

Mission:

To protect, promote & improve the health of all people in Florida through integrated state, county & community efforts.



Rick Scott
Governor

John H. Armstrong, MD, FACS
State Surgeon General & Secretary

Vision: To be the **Healthiest State** in the Nation

April 7, 2014

John H. Armstrong, MD, FACS
Surgeon General & Secretary
4052 Bald Cypress Way
Tallahassee, Florida 32399

Dear Dr. Armstrong:

Pursuant to Section 20.055(5)(g), *Florida Statutes*, our office is to update you on the status of corrective actions taken since October 14, 2013 when the Auditor General published its Report Number 2014-025, *Department of Health Florida Biomedical Research Program – Operational Audit*. Management's assessment of the current status of corrective actions is included in the attached document.

At six months after publication, management reports they have initiated all corrective actions made in response to recommendations from the Office of the Auditor General's report. All corrective actions are completed.

If I may answer any questions, please let me know.

Sincerely,

James D. Boyd, CPA, MBA
Inspector General

JDB/kir
Attachment

cc: Michael J. Bennett, CIA
Director of Auditing
Kathy DuBose, Coordinator
Joint Legislative Auditing Committee

Florida Department of Health

Office of Inspector General
4052 Bald Cypress Way, Bin A-03 • Tallahassee, FL 32399-1704
PHONE: 850/245-4141 • FAX 850/413-8985

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Report # 2014-025
 Report Title: Department of Health, Florida Biomedical Research Program
 Report Date: April 7, 2014
 6 Month Status Report

Corrective Action Plans

Number	Finding	Recommendation	Management Response	Corrective Action Plan
1	The Program experienced significant staff turnover and the Department of Health (Department) had not established sufficient written policies and procedures to provide for the continuity of efficient and effective Program operations when Program staff have limited Program knowledge and experience.	We recommend that Department management continue to evaluate the appropriate level and types of Program staffing needed to best ensure the efficient and effective administration of the Program. Additionally, we recommend that the Department enhance its written policies and procedures to provide Program staff with the information, instructions, and guidelines necessary to ensure compliance with applicable laws and rules and promote efficient and effective Program administration.	We concur. The Department agrees with the finding and the Unit is now fully staffed. Unit personnel have the appropriate qualifications and expertise to manage grants and contracts and ensure efficient and effective program operations, and address all deficiencies identified in this report.	Completed. Staff education was completed on December 15, 2013. The Grant manual was revised by October 20, 2013.
2	Program staff did not document the reasonableness of the administrative services provider's contract amount, nor did Program staff adequately monitor the administrative services provider's activities. Additionally, contrary to State law and Department policies and procedures, Department management did not ensure that the individuals assigned as contract managers for the administrative service provider's contract were Department employees, were supervised by a Department employee, and had attended statutorily required training.	We recommend that Department management: 1) Ensure that contract pricing decisions are appropriately documented and, when significant changes to Program appropriations and activities occur, that contract amounts are timely and appropriately amended. 2) Ensure that the administrative services provider's performance is timely monitored and that the monitoring efforts and results are appropriately documented. 3) Require that the administrative services provider obtain and submit to the Department independent service auditor's reports that address the provider's controls relevant to the Program. The Department should review the reports upon receipt and take timely follow-up actions for any noted deficiencies. 4) Ensure that, as required by State law and Department policies and procedures, a Department employee who is supervised by a Department employee and has received the required training is assigned as the contract manager for the administrative services provider contract.	We concur. Changes to the Administrative Service Provider (ASP) contract will be made to improve greater accountability for the administrative services funds.	Completed. An Intent-to-Negotiate has been issued for a contractor to provide scientific peer review services; the ITN is limited to scientific review.



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3	Program staff did not monitor Program grant recipients. Also, the Department did not always ensure that Program grant agreements were properly executed, reviewed, or contained all the provisions required by State law and Department policies and procedures. In addition, the Department paid amounts to certain recipients that exceeded the amounts expended by the recipients.	We recommend that Department management provide the appropriate oversight of Program activities, including grant management and monitoring, to ensure Program compliance with the requirements of Department policies and procedures and State law.	We concur. New processes were implemented to obtain greater accountability and oversight of grant payments and reconciliations with providers.	Completed. Monitoring activities of 14 grants has been performed and will continue annually.
4	Department policies and procedures did not ensure the appropriate identification and coding of Program administrative expenditures. Additionally, the Department did not adequately support its allocation of Program administrative expenditures or demonstrate that administrative expenditures did not exceed statutory limits.	We recommend that Department management establish unique accounting codes for the James and Esther King Biomedical Research Program and the Bankhead-Coley Cancer Research Program to differentiate between payments for administrative costs and direct grant payments when appropriations carried forward from prior fiscal years are used. We also recommend that the Department analyze work activity and other relevant factors to establish and document the basis for allocating administrative costs to two research programs.	We concur.	Previously Completed.
5	Department controls did not always prevent improper Program expenditures or ensure the accurate recording and reporting of Program expenditures and grant information.	We recommend that Department management: 1) Ensure that staff duties are properly separated and that an explanation or justification is documented when electing to contract for employment services. 2) Enhance the invoice review process to ensure that, prior to payment, amounts are accurate and adequately supported. 3) Enhance Department procedures to better ensure the accurate coding of Florida Accounting Information Resource (FLAIR) transactions and accurate reporting of The Florida Accountability Contract Tracking System (FACTS) information.	We concur.	Previously Completed.