



CHIEF FINANCIAL OFFICER  
JEFF ATWATER  
STATE OF FLORIDA

June 8, 2012

Mr. Herschel T. Vinyard Jr., Secretary  
Florida Department of Environmental Protection  
3900 Commonwealth Boulevard  
Tallahassee, Florida 32399-3000

Dear Secretary Vinyard:

We have concluded our review of selected Department of Environmental Protection contract/grant agreements in effect on or after July 1, 2011, and related management activities. Our review focused on compliance with the following statutory requirements:

- Contract/grant agreements must contain a clear scope of work.
- Contract/grant agreements must contain deliverables that are quantifiable, measurable, verifiable and directly related to the scope of work.
- Contract/grant managers must enforce performance of the agreement terms and conditions; review and document all deliverables for which payment is requested by service providers; and provide written certification of the Department's receipt of goods and services.

We reviewed eighteen service contracts and three grant agreements. There are several areas where improvements can be made.

### **Scope of Work and Deliverables**

Each service contract and grant agreement must contain clear scopes of work, deliverables directly related to the scopes of work, and minimum required levels of services, criteria to successfully evaluate satisfactory performance, and compensation for each deliverable. This structure is very important for payment processing; without it, the Department cannot gauge whether the State is receiving value and payments may be delayed by requests for additional documentation. In some cases, if any of these elements are missing, the only mechanism to provide payment to vendors may be through executed settlement agreements. Specifically, we noted the following:

- One grant agreement did not contain specific minimum required levels of service or criteria to determine successful completion of all deliverables. For example, the agreement required the recipient to "operate as a clearinghouse of technical information"

FLORIDA DEPARTMENT OF FINANCIAL SERVICES

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and the related deliverables were monthly activity reports with no minimum performance standards.

Contract #	Service Provider	Contract Amount
SWI12	Southern Waste Information Exchange	\$300,000

- The deliverables for one contract did not always measure progress towards the completion of the final product that was a restoration plan. For the first three quarters payments were made upon the receipt of quarterly workgroup reports. No evidence of progress towards the completion of the restoration plan was required until the fourth quarter.

Contract #	Service Provider	Contract Amount
SP691	Normandeau Associates, Inc.	\$205,395

- We reviewed five contracts where services were purchased through task assignments that are executed by the Department and vendor for specific work to be conducted by the contracts. Two task assignments associated with two contracts did not have deliverables with specific required levels of service or criteria to determine successful completion of each deliverable.

Contract #	Service Provider	Contract Amount
PL233	GPI Southeast, Inc. (Task Assignment #2)	Open
RM114	Stratus Consulting, Inc.	\$363,000

### **Financial Consequences**

Effective July 1, 2010, Section 287.058(1)(h), Florida Statutes, requires service contracts to contain provisions for financial consequences an agency must apply if a provider fails to perform in accordance with a contract.

- Twelve contracts did not have financial consequences that meet the requirements of this section. Eight of these contracts had no financial consequences and four contracts had financial consequences that were non-mandatory and could be imposed at the discretion of the department.

Contract #	Service Provider	Contract Amount
RM104	Anastasia Mosquito Control District	\$63,810
RM110	Environmental Consulting and Technology, Inc.	\$134,370
RM114	Stratus Consulting, Inc.	\$363,000
RM106	Marine Taxonomy Associates	\$120,000
SP699	Florida State University	\$78,725
CN029	Olsen Associates, Inc.	Open
A43406	Seva Technologies, LLC	\$164,124
A47F84	The North Highland Company	\$171,600
PL233	GPI Southeast, Inc.	Open
SP691	Normandeau Associates, Inc.	\$205,395
PL224	Bradley Surveying and Mapping, Inc.	Open
HW550	Geosyntech Consultants, Inc.	\$20,000,000

**Contract/Grant Management**

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

- The certification statements for two contracts were signed by someone other than the contract manager.

Contract #	Service Provider	Contract Amount
RM110	Environmental Consulting and Technology, Inc.	\$134,370
RM104	Anastasia Mosquito Control District	\$63,810

- The contract management activity for three contracts was not sufficient as the contract managers did not always verify that the deliverables required by the agreement were received and approved prior to payment or the number of units billed for was actually the number delivered. Payments were approved based on provider-generated data such as invoices, status reports, and time reports, without documented validation by the Department. The validation process should include reconciling provider-generated reports to data the Department is able to independently verify.

Contract #	Service Provider	Contract Amount
GW279	Nestle Waters of North America, Inc.	\$40,000
RM114	Stratus Consulting, Inc.	\$363,000
RM104	Anastasia Mosquito Control District	\$63,810

- The contract management activity for one contract was not sufficient because a payment was made for partial completion of a deliverable where the contract contained no provision to authorize partial payments. Payments should be approved for completed deliverables. In those instances where the contract provides for progress payments towards deliverables in progress, the contract should contain quantifiable or measurable criteria to serve as a basis for the progress payment.

Contract #	Service Provider	Contract Amount
RM110	Environmental Consulting and Technology, Inc.	\$134,370

- One grant agreement, where the grant management activity was not sufficient as the Department did not reimburse the provider in the manner set forth in the agreement. The agreement budgeted specific amounts to be reimbursed for each task/deliverable that was completed. However, the Department approved reimbursement requests based on the provider's overall expenditures for the period invoiced and was unable to document that the amounts reimbursed were within the amounts budgeted for the individual tasks/deliverables as required by the agreement.

Contract #	Service Provider	Contract Amount
SWI12	Southern Waste Information Exchange	\$300,000

- One contract where the contract manager did not adequately document the activities to verify the successful completion of deliverables. This purchase order specified that the criteria for evaluating the successful completion of deliverables was the percentage of assignments completed within agreed upon time estimates. The contract manager was unable to provide any records of the tracking of completion dates or agreed upon time estimates for each assignment.

Contract #	Service Provider	Contract Amount
A43406	Seva Technologies, LLC	\$164,124

- One contract where the Department was unable to locate the contract manager's file. As a result, we were unable to determine whether the Department verified service delivery prior to approving payments.

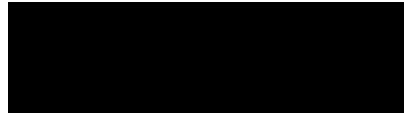
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<b>Contract #</b>	<b>Service Provider</b>	<b>Contract Amount</b>
RM106	Marine Taxonomy Associates	\$120,000

Please provide the Department's corrective action plan which addresses how these deficiencies will be corrected for future contracts. 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 solid black rectangular box redacting the signature of Christina Smith.

Christina Smith

CS/fe