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February 1, 2017

Christina Smith, Director
Department of Financial Services
Division of Accounting and Auditing
200 E. Gaines St.
Tallahassee, FL. 32399-0353

Dear Ms. Smith,

Enclosed is the Department of Legal Affairs' corrective action plan in response to your recent review of 21 agreements. The plans are detailed below by contract/grant agreement.

1. Urban League Audit Response

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.

Response:

The Department will retroactively sample the quarterly and final invoices for the provider and the eight subcontractors for the 2015-2016 grant year to ensure proof of adequate validation exists for services provided. The Department will complete this sample by June 30, 2017.

To solve this problem for future reimbursements, the provider has a new grants management system and they are working to provide the Department with view access. The access will allow the Department to sample two of the programs each quarter to ensure we are not paying for services not provided. This method will allow the Department to validate the information provided in the reports for all eight (8) subcontracts each year. In the 2016-2017 grant year, the Department will sample all eight programs, however this may have to be done retroactively for the first quarter as the Department did not have access to the provider's system at the time of reimbursement.

- 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.

Response:

The Department was unable to document that the subcontracts had been sent thirty (30) days prior to anticipated funding. However, the provider was able to send them when requested. The Department will adhere to any contractual obligation to receive and review subcontracts in the future.

- 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.

Response:

The Department requested and received them on August 18, 2016 for the 2015-2016 grant year. The Department will ensure the monitoring reports are received on or before August 15 of each year.

- **Contract Manager Training Requirements:**

Info: Karen O'Bryan received on 12/16/2016, expiration date 12/31/2019

2. Morrison, Brown, Argiz & Farrar, LLC Audit Response

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.

Response:

The Department will establish a clearly defined timeframe in the agreement that requires the provider to submit a final report by the date of completion that is agreed to by both parties, but no later than 90 days from final disposition of the case.

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.

➤ 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.

Response:

The Department will retroactively review the past invoices for the provider to ensure proof that all deliverables were received timely and in compliance with contract requirements. The Department will complete this review by June 30, 2017.

To solve this problem for future reimbursements, the Department will require all contract managers to create a contract file for each contract containing: a) a copy of the contract; b) all invoices; c) all written status reports regarding contract deliverables; d) all written reports relevant to the underlying matter (i.e. expert witness report); and e) a running Contract Manager Report that documents all activities taken to verify deliverables and contract compliance.

In addition, the Department will require all contract managers, upon execution of new contracts, to implement internal calendaring of contract deadlines with copy to the respective Administrative Manager (Admin II or III), to ensure compliance with contract requirements. Specifically, those deadlines will include, at a minimum, 90-day recurring reviews of the contract file to confirm i) receipt of the written reports regarding contract deliverables and billings, and ii) receipt of the final written report (i.e. expert witness report) within 90 days of the final case disposition.

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.

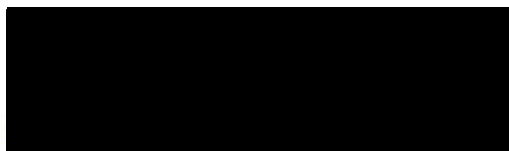
As of September 23, 2016, after our field work was complete, two (2) contract managers had completed FCCM.

Response:

The Department will conduct a review of all designated contract managers responsible for agreements in excess of \$100,000 and either: a) require such contract managers to complete the required training, no later than June 30, 2017, or b) reassign contract manager responsibilities to certified contract managers who have already completed the annual training.

If you have any questions, please call Judy Goodman at (850) 414-3591.

Sincerely,



Steve Rumph
Inspector General

SR/jmg