



## OFFICE OF INSPECTOR GENERAL INTERNAL AUDIT UNIT

### CORRECTIVE ACTIONS WITH DEPARTMENT OF HEALTH'S CONTRACTED PROVIDERS

Report # A-1112DOH-019  
August 10, 2012

#### EXECUTIVE SUMMARY

**What was reviewed:**

We reviewed the Department of Health's (DOH) policies, procedures, and processes to understand what should happen when potential issues and problems with vendors and contracted providers are identified by DOH's contract managers or the Contract Administrative Monitoring (CAM) unit. We also wanted to verify the process to ensure important issues were fully discussed and disclosed, and that DOH's executive management was apprised of such issues so that well-informed decisions could be made.

We reviewed these processes to determine:

- ❖ Whether there was a complete formal process related to corrective actions with DOH's contracted providers. This included determining whether controls were sufficient to coordinate corrective actions between DOH's contract managers, DOH's CAM unit, and contracted providers so that all such issues were resolved to completion.
- ❖ Whether DOH subsequently executed contracts and/or renewed contracts with contracted providers with which it previously terminated contracts. We examined calendar years 2009, 2010, and 2011.

**What was found:**

There was not a very well documented and coordinated process when either contract managers or the CAM unit identify issues with DOH's contracted providers that need to be resolved so that the provider may be brought into compliance with contract terms or be subject to contract termination.

The following issues should receive additional review and corrective action by various offices in the Division of Administration:

- ❖ DOH did not have a complete and formal process that assists relevant parties in making well-informed decisions related to the performance of contracted providers.
- ❖ DOH Policies governing purchasing and contractual services failed to mention or reference Rule 60A-1.006, F.A.C., leading to inconsistent application of the Rule's provisions.
- ❖ DOH executed or renewed contracts with providers that previously failed to respond to requests for corrective actions in Contract Administrative Monitoring unit reports.
- ❖ DOH executed or renewed contracts with providers that were previously terminated from another DOH contract.
- ❖ Previous Division of Administration management did not appropriately handle concerns related to a CAM Unit Contract Administrative Monitoring of a contracted provider.
- ❖ Written procedures were not in place to advise contract managers how to handle instances of allegations or appearances of financial irregularities, such as misappropriation of assets, fraud, or other illegal acts perpetrated by contracted providers.
- ❖ The Bureau of Finance & Accounting has not applied interest to questioned costs after 40 days following formal notification to contracted providers that have outstanding balances, as stipulated in DOH's *Standard Contract*.
- ❖ Administrative Monitoring Reports were not being published on a timely basis.
- ❖ The Bureau of Finance & Accounting did not employ consistent efforts to collect questioned costs identified during Contract Administrative Monitoring projects.

(The *Executive Summary* continues on next page)

***What is being recommended:***The Division of Administration should:

- ❖ Develop a formal, coordinated process so that all DOH personnel involved in contract monitoring efforts have the ability to effectively communicate and share information regarding contracted providers.
- ❖ Revise policies and correspondence with contracted providers to include references to Rule 60A-1.006, F.A.C.
- ❖ Be more assertive in any published reports or correspondence regarding deficiencies in contractor performance by referencing and consistently enforcing the provision of Rule 60A-1.006, F.A.C., especially the provisions regarding timely provider response and rendering the provider "in default" once those timeframes have not been met.
- ❖ Develop a control to identify contracted providers/vendors who have not timely responded to monitoring reports published by the CAM unit. Subsequent contracts should not be executed until the contracted provider appropriately responds to the issues cited in the Administrative Monitoring Report.
- ❖ Take steps to ensure all allegations or appearances of financial irregularities, such as misappropriation of assets, fraud, or other illegal acts identified by CAM Unit Administrative Monitoring reviews, are reported timely to the Office of Inspector General.
- ❖ Maintain the integrity of its CAM unit by ensuring the timely publication of all reports based on Administrative Monitoring reviews. These reports should include all material issues identified during the course of the respective administrative monitoring.

The Bureau of Finance and Accounting should:

- ❖ Take steps to finalize and publish DOHP 250-15-11, *Awarding Financial Assistance*, as soon as possible.
- ❖ Enforce the provisions of the DOH standard contract and apply interest to contracted providers for any outstanding balance of questioned costs not returned within 40 days of notification.
- ❖ Implement a control to track and monitor responses to Administrative Monitoring Reports, especially those with requests for a return of questioned costs, to ensure timely action is taken for those providers who fail to respond.

The Contract Administrative Monitoring (CAM) unit should:

- ❖ Remind contracted providers in formal communications that interest will be applied on any outstanding balance of questioned costs not returned within 40 days of notification.

The Office of Contract Administration should:

- ❖ Update DOHP 250-14-11, *Contractual Services Policies & Procedures*, and its *Programmatic Monitoring Guidelines* to advise that contract managers should timely report all allegations or appearances of financial irregularities, such as misappropriation of assets, fraud, or other illegal acts identified during contract monitoring efforts, to the Office of Inspector General.

***Details supporting the statements listed above can be found in the remainder of this report.***

## BACKGROUND

As of May 11, 2012, DOH had 1,216 contracts worth nearly \$1.5 billion for a variety of goods and services provided to and on behalf of DOH.

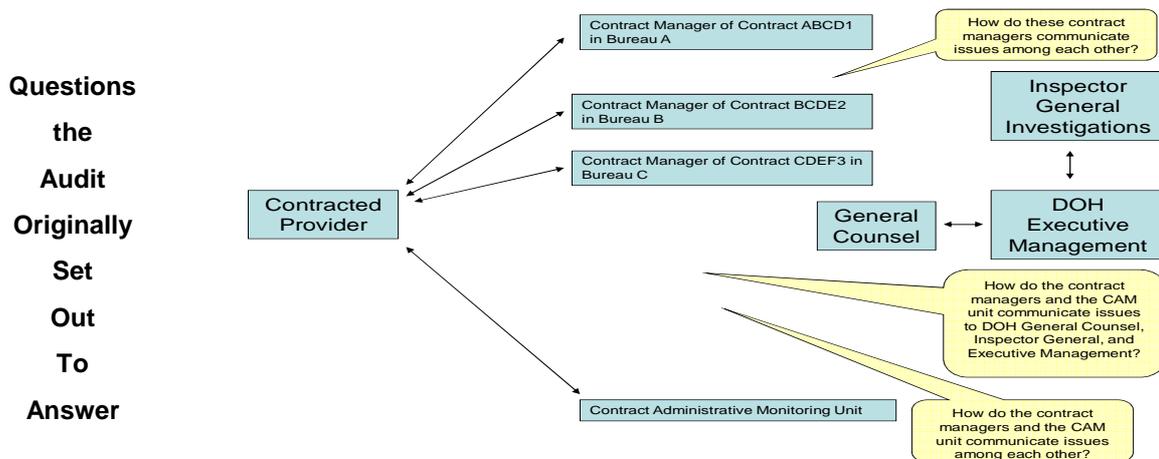
DOH's Office of Contract Administration (Contract Administration) resides in the Division of Administration, Bureau of General Services. This Office has primary responsibility for DOH's contracting process, pursuant to Section 287.057(15), *Florida Statutes*. Its areas of responsibility include reviewing applicable DOH contracts prior to execution; formulating contract-related policies; providing technical assistance; and serving as liaison between DOH and its contract managers, and other tasks. Contract managers reside throughout DOH in the various program units and are ultimately responsible for monitoring the performance of the contracts they have been assigned (programmatic monitoring) to ensure all contract terms and conditions are being met. As of May 11, 2012 there were 210 active contract managers within DOH.

Meanwhile, the Contract Administrative Monitoring Unit (CAM unit) resides in the Division of Administration, Bureau of Finance & Accounting. Its primary function is to perform administrative monitoring reviews of contracted providers which focus mostly on financial issues. The CAM unit performs a risk assessment each year to determine which DOH contracts will be selected for their administrative monitoring.

Since both contract managers and the CAM unit perform vitally important roles in the overall contract monitoring effort within DOH, it is important that all relevant parties involved in the contracting process work hand-in-hand to ensure contractor monitoring efforts are thorough, comprehensive, and effective such as to protect the nearly \$1.5 billion invested in contracted goods and services.

Our office has previously performed audits and reviews that focused on specific processes related to purchases of commodities and contractual services at DOH, including a review of contracting policies, contract management, and administrative monitoring. We have examined specific types of contractual purchases including information technology consultants, primary care services, and revenue-type contracts and grants.

For this project we wanted to review DOH's policies, procedures, and processes when potential issues and problems with vendors and contracted providers are identified by DOH's contract managers or the CAM unit. We also wanted to verify the process to ensure important issues were fully discussed and disclosed and that DOH's executive management was apprised of such issues so that well-informed decisions could be made.



We reviewed these processes to determine:

- ❖ Whether there was a complete formal process related to corrective actions with DOH's contracted providers. This included determining whether controls were sufficient to coordinate corrective actions between DOH's contract managers, DOH's CAM unit, and contracted providers so that all such issues were resolved to completion.
- ❖ Whether DOH subsequently executed contracts and/or renewed contracts with contracted providers with which it previously terminated contracts.

We examined contracts that were open during the calendar years 2009, 2010, and 2011.

#### **Use of the term "Vendor"**

We noted during our audit that some DOH staff were not clear regarding the use of the term "Vendor" in Rule 60A-1.006, *F.A.C.*, and its applicability to all contracts relating to procurement.

Within the context of this audit, we used the term "Vendor" as used in Rule 60A-1.006, *F.A.C.*, which is titled *Vendors and Contractors*. Rule 60A-1, *F.A.C.*, cites Chapter 287, *Florida Statutes*, as its authority. Both of these references discuss the procurement of personal property and services. This law and rule were written many years before Section 215.97, *Florida Statutes*, became law in 1998. Rule 60A-1.001, *F.A.C.*, stipulates that the terms for purposes of Rule 60A-1, *F.A.C.*, "shall have the meanings defined in Chapter 287, *F.S.*, or in this [rule]." Section 287.012(24), *Florida Statutes*, defines a responsible vendor as, "a vendor who has the capability in all respect to fully perform the contract requirements and the integrity and reliability that will assure good faith performance."

Section 215.97, *Florida Statutes*, known as the Florida Single Audit Act, is the law that governs State Financial Assistance. This law also uses the term "Vendor", but in a different context. Rule 69I-5, *F.A.C.*, cites Section 215.97, *Florida Statutes*, as its authority. The definition of "Vendor" for purposes of the Florida Single Audit Act is to be used strictly within that section of Florida law.

For purposes of this report, and to provide simplicity in terminology, the use of the term "provider" hereafter will also imply the inclusion of any and all vendors who fall within the requirements of Rule 60A-1.006, *F.A.C.*

#### **Other factors**

When we initiated this audit, managers acknowledged an inherent issue that is often encountered on the way to effective management of contracts where there are issues and problems with providers. There is often pressure to not terminate a contract, whether real or expected, by someone internal to the agency or external. Managers generally agreed they do everything possible to assist contracted providers be successful in the contractual relationship. But there are simply times when no amount of technical assistance to a provider results in good service to DOH.

DOH policies seem to contemplate the presence of the many internal and external pressures encountered by the agency to continue contracting with providers, despite evidence that a provider is not operating within contract terms. DOHP 250-14-11, *Contractual Services Policy and Procedures*, discusses contract termination, adding, "DOH will terminate the contract in the absence of any extenuating circumstances. The determination of the extenuating circumstances is the exclusive right of DOH."

We too acknowledge such pressures. However, it is important that there be a formal process where there is a free flow of information that is consistently shared with DOH executive management so that important decisions regarding continuing contractual relations with a troubled provider may be made with as much information as possible. All relevant parties should also be involved anytime a provider's actions warrant discussions related to their continued partnership with the DOH.

**FINDINGS AND RECOMMENDATIONS**

DOH generally has a well-documented process for competitively procuring services, executing contracts with its providers, and monitoring those providers throughout the term of the contract. However, this examination revealed that there was a less documented and coordinated process when either contract managers or the CAM unit identify issues with DOH's contracted providers that need to be resolved so that the provider may be brought into compliance with contract terms or be subject to contract termination. The following findings reflect areas that should be addressed by management to help improve contact monitoring efforts:

**FINDING 1**

*DOH did not have a complete and formal process that assists relevant parties in making well-informed decisions related to the performance of contracted providers.*

**CONTRIBUTING FACTOR:**  
*Communication issues hindered efforts to exchange information between the following relevant parties:*

- Executive Management;
- Contract Managers;
- Contract Administration;
- CAM Unit;
- Contract Managers;
- Office of General Counsel;
- Office of Inspector General.

**RECOMMENDATION:**  
**1.1** *The Division of Administration should develop a formal, coordinated process so that all DOH personnel involved in contract monitoring efforts have the ability to effectively communicate and share information regarding contracted providers.*

*In addressing this finding, the Division should consider the following:*

- Development of a shared site available to all contract managers that contains information about contract providers, including contract closeout information; satisfaction

**What is required:**  
 Section 287.057(15), *Florida Statutes*, requires that the contract administrator,  
 "...shall serve as a liaison with the contract managers and the department (Department of Management Services)."

Rule 60A-1.006(3), *F.A.C.*, stipulates that,  
 "If a vendor is in default on any contract with an agency...[u]ntil such time as...the agency is satisfied that further instances of default will not occur, the defaulting vendor shall not be eligible for award of a contract by the agency."

**What was discovered:**  
 During the scope of our audit, it was noted that there were several communication issues between various parties within DOH that hindered efforts to appropriately address issues related to contracted provider performance. Specifically, we noted communication issues between the following parties:

❖ **Contract Managers and/or the CAM Unit ↔ Office of General Counsel, Office of Inspector General, and Executive Management**  
 No formal written guidance (policy or procedure) exists regarding how issues noted by contract managers or the CAM unit during their routine monitoring efforts should be reported to the Office of General Counsel, Office of Inspector General, or Executive Management (State Surgeon General, Chief of Staff, and Deputy Secretaries).

❖ **Contract Managers ↔ Other Contract Managers who manage contracts with the same provider**  
 The following were unavailable to contract managers as a means of exchanging information:

- Identification of other DOH contract managers who have contracts with the same provider for sharing contracted provider performance;
- Identification of vendors who have been sent a *Complaint to Vendor* form due to failed performance. This Department of Management Services form specifically addresses the requirements of Rule 60A-1.006(3)(a), *F.A.C.*; and
- Identification of contracted providers (written agreements) that have not responded to recommendations as a result of programmatic monitoring and are in default.

Ultimately, the Department may benefit from the development of a shared information resource that would document contracted provider concerns, such as those noted above, as an efficient means of

surveys of providers completed by contract managers; repository of substantiated Inspector General Investigation reports related to contract providers; and information related to contractors in default and contractor terminations;

- A mechanism to properly advise DOH executive management of issues with contracted providers;
- Keeping the Office of Contract Administration apprised of significant issues contract managers may identify during programmatic monitoring.

SEE PAGES 19-21 FOR  
MANAGEMENT'S RESPONSE

information exchange which could benefit all contract managers.

❖ **Contract Managers ↔ Contract Administration ↔ CAM Unit**

We determined that Contract Administration has not procedurally been a central point of coordination with contract managers when issues arise with providers.

Contract Administration makes *Programmatic Monitoring Guidelines* (Guidelines) available to contract managers. According to the Guidelines, the contract manager is to send the Programmatic Monitoring report to the Provider along with any corrective actions to be completed. An additional copy is to be maintained in the contract manager's file. There was no central point of collecting or sharing issues that a contract manager identifies with a provider.

We also found that the process for DOH's contract managers and the CAM unit to communicate with each other was limited. The CAM unit had the most formally-documented process we found for coordinating information with others in the agency. The DRAFT DOHP 56-75-07, *Contract Administrative Monitoring Protocol* (Protocol), explains, "A meeting should be scheduled with all department Contract Managers for any contracts which were part of the on-site monitoring review in order to discuss the general conduct of the review and review findings." However, the Protocol discussed only contract managers who had contracts reviewed by the Administrative Monitoring project. This may not be all contract managers who have current contracts with the provider that was reviewed. A possible improvement would be to consider including all contract managers that have contracts with the provider that was reviewed.

Meanwhile, the CAM unit only occasionally becomes aware from contract managers of issues, especially of a fiscal nature, with contracted providers.

Our audit revealed that there was no formal process for contract managers to notify Contract Administration and/or the CAM unit of:

- Any issues the contract manager identified during the course of programmatic monitoring;
- When a corrective action plan was requested of the provider; or,
- The status of any of the provider's corrective action plans (i.e., whether these issues are being or have been corrected).

❖ **DOH Management ↔ Contract Administration**

Should DOH management determine that it is necessary to terminate a contract with one of its providers, Contract Administration staff explained they would typically be made aware of this. However, we found that there was no formal process to ensure that Contract Administration is included in all such issues during the discussion prior to the contract being terminated. It is important to include this office prior to termination because it may be aware of other issues with the provider in question.

A copy of any *Termination Letter* is required by DOH policy to be sent to Contract Administration only after such termination, with the original maintained in the contract manager's Contract File.

❖ **Office of Inspector General** ↔ **Contract Managers**

The Investigations Section of DOH's Office of Inspector General (Investigations Section) periodically investigates allegations of impropriety on the part of contracted providers. Such allegations may originate from a number of sources, including DOH's contract managers and the CAM unit.

Once an investigation is complete, a report is sent to appropriate parties, including the appropriate Deputy Secretary, Division Director or CHD Director/Administrator, and DOH's Office of General Counsel, to ensure relevant parties are informed of the results. The results will also be provided to the complainant (i.e., person making the allegations).

Therefore, if the CAM unit was the party that brought an allegation of fraud to the Investigations Unit, the CAM unit would be apprised of the outcome of the investigation.

But should the Investigations Section publish the results of an investigation that included issues with a contracted provider where the allegation came from another source, there is currently no effort to ensure the results are disseminated to all contract managers who have active contracts with that provider nor is there any requirement for an examination of all active contracts with that entity be reviewed and assessed.

**How this impacts DOH:**

A comprehensive, coordinated, and integrated process that provides continuous communication among all relevant parties is necessary in order for DOH staff responsible for monitoring contracted providers to make better, well-informed decisions and ensures that actions taken on behalf of the DOH are supported by all relevant parties.

**FINDING 2**

DOH Policies governing purchasing and contractual services failed to mention or reference Rule 60A-1.006, F.A.C., leading to inconsistent application of the Rule's provisions.

**CONTRIBUTING FACTOR:**

Frequently, DOH management would attempt to "work with" contracted providers to correct deficiencies and in doing so allowed excessive leniency that violated the requirements of Rule 60A-1, F.A.C.

**RECOMMENDATIONS:**

**2.1** The Division of Administration should revise policies and correspondence with contracted providers to include references to Rule 60A-1.006, F.A.C.

**2.2** The Division of Administration should be more assertive in any published reports or correspondence regarding deficiencies in contracted provider performance by referencing and consistently enforcing the provisions of Rule 60A-1.006, F.A.C., especially the provisions regarding timely provider response and rendering the provider "in default" once those timeframes have not been met.

SEE PAGES 19-21 FOR  
MANAGEMENT'S RESPONSE

**What is required:**

Rule 60A-1.006, F.A.C., provides the procedures that DOH shall follow if a contracted provider does not comply with contract terms and is in default on any contract. Rule 60A-1.006(3), F.A.C., stipulates that,

*"[i]f a vendor is in default on any contract with an agency, the agency shall...*

*(a) ...notify, in writing, any vendor who fails to adhere to contract terms and conditions.*

*(b) [u]nless the vendor corrects its failure to perform within the time provided, or unless the agency determines on its own investigation that the vendor's failure is legally excusable, the agency shall find the vendor in default and shall issue a second notice stating (i) the reasons the vendor is considered in default, (ii) that the agency will reprocure or has reprocured the commodities or services, and (iii) ...the amount of the reprocurement if known."*

DOH's *Standard Contract* provides for DOH's Programmatic Monitoring and Administrative Monitoring of the provider. The contracted provider agrees by signing the contract that following such evaluation,

*"...the department will deliver to the provider a written report of its findings and will include written recommendations with regard to the provider's performance of the terms and conditions of this contract. The provider will correct all noted deficiencies identified by the department within the specified period of time set forth in the recommendations. The provider's failure to correct noted deficiencies may, at the sole and exclusive discretion of the department, result in any one or any combination of the following: (1) the provider being deemed in breach or default of this contract; (2) the withholding of payments to the provider by the department; and (3) the termination of this contract for cause."*

**Programmatic Monitoring Requirements**

DOH policy requires contract managers to at least annually monitor all of DOH's contracted providers for compliance with programmatic standards defined in the contract. DOH policy also requires that contract managers give providers a final report within 30 days of the exit interview of a Programmatic Monitoring that summarizes the results of what the contract manager found. This report serves as the mechanism to notify contracted providers of any failure to perform identified during Programmatic Monitoring.

**Administrative Monitoring Requirements**

DOH's CAM unit provides Administrative Monitoring of selected contracted providers, based on a risk-assessment model, that 1) were determined to be a recipient of state financial assistance or subrecipient of federal financial assistance and 2) receive a contract or grant funded by these types of funds.

We noted that it was the CAM unit's practice to send a *Cover Letter* and *Administrative Monitoring Report* (Report) to providers at the end of Administrative Monitoring that may include one or more recommendations requiring a written response from the provider within 30 days of receipt of the Report.

If questioned costs are identified in the Report, such costs are requested to be remitted to DOH within 40 days. Office of Management and Budget's Circular No. A-133, *Audits of States, Local Governments, and Non-Profit*

*Organizations*, defines questioned cost as:

*"...a cost that is questioned by the auditor because of an audit finding: (1) Which resulted from a violation or possible violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the use of Federal funds, including funds used to match Federal funds; (2) Where the costs, at the time of the audit, are not supported by adequate documentation; or (3) Where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances."*

A recommendation to the provider and request for a corrective action plan as a result of Administrative Monitoring constitutes first notice to the provider of failure to perform, as referred to by Rule 60A-1.006(3)(a), F.A.C.

**What was discovered:**

We found no specific references to Rule 60A-1.006, F.A.C., in DOH policy and in communications with providers when management has attempted to resolve issues with providers.

❖ Purchasing Policy

While DOHP 250-9-10, *Purchasing Policy and Procedures*, (Purchasing Policy) explained DOH's Central Purchasing Office is responsible for addressing and enforcing contractual clauses of agency contracts and assisting local purchasing offices with vendor complaints and documentation as relates to purchase orders, the Purchasing Policy did not cite Rule 60A-1.006, F.A.C., as a procedure to be followed when dealing with default of a vendor.

❖ Contractual Services Policy

DOHP 250-14-11, *Contractual Services Policies & Procedures*, (Contractual Services Policy) discussed the topic of enforcement, corrective actions, and terminations in general terms. The Contractual Services Policy explained that,

*"All contracts must contain specific language outlining procedures used to inform the provider of corrective actions resulting from enforcement of the terms and conditions of the contract. Corrective action language will include, but is not limited to the steps that will be taken by DOH from the time corrective actions are identified until the corrective action is completed."*

But the Contractual Services Policy did not discuss the topic of contracted provider default or cite Rule 60A-1.006, F.A.C., as the procedure to be followed when dealing with such default.

❖ Contract Administrative Monitoring Policy

DRAFT 56-75-07, *Contract Administrative Monitoring Protocol*, (Protocol) did not cite Rule 60A-1, F.A.C., as an authority on which its processes are based.

The Contract Administrative Monitoring unit's *Cover Letter* and *Administrative Monitoring Report* did not advise providers of Rule 60A-1.006, F.A.C.

❖ Programmatic Monitoring Guidelines (Guidelines)

Chapter 8 of the Guidelines discussed programmatic monitoring reporting, but did not:

- Provide guidance so that contract managers know to specify a timeframe for additional information or to specify a timeframe for the provider's response to recommendations that would comply with Rule 60A-1.006, *F.A.C.*;
  - Make specific reference to Rule 60A-1.006(3)(a), *F.A.C.*, that "such reasonable time should not generally be less than 10 days after receipt of such notice;"
  - Discuss the process for a "second notice" to be provided to the provider that states the reasons the provider is considered in default when not timely responding to the first notice, as referred to in Rule 60A-1.006(3)(b), *F.A.C.*
- ❖ CAM unit's *Administrative Monitoring Report (Report)*
- The *Cover Letter* and Report did not reference Rule 60A-1.006(3)(b), *F.A.C.*, for failure to perform. The Report did not notify the contracted provider that it will be found in default should the contracted provider fail to perform within the specified timeframe. The Report did not refer to or explain default. The *Cover Letter* and Report sounded permissive by telling the Provider, "We would appreciate a written response [within the time specified]";
  - There was no process for a "second notice" to be provided to the contracted provider that states the reasons the contracted provider is considered to be in default when not timely responding to the first notice, as referred to by Rule 60A-1.006(3)(b), *F.A.C.*;
  - The 30 day requirement for responding to the CAM unit's recommendations was not strictly enforced;
  - The 40 day requirement for remitting any questioned costs back to DOH was not strictly enforced.

**How this impacts DOH:**

DOH policies related to purchasing and contractual services cited Chapter 60A-1, *F.A.C.*, as the overall authority for related DOH policies. However, while it is required that contract managers refer to DOH policy, it is not reasonable to expect and it is not likely that most contract managers will perform additional research by reading *Florida Administrative Code*. Without specific reference to key requirements of Chapter 60A-1, *F.A.C.*, within governing policies and procedures, DOH staff and management who oversee purchasing and contractual services risk not being aware of, and likely will fail to adhere to, legal requirements stated in the Rule. Furthermore, the failure to adhere to these requirements can lead to a culture that is lenient towards, or even allows for, contracted provider non-compliance, which impacts either the services provided to the public and/or a misuse of state and federal funds.

**FINDING 3**

DOH executed or renewed contracts with providers that previously failed to respond to requests for corrective actions in Contract Administrative Monitoring unit reports.

**CONTRIBUTING FACTORS:**

- Internal and external pressures led to a culture of leniency towards contracting providers that were not performing in accordance with contract terms or were cited for questioned costs.
- No coordinated process of communication existed to ensure all offices that contracted with or were contemplating contracting with a provider were aware of pertinent information before executing new contracts or renewing contracts with the provider.

**RECOMMENDATION:**

**3.1** The Division of Administration should develop a control to identify contracted providers/vendors who have not timely responded to monitoring reports published by the CAM unit. Subsequent contracts should not be executed until the contracted provider appropriately responds to the issues cited in the Administrative Monitoring Report.

SEE PAGES 19-21 FOR  
MANAGEMENT'S RESPONSE

**What is required:**

Rule 60A-1.006(3)(b), F.A.C., explains that,

*"[u]nless the vendor corrects its failure to perform within the time provided, or unless the agency determines on its own investigation that the vendor's failure is legally excusable, the agency shall find the vendor in default and shall issue a second notice stating (i) the reasons the vendor is considered in default, (ii) that the agency will reprocure or has reprocured the commodities or services, and (iii) ...the amount of the reprocurement if known."*

Rule 60A-1.006(3)(e), F.A.C., stipulates that,

*"Until such time as...the agency is satisfied that further instances of default will not occur, the defaulting vendor shall not be eligible for award of a contract by the agency. To satisfy the agency that further instances will not occur, the defaulting vendor shall provide a written corrective action plan addressing the original grounds for default."*

**What was discovered:**

Our examination revealed that DOH continued to contract with and pay providers that did not timely respond or never responded to *Administrative Monitoring Reports*.

The CAM unit uniformly advised providers that they had 30 days to respond to the CAM unit's recommendations, and 40 days to remit any identified questioned costs back to DOH.

We reviewed 22 *Administrative Monitoring Reports* that required contracted providers to respond to recommendations and/or questioned costs. Our examination revealed that three (3) reports were responded to within the required timeframe while nineteen (19) providers did not respond timely or never responded.

Fifteen (15) of the providers to which the 22 *Administrative Monitoring Reports* were sent were required to also remit questioned costs back to DOH. Of these 15:

- ❖ Only two providers remitted questioned costs back to DOH timely (within 40 days);
- ❖ Eight (8) providers remitted funds back to DOH, but were not timely;
- ❖ Five (5) providers never remitted questioned costs back to DOH (See Finding #9 of this report for additional details).

Five (5) of the providers were awarded additional contracts after never responding to the CAM unit's *Administrative Monitoring Report*.

**How this impacts DOH:**

Providers that fail to timely respond to recommendations made by the CAM unit's *Administrative Monitoring Report* are not eligible for subsequent contracts until DOH is satisfied that further instances of default will not occur. Awarding additional contracts to providers who are currently "in default" for another contract violates the provisions of Rule 60A-1.006(3)(e), F.A.C.

**FINDING 4**

DOH executed or renewed contracts with providers that were previously terminated from another DOH contract.

**CONTRIBUTING FACTORS:**

- Lack of effective communication hindered efforts to exchange information between relevant parties.
- No central repository existed for various contracting parties to seek and obtain information about providers.

**RECOMMENDATION:**

**Finding will be addressed by fulfillment of Recommendation 1.1**

**What is required:**

Rule 60A-1.006(3)(e), F.A.C., stipulates that,

"...[u]ntil such time as...the agency is satisfied that further instances of default will not occur, the defaulting vendor shall not be eligible for award of a contract by the agency. To satisfy the agency that further instances will not occur, the defaulting vendor shall provide a written corrective action plan addressing the original grounds for default."

Rule 60A-1.006(3)(a), F.A.C., stipulates that,

"...should it fail to perform within the time provided, the vendor will be found in default and removed from the agency's approved vendor list."

**What was discovered:**

We reviewed *Termination Letters* of 63 terminated contractual services contracts. Most of these were terminated "at will" or because of "lack of funding".

Various contract managers explained that DOH attorneys generally advise all letters should state the contract was terminated "at will" rather than "for cause" because there was a concern that terminations "for cause" may do unintended harm to the provider's reputation that could affect its ability to obtain future grants and contracts with the State.

In order to determine the true reasons for the terminations, we interviewed contract managers for many of the contracts terminated "at will".

We identified one contract at Central Office that was terminated for cause in June 2009. The contract manager of the terminated contract explained the Provider failed to timely submit invoices and failed to respond to requests. A new contract was subsequently executed at Central Office with the same provider March 2010.

We also found two contracts at Central Office with another provider were terminated "at will" in January 2009. The contract manager explained the contracts were terminated because the provider was misusing funds. However, two one-year *Closing The Gap* grants for two consecutive years were later awarded by Central Office to the same provider.

**How this impacts DOH:**

It is important that contract managers and DOH management have information available to them to identify contracted providers that have previously been terminated from a DOH contract for failing to live up to the terms of the contract. While a termination by itself does not mean that the provider should be banned from any future DOH contracts, the facts surrounding the case should be available and considered when determining whether to enter into a new contract with that provider.

**FINDING 5**

*Previous Division of Administration management did not completely appropriately handle concerns related to a CAM Unit Contract Administrative Monitoring of a contracted provider.*

**CONTRIBUTING FACTOR:**

*DOHP 250-15-11 has been in development and "draft" status for approximately five years and had not yet been formally published as of the date of our audit fieldwork.*

**RECOMMENDATIONS:**

**5.1** *The Division of Administration should take steps to ensure all allegations or appearances of financial irregularities, such as misappropriation of assets, fraud, or other illegal acts identified by CAM Unit Administrative Monitoring reviews, are reported timely to the Office of Inspector General.*

**5.2** *The Bureau of Finance & Accounting should take steps to finalize and publish DOHP 250-15-11, Awarding Financial Assistance, as soon as possible.*

**SEE PAGES 19-21 FOR MANAGEMENT'S RESPONSE**

**What is required:**

Section 20.055(6), *Florida Statutes*, establishes each agency's Office of Inspector General is to coordinate investigations designed to detect, deter, prevent and eradicate fraud, waste, mismanagement, misconduct, and other abuses in state government. In order to do so, the Office of Inspector General,

*"...shall...[r]eceive and consider the complaints...and conduct, supervise, or coordinate such inquiries."*

The Bureau of Finance & Accounting's DRAFT DOHP 250-15-11, *Awarding Financial Assistance*, explains that, "[a]ny allegations of fraud, misappropriation of assets or illegal acts must be reported to the Department's Inspector General's office within 24 hours of notification or discovery."

Meanwhile, DOHP 5-2-11, *Writing, Instituting, and Revising Department Policies*, requires that,

*"Policy owners must review and update policies...at least once every two years, or within three months of issuing an action memorandum."*

**What this means:**

While DOHP 250-15-11 was still considered a "draft" at the time of our audit, it had been communicated many times previously, and it was even acknowledged in the draft policy being developed by the Bureau of Finance & Accounting, that all suspicions or allegations of fraud, misappropriation of assets or other illegal financial acts should be reported to the DOH Office of Inspector General. DOHP 250-15-11 is considered to be a revision and update to DOHP 55AMP5 dated July 1, 1999.

**What was discovered:**

While we were examining *Contract Administrative Monitoring Reports* (Report), we identified one particular Report whereby the Contract Administrative Monitoring (CAM) unit documented a number of issues with the contracted provider, including questioned costs related to possible double billing of DOH and the Agency for Health Care Administration, who administers the Medicaid program for the State of Florida.

Upper-level management in the Division of Administration discussed the issue and elected to share a DRAFT version of their Report with the contracted provider rather than publish the Report under its normal operating procedure.

The provider was afforded the opportunity to submit more current data for DOH's review. CAM unit staff were subsequently instructed by upper-level management in the Division of Administration that the report would eventually be published, but not include any questioned costs.

**Issues included:**

- ❖ The provider was unable to identify specific clients served, service units provided, and the related expenditure amounts for ambulatory outpatient care, drug reimbursement, and hospital services;
- ❖ Seeking reimbursement for a vacant position;
- ❖ Seeking duplicative reimbursement for the same services to clients;
- ❖ Charges to DOH for clients for services that were not provided; and
- ❖ Billing both Medicaid and DOH for the same clients and client services.

The types of issues could be the result of fraudulent activity, weak accounting controls, or a combination of both. In fact, staff from the CAM unit who performed the review indicated during interviews that there were strong concerns over the possibility of fraud. However, the information discovered during the administrative monitoring review was not provided to the Office of Inspector General by Division of Administration upper-level management once they became aware of the issues and reviewed the DRAFT Report.

These concerns of potential fraud discovered by the CAM unit should not have been dismissed by Division of Administration management. It is not the responsibility of program management to determine whether criminal activity has occurred. Once there was a reasonable suspicion of criminal activity identified and documented by the CAM unit, upper-level management in the Division of Administration should have immediately referred the issue to the Office of Inspector General rather than continue to work with the provider directly to explain the circumstances of the issues noted. If fraudulent activity was occurring, key evidence could have been compromised.

Following our discovery of the matter during the audit, the Report was ultimately published April 3, 2012 with total questioned costs of \$1,626,078. Meanwhile, Internal Audit staff completed a DOH Incident Report and turned over the information in the CAM unit Report to the Investigations Section of the Office of Inspector General, who subsequently opened a case and referred the matter to the Florida Department of Law Enforcement for further review.

In a related issue, the Office of Inspector General's Internal Audit unit published a recommendation in June 2010, as a result of its internal audit of *Children's Medical Services Controls Over Funds and Expenditures* (AC-09-004), that the CAM unit perform an administrative monitoring review of another entity of which the contracted provider held a partnership interest.

The auditors found during the 2010 audit that internal control weaknesses were noted regarding the disbursements process of the provider. The CAM unit's procedures provide for "Emergency Monitorings" when a contract manager calls the CAM unit and cites a concern with a provider. Upper-level management in the Division of Administration subsequently elected to not perform administrative monitoring of the provider.

**How this impacts DOH:**

It is the responsibility of Department management to report any suspicious activity on behalf of a contracted provider; including suspicions of fraud, misappropriation of assets or other illegal financial acts; to the Office of Inspector General. Management is not typically in a position to determine whether such suspicious activity meets the threshold of fraudulent or abusive activity. Additionally, the longer suspicious actions go uninvestigated by a capable investigative entity, the greater the likelihood evidence surrounding the activity could be compromised if the activity is in fact fraudulent or otherwise illegal.

**FINDING 6**

*Written procedures were not in place to advise contract managers how to handle instances of allegations or appearances of financial irregularities, such as misappropriation of assets, fraud, or other illegal acts perpetrated by contracted providers.*

**CONTRIBUTING FACTOR:**  
DOHP 250-14-11 and its companion, *Guidelines*, which governs contracting policies and procedures for contract managers, did not address how concerns over fraud or other financial irregularities should be handled.

**RECOMMENDATION:**  
**6.1** The Office of Contract Administration should update DOHP 250-14-11, *Contractual Services Policies & Procedures*, and its *Programmatic Monitoring Guidelines* to advise that contract managers should timely report all allegations or appearances of financial irregularities, such as misappropriation of assets, fraud, or other illegal acts identified during contract monitoring efforts, to the Office of Inspector General.

**SEE PAGES 19-21 FOR  
MANAGEMENT'S RESPONSE**

**What is required:**

Section 20.055(6), *Florida Statutes*, establishes each agency's Office of Inspector General is to coordinate investigations designed to detect, deter, prevent and eradicate fraud, waste, mismanagement, misconduct, and other abuses in state government. In order to do so, the Office of Inspector General,

*"...shall...[r]eceive and consider the complaints...and conduct, supervise, or coordinate such inquiries."*

**What this means:**

Contract managers do not have proper guidance to advise the Office of Inspector General when concerns of financial irregularities, such as fraud, are raised so that such issues may be appropriately handled. As a result, acts of this nature could continue without being properly investigated and addressed.

**What was discovered:**

Office of Contract Administration has made DOHP 250-14-11, *Contractual Services Policies & Procedures*, and another policy, *Programmatic Monitoring Guidelines* (Guidelines), available to contract managers.

DOHP 250-14-11 did not discuss how contract managers should handle concerns over financial irregularities, such as fraud, that may develop during the course of their contract monitoring efforts.

Meanwhile, the Guidelines explain noncompliance, "...may include a deficiency in internal control, fraud, illegal act, abuse and violation of contract provisions or grant agreements..." but did not advise allegations or appearances of financial irregularity should be referred to Office of Inspector General.

By comparison, the Bureau of Finance & Accounting's DRAFT DOHP 250-15-11, *Awarding Financial Assistance*, explains that any allegations of fraud, misappropriation of assets or illegal acts identified or made during administrative monitoring must be reported to DOH's Office of Inspector General within 24 hours of notification or discovery.

**How this impacts DOH:**

It is the responsibility of Department management to report any suspicious activity on behalf of a contracted provider; including suspicions of fraud, misappropriation of assets or other illegal financial acts; to the Office of Inspector General. Management is not typically in a position to determine whether such suspicious activity meets the threshold of fraudulent or abusive activity. Additionally, the longer suspicious actions go uninvestigated by a capable investigative entity, the greater the likelihood evidence surrounding the activity could be compromised if the activity is in fact fraudulent or otherwise illegal.

**FINDING 7**

*The Bureau of Finance & Accounting has not applied interest to questioned costs after 40 days following formal notification to contracted providers that have outstanding balances, as stipulated in DOH's Standard Contract.*

**CONTRIBUTING FACTOR:**

*The Bureau of Finance & Accounting did not enforce the timely return of questioned costs (mentioned previously in Finding #2 of this report).*

**RECOMMENDATIONS:**

**7.1** *The Bureau of Finance & Accounting should enforce the provisions of the DOH standard contract and apply interest to contracted providers for any outstanding balance of questioned costs not returned within 40 days of notification.*

**7.2** *The CAM unit should remind contracted providers in formal communications that interest will be applied on any outstanding balance of questioned costs not returned within 40 days of notification.*

**SEE PAGES 19-21 FOR  
MANAGEMENT'S RESPONSE**

**What is required:**

DOH's *Standard Contract* stipulates that for any amounts of unpaid questioned costs on the part of a contracted provider,

*"...the Department will charge interest of one (1) percent per month compounded on the outstanding balance after 40 calendar days after the date of notification or discovery."*

**What this means:**

DOH's contracted providers acknowledge by signing contracts with DOH that they will be charged interest on any outstanding balance of questioned costs not returned within 40 days following notification by the DOH.

**What was discovered:**

The CAM unit's cover letter and Report did not mention that interest will be charged on any outstanding balances of questioned costs not paid by the contracted provider after 40 calendar days from the date of the Report. Furthermore, we found no evidence that DOH has been applying interest to questioned costs that were not remitted to DOH within the specified 40-day timeframe.

**How this impacts DOH:**

Contracts are a legally binding document in which each party is obligated to uphold its respective responsibilities as stated in the contract. In order to ensure accountability and create a consequence for noncompliance, each party to the contract should enforce all remedies established in the contract for failure to adhere to its terms and conditions. Failure to hold contracting entities accountable for compliance with contract requirements can encourage further non-compliance among other contracted providers.

**FINDING 8**

*Administrative Monitoring Reports were not being published on a timely basis.*

**CONTRIBUTING FACTORS:**

- *Staff turnover and reassignments within the CAM unit delayed the completion of several Contract Administrative Monitoring reviews.*
- *Several draft Administrative Monitoring Reports, including some that contained questioned costs, were withheld from being published by Bureau of Finance & Accounting management.*

**RECOMMENDATION:**

*8.1 The Division of Administration should maintain the integrity of its CAM unit by ensuring the timely publication of all reports based on Administrative Monitoring reviews. These reports should include all material issues identified during the course of the respective administrative monitoring.*

**SEE PAGES 19-21 FOR  
MANAGEMENT'S RESPONSE**

**What is required:**

The Bureau of Finance & Accounting's DRAFT DOHP 56-75-07, *Contract Administrative Monitoring Protocol*, explains it is the Bureau's intent that, "...[w]ithin 60 days of the latter of completion of the on-site administrative monitoring review or receipt of outstanding information, the department will issue its Administrative Monitoring Report to the provider."

**What this means:**

While DOHP 250-15-11 was still considered a "draft" at the time of our audit, it is clearly the intent of management that DOH management, contract managers, and the contracted providers should be timely advised of the Contract Administrative Monitoring unit's conclusion regarding issues identified during administrative monitoring.

**What was discovered:**

During the course of our audit we identified approximately 29 administrative monitoring reports that had been drafted but not published, dating back to projects that had begun as far back as March 2010. Following questioning and inquiry into these reports, 28 of the 29 were published during our fieldwork.

**How this impacts DOH:**

The purpose of the contract administrative monitoring process is to reasonably ensure that DOH derives the maximum return of services from its contracted providers and is in compliance with applicable state and federal laws, rules and regulations governing the monitoring of contracts for goods and services. Reliance on DOH's administrative monitoring process becomes minimized when reports identifying important issues and questioned costs are not published on a timely basis. As a result, contracted providers have the potential to misuse and/or waste federal and state funds.

**FINDING 9**

*The Bureau of Finance & Accounting did not employ consistent efforts to collect questioned costs identified during Contract Administrative Monitoring projects.*

**CONTRIBUTING FACTORS:**

- *The CAM unit had previously been advised by DOH's Office of General Counsel staff that until a Final Demand Letter is issued, questioned cost amounts are not officially due to be returned by the contracted provider.*
- *The CAM unit did not maintain a mechanism to track and monitor which providers failed to respond to Administrative Monitoring Reports within the stated timeframes.*

**RECOMMENDATION:**

**9.1** *The Bureau of Finance & Accounting should implement a control to track and monitor responses to Administrative Monitoring Reports, especially those with requests for a return of questioned costs, to ensure timely action is taken for those providers who fail to respond.*

**SEE PAGES 19-21 FOR MANAGEMENT'S RESPONSE**

**What is required:**

DOH's *Standard Contract* discusses the return of funds that may have been overpaid to contracted providers. By signing the DOH *Standard Contract*, each contracted provider agrees to the following:

*"To return to the department any overpayments due to unearned funds or funds disallowed and any interest attributable to such funds pursuant to the terms of this contract that were disbursed to the provider by the department...In the event that the department first discovers an overpayment has been made, the department will notify the provider by letter of such a finding."*

The CAM unit's *Administrative Monitoring Report*, which is supposed to be distributed to a contracted provider shortly after the conclusion of an Administrative Monitoring project, requests that any identified questioned costs be returned to DOH with 40 days.

Rule 60A-1.006(3)(b), *F.A.C.*, explains that,

*"...[u]nless the vendor corrects its failure to perform within the time provided, ...the agency shall find the vendor in default and shall issue a second notice stating (i) the reasons the vendor is considered in default."*

**What was discovered:**

We reviewed 15 *Administrative Monitoring Reports* that required contracted providers to remit questioned costs back to DOH.

Our examination revealed that five of the contracted providers did not remit the following questioned costs back to DOH:

- ❖ Provider 1 - \$22,407.44 (report issued January 6, 2010);
- ❖ Provider 2 - \$ 1,469.32 (report issued September 3, 2009);
- ❖ Provider 3 - \$81,424.04 (report issued June 25, 2009);
- ❖ Provider 4 - \$61,315.82 (report issued May 13, 2010); and
- ❖ Provider 5 - \$ 4,189.77 (report issued February 4, 2011)

The CAM unit supervisor explained that she had previously been advised by DOH's Office of General Counsel staff that until a *Final Demand Letter* is issued, questioned cost amounts are not officially due to be returned by a contracted provider. This may have led to delays in attempting to recover the questioned costs within the 40 day time limit.

**How this impacts DOH:**

Without efforts to track and monitor the return of questioned costs identified in *Administrative Monitoring Reports*, contracted providers have the potential to misuse and/or waste federal and state funds. Also, additional contracts could be entered into with the same provider, violating the provisions of Rule 60A-1.006(3)(e), *F.A.C.*, (See Finding #3 of this report).

**MANAGEMENT'S RESPONSE**

Recommendation	Management's Response
<p><b>1.1</b> The Division of Administration should develop a formal, coordinated process so that all DOH personnel involved in contract monitoring efforts have the ability to effectively communicate and share information regarding contracted providers.</p>	<p>The Division of Administration will develop a SharePoint site that will allow Department staff and Contract Managers to share information, results, and feedback related to monitoring of contract providers.</p> <p><b>ANTICIPATED COMPLETION DATE: DECEMBER 31, 2012</b></p>
<p><b>2.1</b> The Division of Administration should revise policies and correspondence with contracted providers to include references to Rule 60A-1.006, F.A.C.</p>	<p>The purchasing and contractual services policies will be updated to include reference to 60A-1.006, F.A.C. Specifically, the reference will focus on the removal of vendors, default actions, and placement on the Department of Management Services convicted vendors list.</p> <p><b>ANTICIPATED COMPLETION DATE: SEPTEMBER 30, 2012</b></p>
<p><b>2.2</b> The Division of Administration should be more assertive in any published reports or correspondence regarding deficiencies in contracted provider performance by referencing and consistently enforcing the provisions of Rule 60A-1.006, F.A.C., especially the provisions regarding timely provider response and rendering the provider "in default" once those timeframes have not been met.</p>	<p>The purchasing and contractual services policies will be updated to include reference to 60A-1.006, F.A.C. Specifically, the reference will focus on the removal of vendors, default actions, and placement on the Department of Management Services convicted vendors list.</p> <p><b>ANTICIPATED COMPLETION DATE: SEPTEMBER 30, 2012</b></p>
<p><b>3.1</b> The Division of Administration should develop a control to identify contracted providers/vendors who have not timely responded to monitoring reports published by the CAM unit. Subsequent contracts should not be executed until the contracted provider appropriately responds to the issues cited in the Administrative Monitoring Report.</p>	<p>The Division of Administration will strengthen its current process of identifying contract providers who have not responded timely to corrective actions emanating from Administrative Monitoring. It will:</p> <ol style="list-style-type: none"> <li>1. Strengthen its current process;</li> <li>2. Coordinate with the Office of General Counsel and various program offices regarding entering into new contracts with providers who failed to respond timely.</li> <li>3. The SharePoint site referenced in 1.1 will include information on providers that have not timely responded to Administrative Monitoring. This information will be made available to DOH contracting and program staff.</li> </ol> <p><b>ANTICIPATED COMPLETION DATE: OCTOBER 31, 2012</b></p>

Recommendation	Management's Response
<p><b>5.1</b> The Division of Administration should take steps to ensure all allegations or appearances of financial irregularities, such as misappropriation of assets, fraud, or other illegal acts identified by CAM Unit Administrative Monitoring reviews, are reported timely to the Office of Inspector General.</p>	<p>The Division of Administration will take appropriate steps by reassessing its current process to ensure that the Office of Inspector General is timely informed of financial irregularities. It will review its current process and procedures to ensure that issues and concerns related to financial irregularities are reported to the Office of Inspector General and other related parties.</p> <p><b>ANTICIPATED COMPLETION DATE: DECEMBER 31, 2012</b></p>
<p><b>5.2</b> The Bureau of Finance &amp; Accounting should take steps to finalize and publish DOHP 250-15-11, Awarding Financial Assistance, as soon as possible.</p>	<p>The policy DOHP 250-15-11, Awarding Financial Assistance, will be reviewed and finalized for publication. The Bureau will coordinate the review of DOHP 250-15-11 with the Office of General Counsel to finalize publication.</p> <p><b>ANTICIPATED COMPLETION DATE: DECEMBER 31, 2012</b></p>
<p><b>6.1</b> The Office of Contract Administration should update DOHP 250-14-11, Contractual Services Policies &amp; Procedures, and its Programmatic Monitoring Guidelines to advise that contract managers should timely report all allegations or appearances of financial irregularities, such as misappropriation of assets, fraud, or other illegal acts identified during contract monitoring efforts, to the Office of Inspector General.</p>	<p>The Office of Contract Administration has developed a uniform process for contract managers to timely report allegations of financial irregularities. This process will be incorporated into the DOHP 250-14-11, Contractual Services Policies &amp; Procedures, and Programmatic Monitoring Guidelines. The Office of Contract Administration will incorporate a "Problem Situation Process" flowchart and procedures into DOHP 250-14-11.</p> <p><b>ANTICIPATED COMPLETION DATE: DECEMBER 31, 2012</b></p>
<p><b>7.1</b> The Bureau of Finance &amp; Accounting should enforce the provisions of the DOH standard contract and apply interest to contracted providers for any outstanding balance of questioned costs not returned within 40 days of notification.</p>	<p>The Bureau of Finance &amp; Accounting will enforce the provision of the standard contract regarding the application of interest to questioned costs. The Bureau of Finance &amp; Accounting will develop a process of identifying contracted providers that have outstanding balances and enforcing the application of interest.</p> <p><b>ANTICIPATED COMPLETION DATE: DECEMBER 31, 2012</b></p>
<p><b>7.2</b> The CAM unit should remind contracted providers in formal communications that interest will be applied on any outstanding balance of questioned costs not returned within 40 days of notification.</p>	<p>The CAM unit will update its process to include the application of interest upon formal notice to providers that have outstanding balances. All future correspondence to contract providers will include a provision for the application of interest to questioned costs.</p> <p><b>ANTICIPATED COMPLETION DATE: DECEMBER 31, 2012</b></p>

Recommendation	Management's Response
<p><b>8.1</b> The Division of Administration should maintain the integrity of its CAM unit by ensuring the timely publication of all reports based on Administrative Monitoring reviews. These reports should include all material issues identified during the course of the respective administrative monitoring.</p>	<p>The Division of Administration is in the process of assessing its policies and procedures of the CAM Unit to identify areas for improvement which will include, but not limited to publishing reports on time, making all reports available to contract managers, etc.</p> <p><b>ANTICIPATED COMPLETION DATE: DECEMBER 31, 2012</b></p>
<p><b>9.1</b> The Bureau of Finance &amp; Accounting should implement a control to track and monitor responses to Administrative Monitoring Reports, especially those with requests for a return of questioned costs, to ensure timely action is taken for those providers who fail to respond.</p>	<p>The Bureau of Finance and Accounting will develop a process for collecting questioned costs identified during administrative monitoring projects.</p> <p><b>ANTICIPATED COMPLETION DATE: DECEMBER 31, 2012</b></p>

## SUPPLEMENTAL INFO

Section 20.055, *Florida Statutes*, charges DOH's Office of the Inspector General responsibility to provide a central point for coordination of activities that promote accountability, integrity, and efficiency in government. Reviews are conducted to review and evaluate internal controls necessary to ensure the fiscal accountability of DOH.

Audit fieldwork took place January through March 2012 at DOH headquarters in Tallahassee. The audit was conducted by Office of Inspector General audit staff Mark H. Boehmer, Certified Public Accountant, under the supervision of Michael J. Bennett, Certified Internal Auditor, Director of Auditing.

Our methodology and fieldwork, which included detailed tests, provided reasonable assurance of detecting fraud as relates to the objectives. We identified a draft *Administrative Monitoring Report* during our examination (as discussed in Finding #5), that included possible irregularities. The Internal Audit unit referred the matter to the Investigations Section of the Office of Inspector General, who in turn referred the case to the Florida Department of Law Enforcement for possible investigation.

## CLOSING COMMENTS

We would like to thank management and staff of the Division of Administration for providing their cooperation and assistance to us during the course of this review.

Copies of this report may be found on our website at: [www.doh.state.fl.us/ig/Audit.htm](http://www.doh.state.fl.us/ig/Audit.htm)

Questions or comments related to the information provided in this report should be addressed to the Director of Auditing, Florida Department of Health, by the following means:

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