



CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

February 28, 2017

Mike Carroll, Secretary
Department of Children and Families
1317 Winewood Boulevard
Building 1, Room 202
Tallahassee, FL 32399-0700

Dear Secretary Carroll;

The Bureau of Auditing (Bureau) performs audits in accordance with Section 17.03, Florida Statutes (F.S.). This statute relates to the Chief Financial Officer's (CFO) responsibilities to settle the claims of the state using various methods. The Bureau also audits pursuant to the requirements of Section 215.971, F.S., for grant agreements funded with Federal and State moneys. Audits on contractual services agreements are audited pursuant to Sections 287.057 and 287.058(1), F.S. The CFO also issues memorandums that provide additional audit requirements.

In addition to reviewing the contract document, the Bureau conducts on-site reviews to evaluate the management function to determine if the agency is monitoring the contractors' performance and validating the actual delivery of goods and services. These audits result in written reports to the State agencies, with the agencies providing corrective action plans to address any deficiencies noted during the review. To date, 42 audits have been completed and the results are available on the Bureau's website, http://www.myfloridacfo.com/aadir/auditing_activity.htm.

The Bureau conducted an audit of eighteen (18) Department of Children and Families (Department) agreements in 2012. Our audit disclosed a contract deficiency rate of 55.56 percent and a management deficiency rate of 38.88 percent. In response, the Department submitted a corrective action plan (CAP). As a follow-up to ensure corrective actions were implemented and operating effectively, we conducted an audit of selected Department contracts and grants active January 1, 2015 through August 30, 2016 and related management activities.

Our audit sample included fourteen (14) agreements totaling \$69,975,283. Six (6) of the agreements were reviewed to determine if required contract provisions were included. Additionally, we reviewed the contract management files for ten (10) agreements. There were areas where improvements can be made. A summary of our review is included as Attachments A, B, and C.

FLORIDA DEPARTMENT OF FINANCIAL SERVICES

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Contract/Grant Agreement

Cost Analysis

Chief Financial Officer's Memorandum No. 03 (2014-2015) states that non-competitive procurements and competitive procurements that result in less than two (2) responses must be supported by a detailed cost analysis. It also states that each agency shall maintain records to support a cost analysis, which includes a detailed budget submitted by the person or entity awarded funding and the agency's documented review of individual cost elements from the submitted budget for allowability, reasonableness, and necessity.

- **Children's Forum, Twin Oaks Juvenile Development, Inc., and Community Based Care of Central Florida** were competitively procured with each receiving only one response. The Department, however, was unable to provide a cost analysis for these agreements.
- The Department provided a cost analysis form for **Gulf Coast Jewish Community Services, Inc.**, but did not provide evidence of their review of the documentation.

Without reviewing the cost analyses of grant award recipients, the Department does not have assurance that the fees for services are reasonable.

Contract/Grant Management

Inadequate Verification and Documentation Activities

CFO Memo No. 6 (2011-2012) states that the contract management file must contain documentation to verify that the deliverables were received and were in compliance with criteria established in the agreement. The Department was unable to provide evidence of adequate verification of deliverables for the following agreements:

- **Children's Forum, Inc.** is contracted to provide accreditation and educational support services to the Department for the Gold Seal Childcare Program. According to the agreement, the provider must provide a written evaluation of the new and renewal Gold Seal applications within forty-five (45) days of the accreditation review. The Department was unable to provide documentation indicating its verification that the provider met this deliverable requirement. The Department stated that they do not monitor this requirement; instead, they rely on applicant complaints to determine if the provider is meeting the 45-day performance measure. We recommend the Department verify the provider is meeting its performance requirement prior to approving invoices for payment.
- **Gulf Coast Jewish Family & Community Services, Inc.** provides coordination of services and case management to disabled adults to prevent premature or inappropriate institutionalization under the Community Care for Disabled Adults program. The Program office verifies the performance and data reports submitted as deliverables by the provider, but the contract manager certifies the invoices for payment. The contract

manager did not consistently request or receive confirmation from the Program Office that the deliverables and performance measures had been verified prior to certifying the payments. Without documentation from the Program Office of its verification, the contract manager does not have sufficient knowledge to certify the invoices for payment.

- **One Church, One Child of Florida Corporation** provides training, project development and evaluation, and program development support to community organizations in order to optimize opportunities for successful recruitment and mentoring of prospective adoptive families. The agreement states: “The provider shall document a minimum of \$15,000 cash match for each State Fiscal Year of the contract.” The auditors’ review of invoices indicated that the provider reported the required match as in-kind services such as volunteer work hours rather than cash, as required by the agreement.
- The Department approved invoices based solely upon provider generated data and reports for two (2) grants.
 - **Twin Oaks Juvenile Development, Inc.** provides court ordered competency restoration services to juveniles in secure residential and in-home settings. The provider inputs the information related to client services into a database. The provider then submits spreadsheets and reports generated from the database to the Department along with the invoices. The Department certified that deliverables were received and approved the invoices for payment based on the provider generated reports without validating that the information submitted by the provider was accurate and complete.
 - **One Church, One Child of Florida Corporation** provides training, project development and evaluation, and program development support to community organizations in order to optimize opportunities for successful recruitment and mentoring of prospective adoptive families. The provider maintains all documentation to support the delivery of services and submits reports with the invoice. The contract management file did not contain evidence that the Department conducted an independent verification of the contents of these reports.
- **Lutheran Services** did not submit sufficient documentation as required by Section 112.061, F.S. to support its request for local mileage reimbursement. Travel vouchers submitted for daily local mileage did not consistently document the point of origin to destination information required to verify the accuracy of the mileage submitted. Without fully documented mileage logs, the Department cannot ensure that the provider’s mileage logs submitted for reimbursement are accurate.
- Section 402.7305, F.S. outlines the Department’s roles in the contract management and monitoring process. This Statute states that the contract manager is responsible for enforcing the provider’s compliance with the administrative and programmatic terms and

conditions of a contract. The contract manager is also required to monitor the provider's compliance with the performance measures as stated in the agreement.

The Statute requires the contract oversight unit (COU) to "conduct analyses of the performance and compliance of an external service provider by means of desk review if the external service provider will not be monitored on site during a fiscal year".

For three (3) agreements we reviewed, the Department was unable to provide evidence that it was fulfilling all requirements for performance monitoring as required by Statute.

- **Children's Forum and One Church, One Child of Florida** –The contract manager was unable to provide documentation showing that the performance measures of the contract had been met.
- **Pacific Interpreters** – The COU conducted a desk review for one (1) of the invoices we audited that did not meet the required performance measure. The desk review report for the provider identified no issues.

The COU desk review reports for these two (2) agreements identified no issues. The COU considers the provider invoice and reports as the deliverables rather than the services provided in the agreement. The COU uses the following criteria for its desk reviews to determine performance and compliance of the provider: 1) the timeliness of the invoice and provider submitted reports; 2) the formatting of the invoice and reports; and 3) the provider's reports contain all the elements as required by the agreement. The review also includes a survey sent to the contract manager to self-report any issues with the provider.

We recommend the Department's contact monitoring activities be refined to assure the provider is delivering satisfactory services in accordance with expected performance metrics.

Other

Pacific Interpreters Incorporated provides interpretation services for written documents and telephone conversations between non-English speaking clients and Department program offices. The agreement requires the provider to connect the caller to an interpreter within forty-five (45) seconds with a performance measure requirement of 90%. We reviewed ten (10) invoices for this provider. Eight (8) of the invoices audited failed to meet the performance measure for connection times with compliance rates between 62% and 82%.

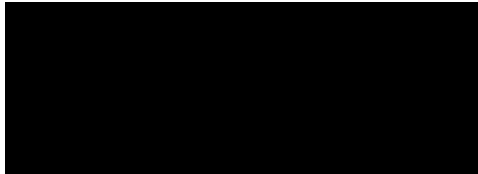
The Department did not provide evidence that it instituted a corrective action plan nor did they enforce the agreement's termination clause for nonperformance.

Please provide the Department's CAP which addresses how these deficiencies will be corrected. This plan should include steps the Department will take to provide a system of quality control,

including training, periodic management review, and feedback to Departmental staff that develop and manage contracts and grants. We request that the plan be submitted within 30 days of receipt of this letter.

We would like to thank your staff for their support and cooperation and extend an invitation to our contract manager training for staff that have not attended and for those who would like to attend again. If you have any questions, please contact Mark Merry at 850-413-3074.

Sincerely,

A large black rectangular redaction box covering the signature of Christina Smith.

Christina Smith

CS/jh

Attachment

Attachment A
Department of Children and Families
Contract/Grant Agreement

Agreement Number	Service Provider	Contract Amount	Agreement Type	Scope of Work	Deliverables	Financial Consequences	Cost Analysis	State and Federal Financial Assistance	Legal Compliance	Annual Appropriation Contingency Statement	Agreement Has Deficiencies (Y/N)
QG501	Gulf Coast Jewish Family & Community Services, Inc.	\$900,000.00	Standard 2-Party	*	*	*	N	*	*	*	Y
GP402	Homeless Services Network of CE	\$357,142.00	Grant	*	*	*	*	*	*	*	N
LC924	Childrens Forum, Inc.	\$942,850.00	Standard 2 Party	*	*	*	N	*	*	*	Y
GJ501	Community Based Care of Central Fl	\$30,973,624.00	Standard 2-Party	*	*	*	N	*	*	*	Y
LH273	Twin Oaks Juvenile Developmt	\$20,928,782.00	Standard 2-Party	*	*	*	N	*	*	*	Y
AF59A2	Guidesoft	\$1,159,250.00	Purchase Order	Y	Y	Y	N/A	NA	Y	Y	N
LJ958	One Church One Child	\$1,406,250.00	Grant	*	*	*	*	*	*	*	N
LK172	Lutheran Services Florida, Inc.	\$2,393,772.00	Grant	*	*	*	*	*	*	*	N
Lk868	Pacific Interpreters	\$662,500.00	Standard 2-Party	*	*	*	*	*	*	*	N
ACD379	Deloitte Consulting, LLP	\$8,306,024.00	Purchase Order	Y	Y	Y	N/A	N/A	Y	Y	N
LJ963	CBY25 Initiative, Inc.	\$683,814.00	Standard 2-Party	Y	Y	Y	N/A	NA	Y	Y	N
LJ965	Florida Certification Board, Inc.	\$792,275.00	Grant	Y	Y	Y	N/A	NA	Y	Y	N
BP265	Big Bend Homeless Coalition, Inc.	\$200,000.00	Grant	Y	Y	Y	N/A	NA	Y	Y	N
LD980	University of S FL, Board of Trustees	\$269,000.00	Standard 2-Party	Y	Y	Y	N/A	NA	Y	Y	N
TOTAL NUMBER OF AGREEMENTS WITH DEFICIENCIES											4

N/A - Criterion not applicable to this agreement.

*Contract was reviewed by the Bureau of Auditing prior to this audit.

Attachment B
Department of Children and Families
Contract/Grant Management

Agreement Number	Service Provider	Contract Amount	Agreement Type	Payment Certification	Verification Activities Adequate and Documented	Application of Financial Consequences	Other	Agreement Has Deficiencies (Y/N)
QG501	Gulf Coast Jewish Family & Community Services, Inc.	\$900,000.00	Standard 2-Party	Y	N	Y	NA	Y
GP402	Homeless Services Network of CE	\$357,142.00	Grant	Y	Y	Y	NA	N
LC924	Childrens Forum, Inc.	\$942,850.00	Standard 2-Party	Y	N	Y	NA	Y
GJ501	Community Based Care of Central Fl	\$30,973,624.00	Standard 2-Party	Y	Y	Y	NA	N
LH273	Twin Oaks Juvenile Developmt	\$20,928,782.00	Standard 2-Party	Y	N	Y	NA	Y
AF59A2	Guidesoft	\$1,159,250.00	Purchase Order	Y	Y	Y	NA	N
LJ958	One Church One Child	\$1,406,250.00	Grant	Y	N	Y	NA	Y
LK172	Lutheran Services Florida, Inc.	\$2,393,772.00	Grant	Y	N	Y	NA	Y
Lk868	Pacific Interpreters	\$662,500.00	Standard 2-Party	Y	N	N	NA	Y
ACD379	Deloitte Consulting, LLP	\$8,306,024.00	Purchase Order	Y	Y	Y	NA	N
TOTAL NUMBER OF AGREEMENTS WITH DEFICIENCIES								6

NA - Criterion not applicable to this agreement.

Attachment C
Department of Children and Families
Contract/Grant Management - Training

	Contract Managers	Compliance (Y or N)	Compliance Rate	Comments
Agency Compliance with Training Requirements	Lois Admire	Y		
	Maria Del Riesgo	Y		
	Shereka Korokous	Y		
	Sumer Bray	Y		
	Tarha Selvidge	Y		
	Tammy Rodgers	Y		
	Janice Johnson	Y		
	Alison Coleman	Y		
	Andrea Gordon	Y		
	Kit Goodner	Y		
Total Number of Contract Managers Reviewed		10		
Total Y's		10		
Training Compliance Rate			100%	