecipient grant agreement(s) to ensure all required data elements are present.

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Schedule of Findings

4. If any additional instances of missing data elements are noted, prepare a summary to identify such elements. The summary details should include the subawardee, the subaward date, the subaward amount, the purpose or services obtained and the grant period(s)/OCA codes impacted.
5. Submit a copy of the item(s) identified in #2 above to OEL for your PCAP files.
6. Submit the items identified in #3 and #4 above (if any) to OEL. Upon review, OEL will provide technical assistance suggestions and instructions for documenting adequate “after-the-fact” documentation or for remitting any funds determined to be incurred for unallowable costs (if applicable.)
7. Review the Coalition’s internal controls, policies and procedures related to subrecipient awards to determine if any revisions are needed.
8. Update the Coalition’s internal controls, policies and procedures, as appropriate.
9. Conduct training to help ensure Coalition staff knows about and can follow established or revised internal controls, policies and procedures.

Finding # ELC 22–2018–19-002

Subrecipient monitoring – *Missing required federal processes for subrecipient*

Finding/Condition: During our detailed testing of one sampled subrecipient contract, we noted missing risk assessment processes, which are required for subawards and must be completed by non-federal entities.

- **Subrecipient:** The School Board of Brevard County, Florida; **Subaward date:** 7/1/2017; **Subaward period performance:** 7/1/2017 – 6/30/2018; **Subaward amount:** \$261,500; **Issue:** This subaward is missing the following non-federal entity/pass-through entity requirements.
 - Consider operating factors for each subaward to complete a risk assessment to determine the ELC’s appropriate level of monitoring
 - Identify high-risk operating areas
 - Assign risk levels based on results
 - Document process and results

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Schedule of Findings

Criteria: 2 CFR Part 200 Section 200.331(b), *Requirements for pass-through entities*, requires non-federal pass-through entities (like the ELC) to perform and document the results for a risk assessment analysis for any subrecipient subawards.

Cause: Inadvertent oversight by staff as to the items required to be in every subaward.

Effect: Non-compliance with the 2017-18 OEL grant award and 2 CFR Part 200 Section 200.331(b). Incomplete federal/state grant program processes increase the risk of activities non-compliant with federal grant program regulations, which may result in potential questioned or unallowed costs for subaward-related disbursements.

Recommendation(s): The Coalition should complete tasks that include, but are not limited to, the following.

1. Confirm for OEL the results reported here. Testing records indicate incomplete risk assessment tasks for the one sampled subrecipient award.
2. For the rest of the monitoring period analyze other current subrecipient grant agreement(s) (if any) to determine if risk assessment tasks were completed.
3. If additional instances of missing risk assessment tasks are noted, prepare a summary to identify the impacted subrecipient awards. Include the name of each subrecipient, the award amount, its purpose and the grant program year(s)/OCA codes affected.
4. Submit the items identified in #3 above (if any) to OEL. Upon review, OEL will provide technical assistance suggestions for preparing adequate “after-the-act” documentation for the sampled subrecipient award and any other noted. OEL will also provide instructions for remitting any funds determined to be incurred for unallowable costs (if applicable.)
5. Review the Coalition’s internal controls, policies and procedures related to pass-through entity duties described by federal/state grant program regulations to determine if any revisions to staff instructions are needed.
6. Update the Coalition’s internal controls, policies and procedures, as appropriate.
7. Conduct training to help ensure Coalition staff knows about and can follow established or revised internal controls, policies and procedures.

Early Learning Coalition of Brevard County, Inc. (ELC 22)

2018-19 Financial Monitoring Report Period Reviewed: January 1, 2017 – October 31, 2018

Schedule of Observations

III. Schedule of Observations

1.0 Observations from 2018-19 onsite visit

Observation #1 –

3.0 – Internal Control Environment – Review/update staff instructions – other income

During our detailed testing of Coalition internal controls, we noted one instance where a current process may not operate as intended for the recording of revenues and non-OEL revenue, which includes the following task(s).

Does the entity provide adequate information about applicable federal and state program requirements to staff to allow them to properly record revenues and other income?

Per discussion with ELC staff, the monitors noted executive team members responsible for policy changes hold discussions during department meetings to discuss updates to ELC processes. Team members evaluate the impact on day-to-day staff activities when current tasks are affected by rules and/or regulation changes for federal/state grant programs. Although this process takes place, the monitors were unable to view any documentation to evidence what process takes place.

We noted no instances of noncompliance or impaired Coalition operations related to this issue and ELC staff described the verbal/informal processes followed to the onsite team. However, failure to have and to follow documented internal policies increases the Coalition's risk of inadvertent staff errors in the recording of revenues and other income, which could impair future Coalition operations if not addressed. We recommend the Coalition review and update as needed written internal controls, policies and procedures to clarify the procedures around recording of revenues and other income.

Observation #2 –

3.0 – Internal Control Environment – Review/update staff instructions – process for reconciling items

During our detailed testing of Coalition internal controls, we noted one instance where a current process may not operate as intended for the handling of reconciling items, which includes the following task(s).

Does the entity promptly address (follow up on) any reconciling items?

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Per discussion with ELC staff, if a reconciling item is noted, the reviewer first performs a thorough inspection of the difference noted and then sits down with the preparer to review/discuss the differences noted to help instruct the preparer on what to do next time and to rectify the issue going forward. Although this process takes place, the monitors were unable to view any documentation to evidence what process takes place.

We noted no instances of noncompliance or impaired Coalition operations related to this issue and ELC staff described the verbal/informal processes followed to the onsite team. However, failure to have and to follow documented internal policies increases the Coalition's risk of inadvertent staff errors in addressing reconciling items in Coalition records, which could impair future Coalition operations if not addressed. We recommend the Coalition review and update as needed written internal controls, policies and procedures to clarify the follow up procedures for any reconciling items.

Observation #3 –

3.0 – Internal Control Environment – Review/update staff instructions – processing deficiency notices from OEL

During our detailed testing of Coalition internal controls, we noted one instance where a current process may not operate as intended for follow up on OEL deficiencies received, which includes the following task(s).

Does management have a process in place to address notices or other instructions OEL sends related to deficiencies in meeting any of the indicated program requirements (e.g., OEL Financial Administration and Budget Services Unit notices)?

Monitors noted when a deficiency from OEL is brought to the ELC's attention the compliance specialist will examine the deficiency notice and evaluate which department is affected. The department head and compliance specialist then determine what steps are necessary to rectify the issue. Although Coalition controls are present, monitor was unable to view any documentation to evidence what process takes place.

We noted no instances of noncompliance or impaired Coalition operations related to this issue and ELC staff described the verbal/informal processes followed to the onsite team. However, failure to have and to follow documented internal policies increases the Coalition's risk of inadvertent staff errors in addressing deficiency notices from OEL, which could impair future Coalition operations if not addressed. We recommend the Coalition review and update as needed written internal controls, policies and procedures to clarify the follow up procedures for any reconciling items.

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2018-19 Financial Monitoring Report *Period Reviewed: January 1, 2017 – October 31, 2018*

Schedule of Observations

Observation #4 –

4.0 – Cash management – Review/update staff instructions for monthly bank reconciliations

While testing Coalition activities we sampled two bank reconciliations for the months of August 2017 and June 2018. The monitors noted the monthly review processes performed for these two months varied from current Coalition procedures, which state the Executive Director reviews the completed bank statement reconciliations. For the two months sampled, the Executive Director reviewed the bank statements prior to the reconciliation being prepared and the governing board Treasurer reviewed the reconciliations after staff completed them.

We noted no instances of noncompliance or impaired Coalition operations related to this issue and ELC staff described the verbal/informal processes followed to the onsite team. However, failure to have and to follow documented internal policies increases the Coalition's risk of inadvertent staff errors in addressing the preparation of bank reconciliations, which could impair future Coalition operations if not addressed. We recommend the Coalition review and update as needed written internal controls, policies and procedures to clarify the bank reconciliation procedures.

2.0 Items for OEL follow-up

The monitoring team noted no items for OEL follow-up.

February 11, 2019

Gina Sousa, Interim Executive Director
Early Learning Coalition of Brevard
PO Box 560692
Rockledge, Florida 32956-0692

Dear Ms. Souza:

Thank you and your financial personnel for compiling documentation related to selected expenditures submitted for reimbursement by the Early Learning Coalition of Brevard for the January – June 2018 reimbursement periods. In accordance with the Office of Early Learning's desk review procedures, we have completed our review of these selected expenditures.

Our tentative results were provided to your staff and they were asked to provide comments for consideration prior to submitting this final report. Acknowledgement of these results was received. The results of our review are included in the attachment to this letter. As you will note, there were no questioned costs.

If you have any questions regarding this matter, please feel free to contact Amy Sophia at 850-717-8665, or by email at amy.sophia@oel.myflorida.com.

Sincerely,



Lisa Zenoz
Financial Administration and Budget Manager
Office of Early Learning

cc: Rodney J. MacKinnon, Executive Director, Office of Early Learning
Sam Sweazy, Financial Administration Supervisor, Office of Early Learning
Laura McKinley, FMSAS Supervisor, Office of Early Learning
Cathie Odom, Finance Director, Early Learning Coalition of Brevard

RODNEY J. MACKINNON
EXECUTIVE DIRECTOR, OFFICE OF EARLY LEARNING
250 MARRIOTT DRIVE • TALLAHASSEE, FL 32399 • 850-717-8550 • Toll Free 866-357-3239 • www.FloridaEarlyLearning.com

FABS Expenditure Validation Testing

Grant Manager: Amy Sophia				Fiscal Year:2018-19				Full Review # 1				ELC of Brevard				GM Final Notes
To be completed by OEL Grant Manager upon initiation of review.								To Be Completed by OEL Grant Manager Upon Review of Supporting Documentation								
General Ledger (GL) or Credit Card(CC) Samples																
Item Number This number MUST be displayed on ALL supporting documentation	General Ledger or Credit Card	Sample Month	Row Number GL or CC Statement	OCA	Chart of Accounts (COA) Code	(COA) Description	Payee	Effective Date/ Transaction Date	Debit Amount	Correct OCA Used	Allowable Reasonable Necessary	Questioned Cost Amount	Reference/Citation (enter number)	Notes / Explanation		
1	GL	January	1851	9794	5505	MC1017111M05	Marion Music Co/Rolling of America	1/4/2018	0.38	Y	Y	\$0.00		Wireless monthly recharging charge		
2	GL	January	2018	97200	5535	MC1017111M05	Florida Today - Subscription	1/4/2018	1.21	Y	Y	\$0.00		Florida Today Subscription		
3	GL	February	2829	97030	5546	Acct# 1007482 Rockledge Trb 18	Orkin Pest Control	2/6/2018	3.22	Y	Y	\$0.00				
4	GL	February	2838	97030	5600	Reimburse Travel Expenses 2/1/18-2/13/18	Kevin Carraro	2/13/2018	25.44	Y	Y	\$0.00		TA - Technical Assistance How do you verify miles need to be provided mileage previous from google, mapquest, etc. Will review in upcoming reviews to ensure attached to request for reimbursement forms		
5	GL	February	2839	97030	5600	Reimburse Travel Expenses 2/1/18-2/13/18	Sandra Ota	2/28/2018	1.18	Y	Y	\$0.00		TA - Technical Assistance How do you verify miles need to be provided mileage previous from google, mapquest, etc. Will review in upcoming reviews to ensure attached to request for reimbursement forms		
6	GL	February	2857	97030	5601	Hyatt Mass Lakeland LWB UP Coaching Cert Class	Wells Fargo Business Elite Card	2/28/2018	139	Y	Y	\$0.00		What supporting documentation is under plan that was for and how it was paid for the following: Massage Tables/room apartment See questions on original audit log sample		
7	GL	February	2929	97030	5535	FL Today Monthly Subscription	Wells Fargo Business Elite Card	2/28/2018	0.01	Duplicate to Sample 2						
8	GL	February	2930	97030	5535	SR SHRM Professional Membership 2018	Tina Snyder	2/28/2018	0.01	Y	Y	\$0.00		TA - Technical Assistance How do you verify miles need to be provided mileage previous from google, mapquest, etc. Will review in upcoming reviews to ensure attached to request for reimbursement forms		
9	GL	March	442	97884	5535	Annual Membership Dues 2/1/18-1/31/19	Palm Bay Chamber of Commerce	3/1/2018	130.62	Y	Y	\$0.00		CFR200 459 Professional Services (pg.135)		
10	GL	March	458	97884	5553	Critter Policy March 18		1/31/2018	15.08	Y	Y	\$0.00		What supporting documentation is under plan that was for and how it was paid for the following: Sound Mous United Way of Brevard FL Carousal Florats Community Brands (what/for)		
11	GL	April	4120	97395	5540	Vacuum part for Melbourne office	Wells Fargo Business Elite Card	4/3/2018	0.12	Y	Y	\$0.00				
12	GL	April	4127	97395	5545	Stock Photos for Design	Wells Fargo Business Elite Card	4/3/2018	1.85	Duplicate to Sample 2						
13	GL	May	444	97884	5600	Kara Bradley- Reimburse Travel Expenses - 05/01/18 thru 05/30/18	Kara Bradley	5/30/2018	63.72	Y	Y	\$0.00		TA - Technical Assistance How do you verify miles need to be provided mileage previous from google, mapquest, etc. Will review in upcoming reviews to ensure attached to request for reimbursement forms		

[illegible]

Financial and Budget Administration Days Paid Review

To be completed by OEL Grant Manager upon initiation of review.

To be completed by OEL Grant Manager after supporting documentation is received.

Provider Name	Provider ID	Parent Last Name	Parent First Name	Child Last Name	Child First Name	Billing Period (Reimbursement Month)	# Days Paid	# of Days Marked Present including E's	# of Days Questionable	Notes
FORD'S ALL-STAR ACADEMY	455102807	MURR%	ANGE%	BOOK%	BRIC%	Apr-18	24	24	0	Protective Services IN
FORD'S ALL-STAR ACADEMY	455102807	GUIN%	DEAN%	GUIN%	SEMA%	May-18	27	27	0	AR Homeless
FORD'S ALL-STAR ACADEMY	455102807	GUIN%	DEAN%	GUIN%	NOAH%	May-18	27			AR Homeless
FORD'S ALL-STAR ACADEMY	455102807	GUIN%	DEAN%	KITCH%	KEND%	May-18	27			AR Homeless
FORD'S ALL-STAR ACADEMY	455102807	MURR%	ANGE%	BOOK%	BRIC%	May-18	26	26	1	Attestation from provider does not suffice, other children were signed in on this day by the parent/guardian. Attestation from parent/guardian required. Adjustment needed for 05/31/2018
FORD'S ALL-STAR ACADEMY	455102807	MURR%	ANGE%	JEAN%	DEMA%	May-18	27	27	0	
FORD'S ALL-STAR ACADEMY	455102807	MURR%	ANGE%	SCOTT	KING%	May-18	27	27	0	
FORD'S ALL-STAR ACADEMY	455102807	GUIN%	DEAN%	GUIN%	SEMA%	Jun-18	26	26	0	
FORD'S ALL-STAR ACADEMY	455102807	GUIN%	DEAN%	GUIN%	NOAH%	Jun-18	26	26	0	AR Homeless
FORD'S ALL-STAR ACADEMY	455102807	GUIN%	DEAN%	KITCH%	KEND%	Jun-18	26	26		AR Homeless