



FLORIDA DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

COMMISSIONER ADAM H. PUTNAM

July 18, 2013

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

Dear Director Smith:

This letter is in response to your letter dated June 18, 2013, regarding the Florida Department of Agriculture and Consumer Services (FDACS) contractual services and grant agreements. We appreciate the opportunity to respond to the findings outlined in your report. FDACS feels that our contracts and our contract system is the best in the state and that our contracts are legally sound and provide adequate safeguards to ensure the citizens of this state are receiving appropriate goods and services for their tax dollars. We are always interested in improving our processes and will continue to implement improvements as appropriate. As a general response to this report FDACS is in the process of updating its Contract Managers Training Manual to address the issues highlighted in the report. The manual will include an expanded section which will cover scope of work, deliverables and payment matrix. Once the manual is complete all FDACS contract managers will be required to attend a training class either in a classroom setting or by WebEx to go over the revised manual. We will also continue to attend your department's contract managers' classes, as required, when space is available.

Findings

Contract # 17044 - National Wild Turkey Federation -\$35,000

- **The agreement did not contain a scope of work that clearly established the tasks to be performed. The National Wild Turkey Federation grant Plan of Work was vague and included language such as: "as needed", "periodic dates", and "assist and conduct grant work as necessary."**
- **Payments were not processed in accordance with contract terms for the agreement. Payments were approved based on a fixed rate per hour basis rather than the cost reimbursement basis as specified in the terms of the contract.**

Response

Contract #17044 is now being closed out and a new contract has been executed. The new contract includes a plan of work that clearly establishes tasks to be performed. Additionally, an annual work plan with quarterly minimum performance levels is being established for this contract. Further, this contract specifically indicates financial consequences for failure to comply with terms of the agreement. Finally, the new contract clearly indicates that this is a fixed fee basis contract and will be paid as such, pending submission of appropriate invoices and supporting documentation. We believe that the new contract meets the updated current requirements for contracts for both FWC and FFS.

Findings

Contract # 18702 – Boll Weevil Eradication Foundation of Florida, Inc. - \$150,000

- **The agreement did not contain a scope of work that clearly established the tasks to be performed. The agreement with the Boll Weevil Eradication Foundation of Florida, Inc. did not clearly identify specific tasks to be completed. The agreement only stated that funding was to be used for the purpose of participating in the Southern Boll Weevil Eradication Program.**
- **The specific level of services required to be performed and/or criteria to determine successful completion of the deliverables were not provided.**
- **Contract management files lacked documentation to reflect that all expenditures were directly related to the specific grant agreement.**

Response

FDACS continues to believe that these contracts are unique in that the distributions are outlined in statute and rule. However, as FDACS begins to execute new agreements for the 2013-2014 fiscal year, we have expanded the scope of work and more clearly defined deliverables and the level of services required to be performed. The appropriate contract managers have been advised of their requirement to obtain appropriate documentation and will be attending the Department of Financial Services (DFS) contract manager training, as well as FDACS providing training.

Findings

Contract # 18699 - Archbold Expeditions - \$81,543

- **The agreement did not contain a scope of work that clearly established the tasks to be performed. The Archbold Expeditions work plan was vague and did not identify specific tasks to be completed. The agreement only provided a schedule of “research components” to be performed.**
- **The specific level of services required to be performed and/or criteria to determine successful completion of the deliverables were not provided.**

- **Contract management files lacked documentation to reflect that all expenditures were directly related to the specific grant agreement.**

Response

FDACS continues to believe that these contracts are unique in that the distributions are outlined in statute and rule. However, as FDACS begins to execute new agreements for the 2013-2014 fiscal year, we have expanded the scope of work and more clearly defined deliverables and the level of services required to be performed. The appropriate contract managers have been advised of their requirement to obtain appropriate documentation and will be attending the Department of Financial Services (DFS) contract manager training, as well as FDACS providing training.

Findings

Contract # 18422 – Apalachee Regional Planning Council - \$135,083

P280524 – Imager Software, Inc. - \$188,758

- **The specific level of services required to be performed and/or criteria to determine successful completion of the deliverables were not provided. The agreements for the Apalachee Regional Planning Council and Imager Software, Inc. were to fund staff augmentation positions. However, the agreements did not contain criteria to evaluate successful performance.**

Response

The Apalachee Regional Planning Council Contract #18422 expired on February 28, 2013. A new contract, #19894, was issued effective March 1, 2013. The contract relates to funding for a full time position that is utilized by FDACS for staff augmentation to support State Agricultural Homeland Security activities. This position resides in the Division of Animal Industry. The actual management of the new contract has been transferred to the Division of Animal Industry where the full time position answers directly to the contract manager who supervises the position. A new scope of work was developed in the new contract which more clearly defines deliverables and level of services required.

FDACS will perform an objective assessment each month on the provider's compliance and performance for contract #P280524, Imager Software, Inc. This assessment will provide criteria, milestones and deliverables. Upon completion each month, the assessment will be reviewed and signed by the provider and contract manager and maintained in the contract folder.

Findings

Contract # 18703 – University of Florida, Institute of Food and Agricultural Sciences - \$720,000

- **The specific level of services required to be performed and/or criteria to determine successful completion of the deliverables were not provided. The agreement for the University of Florida, Institute of Food and Agricultural Sciences stated that funds would be paid in advance on a quarterly basis to conduct research. However, there were no minimal levels of service or milestones required prior to the approval of the second, third, and fourth advance payments.**

Response

FDACS continues to believe that these contracts are unique in that the distributions are outlined in statute and rule. However, as FDACS begins to execute new agreements for the 2013-2014 fiscal year, we have expanded the scope of work and more clearly defined deliverables and the level of services required to be performed. The appropriate contract managers have been advised of their requirement to obtain appropriate documentation and will be attending the Department of Financial Services (DFS) contract manager training, as well as FDACS providing training.

Findings

Contract #17138 – Mote Marine Laboratory - \$142,730

- **The specific level of services required to be performed and/or criteria to determine successful completion of the deliverables were not provided. The Mote Marine Laboratory agreement did not contain deliverables that were quantifiable, measurable and directly related to the agreement's scope of work. The agreement required status reports without any minimum performance requirements to support payments.**
- **Contract management files lacked documentation to reflect that all expenditures were directly related to the specific grant agreement.**

Response

The new 2013-2014 contracts will contain a detailed description of deliverables, including quantities and associated deliverable timelines. Quarterly status reports will be required to provide percentage of project completion. Payments are reimbursement only and will be paid only upon receipt of copies of actual documented paid expenditures that are directly related to research project objectives.

Verifiable supporting documentation will be required for utilities, supplies and labor expenditures validating the time spent was for project objectives and/or a documentable formula

to account for pro rata portions of utilities and or supplies expenditures attributed to project objectives.

Findings

Contract # 17736 – Florida Urban Forestry Council - \$70,000

- **The specific level of services required to be performed and/or criteria to determine successful completion of the deliverables were not provided.**

Response

For the past several years, FDACS through the FFS has contracted with the Florida Urban Forestry Council (FUFC) on an annual basis to provide specific services to promote urban forestry in local communities throughout the state of Florida. Each year, the contract has contained specific services and numerical goals to be completed. These accomplishments have been listed both quarterly and as annual goals. FUFC has either met or exceeded these goals.

The FFS will include “performance thresholds” for each of the services that will be contained in the 2013-2014 contracts with FUFC. These thresholds will equal anywhere from 75-100% of the quarterly and annual goals, depending on the nature of the service to be provided.

Findings

Contract # 18902 – East Central Florida Resource Conservation and Development Council- \$94,736.00

- **The specific level of services required to be performed and/or criteria to determine successful completion of the deliverables were not provided.**
- **Contract management files lacked documentation to reflect that all expenditures were directly related to the specific grant agreement.**

Response

FDACS has taken a number of corrective actions to help improve the issue identified in the audit report related to development of scope of work that specify the level of services required and criteria to determine successful completion of deliverables. These actions include:

1. OAWP contract management staff have followed-up with the East Central Florida Resource Conservation and Development Council to verify level of services were performed and successful completion of deliverables was accomplished for contract #18902.
2. OAWP has taken extra steps to ensure that 2013-2014 fiscal year scope of work is consistent with the DFS Advancing Accountability requirements, include developing

specific and quantifiable deliverables, clearly identify the tasks and minimum level of services that must be completed to meet each deliverable, how each deliverable will be documented and give specific timelines for completion and submission of deliverables.

Findings

Contract # 16964 – The Volunteer Way, Inc. - \$87,467

Contract # 16953 – Catholic Charities of Orlando, Inc. - \$175,806

Contract # 19007 – Farm Share, Inc. - \$750,000


- **The grant management activity for was not sufficient as the Department did not always verify that the number of units billed was actually the number of units delivered. Payments were approved based on provider-generated data, such as a monthly report as evidence of services delivered.**

Response

In response to the Contract/Grant Management issues identified by DFS the following agreements, FDACS has developed a new monitoring procedure and monitoring tool to reconcile the pounds of food distributed with the reimbursement requested. Division staff was trained on the new process on January 24, 2013, and the revised procedures were implemented immediately thereafter.

Please let me know if you have any questions or concerns at (850) 617-7000 or at Alan.Edwards@FreshFromFlorida.com

Sincerely,



D. Alan Edwards
Director of Administration

DAE/kh

cc: Mike Joyner, Assistant Commissioner/Chief of Staff
Ron Russo, Inspector General
Nedra Harrington, Director of Auditing
Jerry Todd, Bureau Chief of Finance and Accounting