



CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

June 2, 2011

Ms. Wansley Walters, Secretary
Florida Department of Juvenile Justice
Knight Building
2737 Centerview Drive
Tallahassee, Florida 32399-3100

Dear Secretary Walters:

We have concluded our review of selected Department of Juvenile Justice service contracts/grant agreements in effect on or after July 1, 2010, and related management activities. Our review focused on compliance with the following statutory requirements:

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

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

Scope of Work and Deliverables

Service contracts and grant agreements must contain clear scopes of work, deliverables directly related to the scopes of work, and minimum required levels of services and criteria to successfully evaluate satisfactory performance. 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.

Six of the seven grant agreements did not contain deliverables with minimum performance standards to effectively measure progress in completing the tasks required in the scopes of work. For example, the minimum required performance level for one agreement was just admitting youth to a program with no written requirement that services will be provided. In other agreements, it appeared deliverables could be met by providing any level of service to youth rather than by providing the more comprehensive services described in the scopes of work.

FLORIDA DEPARTMENT OF FINANCIAL SERVICES

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AFFIRMATIVE ACTION • EQUAL OPPORTUNITY EMPLOYER

Contract #	Service Provider	Contract Amount
GL1100	PSI Family Services	\$ 100,000.00
Z0115	FAMU – Juvenile Justice Institute	\$ 400,000.00
3131N	The Power Promise Organization	\$ 124,948.00
3131L	Westcare Gulf Coast Florida	\$ 125,000.00
V2029	Family Resources, Inc	\$ 151,908.31
V2030	Mt. Zion Human Services	\$ 151,097.02

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. The Department should re-examine its process to ensure its contracts are in compliance with this requirement. Two of the thirteen service contracts reviewed did not contain financial consequences.

Contract #	Service Provider	Contract Amount
X1676	The Devereux Foundation, Inc	\$ 980,506.80
X1619	Broward Community College	\$ 159,150.00

Contract/Grant Management

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

Payments related to three service contracts were missing the required written certification statement by the contract manager that services were satisfactorily received and payment was due prior to submitting the invoices for payment.

Contract #	Service Provider	Contract Amount
A24D89	Sogeti	\$ 170,000.00
A2BA6F	Catapult	\$ 114,990.00
A2D654	Brandt	\$ 137,799.20

Agencies must receive and accept deliverables in writing before approving payments to grant recipients. Each deliverable must be directly related to the scope of work and must specify the required minimum level of service to be performed and the criteria for evaluating the successful completion of each deliverable.

Our review disclosed that the grant management activity for one grant agreement was not sufficient, as the grant manager approved invoices for payment where deliverables were not

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completed. The deliverables were "youth served" and the grant manager approved the first two invoices for payment even though the supporting documentation indicated no youth were served within the billing periods.

Contract #	Service Provider	Contract Amount
3131N	The Power Promise Organization	\$ 124,948.00

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 develops and manages contracts and grants. We request that the plan be submitted within 30 days of receipt of this letter.

We provide Contract Manager Training that would be beneficial to your staff. Additional information on these classes is available at <http://www.myfloridacfo.com/aadir/AuditingTraining.htm>.

We appreciate your staff's support and cooperation during the review. Please contact Mark Merry, Chief of the Bureau of Auditing, at 850-413-3074 if you have any questions.

Sincerely,



Christina Smith

CS/fe