



CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

January 6, 2017

Pam Bondi, Attorney General
State of Florida, Office of Attorney General
The Capitol PL-01
Tallahassee, FL 32399-1050

Dear Ms. Bondi;

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, 40 audits have been completed and the results are available on the Bureau website, http://www.myfloridacfo.com/aadir/auditing_activity.htm.

The Bureau conducted an audit of 21 Department of Legal Affairs (Department) agreements in 2012. Our audit disclosed a contract deficiency rate of 4.76 percent and a management deficiency rate of 95.23 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 have concluded our audit of selected Department contracts and grants active May 01, 2015 through May 30, 2016 and related management activities.

Our audit sample included ten (10) agreements totaling \$7,820,143. Three (3) of the agreements were reviewed to determine if required contract provisions were included. Additionally, we reviewed the contract management files for all ten (10) agreements. There were areas where improvements can be made. A summary of our review is included as Attachments A, B and C.

Contract / Grant Agreement

Deliverables

Section 287.058(1)(e), F. S. requires agreements to contain a provision dividing the agreement into quantifiable units of deliverables that must be received and accepted in writing by the agency before payment. Each deliverable must be directly related to the scope of work and specify the required minimum level of service to be performed and the criteria for evaluating the successful completion of each deliverable.

Morrison, Brown, Argiz & Farrar, LLC is contracted to provide services that include forensic accounting, auditing, research and to provide litigation expert witness services for named cases for the Office of the Attorney General. The agreement states that the final report is due on the date of completion that is agreed to by both parties; however, the agreement does not specify a report submission deadline such as 30, 60 or 90 days from the final disposition of the case.

Without clearly defined timeframes established in the agreement, the Department cannot determine successful completion of the deliverables.

Contract/Grant Management

Inadequate Verification Activities and Documentation

CFO Memorandum No. 01 (2010-2011) states that the contract file must document the contract manager's activities to verify that the deliverables were received and were in compliance with criteria established in the agreement.

➤ **Urban League of Broward County, Inc.**

- The Department approved payments based on quarterly activity reports prepared by the provider. The Department did not provide evidence that the information in the reports was validated. Without adequate validation of the services billed on the invoice, the Department is at risk of paying for services not provided.

- The agreement requires the provider to submit all subcontracts with the seven (7) Urban League affiliates to the Department for approval at least thirty (30) days prior to anticipated funding. The Department was unable to provide evidence that copies of the 2015/16 executed subcontracts were received or maintained in the management file. Without proper verification to ensure that the provider has timely submitted the required documentation prior to disbursement of funds to the affiliates, the Department does not have reasonable assurance that the **Urban League of Broward County** has properly executed subcontracts.
- According to the agreement, the Provider is required to undertake administrative management and financial reporting to the Department for the seven (7) affiliates and for itself. These requirements include annual on-site monitoring. The monitoring reports were due to the Department by August 15, 2016. Upon the auditor's inquiry, the Department stated that the reports were maintained by the Provider and were not received or reviewed by the Department. The Department was not able to provide the documentation necessary to verify the Providers are meeting required minimum performance standards.

➤ **Morrison, Brown, Argoz & Farrar, LLC**

- The Department did not provide documentation to evidence the activities taken to verify deliverables as they related to the invoices submitted by the provider.
- The agreement requires the vendor to submit a written report notifying the contract manager of the status of the contract deliverables and when billings have reached 75% of the total contract funding. The Department did not provide evidence that the reports were received or maintained in the management file. Along with the vendor, the Department is responsible for ensuring that expenditures are within the terms and conditions of the contract.

We recommend the Department implement procedures to ensure the contract management files contain documentation to verify that all deliverables were received timely and in compliance with contract requirements.

Contract Manager Training Requirements

Sections 215.971(2)(a) and 287.057(14), F. S. requires contract and grant managers to attend training conducted by the Chief Financial Officer for accountability in contract and grant

management. Effective December 1, 2014, each grant manager responsible for agreements in excess of \$100,000 annually must complete the training and become a certified contract/grant manager within 24 months after establishment of the training and certification requirements by the Department of Management Services and the Department of Financial Services.

At the time of the audit, three (3) of the contract and grant managers responsible for the agreements reviewed had not completed the required accountability training by completing Advancing Accountability (AA) or Florida Certified Contract Manager (FCCM) training.

As of September 23, 2016, after our field work was complete, two (2) contract managers had completed FCCM.

Please provide the Department's corrective action plan 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 solid black rectangular box used to redact the signature of Christina Smith.

Christina Smith

Attachment A
Department of Legal Affairs
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	TOTAL NUMBER OF AREAS WITH DEFICIENCIES
V15035	Sunrise of Pasco County	\$440,504.00	Grant	*	*	*	*	*	*	*	0
V14074	UF Board of Trustees Dept of Pediatrics Jacksonville	\$1,005,378.00	Grant	*	*	*	*	*	*	*	0
K03135	Lucas International Consulting, LLC	\$150,000.00	Standard 2-Party	*	*	*	*	*	*	*	0
K03751	Community Coalition, Inc.	\$950,000.00	Grant	*	*	*	*	*	*	*	0
K03248	Myers and Stauffer, L. C.	\$352,616.00	Standard 2-Party	*	*	*	*	*	*	*	0
K03528	Morrison, Brown, Argiz & Farrar, LLC	\$200,000.00	Standard 2-Party	Y	N	Y	N/A	NA	Y	Y	1
K03734	Urban League of Broward Cty, Inc.	\$3,179,247.00	Grant	*	*	*	*	*	*	*	0
K03858	Agate Software, Inc.	\$599,979.00	Standard 2-Party	Y	Y	Y	N/A	NA	Y	Y	0
K03568	Jeffrey S. Janofsky, MD	\$300,000.00	Standard 2-Party	Y	Y	Y	N/A	NA	Y	Y	0
V14167	Domestic Abuse Shelter, Inc.	\$642,419.00	Grant	*	*	*	*	*	*	*	0
TOTAL NUMBER OF AGREEMENTS WITH DEFICIENCIES				0	1	0	0	0	0	0	

NA - Criterion not applicable to this agreement.
*Contract was reviewed by the Bureau of Auditing prior to this audit.

Attachment B
Department of Legal Affairs
Contract/Grant Management

Agreement Number	Service Provider	Contract Amount	Agreement Type	Payment Certification	Verification Activities Adequate and Documented	Application of Financial Consequences	Other	TOTAL NUMBER OF AREAS WITH DEFICIENCIES
V15035	Sunrise of Pasco County	\$440,504.00	Grant	Y	Y	Y	Y	0
V14074	UF Board of Trustees Dept of Pediatrics Jacksonville	\$1,005,378.00	Grant	Y	Y	Y	Y	0
K03135	Lucas International Consulting, LLC	\$150,000.00	Standard 2-Party	Y	Y	Y	NA	0
K03751	Community Coalition, Inc.	\$950,000.00	Grant	Y	Y	Y	NA	0
K03248	Myers and Stauffer, L. C.	\$352,616.00	Standard 2-Party	Y	Y	Y	Y	0
K03528	Morrison, Brown, Argiz & Farrar, LLC	\$200,000.00	Standard 2-Party	Y	N	Y	Y	1
K03734	Urban League of Broward Cty, Inc.	\$3,179,247.00	Grant	Y	N	Y	Y	1
K03858	Agate Software, Inc.	\$599,979.00	Standard 2-Party	Y	Y	Y	Y	0
K03568	Jeffrey S. Janofsky, MD	\$300,000.00	Standard 2-Party	Y	Y	Y	Y	0
V14167	Domestic Abuse Shelter, Inc.	\$642,419.00	Grant	Y	Y	Y	Y	0
TOTAL NUMBER OF AGREEMENTS WITH DEFICIENCIES				0	2	0	0	2

NA - Criterion not applicable to this agreement.

Attachment C
 Department of Legal Affairs
 Contract/Grant Management - Training

	Contract Managers	Deficiency (Y or N)	Deficiency Rate	Comments
Agency Compliance with Training Requirements	Christina Harris	Y		Managed three agreements
	Karen Brodeen	Y		
	Katherine Kiziah	Y		No longer at DLA
	Kevin Gregg	N		Attended FCCM 9/20/16 - post audit
	Susan Maher	Y		
	Laura Daugherty	N		Attended FCCM 9/20/16 - post audit
	Karen O'Brien	N		
	Tammi Neal	Y		
Total Number of Contract Mgrs Reviewed		8		
Total N's		3		
Training Deficiency Rate			38%	

*There were 8 contract managers for 10 agreements