



**STATE OF FLORIDA
DEPARTMENT OF JUVENILE JUSTICE**

INTEROFFICE MEMORANDUM

DATE: January 9, 2015
TO: Christina K. Daly, Secretary
FROM: Robert A. Munson, Inspector General *RAM*
SUBJECT: Internal Audit's Six-Month Follow-Up Report – *Auditor General's Operational Audit No. 2015-002, Contract and Grant Management Processes at Selected State Agencies*

In July 2014, the Auditor General (AG) released Report Number 2015-002, *Contract and Grant Management Processes at Selected State Agencies*. This report focused on the contract and grant management processes at the Department of Children and Families (DCF), Department of Financial Services (DFS), Department of Juvenile Justice (DJJ) Department of Management Services (DMS), Department of Health (DOH), and Department of Transportation (DOT). Florida statute requires that the Office of the Inspector General conduct six-month follow-up reports for all Auditor General Reports. The statute also requires that a copy of the six-month follow up be filed with the Joint Legislative Auditing Committee (JLAC).

In December 2014, the Bureau of Internal Audit conducted six-month follow-up activities for the aforementioned audit. Based on our follow-up review, the Department has implemented most of the corrective action plans. One remaining activity pertaining to contract manager training is pending implementation due to limited class availability. A copy of the Status of Implementation is attached for your review.

As all issues have been either fully addressed or progress has been made in developing controls and implementing corrective action plans, we determined no further follow-up is necessary. If you have any questions, please feel free to contact Michael Yu, Audit Director at 717-2468.

RM/km

Attachment

Cc: Fred Schuknecht, Chief of Staff
Amy Johnson, Director of Program Accountability
Melinda M. Miguel, Chief Inspector General, Executive Office of the Governor
David W. Martin, CPA, Auditor General
Kathy DuBose, Director, Legislative Auditing Committee.

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Rick Scott, Governor

Christina K. Daly, Secretary

The mission of the Department of Juvenile Justice is to increase public safety by reducing juvenile delinquency through effective prevention, intervention, and treatment services that strengthen families and turn around the lives of troubled youth.

Department of Juvenile Justice
 OIG Bureau of Internal Audit
 Follow-Up On Auditor General Review Number 2015-002
 "Contract and Grant Management Processes At Selected State Agencies"
 Status of Corrective Actions
 As of January 2015

Contract Management Processes		
<p>Finding 2: Some State agencies did not always document that cost analyses were completed prior to executing contracts. Sixteen Department of Juvenile Justice (DJJ) contracts were reviewed. For two DJJ contracts a cost analysis was not available and a third was completed 109 days after the contract was executed.</p>		
Auditor General Recommendations	Agency Response	Status of Implementation
<p>The Department management should ensure that, for contracts awarded on a noncompetitive basis, documented cost analyses are completed prior to contract execution and in accordance with State law.</p>	<p>For contracts awarded on a noncompetitive basis, the Bureau of Contracts' Contract Administrator will ensure that documented evidence of a cost analysis is provided and recorded in the Contract Tracking System (CTS) prior to contract execution and in accordance with State law.</p>	<p>The Office of Program Accountability, Bureau of Contracts has implemented the use of a "Contract File Content Checklist". All items on the checklist must be completed prior to the final filing.</p> <p>Please see Attachment A: "Contract File Content Checklist" and note that the cost analysis requirement is located under Tab 4.</p>
<p>Finding 4: Some State agencies did not always ensure that contracts included statutorily required provisions. For thirteen DJJ contracts, twelve did not include a provision specifying that renewal costs may not be charged. Two also did not include a statement of the vendor's rights and the state's responsibility with regard to prompt payment of invoices. One contract did not include a provision specifying that bills for fees or other compensation for services or expenses be submitted in detail sufficient for a proper pre-audit and post-audit.</p>		
Auditor General Recommendations	Agency Response	Status of Implementation
<p>The Department management should ensure that the provisions specified in State law are appropriately included in all applicable contracts.</p>	<p>The Department Contract Administrators are responsible to ensure that the provisions specified in State law are appropriately included in all applicable contracts. As contracts are written or amended, they are reviewed to ensure that they contain the required language. Contracts are amended, as necessary, to include these required provisions. Contract templates were modified to ensure these provisions are included in all new and future contracts.</p>	<p>Contract templates were modified to ensure required provisions were appropriately included in all applicable contracts prior to the conclusion of the audit and required no further action.</p> <p>As noted by Attachment "B," contract templates are stored on the Department's "K" drive.</p>

Department of Juvenile Justice
 OIG Bureau of Internal Audit
 Follow-Up On Auditor General Review Number 2015-002
 "Contract and Grant Management Processes At Selected State Agencies"
 Status of Corrective Actions
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Finding 5: State agencies did not always document that contract managers received, or timely received, required training for accountability in contracts management.

Auditor General Recommendations	Agency Response	Status of Implementation
<p>The Department management should ensure that all contract managers attend the required Department of Financial Services (DFS) training for accountability in contracts management in accordance with State law and DFS guidelines.</p>	<p>As acknowledged in the report, DJJ has experienced difficulty in complying with the required training due to the availability of courses provided by DFS. DJJ will continue to work with DFS to ensure all contract managers are trained in the required course.</p>	<p>As a result of recently release CFO 2014-15 memorandum #4 by DFS, most of the Department's contract managers are due to be trained. Department staff is working to register managers for upcoming training but are still struggling with limited class availability. To date, three staff are scheduled to attend training in the 3rd Quarter of 2015 (date not yet specified) and several managers are scheduled to attend training in the 4th Quarter.</p>
<p>Finding 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.</p>		
Auditor General Recommendations	Agency Response	Status of Implementation
<p>The Department management should 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.</p>	<p>DJJ Contract Managers now include a conflict of interest questionnaire in each contract that they manage. This is verified by the contract management supervisor.</p>	<p>This recommended change was implemented prior to the conclusion of the audit and required no further action.</p>

Department of Juvenile Justice
 OIG Bureau of Internal Audit
 Follow-Up On Auditor General Review Number 2015-002
 “Contract and Grant Management Processes At Selected State Agencies”
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Finding 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.

Auditor General Recommendations	Agency Response	Status of Implementation
<p>The Department management should ensure that contract monitoring activities are appropriately performed and documented in accordance with DFS guidance and applicable agency policies and procedures.</p>	<p>DJJ completed a Department-wide risk assessment instrument in January 2014, and began use of that tool in April, 2014. Additionally, DJJ has standardized monitoring processes and procedures and is nearly complete with including all DJJ contracts/programs in its automated monitoring workflow system that will alert managers to outstanding monitoring items. This should be complete by September, 2014.</p>	<p>In April 2014, an automated monitoring workflow system, Program Monitoring and Management (PMM) was piloted in South Florida. The PMM system was implemented statewide in August 2014.</p> <p>Please see Attachment C: a screenshot of the PMM system.</p> <p>Effective August 28, 2014, the Department implemented Policy FDJJ-2000 to provide policy, procedures, and guidelines on appropriate contract management methods and processes, and establish compliance monitoring for all services and programs (contracted or state operated) within DJJ.</p> <p>Please see Attachment D: “Department Policy FDJJ-2000.”</p>
<p>Grant Management Processes</p> <p>Finding 9: State agencies did not always have sufficient documentation to appropriately demonstrate that grant managers were independent of, and had no conflict of interest in, the grantees whose grants they were assigned to manage.</p>		
<p>Auditor General Recommendations</p> <p>The Department management should ensure that grant monitoring activities and grant manager independence are appropriately documented and that the monitoring results are timely communicated to the grantee.</p>	<p>Agency Response</p> <p>DJJ Grant Managers now include a conflict of interest questionnaire in each grant that they manage. This is verified by the grant manager’s supervisor.</p>	<p>Status of Implementation</p> <p>This recommended change was implemented prior to the conclusion of the audit and required no further action.</p>

Attachment A



**Florida Department of Juvenile Justice
Bureau of Contracts
Contract File Content Checklist**

Completed by: _____ Contract #: _____ Date: _____

**Tab 1
Checklist / Activity Record**

Contract file content checklist

**Tab 2
Correspondence**

Y/N/NA	<i>This tab should be in chronological order, from oldest on bottom to newest on top.</i>
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- | | | |
|--|----|---|
| | 1. | Provider Correspondence |
| | 2. | Department Correspondence (Letters, Memos, E-Mails) |
| | 3. | Other Correspondence besides Department/Provider |
| | 4. | Requests for Information/Public Records |
| | 5. | Change in Contract Manager forms |
| | 6. | Office of Policy and Budget (OPB) Approval (if contract is \$1 million or more) |

**Tab 3
Amendments**

Y/N/NA	<i>This tab should be in chronological order, from oldest on bottom to newest on top.</i>
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- | | | |
|--|----|---|
| | 1. | Contract Review Forms (CRF) - any action after original Contract |
| | 2. | Executed Amendments |
| | 3. | Contract Initiation Memo (CIM) authorizing Amendment |
| | 4. | Justification from Program Office (renewals only) |
| | 5. | Letter from Provider or Department advising the other party of its desire to terminate the Contract (terminations only) |

**Tab 4
Original Contract Document**

Y/N/NA	<i>Does file contain the following documents?</i>
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- | | | |
|--|----|---|
| | 1. | Contract Review Form (CRF) |
| | 2. | Executed Contract Document |
| | 3. | Contract Initiation Memo (CIM) authorizing initial contract action |
| | 4. | Cost Analysis for non-competitive or single-response procured agreements in excess of Category II threshold (\$35,000.00) |
| | 5. | Certificate Of Non-Compliance (PUR 1010) (if applicable) for services provided within 30 days of contract execution. |

**Tab 5
Department Procurement Documents**

Y/N/NA	<i>Does file contain the following documents?</i>	
	1.	Procurement Justification Form from Program Office
	2.	Emergency Certification (PUR 7800) (<i>if applicable</i>) for emergency procurements only – signed by Agency Head or designee (include Program Office justification documents)
	3.	Single Source form (PUR 7776) required for services over \$35,000; PUR 7777 – applicable for services over \$195,000; and PUR 7778 – decision to enter into a Single Source; and copies of all VBS postings of PUR forms. PUR 7776: Description of Intended Single Source purchase. PUR 7777: Single Source Certification and Request for Approval PUR 7778: Notice of Intended Decision to Enter Into a Single Source Contract.
	4.	Signed Conflict of Interest forms for Exempt, Single Source, One Response - (program office & contract manager and/or Program Office, Contract Manager, and /or evaluation/negotiation team members, if applicable), ITB/RFP/ITN, etc. If contracts are competitively procured with 2 or more respondents, forms will <u>only</u> be located in the Decision Notebook in the procurement file)
	5.	MyFlorida.com posting for Single Source/Emergency contracts.
	6.	Signed and dated "DEBARMENT, INELIGIBLE OR VOLUNTARILY EXCLUDED FROM PARTICIPATION BY THE UNITED STATES GOVERNMENT OR THE STATE OF FLORIDA, IN CONTRACT REVIEW" form.
	7.	Print-out of Excluded Party list
	8.	Print-out of Convicted Vendor List
	9.	Print-out of Discriminatory Vendor List
	10.	Print out of Sunbiz – Secretary of State Corporation in Good Standing
	11.	Scrutinized Companies List for contracts over \$1 million (beginning 7/1/11)
	12.	Florida Single Audit Act Checklist for Non-State organizations - Recipient/Sub recipient vs. Vendor Determination (FSAA form).

**Tab 6
Provider Proposal/Response**

	1.	Provider Bid/Proposal/Reply - as disk or CD-Rom if possible
	2.	Proposal Summary for Special Member Projects (SMPs) & copy of General Appropriation Act (GAA)
	3.	Proposal selected from RFI for Emergency Contract.

Attachment B

Computer > UserData (K:) > Bureau of Contracts > CONTRACT ADMINISTRATION UNIT > BUREAU FORMS

Folder

Name Date modified Type Size

Name	Date modified	Type	Size
CIM and PIF FORMS	12/16/2014 12:46	File folder	
CONTRACT MODELS	10/18/2014 11:44	File folder	
FILE CHECK FORMS	12/19/2014 4:30 PM	File folder	
FORM LETTERS	12/15/2014 10:23	File folder	
ITB MODELS	10/18/2012 3:15 PM	File folder	
ITN MODELS	12/17/2014 9:42 A...	File folder	
NOTICE OF NON-COMPLIANCE FORMS	3/10/2014 4:07 PM	File folder	
RFA MODELS	10/15/2014 10:32	File folder	
RFP MODELS	6/16/2014 9:19 AM	File folder	
SETTLEMENT AGREEMENT FORMS	12/24/2014 4:56 PM	File folder	
SINGLE SOURCE FORMS	12/3/2014 9:26 AM	File folder	
TRAINING MATERIAL	10/11/2014 3:21 PM	File folder	
Attestation Form Word	10/12/2013 11:51 A...	Rich Text Format	54 KB
Attestation Memorandum	9/3/2013 12:58 PM	Adobe Acrobat D...	159 KB
BOC Action Crosswalk11.5.13	12/6/2013 3:09 PM	Microsoft Word D...	19 KB
Instructions - CTS Finalization Checklist f...	6/14/2014 10:19 A...	Microsoft Word D...	20 KB
MHOS - SAOS Daily Service Delivery	12/9/2013 2:50 PM	Microsoft Excel 97...	69 KB
PREA Language Approved by G. McMahon	5/16/2014 9:55 AM	Microsoft Word D...	17 KB
Prevention - Monthly Activity and Progre...	11/14/2013 3:28 PM	Microsoft Word D...	37 KB
Prevention EXHIBIT 6 OJJDP Performance...	12/5/2013 4:07 PM	Microsoft Word D...	277 KB
Preventive Maintenance Checklist - Resid...	2/7/2013 1:15 PM	Microsoft Excel 97...	146 KB
Preventive Maintenance Checklist	2/12/2013 8:36 AM	Microsoft Excel 97...	144 KB
Public Records Request Charges	4/19/2012 3:35 PM	Microsoft Word 97...	39 KB
Recorder Tracking form	8/7/2014 8:59 AM	Microsoft Word D...	16 KB
Supplier Qualifier Report Request	2/25/2013 4:38 PM	Microsoft Word 97...	15 KB
Supplier Qualifier Report Request	2/25/2013 4:26 PM	Adobe Acrobat D...	6 KB

File name:

All Files

Insert

Tools

Attachment C

http://jjs-web2/PMN/home.aspx Windows Internet Explorer provided by Department of Juvenile Justice

DEPARTMENT OF JUVENILE JUSTICE
PROGRAM MONITORING AND MANAGEMENT

Home **Program Mgmt** Program Assignment Reports Administration [Details](#) [Exit](#)

You are logged in as Monitoring Team Member

Message Sent
Contract Assignment
Midnight Centers
Characteristics
Items to Complete Report
Monitoring Summary On Hold Report
Non-Monitored Programs Report

Region: [Statewide] |
Team: [Central] |
Monitor: |
Program: |

Items to Complete

Contract Reviews Pending	1	Active Performance Measures	29
Contract Reviews Pending Approval	2	Performance Measure Pending Approval	61
Contract Amendment Reviews Pending	0	Performance Measure PAST DUE	0
Contract Amendment Review Pending Approval	0	Corrective Action Plans open	2
Monitoring Plans Pending	4	Corrective Action Plans Pending Approval	4
Monitoring Plans Pending Approval	1	Critical Issues open	0
Monitoring Summaries Pending	2	Minor Deficiencies Open	21
Monitoring Summaries Pending Approval	2		

+ 100%

12/31/2014 10:04 AM



FLORIDA DEPARTMENT OF JUVENILE JUSTICE POLICY

Interim Secretary /s/, Christy Daly

Date: 8/28/14

Subject: Contract Management and Program Monitoring and Quality Improvement

Section: FDJJ - 2000

Originating Office: Program Accountability

Authority: Sections 55.03, 215.422, 215.97, 985.01 and Chapter 287, Florida Statutes
Chapter 60A-1, Florida Administrative Code

Related References:

- FDJJ 2020, Incident Operations Center and Management Reviews
- FDJJ 1520, Employee Training
- FDJJ 1410, Settlement Agreements
- FDJJ 1312, Property Management and Control
- Department of Juvenile Justice Program Monitoring Guidelines
- DJJ 1520, Employee Training Policy
- Chief Financial Officer Memorandum No. 06 (11-12)
- Chief Financial Officer Memorandum No. 07 (11-12)
- Contract Management, FDJJ 2050
- Managing Specialized Programs

Purpose: To provide policy, procedures, and guidelines on appropriate contract management methods and processes, and establishes compliance monitoring for all services and programs (contracted or state operated) within the Department of Juvenile Justice (DJJ) and define procedures for compliance and supplemental monitoring events, certified reviewers, waivers and alternative compliance measures, and failed standards, as it relates to the Department of Juvenile Justice's program monitoring compliance system.

Offices Affected by the Policy: All offices within the Department of Juvenile Justice and contracted service providers.

POLICY STATEMENT:

- Procedures contained herein are designed to comply with applicable state and federal laws and rules, and are not meant to supersede or circumvent such laws or rules.

FLORIDA DEPARTMENT OF JUVENILE JUSTICE

SUBJECT: Contract Management and Program Monitoring and Quality Improvement

SECTION: FDJJ - 2000

- All contracts will be procured by the Department in accordance with applicable Florida Statutes, Florida Administrative Code, Comptroller Memoranda, Department of Management Services Memoranda, Department Policy, and in compliance with the Americans with Disabilities Act (ADA).
- Contract managers within the Bureau of Contract Management will provide contract management services that are responsive to the needs of the offices, programs, and facilities of the Department. Contract managers will oversee the administrative compliance for contracts to which they are designated as the Department's contract manager.
- In an effort to remove any conflict of interest, there shall be separation of duties for contract managers and program monitors. Both functions shall not be performed by the same person for any given contract or provider whenever possible.
- All contracted providers are subject to an annual administrative compliance review with the following exceptions: revenue-generating contracts, governmental entities, rate agreements that DCF has monitored within the last twelve (12) months, rate agreements under \$35,000, and non-client service contracts. While these contracts are exempt from a full administrative compliance review, the contract manager is responsible for assessing delivery of service, satisfactory provider performance, and compliance with contract terms and conditions to ensure the Department is protected against misuse of public funds as contractually agreed.
- Service level agreements will be established between the Provider Management Shared Services (PMSS) work stream and its customers to outline service delivery expectations and standards.
- The Prioritization and Planning (P&P) staff, within the Bureau of Monitoring and Quality Improvement will complete the prioritization tool yearly, beginning in July, adding any new contracts for the upcoming fiscal year and revising any current contracts. The tool will be updated on a quarterly basis to capture program performance categories and scores, to include CCC incidents, PAR rate, minor, major, and critical deficiencies, and cure notices. Any new contracts will be added to the prioritization tool throughout the year as they come on-line. Each program will receive an assessment score. These scores will be used to determine the baseline frequency of routine monitoring events, which may include programmatic monitoring, supplemental monitoring, clinical monitoring, or an administrative compliance review. This baseline will be used as a starting point to develop the monitoring schedules. The score is not to be seen as a punitive score; rather it is used as a resource tool to aid the Department in scheduling resources for the programs/services with the highest needs.
- The Department shall conduct annual programmatic compliance reviews of all state-operated and contract provider programs and units at least once each fiscal year using approved standards. New programs shall not be eligible for review for a period of at least six months following the admission of the first youth. Existing programs that are transferred to a different contract provider shall not be eligible for review for a period of at least six months following the execution of the initial contract.
- Programmatic monitoring may result in critical deficiencies, major deficiencies, and minor deficiencies. If the annual compliance monitoring report indicates there is a failed standard, a limited or failed indicator that is a critical indicator, or a failed, non-critical indicator, an Outcome Based Corrective Action Plan (OBCAP) will be completed and monitored as required to include verification site visits.

FLORIDA DEPARTMENT OF JUVENILE JUSTICE

SUBJECT: Contract Management and Program Monitoring and Quality Improvement

SECTION: FDJJ - 2000

- The Bureau of Monitoring and Quality Improvement shall be responsible for conducting a re-review of all service providers that receive a standard-level or overall performance rating of Failed. The Department shall take appropriate action to address deficiencies identified during such reviews.
- Supplemental compliance reviews shall ensure that services are delivered in accordance with the terms and conditions of the contract/grant, related statutes, rules, and operational guidelines.
- Standards shall be based on Florida Statute, Florida Administrative Code, Department policy, and provider contracts. Providers shall be responsible for obtaining the required approval when requesting that an indicator be rated according to requirements that differ from the posted standards, or when requesting that an indicator be rated non-applicable.
- Programs/services that provide services that vary from the requirements of the indicator may request these be rated based on alternative compliance measures. The program/service shall complete the Request for Alternative Compliance Measure Form and submit to the Secretary or designee for approval.
- Minimum requirements for programmatic and supplemental compliance reviews are contained in the Department of Juvenile Justice Program Monitoring Procedures, FDJJ 1200P. The Department shall avoid all potential, actual or apparent conflicts of interest regarding third party compliance monitoring. In the event that the Department contracts for third party compliance monitoring, the third party compliance monitoring provider (e.g., Office of Juvenile Justice and Delinquency Prevention) shall notify the Department should a potential, actual or apparent conflict of interest arise. Upon notification of a potential conflict by the provider, the Department shall ensure compliance monitoring is conducted by Department staff to remove any potential conflict.
- At the discretion of the Department, providers/programs may be exempt from the Department's annual compliance review and provide internal monitoring reviews.
- Provider or Department staff desiring to serve as a peer reviewer shall be certified by the Department.
- Failure to comply with the requirement contained with this policy and procedures may result in disciplinary action up to and including dismissal.

PROCEDURES/MANUALS:

Procedures/manuals for this policy are accessible at the Department's policies internet page.

OJJDP Compliance Monitoring: Conflict of Interest Procedures (May 2010)