



J. THOMAS CARDWELL
COMMISSIONER

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June 16, 2011

Ms. Christina Smith
Director, Division of Accounting and Auditing
Department of Financial Regulation
200 East Gaines Street
Tallahassee, Florida 32399-0353

Dear Ms. Smith:

In response to your letter to Commissioner Cardwell, dated June 2, 2011, concerning the review of selected Office of Financial Regulation (OFR) contracts, specifically the North Highland Company contract.

The letter indicated that “The contract management activity for one service contract was not sufficient, as the contract manager did not document verification those services were delivered satisfactorily prior to approving invoices for payment. Services were approved based on vendor-generated data such as invoices, status reports, and time reports, without documentation validation by OFR. The validation process should include reconciling vendor-generated data to data controlled and maintained by OFR.”

This is a staff augmentation contract for one individual to perform Information Technology consulting services for the Regulatory Enforcement and Licensing (REAL) System. The contract manager, who is the REAL System Director, works closely with this individual and dictates the tasks and work to be performed. Deliverables are considered requested activities performed and can vary. When the Real System Director receives the monthly invoice and vendor generated list of services performed she is able to verify that the services were performed based on her knowledge from working with the individual and managing the REAL System. She also verifies the contractor’s time recorded against her calendar and initials each week of his timesheet.

To enhance the information provided on the Project Status Report, the contractor will start to list the number of hours worked by each activity performed. It would not be cost effective for the Real System Director to note the various task performed by the contractor during the day and the number of hours observed performing those tasks. In addition, this contract will end on June 30, 2011.

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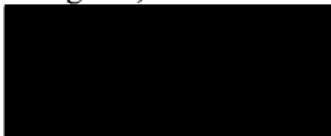
ADAM PUTNAM
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AGRICULTURE

The following are mentioned in the Statement of Work for this contract:

- There will be no formal deliverables required.
- OFR will evaluate work and performance on a monthly basis and approval of work effort and performance will be reflected in the signoff of the Contractual Summary for hours worked and shall be submitted to the Contract Manager for review and approval.
- There will be no formal project deliverables required... Contractor will perform services at the direction of OFR.
- The OFR reserves the right to require the contractor to revise any work product deemed unacceptable by OFR at no additional cost to OFR.

Please contact me if you have further questions, Karen.fisher@flofr.com or 410-9712.

Regards,



Karen Fisher, CPA
Inspector General

Cc: Commissioner J. Thomas Cardwell