



CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

July 20, 2012

Mr. Nick Wiley, Executive Director
Florida Fish and Wildlife Conservation
Commission
Bryant Building
620 South Meridian Street
Tallahassee, Florida 32399-1600

Dear Executive Director Wiley:

We have concluded our review of selected Florida Fish and Wildlife Conservation Commission contract/grant agreements in effect on or after July 1, 2011, 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 Agency's receipt of goods and services.

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

Scope of Work and Deliverables

Each service contract and grant agreement must contain clear scopes of work, deliverables directly related to the scopes of work, and 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 Agency 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. Specifically, we noted the following:

FLORIDA DEPARTMENT OF FINANCIAL SERVICES

Christina Smith • Director

Division of Accounting and Auditing

200 East Gaines Street • Tallahassee, Florida 32399-0353 • Tel. 850-413-5510 • Fax. 850-413-5553

Email • christina.smith@myfloridacfo.com

AFFIRMATIVE ACTION • EQUAL OPPORTUNITY EMPLOYER

Mr. Nick Wiley, Executive Director

July 20, 2012

Page Two

- Two grant agreements and one contract did not clearly define all the tasks the provider/vendor was required to perform. For example, a task in the contract required the provider to “assist and conduct Grant work as necessary” but it did not describe what was necessary for successful completion.

Contract #	Service Provider	Contract Amount
A4E6C2	Daniel J. Decker	\$51,250
11081	Lake County	\$116,900
10325	National Wild Turkey Federation	\$120,000

- The deliverables for five grant agreements and one contract did not have minimum required levels of service or criteria for evaluating the successful completion of the deliverables. For example, one grant agreement contained progress reports as deliverables but did not include the minimum acceptable level of progress necessary to support payment.

Contract #	Service Provider	Contract Amount
A4E6C2	Daniel J. Decker	\$51,250
10292	The Nature Conservancy	\$322,450
11150	Miami-Dade County	\$95,050
11081	Lake County	\$116,900
11043	The Nature Conservancy	\$159,297
10325	National Wild Turkey Federation	\$120,000

Financial Consequences

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

- Six contracts did not have financial consequences that meet the requirements of this section.

Contract #	Service Provider	Contract Amount
10325	National Wild Turkey Federation	\$120,000
A42C3B	URS Corporation Southern	\$44,900
110042	Infinity Software Development, Inc.	\$78,881
A42643	Kyra InfoTech, Inc.	\$83,903
A427EC	Vitavar & Associates	\$112,860
10332	University of Florida	\$146,850

Chief Financial Officer Memo Number 4 (2005-06)

- Our review disclosed one grant agreement that did not have all of the required provisions related to the use of federal grant funds. The agreement did not require compliance with the cost principles in OMB Circular A-21 or the general administrative requirements in OMB Circular A-110. These circulars provide essential guidance in the management of federal funds and this omission may result in the grant recipient incurring questioned costs.

Contract #	Service Provider	Contract Amount
10303	University of South Florida	\$201,572

Other - Cost Analysis

Section 216.3475, Florida Statutes, requires agencies to do a cost analysis on agreements awarded on a noncompetitive basis. Each agency shall maintain records to support a cost analysis, which includes a detailed budget submitted by the person or entity awarded funding and the agency's documented review of individual cost elements from the submitted budget for allowability, reasonableness, and necessity.

- Our review disclosed three contracts and four grant agreements for which the agency did not provide documentation that the required cost analysis had been done.

Contract #	Service Provider	Contract Amount
10325	National Wild Turkey Federation	\$120,000
11272	University of Central Florida	\$80,000
10332	University of Florida	\$146,850
11043	The Nature Conservancy	\$159,297
10303	University of South Florida	\$201,572
A4E6C2	Daniel J. Decker	\$51,250
11081	Lake County	\$116,900

Contract/Grant Management

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

- The contract management activity for one contract was not sufficient as the Agency did not always verify that the required deliverables were received and approved prior to

Mr. Nick Wiley, Executive Director

July 20, 2012

Page Four

- payment. The purpose of this agreement was to provide a staff person and the first deliverable required the provider to “hire a coordinator”. FWC processed the first payment of \$25,000 based on the provider receiving applications from 28 candidates rather than hiring the coordinator as required by the contract.

Contract #	Service Provider	Contract Amount
10332	University of Florida	\$146,850

- Payments for one contract were not processed in accordance with contracts terms. 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. Changing the payment method in this manner could result in an over payment to the provider.

Contract #	Service Provider	Contract Amount
10325	National Wild Turkey Federation	\$120,000

- The Agency did not adequately document the activities to verify the receipt of deliverables or completion of services for one grant agreement and five contracts. For example, payments for three of these agreements were based on hours worked but the Agency did not document verification that hours invoiced were the actual number of hours worked. Additionally, the Agency did not document the review and approval processes to evidence the services performed by these providers was acceptable.

Contract #	Service Provider	Contract Amount
10303	University of South Florida	\$201,572
A42C3B	URS Corporation Southern	\$44,900
10325	National Wild Turkey Federation	\$120,000
A42643	Kyra InfoTech, Inc.	\$83,903
A427EC	Vitavar & Associates	\$112,860
A44D28	SePRO Corporation	\$270,000

- Section 287.057(14), Florida Statutes, requires a written certification of the receipt of goods and services by the contract manager prior to payment. The certification statement for one contract was signed by someone other than the contract manager.

Contract #	Service Provider	Contract Amount
A4AEDB	EnviroScience Inc.	\$67,000

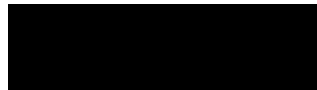
Mr. Nick Wiley, Executive Director
July 20, 2012
Page Five

Please provide the Agency's corrective action plan which addresses how these deficiencies will be corrected for future contracts. This plan should include steps the Agency will take to provide a system of quality control, including training, periodic management review, and feedback to agency 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,

A solid black rectangular box used to redact the signature of Christina Smith.

Christina Smith

CS/fe