



Charlie Crist  
Governor

Ana M. Viamonte Ros, M.D., M.P.H.  
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## INTEROFFICE MEMORANDUM

**DATE:** January 4, 2010

**TO:** Joseph J. Chiaro, M.D., F.A.A.P., Deputy Secretary and  
Deputy State Health Officer for Children's Medical Services

**THROUGH:** James D. Boyd, C.P.A., M.B.A., Inspector General

**THROUGH:** Michael J. Bennett, C.I.A., Director of Auditing

**FROM:** Mark H. Boehmer, C.P.A., Senior Management Analyst II

**SUBJECT:** Report No. R-0910DOH-008 - *Readiness Review of Individuals With Disabilities Education Act-Part C (Early Steps), American Recovery and Reinvestment Act of 2009 Funds*

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### Introduction

Section 20.055(2), *Florida Statutes*, charges each Office of the Inspector General responsibility to provide a central point for coordination of activities that promote accountability, integrity, and efficiency in government.

The purpose of this review engagement was to assess the status of the implementation of internal controls at DOH, which should help mitigate the risk of fraud, waste, or abuse in programs that will or have received American Recovery and Reinvestment Act of 2009 (ARRA) funds.

We reviewed controls as they relate to ARRA funds received by DOH's Children's Medical Services, Individuals with Disabilities Education Act (IDEA) – Part C (Early Steps) Program.

We obtained an understanding of selected controls at DOH, including procurement, budget, legal, finance and accounting, and within the Early Steps program area.

We conducted this review engagement in conformance with *International Standards for the Professional Practice of Internal Auditing*, issued by the Institute of Internal Auditors (January 2009), as provided by Section 20.055(5)(a), *Florida Statutes*, and as recommended by Quality Standards for Audits by Offices of Inspector General (*Principles and Standards for Offices of Inspectors General*, Association of Inspectors General, 2004 Green Book Revision).

Our fieldwork took place August through September 2009 at DOH headquarters in Tallahassee. The engagement was conducted by Office of the Inspector General audit staff Mark H. Boehmer, Certified Public Accountant, Senior Management Analyst II, under the supervision of Michael J. Bennett, Certified Internal Auditor, Director of Auditing.

### **Background**

ARRA became law in February 2009. The three main goals of ARRA are to:

- Create and save jobs;
- Spur economic activity and invest in long-term economic growth; and,
- Foster unprecedented levels of accountability and transparency in government spending.

In the Summer 2009, the Executive Office of the Governor, Office of the Chief Inspector General's Florida American Recovery and Reinvestment Act Risk Assessment Committee (Committee) requested Department of Health (DOH) and other state agencies to have each of their respective programs and offices receiving ARRA funds complete a Risk Assessment Survey (Surveys). At the Committee's direction the scores of those Surveys influenced and were incorporated into our office's *Three Year Audit Plan Beginning with Fiscal Year 2009-2010* (Audit Plan). Additionally, the Committee requested our office perform additional oversight activities based on the scores of the Surveys. Pursuant to that request, we used a review program prepared by the Committee to perform a review of select controls and assess the implementation of those controls.

Early Steps provides a comprehensive system of early intervention services to infants and toddlers and their families. The purpose of Early Steps is to provide quality early intervention services and support that enhance the capacity of families to support their child's well-being, development, learning, and full participation in the community.

Early Steps received DOH's first ARRA funds in February 2009. The \$11,538,560 was authorized to be expended beginning July 1, 2009. Early Steps received its second half of the ARRA funds in August 2009 for a total award of \$24,291,623. These ARRA funds are a supplemental appropriation to the annual federal funds received for the same program. Early Steps plans that nearly 100% of the funds will be contracted out to providers for direct services, technology, recruitment and retention, enhancement grants, and training.

### **What we observed**

There is an infrastructure of existing policies and procedures at DOH in the areas of procurement, budget, finance and accounting, and within the program area that we feel mitigates the risk of fraud, waste, or abuse of ARRA funds. As it relates to the areas we were able to develop conclusions on, nothing came to our attention during the review regarding internal controls at DOH that would adversely impact Early Steps ARRA funds. Also, nothing came to our attention during the review to indicate the existence of fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse.

**Follow-up work to be performed**

The Committee provided that follow-up work may be required where a program is in the early implementation stage or where there is not sufficient documentation to-date for us to review.

Because our project, to date, took place during the initial stages of receiving ARRA funding, we have not yet reviewed sufficient documentation to conclude:

- Whether new Requests for Proposal issued under Recovery Act initiatives were created with the necessary language to satisfy the requirements of the Recovery Act;
- Whether new contracts awarded using Recovery Act funds have the specific terms and clauses required;
- Whether the public benefit of funds used under the sub-awards was reported clearly, accurately, and in a timely manner;
- Whether the appropriate data elements required to be captured, classified, and aggregated for analysis and reporting to meet ARRA requirements were identified;
- Whether reports issued were accurate and included the data elements required under ARRA;
- Whether projects funded under Recovery Act avoid unnecessary delays and cost overruns;
- Whether reports published under ARRA were reviewed and approved;
- Whether reports informed agency management that projects are occurring on a timely basis;
- Whether issues identified through established reports were addressed on a timely basis; and,
- Whether reports on the effectiveness of risk management strategies and tactics were issued timely.

We will perform and report on such additional work at a later date (approximately early 2010) when reports from Early Steps providers are available for review.

**Closing Remarks**

We would like to thank management and staff of Children's Medical Services and the Division of Administration for providing their cooperation and assistance to us during the course of this review.

JDB/mhb

cc: Phyllis Sloyer, R.N., Ph.D.,  
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