

Mission:

To protect, promote and improve the health of all people in Florida through integrated state, county and community efforts.



Ron DeSantis
Governor

Joseph A. Ladapo, MD, PhD
State Surgeon General

Vision: To be the Healthiest State in the Nation

June 3, 2025

Joseph A. Ladapo, MD, PhD
State Surgeon General
4052 Bald Cypress Way, Bin A-00
Tallahassee, Florida 32399

Dear Dr. Ladapo:

Enclosed is our internal audit report # A-2425-002, *Enterprise-wide Compliance Audit of the Department's Contracts*. The report provides an independent evaluation of the Department of Health's compliance with Chapter 287, Florida Statutes, and other applicable procurement regulations as it relates to the overall contracting process, including standard two-party agreements, three or more party agreements, revenue agreements, purchase orders, renewals, and master agreements executed for fiscal years 2021-2022 through 2023-2024. The audit also included an evaluation of any trends in vendor preference.

The audit was conducted by Ashlea K. Mincy, CIA, CIGA, Director of Auditing, reviewed by Brian Hamilton, CISA, Senior Management Analyst II; and supervised by Michael J. Bennett, CIA, CGAP, CIG, Inspector General.

If you wish to discuss the report, please let me know.

Sincerely,

Michael J. Bennett, CIA, CGAP, CIG
Inspector General

MJB/akm
Enclosure

cc: Melinda M. Miguel, Chief Inspector General, Executive Office of the Governor
Samantha Perry, CPA, Office of the Auditor General
Lauren Cassedy, Chief of Staff
Antonio D. Dawkins, MPA, PMP, Deputy Secretary for Operations
Ashlea K. Mincy, CIGA, Director of Auditing





FLORIDA DEPARTMENT OF HEALTH
OFFICE OF INSPECTOR GENERAL

ENTERPRISE-WIDE COMPLIANCE AUDIT OF THE
DEPARTMENT'S CONTRACTS

Report # A-2425-002 • June 3, 2025

Purpose of this project:

In accordance with section 287.136(2), Florida Statutes (F.S.), each agency inspector general shall complete a risk-based compliance audit of all contracts executed by the agency for the preceding three fiscal years. The audit must include an evaluation of, and identify any trend in, vendor preference. Thus, as part of the Office of Inspector General's (OIG) 2024-2025 Audit Plan, our office conducted a compliance audit of the Department of Health's (Department, DOH) procurement procedures.

The program and fieldwork guidance utilized for this audit was provided by the Office of the Chief Inspector General (CIG) to provide guidance to agency inspectors general for the Fiscal Year 2024-2025 Enterprise Contracts Audit. Due to the limited number of audit resources, only the mandatory steps included in the program provided by the CIG were completed.

What we examined:

We evaluated the Department's standard two-party agreements, three or more party agreements, revenue agreements, purchase orders, renewals, and master agreements executed for fiscal years 2021-2022 through 2023-2024, to:

- Evaluate all Department contracts for compliance with Chapter 287, F.S., and other applicable procurement regulations; and
- Analyze the overall Department contracting process to identify any trends in vendor preference.

The CIG-provided program also included an optional objective to assess the status of corrective actions taken by the Department to address findings and recommendations included in report A-2122-003, *Compliance Audit of the Department of Health's Contracts*. On April 5, 2024, the OIG reported in a 24-Month Update that all corrective action plans for the previous contract audit have been completed. Based on this determination, the optional objective was not included in this audit.

Summary of results:

We found the Department generally complied with procurement rules and identified no concerning trends in vendor preference during the three-year period under review. However, we did identify instances of non-compliance with F.S. Thus, management should address the following control weaknesses identified by the audit:

- The Department does not have a centralized point of accountability to ensure the Florida Accountability Contract Tracking System (FACTS) is updated timely and accurately.
- Two procured contracts were not in compliance with requirements found in F.S.

Additional details follow below. Management's response to the issues noted in this report may be found in **Appendix A**.

BACKGROUND

Florida's purchasing laws are designed to promote fair and open competition in the State's procurement process. The goal is to reduce the opportunity for favoritism and foster public confidence that contracts are awarded equitably and economically.

Department procurement rules are governed by the following directives:

- Chapter 287, F.S.
- Section 215.985, F.S., "*Transparency Florida Act*"
- Chapter 60A-1, Florida Administrative Code (F.A.C.), General Regulations
- DOH Policy (DOHP) 250-14-19, *Contractual Services*

In accordance with rule 60A-1.001, F.A.C., a contract is defined as a mutually binding legal relationship evidenced by a written agreement, obligating a contractor to furnish commodities or contractual services to an agency, eligible user, or another state. A contract requires signatures of all applicable parties.

The Chief Financial Officer, in accordance with the *Transparency Florida Act*, is required to establish and maintain FACTS, a secure contract tracking system available for public viewing.¹ The *Transparency Florida Act* requires each state entity to post contract information in FACTS.

Reports exported from FACTS of Department contracts and purchase orders, executed during the 2021-2022 through 2023-2024 fiscal years, were provided to the OIG by the CIG for audit testing. Based on these reports, the Department executed 990 contracts (two-party agreements, three or more party agreements, revenue agreements, renewals, and master agreements) and 128,643 purchase orders during the review period.

Due to the large number of contracts and purchase orders executed, a random sample was selected for testing. Based on an American Institute of Certified Public Accountants table when selecting a sample from a population larger than 200 with a 90% confidence level, the sample size would be 90.

To select an appropriate sample of contracts, all contracts with other governmental entities were removed as recommended by the program, leaving 913 contracts in the population. The remaining contracts in the population were sorted by contract number and a random number generator was used to select 90 contracts for the sample.

To select an appropriate a sample of purchase orders, the 128,643 purchase orders were sorted by purchase order number and a random number generator was used to select 90 purchase orders for the sample.

In regards to vendor preference, the 128,643 purchase orders were distributed over 7,172 unique vendors and 96.6% did not exceed the Category Two² purchasing threshold.

- 7,070 Vendors were awarded less than 100 purchase orders.

¹ Section 215.985(14), F.S.

² Section 287.017, F.S., sets the purchasing category threshold amounts. In accordance with section 287.057, F.S., competitive solicitation processes shall be used for procurement of commodities or contractual services in excess of the Category Two threshold amount (purchases exceeding \$35,000 in value).

- 87 Vendors were awarded between 100 to 999 purchase orders.
- 15 Vendors were awarded more than 1,000 purchase orders. These purchase orders were processed under state term contracts.

DETAILED RESULTS AND RECOMMENDATIONS

We did not identify any concerning trends in vendor preference for the review period, as required by section 287.136(2), F.S. We also determined the Department's procurement function has implemented appropriate internal processes and procedures. However, we identified the following opportunities to improve effectiveness and efficiencies within the Department's procurement process:

1. *The Department does not have a centralized point of accountability to ensure FACTS is updated timely and accurately.*

- The *Transparency Florida Act* requires that within 30 calendar days after executing a contract, each state entity shall post the following information in FACTS:³
 - Names of the contracting entities;
 - Procurement method;
 - Contract beginning and ending dates;
 - Nature or type of the commodities or services purchased;
 - Applicable contract unit prices and deliverables;
 - Total compensation to be paid or received under the contract;
 - All payments made to the contractor to date;
 - Applicable contract performance measures;
 - If a competitive solicitation was not used to procure the goods or services, the justification of such action, including citation to a statutory exemption or exception from competitive solicitation, if any; and
 - Electronic copies of the contract and procurement documents that have been redacted to exclude confidential or exempt information.
- The *Transparency Florida Act* requires that within 30 calendar days after an amendment to an existing contract, the state entity that is a party to the contract must update the information described above in FACTS. An amendment to a contract includes, but is not limited to, a renewal, termination, or extension of the contract or a modification of the terms of the contract.⁴
- Five of the 90 procurements (5%) in our sample were entered into FACTS with inaccurate methods of procurement. These procurements were purchase orders but entered in FACTS as contracts.
- Contract documentation for 8% of the contracts in our sample was not posted to FACTS within 30 calendar days after execution or amendment. The number of days for these contracts ranged from 37 days to 903 days.
- While the contracts noted as being exempt from the competitive-solicitation requirements in FACTS were accurate, a contract that was procured not adhering to the competitive-solicitation requirements due to a legitimate exemption was not noted in FACTS as being exempt.

³ Section 215.985(14)(a), F.S.

⁴ Section 215.985(14)(b), F.S.

- Posting incorrect data and untimely contractual information in FACTS after execution or amendment conflicts with the intent of the *Transparency Florida Act* and impedes public access to accurate and timely contract information.
- A specific Department entity could not be identified as taking responsibility for monitoring efforts to identify incorrect and/or untimely information entered into FACTS.

We recommend the Contract Administration and Oversight Section continue to improve its contract tracking methodology by identifying a Department entity that should be responsible for monitoring efforts to ensure contract information is accurately and timely posted in FACTS, in accordance with the Transparency Florida Act.

2. Two procured contracts were not in compliance with requirements found in F.S.

- Section 287.059, F.S., states, no agency shall contract for private attorney services without the prior written approval of the Attorney General. Upon receiving written approval from the Attorney General, the general counsel for the agency shall review the form and legality of the contract and indicate their approval by signing the contract. In order to effectuate the contract, the agency head must sign the contract after the general counsel.⁵
- Our audit noted the following:
 - The Department entered a contract for private attorney services in July 2022 for an amount not to exceed \$100,000.
 - While the Department received written approval from the Attorney General and the contract was approved and signed by the Department's general counsel, the contract was not signed by the agency head as required by section 287.059(4), F.S.
- Additionally, section 287.059(8), F.S., states, "Before issuing a request for proposals, the agency must determine and specify in writing the reasons that procurement by invitation to bid is not practicable."
- Our audit noted the following:
 - The Department entered a contract for printing, mailing, posting, and imaging services in November 2021 for an amount not to exceed \$459,851.70.
 - This contract was procured utilizing a request for proposal and not an invitation to bid. Prior to issuing the request for proposal, the Department did not document in writing the reason an invitation to bid was not practicable.
- These issues of noncompliance were due to the lack of oversight and/or a review process to ensure the contracts are procured in accordance with F.S. The failure to ensure the private attorney services contract was effectuated in accordance with F.S. could have led to difficulties in enforcing contract requirements.

We recommend the Contract Administration and Oversight Section develop an oversight and/or review process to ensure all contracts are procured in accordance with F.S.

⁵ Section 287.059(4), F.S.

SUPPLEMENTAL INFORMATION

Section 20.055, F.S., charges the Department's Office of Inspector General with responsibility to provide a central point for coordination of activities that promote accountability, integrity, and efficiency in government.

Ashlea K. Mincy, CIA, CIGA, Director of Auditing, conducted the audit with her work reviewed by Brian Hamilton, CISA, Senior Management Analyst II; and supervised by Michael J. Bennett, CIA, CGAP, CIG, Inspector General.

Our methodology included reviewing Chapter 287, F.S.; the *Transparency Florida Act*, Chapter 60A-1, F.A.C., and DOHP 250-14-19, *Contractual Services*. Additionally, we evaluated a sample of contracts and purchase orders procured by the Department.

This 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(6)(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).

We want to thank management and staff in the Department's Office of Contract Administration and Oversight, and the Central Purchasing Office for the information and documentation they provided, and for their cooperation throughout the project.

All final reports are available on our website at www.FloridaHealth.gov (search: internal audit). If you have questions or comments, please contact us by the following means:

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Email:

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850-245-4141

APPENDIX A: MANAGEMENT RESPONSE

| | Recommendation | Management Response |
|---|--|--|
| 1 | <i>We recommend the Contract Administration and Oversight Section continue to improve its contract tracking methodology by identifying a Department entity that should be responsible for monitoring efforts to ensure contract information is accurately and timely posted in FACTS, in accordance with the Transparency Florida Act.</i> | <p>We concur.</p> <p>Contract Administration and Oversight Section will provide additional communication to contract staff and work to improve the process post execution of agreements.</p> <p><i>Contact:</i> Tamara McElroy</p> <p><i>Anticipated Completion Date:</i> October 31, 2025</p> |
| 2 | <i>We recommend the Contract Administration and Oversight Section develop an oversight and/or review process to ensure all contracts are procured in accordance with F.S.</i> | <p>We concur.</p> <p>Contract Administration and Oversight Section will work with purchasing to issue additional communication and improve the review process prior to contract execution.</p> <p><i>Contact:</i> Tamara McElroy</p> <p><i>Anticipated Completion Date:</i> October 31, 2025</p> |