



RICK SCOTT  
GOVERNOR

*Better Health Care for all Floridians*

ELIZABETH DUDEK  
SECRETARY

December 16, 2011

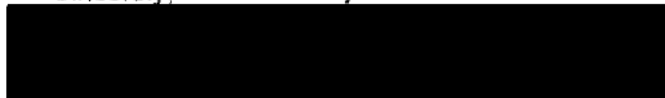
Ms. Christina Smith, Director  
Florida Department of Financial Services  
Division of Accounting and Auditing  
200 East Gaines Street  
Tallahassee, Florida 32399-0353

Dear Ms. Smith:

Thank you for the opportunity to respond to the findings and recommendations resulting from your review of selected Agency for Health Care Administration contracts/grant agreements in effect on or after July 1, 2010, and the related contract/grant management activities. In accordance with your request, we have emailed you the preliminary and tentative findings document and included our response.

If you have any questions regarding our response or require additional information, please contact Mary Beth Sheffield, Director of Auditing, at 412-3978.

Sincerely,



Elizabeth Dudek  
Secretary

ED/szg  
Enclosure



**Agency for Health Care Administration  
 AHCA Contracts/Grant Agreements in Effect On or After July 1, 2010,  
 and the Related Contract/Grant Management Activities  
 Response to DFS' P&T Findings & Recommendations dated 11/29/11**

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**Scope of Work**

One contract did not contain a clear scope of work with minimum performance standards. The contract included vague descriptions of activities such as creating partnerships, conducting outreach, developing strategies, promoting sustainable activities and engaging in collaborative efforts without clearly defining the level of effort that would constitute successful performance of each task.

Contract #	Service Provider	Contract Amount
MED077	University of South Florida	\$825,000.00

**Agency Response and Corrective Action Plan:**

AHCA Contract No. MED077 expired June 30, 2011. The Agency has entered into a new contract with the University of South Florida which addresses performance standards, as well as related financial consequences. The contract also includes a detailed "Manage a Community Program Database" to compile and track partners' outreach, enrollment and retention activities. The Community Program Database will produce a profile of successful and unsuccessful outreach activities conducted at the local and state level by community partners and coalitions to facilitate strategic planning for ongoing Florida KidCare outreach efforts. The Community Program Database is designed to collect the following information:

- Date and location of event.
- Types of outreach tools used.
- Populations reached.
- Programs developed to reach parents of eligible Florida KidCare children.
- Programs that have been successful and unsuccessful.
- Unaddressed problems and populations, and other information obtained from technical assistance, conference calls, innovation survey results, and coalition site visits.

**Deliverables**

Two contracts did not contain adequate deliverables. Payments for the first contract were based on quarterly provider reports and did not establish a minimum level of acceptable performance. The second contract did not contain any deliverables for year two of the contract.

Contract #	Service Provider	Contract Amount
MED077	University of South Florida	\$825,000.00
MED111	Florida State University	\$648,056.00

**Agency Response and Corrective Action Plan:**

AHCA Contract No. MED077 expired June 30, 2011. The Agency has entered into a new contract with the University of South Florida, which includes a "Deliverable" table outlining, in detail, each deliverable, its due date and amount.

AHCA Contract No. MED111 was previously set to expire 12/31/12. The Agency has amended the contract to include deliverables for year two (2) and is ending it early with an expiration date of 01/31/12. A new contract will be written and will contain clear deliverables, performance standards, and financial consequences.

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**Other**

AHCA contracted through a state term contract for remote, disaster recovery IT services. However, AHCA agreed to pay the vendor rates that exceeded the maximum allowed under the state term contract. For example, AHCA contracted to purchase "Managed Full Rack" services at \$720 per month, but the maximum allowable rate under the State Term Contract (STE) for these services was \$441 per month.

<b>Contract #</b>	<b>Vendor</b>	<b>Contract Amount</b>
DO2296101	DSM.net	\$39,364.60

**Agency Response and Corrective Action Plan:**

DO2296101 has expired. DFS requested that the Agency DO Manager match up the line items on the DO price schedule with the line items on the State Term Contract (STC) price list. In doing so, it was discovered that the Vendor charged "Cloud" pricing on a couple of line items instead of their "Warm" price. The Agency has since received a credit back in the amount of \$2,041.20 for January 2011-June 2011 overages. The Department of Management Services' (DMS) State Term Contract Manager has also approved the vendor's request to have the "Warm" price increased to match the "Cloud" price. The Agency will also be more diligent in reviewing pricing to ensure rates do not exceed those allowable under state term contract.

**Contract/Grant Management**

Contract managers must enforce performance of the contract terms and conditions; review and document all deliverables for which payment is requested by vendors; provide written certification of the receipt of goods and services, and ensure all payment requests are certified.

As part of payment processing, contract managers must certify that services are satisfactorily received and payment is due prior to submitting the invoices to Accounting for payment. Payments related to two services contracts were missing the required written certification statement by the contract manager.

<b>Contract #</b>	<b>Service Provider</b>	<b>Contract Amount</b>
DO2444584	Infinity Software Development, Inc.	\$122,040.00
DO2179396	VERSA Management Systems	\$178,200.00

**Agency Response and Corrective Action Plan:**

The Agency is currently in the process of reviewing its contract manager training program. Beginning in 2012, in addition to certification training, continuing education training will be mandatory for every active contract manager. Additionally, effective July 1, 2012, all DOs for services in excess of Category II will be managed by an Agency certified contract manager.

The above referenced DOs have expired. The Agency will be more diligent in making sure each Contract Summary Form is completed and signed by the Contract Manager upon receipt of goods and services and prior to submission to DFS. The Agency's Bureau of Finance and Accounting will continue to provide invoice processing and approval training to all Agency contract and DO managers. Additionally, effective July 1, 2011, the Agency implemented the use of a Staff Augmentation Template. The template requires detailed timesheets be submitted and signed by the Agency prior to invoice approval.

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**Validation of Vendor Timesheets**

No documentation was provided for six services contracts to evidence that the number of hours billed by vendors had been verified by the AHCA prior to approving invoices for payment. The verification process should include reconciling vendor-generated data, such as timesheets and activity reports, to data controlled and maintained by AHCA or an independent third party.

<b>Contract #</b>	<b>Vendor</b>	<b>Contract Amount</b>
DO2195194	Cornerstone Software Services	\$116,200.00
DO2417568	Sogeti USA, LLC	\$81,320.00
DO2444584	Infinity Software Development, Inc	\$122,040.00
DO2038036	Imager Software, Inc	\$260,680.00
DO2037549	Technisource, Inc	\$145,600.00
DO2035512	Imager Software, Inc	\$274,935.00

**Agency Response and Corrective Action Plan:**

*All above referenced DO's have expired. Effective July 1, 2011, the Agency implemented the use of a Staff Augmentation Template, which includes, but is not limited to, timesheets, reports, deliverables, and financial consequences. This template is continually updated to ensure compliance and accountability in all aspects of the scope of services. A copy is attached for reference.*

**Documentation of Services**

Our review disclosed that the contract management activity for six contracts was not sufficient, as the contract manager did not document verification that services were delivered satisfactorily prior to approving invoices for payment. The validation process should include reconciling vendor-generated data, such as timesheets and activity reports, to data controlled and maintained by AHCA or an independent third party. The contract files should contain documentation of the steps taken to verify service delivery.

<b>Contract #</b>	<b>Vendor</b>	<b>Contract Amount</b>
DO2444584	Infinity Software Development, Inc	\$122,040.00
DO2038036	Imager Software, Inc	\$260,680.00
DO2037549	Technisource, Inc	\$145,600.00
DO2035512	Imager Software, Inc	\$274,935.00
HQA011	Florida Coalition on Donation DBA Donate Life Florida	\$721,500.00
MED098	University of Florida	\$994,000.00

**Agency Response and Corrective Action Plan:**

*The above referenced DO's have expired. Effective July 1, 2011, the Agency implemented the use of a Staff Augmentation Template, which includes, but is not limited to, timesheets, reports, deliverables, and financial consequences. This template is continually updated to ensure compliance and accountability in all aspects of the scope of services. A copy is attached for reference.*

*AHCA Contract No. HQA011 - The Agency Contract Manager is now requesting and receiving receipts of quarterly spend for all incentives. The Contract Administration Unit will verify compliance during their next file review, schedule for February 2012.*

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*AHCA Contract No. MED098 – The Agency does not concur with this finding and believes it has sufficient documentation to support verification of services delivery. However, as mentioned above, the Agency will soon implement mandatory training for all contract managers. That training will include instruction on documentation requirements.*

**Other**

The documentation related to services performed for one service contract was not always consistent with the services included in the contract, the vendor's invoices, or the related STC. This contract was procured through a STC and included three staff augmentation positions consistent with the related STC. Invoices submitted by the vendor and approved for payment by AHCA reflected the hourly work of the three positions as stated in AHCA's contract with the vendor and the related STC. However, the documentation provided by AHCA to support service delivery reflected services of only two staff augmentation positions and the receipt of hosting services. Hosting services were not included in ACHA's contract with the vendor or the related STC.

If AHCA intended to purchase hosting services, an appropriate procurement method should have been used. Additionally, AHCA's contract and the vendor's invoices should identify the services purchased.

<b>Contract #</b>	<b>Vendor</b>	<b>Contract Amount</b>
DO2035512	Imager Software, Inc	\$274,935.00

**Agency Response and Corrective Action Plan:**

*The Agency does entirely concur with this finding. However, the Agency intends to cancel DO2035512 and has issued a new RFQ which provides a clearer scope of services within the appropriate Project Area(s).*

*The Agency sought clarification from the DMS' State Term Contract Manager, who did not think the Agency was out of compliance with the STC, but simply contracted under the wrong Project Area.*