

## Florida Department of Education

### Response to Summary of Department of Financial Services (DFS) Review of Certain Contracts and Grants

#### Scope of Work and Deliverables

Overview: Each service and grant agreement must contain a clear scope of work, deliverables directly related to the scopes of work, minimum required levels of services, criteria to successfully evaluate satisfactory performance, and compensation for each deliverable.... Our review of twenty-five contracts and grant agreements disclosed that the Department had scope of work and/or deliverable issues for nineteen of these contracts.

Response: In general, there are three types of actions which will be taken relative to this area of improvement:

- Continued emphasis on additional training and technical assistance for contract managers relative to the scope of work requirements with particular emphasis on contract managers for whom contract management is not a primary function of their job descriptions. This training and technical assistance will be provided as needed and is available on an ongoing basis.
- More intensive review of the scope of work sections of contracts and grant agreements in conjunction with the approval process and the entry of data into the FACTS system.
- Substantive changes in the nature of payment methodology for contracts that do not lend themselves to the more traditional documentation of satisfactory performance and compensation for deliverables. In every instance, these changes have already been made for contracts and grant agreements effective in 2012-13.

#### Specific Example:

One grant agreement did not contain a scope of work that clearly established the tasks the recipient was required to perform. The Department provided an explanation that the scope of work was provided for by statute. However, the grant agreement did not include this statutory reference.

| Contract #      | Service Provider              | Contract Amount |
|-----------------|-------------------------------|-----------------|
| 372-96820-1S001 | Tallahassee Community College | \$ 316,675      |

Response: For agreements whose scope of work is stated in statute a summary or copy of the statute will be included. When statutory language does not address all

required elements of the scope of work, Department staff will consult with appropriate Legislative staff to develop the additional components such as criteria to successfully evaluate satisfactory performance. This action is being taken for all 2012-13 agreements.

Specific Example:

Three service contracts provide for twelve monthly payments; however, there is not a required level of performance until the end of the sixth month. We recommend that the Department align the performance with each of the monthly payments.

| <b>Contract #</b> | <b>Service Provider</b>                   | <b>Contract Amount</b> |
|-------------------|---|------------------------|
| 12-506            | Conklin Centers for the Blind             | \$ 110,331             |
| 12-533            | Florida Centers for the Blind             | \$ 158,332             |
| 12-526            | Visually Impaired Persons of Southwest FL | \$ 233,100             |

Response: These contracts are three of a number of contracts in the Division of Blind Services which fund client-service programs. For the various client service program types of the contracts for the Division of Blind Services, there are inherent seasonal variations in client needs that preclude implementation of a static, monthly performance standard for serving clients. In response to this concern and in collaboration with the Department of Financial Services (DFS), the Department has substantially revised the payment methodology for all such contracts for 2012-13.

Specific Example:

Fifteen grant agreements did not provide for a specific level of service or criteria to determine successful completion criteria for deliverables. Examples include:

- The agreement with the University of Central Florida provided for a consultant to fill the position of Chancellor of public schools for a seven month period. In turn, the University subcontracted with the consultant. A general position description was included as an attachment to the grant agreement. Payments were made to the university quarterly in advance with no requirements in the grant agreement to provide for a minimum level of service.
- The two agreements for the Failure Free Reading Program (Washington County School District and Putnam County School District) did not specify the minimum number of students to be served.
- Four agreements did require documentation to be submitted with the invoice to demonstrate performance. However, there were no minimum performance levels the provider was required to meet when submitting monthly payments.

| <b>Contract #</b> | <b>Service Provider</b>            | <b>Contract Amount</b> |
|-------------------|------------------------------------|------------------------|
| 380-2442A-2CCC1   | Levy County School District        | \$ 89,337              |
| 206-2442A-20001   | Investing In Our Youth             | \$ 172,998             |
| 376-96100-2SB01   | FAMU                               | \$ 114,701             |
| 130-97260-2SL01   | Miami-Dade County District Schools | \$ 175,750             |
| 481-60010-1SC01   | University of Central Florida      | \$ 130,000             |
| 500-93720-2S001   | Palm Beach County School District  | \$ 300,000             |
| 670-96433-2S001   | Washington County School District  | \$ 375,000             |
| 670-92400-2D001   | Washington County School District  | \$ 578,156             |
| 480-2262A-2CA01   | Orange County District Schools     | \$ 635,751             |
| 757-4052A-2PFJ1   | Centro Campesino Farmworker, Inc   | \$ 94,222              |
| 522-95010-2S001   | St. Petersburg College             | \$ 132,995             |
| 530-92860-1SA01   | Polk County School District        | \$ 65,770              |
| 37D99650-2QG01    | Volunteer USA Foundation           | \$ 200,000             |
| 206-93650-1Q001   | Investing In Our Youth             | \$ 156,402             |
| 540-96443-2S001   | Putnam County School District      | \$ 375,000             |

Response:

- Specifically with respect to the agreement with the University of Central Florida, this is structured as a “staff augmentation” agreement whereby the intent was for a specific individual to serve in an interim capacity as the Chancellor for K-12 programs and later as a Senior Advisory to the Commissioner. Although there were specific tasks associated with these roles, they were dependent on the day-to-day needs of the Department and the Commissioner. Therefore, it was

difficult, at best, to specify a minimum level of service. Payment was made based on an hourly rate for the services provided by the individual.

- The Failure Free Reading Program was legislatively directed through a specific line item appropriation and the grant agreements were structured in collaboration with Legislators and Legislative staff. The program was designed to serve a particular student population as defined in the grant agreement. Although the agreement did not specify a particular number, it did specify the universe of students that were that were to be served.

For all of these examples, the Department will implement the strategies specified above with respect to future such agreements.

### **Financial Consequences**

The financial consequences for three service agreements allow the vendor to receive full payment for the contract. If it is determined that financial consequences should be assessed, the Department will bill the vendor after the contract is completed. Although this may meet the statutory requirement, the billing of a contractor for financial consequences after the final payment is made does not provide a viable solution to encourage contract compliance. In addition, it is possible the Department may have difficulty in collecting the amount owed.

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Response: These three agreements are these same agreements listed above in the scope of work section. All agreements in this category have been substantially revised for 2012-13, in collaboration with the Department of Financial Services to strengthen the payment methodology and financial consequences.

### **Other**

The Department was unable to provide a written grant agreement for a recipient of State Funds. Instead, we were provided the award notification, the recipient's budget of expenditures and the Request for Award was reviewed. To date, the Department has disbursed \$120,000.00 for this grant award.

| <b>Contract #</b> | <b>Service Provider</b>           | <b>Contract Amount</b> |
|-------------------|-----------------------------------|------------------------|
| 670-96441-2S001   | Washington County School District | \$ 300,000             |

Response: The file copy of the written grant agreement is not complete which is most likely due to a copying and filing error. All of the Department grant agreements contain a narrative which would include the scope of work and related details. We believe that this is an isolated instance and not systemic; however, staff have been reminded that it is important to check all grant and contract agreement files for completeness.

### **Contract/Grant Management**

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

Response: In general there are two types of actions which will be taken relative to this area for improvement:

- More careful scrutiny of the assignment of contract and grant managers to ensure that the appropriate person is assigned to each contract and grant.
- Continued emphasis on additional training and technical assistance for contract and grant managers relative to their responsibilities for management and monitoring of assigned contracts and grants, with particular emphasis on managers for whom contract or grant management is not a primary function of their job descriptions. This training and technical assistance will be provided as needed and is available on an ongoing basis.

### **Specific Example**

**Section 215.971(2), F.S., requires services to be accepted in writing before payment. The grant managers were not certifying receipt of deliverables for thirteen grant agreements as the payment terms allow the recipients to receive payments in advance. Regardless of the timing of payments, we are recommending that the Department maintain signed certification statements in the management files to support payments on a post audit basis.**

Response: The Department will review the process for certifying deliverables for projects issued to entities that receive advance payments and revise the process to provide for maintenance of signed certification statements in the management files.

Specific Example

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| 540-96443-2S001   | Putnam County School District      | \$ 375,000             |
| 670-96441-2S001   | Washington County School District  | \$ 300,000             |

The required certification statement for one grant agreement is being signed by an employee who is not the designated grant manager.

| <b>Contract #</b> | <b>Service Provider</b>       | <b>Contract Amount</b> |
|-------------------|-------------------------------|------------------------|
| 481-60010-1SC01   | University of Central Florida | \$ 130,000             |

Response: In this instance, the designated grant manager had not completed the required Accountability training and was not able to do so in time to provide the certification. In order to address this situation, a staff member who had received the required training collaborated with the grant manager to determine receipt of the specified services and signed off on the certification statement. This process was unique to this one grant and has been discontinued. In the future, the Department will ensure that all grants and contract managers have either completed the required training prior to assignment as a manager or will complete the training within 60 days of the assignment.

### Specific Example

Deliverables for four agreements were approved based on reconciling the invoices with data input by the vendor/recipient on the department's reporting database. The monitoring process should include reconciling provider-generated reports to source documentation such as case management notes, sign-in sheets and client files.

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| 12-526            | Visually Impaired Persons of Southwest FL | \$ 233,100             |
| 757-4052A-2PFJ1   | Centro Campesino Farmworker Center, Inc   | \$ 94,222              |

Response: The Department will implement additional measures to ensure that invoiced services have been provided to clients. Specifically, the Division of Blind Services will obtain a sampling of clients from each invoice who will be contacted directly to determine if they received services. The new measures took effect on July 1, 2012 for state fiscal year contracts and will take effect on October 1, 2012 for contracts that are on the federal fiscal year cycle.

### Specific Example

It was noted that monitoring has not been performed for one agreement. Although by statute the Florida Independent Living Center is independent of the agency, they are still responsible for the proper expenditure of funds and use of resources. We recommend the Department incorporate a monitoring process to include the review of receipts.

| <b>Contract #</b> | <b>Service Provider</b>            | <b>Contract Amount</b> |
|-------------------|------------------------------------|------------------------|
| 11-133            | Florida Independent Living Council | \$ 395,820             |

Response: Monitoring has always been contemplated with respect to this agreement; however, a more specific procedure will be developed, implemented, and documented for 2012-13.

Specific Example:

Section 287.057(14), F.S., states that the contract manager procedures must include monitoring and documenting contract performance, reviewing and documenting all deliverables for which payment is requested by vendors. The designated contract managers for two contracts have no contact with the vendor, as their only responsibility is to process the invoices for payment. The services are validated and approved by other Department staff members. A similar situation arises with a third contract; however, the contract manager does have contact with the contractor on issues involving payment of the invoice, but relies on verbal conversations with another Department staff member for validation of service. In these instances, these contract managers are certifying receipt of goods and services with no direct knowledge of the performance of the contractors.

| <b>Contract #</b> | <b>Service Provider</b> | <b>Contract Amount</b> |
|-------------------|-------------------------|------------------------|
| A43012            | Creative Consulting     | \$ 163,459             |
| 12-007            | Charles T. Whitelock    | \$ 160,000             |
| A4455E            | Technicsource, Inc      | \$ 154,252             |

Response: The Department will review all contracts and grant agreements to ensure that the appropriate, trained person is designated as the manager. It should be noted; however, that there are some instances in which the Department believes that consultation with another staff member is a valuable tool in validating service prior to payment. This is particularly true in circumstances where a number of Department staff are involved with a particular vendor and the service provided, but only one is designated as the contract manager.