



Florida Department of
Law Enforcement

Gerald M. Bailey
Commissioner

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November 26, 2012

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

Dear Ms. Smith:

The Florida Department of Law Enforcement (FDLE) has reviewed the findings contained in your Contracts and Grants Review Preliminary Report dated October 23, 2012. Each topic is addressed below.

As a matter of note, I remain concerned regarding FDLE's responsibility to meet additional requirements for legislatively mandated pass-through dollars. We will continue to work with DFS staff to create exemptions or identify more efficient methods of ensuring accountability for these funds.

Scope of Work and Deliverables

The specific level of services required to be performed and/or criteria to determine successful completion of the deliverables were not provided for two contracts (UBER Operations LLC and Strategic Staffing Solutions) and two grant agreements (A Child is Missing, Inc. and Broward County Board of Commissioners).

- Payment terms for UBER Operations LLC and Strategic Staffing Solutions did not require a minimum level of service to be completed prior to the Department approving invoices for payment. The service contracts procured project managers for the Florida Law Enforcement Exchange and the Regional Law Enforcement Exchange projects based on an hourly rate. Both project managers were responsible for: creating, maintaining and refining project plans; tracking project schedules and technical performance; and leading both the business and technical teams to ensure project objectives are met and delivered on time and on budget. However, the contracts did not require FDLE to validate that minimum levels of service had been completed as progress toward achieving the goals prior to approving invoices for payment.

Response: As stated in the finding, the purchase orders issued to UBER Operations and Strategic Staffing Solutions were issued to acquire the services of Project Managers. The statements of work attached to the purchase orders clearly explain the responsibilities of the individuals serving in these positions. FDLE agrees that statements of work for project managers would be improved by explicitly documenting deliverables. However, it would be inaccurate to believe that FDLE failed to validate the work performed by the project managers. Both projects were managed against documented project management plans with the direct supervisors involved routinely in the projects and approving timesheets. A governance process

was in place that required regular status reports and briefings to agency management and/or an executive steering committee. Issues and risks encountered during the projects were documented, aggressively managed and there was regular communication between agency management and the contract manager who authorized payments for the projects. Had deficiencies been identified in a project manager's performance, processes were in place to address them. To improve future statements of work for project managers, FDLE will include explicit language identifying deliverables.

- Grant agreement for A Child is Missing, Inc. did not provide criteria to determine successful completion for deliverables. Agreement listed training classes and community seminars as deliverables, but did not provide minimum levels of service or criteria for evaluating the successful completion.

Response: A Child is Missing, Inc. receives legislatively appropriated state financial assistance funding recurring in FDLE's budget. The contract was a fixed rate, advanced payment agreement. The contract period for A Child Is Missing, Inc. concluded before the DFS contract review was complete. To resolve the findings of the Department of Financial Services (DFS) review, FDLE required A Child Is Missing, Inc. to complete a true-up for the 2011-2012 contract term, where they provided additional documentation to verify deliverables. The contract for 2012-2013 will include specific information for deliverables and reimbursement. FDLE has asked DFS to review and approve contract prior to moving forward to ensure all issues and concerns have been addressed.

- Grant agreement for Broward County Board of Commissioners did not provide criteria to determine successful completion for deliverables. Agreement established separate units of service for technical assistance, tracking and community volunteer services without established criteria for evaluating the successful completion of the units of service.

Response: FDLE's Office of Criminal Justice Grants (OCJG) has required all grants management staff to attend the mandatory DFS training on Advancing Accountability. OCJG also conducts staff training on the subgrant application review process. In the future, this training will remind staff of the minimum requirements for the subgrant scope of work and deliverables, including "criteria to determine successful completion of deliverables." In addition, OCJG will update the application review checklist with appropriate questions about those sections of the subgrant application. OCJG will also update its instructions to potential applicants and its web-based training for applicants to cover the requirements for the scope of work and deliverables in more detail.

Financial Consequences

Two service contracts (UBER Operations LLC and Strategic Staffing Solutions) did not contain financial consequences that meet the requirements of this section.

Response: Provisions were present in both purchase orders that address financial consequences:

- FDLE's Statement of Work – Oversight and Reporting (Section 7)

"In the event the FDLE supervisor finds the contract staff's performance to be deficient in any material respect, FDLE shall notify the Contractor in writing, stating the reasons and providing any documentation supporting this finding. If the deficiency is not remedied by the Contractor to FDLE's satisfaction within five (5) business days after receipt of written notice, FDLE shall have the right to terminate the contract without further notice, and with no further obligation to the Contractor."

- FDLE's Statement of Work – Additional Terms and Conditions (Section 8)

"This statement of work is issued under the terms and conditions of State Term Contract for Information Technology Consulting - 973-561-10-1."

In this contract, provisions that address financial consequences are found in the following Sub-Sections of 4.0 General Contract Conditions (PUR 1000) including: 4.21 (Suspension of Work), 4.22 (Termination for Convenience) and 4.23 (Termination for Cause).

These provisions enable FDLE, at its sole discretion, to suspend any or all activities under the contract or purchase order, at any time, when in the best interests of the state to do so. It also enables FDLE, by written notice to the contractor, terminate the contract in whole or in part when it determines in its sole discretion that it is in the state's interest to do so.

Nevertheless, FDLE will modify language in future statements of work to make clear the financial consequences if a contractor fails to perform in accordance with the contract. However, FDLE recommends that DFS work with the Department of Management Services as an efficiency and effectiveness measure to add the missing financial consequences language to the state contract as part of the terms and conditions as opposed to each agency writing different language as part of each statement of work that is issued.

Contract/Grant Management

The grant management activity was not sufficient for one agreement (Leon County Sheriff's Office) as the grant manager did not document verification that all expenditures were directly related to this grant agreement. The agreement funded the entire salary for one full time position that was responsible for providing technical support and training related to a specific project. However, the Department did not document that all of the activities performed by the position were related to the agreement.

Response: Under OCJG's existing procedures, all subgrants that are awarded and open have a desk monitoring or an onsite monitoring performed each year. As part of the on-site monitoring process, the grant manager reviews a sampling of project expenditure reports and associated backup such as invoices, cancelled checks, timesheets, payroll records, etc., to ensure that the data provided by the subgrantee or service provider when requesting reimbursement is accurate and is consistent with original records of services provided. In addition, staff also views equipment that has been purchased and review client files or any other relevant project records that would document that services were provided. All of this material is maintained in the subgrant/contract file. Since the completion of the audit, the documentation has been secured from the subgrantee and placed in the subgrant file. The onsite monitoring procedures/checklist will be updated to add sections to document the validation of the actual delivery of goods and services.

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For subgrants at agencies that are not due for an on-site monitoring, a desk monitoring is performed. As a part of the desk monitoring process, the grant manager requests the subgrantee to submit for review a sampling of project expenditure reports and associated backup such as invoices, cancelled checks, timesheets, payroll records, etc., to ensure data provided by the subgrantee or service provider when requesting reimbursement is accurate and is consistent with original records of services provided. In addition, staff will require verification that equipment that has been purchased and require any other relevant project records that would document that services were provided. All of this material is maintained in the subgrant/contract file. The desk monitoring procedures/checklist will be updated to add sections to document the validation of the actual delivery of goods and services.

Other – Chief Financial Officer Memorandum No. 4 (200506)

One grant agreement (A Child Is Missing, Inc.) did not contain specific provisions as required in Chief Financial Officer Memorandum No. 4 (2005-06). Specifically, the agreement did not have the required accountability provisions requiring the agreement to be charged only with allowable costs and that any balances of unobligated cash that have been advanced or paid that is not authorized to be retained for direct program cost in a subsequent period must be refunded to the state.

Response: The contract period for A Child Is Missing, Inc. concluded before the DFS contract review was complete. To resolve the findings of the DFS review, FDLE required A Child Is Missing, Inc. to complete a true-up for the 2011-2012 contract term, where they provided financial documentation to verify all state funds were obligated and expended.


Other Deficiencies – Grant Agreements

The Department did not provide documentation verifying completion of the required cost analysis or recipient/subrecipient vs. vendor determination checklist for one grant agreement (A Child Is Missing, Inc.).

Response: Cost analysis and checklist were not completed for the 2011-2012 A Child Is Missing, Inc. contract. Since the contract term has ended, a cost analysis and checklist will be included with the 2012-2013 contract.

If you require further information regarding the actual or proposed corrective actions, please contact me or Inspector General Al Dennis at 410-7000.

Sincerely,



Gerald M. Bailey
Commissioner

Enclosure

GMB/lht