

STATE OF LOUISIANA

OFFICE OF STATE INSPECTOR GENERAL



NON-PUBLIC SCHOOLS EARLY CHILDHOOD DEVELOPMENT PROGRAM

Date Released:

November 23, 2005

File No. 1-05-0013

STATE OF LOUISIANA
OFFICE OF
STATE INSPECTOR GENERAL



NON-PUBLIC SCHOOLS
EARLY CHILDHOOD DEVELOPMENT PROGRAM

Sharon B. Robinson, CPA
State Inspector General

KPB
MTC
11/29/05

Approved by:
Governor Kathleen Babineaux Blanco

June 29, 2005

File No. 1-05-0013



State of Louisiana
DIVISION OF ADMINISTRATION

OFFICE OF STATE INSPECTOR GENERAL
Sharon B. Robinson, CPA
(225) 342-4262
1-800-354-9548
FAX (225) 342-6761

KATHLEEN BABINEAUX BLANCO
GOVERNOR

JERRY LUKE LEBLANC
COMMISSIONER OF ADMINISTRATION

June 29, 2005

Honorable Kathleen Babineaux Blanco
Governor of the State of Louisiana
P. O. Box 94004
Baton Rouge, LA 70804-9004

Dear Governor Blanco:

This report addresses concerns raised about the operations of the Non-public Schools Early Childhood Development Program and one participating school. The report includes 18 recommendations that, if implemented, could help improve the Program.

We provided drafts of the report to the program administrator and the participating school administrator. Their written responses are included as Appendix A. After reviewing the participating school's response, we included additional comments as Appendix B.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sharon B. Robinson".

Sharon B. Robinson, CPA
State Inspector General

Enclosure

Trans_ltr_NCSED.doc

Table of Contents

Letter to the Governor

| | |
|------------------------------------|-----|
| Executive Summary | 1-4 |
| Background | 5-6 |
| Scope and Methodology | 7-8 |

Findings and Recommendations

| | |
|---|-------|
| Perrault Kiddy Kollege | 9-12 |
| Invoice Submission Requirements | 13-16 |
| Attendance Requirements | 17-18 |
| Attendance Tracking Procedures..... | 19-22 |
| Program Monitoring | 23-24 |
| Required Curriculum Training | 25-26 |
| Equipment and Material Requirements | 27-28 |
| Budget and Expenditure Requirement | 29-30 |

Appendix A – Responses

Appendix B – Additional IG Comment

Executive Summary

Audit Initiation

At the request of the Office of the Governor, the Office of State Inspector General began an operations and compliance audit of the Nonpublic Schools Early Childhood Development Program (NSECD). We also performed an attendance review of one participating school, Perrault Kiddy Kollege, Inc. (Perrault), because of concerns over reimbursements to students who may not have attended.

The NSECD is a program within the Governor's Office of Community Programs created to provide at-risk four-year olds pre-kindergarten instruction at nonpublic schools. The NSECD Program receives federal Temporary Assistance to Needy Families funds through a Memorandum of Understanding (MOU) with the Louisiana Department of Social Services (Social Services).

The objectives of the audit were to ensure Perrault is complying with program provisions, and to ensure efficient and effective management controls of the NSECD Program.

Summary of Findings

Our audit for the period August 2004 through February 2005 revealed that Perrault's monthly reimbursement invoices and supporting attendance documentation are unreliable. As a result, attendance of 13 students and reimbursement claims totaling \$7,020 are questionable.

The audit identified the following weaknesses requiring improvement in the governance of the NSECD Program:

- The MOU does not provide sufficient time for the NSECD Program to submit invoices to Social Services, but allows excessive time between the submission of invoices and payment

- to the NSECD Program. Additionally, the NSECD Program policies and procedures do not provide sufficient time for participating schools to submit invoices to the NSECD Program. These inefficiencies have resulted in noncompliance with MOU invoicing requirements, NSECD Program policies and procedures, and delayed reimbursements to participating schools.
- The MOU, NSECD Program guidelines, and NSECD Program certification forms fail to adequately communicate attendance requirements. As a result, participating schools and parents lack awareness of the requirements, and therefore, inadvertently fail to comply.
 - Participating schools may be motivated to falsify reimbursement claims, because schools are only reimbursed a set amount (\$540) if students have at least 74% attendance for the month.
 - The NSECD Program does not provide attendance tracking procedures for participating schools. Therefore, attendance records are inadequate and unreliable. In addition, attendance records throughout the program lack uniformity.
 - Monitor assessment reports contain subjective and unverified ratings. In addition, the reports contain student headcounts, which hold no value because the counts do not determine which children are present, and may not account for only NSECD Program children. As a result, the reports are inaccurate and possibly biased.
 - The NSECD Program does not provide an adequate number of workshops for teachers to attend its required 3-day curriculum training. As a result, teachers hired after available workshops are held will not meet the training requirements.
 - The title of the NSECD Program guidelines' equipment and material list is misleading, and its requirement regarding 25 or more books per topic is unclear. As a result, participating schools may find it difficult to comply with the requirement.

- The MOU does not define “contractors” of the program. As a result, the NSECD Program guidelines do not require participating schools to comply with the MOU’s administrative expenditure limitations for contractors, because it does not consider the schools to be contractors.

Background

In 2001, the NSECD Program was created to provide at-risk four-year olds high quality, developmentally appropriate pre-kindergarten instruction at nonpublic schools. Participating nonpublic schools offer NSECD Program services in Orleans, Jefferson, East Baton Rouge, Lafayette, Caddo, Ouachita, Terrebonne, Lafourche, and St. Landry parishes.

The NSECD is a program within the Governor's Office of Community Programs funded with federal Temporary Assistance to Needy Families funds (TANF) administered through Social Services. To be eligible to receive the NSECD TANF funds, children must have a household income that is less than 200% of the federal poverty level.

For eligible children to be enrolled in the program, parents and/or guardians of the children must sign a Parental Choice Certification form authorizing payment to a NSECD Program participating school within their parish. By signing the form, parents acknowledge that the participating school will be reimbursed a maximum of \$540 per month provided their child attends 74% of all classes for that month.

The current MOU between Social Services and the Governor's Office of Community Programs, effective August 11, 2004 and terminating on September 30, 2005, has a total budget of \$8,500,000. No more than 10% of the budget can be spent on administrative functions. The NSECD Program plans to expend \$669,496 on administrative functions.

As a rule, the program lasts 10 months per year. The NSECD Program expects to fund 1450 students at \$540 per month during the 10-month period for a total maximum of \$7,830,504 (the remainder after all administrative expenses).

Perrault is a privately-owned school, which has participated in the NSECD Program since the 2003/2004 school year. The NSECD Program approved Perrault at the beginning of the 2004/2005 school year to accept 70 eligible children. The school receives \$540 per month per child provided the child meets the attendance requirements.

Scope and Methodology

At the request of the Office of the Governor, the Office of State Inspector General began an operations and compliance audit of the NSECD Program and Perrault. The Office of the Governor made the request due to concerns that participating schools, particularly Perrault, were requesting reimbursement for students who had not satisfied the 74% attendance requirement.

NSECD Program administrators raised suspicions of abuse when the program's monitor reported 58 children present at Perrault on December 8, 2004, while the school reported 69 children present on the monthly reimbursement invoice for the same day.

The objectives of the audit were to ensure Perrault is complying with program provisions, particularly attendance requirements, and to ensure efficient and effective management controls of the NSECD Program.

A review of Perrault's December 8, 2004, attendance records indicated varying numbers of students present for the day. Therefore, the Office of State Inspector General expanded the examination period of Perrault's records to August 2004 through February 2005. In addition, we conducted interviews with Perrault's staff and NSECD's staff, evaluated NSECD Program contracts, policies, and procedures, and conducted other audit procedures as considered necessary.

Perrault Kiddy Kollege

Perrault's monthly reimbursement invoices and supporting attendance documentation are unreliable. As a result, the attendance of 13 students and reimbursement claims totaling \$7,020 are questionable.

The MOU between Social Services and the Governor's Office of Community Programs requires students attend at least 74% of all classes for the month for the participating school to be reimbursed \$540 for that month.

Perrault's monthly reimbursement invoice is prepared using attendance records compiled by an office employee. The employee takes roll each morning through observation and prepares an absentee list. As the school day progresses, the employee removes students arriving late from the absentee list. Before March 2005, the employee discarded the absentee list immediately after the reimbursement invoice was prepared.

In addition to reimbursement invoices, Perrault has two documents, which record a student's attendance. Teachers maintain an attendance roll book, and the school maintains logs required to be signed by parents checking students in and out.

We compared teacher rolls to monthly reimbursement invoices for the period August 2004 through February 2005. As a result, attendance was questioned in approximately 450 incidences in which documents did not agree. Days of questioned attendance were compared to sign in sheets. Students who were signed in or out were given credit for attending school on that day. All others were considered absent.

Our comparison of documents resulted in questionable attendance of 16 students. While reimbursement invoices indicate students met the 74% attendance requirement for the month, teacher rolls and sign-in sheets do not support the invoices.

The list of 16 students and the questionable attendance dates were given to Perrault's office employee for further review. The employee reviewed student records and other documentation for support, and was able to

provide dated material to support reimbursement invoices for three of the students. However, she was unable to locate supporting documentation of attendance for the remaining 13 students.

Of the 13 students remaining on the list, we questioned the attendance of seven on the August 2004 invoice. Reimbursement invoices and attendance records indicate five of the seven students questioned in August only attended school during that month and then dropped from the program. Attendance records for the remaining two students indicate that although claimed on the August reimbursement invoice, the students did not start school until September 2004.

Our telephone interviews with parents or relatives of the 13 students revealed the following:

- Parents or relatives for seven students were for the most part sure their children did not attend Perrault during the period questioned. One child's mother and great grandmother were positive the child did not attend Perrault for the period in question and an additional month.
- The parent of one student was sure her child attended Perrault on the questioned days.
- Parents for two students stated their children were attending another school during the period questioned. This information was verified with the other schools.
- The parent of one student stated her child might have attended Perrault during August before transferring to a public school. The public school verified that the child attended two days in August 2004 in which Perrault also indicated attendance.
- Parents or relatives for two students were unable to be contacted.

Our comparison of Perrault documents and telephone interviews, with the exception of the three students attending other schools, does not necessarily indicate that the students were not in attendance as required for reimbursement.

However, the number of questioned days along with the system used by Perrault to record attendance gives a good indication that monthly reimbursement invoices and supporting attendance records are unreliable.

Recommendation:

1. The NSECD Program should require Perrault and other participating schools to adopt policies and procedures for recording student attendance that can be reconciled to monthly reimbursement invoices.

Invoice Submission Requirements

The MOU does not provide sufficient time for the NSECD Program to submit invoices to Social Services, but allows excessive time between the submission of invoices and payment to the NSECD Program. In addition, NSECD Program policies and procedures do not provide sufficient time for participating schools to submit invoices to the NSECD Program.

These inefficiencies have resulted in noncompliance with MOU invoicing requirements, NSECD Program policies and procedures and delayed reimbursements to participating schools.

The MOU requires the NSECD Program to submit complete and accurate invoices to Social Services by the 10th of each month. Because the NSECD Program must first receive reimbursement invoices from participating schools, the time allowed is insufficient.

Once the NSECD Program receives school invoices, a cover invoice for the total amount due is prepared and submitted to an accountant with the Division of Administration along with copies of each schools invoice. The accountant adds administrative expenses to the total and submits the invoice to Social Services.

The accountant stated that she rarely receives the NSECD Program invoices by the 10th of each month as required in the MOU. The NSECD Program Coordinator stated the delay is due to the fact that school invoices are not received by the required NSECD Program due dates.

The NSECD Program guidelines do not require schools to submit invoices by a certain day each month. However, the program coordinator sent a memorandum to all school principals on August 24, 2004, requiring the submission of monthly invoices on or before the due dates listed on an attached "Timeline for Reimbursement."

The NSECD Program "Timeline for Reimbursement" only provides schools with one to three working days to accurately complete and submit monthly invoices, which may not be sufficient time.

The 2004/2005 timeline is as follows:

| Reimbursement Invoice for the Month of: | Due Date | Number of Workdays Allowed Before Due |
|--|----------------------|--|
| August 2004 | Mon., Sept. 6, 2004 | 3 |
| September 2004 | Mon., Oct. 4, 2004 | 1 |
| October 2004 | Thurs., Nov. 4, 2004 | 3 |
| November 2004 | Mon., Dec. 6, 2004 | 3 |
| December 2004 | Tues., Jan. 4, 2005 | 1 |
| January 2005 | Fri., Feb. 4, 2005 | 3 |
| February 2005 | Fri., Mar. 4, 2005 | 3 |
| March 2005 | Mon., April 4, 2005 | 1 |
| April 2005 | Wed., May 4, 2005 | 2 |
| May 2005 | Mon., June 6, 2005 | 3 |
| June 2005 | Tues., July 5, 2005 | 1 |

Before preparing the NSECD Program invoice, the program coordinator verifies the accuracy of individual school invoices and makes corrections. Due to the lack of procedures, the program coordinator often makes corrections that further delay the submission of NSECD Program invoices.

The Division of Administration (Division) processes NSECD Program reimbursements to the schools in less than a week. However, the Division's accountant stated that she does not approve the reimbursements for processing until Social Services transfers funds to the NSECD Program. According to the accountant, Social Services transfers funds in as little as one week, but usually takes several weeks.

Although the MOU only gives the NSECD Program ten days to submit invoices to Social Services, it gives Social Services 30 days to transfer funds to the NSECD Program after its receipt of completed and accurate invoices.

The insufficient time provided in the MOU and NSECD Program policies and procedures result in the untimely processing of reimbursements to participating schools. The approximate turn around time between the schools' submission of invoices and processed reimbursements takes four to seven weeks as follows:

| NSECD Submits Invoices to Social Services* | Social Services Transfers Funds to NSECD | Division of Administration Processes Reimbursements | Total Turn Around Time |
|---|---|--|-------------------------------|
| 10 days to 2 weeks | 1 to 4 weeks | 1 week | 4 to 7 weeks |

*Includes 1-3 days that it takes the schools to prepare invoices.

The NSECD Program Director stated that the process has taken over 2 months.

Recommendations:

2. The MOU between Social Services and the Governor's Office of Community Programs should be amended to provide sufficient time for the NSECD Program to submit complete and accurate invoices, and reduce the time allowed for Social Services to transfer funds to the NSECD Program after its receipt of invoices.
3. NSECD Program guidelines should require schools to submit invoices by a certain date. However, the required date should allow schools sufficient time to prepare accurate invoices.

Attendance Requirements

The MOU, NSECD Program guidelines, and NSECD Program certification forms fail to adequately communicate attendance requirements. As a result, participating schools and parents lack awareness of the requirements, and therefore, inadvertently fail to comply. Additionally, schools may be motivated to falsify reimbursement claims, because schools are only reimbursed if students have at least 74% attendance for the month.

The MOU specifies that schools will be reimbursed a maximum of \$540 per month per student, provided the student attends 74% of all classes for that month. It also specifies that in order to be credited for attending a school day, the student must attend a minimum of five hours on a given school day. However, it does not state whether the five hours includes lunch, breaks, and/or before and after care.

The MOU states that the NSECD Program was created to provide eligible at-risk four-year olds high quality, developmentally appropriate pre-kindergarten instruction. According to the Assistant Director with Social Services Contract Services, the MOU therefore intended the hours to be instructional hours.

The Assistant Director stated that upon renewing the MOU for the 2005/2006 school year, the five hours would be defined as instructional hours.

The NSECD Program guidelines do not address the MOU 74% attendance requirements, or the minimum of five hours on a given school day requirement. Additionally, the NSECD Program administrators have not developed and provided procedures to the schools explaining how to calculate whether students meet the 74% attendance requirements.

The Parental Choice Certification form and the Provider Certification form also fail to include the requirement of a minimum of five hours. The NSECD Program requires the schools and the parents to sign these forms.

The NSECD Program guidelines and certification forms also inadequately communicate to schools and parents that schools have the right to drop a

child from its rolls, if that child does not comply with the attendance requirements and enroll another eligible child.

Currently, participating schools can only receive the \$540 monthly reimbursement if students attend at least 74% of all classes for that month. Therefore, if a student attends less than the 74% of all classes in a month, the school receives no reimbursement. Schools may then be motivated to falsify attendance on reimbursement claims. If NSECD Program guidelines prorated the \$540 over the number of days attended, the likelihood of falsified reimbursement claims may diminish.

Recommendations:

4. Upon renewing the MOU for the 2005/2006 school year, the attendance requirements should be clarified to define the type of hours a student must attend on a given school day as instructional hours.
5. The NSECD Program guidelines, Parental Choice Certification form, and Provider Certification form should include all of the MOU attendance requirements, including the minimum of five instructional hours per school day requirement.
6. The Parental Choice Certification form and the Provider Certification form should also clearly specify that the consequences of noncompliance with attendance requirements could result in the school dropping the child from the program.
7. NSECD Program administrators should develop procedures to accurately calculate whether students meet attendance requirement for the month. The NSECD Program should then provide the procedures to the schools with proper instructions.
8. Social Services and NSECD Program administrators should consider revising the MOU for the 2005/2006 school year to allow the schools to prorate the maximum monthly reimbursement over the number of days a student actually attended.

Attendance Tracking Procedures

The NSECD Program does not provide attendance procedures for participating schools. Therefore, attendance records are inadequate and unreliable, as in the case with Perrault. In addition, attendance records throughout the program lack uniformity.

The NSECD Program guidelines require schools to maintain accurate rosters and attendance records. The NSECD Program also provides schools with a monthly attendance record form, which the schools must complete for each class and submit along with reimbursement invoices. However, NSECD Program administrators have not developed minimum attendance tracking procedures required to be implemented by the schools.

The following is an example of a minimum set of controls that could be required within each participating school:

- Upon arrival to school via bus or carpool, children should be accepted and directed to class by school staff.
- At the start of class, teachers call roll, recording those present and absent on daily classroom attendance records.
- Copies of the teachers' roll or absentee slips for all absent children should then be immediately sent to the administrative office.
- The administrative office maintains attendance records on each child enrolled in the school. At any given time, the administrative staff should be able to pull a specific child's record and provide all attendance information such as the number of days the child has been absent, and which days the child missed.
- Upon receipt of the teachers' rolls or absentee slips, the administrative staff immediately updates each child's attendance record. Absentee slips should be filed in each child's file.

- A parent or guardian must check in children arriving late to school in the administrative office. At a minimum, the date, time, child's name and parent or guardian's signature is required in a daily log.
- A parent or guardian must check out children leaving early from school in the administrative office. The same minimum information required for checking a child in is also required for checking a child out in a daily log.
- The administrative staff records the information from the daily check in and out log in the appropriate child's attendance record.
- The teacher's daily rolls, absentee slips, and daily check in or out logs should reconcile back to the administrative student attendance record.

Because the NSECD Program does not provide attendance tracking procedures to the schools, monthly attendance records may be inaccurate and unreliable, as in the case of Perrault. In addition, each school has no alternative but to develop its own attendance procedures creating a lack of uniformity throughout the program.

School management database software may be a cost effective way of eliminating the lack of uniformity, and could provide participating schools and the NSECD Program with the following:

- A means to maintain all student records, including attendance;
- A means to maintain all teacher records;
- The capability of online invoicing to the NSECD Program;
- Online access of student and staff records.

These programs are available for onsite installation or through web-based subscriptions.

Recommendations:

9. NSECD Program administrators should develop a minimum set of attendance procedures required for participating school implementation.
10. The NSECD Program should consider the feasibility of requiring participating schools to install school management database software, or subscribe to a web-based school management database program.

Program Monitoring

Monitor assessment reports contain subjective and unverified ratings. In addition, the reports contain student headcounts, which hold no value because the counts do not determine which children are present, and may not account for only NSECD Program children. As a result, the reports are inaccurate and possibly biased.

The NSECD Program contracts with two monitors to perform onsite assessments of participating schools twice a year. During the assessment, monitors verify school operations including the number of NSECD Program children present in each class, whether teachers have received training as required, and whether schools are providing support services as required.

In addition, NSECD Program guidelines require monitors to rate the schools' instructional program and service delivery. The monitors then average the individual ratings into an overall rating of the school. A school with an overall rating of less than five is out of compliance with NSECD Program guidelines.

The instructional program and service delivery section of the monitor reports include rating scales, which are defined at seven, five, three and one, with seven being excellent, five being good, three being minimal, and one being inadequate. However, monitors are allowed to give ratings of any number between seven and zero. In addition, the reports do not include a comment section to explain the reasons for the ratings given. Therefore, the reports are subject to the opinions of the monitors.

We reviewed two monitor reports for Perrault, one dated October 7 and 8, 2004, and the other dated December 8, 2004. The reports showed the monitor calculated the overall ratings inaccurately. NSECD Program staff did not verify the ratings.

Both reports included counts of the NSECD Program children present. However, the monitor took headcounts of the children instead of calling roll. In addition, the monitor took the headcounts over a 2-day period, and did not compare the headcounts to the school's attendance records during the

time of the review. Therefore, the headcounts on the reports are meaningless because the counts do not determine which children were present and may not account for only NSECD Program children.

Recommendations:

11. The rating scales on each section of the monitor assessment report should be defined for all ratings allowed to be given, and a comment section should be included for explanation of the ratings.
12. The NSECD Program should verify accuracy of ratings given to schools.
13. Monitors should be required to call roll over a 1-day period to account for the NSECD Program children present during the onsite assessment and compare it to the school's attendance record at that time.

Required Curriculum Training

The NSECD Program does not provide an adequate number of workshops for teachers to attend its required 3-day curriculum training. As a result, teachers hired after available workshops are held will not meet the training requirements.

Amendments of the NSECD Program guidelines require that teachers attend one of two 3-day curriculum development workshops. However, the workshops are only held in August. One is held in Baton Rouge and one in New Orleans. Therefore, compliance with the NSECD Program guidelines is not possible for schools that hire teachers after the August workshops.

Recommendation:

14. The NSECD Program guidelines should spread out workshops through the year or provide other methods for all teachers to receive the 3-day curriculum workshop.

Equipment and Material Requirements

The title of the NSECD Program guidelines' equipment and material list is misleading, and its requirement regarding 25 or more books per topic is unclear. As a result, participating schools may find it difficult to comply with the requirement.

Amendments to the NSECD Program guidelines require that schools have at a minimum the mandatory items on an attached equipment and materials list in each classroom. Items on the list marked with an asterisk are mandatory. The list is entitled "Suggested Pre-K Classroom Equipment & Materials." However, 85 of the 127 items (67%) on the list are mandatory. Because more than half the items on the list are mandatory, the title is misleading and may result in compliance issues.

The equipment and materials list requires that each classroom have 25 books per topic. The list explains that the topic related books could be big books, storybooks, and/or information books. However, there is no explanation regarding the number of topics required, if any, or if the intention is for the number of topics to be based on each school's curriculum plan. Because of the confusion over the number of topics, schools may find it difficult to comply with this requirement.

Recommendations:

15. "Suggested" should be dropped from the title of the NSECD Program guidelines' equipment and materials list.
16. The equipment and materials list should clarify its intentions regarding the number of topics in its 25 or more books per topic requirement.

Budget and Expenditure Requirement

The MOU does not define “contractors” of the program. As a result, the NSECD Program guidelines do not require participating schools to comply with the MOU administrative expenditure limitations for contractors, because it does not consider the schools to be contractors.

The MOU states that no more than 10% of the program budget should be spent on administrative functions. It also states that the NSECD Program shall ensure that all contractors abide by a limitation of 10% for administrative costs. Permission to deviate from this standard must be substantiated in writing and approved by Social Services.

The NSECD Program guidelines do not require schools to comply with this MOU requirement. However, the guidelines do require schools to submit an estimated budget for the school year and document the expenditures of all monies appropriated and allocated for the purpose of the program.

According to the NSECD Program Coordinator, the reason schools are not required to comply with the requirements is because for eligible children to be enrolled in the program, parents must sign a Parental Choice Certification form authorizing payment to a NSECD Program participating school. The form indicates that the NSECD Program is paying the parents of the enrolled students and the parents endorse the payments over to the schools. Therefore, the NSECD Program does not consider the schools to be contractors.

The Assistant Director of Social Services Contract Services stated that the limitations were included in the MOU, because Social Services was under the impression that the NSECD Program would contract with the schools. The Assistant Director stated that this issue would be clarified upon renewing the MOU for the 2005/2006 school year.

Recommendation:

17. The term “contractor” should be defined or eliminated in the MOU for the 2005/2006 school year.
18. If participating schools are not considered to be contractors for the 2005/2006 school year, then the NSECD Program should eliminate the requirement that schools submit an estimated budget for the school year and document expenditures of all monies appropriated from its guidelines.

APPENDIX A

Responses

(Note: We have removed portions of the Perrault Kiddy Kollege, Inc. response for confidentiality reasons.)



State of Louisiana
Department of Social Services
OFFICE OF THE SECRETARY
755 THIRD STREET 2ND FLOOR
P.O. BOX 3776
PHONE - 225/342-0286 FAX 225/342-8636
BATON ROUGE, LOUISIANA 70821

KATHLEEN BABINEAUX BLANCO
GOVERNOR

ANN SILVERBERG WILLIAMSON
SECRETARY

June 17, 2005

Ms. Sharon B. Robinson, CPA
State Inspector General
Post Office Box 94095
Baton Rouge, Louisiana 70804-9095

VIA Fax: (225) 342-6761

Ref: File No. 1-05-0013
Nonpublic Schools Early Childhood Development Program

Dear Ms. Robinson:

I am responding on behalf of the Secretary. Thank you for providing the department with a copy of the draft for review and comment. Although not a primary responder to the report, I appreciate the opportunity you have provided the department. The report's contents will be utilized in the upcoming MOU discussions with the Governor's Office of Community Programs. Our review of the draft report has resulted in the following comments as it relates to the Department of Social Services.

Recommendation 2. The Department of Social Services is amenable to modifying the invoice provisions of the MOU.

Recommendations 4 and 5. The Department of Social Services is amenable to modifying the attendance provisions of the MOU to clarify countable hours for attendance purposes.

Recommendation 8. The Department of Social Services has always been amenable to allowing schools to prorate the maximum monthly unit cost based on attendance and originally suggested it at the programs inception.

Recommendation 17. The Department of Social Services concurs that clarification on the issue is needed.

We look forward to seeing the final report.

Sincerely,

A handwritten signature in black ink, appearing to read "Lisa Woodruff-White".

Lisa Woodruff-White
Deputy Secretary

C: Ann Williamson
Adren Wilson
Lisa Woodruff-White
Terri Ricks
Steve Mayer
Charles Tate, Governor's Office of Community Programs

Non Public Schools Early Childhood Development Program
150 North 3rd Street First Floor
Baton Rouge, LA 70801
225-219-4483

June 16, 2005

Sharon B. Robinson, CPA
State Inspector General
Office of State Inspector General
P.O. Box 94095
Baton Rouge, LA 70804-9095

Re: Response to Report of June 7, 2005
File N. 1-05-0013
Nonpublic Schools Early Childhood Development Program

Dear Inspector General,

The following is the response to your report:

Introduction

We would like to thank the Inspector General and her very courteous staff for accepting our invitation to review the operations of the NSECD Program, and to offer recommendations that might enable us to improve the delivery of educational and related support services budgeted for the NSECD Program. Taking the lead from Governor Blanco, we are willing to do our part to continuously strive to offer greater value to the taxpayers and people of Louisiana, including the at-risk 4-year-old children we serve.

After one of our Pre K Provider schools submitted a reimbursement request with what initially appeared to be an apparent discrepancy, the office of executive counsel referred the matter to your office to review questions arising from reimbursement requests received from the Pre K Provider school and a few others with smaller discrepancies.

Upon accepting the assignment from the office of executive counsel, your office further agreed to accept our invitation to review the operations of this Program, and to offer its thoughts as to any improvements our Program might consider adopting in an effort to improve the efficiency and effectiveness of the NSECD Program – that is, to improve the return on investment made by taxpayers with their money. We were and remain grateful to your Office for its willingness to accept this charge, given that only two full-time persons staff the Program, whose \$8.5 million budget serves approximately 1,500 children in nine (9) parishes. (While our administrative funding is adequate, it was refreshing to have the input of your independent office -- one that appears from my own personal experience to be staffed by individuals who somehow are able to be both courteous and independent.)

Now, in the order of their presentation in the body of the report, our responses to the suggestions offered by your Office in obvious good faith:

Background

This part of the report is essentially correct, except to note that during the 2004/2005 school year the NSECD Program was able to serve an average of 1485 children per month rather than the 1450 we had envisioned (compared to 1304 the prior school year, a 13.9 increase from the prior Administration), and at a FY04/05 administrative cost of approximately \$450,000 rather than the \$669,496 we had budgeted.

Scope and Methodology

As noted by the Report, the referral to the Inspector General's office was precipitated by questions as to one particular school. However, the Inspector General's office wisely sampled other schools for which NSECD had noted possible, albeit smaller, discrepancies before rendering the current report, including its suggested improvements, which imply no demonstrable wrongdoing on the part of Perrault Kiddy Kollege.

Perrault Kiddy Kollege

1. Accepted. The Report concludes that the NSECD Program 'should require . . . schools to adopt policies and procedures for recording student attendance that can be reconciled to monthly reimbursement invoices.' NSECD Program staff agrees, and in fact prior to publication of this Report had contracted with a Louisiana firm to devise an electronic attendance reporting system so that daily attendance figures can be recorded automatically into an NSECD spreadsheet.

Invoice Submission Requirements

2. Agreed in part. Although NSECD agrees with the recommended agreement to the MOU, it will continue to move as quickly as possible to submit its invoices to DSS. NSECD is further hopeful that the online reporting system described above, when implemented, will enable it to automatically compile school invoices and transmit same to DSS, enabling that agency to timely process NSECD Provider reimbursement claims. (In fairness to DSS, it should be noted that the delays in payment came at the beginning of the MOU period. This was soon after DSS assumed the daunting responsibility of coordinating all TANF programs for the State of Louisiana, not only the NSECD Program. There have been no inordinate delays since the transition was completed.)
3. Agreed. The referenced software and online reporting system should enable schools to quickly and accurately prepare invoices.

Attendance Requirements

Unfortunately, NSECD staff did not have the benefit of the instant Report when it promulgated its 2005-2006 Provider Responsibilities – which time constraints compelled us to release. (Schools Program Provider Applications must be submitted, reviewed and accepted or not by NSECD staff in accordance with guidelines; schools that are accepted must be allowed sufficient time to recruit students, and to help at-risk youths' families

complete their applications and document their eligibility. Finally the NSECD Program must have time to conduct a lottery if funding does not permit all student applicants to be accepted.)

4. Agreed. Instructional hours are specified as the basis of measure for the 2005-2006 school year. Whereas last year the requirements ambiguously called for five hours attendance in order to be counted for attendance, the coming school year's Rules require that students attend a minimum of four hours instructional time.
5. Agreed. The Recommendations suggested that the instructional hour measure be incorporated in the Program guidelines, parental choice form, and the Provider certification form. Although the NSECD Program did not receive these terrific recommendations in time for their recent dissemination, it did include the instructional hour measure in the Program guidelines and will review the merits of making the other recommendations before next school year.
6. Agreed. Although the NSECD Program lacked these instructions in time for the dissemination of these items, the Parental Choice Certification form indicates that a child whose absences result in a school's not being reimbursed two months in a row may result in the child being dropped from the Program with no assurances that the child can be re-enrolled.
7. Agreed. Although the NSECD Program lacked these instructions in time for the dissemination of these items, the Program did clarify the attendance rules and has created an electronic attendance filing system. Additionally, NSECD Program staff envisions contracting with other State agency partners to conduct spot checks.
8. Although the NSECD Program lacked these instructions in time for the incorporation of a per diem compensation for the current school year and no promises can be given since there are pros and cons to such a formula, NSECD staff will discuss alternatives for reimbursement before next school year in the event the Program again is funded. These alternatives will cover the full gamut, including the status quo and a daily reimbursement rate.

Attendance Tracking Procedures

9. Agreed. The electronic daily reporting system is intended to satisfy this recommendation, which was received afterwards.
10. Database software. At reasonable expense, the NSECD Program retained the services of a Louisiana vendor, who has devised an online system by which schools can file daily attendance rolls with NSECD staff. As has been noted, this software is intended to aid the NSECD Program and its partners in a number of areas, including real-time reporting and more prompt turnaround on reimbursements to schools and other contractors, and auditing and oversight.

Program Monitoring

11. Recommendations accepted. The rating scales on each section of the monitor assessment report shall be better defined, and a comment section shall be included for the explanation of the ratings.

12. Recommendation accepted. NSECD staff will verify accuracy of ratings to confirm the accuracy of the calculations.
13. Recommendation accepted. Monitors will call roll to confirm that the children present are in fact the children invoiced to the program. In addition, NSECD Program is taking steps to have additional surprise visits taken next year, and roll will be taken on those occasions as well.

Required Curriculum Training

14. These workshops are very expensive, and are provided at the beginning of the year to be sure that our children have the very best instruction from Day One. The 3-day curriculum training, new to the Program, represents an effort to ameliorate the absence of certified teachers in more than 80% of NSECD classrooms. The current Administration is working diligently to attain the goal of having only Early Childhood certified teachers in its classrooms. Beginning next school year, all new and replacement NSECD teachers must be certified; hence, the workshop will not be necessary but for incumbent teachers who lack the certification. Thus, it is hoped that the recommended (very expensive) change will not be required, having been overtaken by the substantive reforms aimed at placing a certified teacher in every NSECD classroom. (Incumbent teachers are required to commence alternate certificate programs.)

Equipment and Material Requirements

15. Although the NSECD Program lacked these instructions in time to drop the term 'Suggested' from the equipment and materials list for the current school year, a revised list will be sent incorporating this Recommendation.
16. Recommendation accepted. Such a written clarification in fact had been provided NSECD Provider schools during the prior school year, with schools given sufficient time to comply with the clarified requirement. Furthermore, NSECD Program guidelines applicable next school year include the clarified Program intentions regarding the 25 or more books per topic requirement.

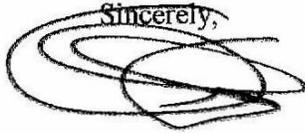
Budget and Expenditure Requirement

17. Recommendation acceptable. MOU discussions underway, and there all terms can be defined or eliminated.
18. Estimated budget/documentated expenditures. NSECD staff disagrees, while reserving utmost respect for the Inspector General and her demonstrably able staff. The information obtained by these instruments affords NSECD staff insight needed to continue to improve the Program and to share with one needy school the Best Practices pioneered by another. However, as the NSECD Program matures, it may no longer be necessary to collect such information.

Conclusion

I know that this Reply is offered in good faith, and can only hope it adequately addresses the observations made in your Report; but feel free to let me know if further clarification on my part is warranted.

Sincerely,

A handwritten signature in black ink, appearing to be "Charles Tate", written over a horizontal line.

Charles Tate
Director, NSECD Program

Perrault Kiddy Kollege, Inc.

6201 Chef Menteur Highway
New Orleans, Louisiana 70126

(504) 246-2020

June 23, 2005

Mr. Gordon S. Devall
State Auditor
Office of Inspector General
224 Florida Boulevard
P.O. Box 94095
Baton Rouge, Louisiana 70804



Re: Response to confidential work product of Perrault Kiddy Kollege, Inc.'s attendance review done by the Office of Inspector General

Dear Mr. Devall:

I am writing to respond to the letter received on June 10th, 2005 from Ms. Sharon B. Robinson, CPA, State Inspector General, regarding the confidential work product of your attendance review of Perrault Kiddy Kollege, Inc. I appreciate this opportunity to respond to the draft report and the additional time given to do so. Also, I want to thank you for your professionalism while conducting your work and for giving Perrault Kiddy Kollege, Inc. an objective review.

This response addresses the concerns you raised about questioned attendance, and provides documentation when possible. However, before I present that information to you, there are two concerns that I need to address.

My first concern has to do with wording used in the draft report. Specifically, in the first paragraph of the draft report and in the last paragraph just before the recommendations, you refer to our attendance records as being unreliable. With 70 kids in the program, I think we've done a pretty good job in spite of staffing issues that have been addressed. Keep in mind that we open from 7 a.m. to at least 5:30 p.m. and we accept kids throughout the day; teachers have to keep a roll book of their children; the coordinator records the daily final roll on all children before lunch; we have to monitor the hours of attendance on each child if less than five hours in order to get paid by NSECD; for liability reasons we must give kids a quick physical inspection upon arrival to determine that they are free of visual health problems and injuries that may have happened at home; we have to monitor for liability reasons parents, third-party persons, bus drivers, especially those we are not yet familiar with, signing children in and out; and we have to monitor that the persons who are departing children from the center are at least 18 years of age and visually free from the use of drugs and alcohol. Given all that we have to do to meet the requirements for the safety of children in our care and to meet NSECD's attendance requirements, it is disheartening to categorize our general services as "unreliable."

My second concern is that such a report calls into question the integrity of our program. Perrault Kiddy Kollege, Inc. has been committed to quality child care for 33 years. To exemplify our

commitment: (1) PKK did not receive any NSECD funds until November 2004, four months into the start of the program, yet we invested \$40K of our own funds to meet the requirements mandated by NSECD in order to provide a quality child development program, (2) we go beyond the call of duty to extend our daily services by opening earlier and closing later than most programs, moreover, we do not take a spring break or celebrate extended holidays (while many of our kids do, making it difficult to meet the 74% attendance that NSECD requires).

Attached you will find a reply to your report. Its format recaps your report's questioned attendance dates followed by Perrault Kiddy Kollege, Inc.'s response/attendance documentation. The specific documentation is enclosed. I ask that you return the documentation after review so that we may place them back into our records. Should you have any questions, please don't hesitate to call, 504-246-2020.

Sincerely,

A handwritten signature in cursive script, appearing to read 'D. Perrault', written in black ink.

Dorothy Perrault, Administrator

Enclosures

AUGUST 2004

██████████
Questioned Attendance:

All dates

PKK Response and Documentation:

██████████ applied to attend Perrault Kiddy Kollege, Inc. on August 25th and started on the 26th. Documentation enclosed:

Thursday, August 26 – in Ms. Pacheco's roll book

Friday, August 27 – in Ms. Pacheco's roll book

Monday, August 30 – on sign in sheet

Tuesday, August 31 – on sign in sheet

██████████
Questioned Attendance:

All dates

PKK Response and Documentation:

██████████ first day was August 23. She dropped on August 30th to attend Henry Allen Elementary School. Documentation enclosed:

Monday, August 23 – in Ms. Pacheco's roll book

Tuesday, August 24 – in Ms. Pacheco's roll book

Wednesday, August 25 – in Ms. Pacheco's roll book

Thursday, August 26 – in Ms. Pacheco's roll book

Friday, August 27 – in Ms. Pacheco's roll book

██████████
Questioned Attendance:

All dates

PKK Response:

██████████ applied to attend PKK on 6/20/04. He attended the month of August, floating between Ms. Pacheco's and Ms. Feltey's classes. ██████████ mother verified today, June 23, 2005, by phone that ██████████ attended at the start of the school year, August 23, 2004, through August 31, 2004. (The mother volunteered that she has already communicated this to the auditor.)

██████████
Questioned Attendance:

All dates

PKK Response and Documentation:

██████████ first day was August 24th. Documentation enclosed:

Tuesday, August 24 – in Ms. Pacheco's roll book

Wednesday, August 25 – in Ms. Pacheco's roll book

Thursday, August 26 – in Ms. Pacheco's roll book

Friday, August 27 – in Ms. Pacheco's roll book

Monday, August 30 – in Ms. Pacheco's roll book

██████████
Questioned Attendance:

All dates

PKK Response:

Applied to attend on 6/18/04. Mr. Ehrenworth, was ██████████ teacher. He remembers her being in his class during August. He recalls thinking that ██████████ and ██████████ ██████████, who were both in his class, were twins, but they are not. If needed, Mr. Ehrenworth is willing to give a written statement verifying ██████████ attendance.

██████████
Questioned Attendance:

All dates

PKK Response and Documentation:

██████████ applied on August 24th and started August 25th. Documentation enclosed:
Wednesday, August 25 – in Ms. Pacheco's roll book
Thursday, August 26 – in Ms. Pacheco's roll book
Friday, August 27 – in Ms. Pacheco's roll book
Monday, August 30 – in Ms. Pacheco's roll book

██████████
Questioned Attendance:

All dates

PKK Response:

██████████ registered on August 30, 2004. No documentation found.

SEPTEMBER 2004

██████████
Questioned Attendance:

Days absent: Sept. 1, 2, 3, 7, 8, 20, 21, 22, 23, 24, 27, 28, 30

PKK Response:

Mr. Ehrenworth, ██████████ teacher, verbally validated that ██████████ was in his class 74% of the month of September and he has pictures of her during that time. He has volunteered to give a written statement upon request, if needed.

NOVEMBER 2004

██████████
Questioned Attendance:

Days absent: Nov. 3, 15, 22, 23, 24, 29

PKK Response and Documentation:

Nov. 3 – Note, dated by Ms. Lewis, ██████████ teacher, in student's writing journal that is kept in school in the student's portfolio that ██████████ was "Writing his ABC's" on this day.
Nov. 15th. – Portfolio entry –language arts center (ABCs)
Nov. 23rd –An anecdotal note in Ms. Lewis' roll book: "██████████ accidentally... down another boy's project while in the Block's Center. He gave him a hug and apologized to him."

██████████
Questioned Attendance:

Days absent: Nov. 4, 5, 9, 10, 11, 12, 15, 16, 17, 18, 19, 22, 23, 24, 29, 30

PKK Response and Documentation:

While we have reason to believe ██████████ was in attendance just about all of the days above, we are unable to use Ms. Lewis', his teacher's, roll book to verify Nov. 4, 5, 12, 15, 17, 29, & 30. The documentation we are able to supply supporting ██████████ attendance at PKK follows:

Medical slip received from ██████████ to administer medication for the week of Nov. 8th.
Tuesday, Nov. 9 – medical slip indicating medicine was administered by Ms. Ellsworth
Wednesday, Nov. 10 – medical slip indicating medicine was administered by Ms. Ellsworth; also Lewis' note in her file indicating her observations of ██████████ behavior on that day.
Thursday, Nov. 11 – medical slip indicating medicine was administered on this day

Medical slip received from ██████████ to administer medication for the week of Nov. 16th.
Tuesday, Nov. 16 - medical slip indicating medicine was administered by Ms. Ellsworth
Thursday, Nov. 18 – medical slip indicating medicine was administered by Ms. Jones
Friday, Nov. 19 – medical slip indicating medicine was administered by Ms. Ellsworth

Medical slip received from ██████████ to administer medication for the week of Nov. 22nd.
Monday, Nov. 22 – medical slip indicating medicine was administered by Ms. Ellsworth
Tuesday, Nov. 23 – medical slip indicating medicine was administered by Ms. Ellsworth
Monday, Nov. 29 – medical slip indicating medicine was administered by Ms. Marble

██████████
Questioned Attendance:

Days absent: Nov. 10, 15, 22, 23, 24

PKK Documentation:

Wednesday, Nov. 10 – Notes by Ms. Lewis, ██████████ teacher, dated Nov. 10th, that ██████████ spent her time in/using dramatic play, with blocks, arts/crafts, gross motor. Other observations are noted as well.

Monday, Nov. 15 – Note by Ms. Lewis, dated Nov. 15th, to parent that “██████████ was very upset today when she came to school.... Was crying and said that she wanted to go home. ..” Ms. Lewis settled her down and all was better. Also an anecdotal note by Ms. Lewis that “██████████ felt better after being upset today. She and I talked to her mom on the phone... She cooked for me and While in Housekeeping and Dramatic Play.”

DECEMBER 2004

██████████
Questioned Attendance:

Days absent: Dec. 1, 2, 3, 20, 21, 22, 23

PKK Response:

██████████ was absent Dec. 1, 2 and 3. ██████████ was no longer in the program Dec. 20th. Office became aware that ██████████ dropped when mother was telephoned to inquire about her participation in the program.

██████████
Questioned Attendance:

Days absent: Dec. 7, 13, 14, 15, 23

PKK Documentation:

Tuesday, Dec. 7 – Work in ██████████ writing journal dated by Ms. Lewis, ██████████ teacher.
Monday, Dec. 13 – Work in ██████████ portfolio regarding project she did in language arts

JANUARY 2005

██████████
Questioned Attendance:

Days absent: entire month

PKK Response:

No documentation.

FEBRUARY 2005

████████████████████
Questioned Attendance:

Days absent: Feb. 1, 17, 18, 21, 22, 23, 24, 25

PKK Response and Documentation:

Tuesday, Feb. 1 – Portfolio entry - I have a dream
Thursday, Feb. 17 – Portfolio entry – Language arts
Friday, Feb. 18 – Portfolio entry (paper bag made into a panda bear)
Tuesday, Feb. 22 – Portfolio entry – arts and sciences
Thursday, Feb. 24 – Portfolio entry– letter recognition
Friday, Feb. 25 – Portfolio entry– dated picture of him (and ██████████)

APPENDIX B

Additional IG Comment

State Inspector General: Additional Comments

The report questions the reliability of student attendance records at Perrault Kiddy Kollege, Inc. (Perrault). Specifically, we question whether sufficient, reliable documents exist to support the attendance of students representing 13 monthly reimbursements. In April 2005, we gave Perrault the opportunity to present additional records or work product for the questioned students attendance. They were unable to provide sufficient reliable documents.

We examined Perrault's June 23, 2005 response and additional documentation. We found it to create more questions of reliability than answers.

In light of our examination of the response, the Office of State Inspector General continues to question the reliability of attendance records maintained by Perrault and used to create the invoice for reimbursement by the NSECD Program.