



CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

January 2, 2015

The Honorable Jeff Atwater
Chief Financial Officer
The Capitol, PL-11
Tallahassee, Florida 32399-0301

Dear Mr. Atwater:

As required by Section 20.055, Florida Statutes, I am providing the Department's six-month status report of corrective actions taken in response to Auditor General Report Number 2015-002, *Contract and Grant Management Processes at Selected State Agencies* (published July 2, 2014).

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Teresa Michael".

Teresa Michael
Inspector General

TM:rlg

Attachment

cc: Robert Kneip, Chief of Staff
Kathy DuBose, Coordinator, Joint Legislative Auditing Committee
Paul Whitfield, Deputy Chief Financial Officer
Stephanie Iliff, Director of Administration
Christina Smith, Director of Accounting and Auditing

**Department of Financial Services
Office of Inspector General**

**SIX MONTH FOLLOW-UP REPORT
STATUS OF CORRECTIVE ACTION**

Reviewing Entity	Report No.	Report Title	Date Published
Auditor General	2015-002	Contract and Grant Management Processes at Selected State Agencies	July 2, 2014
Finding No. 1	State agencies did not always document that employees involved in the contractor evaluation and selection process attested in writing, or timely attested, that they were independent of, and had no conflict of interest in, the entities evaluated and selected.		
Recommendation	We recommend that State agency management take steps to ensure that conflict of interest attestations required by State law are timely completed by all individuals taking part in the contractor evaluation and selection process and that the attestation documents are appropriately maintained.		
Original Response	We concur. Additional measures were taken to clarify policy verbiage and we have also incorporated the conflict of interest forms inside of the contract routing process to assist contract managers with obtaining the required signatures in a timely manner. DFS internal procurement training sessions are also being utilized to remind contract managers of this requirement. In addition, written communication will also be sent as a reminder of the contract manager's responsibility in this regard.		
Six-month Follow-up:	December 16, 2014		
Responsible Division	Division of Administration		
Reported Status	This matter has been resolved by: 1) written communication was sent to all contract managers reminding them of their responsibility to obtain these signatures; 2) being documented in the Contract Management Life Cycle Guide; 3) being reviewed in all contract manager training classes; 4) including the conflict of interest form with the Internal Contract Route Slip to remind contract managers of the requirement for timely signatures.		
OIG Assessment	Closed. Based on the information provided by the Division, it appears that appropriate action was taken to address the finding.		

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Reviewing Entity	Report No.	Report Title	Date Published
Auditor General	2015-002	Contract and Grant Management Processes at Selected State Agencies	July 2, 2014
Finding No. 3	State agencies did not always document that contracts were properly reviewed, approved, and executed in accordance with State law.		
Recommendation	We recommend that State agency management ensure that contracts are properly reviewed, approved, and executed in accordance with State law and that agency head delegations of authority are appropriately documented.		
Original Response	We concur. Additional measures have been taken to document delegations of authority. DFS internal contract manager training sessions are also being utilized to reinforce the requirement of maintaining this documentation within the contract manager files. In addition, written communication will also be sent as a reminder of the contract manager's responsibility in this regard.		
Six-month Follow-up:	December 16, 2014		
Responsible Division	Division of Administration		
Reported Status	This matter has been resolved by: 1) written communication sent to all contract managers reminding them of their responsibility to obtain appropriate documentation for delegations of authority; 2) being documented in the Contract Management Life Cycle Guide; and 3) being reviewed in all contract manager training classes.		
OIG Assessment	Partially Closed. As noted in the Division's reported status, the Division has taken some action to address this finding. The Office of Inspector General will continue to monitor this finding until corrective action is fully implemented to address this finding.		

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Reviewing Entity	Report No.	Report Title	Date Published
Auditor General	2015-002	Contract and Grant Management Processes at Selected State Agencies	July 2, 2014
Finding No. 5	State agencies did not always document that contract managers received, or timely received, required training for accountability in contracts management.		
Recommendation	We recommend that State agency management ensure that all contract managers attend the required DFS training for accountability in contracts management in accordance with State law and DFS guidelines. We also recommend that DFS management continue to maximize the availability of contracts management training to facilitate State agency compliance with the statutory training requirements.		
Original Response	We concur. DFS management will continue to maximize the availability of contract management training to facilitate State agency compliance with the statutory training requirements.		
Six-month Follow-up:	December 16, 2014		
Responsible Division	Division of Accounting and Auditing		
Reported Status	DFS management was successful in maximizing the availability of contract management training increasing the average number of classes offered by 210%, compared to the same period in the previous year.		
OIG Assessment	Partially Closed: The Division provided 40 classes with 1,851 attendees in calendar year 2013, and 45 classes with 2,072 attendees in calendar year 2014, for an approximate 12% increase in trainings provided and attendees trained. The OIG will continue to monitor this finding until corrective action is fully implemented to address this finding.		

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Reviewing Entity	Report No.	Report Title	Date Published
Auditor General	2015-002	Contract and Grant Management Processes at Selected State Agencies	July 2, 2014
Finding No. 6	State agencies did not always appropriately document that contract managers were independent of, and had no conflict of interest in, the entities whose contracts they were assigned to manage.		
Recommendation	We recommend that State agency management ensure that documentation is maintained to demonstrate that contract managers are independent of, and have no conflict of interest in, the entities whose contracts they are assigned to manage.		
Original Response	We concur. Additional measures have been taken to incorporate the conflict of interest forms inside of the contract routing process to assist contract managers with obtaining the required signatures prior to execution of the contract. DFS internal Contract Management training sessions are also being utilized to remind contract managers of this requirement. In addition, written communication will also be sent as a reminder of the contract manager's responsibility in this regard.		
Six-month Follow-up:	December 16, 2014		
Responsible Division	Division of Administration		
Reported Status	This matter has been resolved by: 1) written communication sent to all contract managers reminding them of their responsibility to obtain these signatures; 2) being documented in the Contract Management Life Cycle Guide; 3) being reviewed in all contract manager training classes; and 4) including the conflict of interest form with the Internal Contract Route Slip to remind contract managers of this requirement for timely signatures.		
OIG Assessment	Partially Closed: As noted in the Division's reported status, the Division has taken some action to address this finding. The Office of Inspector General will continue to monitor this finding until corrective action is fully implemented to address this finding		

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Reviewing Entity	Report No.	Report Title	Date Published
Auditor General	2015-002	Contract and Grant Management Processes at Selected State Agencies	July 2, 2014
Finding No. 7	State agencies did not always document that sufficient contract monitoring had been performed in accordance with Department of Financial Services (DFS) and applicable State agency guidelines.		
Recommendation	We recommend that State agency management ensure that contract monitoring activities are appropriately performed and documented in accordance with DFS guidance and applicable State agency policies and procedures.		
Original Response	We concur. DFS management will continue to maximize the DFS internal Contract Management training to remind contract managers of their responsibility to complete their vendor performance reviews and monitoring activities in a timely manner and in accordance with the individual plan associated with each contract. In addition, written communication will also be sent as a reminder of the contract manager's responsibility in this regard.		
Six-month Follow-up:	December 16, 2014		
Responsible Division	Division of Administration		
Reported Status	This matter has been resolved by: 1) written communication sent to all contract managers reminding them of their responsibility to conduct vendor evaluations; 2) being documented in the Contract Management Life Cycle Guide; 3) being reviewed in all contract manager training classes; and 4) including a "NOTE" inside of the Business Needs Analysis Worksheet (BNA) as a reminder of this requirement. The BNA Worksheet is required as part of the procurement process.		
OIG Assessment	Partially Closed. As noted in the Division's reported status, the Division has taken some action to address this finding. The Office of Inspector General will continue to monitor this finding until corrective action is fully implemented to address this finding		

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Reviewing Entity	Report No.	Report Title	Date Published
Auditor General	2015-002	Contract and Grant Management Processes at Selected State Agencies	July 2, 2014
Finding No. 8			
	State agencies could not always demonstrate that contract payments were properly approved, supported by adequate documentation, or made in accordance with applicable contract terms and Chief Financial Officer memoranda.		
Recommendation	We recommend that State agency management ensure that contract payments are properly approved, adequately supported, and made in accordance with applicable contract terms and CFO memoranda.		
Original Response	We concur. We will continue to work with contract managers to remind them of their responsibility to maintain proper documentation of delegates and to include the certification signed directly by either the contract manager or their delegate.		
Six-month Follow-up: December 16, 2014			
Responsible Division	Division of Administration		
Reported Status	This matter has been resolved by: 1) written communication sent to all contract managers, reminding them of their responsibility to obtain these signatures; and 2) being reviewed in all contract manager training classes.		
OIG Assessment	Partially Closed: As noted in the Division's reported status, the Division has taken some action to address this finding. The Office of Inspector General will continue to monitor this finding until corrective action is fully implemented to address this finding		

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Reviewing Entity	Report No.	Report Title	Date Published
Auditor General	2015-002	Contract and Grant Management Processes at Selected State Agencies	July 2, 2014
Finding No. 9	State agencies did not always document that sufficient grant monitoring had been performed in accordance with DFS and applicable State agency procedures.		
Recommendation	We recommend that State agency management ensure that grant monitoring activities and grant manager independence are appropriately documented and that the monitoring results are timely communicated to the grantee.		
Original Response	We concur. Additional measures were taken to clarify policy verbiage and we have also incorporated the conflict of interest forms inside of the contract routing process to assist contract managers with obtaining the required signatures in a timely manner. DFS internal procurement and contract manager training sessions are also being utilized to remind contract managers of this and other requirements to reinforce the responsibilities of the contract manager and required documentation within their files. In addition, written communication will be sent as a reminder of the contract manager's responsibility in this regard.		
Six-month Follow-up:	December 16, 2014		
Responsible Division	Division of Administration		
Reported Status	This matter has been resolved by: 1) written communication sent to all contract managers reminding them of their responsibility to conduct vendor evaluations; 2) being documented in the Contract Management Life Cycle Guide; 3) being reviewed in all contract manager training classes; 4) including a "NOTE" inside of the Business Needs Analysis Worksheet (BNA) as a reminder of this requirement; and 5) including the conflict of interest form with the Internal Contract Route Slip to remind grant managers of this requirement for timely signatures.		
OIG Assessment	Partially Closed: As noted in the Division's reported status, the Division has taken some action to address this finding. The Office of Inspector General will continue to monitor this finding until corrective action is fully implemented to address this finding		