



CHIEF FINANCIAL OFFICER  
JEFF ATWATER  
STATE OF FLORIDA

April 11, 2012

Ms. Julie L. Jones, Executive Director  
Florida Department of Highway Safety  
and Motor Vehicles  
2900 Apalachee Parkway  
Tallahassee, Florida 32399-0500

Dear Ms. Jones:

We have concluded our review of selected Department of Highway Safety and Motor Vehicles (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 twenty-four service contracts and one grant agreement. There are several areas where improvements can be made.

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

Service contracts and grant agreements 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 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.

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](mailto:christina.smith@myfloridacfo.com)

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- The deliverables in the one grant we reviewed did not require a minimum level of service or contain sufficient criteria to measure the performance of the provider. The grant required advertising on billboard without specifying the number or size of the billboards or the length of time the advertisements were to be displayed. The grant also required promotional events and special events without any criteria for evaluating the success of the events.

Contract #	Service Provider	Contract Amount
A46365	Abate of Florida, Inc.	\$250,000

- The deliverables in five staff augmentation contracts did not require a minimum level of service or contain sufficient criteria to measure the performance of the provider. The contract has no milestones to mark successful completion of deliverables or successful completion of the project. Three contracts include ‘mentoring staff’ in the purpose of the contract; however the deliverables do not even require mentoring to be performed.

Contract #	Service Provider	Contract Amount
A43D3C	Sogeti USA LLC	\$247,452
A43FDC	Sogeti USA LLC	\$156,000
A4405F	Sogeti USA LLC	\$170,000
PO24820	Sogeti USA LLC	\$247,500
DO2138541	Technisource Inc.	\$111,643

### **Financial Consequences**

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

- Twelve service contracts did not contain language providing for financial consequences. The language in the state term contracts, referenced by the agency for these contracts, uses the wording “may, at its option”, where the statute uses the wording “must apply”.

Contract #	Service Provider	Contract Amount
A44899	Automotive Rentals Inc	\$706,811
A43D3C	Sogeti USA LLC	\$247,452
A43FDC	Sogeti USA LLC	\$156,000
A4405F	Sogeti USA LLC	\$170,000
PO24820	Sogeti USA LLC	\$247,500
DO2138541	Technisource Inc.	\$111,643
A 4E518	Brandt Information Services	\$90,000
A41E96	Canopy Software Inc.	\$68,000
A43A26	ISOCORP Inc.	\$49,000
A4496B	ISOCORP Inc.	\$49,000
D02567327	Prakash N. Tharuvai	\$61,725
S43D42	Tal Search Group Inc.	\$49,980

### **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; and provide written certification of the Department's receipt of goods and services and ensure all payment requests are certified.

- Section 287.057(14), F.S. requires a written certification of the receipt of goods and services by the contract manager prior to payment. The contract managers were not certifying receipt of deliverables for one grant agreement and two service contracts.

Contract #	Service Provider	Contract Amount
A46365	Abate of Florida, Inc.	\$250,000
A44899	Automotive Rentals Inc	\$706,811
A211F9	Berkshire Advisors, Inc	\$134,550

- The certification statement for fourteen service contracts is being signed by someone other than the contract manager. Without a certification from the contract manager, it is not clear that the employee making the statement has direct knowledge of successful completion of the deliverables.

Contract #	Service Provider	Contract Amount
A43D3C	Sogeti USA LLC	\$247,452
A43FDC	Sogeti USA LLC	\$156,000
A4405F	Sogeti USA LLC	\$170,000
PO24820	Sogeti USA LLC	\$247,500
DO2138541	Technisource Inc.	\$111,643
A3F7A7	American Association of Motor Vehicle Administrators	\$1,251,653
A41E96	Canopy Software Inc.	\$68,000
A4B9B3	Cogent Inc.	\$175,000
A44B51	Florida Association of Court Clerks Inc	\$913,905
A43A26	ISOCORP Inc.	\$49,000
A4496B	ISOCORP Inc.	\$49,000
DO2567327	Prakash N. Tharuvai	\$61,725
A43D42	Tal Search Group Inc.	\$49,980
A431F2	Berkshire Advisors, Inc	\$47,092

- Our review disclosed that the contract/grant management activity was not sufficient as the contract/grant managers did not always document verification that the services were satisfactorily delivered. The contract files for five staff augmentation contracts did not contain evidence of weekly status reports from the provider as required by the deliverables in the contract.

Contract #	Service Provider	Contract Amount
A43D3C	Sogeti USA LLC	\$247,452
A43FDC	Sogeti USA LLC	\$156,000
A4405F	Sogeti USA LLC	\$170,000
PO24820	Sogeti USA LLC	\$247,500
DO2138541	Technisource Inc.	\$111,643

- Payments for one agreement were approved for billboards and promotional items without verifying the content supported the contract objective. In addition, travel expenses were approved that were not in compliance with Section 112.061, F.S. For example, expenses for meals were approved at a higher rate than allowed and the required state travel voucher was not used.

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Contract #	Service Provider	Contract Amount
A46365	Abate of Florida, Inc.	\$ 250,000

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

CS/fe