



OFFICE OF INSPECTOR GENERAL
INTERNAL AUDIT UNIT

***Department of Health's
Contract Monitoring Process***

A-1112EOG-018

January 25, 2012

SUMMARY

The Department of Health's (DOH) Office of Inspector General participated in a multi-agency enterprise audit of agencies' contract monitoring processes at the request of the Executive Office of the Governor, Office of Chief Inspector General. This report is specific to the results of the examination at DOH.

The purpose of our audit was to:

- determine whether contract monitoring policies and procedures are in compliance with state laws, rules, and other regulatory requirements;
- assess the adequacy of contract manager training and development;
- evaluate standard and template contracting documents; and
- identify potential best practices by evaluating contract monitoring processes.

To accomplish our objectives, we:

- reviewed applicable law, policies, and procedures;
- interviewed appropriate agency personnel;
- collected and evaluated relevant documentation; and.
- evaluated risks and selected internal controls.

The audit was conducted in conformance with *International Standards for the Professional Practice*

of Internal Auditing, issued by the Institute of Internal Auditors, as provided by Section 20.055(5)(a), *Florida Statutes*, and as recommended by Quality Standards for Audits by Offices of Inspector General (*Principles and Standards for Offices of Inspectors General*, Association of Inspectors General).

Based upon the results of our audit, we found that DOH's contract monitoring policies and procedures were in compliance with state laws, rules, and other regulatory requirements; contract manager training was generally adequate to meet the needs of DOH; and standard contracting documents were sufficient to capture all relevant information.

Any best practices that may be identified among agencies participating in this project are planned to be included in a companion report published by the Office of Chief Inspector General.

INTRODUCTION

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

Audit fieldwork took place August through September 2011 at DOH headquarters in Tallahassee. The audit was conducted by Office of Inspector General audit staff Mark H. Boehmer, Certified Public Accountant, Senior Management Analyst II, Lead Auditor, under the supervision of Michael J. Bennett, Certified Internal Auditor, Director of Auditing.

BACKGROUND

DOH had 1,381 contracts (excluding purchase orders) as of June 30, 2011, each managed by one of 237 certified contract managers. This averaged to 5.8 contracts per certified contract manager. The total dollar value of active contracts as of June 30, 2011, many of which covered multiple years, exceeded \$1,927,384,501.

Contracts are managed by contract managers at Central Office in Tallahassee, county health departments (CHDs) in 67 counties, 21 Children's Medical Services area offices that are regionally located, and other locations. All contracts in the amount of \$250,000 and above must be reviewed prior to execution by DOH's Office of Contract Administration at Central Office. Contracts below that threshold may be reviewed by a local contract administrator at the location where the contract is managed. All contract managers must follow DOH's contract policy, DOHP 250-14-11, *Contractual Services Policies & Procedures*.

FINDINGS, RECOMMENDATIONS, AND MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN

There were no reportable findings related to the objectives of this audit.

We identified an issue during fieldwork regarding Memorandums of Agreement/Understanding (MOAs/MOUs). There appears to be no clear decision as to whether such agreements are considered contracts. Further, DOH policy did not require MOAs/MOUs to be monitored. Our office is conducting a separate internal audit with an objective of determining whether MOAs/MOUs and similar instruments that have been executed are consistent with DOH policy. We plan to address and more fully describe this issue in a separate audit report, A-1112DOH-004 *Use of Memorandums of Agreement/Understanding*.

REPORT DISTRIBUTION

Pursuant to Section 20.055(5)(b), *Florida Statutes*, this report is a public record as defined by Section 119.011(12), *Florida Statutes*.

CLOSING COMMENTS

We would like to thank management and staff of the Division of Administration, particularly the Office of Contract Administration for its cooperation and assistance to us during the course of this audit.