Memorandum

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To: The Honorable Carlos Alvarez, Mayor, Miami-Dade County

The Honorable Chairman Dennis C. Moss
and Members, Board of County Commissioners, Miami-Dade County

From: Christopher Mazzella, Inspector General

Date: October 2, 2009

Subject: Executive Summary and Transmittal of the OIG's Final Audit Report on the *Audit of the James E. Scott Community Association,* Ref. IG08-66A

Attached please find the Office of the Inspector General's (OIG) Final Audit Report on the above-captioned subject. The Office of the Inspector General (OIG) performed an audit of selected financial operations of the James E. Scott Community Association, Inc. (JESCA). We performed this audit in response to a written request to the Inspector General from the Interim Chair of JESCA's Board of Directors, which expressed concerns about the agency's fiscal and programmatic operations involving State and County funds. The Interim Board Chair believed that an independent audit and examination was required, and he requested the OIG to conduct such an examination.

Based upon discussions with the Interim Board Chair and our preliminary assessment of JESCA financial irregularities, we conducted an in-depth examination of JESCA's employer sponsored, employee benefit tax sheltered annuity (IRS 403(b) plan). We found that JESCA improperly retained $113,979 in employee contributions—monies that were deducted from the employees' paychecks between January 1, 2006 and December 31, 2007. Forty-nine (49) JESCA employees were affected. JESCA used these funds to pay for later payroll and other operating expenses. As a result, JESCA deprived the affected employees of the value and benefits that they were entitled to under the provisions of the IRS 403(b) plan agreement. In addition, JESCA did not remit an estimated $28,000 of employer matching contributions.[1] Thus, the combined loss to JESCA employees totaled over $141,000.

We also examined JESCA's payroll and banking records for calendar years 2006 and 2007 for the program accounts funded, entirely or in part, by Miami-Dade County (MDC), including federal pass-through funds administered by MDC agencies. We

[1] JESCA's 403(b) program provided for an employer match of 1% of salary for participating employees.

determined that JESCA withdrew $252,127 from these program accounts in excess of the actual amount necessary to cover the programs' allocated payroll costs. In other words, the funds were diverted from their intended purposes. We calculated that programs whose grant funding were administered by MDC, including programs funded by federal dollars, contributed $85,550 in excess of their allocated payroll charges to cover cash shortages in other program accounts. In addition, MDC partially-funded programs contributed $166,578 in excess of their allocated payroll charges. Our analysis of JESCA's other programs not funded by MDC, including JESCA's program account for core services (administrative and managerial payroll costs), revealed a collective cash shortage of $308,364. Our review determined that the aforementioned diverted program funds were used to offset the cash shortages occurring in JESCA's other operational areas. Typical JESCA grant agreements specifically prohibit grant recipients from commingling funds, i.e., to use one program's funding to pay another program's costs.

The attached final report contains a response provided by the Miami-Dade Community Action Agency (CAA). CAA's comments provide some historical background on the agency's relationship with JESCA over the past few years, including some discussion on the financial relationship between the two agencies. The response also details some of the financial difficulties faced by JESCA and the CAA's awareness of those issues. It also describes amounts owed by JESCA to the County because of unsubstantiated expenses ($47,900.06) and start-up costs advanced to JESCA by the County that should have been recovered when the County assumed operation of Head Start slots previously awarded to JESCA ($40,999.31). The CAA's identified disallowed costs are different in category to the OIG's identified $252,127 in diverted payroll costs, although there may be some overlap. CAA's response is attached to this final report as OIG APPENDIX A. We did not receive any comments to our report from JESCA.

In light of JESCA's current operational status, this report does not contain any specific recommendations directed at either party. We are providing it for informational purposes only. The OIG wishes to thank personnel from JESCA and CAA for their cooperation and assistance afforded to us during the course of this audit.

cc: George Burgess, County Manager
Irene Taylor-Wooten, Special Assistant for Social Services
Julie B. Edwards, Executive Director, Community Action Agency
Cathy Jackson, Director, Audit and Management Services Department
Charles Anderson, Commission Auditor
Larry Handfield, Esq., Interim Board Chair, JESCA
Vincent Brown, Executive Director, JESCA
Clerk of the Board (copy filed)

MIAMI-DADE COUNTY
OFFICE OF THE INSPECTOR GENERAL

FINAL AUDIT REPORT

Audit of the James E. Scott Community Association, Inc.

IG08-66A

October 2, 2009

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I. INTRODUCTION

The Office of the Inspector General (OIG) performed an audit of selected aspects of the financial operations of the James E. Scott Community Association, Inc. (JESCA). The OIG performed this audit in response to a written request by the Interim Chair of JESCA's Board of Directors, received by the OIG in November 2008.[1] The Chair expressed concerns that there are "potential fiscal/programmatic irregularities involving State and County funds that require an independent audit and examination." One such irregularity related to a JESCA-sponsored employee benefit tax-sheltered annuity (TSA) plan, which is supposed to be operated in accordance with Internal Revenue Code (IRC) Section 403(b).[2]

II. TERMS USED IN THIS REPORT

AXA Equitable	AXA Equitable Life Insurance Company (formerly The Equitable Life Assurance Society of the United States)
CFO	Chief Financial Officer
CompuPay	JESCA's payroll service company
EQUI-VEST	The investment product provided by AXA Equitable for JESCA's 403(b) tax-sheltered annuity plan
GOA	JESCA's general operating [checking] account
IRC	Internal Revenue Code
JESCA	James E. Scott Community Association, Inc.
MDC	Miami-Dade County
OIG	Miami-Dade County Office of the Inspector General
TSA	Tax-sheltered annuity plan established under IRC Section 403(b)

[1] The actual date of the request letter was July 28, 2008, however, JESCA apparently held the letter for later distribution.

[2] A tax-sheltered annuity (TSA) plan that is established pursuant to IRC Section 403(b) is a retirement plan for certain employees of public schools, certain tax-exempt organizations, and certain ministers. An individual 403(b) account can only be established under an employer sponsored TSA plan. These annuities are typically funded by elective deferrals made under salary reduction agreements and non-elective employer contributions. (IRS Publication 571 [Rev. January 2009], *Tax-Sheltered Annuity Plans (403[b] Plans) For Employees of Public Schools and Certain Tax-Exempt Organizations*)

III. RESULTS SUMMARY

The OIG determined that JESCA improperly retained $113,979 out of the $126,422 of employee IRS 403(b) contributions that were deducted from the gross pay of 49 JESCA employees between January 1, 2006 and December 31, 2007. JESCA used these funds to pay for later payroll and other operating expenses. As a result, JESCA deprived these employees of the value and benefits that they were entitled to under the provisions of the 403(b) plan agreement. In addition, JESCA did not remit an estimated $28,000 of employer matching contributions that were associated with the employee deductions.[3] Thus, the combined loss to JESCA employees totals over $141,000. Furthermore, this amount does not include consideration for any implied gains or benefits, such as lost earnings and interest that these amounts would have earned from the date that they should have been credited to the employee accounts through the present day.

The impact of the deprivation of the financial benefits available to an account holder would be exacerbated in the event of his/her retirement, disability, or fatality prior to JESCA making his/her 403(b) account whole. In such cases, an account holder would have otherwise benefited from having a complete accounting of all contributions that should have been credited to his/her account. Due to the complexity of the laws governing a tax-sheltered annuity, the OIG did not consider whether there were any violations of relevant federal regulations and rules. A copy of this report will be forwarded to appropriate federal officials.

In addition, JESCA's payroll and related banking records for the calendar years 2006 and 2007 show that JESCA withdrew $252,127 from certain program accounts in excess of the actual amount necessary to cover these programs' allocated payroll costs.[4] We calculated that MDC administered grant programs (i.e., federal pass-through funds and/or MDC funds) contributed $85,550 in excess of their allocated payroll charges to cover cash shortages in other program accounts. In addition, MDC partially-funded programs contributed $166,577 in excess of their allocated payroll charges. Our analysis of programs not funded by MDC, including JESCA's program account for core services (administrative and managerial payroll costs), revealed a collective cash shortage of $308,364.

[3] JESCA's 403(b) program provided for an employer match of 1% of salary for participating employees.
[4] The OIG did not audit, and thus, is unable to quantify any such excess transfers, if any, by JESCA to pay non-program related direct costs.

The majority of the funding shortages resulted from JESCA using program-specific cash to ensure that it could continue to pay for its administrative and managerial payroll costs, despite not having sufficient dedicated funds for those costs. The core services account (administrative and managerial payroll costs) had a cash deficit of $298,647 that JESCA offset by making disproportionate transfers of program funds, during the two-year audit period. This practice was noncompliant with JESCA's various grant agreements, which typically require that grant funds are spent only on approved uses related to the specific grant and prohibit the grantee's commingling of one program's funds with another.

In addition, JESCA's practice diverted funds from their intended purpose, thus impacting the programs' ability to provide services. Furthermore, in order to offset payroll cash shortages that occurred during the year, JESCA finance personnel regularly withheld releasing checks that were prepared for legitimate payroll expenses. In some instances, the withheld checks were released by the CFO when cash became available. In other instances, JESCA voided checks prior to the year-end financial closing and the obligations were simply not paid, as exemplified by JESCA not remitting almost $114,000 of employee payroll deductions related to their TSA plan accounts.

Lastly, JESCA needs to improve its accounts payable controls. We examined 203 payments made to 131 different vendors and individuals, totaling $205,048. We found 89 payments, totaling $73,156, that exhibited some procedural or documentation deficiency. For example, in 39 instances there was inadequate supporting documentation, such as missing vendor invoices, receipts, etc. In one instance, JESCA paid $1,020 to the same vendor twice. JESCA did not obtain actual expense receipts or invoices that matched the corresponding employee advances 13 times, totaling almost $4,500.

Response to the OIG Draft Report

A copy of this report, as a draft, was provided to JESCA and to the Miami-Dade Community Action Agency (CAA) for their comments, on August 20, 2009. Our draft report had no specific recommendations directed at either party. The OIG received CAA's comments to the draft report; we did not receive any comments from JESCA. CAA's comments provide some historical background on the agency's relationship with JESCA over the past few years, including some discussion on the financial relationship between the two agencies. The response also details some of the financial difficulties faced by JESCA and the CAA's awareness of those issues. It also describes amounts owed by JESCA to the County because of unsubstantiated expenses

($47,900) and start-up costs advanced to JESCA by the County that should have been recovered when the County assumed operation of Head Start slots previously awarded to JESCA ($40,999). The CAA's identified disallowed costs are different in category to the OIG's identified $252,127 in diverted payroll costs, although there may be some overlap. The CAA's response includes 38 pages of attachments, which consist of correspondence and memoranda dating back to September 2007 identifying areas of concern. It also includes a U.S. Department of Health and Human Services report, dated October 10, 2008, regarding the County's Head Start Program. Only CAA's two-page response to the OIG report is attached herein as OIG APPENDIX A; CAA's attachments to its response are not included.[5]

IV. OIG JURISDICTIONAL AUTHORITY

In accordance with Section 2-1076 of the Code of Miami-Dade County, the Inspector General has the authority to make investigations of County affairs and the power to review past, present and proposed County and Public Health Trust programs, accounts, records, contracts, and transactions. The Inspector General has the power to analyze the need for, and the reasonableness of, proposed change orders. The Inspector General is authorized to conduct any reviews, audits, inspections, investigations, or analyses relating to departments, offices, boards, activities, programs, and agencies of the County and the Public Health Trust.

The Inspector General may, on a random basis, perform audits, inspections, and reviews of all County contracts. The Inspector General shall have the power to audit, investigate, monitor, oversee, inspect, and review the operations, activities, and performance and procurement process including, but not limited to, project design; establishment of bid specifications; bid submittals; activities of the contractor and its officers, agents and employees, lobbyists; and of County staff and elected officials, in order to ensure compliance with contract specifications and detect corruption and fraud.

The Inspector General shall have the power to review and investigate any citizen's complaints regarding County or Public Health Trust projects, programs, contracts, or transactions. The Inspector General may exercise any of the powers contained in Section 2-1076, upon his or her own initiative.

[5] The full CAA response, including the aforementioned 38 pages, can be obtained from our website, www.miamidadeig.org/whatsnew.htm.

The Inspector General shall have the power to require reports from the Mayor, County Commissioners, County Manager, County agencies and instrumentalities, County officers and employees, and the Public Health Trust and its officers and employees, regarding any matter within the jurisdiction of the Inspector General.

V. BACKGROUND

JESCA Programs

The James E. Scott Community Association, Inc. (JESCA) is one of the oldest and largest social service agencies in the southeastern United States. JESCA is a non-profit organization, which was founded in 1925 and incorporated in 1961. The organization has responded to the changing needs of a multi-ethnic community by providing programs and services that have helped people make positive contributions to their families and community. The agency provides outreach programs throughout the Miami-Dade County area. Under its umbrella of services, it provides help daily to approximately 3,000 needy individuals and families. The following are JESCA provided programs, as described in its Annual Financial Report:

1. Early Childhood Development/Head Start – Provides comprehensive services to children whose parents work outside the home or are training for future employment.

2. Model Cities Youth Street Workers – Assigns a counselor to a specific location in the community for the purpose of strengthening and stimulating participation of at-risk youth in a preventive program.

3. Youth Service Program Pregnancy Prevention – The goal for this program is to reduce the rate of teen pregnancy among young adolescents. The program is designed to target the siblings of pregnant and parenting teens.

4. Roving Leaders – Provides basic educational skills and a strong network of support services to those students within the Miami-Dade County Public Schools, who generally exhibit behavioral, non-attendance, and academic problems.

5. Young Girls to Young Ladies Club – Provides various services and aid to middle school girls who have been labeled at-risk, delinquent, and who are residing with their families in a low-to-moderate income area in the community.

6. F.L.O.Y.D. House – A community-based program for juveniles (intensive probation) designed to provide a structured supervisory environment, with emphasis on individual and family counseling, the reduction of juvenile crime, and public safety.

7. Uplift – Provides onsite consulting using therapeutic intervention to build up peoples' lives with individual and family therapy and includes case management and other supportive services.

8. Intensive Employment and Education – Provides educational, employment, and tutorial services to eligible participants in the community using modern technology and certified teachers.

9. Family Management Positive Experience – Provides prevention services that involve strategies to preclude, forestall, or impede the development of substance abuse and mental health problems.

10. Multi-Purpose Centers for the Elderly – Operates nine congregate meal sites, as well as provides a variety of planned activities and services for the elderly in a structured setting.

11. Transition and Stabilization – Provides support services to men in need of shelter and operates a 30-bed facility focused on drug treatment and rehabilitation.

JESCA's Annual Financial Statements, for the fiscal years ending December 31, 2006 and 2007, reports that $6,842,471 (or 49%) of the organization's program-related expenses were reimbursed from grants awarded by or through Miami-Dade County, i.e., pass-through federal grants administered by the County. As such, MDC has the ultimate responsibility for the expenditure of these grants by way of program performance monitoring to ensure that such funds are used for achieving program objectives.

Other major funding sources for JESCA between January 1, 2006 and December 31, 2007, included Alliance for the Aging, Florida Department of Juvenile Justice, Miami-Dade County Public Schools, the United Way, and the Children's Trust.

JESCA Program Funding

JESCA's *Annual Financial Statements and Independent Auditors' Reports*[6] for the years ending December 31, 2006 and 2007, show that MDC reimbursed JESCA for specified program expenses totaling $3,371,652 and $3,470,819, respectively. These amounts represent approximately 49% of JESCA's total reimbursed expenses in each of those years from grants. The MDC reimbursement funding was provided either directly from MDC funds or from federal grant funds passed through (administered by) MDC. Funding for both years is reflected as follows:

TABLE 1 JESCA Funding For 2006 and 2007

	2006	2007	TOTAL	% TOTAL
Miami-Dade County				
Direct Funding	$440,154	$886,201	$1,326,355	9.46%
Federal Pass-Through Funding				
Miami-Dade Community Action Agency	$2,124,698	$2,170,301	$4,294,999	30.62%
Miami-Dade Department of Human Services	$141,943	$97,281	$239,224	1.71%
Miami-Dade Community and Economic Development	$379,312	$-0-	$379,312	2.70%
Miami-Dade County	$285,545	$317,036	$602,581	4.30%
Subtotal – Miami-Dade County	**$3,371,652**	**$3,470,819**	**$6,842,471**	**48.79%**
Other Federal, State, or Local Awards	$3,511,386	$3,670,652	$7,182,038	51.21%
TOTAL	**$6,883,038**	**$7,141,471**	**$14,024,509**	**100.00%**

JESCA Bank Accounts and Cash Management **(SEE EXHIBIT 1)**

JESCA maintained separate bank accounts for each of its program grants. This is a typical grant agreement requirement, which prohibits the commingling of program funds with other program or operating funds. These accounts are used to hold grant funds received by JESCA until they are needed to pay for program-related costs. When the funds are needed, JESCA staff electronically transfers the necessary funds from the appropriate program account into either JESCA's payroll account or its general operating account (GOA). During the beginning of the review period, JESCA

[6] Amounts taken from JESCA's *2007 Financial Statements and Independent Auditors' Report* performed by Gardner & Associates, PA and *2006 Financial Statements and Independent Auditors' Report* performed by Watson Rice LLP, which were provided to the OIG by JESCA staff.

maintained both of these accounts at First Union National Bank/Wachovia.[7] During 2007, JESCA transitioned its payroll account from First Union to Premier American Bank. Although JESCA also opened a GOA at Premier American, that account was not used during our review period.

Amounts transferred from the various program accounts to the payroll account were used to cover all direct and allocated payroll costs, including amounts for employee gross pay (which is comprised of employee net pay and employee withholding taxes), employer payroll taxes, workers' compensation premiums, unemployment costs, payroll processing fees, and bank fees/charges.

Deductions from employees' gross pay for items such as 403(b) contributions, additional group benefits, United Way, Gala Dinner, etc., are transferred from the payroll account to the GOA by means of a paper check. One check is manually prepared each bi-weekly pay period to transfer all deductions from the payroll account to the GOA. After JESCA staff deposits this check into the GOA, they prepare GOA checks to the appropriately named payees. Remittances of the employee contributions to AXA Equitable, the 403(b) plan provider, are made from the GOA. JESCA uses the GOA to pay all of its operating expenses, except for its employee payroll costs as described above.

The OIG interviewed two former JESCA Chief Financial Officers (CFO) regarding JESCA's financial operations, in particular, its cash flow. During our interview with the CFO that served during the 2006 and 2007 period, the CFO advised the OIG that JESCA had significant cash flow problems and, as a result, it was not uncommon for him to "hold" checks until sufficient funds were deposited to the bank account, at which time he would release those checks. A significant factor contributing to this situation is that most JESCA programs, if not all, are on a "reimbursement" basis.

Typically, JESCA operated a program and incurred expenses and, on a monthly basis, then submitted to the grantor its reimbursement requests for program costs. In practice, this meant that JESCA had to finance its operations for upwards of 60 to 90 days, at least, before receiving the necessary funds to pay for those incurred costs. The cash flow problem was exacerbated because much of JESCA's overhead (administrative and management payroll, and office operating costs) were not recoverable as allocable program-specific reimbursable costs.

[7] In September 2001, First Union National Bank and Wachovia merged and operated under the name Wachovia. However, JESCA continued to transact banking functions under the First Union name.

During the interview, the CFO admitted that because of cash flow problems he did not release bi-weekly checks from the general operating bank account payable to AXA Equitable for employee 403(b) contributions, but held them in his desk drawer. The CFO stated that during this same time, JESCA was negotiating for a loan with another bank and was hoping to use a portion of the loan proceeds to cover the release of these checks. The CFO stated that at the time he resigned from JESCA, the loan had not been finalized and, as a result, the checks that he held were not released. The CFO further stated that prior to 2006, remittances to the AXA Equitable were being made, albeit late, due to cash flow problems.

We verified the CFO's statements by obtaining the actual undistributed checks payable to "Equitable Equi-Vest" that represented employee deductions and employer matching contributions to the 403(b) plan. There were 44 checks, totaling $136,526, located in a file folder, in a desk previously occupied by the CFO.[8] Information received from AXA Equitable confirmed that during the audit period, it received only seven remittances from JESCA, totaling $22,475, which it then credited to the employees' accounts as of the date received, as summarized in the following Table 2. In addition, we note that the seven payments received by AXA Equitable indicated that the average duration between the check date and the bank clearance date was 119 days. The shortest duration was 15 days, while the longest was 261 days.[9]

TABLE 2 Summary of Checks Payable to AXA Equitable During 2006 and 2007

Status of Check	# of Checks	Total Amounts
Released by JESCA and Paid by the Bank	7	$22,475
Not Released and/or Voided by JESCA	44	$136,526
Total Checks to AXA Equitable	**51**	**$159,001**
Note: Check amounts include both employee deductions and employer contributions.		

[8] The average value (not including one check for $22.67) of the 43 remaining checks is $2,967.44 and represents both the employee and employer 403(b) bi-weekly contributions. Someone had written the word "VOID" over the checks' signature blocks.

[9] The general rule is that contributions (other than union dues) withheld from an employee's wages or paid to the employer by a participant must be sent to the plan on the earliest date these contributions can reasonably be separated from the employer's general assets. In no event can these contributions be forwarded later than the 15th business day following the month of withholding. (See www.dol.gov/ebsa)

The CFO stated that soon after he began holding these checks, he had informed JESCA's CEO/President of his actions and was told by the CEO that he (the CEO) would take care of it and talk with the employees. The CFO stated that he did not know what subsequent actions were taken by the CEO/President regarding this matter.

VI. AUDIT APPROACH

Audit Objectives

Our objectives were to determine if employee participation in the JESCA sponsored IRC 403(b) program was properly authorized, and that the amounts were accurately calculated and deducted from their paychecks.[10] Additionally, we wanted to determine whether JESCA timely remitted both employee and employer contributions to AXA Equitable, the provider of the EQUI-VEST program for JESCA's 403(b) program. As part of our overall objective, we also analyzed JESCA's accounting for program funds, as well as examined a selection of JESCA accounts payable disbursements to its vendors and employees.

Audit Scope and Methodology

The audit scope encompassed the two-year period beginning January 1, 2006 and ending December 31, 2007. It is during this period that it is alleged that contributions were deducted from the gross pay of employees participating in JESCA's 403(b) TSA and that these deductions were not remitted to AXA Equitable, the plan provider.

We reviewed all JESCA payrolls during the audit period to identify and quantify all deductions taken from employees' gross pay for each pay period.[11] We identified those transactions relating to the 403(b) deductions and reviewed all remittances to AXA Equitable for the two-year period. We also identified all other payroll required transactions related to the payment of employees wages, other benefit deductions, United Way contributions, etc., and verified that said amounts were properly remitted.

[10] JESCA and some of its employees entered into individual agreements, which provided the employees with retirement benefits based on the provisions of IRC Section 403(b). Each agreement provided for a reduction of the employee's salary by an agreed amount, pro-rated for each pay period. Each such scheduled deduction was to be used to purchase a non-forfeitable annuity contract that was equal to the amount of the salary reduction.

[11] Payroll financial data provided by JESCA was verified by OIG through comparison with CompuPay payroll data reports for the review period. JESCA uses CompuPay to process its bi-weekly payroll.

We discussed JESCA's fund accounting process and procedures for handling program funds during interviews with JESCA staff. We prepared a schedule showing payroll transactions between JESCA's various program accounts and its payroll account that compared actual allocated payroll costs to the deducted amounts.

During the course of the review of financial documents, including check registers and bank statements, we examined JESCA's accounts payables and general operating account check register relating to non-payroll disbursements. This work included a review of selected transactions and payments to contractual service providers, and for employee reimbursements and advances. In addition, the OIG visited the office of the MDC Community Action Agency and reviewed two randomly selected reimbursement packages containing, among other information, reimbursement payments relating to AXA Equitable or EQUI-VEST.

This audit was conducted in accordance with the *Principles and Standards for Offices of Inspector General* promulgated by the Association of Inspectors General (AIG). The AIG *Principles and Standards* are in conformity with the *Government Auditing Standards* issued by the Comptroller General of the United States (2007 Revision).

VII. AUDIT FINDINGS AND RECOMMENDATIONS

FINDING No. 1 JESCA IMPROPERLY RETAINED $113,979 OF EMPLOYEE CONTRIBUTIONS TO THEIR IRS 403(b) TSA ACCOUNTS.

The OIG determined that JESCA improperly retained $113,979 out of the $126,422 of employee IRS 403(b) contributions that were deducted from the gross pay of 49 JESCA employees between January 1, 2006 and December 31, 2007. JESCA used these funds to pay for later payroll and other operating expenses. (We verified that JESCA remitted the remaining $12,443 to the plan administrator.) As a result, JESCA deprived the affected employees of the value and benefits that they were entitled to under the provisions of the 403(b) plan agreement.

In addition, JESCA did not remit an estimated $28,000 of employer matching contributions that were associated with the employee deductions.[12] Thus, the combined loss in contributions to JESCA employees totals over $141,000. Furthermore, this amount does not include consideration for any implied gains or benefits, such as lost

[12] JESCA's 403(b) program provided for an employer match of 1% of salary for participating employees.

earnings and interest that these amounts would have earned from the date that they should have been credited to the employee accounts through the present day.

At the onset of our audit, JESCA reported to the OIG that it had calculated the improperly retained contributions to be $107,713 and JESCA's corresponding 1% match on this amount to be $25,870, for the period February 3, 2006 through November 23, 2007. In total, this amounted to $133,583. Additionally, JESCA had calculated the lost earnings and interest on this amount to be $17,891, through August 15, 2008.[13] Thus, the total loss to JESCA employees was $151,474 as of that date.

The major cause of the difference between the JESCA calculations and the OIG's calculations is that the OIG identified five additional pay periods, in 2006 and 2007, that were not included in JESCA's calculations. Thus, JESCA's lost interest and earnings calculation of $17,891 is understated in light of the five missed pay periods; however, the OIG did not chose to recalculate JESCA's reported lost interest and earnings due to the time consuming nature of performing these calculations.[14]

In the event of the occurrence of a retirement, disability, or a fatality—prior to JESCA making that 403(b) account whole again—the account holder would be significantly impacted and deprived of additional financial benefits realized had all contributions been credited to the account. Due to the complexity of the laws governing a tax-sheltered annuity, the OIG did not explore whether there were any violations of relevant federal regulations and rules.

We reviewed 100% of JESCA's payroll costs during the audit period. We created a worksheet that shows a breakdown of all employee gross pay amounts and their individual deductions recorded by pay period and department. We obtained from the plan provider a listing of all plan participants and the contributions that it had received and credited to JESCA employee accounts. We compared the deductions to the contribution amounts credited, which confirmed that JESCA did not remit all the

[13] The Department of Labor (DOL) provides a Voluntary Fiduciary Correction Program (VFCP) to encourage employers to voluntarily comply with the Employee Retirement Income Security Act (ERISA) by self-correcting certain violations of the law. The DOL provides an on-line VFCP calculator at http://askebsa.dol.gov/VFCPCalculator/WebCalculator.aspx that JESCA staff used to calculate total lost earnings and interest.

[14] Due to the time consuming nature of performing those calculations for each employee and for each bi-weekly deduction not contributed, the OIG did not repeat the calculations needed to verify the reported amount, but relied on calculations previously performed by JESCA staff when reporting the lost interest and earnings amount. For the same reason, the OIG did not update the amount with revised calculations to reflect the amount through a more current date, although such calculations should be performed prior to any settlement of the amounts due.

amounts to the plan provider that it had deducted from its employees' gross pay. From our review, we were able to determine that JESCA used a portion of these unremitted funds to cover subsequent payroll expenses and other JESCA operating expenses.

Our review of the total deductions taken from the employees' bi-weekly paychecks, during the total two-year period, showed that deductions averaged \$2,283.62 per employee, ranging from \$150.00 to \$13,561.34. Employee bi-weekly deductions ranged from \$15.00 to \$315.38. Beginning in January 2008, JESCA stopped taking 403(b) deductions from employee payroll amounts (and beginning in mid-2008, JESCA stopped paying most of its employees their bi-weekly salaries for a period).

FINDING No. 2 JESCA DIVERTED \$252,127 OF MIAMI-DADE COUNTY PROGRAM FUNDS FROM THEIR INTENDED PURPOSES.

JESCA's payroll and related banking records for the calendar years 2006 and 2007 show that JESCA withdrew \$252,127 from certain program accounts in excess of the actual amount necessary to cover these programs' allocated payroll costs.[15] In other words, the funds were diverted from their intended purposes. We determined that for the two-year period there were significant cash shortages in JESCA's other program accounts—most notably its program account for administrative and managerial costs. The diverted funds were used to offset these cash shortages.

We calculated that MDC administered grants (funded by federal pass-through and/or MDC dollars) contributed \$85,550 in excess of their allocated payroll charges. In addition, MDC partially-funded programs contributed \$166,577 in excess of their allocated payroll charges. Our analysis of programs not funded by MDC, including JESCA's program account for core services (administrative and managerial payroll costs), revealed a collective cash shortage of \$308,364. We determined that JESCA used cash transfers from program specific accounts totaling \$252,127, to offset \$298,647 in unfunded administrative and managerial payroll costs during the two-year period, as depicted in the Table 3, on the following page.

[15] The OIG did not audit, and thus, is unable to quantify any such excess transfers, if any, by JESCA to pay non-program related direct costs.

TABLE 3 Comparison of Allocated Payroll Amounts vs. Cash Transfers for the 2-Year Period 2006 and 2007

Funding Source	Allocated Payroll Amounts	Cash Transfers	Over/ (Under)
MDC Administered Grants[1]	$3,746,003	$3,831,553	$ 85,550
MDC Partially-funded Programs[2]	2,655,814	2,822,391	166,577
Subtotal	**$6,401,817**	**$6,653,944**	**$ 252,127**
Other Sources[3]	$2,014,986	$2,005,269	$ (9,717)
Administrative/Management[4]	1,040,114	741,467	(298,647)
Subtotal	**$3,055,100**	**$2,746,736**	**$(308,364)**
Total	**$9,456,917**	**$9,400,680**	**$ (56,237)**

See OIG Exhibit 2 for a detailed showing of the individual amounts comprising these summary totals.

1. This category applies to programs where the funds are administered by MDC. These funds come from federal agencies and are administered by MDC agencies and/or are funded directly by MDC. Federal funding sources includes funds from the US Housing and Urban Development (HUD) and US Health and Human Services (HHS), which are administered by MDC agencies. These programs include Headstart, Model Cities, and Homeless Programs. Also included in this category is the Pregnancy Prevention Program, which was 100% funded by MDC dollars.
2. This category applies to programs that are partially-funded by MDC. These programs are Early Childhood Development, Ex-Offender, Intensive Employment and Education, Multi-purpose (elderly), and Uplift programs. Other funding sources for these programs include the Children's Trust, United Way, Miami-Dade County Public Schools (M-DCPS), the Alliance for Aging, the US Department of Agriculture (USDA), US/Florida Department of Education, and US HUD, as administered by the City of Miami.
3. This category applies to JESCA's remaining programs, including Family Management, F.L.O.Y.D. House, Roving Leaders, and WIA Youth. Funding sources for these programs include US HHS, US HUD, USDA, the United Way, and M-DCPS.
4. JESCA did not receive any grants or awards for administrative or management services, except where permitted through a cost allocation plan. JESCA's funding for administrative and management costs were and should have been primarily raised through donations, contributions, and ticket sales to its Annual Gala dinner.

As mentioned earlier, typical JESCA grant agreements prohibit the commingling of funds. For example, JESCA's Head Start grant agreement, in a section titled *Prohibited Use of Funds*, states:

> The Provider [JESCA] shall not commingle funds provided under this Contract with funds received from any other funding sources. The Provider must be able to identify Head Start funds (receipts and

disbursements) either by separate general ledger accounts or by a subsidiary ledger that is reconciled to a bank account.

To summarize, JESCA attempted to mitigate some of its cash flow problems during this period by regularly raiding MDC administered grants and MDC partially-funded program accounts. This practice diverted program funds from their intended purpose, thus impacting the programs' operations and its ability to provide services. As a result, JESCA could continue to pay 100% of its administrative and management payroll costs despite not having sufficient dedicated funds for those purposes. To compensate for its cash flow problems, JESCA would occasionally delay the release of payroll checks for days after their scheduled release dates, or in some cases, to release the checks but to advise employees not to cash their checks.[16] In other instances, JESCA did not release checks issued from its payroll account to its general operating account, as described below.

Transfers from JESCA's payroll account to its GAO

As part of the OIG's review, we reviewed and traced 48 payroll account checks, totaling $467,271, that were made payable to JESCA's general operating account (GOA). According to JESCA's staff, they commingled all deductions from employees' gross pay into one amount for transfer to the GOA for ultimate distribution/payment. Typically, JESCA prepared one such check per pay period. The deductions included employee 403(b) contributions, employee premiums for additional employer-provided benefits (e.g., health insurance), contributions to the United Way, JESCA, employee purchases of JESCA Annual Gala tickets, etc.

As shown in the following Table 4, there were 17 checks, totaling $152,623, transferring funds from the payroll account that were not deposited into their intended destination—the GOA. Notwithstanding, JESCA later made payments to the intended recipients of the related employee payroll deductions, except to AXA Equitable, although not by using funds directly related to the corresponding payrolls.

Because of the various issues impacting JESCA's finances—untimely cash flow, its commingling of funds in the GOA, holding checks, "borrowing" funds from one program to pay for another's expenses and for its own administrative and managerial

[16] For example, the OIG noted that in October 2007, JESCA issued 40 payroll checks, totaling $64,767 that the bank rejected because of insufficient funds. The bank did not charge JESCA for returning these checks. Within one week, 25 of the checks were re-presented to and paid by the bank. Within two weeks, eleven more checks were re-presented to and paid by the bank. We were unable to determine the disposition of the remaining four checks.

expenses—we could not directly reconcile between the 17 payroll account checks (totaling $152,623) that were intended for but never deposited into the GOA and the 44 GOA checks (totaling $136,526) that were intended for but never sent to AXA Equitable. It is not unreasonable, however, to believe that there is some correlation between the 17 undeposited payroll account checks and the 44 unsent GOA checks to AXA Equitable.

TABLE 4 Summary of Payroll Account Checks To Transfer Funds From the Payroll Account to the General Operating Account

	# of Checks	Total Amounts
Deposited checks into the general operating account	31	$314,648
Not released checks during 2006 and later voided	6	$62,518
Not released checks during 2007 and later voided	4	$34,211
Redeposited checks to fund subsequent payrolls	7	$55,894
Subtotal—Not released and Redeposited checks	**17**	**$152,623**
Totals	**48**	**$467,271**

Out of these 17 checks, ten checks totaling $96,729 were never released and seven checks totaling $55,894 were redeposited back to the payroll account to fund subsequent payrolls.[17] The OIG further notes that an average of 71 days elapsed between the date a check was prepared and the date it was paid by the bank; the shortest period was 14 days and the longest period was 155 days.

JESCA staff stated that they addressed the deficits in the payroll account by releasing only those checks for which sufficient cash was on deposit in the payroll account. This practice was confirmed by the OIG during the review of JESCA's financial ledger and check register, wherein the records indicate that at the end of 2006 JESCA had previously printed but not released checks totaling $62,518. JESCA's external auditors reported this practice in the organization's 2006 Annual Financial Report.

During our interview with an ex-CFO, he advised us that towards the end of December 2007, he voided numerous checks that had been printed but not released, since there was no cash to cover the checks. The CFO advised the OIG that this action

[17] During mid-2007, JESCA began to transition its payroll account from Wachovia/First Union Bank to the Premier American Bank. Beginning August 24, 2007 through November 5, 2007, seven checks intended for the GOA were deposited into the newly opened payroll account at the Premier American Bank to fund subsequent payrolls.

was deliberate to avoid a repeat of the 2006 external auditor's comment regarding printed but unreleased checks. Again, this year-end practice of voiding unreleased checks was confirmed during our review of the financial ledger and check register.

FINDING No. 3 JESCA ACCOUNTS PAYABLE CONTROLS NEED IMPROVEMENT

We examined 203 payments made to 131 different vendors and individuals, totaling $205,048. We found 89 payments, totaling $73,156, that exhibited some procedural or documentation deficiency, as detailed in the following Table 5.

TABLE 5 Improper Payments

Description of Exceptions	Dollar Amounts	Total Exceptions	Exception Rate
Payment did not have adequate supporting documentation - missing invoice, receipt/invoice copies, etc.	$14,632	39	19.21%
Payment made twice to same vendor	$1,020	1	0.49%
Payment documentation was not located in vendor file or vendor file was missing	$1,470	5	2.46%
Payment advance with supporting receipts attached but dated after the referenced event	$200	1	0.49%
Receipts attached as support were less than payment amount	$2,210	3	1.48%
Payment was not approved through purchase requisition process	$49,155	27	13.30%
Payment advances to employees not reconciled and improperly documented	$4,469	13	6.40%
Totals	**$73,156**	**89**	**43.84%**

JESCA's failure to obtain original receipts and invoices prior to remitting payment can cause potential problems, such as the duplication of payment for the same services/goods, unauthorized payments, and lack of support required by the Internal Revenue Service. There were 39 payments that did not have invoices or in which an invoice copy—not an original—was attached as support.

In one instance, JESCA paid the City of Miami twice for the same $1,020 of permit fees. One payment was made via a JESCA check issued in payment of the City's original invoice. JESCA made the second payment via a reimbursement to an employee who paid the permit fee using a personal credit card over the internet and who submitted a printout of the transaction as support for the reimbursement. The City received both payments, but credited the second $1,020 payment to future permit periods instead of refunding the monies to JESCA. This occurrence also highlights another problem that we noted during our review, which is that employees apparently are authorized to pay JESCA operating expenses using their personal funds. Although we did not specifically identify and quantify these occurrences, JESCA staff informed us that this practice, in fact, was a relatively frequent occurrence.

JESCA also failed to consistently use its purchase requisition procedures, which we believe, would create potential problems budgeting for upcoming cash requirements and create a weakness in its approval process. There were 27 instances when purchase requisitions/orders were not used or were not created until after the invoices for the goods provided or services performed were already received.

In addition, JESCA remitted advances to employees without later reconciling the actual expenses to the advance amounts received. This weakness in controls could potentially allow for a misuse of funds or even embezzlement. There were 13 payments for employee advances, totaling almost $4,500, which did not contain receipts supporting that the expenses were incurred. One employee advance had supporting receipts that were dated forty days after the event.

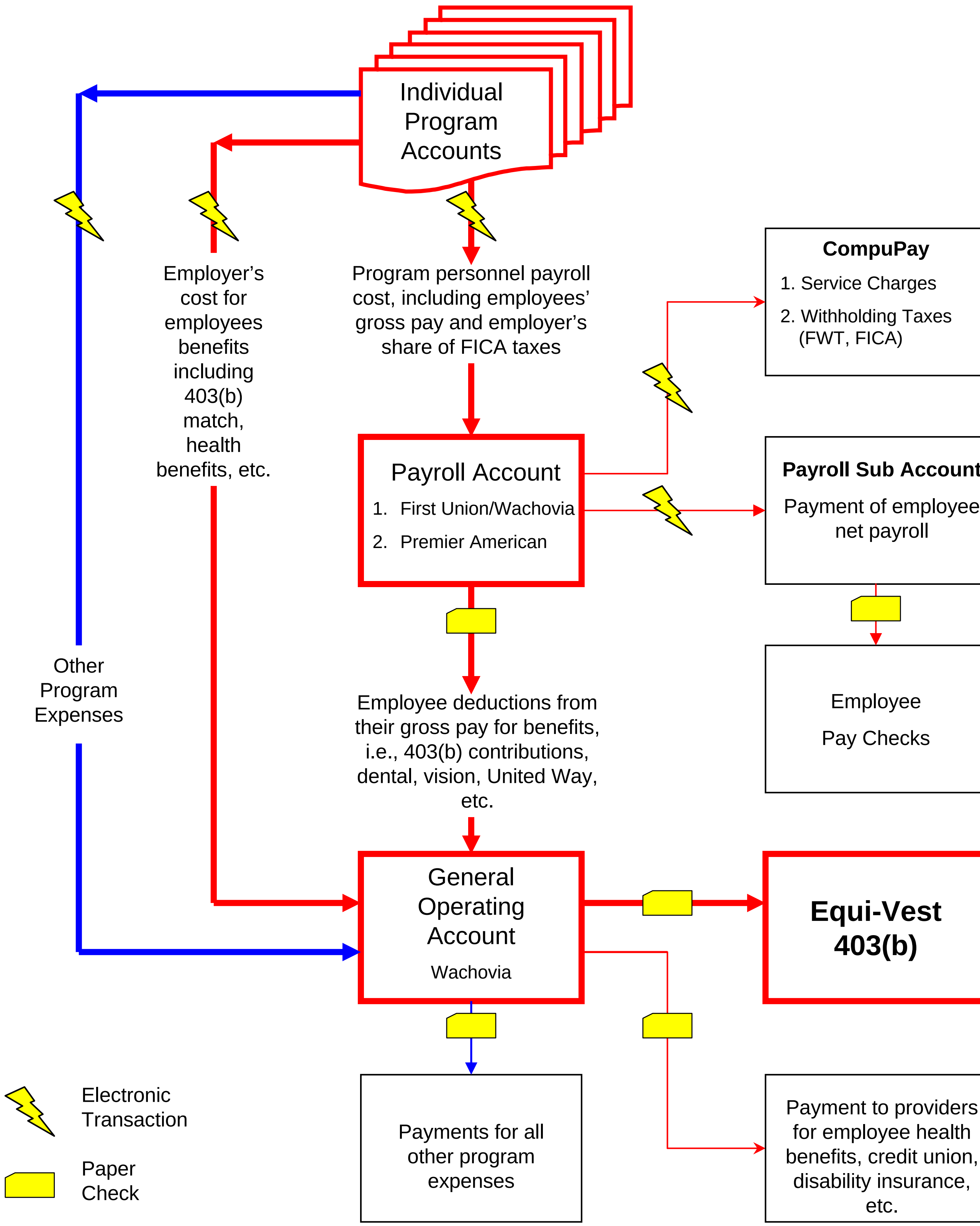
****

The OIG appreciates the cooperation and assistance afforded us by personnel from JESCA and from the CAA during the course of our audit.

EXHIBIT 1

James E. Scott Community Association, Inc.

Cash Flow Illustration With Emphasis on Payroll and 403(b) Activities



Prepared by Miami-Dade Office of the Inspector General

OIG EXHIBIT 2

James E. Scott Community Association, Inc.
Comparison of Cash Transfers and Payroll Required Funding
2006 & 2007

	2006			2007			2006 & 2007 COMBINED		
Program	**Payroll Required**	**Cash Transfers**	**Over/(Under)**	**Payroll Required**	**Cash Transfers**	**Over/(Under)**	**Payroll Required**	**Cash Transfers**	**Over/(Under)**
MDC Administered Grants (Federal and MDC Funds)									
Headstart	$1,445,865	$1,375,783	($70,083)	$1,464,360	$1,618,164	$153,804	$2,910,226	$2,993,947	$83,721
Model Cities	$125,081	$112,608	($12,472)	$129,079	$132,350	$3,271	$254,160	$244,958	($9,202)
Pregnancy Prev	$35,177	$39,796	$4,619	$36,242	$54,487	$18,246	$71,419	$94,283	$22,865
Homeless	$237,825	$284,977	$47,151	$272,373	$213,387	($58,985)	$510,198	$498,364	($11,834)
Subtotal	$1,843,949	$1,813,164	($30,785)	$1,902,054	$2,018,389	$116,335	$3,746,003	$3,831,553	$85,550
MDC Partially Funded Programs									
Early Childhood Dev	$377,204	$410,675	$33,471	$393,876	$373,592	($20,285)	$771,080	$784,267	$13,186
Ex-Offender	$79,759	$44,632	($35,127)	$81,249	$105,266	$24,017	$161,008	$149,898	($11,110)
Intensive Emp/Ed	$180,627	$276,240	$95,613	$171,145	$115,314	($55,832)	$351,772	$391,553	$39,782
Multi-Purpose/Elderly	$474,160	$465,175	($8,986)	$435,244	$565,304	$130,060	$909,404	$1,030,479	$121,074
Uplift	$222,677	$229,181	$6,505	$239,873	$237,014	($2,860)	$462,550	$466,195	$3,645
Subtotal	$1,334,426	$1,425,903	$91,477	$1,321,388	$1,396,489	$75,101	$2,655,814	$2,822,392	$166,577
Subtotal Miami Dade County	$3,178,375	$3,239,066	$60,692	$3,223,442	$3,414,878	$191,436	$6,401,817	$6,653,944	**$252,127**
Other									
Family Management	$106,998	$107,557	$559	$106,861	$95,896	($10,965)	$213,860	$203,453	($10,406)
FLOYD	$558,935	$530,767	($28,168)	$512,289	$428,161	($84,128)	$1,071,223	$958,928	($112,296)
Roving Leaders	$422,645	$364,279	($58,366)	$234,981	$206,735	($28,247)	$657,627	$571,014	($86,613)
WIA	$70,866	$130,696	$59,829	$0	$0	$0	$70,866	$130,696	$59,829
Other (1)	$1,410	$121,068	$119,657	$0	$20,111	$20,111	$1,410	$141,178	$139,768
Subtotal	$1,160,855	$1,254,366	$93,511	$854,132	$750,903	($103,228)	$2,014,986	$2,005,269	($9,717)
Administration/Mgt	$510,271	$404,105	($106,166)	$529,843	$337,363	($192,481)	$1,040,114	$741,467	($298,647)
Subtotal Other	$1,671,125	$1,658,471	($12,654)	$1,383,975	$1,088,266	($295,709)	$3,055,100	$2,746,737	**($308,364)**
TOTAL	$4,849,500	$4,897,537	$48,037	$4,607,417	$4,503,144	($104,273)	$9,456,917	$9,400,681	($56,237)

(1) - Primarily consists $100,000 line of credit and $20,000 loan

Payroll Required: This data was taken from CompuPay Payroll records for 2006 & 2007 and include employee gross payroll and employer taxes, workers compensation, unemployment taxes and 403b contribution.

Cash Transfers: Funds transferred from individual program bank accounts to the payroll account to cover the allocated payroll costs. Adjustments have been made for fund transfers between banks and for returned checks.

Over/(Under): Represents the difference between funds transferred into the Payroll Account and the amount required. Positive differences represent excess funds transferred-in to the Payroll Account. These monies were used to fund other program payroll costs,

Prepared by Miami-Dade County Office of the Inspector General

MIAMI-DADE COUNTY
OFFICE OF THE INSPECTOR GENERAL

OIG APPENDIX A

Community Action Agency Response

IG08-66A

Memorandum

MIAMI-DADE COUNTY

Date: September 10, 2009

To: Chris Mazzella, Inspector General
Office of the Inspector General

From: Julie B. Edwards, Executive Director
Miami-Dade Community Action Agency

Subject: Response to OIG Draft Report, IG08-66A

This memorandum responds to the above referenced draft report, specifically Audit Finding No. 2 which states "JESCA diverted $252,127.00 of Miami-Dade controlled program funds from their intended purpose." It is staff's observation that the delineation of funding in question that was utilized by the James E. Scott Community Association (JESCA) for Head Start services is not clear in the format presented in the report. The format presented is considered in general to make a specific reference to the utilization of Head Start funding by the agency. For clarification purposes, a summary of actions taken by the Miami-Dade Community Action Agency (CAA), relative to the knowledge of issues with JESCA's operations, in reference to the Head Start program is outlined below.

JESCA has been a Delegate agency for the provision of Head Start services with Miami-Dade County, through a contract with CAA, for more than 35 years. During this time, a number of issues were discovered by CAA staff and discussed on numerous occasions with JESCA's staff including concerns regarding the agency's management of the program, lack of critical staff (i.e. accountant), and the program's fiscal capacity.

During the 2006-2007 program year, JESCA was awarded a contract in the amount of $2,164,093.00 for the operation of 417 Head Start slots. At the end of the contract period, JESCA owed the County a balance of $47,900.06 due to unsubstantiated expenses as the agency could not produce cancelled checks to support the claimed expenditures.

During the 2007-2008 program year, JESCA was awarded a contract in the amount of $2,793,900.00 for the operation of 417 Head Start slots. During this period, while there were questions concerning the segregation of the Head Start program funds and administrative oversight, the agency supported all expenditures through the provision of cancelled checks.

As a result of the tri-annual federal review conducted by the United States Department of Health and Human Services (HHS) of the County's Head Start program in May 2008, JESCA as a Delegate agency was cited with a number of non-compliances that were both financial as well as programmatic. A copy of the report is attached. The review along with concerns raised by Head Start's administration regarding the agency's inability at that time to fiscally support the operation of the program, resulted in the reduction by the County of JESCA's Head Start slots from 417 to 260 for the 2008-2009 program year. This represented a reduction of 157 slots, approved by the Head Start Policy Council and the CAA Board.

Subsequent to the federal review, concerns continued to surface from JESCA's staff at the time regarding the agency's lack of funding and inability to meet payroll. As a result of the number and frequency of inquires to the County, specifically CAA, additional meetings were held with JESCA's staff to better understand the agency's status and the impact to the program, the children, and staff.

The 2008-2009 program year represented a partial year of operation for JESCA. A contract in the amount of $1,742,000.00 was awarded to the agency, including a start-up advance of $348,400 to cover expenses at the beginning of the school year in August 2008 for the operation of the 260 Head Start slots. The County assumed operation of the other 157 slots with the intent to issue a Request for Proposals (RFP) for the assumption of these slots by an approved Delegate agency, commencing with the 2009-2010 program year. Based on the contract advance of $348,400, $307,400.69 was recovered, resulting in a balance owed to the County by JESCA of $40,999.31. The total amount now owed to the County by JESCA is $88,899.37.

On November 10, 2008, amidst a series of issues that were brought to light about the agency, JESCA's Board Chair submitted a letter to the County, dated July 28, 2008, advising that the agency was no longer interested in operating a number of County funded programs, including Head Start. Concurrently, in light of the concerns raised publicly about JESCA, and the lack of response from the agency's administration in adequately addressing the concerns, particularly the issue of staff not being paid and the lack of resources to support the operation of the Head Start centers, the CAA Board approved the termination of JESCA's contract with the County at their meeting on November 10, 2008. Accordingly, the County temporarily assumed the operation of all of JESCA's Head Start centers, including the operation of the 260 Head Start slots on November 14, 2009.

All efforts have been explored to collect the money owed to the County by JESCA pursuant to the contract for Head Start services. Meetings were held on several occasions with JESCA's administrative staff to discuss the issues of concern. Most recently, the matter of outstanding/unsubstantiated cancelled checks, and the lack of payment to staff were discussed with the acting CEO. At different times, the meetings included members of JESCA's administrative staff, two of the agency's prior CEOs, and board members. Staff/agency representatives present at the meetings admitted that the agency was experiencing cash flow concerns as well as issues with regard to internal controls. However, the County was assured by JESCA that the issues were being addressed. As of the termination of JESCA's contract with the County for Head Start services, these matters remained unresolved.

The County continues to pursue JESCA for resolution of the outstanding payments. Copies of correspondence to the agency regarding the County's concerns as well as the report from HHS regarding the results of the County's tri-annual review of Head Start are attached for your review. If you have any questions or require additional information or clarification, please feel free to contact me at (786) 469-4613.

Attachments

cc: Irene Taylor-Wooten, Special Assistant for Social Services

MIAMI-DADE COUNTY

Community Action Agency
Head Start/Early Head Start Division
395 NW 1st. Street
Suite # 103
Miami, Florida 33128
Telephone: (305)347-4622
Fax: (305) 372-7623

ADA Coordination
Agenda Coordination
Art in Public Places
Audit and Management Services
Aviation
Building Code Compliance
Building
Business Development
Capital Improvements
Citizen's Independent Transportation Trust
Communications
Community Action Agency
Community & Economic Development
Community Relations
Consumer Services
Corrections & Rehabilitation
Countywide Healthcare Planning
Cultural Affairs
Elections
Emergency Management
Employee Relations
Enterprise Technology Services
Environmental Resource Management
Fair Employment Practices
Finance
Fire Rescue
General Services Administration
Historic Preservation
Homeless Trust
Housing Agency
Housing Finance Authority
Human Services
Independent Review Panel
International Trade Consortium
Juvenile Assessment Center
Medical Examiner
Metropolitan Planning Organization
Parks and Recreation
Planning and Zoning
Police
Procurement Management
Property Appraiser
Public Works
Safe Neighborhood Parks
Seaport
Solid Waste Management
Strategic Business Management
Team Metro
Transit
Urban Revitalization Task Force
Vizcaya Museum and Gardens
Water and Sewer

September 17, 2007

Mr. John Antieau, Chief Financial Officer
James E. Scott Community Association, Inc.
2440 NW 54th Street
Miami, FL 33142

Re: Head Start Fiscal Items

Dear Mr. Antieau:

We looked at your HS Budget, Cost Allocation, and Head Start breakdown. The cost allocation did not list all the names of the funding sources and some employees' allocation percentages were not correct. The open positions were for 17.5 or 24 pay periods. Were you not planning to fill these positions at the beginning of the year? Some of the filled positions had more pay periods than others. Are these pay periods enough for employees' holidays and vacations?

The amounts you gave on the Head Start Breakdown and the HS Budget did not match. There was no money allocated for children transportation. How were you planning to do Field Trips and Transition Activities? It appears that not all employees will receive COLA. Please clarify the above items as well as make the appropriate changes to your Head Start Budget, Cost Allocation, and Head Start breakdown by Wednesday, September 26, 2007. If we do not have these changes and clarifications we will not be able to review your reimbursement packages.

Yours truly,

Jane W. McQueen

Jane W. McQueen, Director
Head Start/Early Head Start Program

JWM: gnw-b

XC: Dr. William S. Atkins, CAA Deputy Director
Julie Edwards, CAA Interim Executive Director
Sylvia Styles, Executive Vice President, JESCA
Gale Morris, Executive Director, JESCA

Memorandum

MIAMI-DADE COUNTY

Date: December 27, 2007

To: Irene Taylor-Wooten
Special Assistant for Social Services
Office of the County Manager

From: Julie Edwards, Interim Executive Director
Miami-Dade Community Action Agency

Subject: JESCA's Head Start Program - Concerns

This memo is written to provide an update on the status of the issues raised regarding the James E. Scott Community Association (JESCA), a Head Start/Early Head Start Delegate agency. As you are aware, a meeting was scheduled with JESCA staff as a result of concerns identified by the Community Action Agency's (CAA) Head Start staff, and the receipt of several calls from JESCA's staff regarding their pay checks. The meeting was held on October 31, 2007. In attendance were staff from JESCA, including the agency's Executive Director, Commissioner Dorrin Rolle, CAA Head Start administrative staff and me.

The meeting focused on programmatic and fiscal concerns as well as areas where the agency was found to be non-compliant with Head Start/Early Head Start regulations. Among specific issues of concern were: staff vacancies (i.e. teaching staff and a program accountant); and the failure of the agency to submit cancelled checks as proof to support expenditures for which reimbursement was already received. It was noted that JESCA had a total of $136,404 in unsubstantiated outstanding checks from the 2006 – 2007 program year which ended July 31, 2007. While JESCA's staff did not agree with the total amount of unsubstantiated outstanding checks, they acknowledged that there were unsubstantiated outstanding checks.

The agency was given until November 30, 2007 to provide proof to substantiate the cancelled checks and other documentation necessary to support the appropriate and timely expenditure of program funds already reimbursed. It was understood that the County would be requesting payment in full for those expenses that could not be supported with documentation. As of the date of this memo, the total amount of unsubstantiated cancelled checks still outstanding from JESCA, while reduced, was noted to be $81,118.50. Accordingly, pursuant to the agreement and the contractual requirements, a letter was sent to JESCA on December 20, 2007, demanding payment in full for $81,118.50, to be received no later than December 31, 2007.

In addition to the outstanding balance for the 2006 – 2007 program year, staff also noted outstanding cancelled checks void of the required documentation, totaling $83,409.51 for the new program year (2007 – 2008) which began August 20th. The agency has been advised that documentation for these checks must also be provided by December 31st, or adjustments will be made to their reimbursement requests, beginning January 2008, and for subsequent months thereafter, until the amount of the outstanding cancelled checks for the current program year have been satisfied.

Following the meeting with JESCA, other County departments that currently provide, or provided funding to JESCA were contacted to see if they were also experiencing any difficulties with the agency. In addition to CAA, JESCA receives funding from the Homeless Trust, and the Department of Human Services. In prior years, the agency also received funding from the Office of Community and Economic Development (OCED), as well as the South Florida Employment and Training Consortium (SFETC). Comments and concerns were consistent across all funders. There also appears to be a general concern regarding the agency's apparent cash flow problem.

Given the nature and magnitude of the issues discussed at the October 31st meeting, it is my recommendation that the County immediately initiate an audit of JESCA's records. As the grantee for Head Start/Early Head Start in this community, Miami-Dade County is ultimately responsible for ensuring program compliance for all Head Start/Early Head Start providers. Further, in 2008 CAA is scheduled for a Federal review of the Head Start/Early Head Start program, which occurs every 3 years. We have been preliminarily notified that the review will take place sometime in mid-year; however a specific date has not been set. In preparation for that review, staff are conducting on-going monitoring visits of all program sites in order to identify and address issues in advance that could otherwise become concerns for the entire program. However, the concerns with JESCA appear to be increasing and may be beyond the scope of the reviews conducted by staff.

I will continue to keep you advised of the status of JESCA. Please feel free to contact me if you have any questions or require any additional information.

CC: Dr. William Atkins
Jane McQueen
Christine Forde-King

The Handfield Firm

TELEPHONE (305) 576-1011
FAX (305) 576-2304

OFFICE AT BAY POINT, SUITE 1200
4770 BISCAYNE BOULEVARD
MIAMI, FLORIDA 33137

May 19, 2008

Dr. William Zubkoff
Chairman of the Board
Miami Dade Community Action Agency
701 NW 1st Court
10th Floor
Miami, FL 33136

Dear Dr. Zubkoff:

This letter is written on behalf of the James E. Scott Community Association (JESCA)Board of Directors requesting to retain the 417 Head Start slots allocated to JESCA. The board is aware of prior fiscal deficiencies and is working diligently to correct the problem.

As interim chairman of the board, the following action steps have been taken:

1. Secured a loan to pay all outstanding debts.
2. Appointed a fiscal oversight board to monitor revenues and expenditures, and to reconcile all outstanding debts.
3. Formed a search committee to advertise, interview, and recommend potential candidates to serve as the CEO of JESCA.

Additional steps are being considered for the efficient and effective operation of the organization:

1. To hire a consultant to provide a comprehensive assessment of all fiscal matters including personnel and present these findings to the board.
2. Restructuring of personnel and downsizing as funding dictates.
3. To comply with the Head Start Performance Standards, develop a job description for a designated fiscal coordinator to manage the expenditures of Head Start funds.
4. Review fiscal internal control and make changes as deemed necessary.
5. To expand its fundraising effort to secure the 20% Head Start Program match, of which 5% will be in-kind.

6. To work with funding source to ensure efficient and effective operation of all programs.

I would appreciate a meeting with Community Action Agency's Board to discuss any concerns.

In the interim, should you need to contact me, I can be reached at (305)579-1206.

Sincerely,

Larry R. Handfield, Esq.
Interim Chair, JESCABoard

C: Julie Edwards, Executive Director
Community Action Agency

MIAMI-DADE COUNTY

Carlos Alvarez, Mayor

Community Action Agency
Office of the Executive Director
Overtown Transit Village North
701 NW 1st Court, Suite 1000
Miami, FL 33136
T 786-469-4613 F 786-469-4639
www.miamidade.gov

March 05, 2008

Mrs. Sylvia Styles, Acting President and CEO
James E. Scott Community Action (JESCA), Inc.
2389 NW 54th Street
Miami, Florida 33142

Dear Mrs. Styles:

I am in receipt of your correspondence regarding fiscal issues at JESCA. In regard to the assignment of Luis Pradere as the Head Start Accountant, please forward a copy of request for approval for Mr. Pradere to occupy the position along with a resume and other supportive documentation that will prove his qualifications.

Additionally, if Mrs. Young is the new Chief Fiscal Officer, please ensure that her qualifications are in accordance with the Head Start Performance Standards.

Please provide the name of the banking institution and the date this account was established for the Head Start Account.

Finally, please be advised that we have deducted outstanding cancelled checks from reimbursement packages that JESCA submitted that could not be justified. If you feel that there are discrepancies that need to be reviewed, please feel free to contact us in order that we might resolve these concerns.

Sincerely,

Jane W. McQueen

Jane W. McQueen, Head Start/Early Head Start Director

XC: Julie B. Edwards, CAA Executive Director
William S. Atkins, CAA Deputy Director
Maria Abreu, Accountant Manager

Since JESCA 1925

THE JAMES E. SCOTT COMMUNITY ASSOCIATION, INC.

2389 N.W. 54th STREET • MIAMI, FLORIDA 33142 • PHONE: (305) 637-1018 / (305) 637-1000 • FAX: (305) 638-4642
E-mail: jesca@bellsouth.net • Website: www.jescaonline.org

July 28, 2008

Mr. George Burgess
County Manager
Stephen P. Clark Center
111 N.W. 1st Street, Ste. 2910
Miami, FL 33128

Dear Mr. Burgess:

In light of ongoing inefficiencies, The James E. Scott Community Association (JESCA) recently revised its Board of Directors in an effort to revitalize its programs and public image. In doing so, the Board's Oversight Committee(s) has discovered that the agency's internal problems are more extensive than originally thought.

The Board has concluded that JESCA, due to its fiscal and programmatic problems needs to be restructured and revamped. The agency is rapidly approaching financial insolvency and the Board cannot fix the organization with staff as is. The agency is currently in arrears with employee compensation and is therefore respectfully requesting immediate assistance from the County to make JESCA's employees whole.

Further, the Board is respectfully requesting to exercise the agency's contractual agreement to terminate the following contracts as soon as a management transition can be completed:

- Early Childhood Development
- Headstart
- Multi-purpose (elderly) Program

In the interim, the Board intends to continue to function in its oversight/advisory capacity in order to revitalize the organization with the intent to resume full responsibility to JESCA for these programs as soon as possible. In its efforts to realize this goal, please be advised that the Board will also be requesting that an independent investigation be conducted by the Office of Inspector General and will notify Miami-Dade County State Attorney's Office.

If you have any questions or concerns, please do not hesitate to contact me at (305) 576-1209.

THE JAMES E. SCOTT COMMUNITY ASSOCIATION, INC.
2389 N.W. 54th STREET • MIAMI, FLORIDA 33142 • PHONE: (305) 637-1018 / (305) 637-1000 • FAX: (305) 638-4642
E-mail: jesca@bellsouth.net • Website: www.jescaonline.org

July 28, 2008

Mr. George Burgess
County Manager
Stephen P. Clark Center
111 N.W. 1st Street, Ste. 2910
Miami, FL 33128

Dear Mr. Burgess:

In light of ongoing inefficiencies, The James E. Scott Community Association (JESCA) recently revised its Board of Directors in an effort to revitalize its programs and public image. In doing so, the Board's Oversight Committee(s) has discovered that the agency's internal problems are more extensive than originally thought.

Accordingly, we are respectfully requesting the loan of two (2) County employees to oversee the daily fiscal and programmatic operations of JESCA. Specifically, we are requesting a CFO for fiscal operations and a second employee with daily programmatic operations experience in order to assure continued services to the youth, elderly and local community.

Your consideration and assistance is greatly appreciated. We look forward to a favorable response. Should you have any questions or concerns, please do not hesitate to contact me at (305) 576-1209.

Sincerely,

Larry R. Handfield, Esq.
Interim Board Chair

CC: JESCA Board of Directors
Irene Taylor-Wooten, Special Assistant to County Manager
Julie Edwards, CAA Executive Director

THE JAMES E. SCOTT COMMUNITY ASSOCIATION, INC.
2389 N.W. 54th STREET • MIAMI, FLORIDA 33142 • PHONE: (305) 637-1018 / (305) 637-1000 • FAX: (305) 638-4642
E-mail: jesca@bellsouth.net • Website: www.jescaonline.org

July 28, 2008

Christopher Mazzella, Inspector General
Office of the Inspector General
19 West Flagler Street
Miami, FL 33130

Re: Request for audit/investigation; James E. Scott Community Association

Dear Mr. Mazzella:

In light of ongoing inefficiencies, The James E. Scott Community Association (JESCA) recently revised its Board of Directors in an effort to revitalize its programs and public image. In doing so, the Board's Oversight Committee(s) has discovered that the agency's internal problems are more extensive than originally thought.

Based upon our internal investigation, it has come to our attention that there are potential fiscal/programmatic irregularities involving State and County funds that require an independent audit and examination. Please accept this letter as our request for such an investigation to be conducted by the Miami-Dade County Inspector General's Office.

Your consideration and assistance is greatly appreciated. We look forward to a favorable response. Should you have any questions or concerns, please do not hesitate to contact me at (305) 576-1209.

Sincerely,

Larry R. Handfield, Esq.
Interim Board Chair

CC: JESCA Board of Directors
Carlos Alvarez, Mayor, Miami-Dade County
George Burgess, Miami-Dade County Manager
Joseph Centorino, Esq., Office of the State Attorney
Irene Taylor-Wooten, Special Assistant to County Manager
Julie Edwards, CAA Executive Director

MIAMI-DADE COUNTY

Carlos Alvarez, Mayor

County Executive Office
County Manager
111 NW 1st Street • Suite 2910
Miami, Florida 33128-1994
T 305-375-5311 F 305-375-1262

miamidade.gov

September 8, 2008

Mrs. Sylvia Styles, Acting President & CEO
James E. Scott Community Association, Inc.
2389 NW 54th Street
Miami, FL 33142

Dear Mrs. Styles:

This correspondence is in relation to an issue that has been brought to my attention regarding your agency.

On Friday, August 22, 2008 the Mayor as well as staff at the Community Action Agency received an email stating that employees in JESCA's Head Start program are not being paid. The author of the email also requested that Miami-Dade County review this situation.

As you are well aware, Miami-Dade County through its Community Action Agency, contracts with JESCA for the provision of Head Start/Early Head Start services. In accordance with the executed contract, JESCA is paid on a cost-reimbursement basis for expenditures incurred in the operation of the program. Pursuant to established business practices, personnel costs are considered a component of the program's operational costs. As such, the reimbursements paid to JESCA would include monies for the personnel costs for the period covered by the reimbursement request. In fact, the attached copies of your agency's Monthly Reimbursement packages for May and June 2008, show the payroll expenses and are certified as actual expenses incurred during these periods. However, in contrast, in your letter of August 26, 2008 to Julie Edwards, you show a number of employees for whom compensation is due for this same period.

If employees are not being paid, as alleged, as the grantee agency responsible for the disbursement of the federal funds received for Head Start, the County has to question whether or not JESCA is properly using the funds allocated to the agency for Head Start. Pursuant to your contract, the ineffective or improper use of County funds is considered a breach of the contract, which entitles the County to pursue any and all remedies to the contract including termination of the contract, suspension of payment, legal enforcement, and debarment from future County contracting. Furthermore, JESCA has a contractual duty to follow and meet its Performance Standards, which require that your agency provide and maintain the appropriate level of staff. Again, your letter dated August 26 causes the County to question the agency's ability to maintain this required level of staffing.

Pursuant to Section XVIII (F) of the contract, I have directed our Department of Audit and Management Services to initiate an audit of your agency's financial records as they pertain to Head Start, in order to determine the validity of the allegations and to ensure that JESCA is in compliance with its contract, upon receipt of this letter. Based upon the audit findings, a determination will be made with regards to the continuation of your contract for Head Start services.

Please know that while the County recognizes the value of JESCA to the community and the agency's long standing history as a service provider, we also have a responsibility to ensure the proper use of the funds provided to the County for services to benefit our residents.

If you have any questions please contact Irene Taylor-Wooten, Special Assistant for Social Services at (305)-375-2713.

Sincerely,

George M. Burgess
County Manager

Attachments

C: Honorable Carlos Alvarez, Mayor
Denis Morales, Chief of Staff, Office of the Mayor
Irene Taylor-Wooten, Special Assistant for Social Services
Cathy Jackson, Director, Department of Audit and Management
Julie Edwards, Executive Director, Community Action Agency
Phyllis Tynes-Saunders, Director, Department of Human Services
Jane McQueen, Head Start Director, Community Action Agency
Richard Harris, Director, Contract Management Division, DHS
Larry Handfield, Esq., Board Chair, JESCA
Dr. William Zubkoff, Chair, Community Action Agency Board

Memorandum

MIAMI-DADE COUNTY

Date: October 28, 2008

To: George M. Burgess
County Manager

From: Julie Edwards, Executive Director
Miami-Dade Community Action Agency

Subject: Proposed Transition Plan for JESCA's Head Start Program

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As requested, a transition plan has been prepared in the event the County has to take over the operation of the James E. Scott Community Association's (JESCA's) Head Start program. Additionally, should it be determined that the County must take over the immediate operation of JESCA's Head Start program, the plan would be accelerated to accommodate all of the action steps necessary to facilitate such a transition. In accordance with the plan, contact would be made immediately with the United States Department of Health and Human Services (HHS), advising them of the actions intended by the County, including terminating the agreement with JESCA for the provision of Head Start services, and becoming the operator of the slots (260) that are currently operated by the agency.

In addition to the above, a meeting would be held with the JESCA Board of Directors informing them of the County's intent to terminate the agreement and take over the operation of the agency's Head Start program. A formal letter would follow detailing the County's reasons for terminating the agreement. The Head Start Policy Council and Community Action Agency (CAA) Board of Directors would also be notified of the actions to be taken by the County, and their approval/ratification of such actions would be sought. Approval would also be requested at that time from both groups, authorizing staff to initiate, with the Department of Procurement Management (DPM), a Request for Proposals, to select a Delegate(s) to operate the 260 slots currently operated by JESCA. However, given the timing of when the County takes over the operation of JESCA's Head Start slots, it may be in the best interest of the program, for the County to continue to operate the slots until the end of the school/program year, through July 31, 2009. This would allow for continuity of services throughout the school year, as well as allow for a greater degree of stability for the children and their families.

Additionally, County staff would immediately notify parents of children enrolled in JESCA's Head Start program as well as the agency's staff, of the County's intent to take over the operation of the program. In addition, those activities that require immediate attention such as food, linen and other services would be addressed simultaneously to avoid any disruption in services. The Department of Children and Families and Miami-Dade Fire Department would also be contacted to expedite any transfer of licenses, etc. The County's General Services Administration (GSA) would be notified to expedite the transfer all lease agreements involving County facilities currently utilized for Head Start services from JESCA to CAA.

Additionally, discussions would take place with the Department of Human Resources to establish/approve the recruitment of temporary center staff until a delegate(s) could be selected to operate the slots. Center Directors and other staff of County-operated Head Start facilities would be assigned to oversee JESCA's facilities in close proximity to their centers.

Over the summer, staff implemented a similar transition plan in taking over the operation, temporarily, of 157 Head Start slots operated by JESCA and 76 Head Start/Early Head Start slots operated by Barry University. Both transitions went smoothly, and the County is still operating those slots as DPM finalizes the solicitation process to select delegate agencies. It is our hope that we will experience the same success in taking over the operation of the remaining JESCA slots, in an expedited manner, should staff be called upon to do so.

Please feel free to contact me at (786) 469-4613, if you have any questions or require additional information.

Cc: William Zubkoff, CAA Board Chairperson
Denis Morales, Mayor's Chief of Staff
Irene Taylor-Wooten, Special Assistant for Social Services
Dr. William Atkins, CAA Deputy Director
Jane McQueen, Head Start/Early Head Start Director

Memorandum

MIAMI-DADE COUNTY

Date: October 28, 2008

To: George M. Burgess
County Manager

From: Daniel T. Wall, Director
Office of Grants Coordination

Subject: Contingency Plan for JESCA Social Services Contracts

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The Office of Grants Coordination (OGC), working in tandem with the Special Assistant for Social Services, is prepared to immediately begin coordinating County resources and services to assist clients of the James E. Scott Community Association, Inc. (JESCA) should such assistance be required. The OGC administers six contracts with JESCA funded in FY 07-08 for services ranging from childcare, case management, homeless programs, elderly meals, risk reduction, counseling services, early childhood development, and life skills training (Attachment 1). The total allocation for these agreements is $696,725. Contracts with JESCA have not been executed for FY 08-09 as we continue to work with the agency to resolve outstanding issues related to prior year funding.

Should County assistance be required, OGC will work with the Department of Human Services, the Community Action Agency, the Homeless Trust, and contracted service providers to contact affected clients, assess personal needs, and make the necessary referrals to other programs and services. OGC staff has already begun the process of identifying other contracted service providers who receive County funding to provide services similar to those offered by JESCA. The OGC will lead efforts to quantify the resources necessary to support continuity of services for JESCA clients via alternative means. Commission action may be required to reallocate funding from the FY 08-09 JESCA allocation to other County agencies and/or community-based providers to support ongoing efforts to address the service needs of JESCA clients.

If you have any questions, I may be contacted at OGC (305) 375-4742.

c: Jennifer Glazer-Moon, Director, Office of Strategic Business Management
Irene Taylor-Wooten, Special Assistant for Social Services
Phyllis Tynes-Saunders, Director, Department of Human Resources
Julie Edwards, Executive Director, Community Action Agency
David Raymond, Executive Director, Miami-Dade County Homeless Trust

JESCA Contracts Administered by the Office of Grants Coordination

Attachment 1

Name and Address of Agency	Name of Program	Target Population	Contracted Client Total	Allocation	Payment Status	Brief Description
James E. Scott Community Association 2389 N.W. 54th Street Miami, FL 33142	Childcare Services for the Working Poor	Toddlers ages 2 to 4 years old	14	$34,000	On Hold	The program is designed to provide an educational program for toddlers age 2 to 4 years old. The toddlers are prepared to transition in to Head Start. In addition, the program encourages language, cognitive, physical, social and emotional development that is developmentally appropriate. The toddlers receive supervision, nurturing and educationally stimulating activities and the parents receive weekly written reports on their child's progress. The program is conducted at JESCA II Olive Alexander ECD Center which is located 2271 N. W. 72 Street, and proposes to serve 14 children.
James E. Scott Community Association 2389 N.W. 54th Street Miami, FL 33142	Homeless Prevention Case Management	Low income families within Miami-Dade County	34	$52,275	On Hold	The program is designed to assist individuals and families, that have multiple challenges, with achieving stabilized housing, either in their own home or in new housing. The program also promotes efforts that will keep families in sustainable housing, thereby preventing them from ever requiring emergency shelter. Additionally, the program provides financial assistance for those at risk of losing housing, provides direct assistance in supplemental rent subsidy, provides direct assistance with utility bills, as well as case management services. The program proposes to serve 34 clients. Clients are referred by neighborhood service centers throughout the community.
James E. Scott Community Association 2389 N.W. 54th Street Miami, FL 33142	Home-Based Enhanced Nutrition	Individuals 55 and older with a high nutritional score	35	$42,500	On Hold	The program is designed to provide meals to homebound elderly persons who are unable to come to the Center. Clients are re-evaluated every six months for assistance, and are referred to any other needed services. The program proposes to serve 35 participants.
James E. Scott Community Association 2389 N.W. 54th Street Miami, FL 3347	Risk Reduction-Teen Pregnancy Prevention	Adolescents between the ages of 10-19	38	$51,000	On Hold	The program's primary purpose is to reduce the teenage pregnancy rate in the Liberty City/Model City areas. Participants are referred from Floyd House, a juvenile residential program, which works in conjunction with the Juvenile Justice Department. Clients are trained on topics which include sexually transmitted diseases, self-esteem, life skills, basic health skills and employability skills. The agency has developed public service announcements and videos regarding abstinence and safer sex methods. The program proposes to serve 38 participants.
James E. Scott Community Association 2389 N.W. 54th Street Miami, FL 33142	The Uplift Program	Children, Youth, and Families	90	$154,000	On Hold	The Uplift Program is a 15 or 26 week program designed to provide psychological assessments and counseling to low-income families in the Liberty City area. The participants also engage in the Strengthen Families Program, which is a fourteen (14) week behavior modification program that incorporates classes for parent's sessions for children and activities for the families.
James E. Scott Community Association 2389 N.W. 54th Street Miami, FL 33142	Early Childhood Development / Case Management Services "Young Girls to Young Ladies" / Elderly Transportation / Model Cities Youth Streetworker Program / Transition and Stabilization-Primary Care Homeless	Youth and Families, At-risk girls, elderly, homeless	250-Elderly Transportation / 39 Childcare Services / 115 Model Cities Youth Streetworker / 80 Homeless / 40 At Risk Girls / TOTAL: 524	$362,950	Hold Removed	**The Multipurpose Elderly Transportation** provides congregate meals, home meals and also door-to-door transportation and general social services to the elderly. **Transition and Stabilization - Primary Care Homeless** provides assistance to the homeless population. This program has a center for the homeless who look for services due to their drug abuse and their HIV problems. They are also provided support services and are able to stay in the center for six months. The **Early Childhood Development Program** provides services to children from two to five year old and they include meals, educational activities, field trips, etc. The **Model Cities Youth Street Worker Program** works with at risk youth involved in the juvenile system and drop-outs from school. The **Young Girls to Young Ladies program** works only with females from High school to keep them out of trouble and improve their life skills. Some activities include field trips and seminars. The program aims at improving their self-esteem skills and attitude towards life.

Memorandum

MIAMI-DADE COUNTY

Date: October 27, 2008

To: George M. Burgess
County Manager

From: Phyllis Tynes Saunders
Phyllis Tynes-Saunders, Director
Department of Human Services

Subject: Contingency Plan - JESCA Meals

The Miami-Dade County Department of Human Services (DHS) is prepared to offer congregate and homebound meals, on an interim basis, until determination is made for ongoing services for the James E. Scott Community Association's (JESCA) clients. Based upon the information received from JESCA, they currently provide approximately 470 congregate meals to elderly clients on a daily basis. These meals are served at ten sites located throughout Miami-Dade County (Attachment 1) and are currently funded through the Alliance for Aging Congregate Meals Program. Upon receipt of notification and/or directive from the County Executive Office, DHS is able to readily serve these clients within 48 hours of notification.

The Department is prepared through its resources or temporary agencies to deploy staff to disburse the meals on a daily basis. Further, the neighborhood based/meal centers may be able to accommodate additional participants that may need to be diverted from the current JESCA sites.

In terms of the homebound meals (65 frozen and 25 hot) schedules will be adjusted to accommodate distribution to these additional participants through the Department's Meals on Wheels Program.

Notification	Action	Responsibility
Within 24 hours	Identify meal sites where leases can be absorbed or transferred to departmental neighborhood/meal centers	Richard Harris
Within 48 hours	Notify current contracted meal vendor of additional meals to be provided	Paul Prevost
Within 48 hours	Deploy staff to the affected sites	Paul Prevost

As of the writing of this report, we have confirmed with Construction Catering with their ability to respond to this request within 48 hours. Maritza Alonso will serve as the liaison for the Department of Human Services. She can be reached at (305) 514-6133 and after hours (305) 469-9333.

Attachment

Department of Human Services - JESCA Meals

Agency	Funding Agency	Funding Type	Program	Target Population	# of Clients	DHS can assume under what program	Estimated Costs	Type
JESCA	DHS	CBO	Home Based	Individuals 55+	35	Meals on Wheels		Increase the number of meals
2389 NW 54th street			Enhanced-Nutrition	at high risk				delivered through our current service
JESCA	AFA	OAA C-1	Meals for the		65	Meals for the Elderly		Assume service and hire staff on a
Hadley/Meek Senior Ctr			Elderly					temporary/psa status
1300-50 NW 50th st								
JESCA	AFA	OAA C-1	Meals for the		100	Meals for the Elderly		Assume service and hire staff on a
Claude Pepper			Elderly					temporary/psa status
2350 NW 54th st								
JESCA	AFA	OAA C-1	Meals for the		20	Meals for the Elderly		Assume service and hire staff on a
Jollivette Plaza			Elderly					temporary/psa status
6319 NW 24th place								
JESCA	AFA	OAA C-1	Meals for the		30	Meals for the Elderly		Assume service and hire staff on a
Leonard Batz Center			Elderly					temporary/psa status
150 NE 69th st								
JESCA	AFA	OAA C-1	Meals for the		20	Meals for the Elderly		Assume service and hire staff on a
Peter Plaza			Elderly					temporary/psa status
191 NE 75th st								
JESCA	AFA	OAA C-1	Meals for the		35	Meals for the Elderly		Assume service and hire staff on a
Covenant Palms Center			Elderly					temporary/psa status
8400 NW 25th Ave								
JESCA	AFA	OAA C-1	Meals for the		25	Meals for the Elderly		Assume service and hire staff on a
Culmer center			Elderly					temporary/psa status
1600 NW 3rd Ave								
JESCA	AFA	OAA C-1	Meals for the *		36	Meals for the Elderly		Assume service and hire staff on a
Richmond Heights Cnt			Elderly					temporary/psa status
14638 Lincoln Blvd.								
JESCA	AFA	OAA C-1	Meals for the		40	Meals for the Elderly		Assume service and hire staff on a
Neighborhood Fam. Svc			Elderly					temporary/psa status
1251 NW 36th st								
JESCA	AFA	OAA C-1	Meals for the		65	Meals for the Elderly		Assume service and hire staff on a
Stirrup Plaza			Elderly					temporary/psa status
3150 Mundy St.								
TOTALS					471			

Memorandum

MIAMI-DADE COUNTY

Date: November 4, 2008

To: Honorable Bruno A. Barreiro, Chair
and Members, Board of County Commissioners

From: George M. Burgess
County Manager

Subject: **James E. Scott Community Association (JESCA)**

The purpose of this correspondence is to inform the Board of the current status of the James E. Scott Community Association (JESCA) and advise you of the Agency's request for immediate emergency financial assistance from Miami-Dade County. The organization has requested a $300,000 loan from the County.

On October 7, 2008, Cathy Jackson, Director of Audit and Management Services (AMS), met with JESCA representatives to initiate an audit of JESCA's financial records. The impetus for the audit was the receipt of an anonymous email regarding the JESCA's failure to pay employees for work performed over a period of several months. Immediately following that meeting, Ms. Jackson advised my office that JESCA is experiencing a severe fiscal crisis which may impede its ability to deliver services and jeopardize its continued viability.

Based on unaudited data provided to AMS, the agency currently has outstanding payables of $1.4 million, including unpaid payroll liabilities of $396,413, and only $187,976 in the bank among its 34 accounts. Numerous employees have not been paid for as many as four months, and employee health insurance and retirement plans have been cancelled due to non-payment of premiums, although the costs of these benefits were routinely deducted from employees' pay. The Department of Labor has advised JESCA to immediately settle the delinquent payroll obligations to avoid punitive actions. Further, three mortgage loans with unpaid principal balances totaling $1.3 million matured more than a year ago, however, the lender extended repayment until January 2009. To date, JESCA has been unable to refinance these loans or secure additional working capital to alleviate the cash flow deficits.

Subsequently on October 10, 2008, JESCA administrators, along with two JESCA board members, met with me and others from my senior staff, requesting $300,000 in the form of a short-term loan that would be repaid with proceeds from a private mortgage loan that has been under negotiation for months. Due to the current economic crisis, JESCA recognizes that the loan may not materialize. Yet, JESCA's continued existence is dependent upon its ability to satisfy these delinquent obligations and secure sufficient working capital to meet ongoing operational needs. We are also concerned that neither the JESCA Board of Directors nor the Executive Director had formally advised Miami-Dade County of the severity of its fiscal condition, although an Oversight Committee was established to address these issues in April 2008. About this same time, we too had been informally advised that JESCA might be experiencing financial problems. However, during subsequent inquiries JESCA administrators assured us that the matter was under control.

According to JESCA's audited financial statements, its support and revenue totaled $8.5 million, of which $6.6 million was awarded by Federal, State, County, and other local agencies for the year ended December 31, 2007. In FY2008, County awards totaled approximately $4.1 million, of which $2.8 million was for the Head Start Program. JESCA also receives funding from the Alliance for Aging, The Children's Trust, the Department of Children and Families, the Department of Juvenile Justice and the Homeless Trust. Currently all of JESCA's grants with the County are paid on a cost-reimbursement basis, requiring the Agency to submit proof of expenditures in order to access funds. At the beginning of the FY 2008 program year, JESCA received several allowable cash advances that are being deducted from approved monthly reimbursements until fully recovered. However, access to County funding has been suspended in some instances, pending resolution of the delinquent payroll obligations (some of which the County had previously reimbursed) and failure to comply with corrective action items and other documentation issues. Staff from the Office of Grants Coordination (OGC) recently met with JESCA staff in an effort to resolve these issues. The attached list of JESCA contracts administered by OGC identifies those agreements where payment is currently on hold and the one agreement where the hold has been removed as a result of this meeting. Although the hold status has been removed from the one agreement, the agency cannot provide documentation to draw down reimbursement for those expenses.

While no one discounts the value of JESCA to the community and its eighty plus years as a service provider to those that are most in need, I cannot in good faith recommend that the Board consider the approval of this $300,000 request for the following reasons:

- The ability of JESCA to repay the short-term loan with today's economic climate is unlikely. Moreover, if funding is awarded to JESCA, other CBOs will be expecting similar consideration. County resources are simply not available to accommodate such requests. All local CBOs, as well as all local governments have had to cut back and live within current means. It seems that JESCA has not been able to do so.
- The Department of Health and Human Services' report of the monitoring review of the County's Community Action Agency (CAA) Head Start/Early Head Start program conducted on May 11, 2008 – May 16, 2008 was received on Friday, October 24, 2008. The report notes several areas of non-compliance for the program; a majority of which were noted in the operation of JESCA's Head Start program. Following a detailed review of the report and discussion with CAA's Head Start staff, additional clarification will be provided as to the implications, if any, for the County. The report from HHS regarding "Erroneous Payments", a separate review of JESCA's financial records, has not yet been provided to the County.
- The Community Action Agency Board has directed staff to conduct an immediate on-site review of the Head Start facilities and children's records to follow up compliance violations with Health and Safety regulations. The County will proceed with contract termination if JESCA remains non-compliant.
- Lack of effective oversight by the previous JESCA Board of Directors allowed the organization's fiscal condition to progressively deteriorate without appropriate corrective action.
- Information received from the Alliance for Aging indicates that JESCA is delivering donated box lunches rather than prepared meals as the food vendor is owed $150,000. Most recently, the Alliance for Aging provided JESCA emergency financial assistance, cited JESCA for failure to keep meals at the required temperature and is contemplating probationary actions.
- Audit and Management Services will now commence an in-depth audit of JESCA to assess its stewardship of public funds already provided.

I informed JESCA board members that I would advise the BCC of their request. Again, however, I do not and can not support any such financial assistance. Staff has also prepared a contingency plan for continuation of the County-funded services provided by JESCA in the event that the Agency does not produce a substantive plan to address its fiscal crisis by Friday, November 7, 2008. Should it be necessary to relocate clients and services, Board action will be required to formally reallocate funds.

Attachments

C: Carlos Alvarez, Mayor
Denis Morales, Chief of Staff, Mayor Alvarez
Irene Taylor-Wooten, Special Assistant for Social Services, County Executive Office
Jennifer Glazer-Moon, Special Assistant/Director, Office of Strategic Business Management
Cathy Jackson, Director, Audit and Management Services
Dan Wall, Director, Office of Grants Coordination
Julie Edwards, Executive Director, Community Action Agency
Phyllis Tynes-Saunders, Director, Department of Human Services

County Executive Office
County Manager
111 NW 1st Street • Suite 2910
Miami, FL 33128
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miamidade.gov

MIAMI-DADE COUNTY

Carlos Alvarez, Mayor

November 24, 2008

Mr. Larry R. Handfield, Esq.
Interim Board Chair
James E. Scott Community Association, Inc.
2389 N.W. 54th Street
Miami, Florida 33142

Dear Mr. Handfield:

This correspondence is in response to your letter erroneously dated July 28, 2008 which you have acknowledged was received by the County on November 10, 2008, regarding your request on behalf of the Board of Directors of The James E. Scott Community Association (JESCA) to terminate its contract with Miami-Dade County for the provision of Head Start services.

Pursuant to your request, County staff have met with JESCA administration and implemented a plan for the transition of services required by the Head Start contract. Therefore, in accordance with the terms of the contract, JESCA's contract with Miami-Dade County for the provision of Head Start services is terminated as of November 17, 2008. As such, Miami-Dade County has assumed responsibility for the management of the two hundred sixty (260) Head Start slots previously allocated to JESCA as well as the management of the leased sites where the services were provided.

While the circumstances precipitating this action are unfortunate, please know that we are sincerely appreciative of the services that JESCA has provided to the community.

Sincerely,

George M. Burgess
County Manager

C: Irene Taylor-Wooten, Special Assistant for Social Services, County Executive Office
Julie Edwards, Executive Director, Community Action Agency
Rachel Baum, Director, Finance Department

DEPARTMENT OF HEALTH & HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES
Office of Head Start
8th Floor Portal Building
1250 Maryland Avenue, SW
Washington, DC 20024

October 3, 2008

Mr. Bruno Barreiro
Board Chairperson
Dade County Board of County Commissioners
701 NW 1st Court, 9th Floor
Miami, FL 33136

Dear Mr. Barreiro,

As you know, Head Start monitoring reviews are organized into ten sections of the Office of Head Start Monitoring Protocol. Based on the monitoring review conducted 5/11/2008 – 5/16/2008, we wish to acknowledge that Dade County Board of County Commissioners had no areas of noncompliance in the following sections:

- ☑ Health Services
- ☑ Nutritional Services
- ☑ Family and Community Services
- ☑ Transportation

Your review report provides you with detailed information on the areas where your program's performance did not meet Head Start program performance standards and these must be corrected within the specified time period. However, we also want to recognize your accomplishment in meeting performance standards in the areas referenced above. Full compliance in all program areas is essential to ensuring quality services to children and families. We look forward to working with you to continuously improve Head Start services to children and families.

Sincerely,

Ann Linehan
Director, Division of Quality Assurance
Office of Head Start

DEPARTMENT OF HEALTH & HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES
Office of Head Start
8th Floor Portal Building
1250 Maryland Avenue, SW
Washington, DC 20024

To: Board Chairperson
Mr. Bruno Barreiro
Board Chairperson
Dade County Board of County Commissioners
701 NW 1st Court
9th Floor
Miami, FL 33136

From: Responsible HHS Official
Ms. Patricia E. Brown
Acting Director, Office of Head Start

Pat E Brown 10/10/08
Date

Overview of Findings

From 5/11/2008 to 5/16/2008, the Administration for Children and Families (ACF) conducted an on-site monitoring review of the Dade County Board of County Commissioners Head Start and Early Head Start programs. We wish to thank the Policy Council, staff, and parents of your program for their cooperation and assistance during the review. This Head Start Review Report has been issued to Mr. Bruno Barreiro, Board Chairperson, as legal notice to your agency of the results of the on-site program review.

Based on the information gathered during our review, your Head Start and Early Head Start programs were found to be out of compliance with one or more applicable Head Start Program Performance Standards, laws, regulations, and policy requirements. The report provides you with detailed information in each area where program performance did not meet applicable Head Start Program Performance Standards, laws, regulations, and policy requirements. Each area of noncompliance identified in this report should be corrected within 120 days following receipt of this report. The ACF Regional Office will contact you soon to address any questions you may have concerning this report.

Distribution of the Head Start Review Report
Copies of this report will be distributed to the following recipients:
Ms. Marsha Lawrence, Regional Program Manager
Ms. Lawanda Bragg, Policy Council Chairperson
Ms. Julie Edwards, CEO/Executive Director
Ms. Jane McQueen, Head Start Director

Overview Information

Review Type: *Triennial*
Organization: *Dade County Board of County Commissioners*
Program Type: *HS/EHS*
Team Leader: *Ms. Evangeline Santiago-Artesona*
Funded Enrollment HS: *6210*
Funded Enrollment EHS: *318*

Area of Noncompliance Determination

At least one Area of Noncompliance has been found in Dade County Board of County Commissioners Head Start and Early Head Start programs.

Applicable Standards	Program Type	Status
74.21(b)(3)	HS and EHS	Noncompliant
74.21(b)(6)	HS and EHS	Noncompliant
230, App A(A)(4)(a)(2)	HS and EHS	Noncompliant
1301.30	HS and EHS	Noncompliant
1304.20(a)(1)(iv)	HS and EHS	Noncompliant
1304.20(b)(2)	HS and EHS	Noncompliant
1304.24(a)(2)	HS and EHS	Noncompliant
1304.50(b)(4)	HS and EHS	Noncompliant
1304.50(b)(5)	HS and EHS	Noncompliant
1304.50(g)(1)	HS and EHS	Noncompliant
1304.51(i)(2)	HS and EHS	Noncompliant
1304.52(g)(4)	EHS	Noncompliant
1304.53(a)(7)	HS and EHS	Noncompliant
1304.53(b)(1)	EHS	Noncompliant
1306.20(c)	HS	Noncompliant
1308.19(f)(4)	HS	Noncompliant
1308.19(g)	HS	Noncompliant
1308.19(i)	HS	Noncompliant
A-133(200)(a)	HS and EHS	Noncompliant

74.21 Standards for financial management systems.
(b) Recipients' financial management systems shall provide for the following:
(3) Effective control over and accountability for all funds, property and other assets. Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes.

The grantee did not ensure all delegate agencies maintained effective control over and accountability for all funds, property, and other assets. The grantee's James E. Scott Community Association (JES) delegate experienced inadequate cashflow. A review of the balance sheet for December 31, 2007 found the JES delegate's current ratio was 0.20, meaning 20 cents in current assets was available to satisfy each dollar of current liabilities. The balance sheet reflected a current liability of $903,998 associated with a mortgage loan currently due in full. In an interview, a Board member stated the JES delegate was pursuing the sale of a property expected to net the organization approximately $3.2 million.

The JES delegate's cashflow problems affected the organization's day-to-day ability to pay bills. In its Cost Reports to the grantee, it intentionally overstated disbursement amounts in order to receive a greater reimbursement from the grantee. A review of the Management Letter accompanying the audit report for the year ending December 31, 2006 found the Auditor recommended the JES delegate end its practice of holding back checks while waiting for sufficient funds to become available. In an interview, the Senior Accountant stated the JES delegate was unable to implement the Auditor's recommendation because it lacked adequate cashflow to issue payment without first receiving reimbursement from the grantee. Reimbursement was triggered by the JES delegate's inclusion of the unissued checks on Cost Reports submitted to the grantee. A review of Cost Reports for August 2007 through March 2008 found they contained checks dated and approved for payment but not mailed to vendors.

The JES delegate owed substantial interest and penalties to the Internal Revenue Service (IRS). A review of the audit report for the year ending December 31, 2006 found a footnote indicating the JES delegate owed $314,854 in connection with nonpayment of payroll taxes; this liability related to an incident that occurred before 1991. In 1995, the JES delegate asked the IRS to abate the interest and penalties because it lacked resources to settle the obligation; however, a review of recent IRS-941 payroll tax returns determined the IRS did not grant the request.

The JES delegate did not provide for timely reconciliation of bank accounts. A review of statements for its six bank accounts found the most recent reconciliations were performed for December 2007. For certain accounts, no reconciliations for any months in 2007 were available.

The grantee's Our Little Ones (OLO) delegate did not provide for adequate segregation of duties. In an interview, the OLO Fiscal Officer stated he handled all activity in the Fiscal department as a volunteer, and he was the only person assigned to the department.

Conditions observed at two delegate agencies (cashflow problems, holding of checks, significant penalties and interest owed the IRS, and lack of segregation of duties and bank reconciliations) established the grantee was not in compliance with the regulation to ensure all its delegates provided control over and accountability for all funds.

74.21 Standards for financial management systems.
(b) Recipients' financial management systems shall provide for the following:
(6) Written procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the

terms and conditions of the award.

The grantee did not ensure its James E. Scott Community Association (JES) and St. Albans Child Development Center (SA) delegate agencies had written procedures for determining the reasonableness, allocability, and allowability of costs. A review of the JES delegate's Accounting Policies and Procedures manual and the SA delegate's Accounting and Financial Control manual found neither addressed written procedures for determining allowability, allocability, and reasonableness of costs. The SA delegate's Financial Manager stated the procedure was part of the Accounting and Financial Control manual, but no written procedure was available for review.

The grantee was not in compliance with the regulation because it did not ensure all its delegates had written policies and procedures for determining the reasonableness, allocability, and allowability of costs.

2 CFR Part 230, Appendix A - General Principles

(A) Basic Considerations

(4) Allocable costs.

(a) A cost is allocable to a particular cost objective, such as a grant, contract, project, service, or other activity, in accordance with the relative benefits received. A cost is allocable to a Federal award if it is treated consistently with other costs incurred for the same purpose in like circumstances and if it:

(2) Benefits both the award and other work and can be distributed in reasonable proportion to the benefits received, or

The grantee did not ensure all its delegate agencies allocated costs between Head Start and other programs in proportion to the benefits received by each. The Interim Chief Financial Officer (CFO) at the grantee's James E. Scott Community Association (JES) delegate agency stated the Head Start program shared office and classroom space with other JES programs at eight sites. A review of the JES delegate's Statement of Financial Position found the cost of leased space was allocated between Head Start ($470,926) and the Early Childhood and Development program ($2,873). A review of the pay schedule and organizational chart found it identified positions benefiting both Head Start and Early Childhood and Development--7 Center Directors, 4 janitors, and 3 clerical staff--as fully allocated to Head Start. The Interim CFO stated the grantee was working to develop a written cost allocation plan.

Cost allocations at the Family Christian Association of America (FCAA) delegate agency were not in agreement with the written cost allocation plan and not supported by documentation. A comparison of the Employee Allocation spreadsheet with timesheets for February and March 2008 found the FCAA delegate's CFO was allocated 55 percent to Head Start and 2 percent to Early Head Start, and another staff person was allocated 35 percent to Head Start and 2 percent to Early Head Start. A review of their timesheets found they reflected only total time worked and did not support the distribution of salaries. A review of the cost allocation plan found it called for salaries to be allocated based on actual time spent on each program or grant. In an interview, the FCAA delegate's CFO acknowledged the current allocation methodology was not in agreement with the cost allocation plan.

One grantee delegate allocated almost all shared costs to Head Start, and a second delegate did not maintain documentation to support its allocation of shared costs. The grantee was not in compliance with the regulation because two delegates did not allocate costs in proportion to the benefits received by each program.

1301.30 General requirements.
Head Start agencies and delegate agencies shall conduct the Head Start program in an effective and efficient manner, free of political bias or family favoritism. Each agency shall also provide reasonable public access to information and to the agency's records pertaining to the Head Start program.
The grantee did not ensure that delegate agencies conducted the Head Start program in a manner free of family favoritism. The Grants Policy Statement accepted by the grantee in connection with the Head Start award requires establishment of safeguards to prevent employees from using their positions for purposes that are, or gave the appearance of being, motivated by a desire for private financial gain for themselves or others, such as those with whom they had family, business, or other ties.

At the O'Farrill Learning Center (OFLC), a review of personnel records found the OFLC Executive Director was the daughter of the OFLC Head Start Center Director and supervised her mother and conducted her annual evaluations. A review of the OFLC's personnel policies found they stated: "No person shall hold a job where a member of his or her immediate family exercises supervisory authority." In an interview, the Head Start Center Director stated the familial ties were disclosed to the OFLC Board of Directors, which approved the supervisory relationship. This was confirmed in a review of Board meeting minutes. A review of two letters, dated April 19, 2002 and January 10, 2005, respectively, provided evidence the OFLC delegate disclosed the mother-daughter relationship to the grantee.

At Our Little Ones (OLO) delegate agency, a review of the July 10, 2007 administrative lease agreement between Our Child Care--doing business as OLO--and Le Groupe Management (LGM) found the Managing Member of LGM was also the OLO delegate's Fiscal Officer, and until January 2008, he was a member of the delegate's Board of Directors. In an interview, the OLO Fiscal Officer acknowledged he owned LGM, and the lease arrangement between LGM and OLO began in July 2006. A review of the General Ledger found OLO paid LGM $9,462 each month--for a total of $56,775--between August 1, 2007 and May 1, 2008 in connection with the lease.

The grantee was not in compliance with the regulation because it did not establish effective safeguards to prevent the appearance or reality of personal gain or family favoritism.

1304.20 Child Health and Developmental Services.
(a) Determining Child Health Status
(1) In collaboration with the parents and as quickly as possible, but no later than 90 calendar days (with the exception noted in paragraph (a)(2) of this section) from the child's entry into the program (for the purposes of 45 CFR 1304.20(a)(1), 45 CFR 1304.20(a)(2), and 45 CFR 1304.20(b)(1), "entry" means the first day that Early Head Start or Head Start services are provided to the child), grantee and delegate agencies must:
(iv) Develop and implement a follow-up plan for any condition identified in 45 CFR 1304.20(a)(1)(ii) and (iii) so that any needed treatment has begun.
The grantee did not ensure all its delegate agencies and directly operated centers developed and implemented follow-up plans for any identified health conditions so needed treatment could begin. A review of the HSFIS Child Health Report at the grantee's Haitian Youth and Community Center of Florida, Inc., delegate agency found 6 children identified with hemoglobin values of 35.30 or lower before October 2007 received no follow-up. The Nutrition Consultant prepared Health Alerts to be given to families 2 days before the review. In an interview, the Head Start Program Director stated the new Nutrition Consultant began services in March 2008.

A review of Health files found evidence children at grantee-operated centers with elevated blood pressures did not receive follow-up. A review of the HSFIS Child Health Summary--Condensed at the grantee's Colonel Zubkoff Center found 6 of 32 children were identified with elevated blood pressures; however, a file review found no documentation of follow-up for any of them. At Carrie B. Meek, 8 of 21 children had elevated blood pressures; at the CPHI-South Center, 5 of 20 children had elevated blood pressures; at the Isaac A. Withers Center, 12 of 79 children had elevated blood pressures; and at the Leisure City Mobiles Center, 12 of 79 children had elevated blood pressures. In interviews, the grantee's Health Coordinator and Quality Assurance Nurse stated they did not develop a system to follow up on screenings detecting elevated blood pressure.

A review of 13 files from the James E. Scott Community Association delegate agency's Caleb and Culmer Centers and the St. Albans Child Enrichment Center delegate agency's Coconut Grove and South Miami Centers found 6 children identified as in need of dental treatment for caries; however, only 1 child was currently in treatment.

A review of the HSFIS reports for the grantee-operated Isaac A. Withers Center found children received dental examinations with fluoride varnish in February 2008. The dentist provided follow-up treatment plans for each child, but the grantee did not implement the follow-up plans for 16 children identified with dental concerns. In interviews, the grantee Health Coordinator and a University of Miami dentist stated many children were unable to obtain appointments within the current school year after screenings were completed.

The grantee was not in compliance with the regulation because it did not develop or implement follow-up plans for children with dental needs, elevated blood pressures, or low iron values.

1304.20 Child Health and Developmental Services.
(b) Screening for Developmental, Sensory, and Behavioral Concerns
(2) Grantee and delegate agencies must obtain direct guidance from a mental health or child development professional on how to use the findings to address identified needs.
The grantee did not ensure its delegate agencies obtained guidance from a mental health professional on how to use findings to address identified needs. A review of four children's files at Our Little Ones (OLO) delegate agency found three children were identified with behavioral concerns, with no guidance from a mental health professional on how to use the behavioral findings. In an interview, the OLO delegate's Mental Health Consultant stated she did not review behavioral screening results.

A review of two files from the Landow Friends of Lubavitch of Florida, Inc. (LFOL), delegate agency's Yeshiva Center found one child with screening results identifying behavioral concerns with no evidence of guidance from a mental health professional on how to use the findings. In an interview, the LFOL Director of Pre-School/Head Start Program/Curriculum Coordinator/Mental Health/Disability Coordinator stated the delegate did not have a Mental Health Consultant.

In an interview, the grantee's Interim Mental Health/Disability Services Coordinator stated she was not aware the delegate agencies did not all obtain guidance from a mental health professional to address identified needs. The grantee was not in compliance with the regulation because two of its delegate agencies did not obtain direct guidance from mental health professionals about how to use information from screenings identifying behavioral concerns.

1304.24 Child Mental Health.
(a) Mental health services.
(2) Grantee and delegate agencies must secure the services of mental health professionals on a schedule of sufficient frequency to enable the timely and effective identification of and intervention in family and staff concerns about a child's mental health; and
The grantee did not ensure all its delegate agencies secured the services of mental health professionals. In an interview, the Landow Friends of Lubavitch of Florida, Inc. (LFOL), delegate agency's Head Start Program Director stated no Mental Health Consultant visited or consulted with the delegate since August 2007. A review of two LFOL children's files found no evidence of provision of Mental Health services although one of the two children was identified with mental health needs. In an interview, the grantee's Interim Mental Health/Disability Services Coordinator stated some delegate agencies opted to choose their own Mental Health

Consultants.

The grantee was not in compliance with the regulation because its delegate agencies did not all secure the services of mental health professionals.

1304.50 Program Governance.
(b) Policy Group Composition and Formation
(4) All parent members of Policy Councils or Policy Committees must stand for election or re-election annually. All community representatives also must be selected annually.
The grantee did not ensure parent members of its O'Farrill Learning Center (OFLC) delegate agency Policy Committee stood for election or re-election annually. In an interview, the OFLC Head Start Center Director stated parent participation on the delegate's Policy Committee was automatic and unlimited, and there were no elections. The OFLC delegate operated with one Parent Committee, which also served as its Policy Committee, and all parents of enrolled children were automatically members as long as they maintained eligibility. A review of Article III in the Parent/Policy Committee by-laws found it stated all parents, legal/temporary guardians, and custodians with children enrolled at the center were members of the Parent/Policy Committee.

The grantee was not in compliance with the regulation because members of the Policy Committee at O'Farrill Learning Center were not elected.

1304.50 Program Governance.
(b) Policy Group Composition and Formation
(5) Policy Councils and Policy Committees must limit the number of one-year terms any individual may serve on either body to a combined total of three terms.
The grantee did not ensure its O'Farrill Learning Center (OFLC) delegate agency limited the number of 1-year terms an individual was permitted to serve on the Policy Committee to a combined total of three. In an interview, the OFLC Head Start Center Director stated parent participation on the delegate's Policy Committee was unlimited. Parents continued to be eligible for services when younger siblings were enrolled.

The OFLC delegate operated with one Parent Committee, which also served as its Policy Committee, and all parents of enrolled children were automatically members as long as they maintained eligibility. A review of Article III in the Parent/Policy Committee by-laws found it stated all parents, legal/temporary guardians, and custodians with children enrolled at the center were members of the Parent/Policy Committee.

The grantee was not in compliance with the regulation because one of its delegates did not limit the time parents served on the Policy Committee to three 1-year terms.

1304.50 Program Governance.

(g) Governing Body Responsibilities

(1) Grantee and delegate agencies must have written policies that define the roles and responsibilities of the governing body members and that inform them of the management procedures and functions necessary to implement a high quality program.

The grantee did not ensure roles and responsibilities of governing body members were defined. The grantee had two Boards: the Board of County Commissioners and the Miami-Dade County Community Action Agency (CAA) Board. The grantee's written policies did not properly define the roles and responsibilities of Board of County Commissioners members because they were delegated to the CAA Board. In an interview with four Board of County Commissioners members, the Vice-Chair stated fiscal responsibility for the Head Start grant was the role of the County Commissioners, and all other Head Start program operations were delegated to the Miami-Dade County CAA Board.

The Board of County Commissioners members stated delegation was done through a resolution many years ago, and a copy was sent to the Head Start Regional Office. The Commissioners were currently working on an ordinance to renew the delegation of responsibility to the Miami-Dade CAA. A review of the resolution provided evidence the Dade County Board of County Commissioners was the permanent community action agency.

A review of the Miami-Dade CAA Board by-laws, Article 1, page 3, found the CAA was established by the Miami-Dade County Board of County Commissioners as a policy-making body of the agency and held such powers as delegated by the Board of County Commissioners and the rules and regulations of the various funding sources. A review of the Miami-Dade CAA Written Plans 2005-2008, Subpart D--Program Design and Management, page 83, (b) Policy Group Composition and Formation (1), found it stated the CAA Board had legal and fiscal responsibility for administering the Head Start/Early Head Start Program. Policy Group Responsibilities--General, pages 84 through 89, reflected responsibilities of the CAA Board, Policy Council, Policy Committee, and management staff.

The responsibilities of the Miami-Dade County Board of County Commissioners were not reflected in this document. On page 85, the document stated the CAA Board would review and approve/disapprove all funding applications and amendments to the applications for Head Start/Early Head Start prior to submission to Health and Human Services. However, a review of the Refunding Application 2007-08 Form 424 found it was signed by the Chair of the Board of County Commissioners.

A review of the April 16 and November 19, 2007 and February 11, March 10, and April 12, 2008 CAA Board meeting minutes provided evidence of consideration and approval of Head Start/Early Head Start issues including planning, work plans, the decision-making process, Policy Council composition, the grant application, and a critical situation with a delegate agency. The minutes also recorded confusion among members regarding who would meet with the monitoring team.

The Miami-Dade Community Action Agency Written Plans 2005-2008, Subpart D--Program Design and Management, indicated on page 85, under Shared Decision-Making, the final document would be presented to the CAA Board for approval/disapproval. Page 86 indicated the CAA Board would provide final recommendations and approval of all work plans. Page 87 stated the CAA Board would determine the composition of the Policy Council; and page 89 stated the CAA Board would approve/disapprove decisions to hire or terminate the grantee's Head Start/Early Head Start Director. Page 92, under (h) Internal Dispute Resolution, Definitions--Executive Leadership, addressed the CAA Board as the grantee's governing body. The procedures on pages 93 and 94 continued to address the CAA Board rather than the Miami-Dade County Board of County Commissioners.

In an interview, the Head Start/Early Head Start Director confirmed the program operated under two Boards, with the Board of County Commissioners responsible for fiscal operations and the CAA Board responsible for day-to-day operations. She also confirmed the Board of County Commissioners was in the process of finalizing the issue of distribution of responsibilities between the two Boards. Communication between the CAA Board and the Board of County Commissioners was on a one-to-one basis since each Commissioner had a designee on the CAA Board.

The grantee was not in compliance with the regulation because it did not properly define and fulfill its fiscal responsibilities for the Head Start program as distinguished from its expectations for the CAA Board.

1304.51 Management Systems and Procedures.
(i) Program Self-Assessment and Monitoring
(2) Grantees must establish and implement procedures for the ongoing monitoring of their own Early Head Start and Head Start operations, as well as those of each of their delegate agencies, to ensure that these operations effectively implement Federal regulations.
The grantee did not implement a comprehensive ongoing monitoring system to consistently and accurately ensure the implementation of Fiscal Management; Early Childhood Development and Health; and Facilities, Materials, and Equipment services as defined in the Head Start Program Performance Standards, as well as subsequent follow-up of corrective actions taken by its delegate agencies and directly operated sites. The grantee's monitoring system did not ensure effective implementation of Fiscal regulations at its James E. Scott Community Association (JES), Landow Friends of Lubavitch of Florida, Inc. (LFOL), and Our Little Ones (OLO) delegate agencies.

A review of the 2007-08 Delegate Monitoring Results found the grantee identified negative monthly cash balances resulting from checks recorded but not issued at the JES delegate. This situation remained uncorrected at the time of the review. The grantee's monitoring system did not identify a financial conflict of interest at the OLO delegate, where the Fiscal Officer also served as landlord to the program, nor did it determine an audit was not performed at the LFOL delegate in accordance with OMB Circular A-133.

A review of the HSFIS Child Health Summary for the grantee-operated Isaac A. Withers (IAW), Carrie Meek, Leisure City Mobiles, CPHI-South, and Colonel Zubkoff Centers found the grantee did not identify a need to assist parents in arranging health follow-ups. In addition, the grantee's monitoring did not ensure the development or implementation of follow-up plans for children at grantee-operated sites with elevated blood pressures or low iron values.

In the areas of Mental Health and Disabilities services, grantee monitoring did not ensure the OLO and LFOL delegate agencies obtained guidance from mental health professionals, nor did it ensure its Landow Yeshiva Head Start and Catholic Charities of the Archdiocese of Miami Head Start delegates acquired the necessary services, including evaluations, for children with special needs.

The grantee's monitoring system did not ensure safe environments at all grantee- and delegate agency-operated sites. Observations found a lack of safe environments at the grantee-operated IAW Center and at the St. Albans Child Enrichment Center's (SA) KIDCO Childcare, Inc.; Family Christian Association of America (FCAA); Le Jardin Community Center, Inc. (LJCC); and JES delegates. The FCAA delegate's Early Head Start (EHS) playground steps and gate were unsafe for toddlers, and bolts protruded from a rotting board. EHS playgrounds at the LJCC, Catholic Charities of the Archdiocese of Miami (CC), and FCAA delegates had inadequate playground surfacing.

Observations during a visit to the FCAA delegate's EHS site found one teacher with eight children. At the SA delegate's South site, there was 1 teacher to 14 children. In addition, parents at the FCAA and LJCC delegates were required to provide diapers and wipes for their infants.

In an interview, the Monitoring Unit Coordinator stated the grantee's new December 2007 system for monitoring delegates was not fully implemented to capture all issues at all delegates. The grantee was not in compliance with the regulation because it did not implement an effective system for ongoing monitoring of its directly operated and delegate agencies' sites.

1304.52 Human Resources Management.
(g) Classroom Staffing and Home Visitors
(4) Grantee and delegate agencies must ensure that each teacher working exclusively with infants and toddlers has responsibility for no more than four infants and toddlers and that no more than eight infants and toddlers are placed in any one group. However, if State, Tribal or local regulations specify staff:child ratios and group sizes more stringent than

this requirement, the State, Tribal, or local regulations must apply.
The grantee did not ensure one of its delegate agencies, Family Christian Association of America (FCAA) Early Head Start (EHS), hired qualified teachers to work with all infants and toddlers. A review of documents and an interview with the FCAA Curriculum Specialist Assistant, who also held the title of EHS Manager, provided evidence that two of four teachers had expired CDAs. She also stated the four teachers assigned to infant/toddler classrooms 1 and 2 did not meet the requirements for the position of teacher because of the grantee's strict requirements for teachers.

The grantee was not in compliance with the regulation because the FCAA delegate did not assign qualified teachers to EHS classrooms 1 and 2.

1304.53 Facilities, Materials, and Equipment.
(a) Head Start Physical Environment and Facilities
(7) Grantee and delegate agencies must provide for the maintenance, repair, safety, and security of all Early Head Start and Head Start facilities, materials and equipment
The grantee did not ensure its delegate agencies and directly operated centers provided for the maintenance and safety of all facilities and equipment. At the Family Christian Association of America (FCAA) Early Head Start (EHS) Opa-Locka toddler playground, a toddler was observed coming through the gate into the playground. The latch on the gate was broken and therefore not completely closed and hung slanted towards the playground. As the toddler pushed the gate, it opened, and the child fell approximately 27 inches down the three wooden steps on the other side.

A wooden border holding the square soft-surface mat in place was rotting, and bolts protruded from 0.5 to 0.75 inches in places. The soft surface was not sufficient for the height of the climber, which included a tunnel, platform, and slide. A measurement of the climber platform found it was 59 inches from the ground to the top edge. Some railings on the platform were 4 inches apart, and a board above the tube-tunnel was 7 inches below the platform. There was a gap in the fence ranging from 2 to 6 inches, creating both a choking and a fall hazard.

An observation at the FCAA delegate's preschool playground found the sand used as a soft surface was pushed away from the base of the slide, leaving rock exposed directly below the slide. An observation at the Le Jardin Community Center, Inc. (LJCC), delegate's EHS playground found the large, square puzzle-piece soft surface had a 1-inch gap between the squares, creating a tripping hazard.

Observations at the grantee-operated Isaac A. Withers (IAW) EHS and Head Start Centers found cabinets in two classrooms in need of repair. In classroom 16, cabinets under sinks used by children were broken and had no hinges. In classroom 6, cabinets were broken and lacked hinges.

Several playground areas at the IAW Head Start Center were in disrepair. Yellow caution tape was placed on play equipment, and the playground was not available for children to use. The IAW Center Director stated there were broken hinges on one sliding board, and the sliding board on a second piece of equipment was cracked.

The grantee was not in compliance with the regulation because equipment at both delegate- and grantee-operated centers was in need of repair.

1304.53 Facilities, Materials, and Equipment.
(b) Head Start Equipment, Toys, Materials, and Furniture
(1) Grantee and delegate agencies must provide and arrange sufficient equipment, toys, materials, and furniture to meet the needs and facilitate the participation of children and adults. Equipment, toys, materials, and furniture owned or operated by the grantee or delegate agency must be:
The grantee did not ensure two of its delegate agencies, Family Christian Association of America (FCAA) Early Head Start (EHS) and Le Jardin Community Center (LJCC), provided sufficient materials to meet the needs and facilitate the participation of children. In an interview, the FCAA Curriculum Specialist and an FCAA Opa-Locka infant-room teacher stated parents were required to supply their own diapers and wipes. Parents were given a list of all items they were required to provide for their children.

In an interview, the LJCC Education Specialist stated parents were required to provide diapers and wipes for their children. A review of the FCAA and LJCC Center Enrollment Acceptance letters confirmed parents were required to provide diapers, disposable training pants, and wipes for their children. The grantee was not in compliance with the regulation because it required parents to supply diapers, disposable training pants, and wipes.

1306.20 Program staffing patterns.
(c) Grantees operating center-based program options must employ two paid staff persons (a teacher and a teacher aide or two teachers) for each class. Whenever possible, there should be a third person in the classroom who is a volunteer.
The grantee did not ensure one of its delegates, St. Albans Child Enrichment Center (SA), employed two paid staff persons in all classrooms. A review of the Centers/Classes/Hours/Staffing chart and an observation provided evidence classroom 1 at the South Miami site did not have two paid staff members. The SA teacher and Curriculum Specialist confirmed only one teacher was assigned to classroom 1. The Education Services Manager stated she was not aware the SA delegate had a classroom with only one teacher. The grantee was not in compliance because a delegate did not employ two paid staff persons in all classrooms.

1308.19 Developing individualized education programs (IEPs).

(f) When Head Start develops the IEP, the team must include:
(4) At least one of the professional members of the multi-disciplinary team which evaluated the child.

The grantee did not ensure two delegate agencies, Catholic Charities of the Archdiocese of Miami, Inc. (CC), and the Landow Friends of Lubavitch of Florida, Inc. (LFOL), included the professional member of the multi-disciplinary team that evaluated the child in the child's Individualized Education Program (IEP) development meeting. A review of a child file at the CC delegate's Sagrada Familia site found the November 2, 2007 IEP meeting was conducted without the presence of the professional member of the multi-disciplinary team that evaluated the child. In addition, a review of a November 12, 2007 Individualized Family Service Plan (IFSP) completed at the Sagrada Familia site found the meeting did not include the professional member of the multi-disciplinary team that evaluated the child. In an interview, the CC delegate's Disability Coordinator stated she was not aware the evaluator was required to be included as part of the Head Start team at IEP meetings.

A review of two IEPs, dated October 8 and December 25, 2007, respectively, at the LFOL delegate's Yeshiva site found no evidence the professional member of the multi-disciplinary team that evaluated the children was present at the IEP meetings. In an interview, the LFOL Yeshiva Center Director confirmed the professional member of the multi-disciplinary team was not invited when the delegate met to develop an IEP. In an interview, the grantee's Interim Mental Health/Disability Services Coordinator stated all IEP meetings were required to include at least one professional member of the multi-disciplinary team that evaluated the child.

The grantee was not in compliance with the regulation because two delegate agencies did not include the professional member of the multi-disciplinary team that evaluated a child in the meetings at which IEPs were developed.

1308.19 Developing individualized education programs (IEPs).
(g) An LEA representative must be invited in writing if Head Start is initiating the request for a meeting.

The grantee did not ensure all its delegate agencies invited a Local Education Agency (LEA) representative when Head Start conducted an IEP meeting. In an interview, the grantee's Interim Mental Health/Disability Services Coordinator stated no LEA representative was invited to Head Start-initiated IEP meetings. An interview with the Catholic Charities for the Archdiocese of Miami, Inc. (CC), delegate agency's Disability Coordinator and a review of four children's files containing IEPs provided evidence no LEA representative was invited to participate in the CC delegate's IEP meetings.

An interview with the Our Little Ones (OLO) delegate agency's Program Director and a review of two children's files containing IEPs provided evidence no LEA representative was invited to participate in OLO's IEP meetings, and a review of four children's files at the Landow Friends of Lubavitch of Florida, Inc. (LFOL), delegate agency provided evidence no LEA representative was invited to participate in LFOL's IEP meetings. The grantee was not in compliance with the regulation because it did not ensure LEA representatives were invited in writing to its delegates' Head Start-initiated IEP meetings.

1308.19 Developing individualized education programs (IEPs).
(i) A meeting must be held at a time convenient for the parents and staff to develop the IEP within 30 calendar days of a determination that the child needs special education and related services. Services must begin as soon as possible after the development of the IEP.
The grantee did not ensure all delegate agencies initiated services as soon as possible after the development of an Individualized Education Program (IEP). A review of one file at the St. Albans Child Enrichment Center (SA) delegate agency's Coconut Grove site, dated December 12, 2007, and one file at the SA delegate's South Miami site, as well as five files at the Catholic Charities of the Archdiocese of Miami (CC) delegate, found the children listed in the files did not receive services as soon as possible after the development of their IEPs. Services were not provided because the delegate agencies did not have speech and language consultants under contract.

A review of two children's records at the Landow Friends of Lubavitch of Florida, Inc. (LFOL), delegate's Yeshiva Head Start found one IEP was completed November 8, and the other was completed November 25, 2007. The LFOL delegate's Director of Pre-School/Head Start Program/Curriculum Coordinator/Delegate Mental Health/Disability Coordinator stated one child did not receive IEP-related services because he did not qualify for Medicaid.

The grantee was not in compliance with the regulation because it did not ensure services were initiated as soon as possible after the development of each child's IEP.

(200) Audit requirements.
(a) Audit required. Non-Federal entities that expend $300,000 ($500,000 for fiscal years ending after December 31, 2003) or more in a year in Federal awards shall have a single or program-specific audit conducted for that year in accordance with the provisions of this part. Guidance on determining Federal awards expended is provided in §___.205.
The grantee did not ensure the Landow Friends of Lubavitch of Florida, Inc. (LFOL), delegate agency obtained a single audit in accordance with OMB Circular A-133. The LFOL delegate received Federal funding for Head Start ($358,022) and FEMA ($471,317). A review of the delegate's audit report for the year ending June 30, 2007 found it did not include the information on internal controls or compliance required by A-133. The grantee's Fiscal Coordinator acknowledged the LFOL delegate's audit reports were not prepared in compliance with A-133. The grantee was not in compliance with the regulation because it did not ensure its LFOL delegate complied with audit requirements, filing an incomplete audit report for a year in which it expended over $500,000 in Federal funds.

Timeframe for Corrective Action

The area(s) of noncompliance cited in this report must be corrected within 120 days of the receipt of this report. Pursuant to Section 637(2)(C) of the Head Start Act, a grantee that fails to correct an area of noncompliance within the prescribed time period will be judged to have a deficiency that must be corrected within the time period required by the responsible HHS official.

— END OF REPORT —