

Mission:

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



Ron DeSantis
Governor

Scott A. Rivkees, MD
State Surgeon General

Vision: To be the Healthiest State in the Nation

June 25, 2021

Scott A. Rivkees, MD
State Surgeon General
4052 Bald Cypress Way
Tallahassee, Florida 32399

Dear Dr. Rivkees:

Enclosed is our internal review report # R-2021-003, *Analysis of Contract Assignments to the Department's Contract Managers, and a Survey of Contract Management at Other State Agencies*. The report provides an independent evaluation of contract manager assignments, duties, and responsibilities throughout the Department of Health. The report also provides an understanding of other state agencies' contract management structure and experience, and their Office of Inspector General's experience with contracting issues, as a means of educational comparison.

The review was conducted by Janet Compton, Senior Management Analyst II, and supervised by Mark H. Boehmer, CPA, Director of Auditing.

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

Sincerely,

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

MJB/jcc
Enclosure

cc: Melinda M. Miguel, Chief Inspector General, Executive Office of the Governor
Lisa Norman, CPA, Office of the Auditor General
Shamari Roberson, DrPH, MPH, Deputy Secretary for Health
Mike Mason, Assistant Deputy Secretary for Health
Robert D. Karch, MD, MPH, FAAP, Deputy Secretary for Children's Medical Services
Mark Lander, MS, Interim Deputy Secretary for County Health Systems
Michele Tallent, Deputy Secretary for Operations
Antonio Dawkins, Assistant Deputy Secretary for Operations
Ed McEachron, Director, Division of Administration
Samantha Washington, Chief, Bureau of General Services
Tamika Fields, Director, Office of Contracts



FLORIDA DEPARTMENT OF HEALTH
OFFICE OF INSPECTOR GENERAL

ANALYSIS OF CONTRACT ASSIGNMENTS TO THE
DEPARTMENT'S CONTRACT MANAGERS, AND A
SURVEY OF CONTRACT MANAGEMENT AT
OTHER STATE AGENCIES

Report # R-2021-003 • June 25, 2021

Purpose of this project:

Analyze the number of contracts assigned to the Department of Health's (Department, DOH) contract managers (CM) to understand whether contract assignments are reasonable to effectively manage, including CMs other duties and responsibilities.

Also, obtain an understanding of other state agencies' contract management structure and experience, and their Office of Inspector General's experience with contracting issues.

What we reviewed:

A sample of contracts assigned to each CM commencing between July 1, 2019 and January 31, 2020, as identified in the *Florida Accountability Contract Tracking System (FACTS)*, and information provided by the Office of Contracts.

- Analyzed number of contracts assigned to each CM.
- Determined the Department's Divisions with the most contract assignments. Selected 10 CMs, with at least one representing each Division.¹
- Interviewed the selected CMs about contract management, monitoring processes, and documentation. Reviewed the CMs position description responsibilities. Also surveyed each selected CM.

Furthermore, interviewed 10 other state agencies' main Contract Administrator about their contract management structure and experience, and those agencies' Office of Inspector General about its experience with contracting issues.

Summary of results:

The Department has well designed processes and effective controls related to contract management requirements and responsibilities. Contract management training processes are sufficient to achieve required certifications. Certification/Recertification was verified for each CM interviewed. Materials and guidelines needed for contract management are readily available on the Office of Contracts SharePoint site.

We identified whether contract assignments are reasonable to effectively manage. The CMs provided information about their monitoring processes, documentation, and tools used for contract management. For the period sampled (as noted above):

- 114 CMs managed 627 contracts totaling \$466,305,282.²

¹ Division of Administration, Division of Medical Quality Assurance, and county health departments were not included in this review.

² The total amount of the Department's active contracts during fiscal year 2019-2020 exceeded \$10 billion.

- Contract management assignments varied from 1 to 83 contracts per CM.
- On average, CMs spent 52% of their work week managing contracts.
- The average number of contracts managed was 19, with respondents having 1 to 65 contracts.
- We did not review whether requirements of the contracts were met or deliverables provided, as it was not within the scope of this review.

This information will be provided in greater detail later in this report.

BACKGROUND

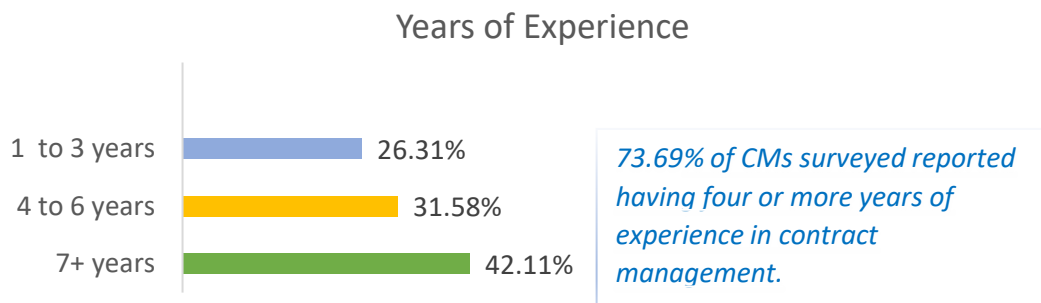
Florida law³ requires that the Department have a contract administrator responsible to maintain a contract file and financial information on all contractual services contracts and to serve as a liaison with the CMs and the Department. While the Office of Contracts serves in this capacity, it has no direct oversight authority over the CMs but is available to assist them.

The Office of Contracts is in the Bureau of General Services under the Division of Administration. Office of Contracts' primary responsibility is to review and process contracts and associated documents; provide training; formulate contract-related policies; maintain the *Standard Contract*; conduct monitoring activities; and provide technical assistance and expertise.

Department policy requirements for CMs include ethical considerations, various documentation requirements, contract monitoring responsibilities, and other contract related duties. The CM is a Department employee assigned responsibility to enforce the performance of the contract terms and conditions for each contract.⁴

DETAILS OF THE REVIEW

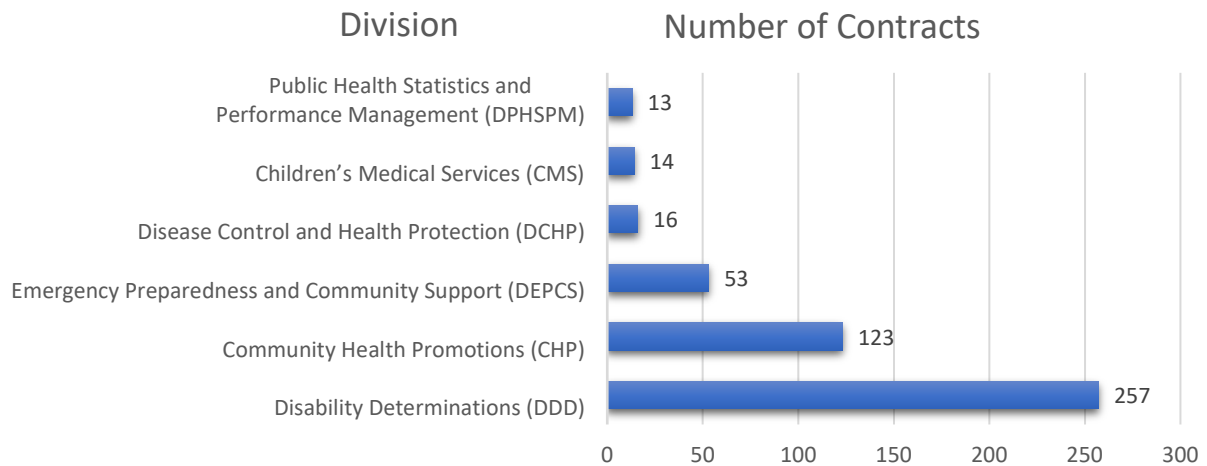
- As was previously mentioned, we sampled 114 CMs managing 627 contracts totaling \$466,305,282^{1,2} as part of our review. Contract management assignments varied from one to 83 contracts per CM. The majority of the contracts assigned were standard two-party agreements and grant disbursement agreements. The majority of CMs interviewed have managed contracts for four or more years.



³ Section 287.057(15), Florida Statutes

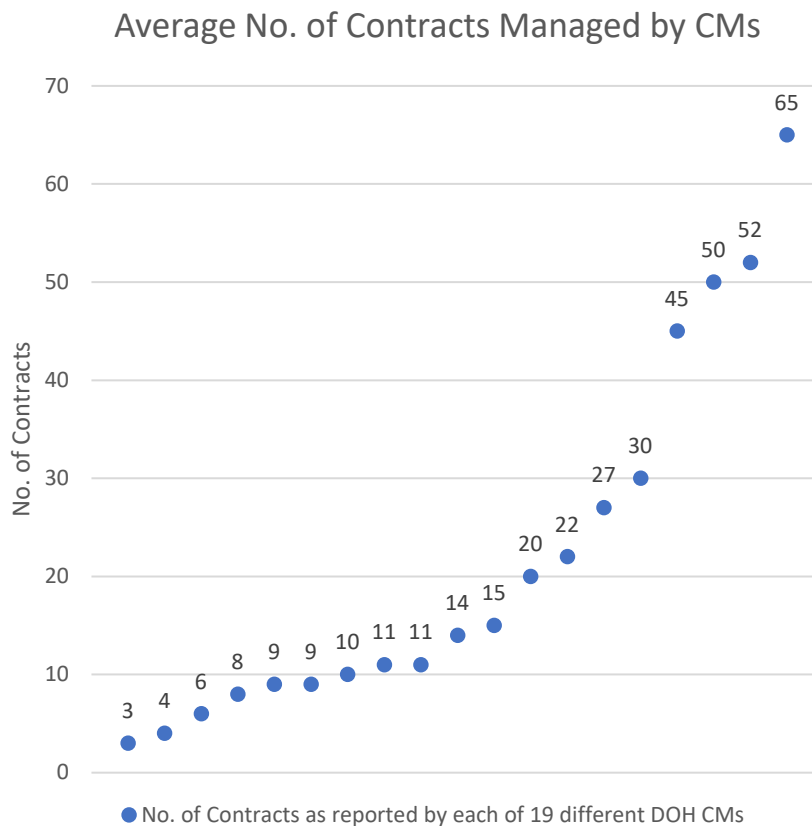
⁴ DOHP 250-14-19, *Contractual Services*

- Divisions identified as having the most contract assignments:



- We reviewed monitoring tools and reports used by CMs. Research showed four different monitoring practices in use.
 - Contracts managed at DDD are for Physician and Psychological Consultant Services (PPCS). The CMs work directly with the providers and monitor the providers' daily performance and quality of work. A monthly performance report is compiled and stored in PPCS eContracts.⁵
 - Contracts managed through CHP's Bureau of Child Care Food Programs (CCFP) are primarily childcare facilities. The CCFP has developed a multilevel monitoring process to manage the numerous contracts assigned to CCFP. Program Specialists in the field conduct annual onsite visits to monitor and document provider performance. The reports are sent to the Regional Supervisors (RS). RS analyze the performance evaluation, making recommendations as needed. Completed reports are sent to the CCFP operations manager for reviewing and filing. The United States Department of Agriculture (USDA) performs a management evaluation on a bi-annual basis, pulling a sample of reviews to monitor.
 - DEPCS' CM reviews invoices to ensure deliverables match the county's grant request. The grantees are required to submit reports for accounting and expenditures.
- As part of our review, 24 CMs from different divisions were selected to participate in a survey. Nineteen (19) CMs responded. The following information is a summary of the survey's results:
 - **On average, how many contracts do you manage in a year?**
The average number of contracts managed was 19, with responses ranging from 3 to 65 contracts.

⁵ eContracts is DDD's data storage system for managing and monitoring Department contracts.



- **CMs reported the percent of their time spent managing contacts varied from 15% to 100%, for an average of 52%**



- **How does the number of contracts assigned to you affect your ability to effectively monitor your vendors/providers?**

The consensus of the respondents was that the more contracts assigned to a CM, the more negative the impact on one's ability to meet monitoring requirements and provide effective management. It was also reported that other work priorities, rather than the number of contracts, influence the ability to conduct required monitoring in a timely manner. Some of the specific responses were:

Too many contracts with quarterly expenditure reports (QER) affects the timeliness of monitoring contracts.

Get to know your customers—not just the grantees, because more times than not, they are unavailable. Get to know their assistants... time spent tracking down contract information affects my ability to effectively manage my grants/grantees.

- **Aside from contract management, what are your other weekly duties?**

Responses included:

Supervise staff

Program management

Administrative

Audits, evaluations, training, and technical assistance

The more time committed to contract management, the less time was available to conduct other required duties. Eight of the CMs reported spending 75% or more time on contract management, which left significantly less time for other weekly duties. The other 11 CMs reported having more duties outside of contact management.

- **DOHP 250-14-19, Contractual Services, requires monitoring. What procedures do you use when monitoring vendors/providers for contract compliance?**

Ten of 19 CMs quoted using the Contractual Services Policy and Florida Statutes as guides for monitoring contracts along with the tools provided. Monthly and quarterly reporting are conducted by seven of the CMs. Some of the specific responses were:

Providers are asked to submit documentation to support reported deliverables and other relevant information such as policies, staff credentials, educational materials, fiscal documents, etc.

Tools, reports, and results are compiled and sent to appropriate parties. Site visits are conducted (when not restricted by travel bans or budgetary issues) to inspect facilities, interview staff, audit medical records, etc.

Many of our contracts include a confidential client survey component as a method to obtain client feedback.

- **What do you find most difficult about monitoring vendors/providers?**

CMs provided feedback on monitoring challenges of vendors/providers. Topics included: documentation, staffing, and site visits.

Documentation: There are challenges in receiving requested documentation. The volume of documentation is cumbersome, making it difficult to comprehend the information for accurate and timely reporting. Some of the specific responses were:

Provider monitoring is difficult because of the large amount of documentation. For example, a provider's QER journal can be massive, requiring a lot of time to understand payroll, expenditures, and account codes.

Grantees apply for a grant and receive approval. To execute the grant, staff has to chase down the grantee to get the required documentation. The difficulty lies in document retrieval and lack of communication.

Providers who have incurred financial consequences often request help to formulate a plan to get them "back on track" with the contract performance measures. The difficulty is that each provider has a differing level of risk aversion.

A grantee copied and pasted the same information from one quarter to the next showing no progress, yet, invoices were submitted. The information was returned requesting an explanation. The grantee, I quote, said 'I do have a lot to report' and asked for an extension.

Staffing: Having enough staff or an increase in staff can help with ensuring contract requirements are met and monitoring activities are completed. One specific response was:

The amount of time and paperwork required for contract management is demanding when I am already incredibly short on time. Not having adequate staffing for contract management is the main issue. Especially when the results of legislative session include new projects or programs that require contracting.

Site Visits: Travel restrictions make it difficult to meet onsite monitoring requirements, schedule meetings, and arrange for travel.

○ **What recommendations do you have for improving contract monitoring processes?**

Recommendations made by CMs included:

Recommend an increase in staff to adequately manage contracts when there is turnover. It leaves a shortage of staff to manage the number of contracts assigned to the division. It would be good if the bureaus had contract/grant managers assigned who know the projects. Also, ensure CMs are assigned a reasonable number of contracts to allow for timely monitoring.

The Office of Contracts needs to be consistent with recommendations and send notification of updated templates. Have the Office of Contracts review contract monitoring processes and consider what is critical. Assure information requested by the Department are in the contract requirements.

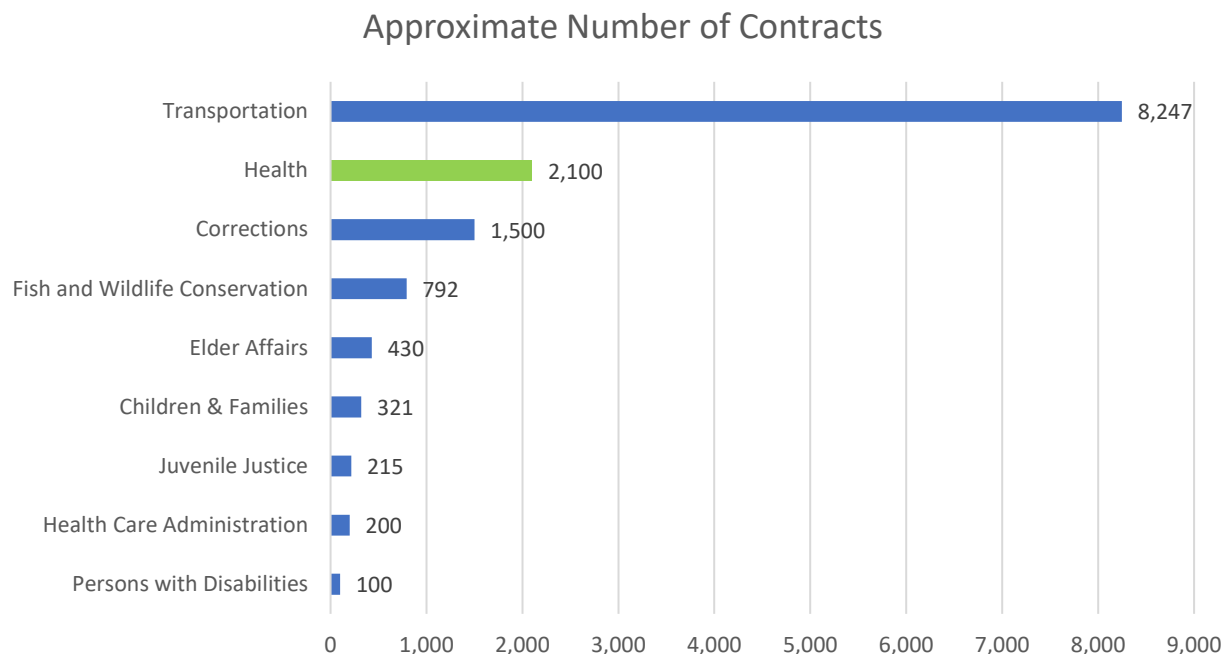
Provide regular training for CMs and provide updates for vendors/providers. Provide clarity and notifications for those responsible for the administrative monitoring of a provider's organization.

Managing 27 grants/contracts with the majority being universities, it is recommended to establish one point of contact per university responsible for monitoring grant requirements and reporting. University of Miami should have at least two grant managers assigned to oversee grant requirements and reporting. Currently, the grants are spread throughout different entities of the university, making data collecting difficult and time consuming. It would be beneficial to also have a grant manager turnover process in place for university replacements.

INTERVIEWS WITH OTHER AGENCIES

Interviews with Offices of Contract Administration:

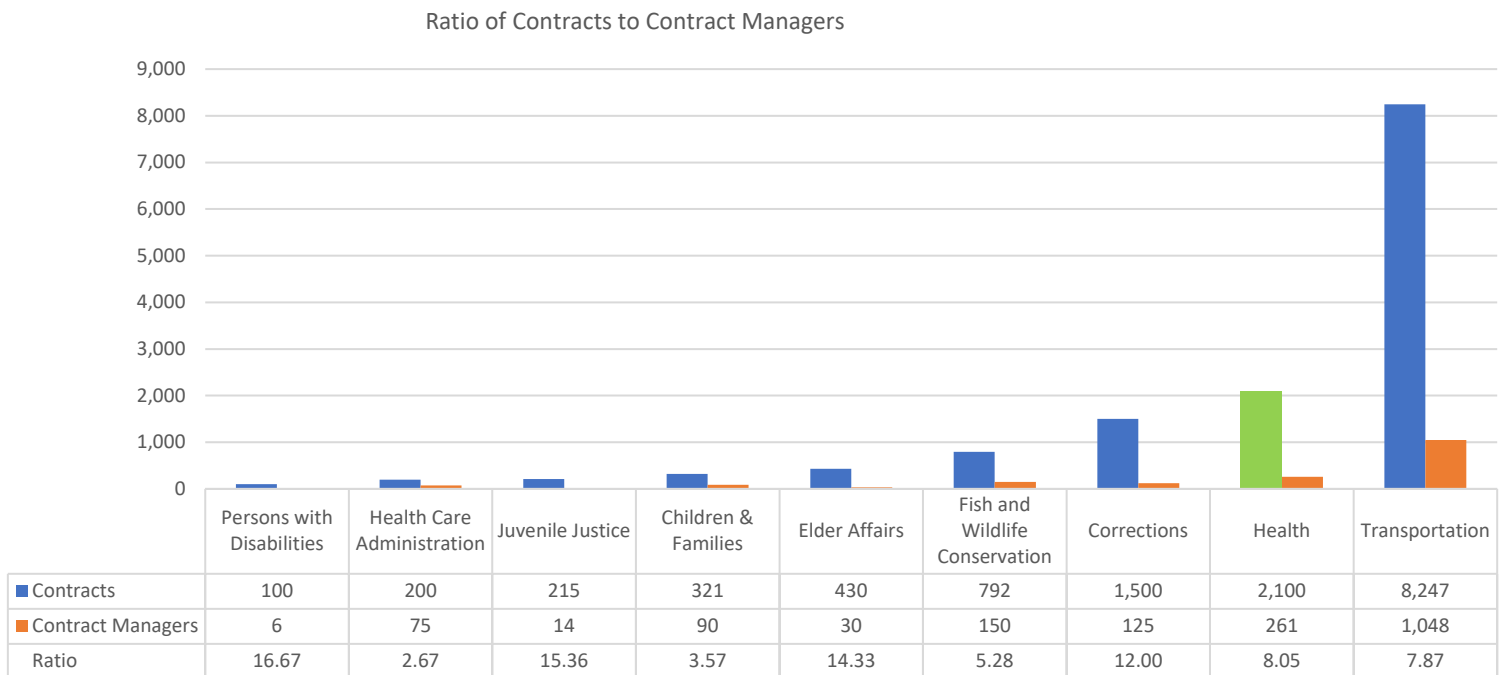
Eight agencies provided an approximate number of contracts with providers.



- Three agencies explained they have a professional contract management unit that manages all contracts.
 - Department of Corrections
 - Department of Juvenile Justice
 - Agency for Persons with Disabilities

- Four agencies explained contract managers' sole or primary focus is to manage contracts, and are not responsible for other programmatic duties.
 - Department of Elder Affairs
 - Department of Corrections
 - Department of Juvenile Justice
 - Agency for Persons with Disabilities

- We compared the number of reported contracts to reported number of contract managers:



- All 10 agencies described that contract monitoring includes onsite monitoring and evaluations.
- All 10 agencies described that contract monitoring efforts include both compliance and deliverables, and financial analysis and review.
- Department of Juvenile Justice manages and tracks subcontracts through one central database, and captures subcontractors' employees background screening and E-Verify.

Interviews with Offices of Inspector General:

- All 10 agencies explained they have conducted audits focused on contracts and contract monitoring. They shared similar types of concerns, including:
 - Incomplete contract management tasks and documentation
 - Statutorily required contract monitoring left to interpretation
 - Contract managers' lack of financial knowledge
 - Conflict of Interest certification forms were not completed
- Two agencies identified fraud in their contract audits. One agency found \$7 to \$10 million and the other found an estimated \$50,000 with multiple referral cases.
- Five of the 10 agencies explained they specifically address contracting with at least one contract-related project on the annual *Audit Plan*.

SUPPLEMENTAL INFORMATION

Our methodology included a review of section 287.057, Florida Statutes, and DOHP 250-14-19, *Contractual Services*.

We:

- Interviewed selected contract managers.
- Analyzed monitoring processes and procedures.
- Reviewed position descriptions for contract management responsibilities and other duties.
- Surveyed and documented CMs' responses.
- Interviewed other state agencies.

This project was not an audit, as industry-established auditing standards were not applied. Internal Audit Unit procedures for the performance of reviews were followed and used during this project. This project was conducted in compliance with Quality Standards for Inspections, Evaluations, and Reviews by Offices of Inspector General as recommended by *Principles and Standards for Offices of Inspectors General*, Association of Inspectors General.

We want to thank the Office of Contracts and the contract managers for the information and documentation provided, and for their cooperation throughout the review. We also appreciate the time afforded us by other agencies during interviews and the sharing of information.

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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