



Contract Administration/Monitoring

February 13, 2013

Advisory Memorandum 201213-23

The purpose of this engagement is to report on the Department's oversight and monitoring of Department contracts.

Section 287.057(14), Florida Statutes (F.S.) requires that for each contractual services contract, the agency shall designate an employee to function as a contract manager who shall be responsible for enforcing performance of the contract terms and conditions and serve as a liaison with the contractor.

Section 287.057(15), F.S. states that each agency shall designate at least one employee who shall serve as a contract administrator responsible for maintaining a contract file and financial information on all contractual services contracts and who shall serve as a liaison with the contract managers and the Department.

Currently at DHSMV, contract administration is the responsibility of the Bureau of Purchasing and Contracts. However, the contract administration has been limited to the contract procurement process, coordination of mandatory training for Department contract managers, and serving in an advisory function to contract managers in the administration of their duties.

External Audits

In March 2012, the Department of Financial Services conducted a review of a sample of Department contracts. The findings in their report included:

- Contract managers not certifying receipt of deliverables for grants and service contracts
- Service contract certification statements were being signed by someone other than the contract manager.
- Contract and grant managers did not always document verification that the services were satisfactorily delivered.

As part of the current Auditor General operational audit of the Department, Auditor General staff requested internal control attestations for two EFS contracts (CVR and Title Technologies) in January 2013. These contracts are under the Bureau of Issuance Oversight and management has been delegated to a Government Operations Consultant within the Bureau.

Florida Department of Highway Safety and Motor Vehicles
Office of Inspector General

Section XI, Subsection A (Compliance and Control Measures/Internal Control Attestation) of both contracts with CVR and Title Technologies states that the agreements is contingent upon the Service Provider having appropriate internal controls over personal data sold or used by the Authorized User or EFS Agent to protect the personal data from unauthorized access, distribution, use, modification, or disclosure. Upon request from the Department, the Service Provider must submit an attestation from a currently licensed CPA performed in accordance with AICPA "Statements on Standards for Attestation engagement". The attestation must indicate that the internal controls over personal data have been evaluated and are adequate to protect the personal data from authorized access, distribution, use, modification, or disclosure. The attestation must be received by the Department within 120 day of the written request.

Since the contracts were executed in July 2011, the contract manager has not requested these attestations from the two EFS providers and stated the reason as the Agreement states that they were to be provided, if requested by the Department.

Current Staffing

Contract managers serve an important function as the primary responsible party for enforcing compliance with the terms and conditions of contracts and are responsible for the day-to-day oversight, including approval of contract deliverable and invoices.

According to the Division of Administrative Services, staff resources within the contract administration function for the Department do not exist to effectively monitor contract managers. After seeking input from other state agencies pertaining to their oversight of agency contract managers, these agencies had dedicated staff to perform this function.

Enhanced contract monitoring is fundamentally needed to ensure that Department employees designated as contract managers are performing their duties. We recommend that the Department establish a contract manager monitoring function and dedicate adequate resources to both ensure that employees with contract management responsibilities are efficiently and effectively performing contract management duties as well as recommend improvements and best practices in contract management.

ATTACHMENT 1

Addressee and Distribution List

Julie Jones, Executive Director

Copies distributed to:

Diana Vaughn, Deputy Executive Director

Terry Rhodes, Chief of Staff

Deana Metcalf, Director, Division of Administrative Services

Engagement Team

Julie M. Leftheris, Inspector General

Statement of Accordance

Section 20.055, Florida Statutes, require the Florida Department of Highway Safety and Motor Vehicles' Inspector General to review, evaluate and report on policies, plans, procedures, accounting, financial and other operations of the Department and to recommend improvements.