



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

September 4, 2019

Mr. Mark S. Inch, Secretary
Florida Department of Corrections
501 South Calhoun Street
Tallahassee, Florida 32399-2500


Dear Secretary Inch:

As authorized in sections (ss.) 17.03, 215.971(3), and 287.136, Florida Statutes (F.S.), the Department of Financial Services has conducted an audit of the Florida Department of Corrections' contract deliverables monitoring processes and selected contracts and grant agreements. Our audit, conducted by the Division of Accounting and Auditing, Bureau of Auditing, focused on contracts and agreements active July 1, 2018 through June 30, 2019.

The results of our audit are included in the enclosed audit report. Pursuant to ss. 215.971(3) and 287.136, F.S., please provide within 30 days the Department's response and a corrective action plan to address the findings and recommendations in the report. If you have any questions, please contact Ms. Kim Holland, Bureau Chief, at (850) 413-5700 or kim.holland@myfloridacfo.com.

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,


Paul Whitfield
Director

PW/jf
Enclosure

c: Mr. Lester Fernandez, Inspector General
Mr. Lance Thurber, Contract Management Review Supervisor



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

Florida Department of Financial Services

STATUTORY AUDIT
CONTRACT DELIVERABLES MONITORING
FLORIDA DEPARTMENT OF CORRECTIONS

September 4, 2019

AUDIT AUTHORITY

The Department of Financial Services has performed an audit of the Florida Department of Corrections' (Department) contract deliverables monitoring processes. Authority for this audit is provided by sections 17.03, 215.971(3), and 287.136, Florida Statutes (F.S.). Our audit focused on contracts active July 1, 2018, through June 30, 2019.

AUDIT SUMMARY

Overall, the Department's contract monitoring processes were effective in demonstrating the successful completion of required deliverables and that invoiced expenditures were incurred and allowable for the contracted purposes. Recommendations for improving the Department's contract monitoring processes are presented below.

In evaluating these processes, we interviewed the monitoring staff and assigned contract managers and reviewed related documentation and invoices for the following contracts:

<u>Contract Purpose</u>	<u>No.</u>	<u>Contract Amount</u>	<u>Term</u>
Community Release Centers	4	\$1,615,169	Multiple Years
Drug Abuse Counseling	10	\$1,190,253	Multiple Years
Electronic Monitoring Services	1	\$58,786,578	5 Years
Information Technology	2	\$115,882	Project Life
Staff Augmentation	12	\$1,352,246	1 Year or Less

DRUG ABUSE COUNSELING AND COMMUNITY RELEASE CENTERS

The Department's monitoring processes for the Drug Abuse Counseling and Community Release Centers programs were generally effective in providing assurance that deliverables had been provided as required by the agreements. However, the Department could improve its documentation of the activities and methods used by contract managers in verifying the accomplishment and receipt of invoiced deliverables.

The Department's established contract monitoring processes are a shared responsibility of the assigned contract managers and the Bureaus of Contract Management and Monitoring (BCMM), Readiness and Community Transition (BRCT), and Classification Management. The agreements for Drug Abuse Counseling¹ and the Community Release Centers are governed by these monitoring processes. Attachment A provides a summary of the monitoring processes reviewed on audit. For the selected

¹ Outpatient Substance Use Disorder (Abuse) Treatment and After Care Services Programs (OPSAP).

agreements, the documentation provided for review reliably demonstrated the monitoring process, including the completion of the prescribed monitoring tools.

In verifying performance of required deliverables and certifying invoices for payment, the contract managers for the invoices reviewed typically used a detailed listing of contract deliverables with various checkmarks affixed. Also, in audit interviews, contract managers demonstrated hands-on knowledge of contractor performance in meeting the required deliverables. However, the contract manager activities and methods used to support the affixed checkmarks were not always fully documented. State invoicing guidelines² require written descriptions of such activities and methods. We recommend the Department take steps to improve documentation of the activities and methods used by contract managers in verifying the accomplishment and receipt of invoiced deliverables.

MANAGEMENT'S RESPONSE

The Department's response to the findings and recommendations in this audit report is attached.

Direct inquiries regarding this report to Kim Holland, Bureau Chief, at (850) 413-5700 or kim.holland@myfloridacfo.com. Completed reports of the Division of Accounting and Auditing, Bureau of Auditing, are available at <https://www.myfloridacfo.com/Division/AA/AuditsReviews/default.htm>.

² Section 215.971(2)(b), F.S.; CFO Memo No. 06 (2011-2012); and Reference Guide for State Expenditures, Invoice Requirements.

ATTACHMENT A MONITORING PROCESSES

The Department of Corrections (Department) is responsible for making referrals of eligible inmates into the Community Release Center (CRC) Programs and referrals of eligible offenders into the Outpatient Substance Use Disorder (Abuse) Treatment and Aftercare Services Programs (OPSAP). CRC Program contractors provide employment, supervision, food, housing, and transitional services for employed inmates who are nearing reentry into society. OPSAP contractors provide individualized, evidence-based outpatient drug abuse treatment services to offenders who are no longer incarcerated, but still under community supervision within the Department.

Inmate referral information is recorded in the Department's inmate services tracking system, Work Release Inmate Monitoring System (WRIMS). WRIMS shares referral data with the Offender Based Information System/Corrections Data System (OBIS/CDC). For the Work Release Center (WRC) program, WRIMS provides fulltime tracking of each inmate's whereabouts, from intake to release/termination from the program, to and from work, and return to Department custody. WRIMS generates notice of referral to the applicable contractors, who share access for recording the status of all inmate referrals, services provided, individual progress, completion/termination, and/or release.

The Bureau of Contract Management and Monitoring (BCMM) and Bureau of Readiness & Community Transition (BRCT) monitor contractor compliance with established general standards for program operation in support of the deliverables, including management, accountability, assessment, performance plan, substance use disorder treatment, health services, safety, and security. The Department's established contract monitoring processes include performing risk assessments, developing risk-based monitoring plans and monitoring tools, and performing on-site monitoring.

- Contract managers are responsible for completing risk assessments on applicable contracts and forwarding the assessments to the BCMM for approval. Relying on these risk assessments, the BCMM, the BRCT, the contract managers, and the Local Quality Assurance Coordinator (LQAC) jointly develop a monitoring plan detailing which contracts will be monitored and how often.
- The Department's Comprehensive Program Evaluation (CPE) is an on-site, in-depth quality assurance, programmatic, and facility evaluation. For required CPEs, the BCMM and Program Area create a monitoring tool that addresses both program administration (contract management) and program service delivery, with methodologies in place (i.e., interview, observation, documentation) to obtain evidence the contractor has successfully completed the required deliverables and any ancillary services necessary to fully earn the amounts invoiced.
- The BCMM and Central Office provide to the BRCT a listing of all contracts and purchase orders requiring a CPE. Within the BRCT, the LQACs have the primary responsibility for performing on-site monitoring, including completing the quality assurance portion of the CPE. The contract manager is responsible for completion of other parts of the CPE, such as compliance monitoring. The overall program evaluation of the CPE is recorded based on the completed monitoring tool.
- The CPE is a standalone report unless corrective actions are needed; then, the contract manager sends out a request for a Corrective Action Plan. Also, if the evaluation results are not acceptable or need improvement, the LQACs will informally advise the contractor of their observations and the need for enhancement, and request completion of a Quality Enhancement Strategy (QES) form within a specified response time, copying the Contract Quality Assurance Program Manager (CQAPM) and the contract manager.

Contract managers have the primary responsibility for verifying the invoiced deliverables (e.g., filled bed counts, electronic monitoring (EM) counts, counseling services, etc.). The contract managers rely mainly on WRIMS and OBIS/CDC in verifying the inmate/offender counts and ancillary services reported on contractor invoices. To evidence the completion of OPSAP contract deliverables, the contractor is required to submit offender attendance reports/sign-in sheets with the monthly invoice.



FLORIDA
DEPARTMENT of
CORRECTIONS

Governor
RON DESANTIS
Secretary
MARK S. INCH

501 South Calhoun Street, Tallahassee, FL 32399-2500

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September 23, 2019

Mr. Paul Whitfield, Director
Division of Accounting and Auditing
Florida Department of Financial Services
200 East Gaines Street
Tallahassee, Florida 32399-0393

Dear Mr. Whitfield:

In accordance with sections 215.971(3) and 287.136, Florida Statutes, I am enclosing the Department's response to the finding and recommendation contained in the audit of the Department of Corrections' contract deliverables monitoring processes and selected contracts and grant agreements. This response reflects the specific action taken or contemplated to address the finding cited in your report.

Thank you for the opportunity to review and provide comments. If you have any questions or need additional information, please contact Paul Strickland, Chief Internal Auditor, at (850) 717-3408.

Sincerely,


Mark S. Inch
Secretary

Enclosure

RESPONSE TO THE AUDIT FINDING
AUDIT OF THE DEPARTMENT OF CORRECTIONS' CONTRACT
DELIVERABLES MONITORING PROCESSES AND SELECT CONTRACTS
AND GRANT AGREEMENTS

Finding 1: In verifying performance of required deliverables and certifying invoices for payment, the contract managers for the invoices reviewed typically used a detailed listing of contract deliverables with various checkmarks affixed. Also, in audit interviews, contract managers demonstrated hands-on knowledge of contractor performance in meeting the required deliverables. However, the contract manager activities and methods used to support the affixed checkmarks were not always fully documented. State invoicing guidelines require written descriptions of such activities and methods.

Recommendation: We recommend the Department take steps to improve documentation of the activities and methods used by contract managers in verifying the accomplishment and receipt of invoiced deliverables.

Agency Response: *The Department accepts the recommendation as noted and is taking the following steps to implement the recommendation:*

- *Review the process of certifying each invoice by Program type and document the activities and methods used to support the acceptance of the deliverables and certification of the invoice.*
- *Assemble a working group inclusive of representatives from Finance and Accounting and the Program Offices along with the Contract Managers to ensure a comprehensive approach to addressing the process of the acceptance of the deliverables and approval of the associated invoice.*