



FLORIDA DEPARTMENT of

management SERVICES

We serve those who serve Florida.

4050 Esplanade Way
Tallahassee, FL 32399-0950
Tel: 850-488-2786 | Fax: 850-522-6149

Rick Scott, Governor

Chad Poppell, Secretary

December 29, 2014

Chad Poppell, Secretary
Department of Management Services
4050 Esplanade Way
Tallahassee, FL 32399-0950

Secretary Poppell:

Pursuant to Section 20.055(5)(h), Florida Statutes, the attached report is the Department's explanation of the six-month status of findings and recommendations included in the Auditor General's (AG) published Audit Report No. 2015-002, **Contract and Grant Management Processes at Selected State Agencies**. Our response addresses the findings and recommendations in the same order as they appear in the report.

You can access the full report on the AG website: http://www.myflorida.com/audgen/pages/pdf_files/2015-002.pdf.

If you have any questions, please call either Yolanda Lockett, Audit Director, at (850) 487-9746 or me.

Sincerely,

Walter Sachs
Inspector General

WS:wr

Attachment

cc: David W. Martin, Auditor General
Joint Legislative Auditing Committee
Melinda Miguel, Chief Inspector General
Debra Forbess, Director of Administration
Ann Reeves, Director of Departmental Purchasing
Yolanda Lockett, Audit Director

Preliminary and Tentative Audit Findings

Status Date	Report No.	Report Title	
12/29/2014	2015-002	Contract and Grant Management Processes at Selected State Agencies	
Contact Person	Program/Process	Phone No.	
Ann Reeves	Departmental Purchasing	413-7190	
Activity	Accountability	Schedule	
	Responsible Unit	Repeat Finding	Anticipated Completion Date
	Departmental Purchasing	No	N/A
Finding			
No.	1	Conflict of Interest	
Date	5/30/2014		
Finding			
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.			
Response/Action Plan			
Departmental Purchasing will ensure formal evaluation and negotiation team members appointed for future competitive solicitations have completed the Attestation of No Conflict of Interest and Non-Disclosure Form prior to evaluating vendor responses and posting the agency's notice of intent to award. Departmental Purchasing will maintain copies in the procurement file.			
Status Update-6mo			
<input type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input type="checkbox"/> Partially Complete <input type="checkbox"/> Complete pending <input checked="" type="checkbox"/> Complete			
The following has been provided to the IG's office and are now in use by DMS Departmental Purchasing: • Certification of Review of Legal Summaries & No Conflict of Interest RFP • Certification of Review of Legal Summaries & No Conflict of Interest ITN • Evaluator Instructions • Departmental Purchasing Bulletins on contract management and monitoring Copies are held in the procurement files. Note the no conflict of interest form includes non-disclosure. Departmental Purchasing is fully compliant.			
Status Update-12mo			
<input type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input type="checkbox"/> Partially Complete <input type="checkbox"/> Complete pending <input type="checkbox"/> Complete			
Status Update-18mo			
<input type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input type="checkbox"/> Partially Complete <input type="checkbox"/> Complete pending <input type="checkbox"/> Complete			

Preliminary and Tentative Audit Findings

Status Date	Report No.	Report Title	
12/29/2014	2015-002	Contract and Grant Management Processes at Selected State Agencies	
Contact Person	Program/Process	Phone No.	
Ann Reeves	Departmental Purchasing	413-7190	
Activity	Accountability	Schedule	
	Responsible Unit	Repeat Finding	Anticipated Completion Date
	Departmental Purchasing	No	N/A
Finding			
No.	3	Contract Review, Approval, and Execution	
Date	5/30/2014		
Finding	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.		
Response/Action Plan	Departmental Purchasing will ensure that the DP200 Agreement Approval Form and the DP400 Contract Manager Summary Form is completed and routed for signature(s) to the appropriate DMS Executive Management and/or the agency head delegation prior to contract execution(s). Departmental Purchasing will ensure copies of both DP forms are included in the hard copy of the contract file, along with any delegations of the signing parties.		
Status Update-6mo	Copies of the signed DP200 and signed DP400 are all held in the contract file and have been provided to the IG 's office.		
<input type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input type="checkbox"/> Partially Complete <input type="checkbox"/> Complete pending <input checked="" type="checkbox"/> Complete	<ul style="list-style-type: none"> • DMS DP 200 - Agreement Approval form • DMS DP 400 - Contract Manager summary • Departmental Purchasing Bulletins on contract management and monitoring Departmental Purchasing is fully compliant.		
Status Update-12mo			
<input type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input type="checkbox"/> Partially Complete <input type="checkbox"/> Complete pending <input type="checkbox"/> Complete			
Status Update-18mo			
<input type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input type="checkbox"/> Partially Complete <input type="checkbox"/> Complete pending <input type="checkbox"/> Complete			

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Contact Person	Program/Process	Phone No.	
Ann Reeves	Departmental Purchasing	413-7190	
Activity	Accountability	Schedule	
	Responsible Unit	Repeat Finding	Anticipated Completion Date
	Departmental Purchasing	No	N/A
Finding			
No.	5	Contract Manager Training	
Date	5/30/2014		
Finding			
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.			
Response/ Action Plan			
Departmental Purchasing receives quarterly training information from DFS, and provides to DMS Contract Managers regarding upcoming Advancing Accountability trainings. Departmental Purchasing will continue to notify DMS Contract Managers of upcoming trainings on a quarterly basis. Departmental Purchasing will continue to keep a master log of DMS Contract Managers and the dates training was completed, and will notify the appropriate Contract Manager supervisor if the training has not been completed.			
Status Update-6mo			
<input type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input type="checkbox"/> Partially Complete <input type="checkbox"/> Complete pending <input checked="" type="checkbox"/> Complete			
DMS has and will continue to: <ul style="list-style-type: none"> • Notify Contract Managers of upcoming trainings. • Maintain a master log of DMS contract managers and requested trainings. A copy of this document has been provided to IG's office. Please note the referenced Advancing Accountanility (AA) training is now incorporated into the FCCM training. Departmental Purchasing is fully compliant.			
Status Update-12mo			
<input type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input type="checkbox"/> Partially Complete <input type="checkbox"/> Complete pending <input type="checkbox"/> Complete			
Status Update-18mo			
<input type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input type="checkbox"/> Partially Complete <input type="checkbox"/> Complete pending <input type="checkbox"/> Complete			

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Ann Reeves	Departmental Purchasing	413-7190	
Activity	Accountability	Schedule	
	Responsible Unit	Repeat Finding	Anticipated Completion Date
	Department Purchasing	No	N/A
Finding			
No.	6	Contract Manager Conflict of Interest	
Date	5.30.2014		
Finding	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 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.		
Response/Action Plan	Departmental Purchasing recognizes that, though not legally required, this is a best practice. Thus, DMS will begin to maintain the appropriate DMS Contract Manager No Conflict of Interest statement in each hard copy of the contract file.		
Status Update-6mo	<input type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input type="checkbox"/> Partially Complete <input type="checkbox"/> Complete pending <input checked="" type="checkbox"/> Complete		
	The IG's office has been provided a copy of the following documentation now in use by DMS Departmental Purchasing: • DP No Conflict of Interest form • Departmental Purchasing Bulletins (four separate emails) Copies are also held in the procurement files. Departmental Purchasing is fully compliant.		
Status Update-12mo	<input type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input type="checkbox"/> Partially Complete <input type="checkbox"/> Complete pending <input type="checkbox"/> Complete		
Status Update-18mo	<input type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input type="checkbox"/> Partially Complete <input type="checkbox"/> Complete pending <input type="checkbox"/> Complete		

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Contact Person	Program/Process	Phone No.	
Ann Reeves	Departmental Purchasing	413-7190	
Activity	Accountability	Schedule	
	Responsible Unit	Repeat Finding	Anticipated Completion Date
	Departmental Purchasing	No	
Finding			
No.	7	Contract Monitoring	
Date	5/30/2014		
Finding	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.		
Response/Action Plan	Departmental Purchasing will ensure that the DP400 Contract Manager Summary is completed and routed for signature(s) prior to contract execution(s). Departmental Purchasing will continue to use the DP600 Annual Comparison of Active Written Agreements Form and will ensure copies of both DP forms are included in the hard copy of the contract file. The DP600 will also be edited to require additional monitoring documentation.		
Status Update-6mo	<p>Management has provided the IG's office with the following:</p> <ul style="list-style-type: none"> • DMS DP 400 - Contract Manager Summary • DMS DP 600 - Annual Contract Manager File Review • Departmental Purchasing Bulletins on contract management and monitoring • Departmental Purchasing presented PowerPoint training materials for trainings delivered on 9/23/2014 and 9/24/2014 where the DP 400 was discussed with Contract Managers. <p>DP600 is currently under review in conjunction with Departmental Purchasing Policy 101-P7. The DP 400 will continue to be introduced.</p>		
Status Update-12mo	<input type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input checked="" type="checkbox"/> Partially Complete <input type="checkbox"/> Complete pending <input type="checkbox"/> Complete		
Status Update-18mo	<input type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input type="checkbox"/> Partially Complete <input type="checkbox"/> Complete pending <input type="checkbox"/> Complete		

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Contact Person	Program/Process	Phone No.	
Ann Reeves	Departmental Purchasing	413-7190	
Activity	Accountability	Schedule	
	Responsible Unit	Repeat Finding	Anticipated Completion Date
	Departmental Purchasing	No	N/A
Finding			
No.	8	Contract Payments	
Date	5/30/2014		
Finding		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.	
Response/ Action Plan		By September 2014, Departmental Purchasing will conduct a Contract Manager/General Purchasing training to educate DMS Divisions on the correct ways to implement, manage and pay formal contracts.	
Status Update-6mo		Management has provided the IG's office a copy of the Departmental Purchasing PowerPoint training materials from the trainings delivered on 9/23/2014 and 9/24/2014. Departmental Purchasing is fully compliant.	
<input type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input type="checkbox"/> Partially Complete <input type="checkbox"/> Complete pending <input checked="" type="checkbox"/> Complete			
Status Update-12mo			
<input type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input type="checkbox"/> Partially Complete <input type="checkbox"/> Complete pending <input type="checkbox"/> Complete			
Status Update-18mo			
<input type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input type="checkbox"/> Partially Complete <input type="checkbox"/> Complete pending <input type="checkbox"/> Complete			