



CHIEF FINANCIAL OFFICER  
**JEFF ATWATER**  
STATE OF FLORIDA

May 2, 2012

Mr. Gerard Robinson, Commissioner  
Florida Department of Education  
Turlington Building  
325 West Gaines Street  
Tallahassee, Florida 32399

Dear Commissioner Robinson:

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

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

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

### **Scope of Work and Deliverables**

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. 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.

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. Specifically, we noted the following:

- 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.

FLORIDA DEPARTMENT OF FINANCIAL SERVICES

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

- 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.

Contract #	Service Provider	Contract Amount
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

- 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.

Contract #	Service Provider	Contract Amount
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

**Financial Consequences**

Effective July 1, 2010, Section 287.058(1)(h), Florida Statutes (F.S.), requires services contracts to contain provisions for financial consequences an agency must apply if a provider fails to perform in accordance with a contract.

- 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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**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.

Contract #	Service Provider	Contract Amount
670-96441-2S001	Washington County School District	\$ 300,000

**Contract/Grant Management**

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.

- 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.

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372-96820-1S001	Tallahassee Community College	\$ 316,675
376-96100-2SB01	FAMU	\$ 114,701
130-97260-2SL01	Miami-Dade County District Schools	\$ 175,750
500-93720-2S001	Palm Beach County School District	\$ 300,000
670-96443-2S001	Washington County School District	\$ 375,000
670-92400-2D001	Washington County School District	\$ 578,156
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530-92860-1SA01	Polk County School District	\$ 65,770
37D99650-2QG01	Volunteer USA Foundation	\$ 200,000
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.

Contract #	Service Provider	Contract Amount
481-60010-1SC01	University of Central Florida	\$ 130,000

- 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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12-533	Florida Centers for the Blind	\$ 158,332
12-526	Visually Impaired Persons of Southwest FL	\$ 233,100
757-4052A-2PFJ1	Centro Campesino Farmworker Center, Inc	\$ 94,222

- 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.

Contract #	Service Provider	Contract Amount
11-133	Florida Independent Living Council	\$ 395,820

- 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

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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.

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

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

Our office provides 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

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