



CHIEF FINANCIAL OFFICER  
**JIMMY PATRONIS**  
STATE OF FLORIDA

April 15, 2024

Taylor Hatch  
Director  
Agency for Persons with Disabilities  
4030 Esplanade Way  
Tallahassee, FL 32399-0950

Dear Director Hatch:

As authorized in sections 17.03 and 287.136, Florida Statutes, the Department of Financial Services has conducted an audit of the contract management and monitoring processes for the Agency for Persons with Disabilities (APD). Our audit, conducted by the Division of Accounting and Auditing, Bureau of Auditing focused on contracts active and closed from July 1, 2022, through June 30, 2023.

### **Summary of Recommendations**

Based on our review of APD, the following issues were noted. We recommend the agency take them into consideration to improve the Departments internal controls.

Our review of the overall monitoring framework and contract management indicated that Agency for Persons with Disabilities should consider improving the monitoring processes with regards to an overall annual risk assessment used to create an annual monitoring plan, ensure annual reviews of contract manager files are completed, and contract managers should ensure all required documentation is included in each invoice with regards to deliverables prior to payment. The improvements will ensure monitoring efforts are properly documented and reviews will substantively evaluate the agency's successful completion of the deliverables, service goals, and objectives of the agency. The monitoring efforts should be maintained with the Monitoring Oversight Unit and all other documentation should be maintained in the contract management files.

### **Objectives and Program Summary**

The objective of this review was to determine whether the Agency for Persons with Disabilities, which governs funding for persons with disabilities was in compliance regarding deliverables and monitoring. The Agency for Persons with Disabilities Central Office is responsible for the procurement, contract management, and monitoring of all contracts.

The Florida Accountability Contract Tracking System (FACTS), as of June 6, 2023, indicated that the Agency for Persons with Disabilities had a total of 247 active contracts totaling \$215 million. Our review focused on standard two-party agreements which included 77 contracts totaling \$136,254,194 or approximately 63% of the total active contracts.

### **Contract Management**

Our review of contract manager's files included six (6) contracts, three (3) active and three (3) that closed during the audit period. For the six (6) contracts we reviewed, a total of twenty-four (24) invoices indicated the following areas should be considered for improvement.

Regarding the contract documentation maintained, the contract manager's file did not always include all required documentation per the contract agreement. A comprehensive analysis or summation completed by the contract manager supporting their review of the deliverables and performance measures, such as the number of clients served or timesheets, was not always included. This documentation is important to ensure the provider met the deliverables prior to payment and to clearly show what program or services the person is providing.

With respect to the various checklists in the invoice packet and contract manager file documenting the contract managers review to determine whether the provider met the required deliverables per the contract agreement, the checklists did not include adequate detail. The checklists only listed in general monthly reports, quarterly reports, timesheets; however, at least one contract had multiple programs, each with different requirements. Therefore, the checklist should include all specific required documentation per the contract agreement for each program.

During our review we noted that the procedures provided by the agency had not been updated since 2016; however, it is our understanding that the agency is in the process of updating their procedures. Also, some of the data entered into FACTS did not appear to be accurate. The language entered for the deliverables in FACTS did not always match the language for the deliverables in the contract. The deliverables should be the exact same language in both places. There were CFSA and CFDA numbers that were on the contract but were not entered into FACTS. Lastly, the Post Award Notices (PAN) do not appear to be utilized properly. The PANs indicate Federal funding; however, it is actually Federal funding that was passed through the State and is in a State trust fund. Therefore, it is State funding not Federal funding, and the PAN does not need to be completed.

We recommend the agency provide adequate oversight to ensure contract managers have the tools required to perform their responsibilities and ensure deliverables are met prior to payment. Checklists should be revised and made specific to each contract review and invoice. The agency should update their procedures and ensure the information in FACTS is accurate.

### **Contract Monitoring**

Our review of the agency's monitoring efforts indicated the following areas, but not limited to, that should be considered for improvement.

Chief Financial Officer (CFO) Memorandum No. 05 states that "If, due to a large number of agreements managed by contract managers, and the agency conducts periodic monitoring of agreements to validate a performer's performance, the agency must have a formal contract monitoring process which includes the following components: Risk Assessment and Monitoring Plan." The agency created individual risk assessments for each contract; however, the intent of CFO Memo No. 05 is that an annual risk assessment should be completed and include all

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contracts in one risk assessment. Having an annual risk assessment that includes all contracts is necessary to be able to perform an overall analysis to determine which contract should be monitored each fiscal year and included in the annual monitoring plan. A consolidated risk assessment will be more efficient for the agency than having them within each contract folder.

Regarding the annual monitoring plan mentioned above, the agency did not complete an annual monitoring plan for the 2022-2023 FY (Fiscal Year). An annual monitoring plan is required by CFO Memo No. 05 and shows the agency's plan as to how many contracts and what types of contracts are planned to be monitored each fiscal year.

Our review also indicated the following:

- There were no desk review reports completed for the contracts selected for our review of the agency's monitoring efforts.
- The monitoring tools utilized were not adequate. There were a lot of criteria that had "Not Applicable". The monitoring tools were not specific enough to show that the contract was being monitored to ensure the deliverables were supported and there were no notes or comments by the contract manager in the last column to indicate what they reviewed and the outcome of their review. These notes would be helpful to the agency, reviewer, and auditors to determine whether adequate monitoring was completed.
- The agency does not have appropriate oversight in place and relies on the Department of Financial Services - EAP Unit (Expanded Audit of Payments Unit) for the oversight.

If you have any questions, please contact Ms. Kim Holland, Bureau Chief, at (850) 413-5700 or [kim.holland@myfloridacfo.com](mailto:kim.holland@myfloridacfo.com). Please see the attached detailed summary for further information.

We appreciate the support and courtesy extended to our audit team. Completed reports of the Bureau of Auditing are available at <https://www.myfloridacfo.com/Division/AA/AuditsReviews/default.htm>.

Sincerely,

  
Renee Hermeling, Director

RH/dw

c: Ms. Erin Romeiser, Inspector General

## Detailed Summary

The following information is to provide the contract and more specific details to the issues noted with each contract review.

1. Contract No. LCT01– The contract stated that the types of services were:  
 Therapy Services for a maximum number of units (hours) per Month of 133.33;  
 Therapy Assistant Services for a maximum number of units (hours) per Month of “As needed”; and  
 Therapy Aide Services for a maximum number of units (hours) per Month of 150.

The following invoices have both Therapy Services and Therapy Aide Services which exceed the maximum number of units per month. Based on the invoice and supporting documentation, total Therapy Services hours and total Therapy Aide Services hours were as follows:

<u>Invoice #</u>	<u>Services</u>	<u>Hours Reported</u>	<u>Number of hours Over the Allowable</u>
16258	Therapy	781.5	648.17
16258	Therapy Aide	410.75	260.75
16280	Therapy	1,011.25	877.92
16280	Therapy Aide	675.75	525.75
16430	Therapy	807	673.67
16430	Therapy Aide	430.5	280.5
16532	Therapy	888.50	755.17
16532	Therapy Aide	388	238

Also, the following reports were missing from the invoices noted:  
 Monthly Performance Specification Report missing from Invoice No. 16430  
 Monthly Progress Report missing from Invoice No.’s 16258, 16280, 16430, and 16532  
 Annual Client Satisfaction Survey Summary Report missing from Invoice No. 16258

2. Contract No. TCU03- The contract stated the type of Service was Registered Nursing Services for a minimum of 120 hours per month.

The following invoices have employees that did not meet the minimum requirements:

<u>Invoice No.</u>	<u>Employee</u>	<u>Hours</u>
072136	G. Poudel	111.25
073822	M. Espana	114.75
078757	A. Bastola	78.75

FLORIDA DEPARTMENT OF FINANCIAL SERVICES

Renee Hermeling • Director

Division of Accounting and Auditing

200 East Gaines Street • Tallahassee, Florida 32399-0393 • Tel. 850-413-4644 • Fax. 850-413-5553

Email • [renee.hermeling@MyFloridaCFO.com](mailto:renee.hermeling@MyFloridaCFO.com)

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Also, the following report was missing from the invoices noted:  
Monthly Project Progress Report is missing from Invoice No.'s 072136, 073822, 076039, 078757.

3. Contract No. ACZ02-Services for eligible clients with intellectual and/or developmental disabilities.

This contract has eight (8) programs requiring specific documentation. It is unclear which supporting documentation is pertaining to each program, such as time sheets. Art Skill, Equine Therapy, Retail Employment Training and Virtual Reality all require employee time sheets. The documentation was also not quantifiable, measurable, and verifiable.

During our review of the number of clients served, we were unable to determine in many cases whether the count provided by the provider traced back to the supporting documentation.

During our review of the invoices, we were unable to locate the various documentation for the following invoices:

Invoice No. 2398 JAN 2023, Invoice No. 2428 FEB 2023, Invoice No. 2676 APR 2023

4. Contract No.'s LCT01, TCU03, and ACZ02- During our review it was determined the supporting documentation of the contract manager's file was not maintained ensuring deliverables were received for the following contracts and invoices.

LCT01 – Invoice Numbers 16258, 16280, 16430, 16532

TCU03 – Invoice Numbers 072136, 073822, 076039, 078757

ACZ02 – Invoice Numbers 2398, 2428, 2676

For each of the above-mentioned invoices, Form CA-37 "Invoice Review Checklist" and CA-47 "Payment and Reporting Summary Log" was submitted.

5. During our review it was determined the documentation was not quantifiable, measurable, and verifiable for ACZ02. It was unclear how many participants and/or clients received services during the monthly reporting period, which program the attendance rosters pertained to, and which program the employee time records pertained to.

6. During our review it was determined the documentation required by the contract/agreement was not maintained in the contract manager file for the following contracts:

- LCT01 – Missing Reports:

Annual Client Satisfaction Survey Summary Report (due July 10<sup>th</sup>) – Invoice 16258

Monthly Performance Specification Report – Invoice 16430

Monthly Progress Reports – Invoice Numbers 16258, 16280, 16430, 16532

- TCU03 – Missing Reports:

Monthly Project Progress Report – Invoice Numbers 072136, 073822, 076039, 078757

- ACZ02 Missing documentation – Invoice 2398:

Strive: Certification Results; It could not be determined whether Activity Logs were maintained.

LEC: Instructor Observations and Assessments; It could not be determined whether Progress Reports and Activity Logs were maintained.  
Intense, Evidence Based Interventions: MAP testing; It could not be determined whether the following were maintained: Reports and Lesson Plans.

- ACZ02 Missing documentation - Invoice 2428:  
Strive: Certification Results; It could not be determined whether the following were maintained Monthly Progress Report, Activity Logs, Attendance Rosters,  
LEC: Instructor Observations and Assessments; It could not be determined whether Activity Logs were maintained.  
Intense, Evidence Based Interventions: MAP testing, IEP's; It could not be determined whether the following were maintained: Reports, Lesson Plans, Therapy Notes  
Art Skills, Equine Therapy, Retail Employment, Virtual Reality: It could not be determined whether the Activity reports and Training Attendance Logs were maintained.
- ACZ02 Missing documentation – Invoice 2676  
Strive: Certification Results; It could not be determined whether the Activity Logs were maintained.  
LEC: Instructor Observations and Assessments; It could not be determined whether Progress Reports and Activity Logs were maintained.  
Intense, Evidence Based Interventions: It could not be determined whether the following were maintained: Reports and Lesson Plans.

7. During our review, it was determined the contract manager did not monitor the progress and performance of the contract to ensure procured products and services conform to the contract requirements or keep timely records of findings.  
For the LCT01, TCU03, and ACZ02 contract agreements, the “APD Desk Review” was submitted for LCT01 and TCU03; however, the document was blank.
8. For contract LCP01- Omnicare- We noted that the contract manager file did not maintain all required contract/agreement in the contract file. Also, the contract manager supporting documentation reviewed was not adequate to make the determination that the deliverables were completed, as well as not having all supporting documentation as required by contract/agreement.
  - For invoice no. 6256478X, a Monthly Project Progress Report was missing from file.
  - For invoice no. 6320319, a Monthly Project Progress Report and Quarterly Performance Specification Report was missing from file.
  - For invoice no. 6482144X, a Monthly Project Progress Report was missing from file.
  - For invoice no. 6514596, a Monthly Project Progress Report was missing as well as a Monthly Drug Discrepancy/Damage Report was missing from file.
9. Pursuant to Chief Financial Officer (CFO) Memo No. 05 (2021-2022), Contract Monitoring and Documenting Contractor Performance, “the agency must have a formal contract monitoring process which includes the following components: monitoring plans, risk assessment, monitoring procedures and criteria, evidence to support conclusions during its monitoring process, and corrective action plans.”

- We noted that the contract manager files did not maintain all required documents as stipulated in contract.
- We noted that APD has established contract monitoring processes/procedures for their Contract Administration, Control Monitoring Oversight unit over the accomplishment, receipt of significant deliverables, and the authorization of payments for invoiced deliverables; however, it appears that these procedures are not being adhered to.
- We noted that APD completed individual risk assessments for each contract during the FY 2022-2023, however, there was no Annual Risk Assessment completed, showing summaries of results, and included in an Annual Monitoring Plan.
- We noted that APD did not adhere to their own policies and procedures - Approved Contract Administration OP-80001 & APD Contract Monitoring Desk Manual.
- The agency did not implement all of the required monitoring components per CFO Memo No. 05.
- We noted that APD Administrative Monitoring tool, “desk review”, was conducted on all selected contracts for monitoring purposes; however, there was no completion of desk review reports by APD Contract Administration, Oversight Control Unit.
- We noted the monitoring process and/or procedures do include the use of monitoring tools (desk review); however, the tools provided and reviewed do not include enough specific criteria to show sufficient progress of the performance and/or compliance of contract.
- An agency should have their own oversight process implemented to ensure contract managers receive the proper guidance and not rely on another agency’s process. We inquired with the agency as to the oversight provided to contract managers. In the agency’s September 21, 2023, contract monitoring response, the agency implied that they rely on the contract monitoring facilitated by the Department of Financial Services’ Expanded Audit of Payment Units requests of randomly selected contracts for invoice review.