

**Department of Financial Services Audit of Selected Active DOEA Contracts and Grants
January 1, 2014 through December 31, 2014, and Related Management Activities**

INSTRUCTIONS: WRITE YOUR RESPONSE ONLY IN THE HIGHLIGHTED AREAS.

**Florida Department of Elder Affairs
Office of Inspector General**

Finding #	1
Finding Title	Scope of Work and Deliverables
Finding Statement	<p>Each service contract and grant agreement must contain a clear scope of work, deliverables directly related to the scope of work, minimum required levels of service, criteria to successfully evaluate satisfactory performance, and compensation for each deliverable. This structure is very important for payment processing; without it, the Department cannot gauge whether the State is receiving value and payments may be delayed by requests for additional documentation. In some cases, if any of these elements are missing, the only mechanism to provide payment to vendors may be through executed settlement agreements.</p> <p>The one (1) year agreement, totaling \$222,801, with the University of South Florida is to provide diagnostic evaluations and follow-up care for individuals with memory disorders. The agreement stipulates quarterly payments at a fixed price without establishing the minimum level of service required to be met before quarterly payment can be made.</p>
Report Date	August 25, 2015
Contact Person	Jon Manalo
Program/Unit	Division of Financial Administration
Phone Number	[REDACTED]
Recommendation	Please provide the Department's corrective action plan which addresses how these deficiencies will be corrected for future contracts. This plan should include steps the Department will take to provide a system of quality control, including training, periodic management review, and feedback to Department staff that develop and manage contracts and grants.
Program Response	Effective with the 2015-2016, Alzheimer's Disease Initiative Memory Disorder Clinic (MDC) contracts, quarterly payment is based upon the minimum level of service required as established in Section 2.2, Performance Measures, of the contract. Section 2.2 requires the contractor to achieve the base performance standards to receive total base contract funding. The achievement is reported, reviewed and tracked in quarters 1 – 3, with base funding awarded for achievement within 2 percent of the established performance standard. The contractor is subject to a financial consequence totaling 1 percent of the total contact amount for each base performance standard not met. Reported achievement in quarter 4 is awarded for established base and incentive performance standards. The contractor is eligible for an incentive award if additional performance standards, as established in contract, are met. Performance achievement is tracked throughout the contract year, through desk reviews of the quarterly

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	<p>reports with back-up documentation, and on-site monitoring visits.</p> <p>Training on the performance standards, as well as other programmatic topics are provided quarterly during face-to-face roundtable meetings with MDC coordinators. Additionally, technical assistance is provided during monthly conference calls, and on an as needed basis.</p>
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Finding #	2
Finding Title	Contract/Grant Management
Finding Statement	<p>Contract and grant managers must enforce performance the contract terms and conditions, review and document all deliverables for which payment is requested, provide written certification of the Department’s receipt of goods and services, and ensure all payment requests are certified. Our audit disclosed that the Department had Contract/Grant management deficiencies with seven (7) agreements. Specifically, the following was noted:</p> <p>➤ The activities to validate the receipt of services prior to payment were insufficient for three (3) agreements.</p> <ul style="list-style-type: none"> • Propio LS, LLC is to provide translation services to the Department for callers who have the limited ability to speak and understand English. The agreement establishes compensation at a fixed unit rate for each minute of translation services. The Department does not verify the number of minutes billed prior to payment and does not verify minimum performance measures were met prior to payment. Since the March 2014 contract execution, the Department has made payments totaling \$68,060, for these services. • The Area Agency on Aging-Palm Beach Treasure Coast and Alliance for Aging subcontract with direct service providers for a variety of services to elderly citizens, such as meals and transportation. Compensation is established as a unit rate for each service provided. The Department approves monthly payment for “Adjusted Previous Units” provided in prior months. The auditor requested documentation to support the unit adjustments necessary to evaluate the invoice for correctness. The Department provided reports of services along with sub-provider invoices, but did not provide detail sufficient to identify the specific service units and service period for

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	<p align="center">which the adjustments were made.</p> <p>➤ Contract management files for four (4) agreements did not contain evidence that advanced funds totaling \$4,035,934 were deposited in an interest bearing account, as required by the agreement and/or federal guidance. In addition, the contract management file did not document any interest returned to the Department quarterly as specified in the agreement. The agreements are:</p> <ul style="list-style-type: none"> ▪ Area Agency on Aging of Palm Beach Treasure Coast, Inc. ▪ Alliance for Aging, Inc. ▪ Experience Works, Inc. ▪ Northwest Florida Agency on Aging <p>➤ The agreements with Area Agency on Aging of Pasco-Pinellas, Inc. and Northeast Florida Agency on Aging d/b/a Elder Source give the provider the option to deposit advanced funds into an interest bearing account, and require the return of any interest earned to the Department quarterly. The Department did not provide evidence of the disposition of advanced funds totaling \$739,023 at the time of the audit. Without knowledge of the disposition of these funds, the Department would not know if interest was earned and due to the Department quarterly.</p>
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Contact Person	Jon Manalo
Program/Unit	Division of Financial Administration
Phone Number	[REDACTED]
Recommendation	Please provide the Department’s corrective action plan which addresses how these deficiencies will be corrected for future contracts. This plan should include steps the Department will take to provide a system of quality control, including training, periodic management review, and feedback to Department staff that develop and manage contracts and grants.
Program Response	Contract Management staff is exploring methods with the Department’s General Services staff and Area Agency on Aging (AAA) staff to verify the receipt of services prior to payment for the Propio LS, LLC agreement. Verification will include manual and automated methods, based upon capabilities of the Department’s telephone system technology, and the AAAs’ statewide information and referral data base system, to record pertinent identifying data. Contract Management staff will utilize data usage reports to validate the number of minutes billed, prior to paying the invoice. To verify minimum performance measures are met, Contract Management staff will develop and implement a desk review monitoring tool based upon selected elements, established in Section 2.3, Performance Specifications, in the contract.

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	<p>Regarding the approval of monthly payment for “Adjusted Previous Units” provided in prior months, the Department will enhance their procedures to require additional detail for units billed outside of the current reporting period. The detailed documentation will identify clients served, services provided, number of service units provided and the unit rate for the service provided. The Contractor will be required to submit provider source documentation (such as daily attendance sheets and meal order delivery forms) that support the request for payment based upon adjusted service units. The Contractor will review the differences between the previously billed units and currently billed units to ensure that the provider has not invoiced the AAA for the same units in prior period(s). Upon completion of the review, the Contractor may forward the Department a request for payment, with supporting documentation, and a signed statement certifying the Contractor’s, review, approval and payment of adjusted units.</p> <p>Regarding tracking of interest from advanced funding, the contract and grant managers will enhance their procedures to ensure interest is appropriately monitored. Some examples are:</p> <ul style="list-style-type: none"> • Advance request approval guidelines will include a checklist. The guidelines require requests for advances, as allowed in contract, to be accompanied by the subrecipient’s request for advance payment, detailing need and purpose. Along with the request, the contractor will be required to submit a plan for disbursement of all advanced funds to the subrecipient(s) within seven days of receipt. • Monitoring of interest income received will consist of reviewing each monthly Receipts and Expenditures report (form 105V) received from the contractor. Interest income will be reported on the form in "Part D. Other Program Income." Supporting documentation, such as a bank statement, will be required to accompany the submission of the report. Interest income earned must be returned to the Department within 30 days of the end of each quarter of the contract period.
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Finding #	3
Finding Title	Contract/Grant Management-Other
Finding Statement	Prior to execution of an agreement, state agencies must determine whether they are awarding state financial assistance to a recipient or procuring goods and services from a vendor. CFO Memorandum #3 (2014-2015) and section 69I-006, Florida Administrative Code requires state agencies, recipients, and sub-recipients that provide state financial assistance to non-state organizations to complete the Florida Single Audit Act Checklist for

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	<p>Non-State Organizations – Recipient/Sub-recipient vs. Vendor Determination (checklist) and retain a copy of the completed checklist in their files.</p> <p>➤ The Department did not complete the checklist prior to execution of the agreements with Area Agency on Aging Pasco-Pinellas, Inc. and Northeast Florida Area Agency on Aging, Inc. d/b/a Elder Source.</p> <p>Section 287.057(14) F.S., requires that each contract manager who is responsible for agreements in excess of the threshold amount for CATEGORY TWO under section 287.017, F.S., must, at a minimum, complete training conducted by the Chief Financial Officer for accountability in contracts and grant management.</p> <p>➤ The Contract Manager for the agreement with Experience Works had not attended Advancing Accountability training within the timeframe required by CFO memoranda. Additionally, pursuant to section 287.057(14), F.S., the Department’s contract manager or Experience Works would now be required to complete the Florida Certified Contract Manager training which incorporates material from Advancing Accountability.</p>
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Recommendation	<p>Please provide the Department’s corrective action plan which addresses how these deficiencies will be corrected for future contracts. This plan should include steps the Department will take to provide a system of quality control, including training, periodic management review, and feedback to Department staff that develop and manage contracts and grants.</p>
Program Response	<p>The Contract Administration office has implemented a Contract Review Checklist to assist in the review of any contract, amendment or renewal. As part of this checklist, Contract Administration will verify the Recipient/Sub-recipient vs. Vendor Determination (Vendor Determination checklist) for state and federal funds was signed by the contract manager and included in the routing package prior to the execution of the contract. Contract Administration will retain a copy of the completed checklist and Vendor Determination Checklist in the Contract Administration files. In addition, Contract Administration will pull a sampling of contract manager’s contracts on an annual basis to ensure the contract managers are maintaining the Vendor Determination Checklist in their files.</p> <p>As each contract or amendment routes through Contract Administration, the designation of the contract manager will be verified prior to executing the contract. Contract Administration will continue to communicate to</p>

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	<p>contract and grant managers the available education and training opportunities regarding Chapter 287.057(14) Florida Statutes and CFOM #4 (09-10) and CFOM #4 (14-15).</p> <p>Contract Administration will continue to track contract management related trainings completed by Department employees and share with their appropriate supervisors. The tracking document captures the following information:</p> <ul style="list-style-type: none">• Employees functioning as contract/grant managers who are FCCM certified, date of completion and expiration of certification.• Employees not yet certified and on the waiting list to be FCCM certified.• Employees who have only completed the Advancing Accountability Training Class and the date of completion. <p>Contract actions will not be executed until Contract Administration has verified that training and documentation requirements were met.</p>
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