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Missouri State Auditor

Early Childhood Development, Education, and Care Fund

February 2015

Report No. 2015-005

http://auditor.mo.gov

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CITIZENS SUMMARY

Findings in the audit of the Early Childhood Development, Education, and Care Fund

DSS Contract Awards and Costs	The Department of Social Services (DSS) doubled its funding of Early Head Start (EHS) contractors in 2014 but gave the contractors 7 months at the higher pay without requiring them to increase the number of children and expectant mothers served. Eight of the nine EHS contractors served less than the required number of children and expectant mothers, averaging 420 families served per month instead of 580 (72 percent), resulting in the DSS paying $1.5 million for services not provided. After the 7 months, the DSS continued allowing four contractors to serve fewer children and expectant mothers than required. The DSS paid these contractors approximately $133,000 for services not delivered and has not attempted to recover any monies. Budgets submitted by three contractors indicate the majority of additional funding went to personnel and administrative costs rather than direct services to children and expectant mothers. The DSS does not limit the price paid per child or expectant mother for the EHS program or per family for the Home Visitation (HV) program, so there is a significant difference in the prices paid to contractors, and, because they are paid a fixed price per participating family regardless of how many home visits they provide, HV contractors have little incentive to provide additional services.
Program Efficiency	Four state agencies administer home visitation programs for families with young children, resulting in inefficiencies and duplicated efforts. The DSS and the Department of Elementary and Secondary Education (DESE) reimbursed two public school districts for the same home visitation services. One school district has billed all home visits made under the DSS HV program also to the DESE Parents as Teachers (PAT) program and has done so for 13 years. Another district duplicate billed for 66 visits, but the financial impact of these duplicated billings is more than offset by the district's failure to bill for 256 PAT visits. The DSS administers the HV program through competitively and noncompetitively selected contractors, resulting in higher administrative costs, and the average cost to serve a family through a noncompetitively selected contractor is 27 percent higher than through a competitively selected contractor. A contractor that performs home visits for DSS and the Office of Administration (OA) Children's Trust Fund programs billed both agencies for the same home visits for one family, and listed four other families in multiple reports.
DESE Monitoring	The DESE does not adequately monitor contractors and grantees to ensure monies are spent in accordance with contract and grant requirements for the Early Childhood Special Education (ECSE), Missouri Preschool Project, or the PAT programs. For the ECSE program, monitoring weaknesses resulted in overpayments totaling about $86,500 to one school district.

Child Care Assistance Program Controls	As noted in our Statewide Single Audit report (Report No. 2014-17), significant weaknesses exist in DSS controls over Child Care Assistance program eligibility and provider payments. The DSS lacks sufficient controls to ensure eligibility determinations are accurate, payments are proper and adequately supported, and child care providers comply with statutory requirements for license-exempt status. We selected 60 Child Care Review Team reviews and noted the DSS did not always pursue timely and appropriate corrective actions, did not always refer providers to the Department of Health and Senior Services or for needed training, did not timely terminate provider registration for those not attending required training, did not conduct visits outside of standard business hours, did not suspend payments for potential non-complying license-exempt providers, allowed providers to submit attendance records after the reviews, and did not adequately document compliance with established sampling methods.
DSS Monitoring	The DSS lacks adequate procedures to detect duplicate billings to both the EHS and Child Care Assistance programs, and its procedures for contract monitoring are inadequate. The DSS does not monitor assets purchased by EHS contractors with program funds, and its monitoring instruments do not include a methodology for determining how many files should be reviewed for the HV and EHS programs. The DSS does not require EHS and HV contractors to document eligibility decisions or adequately verify eligibility of participating families.
Statutory Compliance	Fund appropriations for fiscal years 2015, 2014, and 2013 did not comply with state law. State law requires the General Assembly to appropriate at least 10 percent of fund revenues to the EHS program, 10 percent to Accreditation Facilitation, and 10 percent to the HV program.
Cost Allocation Transfers	Central services cost allocation transfers made by the OA from the fund to the General Revenue Fund continue to appear questionable based upon legal restrictions, and OA still does not require personnel to document reasons for including a fund in the cost allocation plan.

In the areas audited, the overall performance of this entity was **Poor**.*

*****The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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THOMAS A. SCHWEICH
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Members of the General Assembly
and
Dr. Margie Vandeven, Commissioner of Education
Department of Elementary and Secondary Education
and
Brian Kinkade, Director
Department of Social Services
and
Douglas Nelson, Commissioner
Office of Administration
Jefferson City, Missouri

We have audited certain operations of the Early Childhood Development, Education, and Care Fund, as required by Section 161.215.8, RSMo. The scope of our audit included, but was not necessarily limited to, the 2 years ended June 30, 2014. The objectives of our audit were to:

1. Evaluate internal controls over significant management and financial functions related to the fund.

2. Evaluate compliance with certain legal provisions related to the fund.

3. Evaluate the economy and efficiency of certain management practices and operations related to the fund, including certain financial transactions.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the agencies that administer the fund, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the departments' management and was not subjected to the procedures applied in our audit of the fund.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the Early Childhood Development, Education, and Care Fund.

Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

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1. DSS Contract Awards and Costs

In fiscal year 2014, the Department of Social Services (DSS) paid Early Head Start (EHS) contractors at least 2 times more than the prior year but only required contractors to provide additional services for the last 5 months of the year. As a result, the DSS paid significantly more without an equivalent additional benefit to the state. The DSS paid EHS contractors about $1.5 million for services not completed during fiscal year 2014. The DSS allowed contractors up to 7 months to increase children and mothers served and even after this deadline the DSS allowed four contractors to serve less children and expectant mothers than required. Some EHS contractor budgeted expenditures do not appear reasonable and do not support the need to provide additional funding. Additionally, the DSS has not enacted provisions to limit the cost per child or expectant mother for the Home Visitation (HV) program or cost per family for the EHS program, resulting in significant differences in the contract pricing among the various contractors.

The DSS paid EHS contractors approximately $5.9 million and $2.6 million for fiscal years ended June 30, 2014 and 2013, respectively, from state and federal sources, including $3.3 million from the Early Childhood Development, Education, and Care Fund (ECDEC) Fund. No EHS funding was appropriated from the ECDEC Fund for fiscal year 2013. The DSS expended approximately $2.7 million and $2.4 million from the ECDEC Fund for the HV program for the years ended June 30, 2014, and 2013, respectively.

1.1 Early Head Start funding

The DSS increased EHS funding and paid EHS contractors a full year's funding, but only required contractors to increase services for the final 5 months of the fiscal year.

The DSS contracts with nine community action and not-for-profit agencies to operate the EHS program. This program is modeled after the federal Early Head Start program and all contractors must also be an existing federal grantee for Head Start or Early Head Start. Contractors are selected through a competitive process and contractors generally provide educational services to expectant mothers and provide funding to local child care providers to implement the EHS program and related curriculum. The General Assembly reduced EHS funding by over 50 percent for fiscal year 2013. As a result, the DSS reduced funding and related services required to be provided by contractors. The General Assembly restored funding in fiscal year 2014, and the DSS amended 2014 contracts to proportionately increase funding to all contractors. However, in August and September 2013 the DSS entered into amendments that allowed contractors until January 31, 2014 (7 months after the beginning of the fiscal year) to meet the increased minimum required service levels.

Once the contractors signed the amendments, the DSS paid them 25 percent of the funding award and advanced 25 percent of their annual funding award each quarter thereafter in accordance with contract provisions. The DSS later offered contractors additional unobligated fiscal year 2014 funding totaling about $700,000 and required contractors to further increase the number of children and expectant mothers served each month. Three contractors signed contract amendments for the additional funding in December 2013 and January 2014. These amendments also allowed contractors until January 31, 2014 to meet the additional increased number of children and expectant mothers.

Eight of the nine EHS contractors did not serve the required number of children and expectant mothers. Fiscal year 2014 contracts and amendment pricing pages stated the eight contractors were required to serve an average of about 580 families per month total. However, these contractors only reported serving an average of about 420 families per month (72 percent). The DSS paid these contractors the full $5.4 million, and as a result, paid approximately $1.5 million (28 percent) for services not provided.

Even after the January 31 deadline, four contractors continued to serve fewer children and expectant months than required. Between February and June 2014, these four contractors only served an average of 364 of the 398 (91 percent) required families per month. The DSS paid these contractors approximately $133,000 for services not delivered (9 percent of the total $1.55 million paid to the four contractors) and has not attempted to recover any monies. DSS officials indicated while the contracts include a stated minimum number of children and/or expectant mothers to serve monthly, the contracts do not include provisions for not meeting these thresholds, and the DSS has not established procedures to request repayment of funds if contractors are unable to meet the minimum.

Startup costs

DSS officials indicated they allowed contractors additional time during fiscal year 2014 to reach minimum required service levels because the contractors had to reduce capacity due to fiscal year 2013 funding cuts. DSS officials also indicated the contractors incurred additional planning and startup costs, including the recruitment of additional child care providers to expand services. However, the DSS did not include startup provisions in fiscal year 2014 contract amendments. In addition, the original contracts, effective in July 2009, allowed providers to request up to 25 percent of the annual award as startup funding during the first year; however, all contractors operated existing federal programs and no contractors requested this funding. If the DSS had imposed a 25 percent limit on startup costs during fiscal year 2014, contractors would have been limited to claiming startup costs of about $843,000 (25 percent of $3.37 million in additional funding), much less than the $1.5 million paid for services not delivered.

Budgeted expenditures

Budgets submitted by three contractors do not support the need to provide increased funding in fiscal year 2014. These contractors used the majority of additional fiscal year 2014 monies for personnel and administrative costs rather than direct services to children and expectant mothers. Payments for direct services represented less than 30 percent of total fiscal year 2014 expenditures for these contractors. Payments for direct services represented at least 67 percent of total fiscal year 2014 expenditures for the other 6 contractors. A comparison of fiscal year 2013 to 2014 final budgets identified the following inefficiencies.

- The DSS increased funding to one contractor by approximately $365,000 in fiscal year 2014, and based on the revised budget, the contractor only increased funding to child care providers by about $10,000. The contractor planned to use the remaining $355,000 on increased funding for personnel, training and travel, supplies and equipment, or other costs. Included in these amounts was about $65,000 budgeted for the purchase of two new vehicles and a new playground. According to budget documents, this contractor planned to serve an average of 52 children and 10 expectant mothers each month, 34 more than in the prior year. All children would be served through contracted child care providers.

- The DSS increased funding to another contractor by approximately $343,000 in fiscal year 2014, and based on the revised budget, the contractor only increased funding to child care providers by about $104,000. The contractor planned to use the remaining $239,000 on increased funding for personnel, training and travel, supplies and equipment, or other costs. The contractor included very little detail in the budget to explain how these monies would be spent. According to budget documents, this contractor planned to serve an average of 41 children and 8 expectant mothers each month, 31 more than in the prior year. The contract amendment does not specify how many children would be served directly and through contracted child care providers.

- The DSS increased funding to another contractor by approximately $747,000 in fiscal year 2014, and based on the revised budget, the contractor only increased contractual funding to child care providers by about $31,000. The contractor planned to use the remaining $716,000 on increased funding for personnel, training and travel, supplies and equipment, or other costs. According to budget documents, this contractor planned to serve an average of 60 children and 14 expectant mothers each month, 60 more than in the prior year. The contractor indicated half of the children would be served through contracted child care providers, so the contractor would incur additional costs to pay contracted providers and child care staff.

In each of these instances, if the contractor could serve the increased child care capacity with relatively small portions of the increased funding, the additional awards may not be reasonable and necessary.

Conclusions

In accordance with established procurement procedures, the Office of Administration (OA) reviewed and approved the DSS contract amendments, which included increases in funding. OA personnel cited 1 CSR 40-1.050(8), which states contracts awarded as the result of a competitive solicitation may be amended when such an amendment is in the best interest of the state and does not significantly alter the original intent or scope of the contract. However, requiring additional services for 5 months while providing funding for an entire year may not be in the best interest of the state. The DSS should only pay contractors for actual services provided. In addition, the DSS should thoroughly review budgets to ensure the planned use of monies is reasonable and necessary to support the objectives of the EHS program.

1.2 Price variation

The DSS does not limit the price paid per child or expectant mother for the EHS program or per family for the HV program and there are significant differences in the prices paid to contractors for services. Additionally, the DSS provides little incentive for HV contractors to provide additional services.

Amount paid

During fiscal year 2013,[1] the average amount paid for a child or an expectant mother served through the EHS program ranged from about $6,200 to $12,800 annually. The average cost to serve a family through the HV program, including both competitive and noncompetitive contractors, ranged from about $1,400 to $5,200 annually.

The HV and EHS contracts do not include a maximum amount paid per child or family. The OA evaluates costs during the selection process, but a total cost per child or family is not determined. The number of proposals evaluated is also limited because the evaluation only compares the prices from proposals within the same region. Additionally, DSS officers indicated the total number of eligible bidders for the HV and EHS programs are limited due to the nature of the programs and various requirements the bid respondents must satisfy such as education and training requirements. For example, 11 respondents submitted proposals during the bid solicitation for the EHS program held in 2009, and the DSS awarded 10 of those 11 funding. With this small pool of proposals, it is likely most respondents will be awarded funds. As a result, it is important for the DSS to consider cost containment measures such as limiting the amount paid per child or family

[1] Due to funding changes between fiscal years 2014 and 2013, we used fiscal year 2013 data for this work.

to ensure the most EHS and HV funding possible is provided for direct services to families.

Payment type

The DSS reimburses HV contractors a fixed price per participating family each month. Thus, the DSS reimburses contractors at the same rate regardless of how many home visits are provided per family per month. This method provides no financial incentive for contractors to provide additional services to families. The Department of Elementary and Secondary Education (DESE), Department of Health and Senior Services (DHSS), and OA Children's Trust Fund (CTF) pay for similar services on a fee per-unit basis per visit completed.

Recommendations

The DSS:

1.1 Ensure contract decisions, including price increases, are reasonable, properly documented, and in the best interest of the state. In addition, the DSS should establish minimum thresholds for actual women and children served, recover overpayments from contractors that did not maintain contractually required enrollment for the EHS program after January 31, 2014, and thoroughly review contractor budgets.

1.2 Evaluate possible cost containment measures for the HV and EHS programs such as establishing a maximum allowable price per child, expectant mother, or family. Additionally, the DSS should consider reimbursing contractors based on actual services completed.

Auditee's Response

The DSS provide the following written responses:

1.1 The contract amendments were reviewed by several DSS divisions, as well as the Office of Administration, and issued to be effective July 1, 2014. Contractors were paid in accordance with the contract. Thus, no overpayments occurred and no recovery is necessary. Current EHS contracts have been updated to be paid based on actual expenditures only. The DSS will continue to compare contractor budgets to invoices for payment.

1.2 Home Visitation contractors are required to use evidence based models, but the DSS does not dictate the model to be used for delivery of services. Since the contract is competitively bid; price variation is expected, due to differing models, geographic region served, and the number of monthly connections. Future Early Head Start payments will be based on expenditures.

2. Program Efficiency

Four state agencies administer home visitation programs for families with young children, representing an inefficient method to deliver services. In addition, these agencies have not adequately coordinated efforts to ensure services are not duplicated. The DESE and the DSS reimbursed two public school districts for the same home visitation services. Additionally, the DSS uses two types of contract awards to administer early childhood programs, resulting in further program inefficiencies and duplicated efforts. The DSS has not evaluated the need for the two types of contracts, or the funding allocated between the two types of contractors. Additionally, a contractor billed the same services to the CTF and the DSS and the agencies did not detect the duplicate billing.

2.1 Delivery of services

The DESE, DSS, DHSS, and CTF offer six different home visitation programs. Section 178.693, RSMo, requires public school districts to offer a parent education and developmental screening program, commonly referred to as the Parents as Teachers (PAT) program. The DESE partially reimburses districts for the cost of providing these services, subject to the amount of funding appropriated by the General Assembly. The DSS Home Visitation (HV) program awards grants to private and public entities to deliver home visitation services statewide. The DHSS offers the Maternal, Infant, and Early Childhood Grant program, the Building Blocks of Missouri program, and the Missouri Community Based Home Visiting program. The CTF also offers home visitation services in some areas of the state that are partially funded by the DSS. The DESE and DSS programs are funded with ECDEC monies while DHSS and CTF programs are funded from other sources.

The DESE, DHSS, and CTF programs target families with children up to age 5. The DSS program targets families with children up to age 3. All of the programs provide services to expectant mothers. There are numerous home visitation models used by contractors and grantees among the four agencies and each model determines which services will be offered and how often those services are to be provided. While the various programs differ in terms of how services are delivered, the programs share common objectives such as preventing child abuse and neglect, detecting developmental delays in infants and toddlers, ensuring good health for children and families, and increasing the quality of a child's learning at home. Additionally, the various programs all include an in-home visit component.

Home visitation services may be administered more efficiently if fewer state agencies are involved. Administering home visitation through multiple agencies increases the risk of duplication of services and administrative costs. Each state agency must monitor its contractors and grantees which increases the amount of funding spent on administrative functions and reduces the amount of funding to assist families.

2.2 Duplicate billing

These state agencies have not implemented adequate controls to prevent duplication of services. In addition, the DESE and the DSS reimbursed two public school districts for the same home visitation services. One district has billed the same families to both programs for at least 13 years. The DESE and DSS do not have procedures to identify duplication and do not consider potential duplication when determining if a recipient is higher risk and should be subject to additional monitoring. The DSS was aware the two districts also participated in the DESE program but did not consider the potential for duplication. Neither agency was familiar with the other agency's monitoring procedures.

Duplicate claims for reimbursement

Only two districts participated in both the PAT and HV programs. One of these districts has participated in the HV program since 2001. The other district began participating in the HV in 2013. We visited both districts to review eligibility determination, service delivery documentation, and financial procedures.

School district officials indicated they billed all families served through the DSS HV program also to the DESE PAT program and have done so for the life of the HV program. The district did not have sufficient documentation to demonstrate it provided distinct services under each program to justify the duplicate billing. To determine the extent of payments made by each agency for the duplicated billings, we compared the PAT reimbursements for school years 2013 and 2014 to detailed monthly HV reports that included information on participating families submitted to the DSS for the same period. The DSS paid the district an estimated $253,000 during this time period and the DESE paid the district an estimated $170,800 for the same visits. Estimated amounts are based on an average of two home visits per month for each participating family, as provided by DSS contracts and national and state PAT guidelines. District participation in the PAT program is mandatory so DESE reimbursements are appropriate. Participation in the HV program is voluntary; therefore, DSS payments may not be appropriate if the district cannot demonstrate reimbursed costs differ from the costs related to the PAT program and need to be evaluated for possible recovery. The school district has billed both programs for over 13 years, according to school officials.

School officials indicated they considered this method of billing reasonable and believed the DESE and the DSS were aware of this practice. However, officials from the DESE and the DSS indicated (1) they were unaware the school district submitted duplicate billings, (2) this practice is not allowed, and (3) they plan to coordinate efforts to determine appropriate corrective action that may include requiring the district to repay monies.

We also reviewed program reports and determined another district also billed both programs for at least 66 visits to 4 families. However, the financial impact of these duplicate billings is more than offset by 256 PAT home visits the district failed to bill the DESE.

DESE PAT reimbursements are intended to reimburse the cost of each visit, which include salaries and benefits of parent educators and program supplies and materials. DSS HV payments are intended to fund various program costs including salaries and benefits of staff performing home visits, transportation costs, incentive payments to encourage parent participation, and other related costs. The contract indicates HV families should be recruited from other programs including the PAT program but does not indicate if families can be enrolled in multiple similar programs. DSS officials indicated the HV program is intended to supplement other programs such as providing additional services the local PAT program is unable to provide. Officials at one school district visited stated they believed the HV program is intended to serve families not already being served by local PAT programs and did not believe families could be enrolled in multiple similar programs. According to section 2.1.3 subpart B of the DSS contract, "the contractor shall take every precaution to ensure that no family is being provided duplicative home visitation services by multiple contractors." If the DESE and the DSS continue to award PAT and HV funding to the same districts, the agencies should implement additional procedures including monitoring to reduce the risk of improper billing.

2.3 DSS competitive and noncompetitive awards

The DSS administers the HV program through competitively and noncompetitively selected contractors resulting in program inefficiencies and duplicated efforts. In addition, the average cost to serve a family through a noncompetitive contractor is significantly more than the cost to serve a family through a competitive contractor. HV contract requirements differ for competitive and noncompetitive contractors even though the services provided are similar. As a result, the DSS must perform additional work to administer and monitor the programs. DSS officials have not assessed the need for and efficiency of the two types of contracts, or the funding allocated to the noncompetitive contractors as they indicated would occur in response to our prior audit report.

The DSS contracts with 14 entities including not-for-profit and child advocacy organizations, and public schools and universities through a competitive solicitation process to administer the HV program. The DSS also contracts with eight noncompetitively selected entities including local community partnership agencies and the CTF to administer the HV program. The DSS pays competitive contractors a fixed price per program or family served. The DSS reimburses noncompetitive contractors for actual expenditures, including fixed administrative costs, up to a maximum award amount regardless of the number of facilities or families served.

The OA's Division of Purchasing grants the DSS authority to exempt community partnership and CTF contracts from competitive solicitation. Community partnership agencies are not-for-profit organizations established to administer the Caring Communities program created by Executive Order in 1993. The partnerships work with local, state, and federal partners to meet local social service needs. The CTF is a state board established in 1983 to fund programs to prevent child abuse and neglect.

The DSS allocates approximately $543,000 in early childhood funding each year to the same seven community partnerships the DSS originally awarded HV funding when the HV program began in 2001. The amounts allocated remain constant each year and have not changed from the original 2001 funding levels. Additionally, the DSS allocates approximately $641,000 in federal Social Services Block Grant funding to the CTF for the HV program. The amount allocated has not changed since 2007.

Based on the estimated number of families served each month for each contractor, we determined the average cost to serve a family for a year through a competitive contractor is approximately $2,600. The average cost to serve a family through a noncompetitive contractor is approximately $3,300 (27 percent more). The noncompetitive contractors are not providing any additional services beyond those provided by competitive contractors. The use of multiple types of contracts also requires DSS staff to use different monitoring procedures and tools and increases the overall number of contracts to monitor. Additionally, noncompetitive contractors serve regions of the state where services are already offered by competitive contractors, resulting in duplicated efforts.

A noncompetitive contractor for the HV program also subcontracts with an entity that the DSS awarded funds to through the competitive solicitation process and the contractor retains a portion of the contract monies for administrative purposes, though the contractor performs limited work. One community partnership has both a competitive and noncompetitive contract. Additionally, two community partnerships not already participating in the noncompetitive program bid to be a competitive contractor for the HV program. If noncompetitive contract monies are flowing to entities already participating in the competitive contracts and community partnerships are willing to participate in the competitive process, the use of multiple types of contracts may not be necessary.

DSS officials indicated they award the two types of contracts because this way is historically how the programs have been administered. DSS officials also indicated they utilized community partnership agencies to administer the programs in accordance with Section 205.565, RSMo, which allows the DSS to administer and award grants to qualifying entities to carry out the

Caring Communities program. However, the statute is not specific to the ECDEC Fund or any particular early childhood program.

Efficient administration of the HV program, including evaluating the need for two types of contracts and the funding levels for each type of contract is necessary to ensure ECDEC Fund monies are used as intended to improve the quality and quantity of early childhood programs. Simplifying the mechanism for distributing ECDEC Fund monies would reduce the level of effort necessary to administer and monitor the program, may result in increased funding to assist more families, and would prevent duplicated service areas. Allowing only one type of contract award with uniform contract requirements would simplify monitoring procedures and ensure the most ECDEC funding possible is provided for direct early childhood services in accordance with the purpose of the fund.

A similar condition was noted in our prior audit report and DSS officials indicated an analysis to determine the best way to distribute funds would be performed. However, officials indicated no analysis was performed.

2.4 DSS and CTF duplicate claim

A contractor that performs home visits for DSS and CTF programs billed both agencies for the same family home visits. This contractor participates in the HV program for the southeast, northeast, and St. Louis regions and also receives CTF monies to provide home visitation services in those regions. While the CTF is responsible for contract oversight, the contractor submits required monthly data reports and HV program reports for the CTF program to the DSS.

We compared the December 2013 monthly program reports for each of the DSS regions and the CTF, and determined the contractor billed services for one family to both the CTF and the DSS. The CTF reimbursed the contractor $93 and the DSS reimbursed the contractor $247 for this family for the month. While the overpayment is minimal, the DSS and CTF awarded this contractor approximately $954,000 for home visitation total in fiscal year 2014, and duplication in other months could result in additional overpayments. In addition, we also determined the contractor listed four other families in multiple reports. Although the contractor did not submit duplicate billings for these families, the DSS could not provide a reason why the families would receive services in more than one program or region.

DSS officials indicated staff compare families listed on the contractor monthly reports to identify any families that are listed in multiple reports and potentially billed more than once; however, this review is not documented and did not detect the duplicate billing. In addition, the DSS is also not currently performing these reviews because the responsible staff person left the agency in April 2014 and the DSS has not hired a replacement as of September 2014.

According to section 2.1.3 subpart A of the DSS contract, "in the event the contractor is awarded multiple geographic regions, the contractor shall not provide duplicate services to any family and shall not provide services to any family in more than one geographic region." To ensure further duplication is prevented, report review procedures should be conducted timely and sufficient to detect errors.

Recommendations

The DESE and the DSS:

2.1 Study the current methods to deliver home visitation services to determine if these services could be delivered more efficiently by consolidating responsibility for programs under fewer state agencies.

2.2 Implement additional monitoring and risk assessment procedures to ensure school districts do not bill the same services to both the PAT and the HV programs, and pursue recovery of duplicate billings.

The DSS:

2.3 Perform a comprehensive analysis to determine whether current funding allocations between competitive and noncompetitive selected contractors result in the most efficient delivery of early childhood services.

2.4 Ensure adequate reviews of monthly reports are performed and properly documented to detect potential duplicate billings, and pursue recovery of duplicate billings.

Auditee's Response

The DESE provided the following written response:

2.1 The DESE will take this under consideration.

2.2 The DESE will communicate with the DSS and provide a list of programs providing PAT as it is the foundational program.

The DSS provided the following written responses:

2.1 The DSS, DHSS, and DESE each have a representative on the Coordinating Board of Early Childhood (CBEC). The CBEC has a standing committee on HV Services that meets on a quarterly basis to review and discuss current programs offered in the state. In 2012, a matrix of HV programs was developed. The DSS will recommend to the workgroup that the matrix be reviewed for efficiencies.

2.2 While the DSS and DESE paid a school district for common families; the DSS paid for additional visits and services not allowable under the DESE PAT program. If payment of duplicate services is verified through ongoing monitoring, the DSS will pursue recovery of duplicate billings. The DSS is currently adding language, via a contract amendment, stating the contractor shall not bill for duplicated services provided to participating families.

2.3 The DSS will continue to administer the HV program using competitive and non-competitive contracts. There is substantial value added by utilizing the already established relationships with the community partnerships, as those entities are embedded in their communities and have first-hand knowledge of the needs in their areas. Thus, utilizing the non-competitive contract has proven to be a critical element for the success of this program.

2.4 The DSS is working with CTF officials to implement a coordinated review process of these monthly reports in an effort to identify duplicate billings. The DSS will pursue recovery of any identified duplicate billings.

3. DESE Monitoring

The DESE does not adequately monitor ECDEC Fund contractors and grantees to ensure monies are spent in accordance with contract and grant requirements for the Early Childhood Special Education (ECSE), Missouri Preschool Project (MPP), or the Parents as Teachers (PAT) programs. For the ECSE program, monitoring weaknesses resulted in overpayments to one district. The DESE has not created an on-site monitoring policy and performs only limited, informal on-site monitoring of early childhood contractors and/or grantees for the MPP and PAT programs. The DESE expended approximately $21.3 million and $19.9 million from the ECDEC Fund in the years ended June 30, 2014, and 2013, respectively.

3.1 Early Childhood Special Education

DESE monitoring of ECSE grantees needs improvement. The DESE issued over 380 grants to school districts for the ECSE program and reimbursed districts approximately $172 million from state and federal funds for the year ended June 30, 2014. Of this amount, approximately $7.4 million was paid from the ECDEC fund.

The DESE reimburses school districts for the actual cost of providing ECSE services to eligible students. Current year reimbursements are based on prior year actual expenditures. Districts with eligible expenditures are required to submit a Final Expenditure Report. This report determines the amount to be reimbursed during the subsequent school year.

We reviewed the expenditure reports for seven districts and identified weaknesses in the DESE's ECSE monitoring procedures and overpayments made to one district.

- The DESE requests each district describe the method of prorating expenses for operation of plant and transportation expenses but does not require the district document this information. Without adequate detail and documentation of calculation methods, the DESE cannot review reasonableness of reported expenditures or detect unallowable expenditures.

- The DESE did not detect duplicate payments made to a school district for capital lease purchases. The DESE approved a reimbursement for a lease-purchase agreement for $550,000 in June 2012 and a lease agreement for $77,300 in May 2013 for the same property. The DESE requires districts submit a form detailing the leases claimed for reimbursement. However, DESE personnel approved these reimbursements without detecting the May 2013 lease payment related to the first payment of the original lease.

  After we discussed this issue with DESE officials, they determined the program overpaid the district $77,300 and reduced the district's June 2014 payment by this amount. Additionally, to prevent future overpayments, the DESE implemented a new procedure requiring DESE staff to compare newly submitted lease or capital purchase agreements to previously submitted documentation before approving reimbursement.

- The DESE also overpaid the district about $9,200 in personnel costs because the district reported personnel costs for more full-time equivalent (FTE) positions than allowed by DESE policy. DESE policy limits the maximum allowable FTE positions based on an educator's caseload or number of students served. While the DESE provides guidance on how to determine the maximum staff FTE positions, the DESE's web application does not use available employee caseload data to limit reimbursements. The DESE indicated reviewers routinely compare claimed FTE positions to reported caseloads; however, this procedure did not detect the error for this district. DESE officials plan to reduce future awards to recover the overpayment.

New DESE monitoring procedures

Newly implemented DESE monitoring procedures do not include sufficient review of expenditures and the DESE did not conduct one monitoring visit timely. The DESE developed a new risk-based monitoring system for school districts, which incorporates both desk and on-site reviews. The monitoring procedures are designed to provide oversight of federally funded programs including ECSE. The DESE scheduled 18 on-site reviews of school districts for fiscal year 2014. These reviews primarily focus on federal compliance issues and some general procedures, such as accounting procedures. While DESE personnel review district general ledgers as part of their monitoring, the DESE has not established a defined methodology for examining individual expenditures.

In addition, the DESE did not make a scheduled visit to one district as planned. The DESE originally scheduled the monitoring visit for May 2014 but delayed the visit when the district reported a staff member would be on medical leave. When we visited the district in May 2014, the staff member was present and officials told us they were purposely stalling the DESE review to address possible errors or accounting irregularities. The DESE completed the visit in June 2014, after we notified the department of the information learned during our visit. As a result of the delay, the district had additional time to correct accounting errors or otherwise modify accounting records potentially minimizing the effectiveness of the review.

3.2 Parents as Teachers and Missouri Preschool Program

The DESE has not established adequate procedures to verify the reported number of PAT services completed and to ensure MPP contractors and grantees serve the required minimum number of children. The DESE issued approximately 520 grants for the PAT program and approximately 180 grants and contracts to 160 facilities for the MPP program during the year ended June 30, 2014.

PAT monitoring

The DESE does not obtain adequate information to verify PAT services billed. DESE reimburses school districts for PAT services on a fee per-unit basis for each screening or parent education visit completed but has not established procedures to verify whether the billed units have actually been provided.

Each district periodically enters a cumulative count of home visits and screenings performed during the school year in the DESE web application and requests payment for completed services. The DESE application determines the required payment amount based on the district's annual PAT allocation less payments already received by the district. According to DESE officials, over 300 districts use the same third-party system to record demographic information for families enrolled in PAT and services completed for those families. DESE personnel could better verify PAT billings by requiring districts to report home visitation information from this or another standardized system.

MPP fiscal monitoring

The DESE has not established procedures to document on-site fiscal monitoring of MPP contractors and grantees. The DESE performed limited on-site monitoring of MPP contractors and grantees. While the DESE issues a letter documenting the result of monitoring visits and corrective actions needed, DESE personnel do not complete the monitoring checklist to ensure consistent procedures are applied. The DESE also does not adequately review supporting documentation of expenditures claimed on a periodic basis. MPP contractors and grantees submit periodic reports of expenditures when requesting payment from the DESE. These reports do not include vendor invoices, payroll records, or other supporting documentation.

The DESE does not adequately verify reported expenditure amounts to determine whether refunds are due. The DESE requires MPP contractors and grantees to submit final expenditure reports each year. These reports are due on May 15, and require the contractors/grantees to report actual expenditures to date and projected expenditures through June 30. However, the DESE does not require districts to separately label actual and projected expenditures and does not apply additional monitoring procedures to determine whether districts actually spend projected amounts.

MPP enrollment monitoring

The DESE has not established adequate monitoring procedures to determine whether providers accurately report enrollment and serve the minimum average number of children required by the terms of the grant award, and does not provide guidance to districts on how to calculate average enrollment.

The DESE obtained detailed enrollment information for only 41 of 137 classrooms. DESE officials stated they focus efforts to verify enrollment on contractors or grantees that are at risk of failing to meet minimum average enrollment requirements. However, this practice does not address contractors or grantees that inaccurately report enrollment numbers. We selected four grantees not reviewed by DESE and determined one grantee did not accurately report average enrollment. Based on enrollment information provided, this grantee actually enrolled an average of 14 children, reported an average enrollment of 18 children, and was required to enroll an average of 20 children. The DESE did not initially require corrective action because the DESE considered the district to be substantially complying with the requirements based on the reported enrollment of 18 children. However, based on the results of our review, the DESE intends to reduce the grantee's future award and request a refund of $8,500.

The DESE has not provided districts with guidance on how to calculate the average enrollment. The DESE contracts with a school district to offer technical assistance to all new awardees. The technical assistance provider visited all 44 of the new 2014 MPP classrooms and reported to the DESE a count of children enrolled and present at the time of the visit. Contractors and grantees also submit an annual report that includes average enrollment. DESE personnel compare reported average to required enrollment to determine the need for award adjustments. A formal written definition of enrollment is needed to ensure contractors and grantees use consistent methods to calculate average enrollment. For example, the use of a weighted average may be necessary for some contractors who have children enrolled for only a portion of the year.

Other monitoring

During fiscal year 2014, only one MPP grantee and no PAT districts were subject to cash management desk monitoring. The DESE utilizes cash management desk monitoring and a review of financial audit reports of public school districts to identify at-risk districts for non-compliance with various programs. However, these procedures do not extend to private child care facilities receiving MPP awards.

Timely monitoring of contractors and grantees is necessary to ensure expenditures are adequately supported, monies are used for intended purposes, and program objectives are attained.

Similar concerns were noted in our prior report.

Recommendations

The DESE:

3.1 Implement additional procedures to ensure ECSE expenditure reports are properly supported and reimbursements are for allowable expenditures. In addition, monitoring visits should be completed timely.

3.2 Implement periodic on-site monitoring procedures for MPP and PAT grantees and contractors, including monitoring of compliance with contractual/grant requirements and fiscal practices, and review of supporting documentation for expenditures. Additionally, monitoring of MPP grantees and contractors should sufficiently address the risk of improper reporting of enrollment and the DESE should formally define how to calculate average enrollment.

Auditee's Response

The DESE provided the following written responses:

3.1 The DESE is implementing a new online ECSE process that will streamline the procedures to ensure compliance with program requirements. The DESE does complete monitoring visits timely, and requires districts to upload documentation one month in advance of scheduled visit so documentation is not impacted by any visits that may have to be rescheduled to a later date.

3.2 The DESE will re-establish on-site monitoring procedures based on the staffing capacity available. The DESE agrees to increase the reporting of enrollment and define enrollment calculations through the Administrative Manual.

4. Child Care Assistance Program Controls

As noted in Report No. 2014-17, *State of Missouri Single Audit*, issued in March 2014, significant weaknesses exist in DSS controls over Child Care Assistance program eligibility and provider payments. Controls over eligibility and provider payments are not sufficient to prevent and/or detect payments on behalf of ineligible clients or improper payments to child care providers and weaknesses exist in the department's provider review procedures. Additionally, the DSS does not have adequate controls and procedures in place to ensure certain child care providers participating in the Child Care Assistance program comply with statutory requirements for license-exempt status.

The DSS operates a statewide Child Care Assistance program funded by both federal and state revenue sources. The DSS expended approximately $2.6 million from the ECDEC Fund for the Child Care Assistance program for the year ended June 30, 2013. The General Assembly appropriated $2.6 million in ECDEC funding for this program for the year ended June 30, 2014; however, DSS officials indicated they allowed the appropriation to lapse because they did not need the monies to fund the program.

4.1 Child Care eligibility and payments

As noted in the 2014 audit report, the DSS lacks sufficient controls to ensure eligibility determinations are accurate and payments are proper and adequately supported. At least four significant factors contribute to the weak control system including (1) limited supervisory review of child care eligibility determinations, (2) failure to perform on-site contract compliance reviews of child care providers prior to September 2013, (3) minimal other procedures in place to review provider attendance records, and (4) poor case management and document retention.

The DSS also does not have adequate controls and procedures in place to ensure certain child care providers participating in the program comply with statutory requirements for license-exempt status. We found the DSS did not properly classify some children as unrelated or could not verify the relationship between some "four-or-less" (FOL) registered providers and children in their care.

In response to deficiencies identified in previous audits, the DSS implemented new controls over eligibility determinations. Effective March 1, 2012, the DSS requires all eligibility supervisors to review a minimum of 3 child care cases each month in the case review system. While the new procedures improve controls over eligibility determinations, there are no requirements for random case selection and only limited procedures to ensure the monthly case reviews are performed. In addition, eligibility reviews may not be sufficient to detect errors.

None of these changes address control weaknesses over payments to child care providers. The lack of controls over eligibility determinations and payments to providers can result in provider overpayments and reimbursements for ineligible clients and/or unallowable costs.

4.2 Child Care Review Team

In response to weaknesses over child care provider payments identified in previous audits, the DSS, in September 2013, began performing contract compliance reviews of child care providers. The Child Care Review Team (CCRT) includes four staff that perform on-site reviews of child care providers participating in the Child Care Assistance program. The CCRT procedures vary depending on whether the provider is licensed. DSS officials indicated the CCRT's primary purpose is to conduct a fiscal review including reviewing billing practices and comparing attendance records to amounts invoiced. In addition, CCRT staff review other areas such as staffing ratios and fire safety. The DSS selects providers for review by assessing various risk factors. The CCRT completed approximately 1,100 provider reviews during the year ended June 30, 2014. CCRT personnel performed most of the reviews on-site unless the provider was no longer operating. The DSS performed a desk review of billing procedures in these cases.

We selected 60 CCRT reviews and identified weaknesses in procedures.

Corrective action

The DSS did not always pursue timely and appropriate corrective action. For 13 providers the DSS determined the provider needed to address fire safety issues or complete background checks but did not send a letter to the provider requesting specific corrective actions until an average of 4 months after the review. For 33 providers the DSS identified procedural issues with attendance records and/or differences between the invoice and attendance record but did not refer the providers to training until an average of 4 months after the review. DSS personnel referred 24 of these 33 providers to training after our request to review files for the audit.

For 29 providers the DSS calculated overpayments totaling about $32,000; however, the DSS did not send letters to the providers notifying them of a claim to recover overpayments until an average of 5 months after the review. One provider could not provide any attendance records for the 2 months DSS personnel reviewed; however, it took the DSS approximately 8 months to notify the provider a claim would be filed to recover the approximately $1,500 paid. The DSS issued this claim letter after we questioned why a claim had not been established for this provider.

Additionally, we identified other instances where the CCRT did not address suspicious information or circumstances. For example, a provider submitted two attendance records for the same child and month with overlapping times of arrival and departure. The CCRT did not question this discrepancy and found the attendance record supported the amount invoiced by the provider.

Referrals

The DSS did not always refer providers to the DHSS and/or necessary training and the training referral letter includes conflicting information. Providers may be referred to the DSS - Children's Division, DHSS, or a training provider based on the deficiencies identified by the CCRT. Nine contractors statewide offer a free training to providers to help improve attendance and payment accuracy.

For 2 of 42 applicable providers (5 percent) the DSS did not refer the providers to the DHSS or training to address deficiencies. The CCRT identified a provider that appeared in violation of statutory staff to child ratios and another provider that was not maintaining proper attendance records, but did not make the proper referrals to the DHSS and training providers. DSS personnel completed both referrals after we discussed the issues with them.

The training referral letters contain conflicting information. One clause states the training is mandatory. Another clause states if the provider does not attend training and concerns are noted on a follow up review, the DSS may terminate the provider's contract. CCRT policy allows 45 days for the provider to schedule training after issuance of the first referral letter. If the provider does not respond, the DSS issues a second letter allowing the provider 10 days to respond. If the provider does not respond, the DSS will recommend terminating the provider's registration agreement. Termination procedures require at least another 30 days for the DSS to obtain necessary approvals and notify the parents of all children in the provider's care to choose a new provider. Section 210.027, RSMo, allows the DSS to terminate the registration of child care provider for "due cause."

Termination of providers and training referrals

The DSS did not always terminate provider registration timely for providers that did not attend required training. The DSS referred 596 providers to attendance and payment accuracy training during fiscal year 2014. As of June 30, 2014, the DSS reported 28 providers (5 percent) had not scheduled or completed the training. The DSS has only finalized a recommendation for termination for 12 of these providers. We also noted 7 of 33 applicable providers that had not attended training are scheduled for training, or are still within the 55 days allowed to complete training.

Timing of visits

The CCRT performed some visits when children were not present. The CCRT performed all provider site visits on weekdays during standard working hours, even though some providers reviewed offered extended evening and weekend hours. Additionally, for 18 of 58 applicable providers (31 percent) there were no children recorded as present at the time of the visit. CCRT personnel completed their reviews without attempting additional visits to these providers. Such reviews minimize the chance the CCRT will detect some types of regulatory violations including unlicensed providers caring for more than the allowed 4 unrelated children.

License exempt providers

During fiscal year 2014 the CCRT identified 15 providers potentially violating state law by caring for more than 4 unrelated children, referred these providers to the DHSS as appropriate, but did not suspend further payments. In addition, there may be additional providers in violation the CCRT did not identify due to weaknesses in procedures.

When the CCRT visits a FOL provider the team attempts to verify if the provider is caring for more than four unrelated children in violation of state law; however, as noted above, procedures are limited. The reviewer attempts to observe how many children are present and discusses with the provider whether other children are enrolled but not present. The reviewer also discusses how many of the children enrolled are related to the provider within the third-degree. The CCRT has no other procedures in place to verify the provider's statements. When the DHSS reviews a complaint that a provider may be operating in violation of state law, it requires the provider submit parental contact information for all children in care and the DHSS interviews parents to verify the child's relationship to the provider. The DHSS also provides parents with information on state licensing requirements for child care providers.

Attendance records and claims

The CCRT allows providers to submit attendance records after the review if records are unavailable or cannot be located at the time of review. In addition, the DSS did not always properly calculate the total overpayment. Allowing providers to submit attendance records after the on-site review increases the risk providers may falsify attendance records before submission. Prior to each visit, the CCRT notifies providers which months may be selected for review and a reviewer will request 2 months of records upon arrival.

For 14 of 31 applicable providers (45 percent) the DSS did not determine the proper claim amount. The DSS determined total claims of $4,045; however, we determined total claims of $3,917, a difference of $128. While the dollar amount of the difference is minimal, the number of incorrect claims may indicate a lack of understanding of child care payment calculations that could result in larger dollar errors in other cases.

Sampling methodology

CCRT personnel do not adequately document compliance with established sampling methods. Per CCRT procedures, personnel randomly select 2 months of attendance records and invoices for a specified number of children to review. While CCRT reviewers clearly documented the children reviewed, they did not document how the number of children reviewed complied with the established sampling policy.

Improvements

The DSS has revised procedures since the inception of the CCRT. Officials indicated they continually monitored the progress and outcome of reviews and have adjusted procedures to improve efficiency. For example, the CCRT originally referred providers to the DSS Child Care Provider Relations Unit (CCPRU) to determine overpayment claim amounts when a child's attendance records differed from the invoice submitted for payment. In an effort to reduce processing time and improve consistency, the CCRT assumed these duties in May 2014.

Officials indicated the high volume of reviews completed initially resulted in a backlog of follow-up tasks and steps have been taken to reduce the time between the review and follow-up tasks. Officials also indicated they are currently developing a computer system that will allow the CCRT to better track reviews scheduled, completed, and follow-up actions due.

Conclusion

Monitoring procedures should be designed to ensure deficiencies are corrected timely and adequately. Without adequate provider review procedures in place there is an increased risk contractor noncompliance will not be detected or corrective action taken.

Recommendations

The DSS:

4.1 Continue to review and strengthen policies and procedures regarding child care eligibility determinations, provider payments, and case record documentation and retention. These procedures should include sufficient monitoring of eligibility determinations and provider payments, and follow up on errors identified. Additionally, the DSS should improve controls and procedures to ensure child care providers are in compliance with state licensing requirements.

4.2 Continue to improve CCRT policies and procedures to ensure provider reviews are complete, accurate, and include timely and appropriate follow-up actions that include terminating noncompliant providers from the program.

Auditee's Response

The DSS provided the following written responses:

4.1 The DSS continues to review and strengthen policies and procedures regarding child care eligibility determinations, provider payments, and case record documentation and retention. The Children's Division (CD) and the Family Support Division (FSD) hold quarterly quality improvement meetings. The CCRT has been implemented to monitor child care providers, both onsite and off. The FSD continues to work on enhancing document retention efforts. Additional efforts are as follows:

<u>FSD Reorganization and the Missouri Eligibility Determination Electronic System (MEDES) implementation</u> - The FSD continues to move forward with transitioning from a case management approach to a tasked based approach with specialized offices; for example

housing child care eligibility with TANF in one or more locations. The continued development of the MEDES will allow for a task based approach which results in greater efficiencies in the processing of program eligibility applications.

Early Childhood and Prevention Services - The CD has restructured the Early Childhood and Prevention Section by streamlining functions based on division responsibilities. As of August 2014, the Division of Finance and Administrative Services (DFAS) is responsible for the oversight and processing of child care provider payments. This change will afford CD more time to concentrate on the substantial changes resulting from the Child Care Development Block Grant of 2014.

Child Care Electronic Provider System - The CD issued a Request for Information to gather information regarding available Business Intelligence Solutions that would provide the Department of Social Services with a comprehensive and time efficient system for the administration of the child care program. A Request for Proposal (RFP) will be issued seeking proposals for a system that will include:

- *A child care provider registration and tracking system.*
- *An electronic time and attendance system for all providers statewide.*
- *A child care review system for the purpose of executing and managing a compliance monitoring process for the child care program.*

Child Care Review Team - In August 2013, the DSS hired four staff to conduct compliance reviews of child care providers. The CCRT uses a risk based monitoring approach to detect providers who are at high risk of non-compliance. This process has created opportunities for identification of deficiencies in child care providers' performance, and a process to hold them accountable for the requirements of their contract/registration agreement. As of October 2014, the DSS has conducted more than 1,400 onsite reviews of child care providers.

Case Review Tool - A child care component to the FSD Case Review System (CRS) was implemented in March 2012. The CD is utilizing output reports from the CRS to identify programmatic strengths and challenges and areas for policy, field and training improvement. The output reports for fiscal year 2014 have been reviewed and indicate a 94.56 percent accuracy rate statewide.

A Program Development Specialist (PDS) completes second level reviews on randomly selected cases reviewed by Eligibility Specialist (ES) supervisors and compiles a quarterly list of critical areas for ES supervisors to focus on during the case review process. A statewide analysis is provided to FSD leadership on a quarterly basis. This analysis outlines areas for improvement.

<u>Casework Reference Guide</u> - The FSD Training Unit, in collaboration with Child Care Program and Policy staff, developed a Case Reference Guide (CRG) for FSD workers. The CRG is an informational tool that can be utilized by workers when processing applications and completing other case actions. The CRG does not replace the policy and forms manuals. It is intended to be an additional resource for workers. Workers are to use this guide in conjunction with the policy and forms manuals and memorandums. The CD is updating the CRG.

<u>Child Care Manual Revisions</u> - Early Childhood and Prevention Services program and policy staff is continually reviewing the child care manual for clarification and revision.

Calendar Year	*Policy Memorandum Updates By Section*	*Practice Points/Alerts*
2011	*40*	*5*
2012	*82*	*1*
2013	*10*	*4*
2014	*5*	*2*

<u>Child Care Steering Committee</u> - During the summer of 2012, the DSS formed a steering committee to address child care issues. From this initiative there were four project teams designated to identify deficiencies and problematic areas within the Child Care program: Eligibility, Provider Issues and Policy/Payments, Program Integrity, and Information and Systems Technology. Each team made five or six recommendations related to the team's assigned area. The DSS continues to implement the recommendations made by this committee.

4.2 *<u>Corrective Action</u> - The CCRT was established and began onsite reviews of child care providers in September 2013. The DSS completed more reviews than originally anticipated, which resulted in extensive follow-up work. As the CCRT has evolved, the DSS has strengthened procedures, has made several adjustments to the follow-up review process, and is addressing the need for reassigning resources. There is currently no automated system for tracking and managing the reviews conducted by CCRT staff. The*

DSS is developing a RFP for a child care system that includes a component for an automated tracking and management system for CCRT reviews.

It is important to note that the CCRT is working with a finite number of resources; the team's focus and workload is prioritized using data analytics from the child care subsidy caseload to inform reviews.

<u>Referrals</u> - The review of the one provider that was not appropriately referred to the DHSS took place during the second week of reviews performed by the new CCRT staff. The referral process was still under development and CCRT staff was still working with DHSS on what items should be referred. The DSS has strengthened the referral process to the DHSS and meets with DHSS staff regularly to review the status of referrals.

As the CCRT has evolved, the DSS has strengthened procedures, has made several adjustments to the follow-up review process, and is addressing the need for reassigning resources. These changes have resulted in more efficient and timely notifications of necessary corrective actions to non-compliant providers.

<u>Termination of providers and training referrals</u> - As the CCRT has evolved, the DSS has strengthened procedures; has made several adjustments to the follow-up review process; and is addressing the need for reassigning resources. An improved process has been implemented to ensure appropriate and timely follow-up actions are taken. The DSS has also developed a new process for termination of child care provider contracts due to the provider not attending the required training.

<u>Timing of visits</u> - The CCRT does determine the hours the children are typically in care and makes every effort to conduct the visits while children are present. However, the reviews are scheduled in advance and CCRT does not cancel the review if the team arrives onsite and no children are present. A majority of the review can be conducted regardless of whether children are present at the time of the review (i.e. collection of financial records, determining whether there is a fire extinguisher and smoke detector).

<u>License exempt providers</u> - Child Care providers are not contractually required to maintain relationship information. The CCRT staff focus is on provider compliance. CCRT staff conduct child care provider reviews and not reviews of client eligibility. When CCRT staff conduct a review and become aware that the

provider is caring for more than 4 unrelated children, a referral is made to the DHSS for further investigation.

Attendance records - *A majority of the time child care providers are notified in advance of the months that may be selected for review. Thus, regardless of whether the provider is able to provide the documentation on the day of the visit or 10 days later, there is still risk that providers may falsify attendance records before submission. The child care provider contract indicates providers must make records available, and does not say "on the date of the visit." Thus, the DSS cannot disregard records submitted after the visit, nor can we assume the records are falsified if they are not submitted on the day of the visit. It is the goal of the CCRT to help ensure licensed/contracted and registered providers are in compliance. With approximately 7,000 licensed/contracted and registered child care providers and only four staff conducting these reviews, it is necessary for CCRT management to be thoughtful and intentional about how resources are spent and the focus of compliance reviews.*

Claims - *In April 2014, DFAS and CD management evaluated original CCRT procedures for calculating claims. From that evaluation, a decision was made that the CCRT staff detecting the billing discrepancy would calculate the claim rather than sending the documentation to CD to calculate a claim. This change was effective May 2014. The DSS believes this change will reduce instances of calculation errors.*

Sampling methodology - *The CCRT management developed preliminary procedures and testing methodology to conduct onsite reviews. These procedures and the testing methodology are not policy and are subject to change as more reviews are conducted and additional experience is obtained. The CCRT followed the procedures established in all instances tested by the SAO. It was not necessary to document the calculation used to determine how many children's records CCRT should review for each child care provider; as the documentation existed to show how many children's records were reviewed.*

5. DSS Monitoring

DSS procedures for detecting duplicated billings between the Early Head Start (EHS) and Child Care Assistance program need improvement. In addition, monitoring and eligibility verification procedures for the Home Visitation (HV) and EHS programs are inadequate.

5.1 EHS and Child Care Assistance programs

The DSS has not established adequate procedures to detect child care providers billing the same child care services to both the EHS and Child

Care Assistance programs. While both programs are designed to provide child care for low income recipients, the eligibility determinations are handled by different entities.

The EHS program is designed to increase capacity for low-income children at licensed child care providers. Each contractor's grant funding is based on the budgeted cost of operating the program and is not dependent on a child's actual attendance. The Child Care Assistance program reimburses child care providers for the actual hours a child is in care. EHS program contractors determine a family's eligibility for the EHS program and the DSS determines a family's eligibility for the Child Care Assistance program.

The DSS has not implemented a data match or other procedures to determine whether child care providers have billed both programs for the same services. Officials attempted a data match procedure in 2012 but due to staff turnover the DSS abandoned this procedure. To complete a data match the DSS would need to collect detailed information on the children and providers who are participating in the EHS program for each contractor. Without performing a detailed data match the DSS cannot determine whether providers are billing the same child care services to both programs.

According to contract provision 2.8.10, the contractor shall ensure that no child enrolled in the EHS program is accessing Child Care Assistance funds. However, the contract does not describe how contractors should ensure this requirement is met and EHS contractors do not have access to DSS systems to verify whether a child is participating in the Child Care Assistance program. Without proper controls and procedures in place the DSS cannot be assured that duplicate payments do not occur.

5.2 Contractor monitoring

DSS procedures for contractor monitoring are inadequate. We reviewed the most recent monitoring reports for five early childhood contractors and identified several weaknesses.

Home Visitation monitoring

Monitoring procedures for the HV program are not adequate to detect noncompliance and do not include a documented review of home visit records or the type and frequency of services offered. The DSS also does not use available reports to determine if the number of families reported as receiving services is accurate.

The DSS does not compare the monthly report to completed visit records to verify that families billed actually received services. Additionally, the DSS does not evaluate whether the frequency and type of services offered is consistent with the home visitation model. The DSS requires each contractor to submit a monthly report identifying the families enrolled and the families who received services during the month. Prior to processing payments, DSS personnel compare this report to the number of families billed. Additionally, the DSS expects each contractor to maintain a record of home/personal visits detailing services provided, curriculum, family goals and progress toward meeting those goals, learning materials used by or distributed to the family, observations, and other details.

We visited two school districts in May 2014 to review eligibility determination, service delivery documentation, and financial procedures for the HV program. One district did not maintain adequate documentation to support services performed and billed. Additionally, the home visit records did not include dates of visits and little to document the activities district personnel performed during each visit.

An October 2013 desk monitoring review of the district identified errors with background checks but did not identify problems with documentation or eligibility. In addition, the review did not include a verification of visits performed by the contractor. As a result, after the district resolved issues with staff background checks, the DSS notified the contractor it was considered compliant. However, based on the results of our May 2014 visit, the desk monitoring review did not detect various noncompliance issues existing at the district.

Early Head Start monitoring

The DSS has not established procedures to monitor assets purchased by EHS contractors with program funds. The program monitoring instruments do not include a review of asset purchases, utilization, or dispositions. For example, one contractor budgeted about $15,000 to purchase playground equipment and $50,000 to purchase two new vehicles during fiscal year 2014 (about 10 percent of the total funding awarded to this contractor). This contractor also budgeted about $8,000 to purchase iPads and related software during fiscal year 2013. While the contractor explained the need for these items in the budget approved by the DSS, it is not clear how the contractor will ensure these assets are used only for the benefit of the EHS program and the DSS does not have procedures to review usage. In addition, contract terms do not specify procedures for the DSS to recover the supplies and equipment in the event the contractor discontinues participating in the EHS program. Without proper monitoring procedures the DSS cannot be assured these assets are properly accounted for and continue to be used for the program's benefit.

Monitoring instruments

DSS monitoring instruments do not include a methodology for determining how many files should be reviewed for the HV and EHS programs. DSS evaluators use standard monitoring tools to review samples of family files to verify contractors meet eligibility and other requirements. Evaluators also review personnel files to ensure the contractor's employees meet educational and background check requirements. Officials indicated their policy is to review 10 percent of family files and 100 percent of employee files; however, this standard is not included in written policies or procedures and reviewers do not document how many or which files they reviewed. This selection method does not consider the size of the population or risk factors, such as previous noncompliance.

Conclusions

Monitoring procedures should be designed to ensure deficiencies are corrected timely and adequately, include a review of assets to ensure proper usage, and include a documented methodology for determining sample sizes that considers population size and risk. Without adequate procedures in place there is an increased risk contractor noncompliance will not be detected or corrective action taken.

5.3 Participant eligibility

The DSS does not require EHS and HV contractors to document eligibility decisions or adequately verify eligibility of participating families. For one of two districts we visited, our review of district files identified the district had not documented the family eligibility determinations. An October 2013 DSS desk monitoring review of this district did not include an examination of eligibility decisions and did not identify issues with eligibility.

Both the HV and EHS programs have eligibility criteria that must be met by participating families. For both programs, the family's household income must be less than 185 percent of the federal poverty level and the child must be under the age of 3. The DSS contract requires the HV contractor use a DSS intake and eligibility form or a form prescribed by the home visitation model. The DSS form does not require the family to submit copies of birth certificates, wage stubs, or other proof of eligibility. There are no requirements for documentation of eligibility decisions in the EHS contracts. DSS officials indicated EHS contractors would generally follow the same procedures for documenting eligibility of state EHS children as they use for documenting eligibility for federal programs.

The DSS requires contractors report certain data on participating families each month including name, date of birth, and the parent's or guardian's departmental client number (DCN), if known. The DCN is the identification number assigned by the DHSS or the DSS, depending on age and birthplace. According to DSS officials, the contractor can obtain the DCN number for the parent or guardian directly from the family or from the DSS.

Officials at both HV contractors we visited indicated the existence of a DCN was sufficient to verify income eligibility for some families because they believed a family with a DCN indicated the DSS has already determined eligibility. However, an individual DCN is permanently assigned, and does not provide evidence the family is currently eligible for HV services. In addition, contractors often submit monthly reports that do not contain DCNs for some families. Without proper controls in place the DSS cannot be assured families receiving services are eligible.

Recommendations

The DSS:

5.1 Implement procedures to detect child care providers billing the same child care services to both the EHS and Child Care Assistance programs.

5.2 Implement monitoring procedures to verify services performed, ensure purchased assets continue to be used for program activities, and ensure sampling methodologies and decisions are properly documented. Additionally, develop procedures to recover the supplies and equipment purchased in the event the contractor discontinues participating in the EHS program.

5.3 Require contractors to retain proper documentation to support eligibility decisions and adequately verify participant eligibility. In addition, a review of eligibility decisions and documentation should be included in program monitoring.

Auditee's Response

The DSS provided the following written responses:

5.1 The DSS will complete a risk assessment to identify providers that may be at a higher risk for possible duplication. The DSS will then use the information gathered during the risk assessment to conduct quarterly reviews of possible duplicate payments. The DSS is developing a RFP that includes a component to detect possible duplicate payments.

5.2 The DSS continues to review and update monitoring plans to enhance monitoring efforts of the HV and EHS programs. This includes conducting risk assessments of all programs and improving monitoring tools with each new contract year. The DSS will follow contract language in the event the need for recovering supplies and equipment is required.

5.3 The DSS will provide technical assistance to contractors to ensure documentation of participant eligibility is complete, accurate and available for review during the monitoring process. The DSS will do a review of eligibility decisions and documentation during the monitoring process.

6. Statutory Compliance

ECDEC Fund appropriations, passed by the General Assembly and signed by the Governor for fiscal years 2015 and 2014, were about $7,850,000 less than amounts required by state law. In addition, as noted in our prior audit report, amounts appropriated for fiscal year 2013 also did not comply with state law.

The General Assembly did not appropriate enough monies in fiscal years 2015 or 2014 budgets to various programs operated by the DSS to meet statutory requirements. Section 161.215, RSMo, requires the General Assembly to appropriate at least 10 percent of fund revenues to the Early Head Start (EHS) program, 10 percent to Accreditation, and 10 percent to the Home Visitation (HV) program. The table below shows the amounts required by law, amounts actually appropriated, and the amounts of noncompliance.

Fiscal year 2015 and 2014 annual DSS appropriations with 10 percent requirements

Program	10 Percent Requirement[1]	Amount Appropriated	Shortage
EHS	$ 3,500,000	$3,500,000	0
Accreditation	3,500,000	0[2]	3,500,000
HV	3,500,000	3,074,500	425,500
Total	$ 10,500,000	6,574,500	3,925,500

[1] The required amount is based on 10 percent of at least $35 million required by Section 161.215.1, RSMo, to be appropriated to the ECDEC Fund.

[2] For both fiscal years, the General Assembly appropriated $2,676,737 to the DSS from the ECDEC Fund for the purchase of child care services. This appropriation can be used for payments to child care providers through the Child Care Assistance program, including a 20 percent increase for accredited child care providers.

To ensure amounts appropriated comply with state law, the DSS should work with the General Assembly to ensure required amounts are appropriated or existing statutes are revised.

A similar condition was noted in our prior audit report on the ECDEC Fund.

Recommendation

The DSS work with the General Assembly to ensure future appropriations are in compliance with state law.

Auditee's Response

The DSS provided the following written response:

The General Assembly has the authority to appropriate funds for the programs referenced in this finding without a request from the DSS.

7. Cost Allocation Transfers

Central services cost allocation transfers made by the OA from the ECDEC Fund to the General Revenue Fund continue to appear questionable based on legal restrictions. In addition, while the OA made changes to its procedures in response to a 2010 State Auditor's office report, current procedures still do not require personnel to document reasons for including a fund in the cost allocation plan. The OA transferred $457 and $398,850 from the ECDEC Fund for a portion of central services costs during the years ended June 30, 2014 and 2013, respectively.

Central services are services provided to other state agencies by state offices including the OA, State Auditor, Secretary of State, Attorney General, Capitol Police, and Department of Revenue. Examples of central services costs allocated include accounting services, facilities management, technology services, budget and planning, personnel, and purchasing services provided by the OA; audits performed by the State Auditor's office; and the administration of revenue and taxation duties by the Department of Revenue.

Report No. 2010-29, *Central Services Cost Allocation Plan*, issued in March 2010, questioned the propriety of some cost allocation transfers, including those from the ECDEC Fund based on statutory language limiting the fund's use. Section 161.215, RSMo, states all moneys in the ECDEC Fund ". . . shall be annually appropriated for voluntary, early childhood development, education and care programs serving children in every region of the state not yet enrolled in kindergarten."

The OA changed cost allocation procedures in response to that report and made additional changes in 2014. Following the 2010 audit report, the OA began utilizing a decision tree to perform an annual review of statutory language for all funds. The OA classifies the ECDEC Fund as a fund with "sole purpose language" that allows the inclusion of expenditures related to administrative functions, including cost allocation plan transfers, necessary to implement the purpose of the fund. The OA decision tree does not include support for the OA's interpretation that "sole purpose language" allows for administrative expenditures such as central services cost allocation transfers.

Beginning in fiscal year 2014, the amount allocated from each fund is based on that fund's revenues as a percentage of total state revenues, rather than a percentage of expenditures, and revenues from appropriated transfers are exempt from the calculation. OA officials indicated the reduction in cost allocation transfers from the ECDEC Fund for fiscal year 2014 is a temporary reduction due to the methodology and funding source change. The fiscal year 2014 transfer from the ECDEC Fund is based on fiscal year 2012 revenues, the majority of which consisted of appropriated transfers from the Gaming Fund that are now exempt from the cost allocation calculation. Fiscal year 2015 and future cost allocation transfers will be calculated based ECDEC revenues from the Master Tobacco Settlement which are not exempt.

If the OA intends to continue making transfers from the ECDEC Fund, clear and sufficient legal basis for doing so should be documented.

A similar condition was noted in our prior audit of the ECDEC Fund.

Recommendation

The OA review the legal basis for including the ECDEC Fund in the cost allocation transfer and document specific reasons why the transfer is allowable.

Auditee's Response

The OA provided the following written response:

One component of the Office of Administration's (OA) analysis model that is used to determine if a fund should be included or excluded from the cost allocation plan is a review of the statutory authorization of the fund. Programs established in statute could not function without the associated administrative costs and those administrative costs are part of the cost of the program. Therefore, unless the statute specifically prohibits use for a fund for administrative purposes, it is assumed that administrative expenses are permitted. This is consistent with the legislative process that annually appropriates the authority to charge funds for central administrative costs. The ECDEC Fund statute (Section 161.215, RSMo) authorizes funding of programs, those programs require administrative costs in order to function, the annual cost allocation transfer that is appropriated by the legislature acknowledges those costs, and the ECDEC Fund statute does not prohibit use of the fund for administrative purposes.

Early Childhood Development, Education, and Care Fund Organization and Statistical Information

The General Assembly created the Early Childhood Development, Education, and Care (ECDEC) Fund in 1998 under Section 161.215, RSMo. In accordance with Section 161.215.1, RSMo, at least $35 million of proceeds from the Master Tobacco Settlement agreement are to be deposited to the ECDEC fund annually. All revenues are to be used to support programs that prepare pre-kindergarten age children to enroll in kindergarten and annually appropriated for voluntary programs serving children in every region of the state.

The General Assembly appropriates ECDEC funds annually to the Department of Social Services (DSS) Children's Division, and Department of Elementary and Secondary Education (DESE) Office of Early and Extended Learning and Office of Special Education. In addition, the Department of Health and Senior Services (DHSS) Division of Regulation and Licensure, receives approximately $270,000 in annual appropriations for costs related to child care licensure and regulation.

The ECDEC funded programs at the DESE for the 2 years ended June 30, 2014, are as follows:

- Missouri Preschool Program - This program promotes high quality early care and education in early childhood facilities statewide. The program provides funding to public schools and private early childhood centers that offer educational instruction for children 1 to 2 years from kindergarten eligibility.

- First Steps - This program is an early intervention system for infants and toddlers, birth to age 3, who have delayed development or diagnosed conditions that are associated with developmental disabilities. The program is governed through Part C of the federal Individuals with Disabilities Education Act (IDEA). The First Steps program helps families improve their child's development, learning, and participation in family and community life as prescribed in the Individualized Family Service Plan.

- Parents as Teachers - This program serves families who are expecting a child or have children under the age of kindergarten entry providing family personal visits, group connections, developmental screenings and access to community resources. These services are provided by trained parent educators to help support parents in their role as their child's first teacher. Each school district is provided with an allocation to provide services for eligible families.

- Early Childhood Special Education - This program serves children ages 3 to 5. It is governed through Part B of the federal IDEA. Each public school district is responsible for serving children identified as eligible under criteria outlined in the Missouri State Plan for Special Education.

Children are provided with specially designed instruction, at no cost to the parent, to meet the unique needs of a child with a disability as identified in the Individualized Education Program. Children may also receive developmental, corrective, and other supportive services as required to assist the child to benefit from special education.

The ECDEC funded programs at the DSS for the 2 years ended June 30, 2014, are as follows:

- Early Head Start - This program serves families with children birth to age 3 and expectant mothers whose incomes are below 185 percent of the federal poverty level. Services offered include child care, parent education and support, developmental screenings, access to a medical home, support toward attaining family self-sufficiency, and mental health services including substance abuse counseling. Although the program was ongoing, the program was not funded by the ECDEC Fund for fiscal year 2013.

- Home Visitation - This program offers assistance, including building on existing resources in the community, to eligible parents whose family income does not exceed 185 percent of the federal poverty level. The program serves children less than 3 years of age and is designed to prevent child abuse and neglect, promote positive brain development, and improve school readiness.

- Child Care Assistance - This program assists eligible parents or guardians with the costs of child care on a sliding fee basis. The purpose of the program is to provide adequate child care and enable families to gain employment and remain employed.

Appendix A

Early Childhood Development, Education, and Care Fund
Comparative Statement of Receipts, Disbursements, and Changes in Cash and Investments

		Year Ended June 30,	
		2014	2013
RECEIPTS			
Master Tobacco Settlement	$	35,000,000	35,000,000
Interest		37,550	39,772
Refunds and other		14,305	16,815
Total Receipts		35,051,855	35,056,587
DISBURSEMENTS (by agency)			
Elementary and Secondary Education		21,271,153	19,918,766
Social Services		6,028,407	4,977,762
Health and Senior Services		252,161	259,905
Office of Administration		6,510	7,850,404
Total Disbursements		27,558,231	33,006,837
RECEIPTS OVER (UNDER) DISBURSEMENTS BEFORE TRANSFERS		7,493,624	2,049,750
TRANSFERS			
Transfers from:			
Gaming Commission Fund		0	367,185
Budget Reserve Fund		360,400	362,578
Transfers to:			
Budget Reserve Fund		(360,622)	(362,804)
OA-Cost Allocation		(457)	(398,850)
Fringe benefits and other		(97,595)	(93,771)
Total Transfers		(98,274)	(125,662)
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS		7,395,350	1,924,088
CASH AND INVESTMENTS, JULY 1		6,803,805	4,879,717
CASH AND INVESTMENTS, JUNE 30	$	14,199,155	6,803,805

Appendix B

Early Childhood Development, Education, and Care Fund
Comparative Statement of Appropriations and Expenditures

	Year Ended June 30,					
	2014			2013		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION						
Early Childhood Special Education	$ 7,412,900	7,412,900	0	14,357,481	14,357,481	0
Early Childhood Program (Missouri Preschool Program)	11,754,429	8,296,968	3,457,461	0	0	0
First Steps	578,644	561,285	17,359	578,644	561,285	17,359
Parents as Teachers	5,000,000	5,000,000	0	5,000,000	5,000,000	0
Total Department of Elementary and Secondary Education	24,745,973	21,271,153	3,474,820	19,936,125	19,918,766	17,359
DEPARTMENT OF SOCIAL SERVICES						
Childhood Development (Early Head Start)	3,500,000	3,332,634	167,366	0	0	0
Childhood Development Certificate (Home Visitation)	3,074,500	2,695,195	379,305	3,074,500	2,380,687	693,813
Purchase of Child Care	2,676,737	0	2,676,737	2,676,737	2,596,435	80,302
Personal Service	45,135	0	45,135	44,863	0	44,863
Expense and Equipment	11,548	0	11,548	11,548	0	11,548
State-Owned Facilities	666	578	88	660	640	20
Total Department of Social Services	9,308,586	6,028,407	3,280,179	5,808,308	4,977,762	830,546
DEPARTMENT OF HEALTH AND SENIOR SERVICES						
Personal Service	212,172	205,753	6,419	210,749	204,424	6,325
Expense and Equipment	57,197	46,408	10,789	57,197	55,481	1,716
Total Department of Health and Senior Services	269,369	252,161	17,208	267,946	259,905	8,041
OFFICE OF ADMINISTRATION						
Early Childhood Program (Missouri Preschool Program)	0	0	0	8,312,848	7,679,093	633,755
Personal Service	1	0	1	1,511	1,263	248
Expense and Equipment	23,849	6,510	17,339	183,849	170,048	13,801
Unemployment Benefits	261	0	261	261	0	261
Total Office of Administration	24,111	6,510	17,601	8,498,469	7,850,404	648,065
Total Early Childhood Development, Education, and Care Fund	$ 34,348,039	27,558,231	6,789,808	34,510,848	33,006,837	1,504,011

Appendix B

Early Childhood Development, Education, and Care Fun
Comparative Statement of Appropriations and Expenditure

The lapsed balances include the following withholdings made at the Governor's request

		Year Ended June 30,	
		2014	2013
DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATIC			
First Steps	$	17,359	17,359
DEPARTMENT OF SOCIAL SERVICES			
Childhood Development (Early Head Start)		105,000	0
Childhood Development Certificate (Home Visitation		92,235	92,235
Purchase of Child Care		80,302	80,302
Personal Service		1,354	1,346
Expense and Equipment		346	346
State-Owned Facilities		17	20
DEPARTMENT OF HEALTH AND SENIOR SERVICES			
Personal Service		6,365	6,322
Expense and Equipment		1,716	1,716
OFFICE OF ADMINISTRATION			
Early Childhood Program (Missouri Preschool Program)		0	249,385
Personal Service		0	45
Expense and Equipment		715	715
Total Early Childhood Development, Education, and Care Fund	$	305,409	449,791

Appendix C

Early Childhood Development, Education, and Care Fund
Comparative Statement of Expenditures (From Appropriations)

	Year Ended June 30,				
	2014	2013	2012	2011	2010
Salaries and wages	$ 205,752	205,687	243,257	243,681	251,969
Travel, in-state	30,239	36,283	10,010	0	1,399
Travel, out-of-state	233	0	257	0	301
Supplies	4,551	7,114	2,592	1,073	2,463
Professional development	1,650	298	0	0	0
Communication service and supplies	7,352	611	131	11,755	0
Services:					
Professional services	34,558	159,669	15,898	5,390	54,698
Maintenance and repair	526	9,866	5,844	23,053	13,176
Equipment:					
Computer	0	2,695	526	28,700	21,467
Office	0	8,609	0	4,713	0
Other	15,935	114	0	0	0
Building lease payments	1,410	640	883	659	603
Miscellaneous expenses	8,744	268	0	0	47
Program distributions	27,247,281	32,574,983	28,668,573	29,044,224	28,975,717
Total Expenditures	$ 27,558,231	33,006,837	28,947,971	29,363,248	29,321,840