FLORIDA DEPARTMENT OF LAW ENFORCEMENT

Office of Inspector General



PROJECT NUMBER: IG-0025

Enterprise Contracting Audit

June 12, 2012



Florida Department of Law Enforcement Office of Inspector General

EXECUTIVE SUMMARY Audit #IG-0025					
AUDIT TITLE: Enterprise Contracting Audit			Date Issued: June 12, 2012		
Responsible Managers: Victoria Kliner, Business Support Program Director and Penny Kincannon, Information Resource Management Director		Auditor: Theresa Skipper, Senior Management Analyst II			
Background:	Based on Section (S.) 14.32, Florida Statutes (F.S.), the Executive Office of the Governor, Office of the Chief Inspector General (CIG) initiated an enterprise audit to evaluate state agencies' current policies, procedures, and processes for contracting. In cooperation with the CIG, the Florida Department of Law Enforcement (FDLE), Office of Inspector General (OIG) conducted an audit of FDLE's contracting procedures and training. This report presents the results of that audit. The CIG intends to publish a companion report to identify any enterprise systemic issues and best practices. FDLE contracts with a variety of vendors, primarily for information system consulting, implementation, upgrades, and maintenance. These contracts, along with other agreements for meeting room rental, licenses, and other services are managed by various individuals throughout the agency who have multiple responsibilities. As of January 2012, FDLE had 49 current contracts. The FDLE Office of General Services (OGS), a component of the Business Support Program, provides procurement oversight. OGS also has the primary responsibility for contract administration, property and facilities management, fleet management, the FDLE print shop, risk management, the mail room, auto accident claims, and member credit card activities. OGS is also responsible for providing applicable training, technical assistance, and administrative guidance for members involved in these activities. Policies and procedures for contracting are included in FDLE's Policy #1.5 and the General Services Manual.				
Scope:	The scope of this audit focused primarily on FDLE's current policies, procedures, processes, and training related to contracting.				
Audit Objectives:	 The objectives of the audit were to: Determine if contracting policies and procedures are in compliance with state laws, rules, and other regulatory requirements. Assess the adequacy of contract manager training and development. Identify potential best practices by evaluating contracting processes. 				
Methodology/ Tasks:	The audit included a review of prior related audits and management reviews to prevent duplication and to follow-up on any previous findings and recommendations. A review was conducted of Florida Statutes, Florida Administrative Code, Florida Department of Financial Services (DFS) contracting guidance, Chief Financial Officer (CFO) Memoranda, and FDLE policies and procedures to obtain an understanding of applicable contracting laws, rules, guidance, regulations and policies. Checklists developed by an enterprise team of agency inspectors general and audit directors were used for determining compliance with state laws, rules, and other regulatory requirements, and whether FDLE policies and procedures addressed the				

following topics:

- Responsibilities of agency personnel.
- Training of agency personnel.
- Identification of conflicts of interest.
- Specific contract document language.
- Contract monitoring.
- Measurement of outcomes and outputs.
- Dispute resolution and corrective action.
- Contingency plans for interruption of service or contractor failure.
- Processes for reviewing invoices for accuracy and completeness, compliance with the contract, etc.
- · Convicted vendor lists.
- Memoranda of Understanding/Memoranda of Agreement (MOU/MOA).
- Contract close-out.

Interviews were conducted to:

- Clarify and determine the effectiveness of policies, procedures, and practices;
- · Assess the adequacy of training; and,
- To identify any best practices.

The Florida Department of Management Services (DMS) Internet website was reviewed to verify compliance with requirements related to contract manager training and qualifications of contract negotiators.

Contract document templates were reviewed to determine whether specific elements were included, such as a scope of work, minimum performance standards, and deliverables. Three of 49 current contracts were also reviewed to gain an understanding of the types of contracts FDLE has executed and determine the effectiveness of contracting policies, procedures, and training.

An analysis was conducted of lists of current contracts to identify the number of current contracts, the types of contracts executed, and the assigned contract managers.

A contract management survey, developed by the enterprise team, was distributed to 46 FDLE members involved in contracting and grants management. Responses were received from 34 members. The purpose of the survey was to obtain feedback on contract management guidance, current practices, and documents.

This audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Copies of this audit report will be made available for public inspection.

Summary of Audit Findings:

In general, FDLE contract policies and procedures are in compliance with state laws, rules, and other requirements.

The audit identified the following best practices:

FDLE maintains a detailed list to identify those with signature authority for a

- variety of responsibilities related to expenditures, not just contracts. The list helps ensure accountability and good communication.
- Technical experts are an integral part of the contracting process. They provide assurance that deliverables meet complex contractual requirements.
- Legal services are readily available throughout the procurement process. These services help to ensure that contracts are consistent with state and federal laws.

The following findings identify areas for improvement:

- 1) Contract management guidance could be strengthened to ensure FDLE meets requirements of laws, rules, and guidelines.
 - 1.1 It is unclear who FDLE designates to function as contract manager, the member responsible for enforcing contract performance and serving as a liaison with the contractor. See page 5 for a description of actions taken to address this finding prior to release of the report.
 - 1.2 Requirements for training contract managers and qualifications for negotiators of contracts in excess of \$1 million and \$10 million were not found in the General Services Manual. See page 7 for a description of actions taken to address this finding prior to release of the report.
 - 1.3 The General Services Manual does not include requirements for identifying potential convicted vendors, using MOUs and MOAs, reviewing invoices, and closing-out contracts. See page 10 for a description of actions taken to address this finding prior to release of the report.
 - 1.4 The General Services Manual requires the use of a standard contracting template, Exhibit 1; however, the template does not include clauses to address penalties, auditing, documentation for required reports, and reconciliation of required reports. See page 12 for a description of actions taken to address this finding prior to release of the report.
- 2) Training for contract managers could be enhanced.
 - 2.1 There are limited on-going training opportunities for contract managers. Training could be enhanced by addressing certain specific topics, such as: contract enforcement, contract close-out and available resources.

FINDINGS		#IG-0025	ISSUE: #1 of 2
AUDIT TITLE: Enterprise Contracting Audit Date Issued: June			Date Issued: June 12, 2012
ISSUE 1:	Contract management guidance could be strengthened to ensure FDLE meets requirements of laws, rules, and guidelines.		
FINDING 1.1:	The General Services Manual uses the titles of "Program/Regional Contract Manager," "Program/Regional Coordinator," "Technical Manager," and "General Services Contract Manager" to describe the various contracting roles. It is unclear which of these titles is used to designate the member who is responsible for enforcing contract performance and serving as liaison with the contractor. Program/Regional Contract Manager The "Program/Regional Contract Manager," as defined in the General Services Manual, is the Executive Policy Board member responsible for the entity within FDLE for which a contract is processed.		
	The Program/Regional Contract Manager is accountable for the development of methods to evaluate, monitor, and validate contract performance. The General Services Manual requires the name of this person to be included in the standard contracting template, Exhibit 1, which indicates that the Program/Regional Contract Manager functions as liaison with the contractor. However, a member of the OGS is also listed in contracts as the receiver of official notices. Based on a review of Information Resource Management (IRM) Procedure 1.300 and several IRM contracts, the name used for the Program/Regional Contract		
	Program A Progra Contract and contrame of Manage invoices	r is not that of an Executive Policy Board me cutive Council, which is a larger group of ma n/Regional Coordinator am/Regional Coordinator is designated to ac t Manager of the status and disposition of ea tract performance documentation to the OG the Program/Regional Coordinator is used r section of the Contract Summary Form rec for payment to certify that services were sa nce with the contract terms and that paymen	dvise the Program/Regional ach contract, forward budgetary S, and authorize payment. The when completing the Contract quired by DFS when submitting attisfactorily received in
	A Technoroviding acceptant General The functions of months with the series of the seri	al Manager ical Manager is responsible for evaluating of g written notice to the Program/Regional Co nce of the deliverables. Services Contract Manager ctional title of "General Services Contract Manager nembers who provide contract administration we in this role include ensuring compliance we	anager" is used to describe the n. The responsibilities of those with procurement laws, rules, and
	_	ons; working with the Office of General Cour nts; assisting with contract negotiations; and	

CRITERIA:

Subsection (S.S.) 287.057(14), F.S. requires state agencies to "designate an employee to function as contract manager who shall be responsible for enforcing performance of the contract terms and conditions and serve as a liaison with the contractor" for services contracts.

Both the DFS Reference Guide for State Expenditures and State of Florida Contract and Grant User Guide provide guidance related to key elements of contract and grant management for state agencies and contractors. Both guides use the title of "contract manager" when referring to contract management responsibilities, particularly with regards to payment verification.

The General Services Manual requires the development, maintenance, and dissemination of uniform departmental procedures and guidelines governing procurement.

CAUSE:

The General Services Manual has not been updated to reflect functional titles used in Florida Statutes and guidance from DFS.

EFFECT/RISK:

Inconsistencies between procedures and practice could lead to noncompliance with Florida Statutes and potential problems with enforcing contract terms and conditions.

Based on results of a survey conducted of FDLE members, some contract managers indicated they do not know how contracts or grant agreements are enforced, and some indicated they do not have the authority to enforce contracts or grant agreements.

RECOMMENDATION:

It is recommended that the OGS and the IRM program consider correcting any inconsistencies between the General Services Manual and IRM procedures. It is also recommended that the OGS strengthen the General Services Manual by clarifying the responsibilities of a contract manager.

Prior to release of this report, the OGS updated the General Services Manual to revise the functional titles used for those involved in the contracting process. It is suggested that the OGS and IRM program continue to work together, along with the Office of General Counsel, to address any inconsistencies in procedures and the Exhibit 1 with regards to the responsibilities of a contract manager.

MANAGEMENT RESPONSE:

Agree.

IRM Response: "IRM will modify procedure 1.300 (IRM Contract Administration) to eliminate areas where there is overlap/duplication in the General Services Manual and focus on areas that are not covered in the manual. For example, the IRM procedure will address contract staff augmentation and change management/contract amendments. In the future, IRM will rely on the General Services Manual, the Contract and Grant User Guide published by the Department of Financial Services, and the revised IRM procedure."

BSP Response: "The Business Support Program (BSP) understands that IRM will remove from IRM procedure 1.300 any verbiage that constitutes overlap, duplication or inconsistency with the Office of General Services (OGS) Manual regarding contracts.

OGS will collaborate with IRM, and the Office of General Counsel (OGC) on provisions to include in the Exhibit 1 attachment. The revised Exhibit 1 will

incorporate a special conditions section that captures language needed for IT-related contracts.

Although BSP agrees with the recommendation that OGS strengthen the General Services Manual by clarifying the responsibilities of a contract manager, we found clarification to be problematic after research revealed differing views of the terms 'contract management' and 'contract manager' between the Florida Department of Management Services (DMS) and the Florida Department of Financial Services (DFS). Due to each agency's respective contract management processes an OGS purchasing unit member could be considered a contract manager from a DMS perspective and a program area designee assigned to monitor contract performance could also be considered a contract manager from a DFS perspective. At times a technical manager, sometimes referred to as a project manager, may also be involved in contract management, too.

DMS is the state agency that is responsible for providing uniform commodity and contractual service procurement policies, rules and procedures. It certifies public purchasing professionals who possess the knowledge, skills and abilities to effectively design, solicit, negotiate, award and 'manage contracts'. The purchasing and procurement certifications for the State of Florida are:

- Florida Certified Purchasing Agent
- Florida Certified Purchasing Manager
- Florida Certified Contract Manager
- Florida Certified Contract Negotiator

The above certifications require that certain criteria are met before a person can pursue the designation. Typically, a person must have a minimum of twelve (12) months experience in a full time purchasing position for the State of Florida where the majority of work time includes making final decisions on procurement methods, contract and purchase order terms and conditions, and conducting source selection processes. Program area members, for example, typically do not handle this type of work and, therefore, would likely not meet the criteria for becoming a 'Florida Certified Contract Manager'.

OGS purchasing unit members are typically eligible to pursue such certification and are very knowledgeable about procurement best practices. Their procurement skills and abilities are concentrated in competitive bidding, invitations to negotiate, requests for proposals, sole and single source purchases, category threshold restrictions and public procurement ethical standards. While this expertise is necessary for appropriate contract management, the subject matter knowledge regarding the commodity or service is also necessary to manage the contract and that specific expertise requires someone with a program operations perspective.

DFS conducts training for agency 'contract managers' responsible for contracts exceeding Category Two threshold amount (\$35,000) to meet the requirements of Section 287.057 (14), Florida Statutes. Contract management in this context is for monitoring and documenting contractor performance, and reviewing and documenting all deliverables exceeding Category Two. Since inception of the statutory requirements, program area members that coordinate documentation of deliverables must complete this training. Technical (contract) managers may also serve as the program area coordinator of deliverables documentation; however, that varies among programs.

These separate distinctions complicate the ability to clearly identify the member who

is responsible for managing contract performance. While the functional titles used for those involved in the contracting process have been revised in the OGS Manual as a result of the findings, BSP believes further clarification is needed from an enterprise statewide level to clarify the roles and at that point further revision of the OGS Manual may be appropriate." **IMPLEMENTATION** June 30, 2012 DATE: RESPONSIBLE Victoria Kliner, Business Support Program Director and Penny Kincannon, Information Resource Management Director ENTITIES/ MANAGERS: The request for clarification of the role of a contract manager, from the perspectives OIG RESPONSE: of DFS and DMS, will be forwarded to the enterprise audit team. FINDING 1.2: Documentation was provided to indicate that FDLE members who manage contractual services contracts in excess of \$35,000 received training required by S. 287.057, F.S. Documentation was also provided to indicate that members who participate in negotiation of contracts in excess of \$1 million have the qualifications required by S. 287.057, F.S. However, requirements for contract manager training and qualifications for negotiators were not found in the General Services Manual. CRITERIA: S.S. 287.057(14), F.S. requires contract managers responsible for contractual services contracts in excess of \$35,000 to attend DFS CFO training at least once every two years. S.S. 287.057(16), F.S. requires participation of a certified contract negotiator for the negotiation of contracts in excess of \$1 million and participation of a project management professional for negotiation of contracts in excess of \$10 million. CAUSE: The General Services Manual has not been updated to reflect current requirements for contract manager training and for participation in contract negotiations. Not addressing requirements of laws, rules, or regulations could cause EFFECT/RISK: noncompliance in the future. RECOMMENDATION: The OGS should enhance the General Services Manual to include requirements for contract manager training and requirements for participation in negotiation of contracts in excess of \$1 million and \$10 million. Prior to release of this report, the OGS updated the General Services Manual to include the training requirements for contract managers. It is recommended that the OGS further update the General Services Manual to include requirements for participation in negotiations. **MANAGEMENT** Agree. **RESPONSE:** "Prior to audit language, Florida Statute, Section 287.057(14) referencing contract manager training was added to the OGS Manual, Section G, Contractual Services/Two Party Signed Documents, (4) Contract Manager Training Requirements. The following language for Florida Statute, Section 287.057(16) and in keeping with

Florida Administrative Code (FAC) 60A 1.041 as it relates to solicitation requirements and contract negotiation and certification definitions was added to the OGS Manual Section D, Requirements for Competition or Non-Competition in Purchasing, (9) Requirements for all FDLE Formal Solicitations:

Section 287.057(16), F.S. and F.A.C. 60A 1.041 require that an 'Invitation to Negotiate' in excess of \$1 million in any fiscal year must include at least one person conducting the negotiations hold a 'State Certified Contract Negotiator' certification recognized by the Department of Management Services. If the value of a contract is in excess of \$10 million in any fiscal year, at least one of the persons conducting the negotiations must hold a 'Project Management Professional' certification from the Project Management Institute."

IMPLEMENTATION DATE:

Complete.

RESPONSIBLE ENTITY/MANAGER:

Victoria Kliner, Business Support Program Director

FINDING 1.3:

The General Services Manual does not include requirements for identifying potential convicted vendors, using agreements such as MOUs and MOAs, reviewing invoices, and closing-out contracts.

Convicted Vendors

Procedures were not found to require a check of the state and federal convicted vendor lists before awarding a contract in excess of \$35,000 or for ensuring members who receive information that a person has been convicted of a public entity crime transmit that information to the DMS. However, the contracting template Exhibit 1 does include a clause addressing prohibitions from contracting or transacting business with a person or affiliate who has been placed on the convicted vendor list.

MOUs/MOAs

In addition to contracts, FDLE uses other types of agreements such as grants, MOUs and MOAs. Similar to contracts, MOUs and MOAs define the responsibilities of each party in the agreement, provide the scope and authority of the agreement, and clarify terms. Procedures for MOUs and MOAs could not be found. Based on interviews, such agreements are reviewed by and copies are maintained by the Office of General Counsel.

Invoicing

The General Services Manual requires the Program/Regional Coordinator to authorize payment. Based on interviews, contractor invoices are reviewed by the Program/Regional Coordinator who signs the Summary of Contractual Services Agreement/Purchase Order form, certifying that the provided information is correct and the goods and services received were satisfactory. The Program/Regional Contract Manager also signs the form to certify that the information is correct and reflects the terms and conditions of the contract. Members of the Office of Financial Management also review invoices prior to payment.

Procedures were not found to specifically address the following:

- Ensuring invoices include a description of the services provided, the number of service units provided, or the period of service.
- Validating the accuracy of the invoice.

Close-Out Procedures

The General Services Manual requires the Technical Manager to certify to the Program/Regional Coordinator that all deliverables have been met. The Program/Regional Coordinator ensures the Program/Regional Manager is advised of the status and disposition of each contract. However, procedures were not found to specifically address the following:

- Determining if program objectives were met.
- Ensuring any advances and/or interest earned on advances have been recovered or applied against what is owed.
- Ensuring acquired non-expendable property has been returned to the state, if applicable.
- Recovery of any disallowed costs.

CRITERIA:

FDLE Policy #1.5 requires the existence of proper internal controls to protect FDLE's assets.

The General Services Manual requires that proper internal controls exist to protect FDLE's assets and requires the development, maintenance, and dissemination of uniform departmental procedures and guidelines governing procurement.

S.S. 287.133(2)(b), F.S. prohibits a public entity from accepting any bid, proposal, or reply from, award any contract to, or transact any business in excess of \$35,000 with any person or affiliate on the convicted vendor list for a period of 36 months following the date that person or affiliate was placed on the convicted vendor list unless that person or affiliate has been removed from the list.

Rule 69I-40.002, Florida Administrative Code (F.A.C.) requires all vouchers submitted for payment to include documentation to show that it is authorized by law. Invoices must clearly reflect a description of items, number of units, and cost per unit.

Both the DFS Reference Guide for State Expenditures and State of Florida Contract and Grant User Guide apply to all forms of agreements, including contracts, grants, purchase orders, MOUs and MOAs. These guides provide resources for contract managers with regards to disbursement of funds from the state treasury, procurement, development of various types of agreements, maintaining agreement files, monitoring, corrective action, payment verification, and agreement close-out.

The State of Florida Contract and Grant User Guide requires documentation supporting the delivery of the required services to be submitted and reviewed by the contract manager prior to approving an invoice.

The State of Florida Contract and Grant User Guide describes agreement close-out activities and requires documentation gathered during the close-out process to be maintained in the agreement file.

CAUSE:

The General Services Manual has not been updated to reflect current requirements.

EFFECT:

Not addressing current requirements and guidance could cause noncompliance or contracting problems in the future.

RECOMMENDATION:

The OGS should enhance the General Services Manual to include procedures for identifying potential convicted vendors, using MOUs and MOAs, reviewing invoices, and closing-out contracts.

Prior to the release of this report, the OGS updated the General Services Manual and included guidance for MOUs/MOAs. It is suggested that the OGS consider updating the General Services Manual to address convicted vendors, invoicing, and close-out as described in this finding.

MANAGEMENT RESPONSE:

Agree.

"The following Convicted Vendor language has been added to the OGS Manual Section D, Requirements for Competition or Non-Competition in Purchasing, (11) Convicted Vendors, and in keeping with FAC 60A 1.006 is referenced in Section C General Purchasing, (14) Vendor Relations:

A person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a bid, proposal or reply on a contract to provide any goods or services to a public entity, may not submit a bid, proposal or reply on a contract with a public entity for the construction or repair of a public building or public work, may not submit bids, proposals or replies on leases of real property to a public entity, may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity, and may not transact business with any public entity in excess of the threshold amount provided in Florida Statutes, Section 287.017, for CATEGORY TWO for a period of 36 months from the date of being placed on the convicted vendor list.

Language has been added to the OGS Manual, Section G, Contractual Services/Two Party Signed Documents, (1) Policy, referencing MOUs and MOAs.

The following language has been added to the OGS Manual, Section I, Receiving, Invoicing and Return/Exchange Procedures, (4) Invoicing, as invoicing impacts all forms of procurement documents:

Upon the receipt of the goods/services, invoices should be reviewed for accuracy and completeness. Invoices should clearly reflect the following if applicable:

- Detailed description of the goods/services
- Number of goods/service units provided
- · Period of services
- Payment terms as identified in the purchasing document
- Payment/request/invoice period coincides with documentation submitted
- Invoice amount is in compliance with the terms of the purchasing document

Verify that any required supporting documentation has been submitted.

Review documentation to gain reasonable assurance that goods/services have been satisfactorily provided within the terms of the purchasing document.

All steps have been satisfactorily completed, including any agency unique requirements.

The following language has been added to the OGS Manual, Section G, Contractual

Services/Two Party Signed Documents, (7) Payment Verification Actions: The purpose of the payment verification process is to ensure that the Agency has received the goods and/or services required to be provided before payment is made. Please see Section I, Receiving, Invoicing and Return/Exchange Procedures, (4), Returns/Exchanges, of the OGS manual for further invoice information. The following language was added to the OGS Manual, Section G, Contractual Services/Two Party Signed Documents, (8) Contract Closeout: A contract closeout includes, but is not limited to determining and documenting that: All deliverables and services have been delivered and accepted in writing All applicable reports have been received and accepted in writing If applicable, financial consequences have been assessed for nonperformance/noncompliance • Coordinate with the Office of Financial Management for Payment Closeout" **IMPLEMENTATION** DATE: Complete. RESPONSIBLE **ENTITY/MANAGER:** Victoria Kliner, Business Support Program Director FINDING 1.4: The General Services Manual requires the use of a standard contracting template, Exhibit 1. This template does not include clauses to address the following: Applicable penalties for violation of the terms and conditions of the contract. A right to audit clause. Requirements for the contractor to maintain documentation to support information in required reports. Requirements for required reports to be readily reconcilable to invoices and any required supporting documentation, if applicable. CRITERIA: FDLE Policy #1.5 requires the existence of proper internal controls to protect FDLE's assets The General Services Manual requires that proper internal controls exist to protect FDLE's assets and requires the development, maintenance, and dissemination of uniform departmental procedures and guidelines governing procurement. The State of Florida Contract and Grant User Guide suggests that "a clear and comprehensive agreement provides the legal basis for enforcing the agreement and has a direct effect on the payment and monitoring process. Issuing a clear and complete agreement is critical." It also suggests that all agreements identify specific remedies for noncompliance/nonperformance of required service, include specific language that makes all records available for inspection, and clearly describe requirements for reports. The Reference Guide for State Expenditures suggests that an agreement should contain financial consequences in the event the contractor fails to perform in accordance with the agreement.

CAUSE:

Exhibit 1 has not been updated to reflect current guidance.

EFFECT:	Not addressing current requirements and guidance could cause noncompliance or contracting problems in the future.		
	Inadequate procedures for contracting documents could result in agreements that are ambiguous and could create risks for the Department.		
RECOMMENDATION:	The OGS, the Office of General Counsel, and the IRM program should work together to develop an updated Exhibit 1 to include the above listed topics. The IRM program has developed various contracting documents that address the above listed topics and additional requirements that may be applicable to other FDLE programs.		
	Prior to release of this report, the OGS updated the General Services Manual to require the use of Exhibit 1 for contractual services in excess of \$35,000, not including formal solicitations. Formal solicitations are required to include DMS form PUR 1000, which contains standard contract terms and conditions. However, it is still recommended that the OGS enhance Exhibit 1 to include the topics mentioned in this finding. Members of the OGS have indicated that the Exhibit 1 is in the process of being updated.		
MANAGEMENT	Agree.		
RESPONSE: "Additional language will be added to the FDLE Exhibit 1 to include and 'Financial Consequences' clause."			
IMPLEMENTATION DATE:	June 30, 2012		
RESPONSIBLE ENTITY/MANAGER:	Victoria Kliner, Business Support Program Director		
FINDINGS	#IG-0025		
AUDIT TITLE: Enterpr	· ·	Date Issued: June 12, 2012	
ISSUE 2:	Training for contract managers coul	ld be enhanced.	
FINDING 2.1:	Based on interviews, the review of procedures, and a survey of FDLE members, there are limited on-going training opportunities for contract managers. Training could be enhanced by addressing issues such as: responsibilities for enforcing contract terms and conditions, contract close-out, and available resources such as the <i>State of Florida Contract and Grant User Guide</i> and the DFS website.		
CRITERIA:	FDLE Policy #1.5 requires the existence of proper internal controls to protect FDLE's assets. An important part of internal control is a workforce that receives training aimed at developing and retaining employee skill levels to meet changing needs.		
CAUSE:	The OGS is responsible for a wide variety of administrative duties and has limited resources for identifying and meeting on-going training needs.		

EFFECT/RISK:

RECOMMENDATION:

finding.

Members may not have the information needed to manage contracts in the most effective and efficient manner.

The OGS should enhance training for contract managers by conducting an assessment of training needs and, as a minimum, addressing the topics listed in this

MANAGEMENT RESPONSE:

Disagree.

"Due to reduced purchasing/procurement staffing in OGS, adequate resources are not available to conduct an assessment of training needs nor enhance training for program operations 'contract managers'. Currently, though, OGS full time purchasing/procurement members are given one-on-one training, as needed, and that practice will continue. Additionally, as procurement laws change, OGS staff members routinely disseminate updates to program area members that handle program related contracts. As mentioned earlier in Finding 1.1, these members are also statutorily required to attend contract training through the Department of Financial Services.

The Business Support Program would like to offer additional business support training to program staff associated with these (and other BSP) functions; however, the resources both in staff time and costs of travel have been depleted over the last four budget years.

It is recommended that the assessment of statewide training needs and continuing education of members (in procurement units, such as OGS, as well as applicable members in the program areas) is provided at an enterprise statewide level."

OIG RESPONSE:

The request for an assessment of statewide training needs and continuing training regarding contract administration and contract management will be forwarded to the enterprise audit team.

Although resources for training are limited, the Business Support Program is encouraged to provide information to members about available resources, such as the *State of Florida Contract and Grant User Guide*, the *Reference Guide for State Expenditures*, and various state agency websites. The Business Support Program is also encouraged to pursue opportunities for partnering with other agencies that provide contracting related training.

IMPLEMENTATION DATE:

None.

RESPONSIBLE ENTITY/MANAGER:

Victoria Kliner, Business Support Program Director

SURVEY RESULTS:

A contract management survey developed by the enterprise auditing team was distributed to 46 FDLE members involved in contracting and grants management. Responses were received from 34 members. Of the 34 members, 22 responded that they are currently managing FDLE contracts or other types of agreements, and 11 responded that greater than 50% of their duties are related to managing contracts/agreements. The following are highlights of their responses:

- 96% of respondents said FDLE has provided guidance (e.g. policies, procedures, manuals, memos, etc.) on how to manage contracts/agreements.
- 96% of respondents said they understood the terms and conditions of the contracts/agreements they manage.
- 86% of respondents indicated they knew how to enforce the terms of the contracts/agreements they manage.
- 41% of respondents indicated they had the authority to enforce the terms of the contracts/agreements they manage. 35% indicated they did not have the authority, and 23% indicated they were not sure.

- 72% of respondents indicated they were aware of the contract monitoring guidelines found in the DFS Contract and Grant User Guide, and 76% indicated they were aware of contract monitoring guidelines found in CFO Memorandum No. 1 (10-11).
- 90% of respondents agreed that documents provided with invoices are reviewed for costs, adequacy, and relevancy prior to payment approval.
- 100% of respondents agreed that disallowable costs are deducted from invoices prior to approving payment.
- 100% of respondents indicated they knew who to contact if they encounter issues regarding contractual terms, fiscal monitoring and payment processing. 95% indicated they knew who to contact if they encounter issues regarding performance oversight.
- 50% of respondents indicated they were aware of training provided by FDLE, and 48% indicated they had attended training provided by FDLE.
- 37% of respondents indicated that FDLE has a process for making suggestions regarding contract management improvements. 16% indicated that FDLE does not have such a process, and 47% indicated they were not sure.