



Florida Department of Education

Office of Inspector General

March 2012

Report No. A-10/11-015

Center for Independent Living in Central Florida, Inc.

Executive Summary

The Office of Inspector General (OIG) performed an audit of contract administration and performance by the Division of Vocational Rehabilitation (DVR) and Center for Independent Living in Central Florida, Inc. (CIL). The audit covered activities for the period of July 1, 2010, through September 30, 2011. The contract, number 10-103, provided independent living services and became effective on July 1, 2009, extending to June 30, 2012.

Appropriate services were provided to clients as intended by the contractual agreement. Observations also included:

- Adequate internal controls were in place to ensure contract compliance; and,
- One finding to strengthen internal controls for smaller purchases.

The finding identifies an internal control weakness that allows one person to approve checks less than \$1,000 without a second approval. We recommend that the CIL implement a policy to require all expenditures and checks be approved by at least two designated persons.

Background

The DVR contracted with the CIL to provide independent living services to eligible citizens of the State. Independent living services are concentrated in four core areas of service: information and referral, peer counseling, personal and systems advocacy, and independent living skills training. The CIL is a not-for-profit entity that is designed to empower

persons with disabilities to gain more everyday living independence.

The CIL provides services in the Orlando and Lakeland Areas. There have been two amendments to the contract which were executed on June 20, 2010, and June 30, 2011. The purpose of both amendments was to adjust the total of the award amount and service hour requirements. The contractor has not been previously audited or reviewed by DVR or DOE.

Audit Results

We determined that:

- Client services are being provided in accordance with contractual terms and conditions.
- Contract expenditures comply with contractual terms and rates; and
- Adequate internal controls are in place to ensure compliance with the delivery of services.

There is one finding related to the internal control system for smaller purchases.

Finding and Recommendation

CIL internal controls for purchasing can be strengthened.

The following documentation was reviewed:

- The DVR contract section invoice review process and policies;

- CIL fiscal accountability processes and policies; and
- Invoices and supporting documentation detailing expenditures from July 1, 2010, to September 30, 2011.

The internal controls for DVR and CIL management were adequate to ensure compliance with contractual terms. However, we noted there were no provisions preventing the executive director of the CIL from solely creating and issuing a check under \$1,000.

According to Education Department General Administrative Regulations (EDGAR) 74.21(b)(3), "Recipients financial management systems shall provide for the following: Effective control over and accountability for all funds, property, and other assets. Recipients shall adequately safeguard all assets and assure they are used solely for authorized purposes." While we found no evidence of improper expenditures, good business practices support the additional safeguard of a minimum of two signatures on purchases.

Recommendation

- The CIL should draft and implement a provision in their Internal Control Policies and Procedures Manual that require two levels of approval for all CIL expenditures and checks.

Management Response

We agree that having two approvals for all levels of Center expenditures and checks is a good business practice. The Division provides ongoing technical assistance to all of the Centers, and we will share this recommendation with all of Florida's CILs as a "best practice." We will also include this recommendation as an element of our ongoing monitoring.

Objectives and Scope

The objectives of the audit were to determine whether:

- Client services are being provided in accordance with contractual terms and conditions;
- Contract expenditures comply with contractual terms and rates; and,
- Adequate internal controls are in place to ensure compliance with contractual terms and conditions including the delivery of services.

The scope included all expenditures and client services during the period of July 1, 2010, through September 30, 2011.

Methodology

To achieve the objectives, the auditors interviewed appropriate DVR and CIL staff, and reviewed:

- Federal and state statutes, policies and procedures regarding cost reimbursement contractual agreements, Rehabilitation Act of 1973 as amended, DVR's State Plan for Independent Living 2010-2013, DVR's Independent Living Program Policies and Procedures Manual;
- Monthly invoices, Performance Action Reports (PARs), contact logs;
- The CIL's administrative and personnel files, including position descriptions, performance appraisals, staff listings; and
- Policies and procedures associated with the duties and functions of providing independent living 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 the Inspector General would like to thank the administrators of the CIL and DVR's Contracting Section for their assistance and cooperation during the course of this audit.

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MEMORANDUM

DATE: March 19, 2012

TO: Greg White, Director of Auditing, DOE

FROM: Aleisa C. McKinlay, Director
Division of Vocational Rehabilitation

SUBJECT: Preliminary Audit Report, Center for Independent Living in Central Florida

Thank you for your review of the Center for Independent Living (CIL) in Central Florida. Your feedback on the operations of the Center will assist us in improving the accountability of the program. DVR has provided its management response below.

OIG RECOMMENDATION

The CIL should draft and implement a provision in their Internal Control Policies and Procedures Manual that requires two levels of approval for all CIL expenditures and checks.

DVR MANAGEMENT RESPONSE

We agree that having two approvals for all levels of Center expenditures and checks is a good business practice. The Division provides ongoing technical assistance to all of the Centers, and we will share this recommendation with all of Florida's CILs as a "best practice." We will also include this recommendation as an element of our ongoing monitoring.

cc: Peter Williams
Suzie Whitmire, Chief, Bureau of Administrative Services
Julie Kates, Independent Living Program Manager

ALEISA C. MCKINLAY
Director, Division of Vocational Rehabilitation
