



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

May 31, 2024

Ricky D. Dixon, Secretary
Department of Corrections
501 South Calhoun Street
Tallahassee, Florida 32399-2500

Dear Secretary Dixon:

As authorized in sections 17.03 and 287.136, Florida Statutes (F.S.), the Department of Financial Services has conducted an audit of the contract management and monitoring processes for the Department of Corrections (the Department). Our audit, conducted by the Division of Accounting and Auditing, Bureau of Auditing, focused on contracts active and closed from July 1, 2022, through June 30, 2023.

Summary of Recommendations

Based on our review of the Department, the following issues were noted. We recommend the agency take them into consideration to improve the Department's internal controls.

Our review of the overall monitoring framework and contract management indicated that the Department should consider improving the monitoring processes with regards to complying with Chief Financial Officer (CFO) Memorandum Number Five (No. 5). CFO Memorandum No. 5 requires agencies to have a formal monitoring process in place that includes a Risk Assessment and Monitoring Plan. The Department should ensure contract managers are monitoring the performance and deliverables of each contract to satisfy the contract requirements with monitoring tools provided by the agency.

With respect to contract management, the Department should ensure they have procedures in place addressing the following: close out process/procedure ensuring proper guidance and tools are provided for contract managers to perform a close out and final reconciliation of funds; procedures ensuring funds are accurately accounted for and that no duplicate payments have occurred; and procedures ensuring contract managers are aware of when a cost analysis is required as well as how to complete one. The Department should ensure that all required language specified in Chapter 287, F.S. is included in all contracts and the deliverables are quantifiable, measurable, verifiable, and directly relate to the scope of work. The Department should ensure that Contract Managers are receiving adequate documentation to support the delivery of services as well as documenting the receive date for all invoices.

Objectives and Program Summary

The objective of this review was to determine if the Department, who is responsible for operating state prisons in the state of Florida, maintains compliance regarding contract deliverables and monitoring efforts. The Department is responsible for the procurement, contract management, and monitoring of all the Department contracts. The Florida Accountability Contract Tracking System (FACTS), as of June 6, 2023, indicated that the Department had approximately 1,030 active contracts totaling \$5,820 billion. Our review focused on standard two-party agreements which included 133 contracts totaling \$853,121,760.57 million or approximately 13% of the total active contracts and 15% of the total active contract dollars.

Contract Management

Our review of the Contract Managers' files included five (5) contracts, three (3) active and two (2) that closed during the audit period. For the five (5) contracts, we reviewed a total of twenty (20) invoices. Our review indicated the following areas should be considered for improvement.

Regarding the contract documentation maintained, the Contract Managers' files did not always include all the required documentation per the contract agreement and/or did not always include adequate documentation to make the determination that the deliverables were completed before the payment was made. Comprehensive analysis or summations should be completed by the contract manager supporting their review of the deliverables and performance measures, such as the services provided to each client to ensure the provider met the deliverables prior to payment.

With regards to grant closeout procedures, the Department has established and implemented grant closeout procedures; however, for the grant agreements reviewed, there was no evidence of documentation for a Final Reconciliation report, End-of-Contract Financial Matters Analysis, Evaluation of completed deliverables, and Conclusion as to whether the significant deliverables were accomplished or not.

In some instances, contracts were missing contract language required by Chapter 287, F.S., which requires language clearly specifying the deliverable(s), financial consequences, performance measures that require a minimum level of service to be performed, and criteria for evaluating the successful completion of each deliverable.

Pursuant to section 215.422, F.S., "Approval and inspection of goods and services shall take no longer than 5 working days unless the bid specifications, purchase order, or contract specifies." We were unable to locate the goods/services received date and approved date on the invoice to determine if the goods and services were approved within five (5) working days.

Pursuant to CFO Memorandum Number One (No. 1), a cost analysis is required for non-competitive awards or contracts and cost reimbursement agreements with state/federal financial assistance. During our review, we noted that a few contracts were procured non-competitively, therefore, a cost analysis was required. However, we did not receive a cost analysis for those contracts.

The Department's Fiscal Year 2018-2019 audit report issued on September 4, 2019, recommended, "The Department take steps to improve documentation of the activities and methods used by Contract Managers in verifying the accomplishment and receipt of invoiced deliverables." The Department advised that they would review the process of certifying each invoice and assemble a working group of representatives from finance and accounting, program offices, along with the Contract Managers to ensure a comprehensive approach to addressing the

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process of the acceptance of the deliverables and approval of the associated invoice. However, we noted during our review that the supporting documentation on some invoices were deemed inadequate.

We recommend that the Department continue to provide guidance and training requiring the Contract Managers to maintain adequate documentation, ensuring all required language is included in each contract, reconciliation reports are completed, and ensure that grant close-out procedures are being performed for all applicable grant agreements and maintained in the Contract Managers' files.

Contract Monitoring

Our review of the agency's monitoring efforts indicated the implemented monitoring process and procedures are adequate; however, the actual monitoring of deliverables is inadequate, which should be considered for improvement.

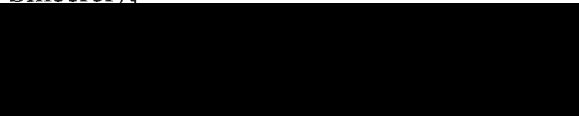
During our review of the agency's monitoring efforts, we noted that we did not receive any documentation that would indicate that Contract Managers are monitoring contract progress and performance to ensure procured products and services conform to the contract requirements and keeping timely records of findings. We received their Comprehensive Program Evaluations that are performed every year; however, we did not receive any monitoring documents that would track the contract deliverables or expenditures. We further noted that not all contract managers are ensuring the vendor has been paid and that no duplicate payments are being processed. Without ensuring payments are being made correctly, the Department will not be able to accurately ensure funds are available throughout the term of the contract.

We recommend that the Department continues to provide guidance and training requiring Contract Managers to complete risk assessments and monitoring plans at the beginning of each fiscal year. The risk assessments and monitoring plans should include all contracts. The Department should also ensure that Contract Managers perform adequate monitoring to track deliverables and contractor performance.

If you have any questions, please contact Ms. Kim Holland, Bureau Chief, at (850) 413-5700 or kim.holland@myfloridacfo.com. Please see the attached detailed summary for further information.

We appreciate the support and courtesy extended to our audit team. Completed reports of the Bureau of Auditing are available at <https://www.myfloridacfo.com/Division/AA/AuditsReviews/default.htm>.

Sincerely,



Renée Hermeling, Director

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Enclosure

c: Mr. Ken Sumpter, Inspector General

Detailed Summary

The following information is to provide the contract number and more specific details of the issues noted with each contract review.

1. Pursuant to section (s.) 287.057(15)(a), Florida Statue (F.S.), a primary responsibility for a Contract Manager is to monitor the contractor's progress and performance to ensure procured products and services conform to the contract requirements and keep timely records of findings. We noted during our review of contract numbers C2923, C3055, IA21-1160, and C2978, we were not provided any tools that would indicate monitoring is being performed to track deliverables or performance measures. The Contract Managers did not monitor the progress and performance of the contract to ensure the procured products and services conformed to the contract requirements and keep timely records of findings.
 - The Contract Manager for contract number (no.) C2978 stated the only monitoring performed is through the timesheets that are provided; however, these timesheets do not contain any reports that would measure their performance.
 - The Contract Manager for contract no. C3055 stated that monitoring is not a requirement for this contract. After reviewing the documentation provided, there was no indication that monitoring was performed for this contract. We confirmed that monitoring is not mentioned in this contract; however, this does not comply with s. 287.057(15)(a), F.S. and Chief Financial Officer (CFO) Memorandum Number Five (No. 5). Since this contract's invoice only contains timesheets with pay stubs, it is not possible to confirm any services were performed.
 - The Contract Manager for contract no. C2923 did not provide any monitoring tools that would indicate they are monitoring the contract's performance or deliverables. The performance measure was amended in Amendment One (1) for the contractor to provide weekly schedules to the education supervisor and that the contract manager would review and confirm the tasks on a quarterly basis. However, there was no documentation provided indicating that this task was performed.
 - The Contract Manager for contract no. IA21-1160 stated that monitoring is performed by his litigation team to ensure there are no errors in the invoices. However, there was no documentation provided indicating that monitoring the progress and performance of the contract was performed.
2. Pursuant to s. 215.871(2)(c), F.S., requires the grant managers to reconcile and verify all funds received against all funds expended during the grant period and produce a final reconciliation report. We noted during our review of contract no. C2923 that it has a Catalog of Federal Domestic Assistance code located in Florida Accountability Contract Tracking System (FACTS), which indicates they have federal financial assistance. Upon further research, we found that this is a grant disbursement from Individuals with Disabilities Education Act (IDEA) and should have had a close out process in place, as well as a final reconciliation report. After we reviewed the closeout documentation provided by the Contract Manager, we determined that the documentation was insufficient to satisfy this criterion. The documentation provided is a 90-day closeout checklist that does not indicate a final reconciliation was performed.
3. Pursuant to s. 287.058(2)(e), F.S., "Dividing the contract into quantifiable, measurables, and verifiable units of deliverables that must be received and accepted in writing by the Contract Manager before payment. Each deliverable must be directly related to the scope of work and specify a performance measure. As used in this paragraph, the term "performance measure" means

the required minimum acceptable level of service to be performed and criteria for evaluating the successful completion of each deliverable.” We noted during our review of contract no. C2978 and C3055, they had insufficient documentation to support the deliverables.

- Contract no. C2978 performance measures state that the contractor shall provide a certified victim advocate to respond to requests for advocacy accompaniment during sexual assault forensic exams and investigatory interview within four (4) hours of notification by the department. It also states the contractor shall provide a written response to correspondence received from an inmate victim within seven (7) days. The invoices provided do not indicate if any time frames were met. The ‘deliverables’ in the contract refer us to the contractor’s responsibilities and reporting requirements, however the invoices provided do not indicate if the responsibilities of the contractor had been performed.
- Contract no. C3055 does not have any specified deliverables or performance measures located in the contract. Per s. 287.058, F.S., contracts must include deliverables directly related to the scope of work and that specify a performance measure. All that is required for payment per the contract, are timesheets, receipts for all equipment purchased, and invoices for all travel related expenses. There is no minimum level of service that needs to be met to evaluate the performance of the contractor.

4. Pursuant to s. 215.422, F.S., “Approval and inspection of goods and services shall take no longer than five (5) working days unless the bid specifications, purchase order, or contract specifies.” We noted during our review that there was no receive date located on three (3) of the four (4) invoices for contract no. C2923 (Invoice no.’s CI-0000029220, CI-000037895, CI-000034212), therefore, we could not determine if the invoices were approved within five (5) working days to be in accordance with s. 215.422, F.S.
5. One of the objectives of this audit is to evaluate the Agency’s contract/grant management and monitoring activities that verify satisfactory receipt of deliverables and compliance with agreement terms and conditions. During our review of contract no. C3055, we noted that the contract was missing contract language required by Chapter 287, F.S. Therefore, the contract is not in compliance with the required elements per Chapter 287, F.S. The contract does not include deliverables that are quantifiable, measurable, and verifiable, language of financial consequences, and performance measures that require a minimum level of service to be performed and criteria for evaluating the successful completion of each deliverable.
6. Pursuant to s. 216.3475, F.S., this statute requires agencies to maintain records to support a cost analysis for service agreements awarded on a noncompetitive basis. We noted during our review that contract no. IA21-1160, C2923, and C3055 were exempt from competitive solicitation. Since these were considered noncompetitive, a cost analysis was required to be completed. During our review of the cost analysis for contract no. C2923, it appeared to be a screenshot of the budget agreement in the contract. No signature certifying that each budget category had been evaluated and approved can be found. Contract no. IA21-1160 and contract no. C3055 did not provide a cost analysis so we could not determine if one was completed.
7. Pursuant to s. 287.057(15)(a)(4), F.S., “Monitoring the contract budget to ensure sufficient funds are available throughout the term of the contract.” We noted during our interview with the contract manager for contract no. C3055, he did not give us a clear statement how they ensured the vendor had been paid or how they ensured duplicate payments were not being made. There was no indication, based on documents received, that this was performed.