

Terry L. Rhodes
Executive Director

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Rick Scott
Governor

Pam Bondi
Attorney General

Jeff Atwater
Chief Financial Officer

Adam Putnam
Commissioner of Agriculture

February 15, 2016

Christina B. Smith, Director
Division of Accounting and Auditing
Department of Financial Services
200 East Gaines Street
Tallahassee, Florida 32399-0353

Dear Ms. Smith:

Thank you for the opportunity to respond to your letter dated January 19, 2016, which provides the results of the contract and grant agreement review for the period October 1, 2014 through September 30, 2015. Our response includes a correction action plan addressing the areas noted by the Department of Financial Services.

We appreciate the professionalism demonstrated by your staff throughout the review process. If you have any additional questions, please contact me or Julie Leftheris, Inspector General, at [REDACTED].

Sincerely,

[REDACTED SIGNATURE]
Terry L. Rhodes
Executive Director

TLR/jl

Enclosure

cc: Diana Vaughn, Deputy Executive Director
Julie Leftheris, Inspector General
Steven Fielder, Director Administrative Services

Florida Department of Highway Safety and Motor Vehicles
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Invoice Verification

Wright Express (WEX) Bank

The Department was unable to provide evidence all expenditures were verified as required by CFO Memorandum No. 01 (1997-98) and the Reference Guide for State Expenditures, for invoices totaling \$6.9 million. The Department reimbursed WEB Bank monthly for fuel, repairs and maintenance for state owned vehicles charged to the WEX bank charge card. The Department verified charges for repairs, maintenance and out-of-state fuel by reconciling employee submitted charge receipts to the itemized charges listed on the invoice; however, paid receipts for in-state fuel charges were maintained in the field and were not reconciled to the invoice. The Department paid an average of \$833,000 monthly for in-state fuel purchases without verifying the charges were accurate.

Response

Due to the volume of the Department's WEX card fuel purchases, the WEX contract manager will perform a sample audit of fuel charges monthly with emphasis placed on the frequency of transactions by employee. The monthly review, beginning March 1, 2016 for February 2016 purchases, will assist the Department in certifying the in-state fuel charges and will also assist in validating proper use of the WEX card.

Beginning immediately, March 1, 2016 after the monthly exception reports are disseminated to division management, the WEX contract manager will follow up with division management to ensure proper review is exercised.

Transportation Security Administration

The Department compensates the Transportation Security Administration (TSA) for each nationwide background check performed on commercial drivers who have paid the fee for a hazardous materials endorsement. TSA submits a monthly invoice along with an itemized report of drivers for whom a background check was performed. The Department did not reconcile the total amount of the invoice to the itemized report.

Additionally, there was no evidence to support the Department's comparison of approximately 1200 drivers included on the report to the drivers listed on the Motorist Maintenance database that establishes a driver's eligibility for a hazardous materials endorsement. When asked, the Department indicated that only four (4) or five (5) drivers included on the report were cross checked against the database. A review of .4 percent (.4%) of the drivers is insufficient to establish accuracy.

Response

The Department has implemented a process of reconciling the itemized report of drivers with the summary billing invoice as recommended by Financial Services' staff during the audit fieldwork. Reconciliations will be maintained as part of the contract file. Effective with the February 2016 billing, the Department will initiate a process to select a random sample of 5% of the drivers on the monthly

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itemized report for confirming against the records in the driver license database. Results will be documented and maintained in the contract file.

Verification of Deliverables

Secure Records Solution, Inc.

Subsection 287.057(14), F.S. states that the agency shall designate an employee to function as contract manager who shall be responsible for enforcing performance of the contract terms and conditions. The Department had no monitoring procedures in place to verify receipt of all deliverables prior to certifying invoices for payment for the Secure Records Solution, Inc. (SRS) agreement. The 10-year agreement valued at \$1,143,607 establishes a fixed monthly payment for document retrieval, destruction and storage. The Department was unable to provide evidence of their verification that documents were retrieved as requested or the SRS was in compliance with performance measures established in the agreement. The auditor's review of documented requests made in September, 2015 revealed that 20 percent of these requests were not fulfilled in accordance with the terms and conditions of the agreement. In addition, the Department could not provide evidence that it verified scheduled documents had been destroyed by the provider, as required in the contract.

Response

Records requests submitted by the Bureau of Records to the vendor are now tracked on a spreadsheet to ensure they are handled timely. The vendor is required to provide requested documents within 2 business days of the request. The spreadsheet will be reviewed daily to identify any requests that are outstanding past 3 business days. The contract manager of the unit will contact the vendor regarding any late requests in an effort to ensure they meet the requirements of the contract.

Currently, the vendor provides a list of the records that have met retention and signs a records disposition document once the records have been destroyed. In addition, we will now require the vendor to provide a statement verifying that records were destroyed as required in the contract. The destruction of records occurs at the Secure Records Solutions facility in Thomasville, Georgia.

Contract Manager Certification Statement

WEX Bank

The assigned contract manager for WEX Bank is responsible for the administrative duties associated with issuing, cancelling and maintaining card access. However, the certification statement was signed by the contract manager's supervisor. The supervisor did not review the invoice and has no knowledge that the services were satisfactorily received and in compliance with the terms of the agreement.

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Response

Since the audit was completed, the Department has hired a new supervisor over the Fleet and Property unit and the new supervisor has been designated the contract manager for WEX Bank. As contract manager, this supervisor will review and sign all payments to WEX Bank once knowledge that the services identified on the terms of the agreement were satisfactorily received.

Contract Manager Training

American Association of Motor Vehicle Administrators

Subsection 287.057(14) F.S., requires that each contract manager who is responsible for agreements in excess of the threshold amount for Category Two under Section 287.017, F.S., must, at a minimum, complete training conducted by the CFO for accountability in contracts and grant management. The Contract Manager for the agreement with American Association of Motor Vehicles Administrators has not attended Advancing Accountability training since February 7, 2013, which is beyond the timeframe required by CFO Memorandum No. 04 (2014-2015) and CFO Memorandum No. 04 (2009-2010).

Pursuant to Section 287.057 (14)(b), F.S., the contract manager would now be required to complete the Florida Certified Contract Manger training since the value of the agreement exceeds \$100,000. At the time of the audit, the contract manager was not scheduled to attend either Advancing Accountability or the Florida Certified Contract Management training.

Response

The contract manager has been on the Department of Management Services' roster for Florida Certified Contract Management training since 2014. The Department of Management Services provides a limited number of training slots per agency, per quarter and this contract manager was not selected for training by the audit date. The Department was notified on December 8th by the Department of Management Services that it would be provided 17 slots for training during the fourth quarter of Fiscal Year 2015-2016. The contract manager will attend the required training during the fourth quarter time-frame although specific dates have not been set at this time.