

Mission:

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



Ron DeSantis
Governor

Joseph A. Ladapo, MD, PhD
State Surgeon General

Vision: To be the **Healthiest State** in the Nation

February 28, 2022

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-2122-003, *Compliance Audit of the Department of Health's Contracts*. The report provides an independent evaluation of the Department of Health's execution of contracts for the preceding three fiscal years.

The audit was conducted by Kyle Erickson, MBA, CIGA, Senior Management Analyst II, and supervised by Mark H. Boehmer, CPA, Director of Auditing.

Management agreed with the findings identified in the report. We will provide you a status update in six months detailing the progress management has made toward addressing the proposed corrective actions included in Appendix A of the report.

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
Lisa Norman, CPA, Office of the Auditor General
Todd Inman, Secretary, Department of Management Services
Patrick Gillespie, Deputy Secretary, Department of Management Services
Cliff Nilson, Director of State Purchasing and State Chief Procurement Officer
Sarah Hall, Inspector General, Department of Management Services
Michele Tallent, Deputy Secretary for Operations



FLORIDA DEPARTMENT OF HEALTH
OFFICE OF INSPECTOR GENERAL

COMPLIANCE AUDIT OF THE DEPARTMENT OF HEALTH'S
CONTRACTS

Report # A-2122-003 • February 28, 2022

Purpose of this project:

In accordance with section 287.136, Florida Statutes, amended in 2021, each agency inspector general shall complete a compliance audit every three years of all contracts executed by the agency for the preceding three fiscal years. The audit must include an evaluation and identification of any trends in vendor preference. Thus, as part of the Office of Inspector General's (OIG) 2021-2022 Audit Plan, our office conducted a compliance audit of the agency's contract procurement procedures.

What we examined:

- Whether required Department of Health (Department, DOH) contract information was timely and accurately posted in the *Florida Accountability Contract Tracking System* (FACTS, system) as required by section 215.985(14)(a), Florida Statutes;
- Compliance with contract procurement rules; and
- Vendor selections during contract acquisitions to identify trends in vendor preference.

Scope:

The Department's standard two-party agreements, three or more party agreements, revenue agreements, and master agreements for the Fiscal Year (FY) ended 2018-19, FY19-20, and FY20-21. Our scope did not include grant agreements, memoranda of understanding, data sharing agreements, settlement agreements, multiagency participation agreements, or purchase orders. Our scope also did not include contract payments, since the focus of this engagement was the procurement process through contract execution.

Summary of results:

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

- Contract information was not always posted in FACTS timely.
- Contract information was not always posted in FACTS accurately.

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 public procurement process. The goal is to reduce the appearance and opportunity for favoritism and foster public confidence that contracts are awarded equitably and economically.

Procurement rules are governed by the following directives:

- Chapter 287, Florida Statutes
- Section 215.985, Florida Statutes, "*Transparency Florida Act*"
- Florida Administrative Code rule 60A-1, General Regulations
- DOH Policy 250-9, *Purchasing*
- Internal Operating Procedure (IOP) 250-9, *Purchasing*
- IOP 250-01, *Methods of Procurement*

On March 10, 2020, Florida's Division of Emergency Management (DEM) issued an emergency order suspending any procurement requirements to ensure a timely response to the COVID-19 pandemic.¹ As a result, the Department was granted the authority to purchase and procure goods and services in lieu of the competitive solicitation process. The emergency order was lifted in June 2021.

The Department procured goods and services through the execution of 267 contracts totaling \$157,002,759 within the scope of the audit from July 1, 2018 thru June 30, 2021. See Figure 1 below for a list of providers/vendors that had contracts totaling \$1 million or more and Figure 2 (on page 3) for a list of the top five providers/vendors with the most contracts with the Department.

Providers/Vendors with Contracts Valued at \$1 million or more

Provider/Vendor	Aggregate Contract Dollar Amount	Provider/Vendor	Aggregate Contract Dollar Amount
PerkinElmer Health Sciences, Inc.	\$55,894,966	University of Florida, Board of Trustees	\$3,260,004
Image API, LLC	\$10,398,090	Healthspace USA, Inc.	\$3,158,220
Abbason and Associates, Inc.	\$6,658,800	Suncoast Center, Inc.	\$2,280,444
Shands Jacksonville Medical Center, Inc.	\$6,000,000	Auld & White Constructors, LLC	\$2,207,748
Veritec Solutions, LLC	\$5,235,000	The School Board of Hillsborough County, Florida	\$1,943,208
Directions for Mental Health, Inc.	\$4,772,846	G4S Secure Solutions (USA), Inc.	\$1,734,736
School Board of Pinellas County	\$4,415,976	Mount Sinai Medical Center of Florida, Inc.	\$1,500,000
GRM Information Management Services, Inc.	\$4,287,649	Security Alliance, LLC	\$1,150,000
Centerplace Health, Inc.	\$3,900,000	Health Planning Council of Northeast Florida, Inc.	\$1,141,155
Ruvos, LLC	\$3,393,936	C. Alan Anderson Architect, P.A.	\$1,054,500
Radey Thomas Yon & Clark, P.A.	\$3,375,000	Suncoast Health Council, Inc.	\$1,038,688

Figure 1

¹ DEM Order No. 20-001 In re: Suspension of statutes, rules, and orders, pursuant to Executive Order Number 20-52

Top Five Providers/Vendors with the Most Contracts

Provider/Vendor	Number of Contracts	Type of Service
Radey Thomas Yon & Clark, P.A.	9	Legal
Moses & Associates, Inc.	7	Architecture
Directions for Mental Health, Inc.	6	Mental Health
Suncoast Center, Inc.	6	Mental Health
C. Alan Anderson Architect, P.A.	4	Architecture

Figure 2

The Chief Financial Officer, in accordance with the *Transparency Florida Act*, established and maintains FACTS, a secure contract tracking system available for public viewing.² The *Transparency Florida Act* requires each state entity to post contract information in FACTS.

DETAILED RESULTS AND RECOMMENDATIONS

We found the Department generally complied with contract procurement rules and we found no concerning trends in vendor preference. However, we identified opportunities for the Department to improve the timeliness and accuracy of information posted in FACTS, thus improving the transparency of contract information to all users.

1. Contract information was not always posted in FACTS timely.

- 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.
- During the three-year period under review, 267 contracts were executed that met the criteria defined under the scope of this audit. Of the 267 contracts reviewed, 52 (19%) did not meet the 30 calendar-day requirement for posting in FACTS.
- The Department of Financial Services provided the Department's OIG with a FACTS report that included a field titled *Original Contract Rcrd Add Date*. This date is recorded when the

² Section 215.985(14), Florida Statutes

³ Section 215.985(14)(a), Florida Statutes

user initially posts contract information for a new contract in FACTS. This date was compared with the execution date recorded in FACTS to determine instances of late posts within the system.

- It should be noted that process improvements implemented prior to our audit led to slightly fewer year-to-year timeliness exceptions during the final year of the three-year span of our audit, as evidenced by Figure 3 below.⁴

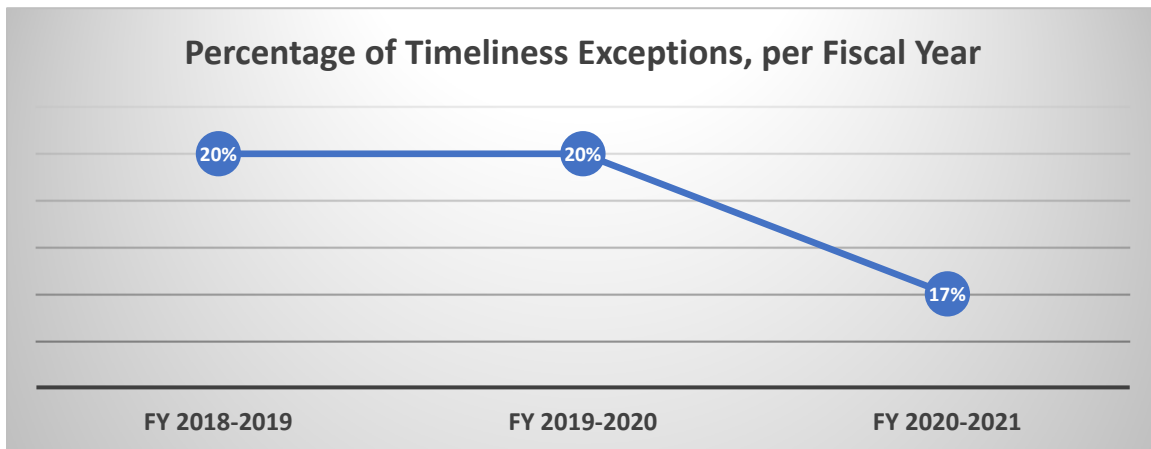


Figure 3

- Non-compliance with the 30-day requirement for posting contractual information in FACTS after execution conflicts with the intent of the *Transparency Florida Act* and impedes timely public access to contract information.

We recommend the Department's Contract Administration and Oversight Section continue to improve its contract tracking methodology to ensure all required contract information is posted in FACTS within 30 days after contract execution.

2. Contract information was not always posted in FACTS accurately.

- During the three-year period under review, 267 contracts were executed that met the criteria defined under the scope of this audit. Of the 267 contracts reviewed, 51 (19%) contained one or more examples of inaccurate information posted in FACTS.
- Some examples of issues identified with contracts reviewed in FACTS include incorrect or blank:
 - beginning and end dates
 - contract types
 - provider/vendor names
 - methods of procurement
 - contract amounts
 - contract documents uploaded

⁴ In FY 2018-2019, 24 of 119 executed contracts contained exceptions. In FY 2019-2020, 16 of 79 executed contracts contained exceptions. In FY 2020-2021, 12 of 69 executed contracts contained exceptions.

- It should be noted that process improvements implemented prior to our audit led to slightly fewer year-to-year timeliness exceptions during the final year of the three-year span of our audit, as evidenced by Figure 4 below.⁵

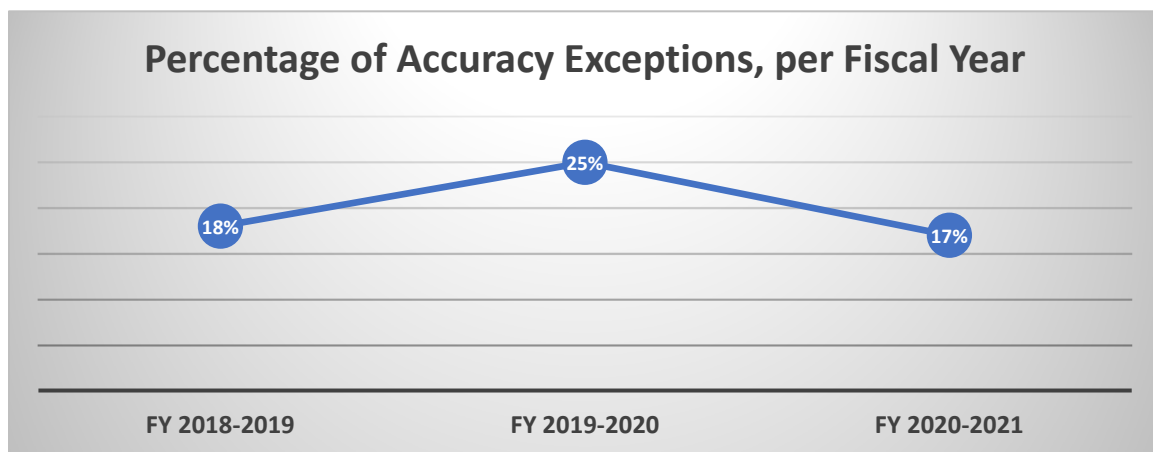


Figure 4

- Incorrect data posted in FACTS conflicts with the intent of the *Transparency Florida Act* and impedes public access to accurate contract information.

We recommend the Contract Administration and Oversight Section continue to improve its contract tracking methodology to ensure accurate contract information is posted in FACTS within 30 days after contract execution.

We also recommend the Contract Administration and Oversight Section develop a FACTS data input training course to help ensure contract managers properly post contract data in FACTS.

SUPPLEMENTAL INFORMATION

Section 20.055, Florida Statutes, charges the Department's OIG with responsibility to provide a central point for coordination of activities that promote accountability, integrity, and efficiency in government.

Kyle Erickson, MBA, CIGA, Senior Management Analyst II, conducted the audit under the supervision of Mark H. Boehmer, CPA, Director of Auditing.

Subsequent to the completion of audit fieldwork, but prior to the release of this report, Mr. Erickson accepted a job with a vendor that contracts with the Department via purchase order. As per the defined planned scope of our audit, purchase orders were not included in this audit, and thus this event had no material impact on audit conclusions.

⁵ In FY 2018-2019, 22 of 119 executed contracts contained exceptions. In FY 2019-2020, 20 of 79 executed contracts contained exceptions. In FY 2020-2021, 9 of 69 executed contracts contained exceptions. 32 of the 267 contracts reviewed over the three-year audit review period also contained some errors but could not be fully audited for accuracy due to various reasons and their results were not included in the final exception calculations.

Our methodology included reviewing Chapter 287 and section 215.985, Florida Statutes, a Department of Financial Services' FACTS report with date/time stamps of contract data entry, and contractual information posted in FACTS. Additionally, we reviewed procurement documents and interviewed key management and staff.

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 the Department's Deputy and Assistant Deputy Secretary for Operations, and management and staff of their Contract Administration and Oversight Section for the assistance and cooperation throughout the project.

Copies of 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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Tallahassee, FL 32399

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850-245-4141

APPENDIX A: MANAGEMENT RESPONSE

	Recommendation	Management Response
1	<i>We recommend the Department's Contract Administration and Oversight Section (Section) continue to improve its contract tracking methodology to ensure all required contract information is posted in FACTS within 30 days after contract execution.</i>	<p>We concur.</p> <p>The Section will issue a memorandum highlighting the Department's contractual service process, which requires FACTS entry within 10 business days of execution to ensure compliance with the <i>Transparency Florida Act</i>. The Section will continue tracking FACTS entry using a reputable tracking tool.</p> <p><i>Contact:</i> Tamika Fields, Contract Administration and Oversight <i>Anticipated Completion Date:</i> April 1, 2022</p>
2.1	<i>We recommend the Section continue to improve its contract tracking methodology to ensure accurate contract information is posted in FACTS within 30 days after contract execution.</i>	<p>We concur.</p> <p>The Section will issue a memorandum highlighting the Department's FACTS entry process, which requires accurate FACTS entry within 10 business days of execution. The Section will continue to track FACTS entries to ensure the accuracy of data according to the executed contract documents.</p> <p><i>Contact:</i> Tamika Fields, Contract Administration and Oversight <i>Anticipated Completion Date:</i> April 1, 2022</p>
2.2	<i>We recommend the Section develop a FACTS data input training course to help ensure contract managers properly post contract data in FACTS.</i>	<p>We concur.</p> <p>The Section will issue a memorandum highlighting the step-by-step DOH Contract Management – FACTS training that is currently available in the Department's online learning system (TRAIN) and reiterate in the Contract Management Workshop the importance of entering accurate information in FACTS.</p> <p><i>Contact:</i> Tamika Fields, Contract Administration and Oversight <i>Anticipated Completion Date:</i> April 1, 2022</p>