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Rick Scott, Governor

Chad Poppell, Secretary

November 21, 2016

Chad Poppell, Secretary
Florida Department of Management Services
4050 Esplanade Way, Suite 285B
Tallahassee, FL 32399

Dear Secretary Poppell:

In accordance with section 20.055, Florida Statutes, the attached document represents our explanation of the six-month status of the finding and recommendation included in the Auditor General's Report No. 2016-194, **Operational Audit: Department of Management Services Florida State Employees' Charitable Campaign**, dated May 2016.

The finding and recommendation are considered complete and appear in the report.

If further information is needed concerning our response, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read 'D. E. Case'.

Dawn E. Case
Inspector General

DC/mb

Enclosure

cc: Joint Legislative Auditing Committee
Sherrill F. Norman, Auditor General
Melinda Miguel, Chief Inspector General
Erin Rock, Chief of Staff
Sharon Larson, Director, Human Resource Management
Yolanda Lockett, Audit Director

Finding Report

Status Date	Report No.	Report Title	
5/26/2016	2016-194	Operational Audit - Florida State Employees' Charitable Campaign	
Contact Person	Program/Process	Phone No.	
Sharon Larson	FSECC		
Activity	Accountability	Schedule	
Contract Monitoring	Responsible Unit	Repeat Finding	Anticipated Completion Date
	HRM	No	N/A
Finding			
No.	1		
Date	5/1/2016		
Finding	Our audit disclosed that the department did not ensure that FSECC fiscal agent fees were supported by adequate documentation or adequately verify that employee contributions were appropriately distributed to participating charitable organizations.		
Recommendation	We recommend that department management ensure that contract monitoring activities, including the verification of FSECC fiscal agent administration costs and distribution of amounts to charitable organizations, are appropriately performed and documented.		
Response/Action Plan	<p>We concur with the recommendation that department management ensure contract monitoring activities are performed, including the verification of FSECC fiscal agent administration costs and distribution of amounts to charitable organizations. However, the specific recommendations in the report have already been addressed through the department's own process improvement initiatives.</p> <p>Under the new fiscal agent contract effective January 1, 2016 and amended April 15, 2016, payments to the fiscal agent are fixed amounts. Therefore, payments to the fiscal agent are no longer reliant on the vendor's ability to document costs, although the vendor is still required to submit documentation to support its performance of contract deliverables. The cost reimbursement provisions of the previous contract were only triggered because of the continued decline in FSECC proceeds. The contractually negotiated method for verifying fiscal agent fees at the time, which included the department's review and approval of an annual budget and subsequent submission of recurring Documentation of Costs reports from the vendor, balanced the need to adequately document costs with the need to minimize excessive administrative tasks which would have unnecessarily added to the cost of fiscal agent activities, thereby further reducing proceeds for participating charities.</p> <p>Furthermore, as noted in your report and as part of the department's commitment to continuing process improvements, in March 2015 the department implemented a procedure for verifying the accurate distribution of employee contribution amounts to charitable organizations and has complied with the elements of this procedure since its implementation. The department will continue to adhere to this procedure and will continue to monitor and document the performance of fiscal agent deliverables, as it has done throughout the term of the initial Solix contract.</p> <p>Based on this information, the department, through its own initiative, has addressed the report's finding. Therefore, no further corrective action is required.</p>		
Status Update-6mo	<input type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input type="checkbox"/> Partially Complete <input type="checkbox"/> Complete pending verification by OIG <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 verification by OIG <input type="checkbox"/> Complete		