

Report on the

**Department of Early Childhood Education  
State of Alabama  
Montgomery, Alabama**

**October 1, 2014 through September 30, 2017**

**Filed: November 23, 2018**



**Department of  
Examiners of Public Accounts**

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*Rachel Laurie Riddle, Chief Examiner*





State of Alabama  
Department of  
**Examiners of Public Accounts**

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Rachel Laurie Riddle  
*Chief Examiner*

Honorable Rachel Laurie Riddle  
Chief Examiner of Public Accounts  
Montgomery, Alabama 36130

Dear Madam:

Under the authority of the *Code of Alabama 1975*, Section 41-5A-19, as added by Act Number 2018-129, I submit this report on the results of the examination of the Alabama Department of Early Childhood Education for the period October 1, 2014 through September 30, 2017.

Sworn to and subscribed before me this  
the 8 day of November, 2018.

*Kelly D. Matthews*  
Notary Public

Respectfully submitted,

*Janet L. Berry*

Janet L. Berry  
Examiner of Public Accounts

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Department of  
**Examiners of Public Accounts**

**SUMMARY**

**Department of Early Childhood Education  
October 1, 2014 through September 30, 2017**

The Department of Early Childhood Education (the “Department”), formerly the Department of Children’s Affairs, operates under the authority of the *Code of Alabama 1975*, Sections 26-24-1 through 26-24-26. The general purpose of the Department is to enable the Governor to effectively and efficiently coordinate efforts and programs to serve children throughout the State.

This report presents the results of an examination of the Department and a review of compliance by the Department with applicable laws and regulations of the State of Alabama. This examination was conducted in accordance with the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5A-12, as added by Act Number 2018-129. Our examination was performed for the purpose of determining whether the public officers, agents, and employees of the Department properly and lawfully accounted for all money and other public assets or resources received, disbursed, or in the custody of the Department. Our examination included determining compliance by the Department with state laws and regulations that pertain to financial transactions; personnel; safeguarding of state-owned assets, property, and resources; information dissemination, processing, and retention; and official actions, rulemaking procedures, and meetings. As a part of our examination, we also reviewed internal control policies and procedures relating to the areas listed above. Our examination did not encompass managerial and operational matters, such as whether the Department accomplished its mission or its regulatory, enforcement, investigative, or other oversight activities in an efficient, fair, timely, or legal manner.

Findings are numbered and reported by the examination period in which the finding originally occurred.

The following instance of noncompliance with State laws and regulations and other matters was found during the examination as shown on the Schedule of State Legal Compliance and Other Findings and is summarized below.

**CURRENT FINDING**

- 2017-01 The Department did not enroll in E-Verify.

The Secretary of the Department was invited to an exit conference held on October 16, 2018. Individuals in attendance were Jeana Ross, Secretary of the Department; LaTrena Stinson, Senior Accountant, along with Maria L. Catledge, Director, and Janet Berry, Examiner, from the Department of Examiners of Public Accounts.





Department of  
**Examiners of Public Accounts**

**COMMENTS**

**Department of Early Childhood Education  
October 1, 2014 through September 30, 2017**

Act Number 2015-160, Acts of Alabama, renamed the Department of Children's Affairs to the Department of Early Childhood Education (the "Department"). In addition, the Act changed the title of the head of the Department from Commissioner to Secretary of the Department of Early Childhood Education, and expanded the duties of the Secretary to include the development of a cohesive and comprehensive system of high quality early learning and care. The Department operates under the authority of the *Code of Alabama 1975*, Sections 26-24-1 through 26-24-26. The Department's purpose is to enable the Governor to effectively and efficiently coordinate efforts and programs to serve children throughout the State.

The Department operates under the direction, supervision, and control of the Secretary of Early Childhood Education, who is appointed by and serves at the pleasure of the Governor. The Secretary's responsibilities include, but are not limited to, advising the Governor and the Legislature in matters relating to the coordination of services for children under 19 years old; serving as a liaison between the Governor and state agencies regarding programs or services for children; and creating a network of existing local and community groups and advocates dedicated to children. In addition, the Secretary also serves as chairperson of the Alabama Children's Policy Council.

The Department works with each county's Children's Policy Council to coordinate efforts and programs for Alabama children. The county councils are responsible for reviewing the needs of children and the responsibilities of each agency in the county that serves children, and identifying areas of duplication and/or conflict between agencies. The county councils are also responsible for identifying local resources, and developing and updating annually, in conjunction with the Department, a local resource guide to services available to children, including procedural information concerning how to access local resources. Local resource guides are used by the Alabama Children's Policy Council to compile a state resource guide to be distributed to the general public and to agencies and organizations serving children. Local resource guides for all of Alabama counties are available on-line. In addition, each county council is required to submit annually to the Department a report on the services provided, and local needs and recommendations of the county Children's Policy Council. The Department reviews these local reports, compiles the data into one report and presents this report, along with a copy of each local report, and summary recommendations based on these reports to the Alabama Children's Policy Council.

The *Code of Alabama 1975*, Section 26-24-20 created the Office of School Readiness (the "Office") within the Department. The goal of the Office is to achieve universal quality pre-kindergarten by enhancing existing pre-kindergarten programs and establishing new programs throughout the State. In fiscal year 2016-2017, there were approximately 811 pre-kindergarten sites. These sites are affiliated with public schools, nonprofit organizations, childcare centers and academic institutions. The Office receives funding from the federal and state government as well as private foundation dollars to fund pre-kindergarten sites.

The Alabama Head Start State Collaboration Office is based within the Department. This is a Federal program that promotes collaboration between itself, State government initiatives and agencies, and others concerned with early care and education in Alabama.

The Department receives appropriations from the Education Trust Fund. The Department also has three special revenue funds: the Children's Affairs Fund (0908), in which federal and state grants, private donations and other operating funds are deposited; the Children's Policy Council Fund (1050), which was established by the *Code of Alabama 1975*, Section 26-24-31; and the Children's First Trust Fund (1200), in which tobacco settlement funds are deposited.

The Department owned non-consumable personal property consisting of automobiles, office furniture, computers and equipment. A comparison was done of non-consumable personal property in the custody of the Department with property records maintained by the Property Inventory Division of the State Auditor's Office. No discrepancies were noted.

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*Schedule of State Legal  
Compliance and Other Findings*

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***Schedule of State Legal Compliance and Other Findings***  
***For the Examination Period Ended September 30, 2017***

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<b>Ref. No.</b>	<b>Finding/Noncompliance</b>
2017-01	<p><b><u>Finding:</u></b> The Department did not enroll in E-Verify until June 2018. The Department did not verify the employment eligibility of any employees hired prior to July 2018 through E-Verify.</p> <p>The <i>Code of Alabama 1975</i>, Section 31-13-15(b), states, “Effective April 1, 2012, every business entity or employer in this state shall enroll in E-Verify and thereafter, according to the federal statutes and regulations governing E-Verify, shall verify the employment eligibility of the employee through E-Verify. A business entity or employer that uses E-Verify to verify the work authorization of an employee shall not be deemed to have violated this section with respect to the employment of that employee.”</p> <p><b><u>Recommendation:</u></b> All new employees’ employment eligibility should be verified through E-Verify.</p>

***Schedule of Cash Receipts, Disbursements and Balances***  
***For the Period October 1, 2014 through September 30, 2017***

	2016-2017	2015-2016	2014-2015
<b>Receipts</b>			
Education Trust Fund Allotment	\$ 66,509,146.00	\$ 50,509,146.00	\$ 40,209,146.00
Miscellaneous		2,076.65	
Reimbursement not Otherwise Classified	38,787.29		
Prior Year Refunds	24,734.04	355.00	154.99
Sale of Salvage Equipment	9,479.43	11,358.66	
Non-Government Operating Contribution	17,601.00		
Other-Intragovernment		40,702.40	30,000.00
Tobacco Settlement	155,266.00	150,294.00	152,056.00
Federal Operating Reimbursements	20,488,319.83	30,462,208.58	12,588,769.59
Total	87,243,333.59	81,176,141.29	52,980,126.58
<b>Disbursements</b>			
Personnel Costs	5,525,606.48	4,855,391.49	3,807,516.59
Employee Benefits	1,803,304.42	1,714,084.88	1,345,810.33
Travel, In-State	180,737.25	210,200.37	196,660.01
Travel, Out-of-State	52,635.11	55,311.47	45,676.50
Repair and Maintenance	20,660.99	10,943.90	9,229.83
Rentals and Leases	379,721.57	354,629.28	356,998.85
Utilities and Communication	117,764.76	70,465.51	80,742.22
Professional Services	1,095,639.10	824,709.45	719,557.07
Supplies, Materials, and Operating Expenses	729,953.59	832,799.71	460,303.21
Transportation Equipment Operations	136,970.33	118,352.61	127,099.85
Grants and Benefits	83,852,237.02	63,797,843.83	49,515,232.29
Transportation Equipment Purchases	557,478.00	476,822.01	364,826.50
Other Equipment Purchases	84,311.87	11,973.49	164,350.84
Prior Year Refund	51,916.83		
Education Trust Fund Reversion	26,437.89	132,955.50	23,152.39
Total	94,615,375.21	73,466,483.50	57,217,156.48
Excess (Deficiency) of Receipts Over Disbursements	(7,372,041.62)	7,709,657.79	(4,237,029.90)
Cash Balances at Beginning of Year	10,904,493.40	3,194,835.61	7,431,865.51
Cash Balances at End of Year	3,532,451.78	10,904,493.40	3,194,835.61
Reserve for Unpaid Obligations	(1,907,802.24)	(8,535,653.61)	(2,024,834.99)
Available Cash Balances at Year-End	\$ 1,624,649.54	\$ 2,368,839.79	\$ 1,170,000.62

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*Official*  
*October 1, 2014 through September 30, 2017*

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**Official**

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Jeana Ross

Secretary

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