



STATE OF FLORIDA

# DEPARTMENT OF COMMUNITY AFFAIRS


*"Dedicated to making Florida a better place to call home"*

CHARLIE CRIST  
Governor

THOMAS G. PELHAM  
Secretary

## MEMORANDUM

TO: Thomas G. Pelham, Secretary

FROM: Candie M. Fuller, Acting Inspector General 

SUBJECT: Audit Follow-up

DATE: January 28, 2009

In accordance with Section 20.055 (5) (g), Florida Statutes, a report of the most recent audits relating to DCA issued by the Florida Auditor General is attached. The report includes a brief summary of the audit findings, recommendations, and agency response, with status of corrective actions at this time.

Please let me know if you would like additional information regarding this follow-up report.

Attachment

cc: Joint Legislative Auditing Committee

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JLAC  
Rec'd 1/29/2009

FOLLOW-UP OF AUDIT REPORTS ISSUED BY THE AUDITOR GENERAL OR OPPAGA			
AUDITING ENTITY	REPORT NUMBER	PERIOD COVERED	SUMMARY OF FINDINGS AND RECOMMENDATIONS
Auditor General	2008-177	July 2005 – November 2007	<p><b>Finding No.1:</b> Procurement records did not always include all required documentation needed to demonstrate compliance with competitive purchasing requirements specified in law.</p> <p><b>Recommendation:</b> We recommend that the Department and the Division complete and maintain all required documentation to demonstrate compliance with applicable laws, rules, and regulations.</p>
			<p><b>SUMMARY OF CORRECTIVE ACTIONS TAKEN</b></p> <p><b>Department:</b> With the reorganization of the fiscal operations of the agency, including Purchasing, Budgeting, and Finance and Accounting, the new Fiscal Management staff are reviewing and updating purchasing guidelines to assist employees with completing and maintaining the appropriate documentation for all aspects of the purchasing process. These guidelines will include the bid-opening sign-in sheets, documentation requirements to support the ranking of prospective vendors, and other relevant aspects of the competitive solicitation process. We anticipate completing and distributing these guidelines by June 30, 2009.</p> <p><b>Division:</b> The Division has updated the procurement process to reflect that all competitive procurements are required to have the following documents:</p> <ul style="list-style-type: none"> <li>○ Sign in sheets for the evaluation team when reviewing, evaluating, or scoring proposals pursuant to Request for Proposals and Invitation to Negotiate.</li> <li>○ Scoring sheets from each evaluation team member for each proposal submitted to support the evaluation team's recommendation of award for all Requests for Proposals.</li> <li>○ Statement explaining the basis for vendor selection for all Invitation to Negotiate procurements.</li> </ul>

<p><b>Finding No.2:</b> The Division did not use competitive procurement methods to purchase catered food service for the State Emergency Operations Center (EOC).</p> <p><b>Recommendation:</b> We recommend that the Division use competitive procurement methods to identify and select vendors to provide catering services.</p>	<p><b>Division:</b> The Division has issued two competitive solicitations for catering services, unfortunately no vendors bid on the solicitation. It is the intention of the Division to obtain multiple catering contracts for future emergency activations.</p> <p>During the recent Tropical Storm Fay and Hurricanes Gustav and Ike activations, the Division contracted with 18 vendors to provide meals for breakfast, lunch and dinner, in order to eliminate the perception of sole sourcing until a competitive procurement solution can be found.</p>	
<p><b>Finding No.3:</b> Employees with vendor selection responsibilities were not required to attest in writing as to their independence and impartiality with respect to the entities evaluated and selected.</p> <p><b>Recommendation:</b> We recommend that the Department and the Division adopt procedures requiring that, for contracts valued in excess of \$25,000, all staff involved in the contractor selection process, attest in writing as to their independence and impartiality.</p>	<p><b>Department:</b> With the reorganization of the fiscal operations of the agency, including Purchasing, Budgeting, and Finance and Accounting, the new Fiscal Management staff are reviewing and updating purchasing guidelines to assist employees with completing and maintaining the appropriate documentation for all aspects of the purchasing process. These guidelines will include documentation that "No conflict of interest" forms are completed and maintained when required. We anticipate completing and distributing these guidelines by June 30, 2009.</p> <p><b>Division:</b> The Division has updated the procurement process to reflect that all competitive solicitations as well as sole source procurements will require conflict of interest attestations completed by all division staff involved with the vendor selection process.</p>	

	<p><b>Finding No.4:</b> The Division did not assign two recently acquired vehicles in accordance with the applicable documentation filed to gain approvals for the purchase of the vehicles and did not provide for our review motor vehicle logs to account for the actual use of these vehicles.</p> <p><b>Recommendation:</b> We recommend that the Department and the Division follow all established requirements for the acquisition of motor vehicles, assign these motor vehicles in accordance with the applicable approvals, or seek necessary approval for any revised assignments. Additionally, we recommend that the Department and the Division take steps to ensure that motor vehicle logs are completed to account for the actual utilization of the motor vehicles.</p>	<p><b>Department:</b> With the reorganization of the fiscal operations of the agency, including Purchasing, Budgeting, and Finance and Accounting, the new Fiscal Management staff are reviewing and updating purchasing guidelines to assist employees with completing and maintaining the appropriate documentation for all aspects of the vehicle purchasing and usage process. These guidelines will include documentation that necessary approvals are obtained from Department of Management Services. To further comply with the vehicle utilization protocol, vehicle logs will be reviewed quarterly by the Purchasing Analyst for compliance. A form will be developed to document the quarterly monitoring process. We anticipate completing and implementing these processes by June 30, 2009.</p> <p><b>Division:</b> The Division has implemented a vehicle policy and standard vehicle mileage forms and provided notification to all Division staff utilizing state vehicles the requirements to submit monthly vehicle utilization logs.</p> <p>Access to EMIS by Division staff has been obtained to input monthly vehicle utilization reports.</p> <p>Report of outstanding vehicle logs not received is provided monthly to the EM Policy Administrator.</p> <p>Vehicles have been assigned to the regional coordinators.</p>
	<p><b>Finding No.5:</b> The Department did</p>	<p><b>Department:</b> Property Management is working on</p>

not take sufficient actions to locate, and if applicable, report to an applicable law enforcement agency, tangible personal property not found during the annual physical inventories. The Division did not make available for our audit, records of its latest annual physical inventory and lists of any missing property.

**Recommendation:** We recommend that the Department and the Division take steps to ensure that all aspects of an annual physical inventory are timely completed, including the search for missing property items, notification of the appropriate law enforcement agency, as applicable, and the recording of appropriate adjustments to property records upon approval from DFS.

completing an annual physical inventory this year on time, which includes a missing property report of items not accounted for and to make the appropriate adjustments to our property records in conjunction with DFS.

**Division:** The Division has formulated procedures to have property items being utilized all staff inventoried annually and randomly spot checked.

Review of division processes continues to be an ongoing improvement initiative to verify compliance with all statutes, rules, ordinances and orders for non-emergency periods. As these division processes relate to emergency activation periods, review of these processes for improvement will be ongoing to the extent that disaster response functions are not negatively impacted by adherence to statutes, rules, ordinances and orders.

The Division is utilizing an existing logistical tracking barcode software and hardware system, as well as new written procedures to account for property purchased, issued, maintained and salvaged. Inventory records have been updated and property status updates as to location, and final disposition if salvaged.

The Division has developed a "Separation of Employment" form whereby an equipment checklist will be used to ensure all property is returned and deactivated when the employee separates from the Division or final separation check will be withheld.

Auditor General	2008-179	July 2005 – November 2007	<p><b>Finding No.1:</b> Changes in position responsibilities and improved controls were necessary to ensure appropriate oversight of the Purchasing Card Program.</p> <p><b>Recommendation:</b> We recommend that the Division take steps to limit the access to the purchasing cards held for emergency. We also recommend that the Department and the Division review and revise position responsibilities to ensure an appropriate assignment of duties.</p>	<p><b>Department:</b> With the reorganization of the fiscal operations of the agency, including Purchasing, Budgeting, and Finance and Accounting, the new Fiscal Management staff are reviewing and updating Purchasing Card procedures and guidelines. These new procedures shall include language to insure that the appropriate laws are complied with and controls are in place for accessing purchasing cards during emergencies. We anticipate completing and implementing these procedures by June 30, 2009.</p> <p><b>Division:</b> The Division has reduced the number of staff with access to the purchasing cards (including non-designated cards).</p> <p>Purchasing cards that are not assigned during an activation to any individual will be secured in a safe with limited access until needed.</p> <p>Custodian(s) and/or personnel responsible for approving a purchasing card for emergency activation will not have purchasing responsibilities related to the use of the card.</p> <p>The Division provides purchasing card training at least four times per year.</p> <p>The Finance and Administration Section maintains a list of current purchasing card activations and compares them against the current employment roster on a quarterly basis.</p>
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**Finding No.2:** Purchasing cards were not always timely cancelled or deactivated, upon a cardholder's separation from the agency or commencement of extended leave.

**Recommendation:** We recommend that the Department and Division implement controls to ensure the timely cancellation or deactivation of purchasing cards upon a cardholder's separation or extended absence from the Department or Division.

**Department:** With the reorganization of the fiscal operations of the agency, including Purchasing, Budgeting, and Finance and Accounting, the new Fiscal Management staff are reviewing and updating Purchasing Card procedures and guidelines. These new procedures shall include language to insure that the appropriate laws are complied with and controls are in place for issuing and deactivating purchasing cards. The process of notifying all relevant managers of personnel terminations will be reinstated and reinforced. We anticipate completing and implementing these procedures by June 30, 2009.

**Division:** Each administrative assistant in the Division is required to complete a Request for Personnel Action ("RPA") when there is a termination or resignation or extended absence from a position. A RPA will be routed to the Division's Finance Unit or the Finance and Administration Section during a declared state of emergency to provide notification to deactivate the purchasing card. In addition to this, the Department of Community Affairs' Personnel office copies the Finance Section with email upon notice of an employee's resignation/termination in order to expedite the process. Following its own internal measures, the Finance Unit or the Finance and Administration Section will then notify the Department's Purchasing Card Administrator and Personnel Office, via email, of the deactivation.

The Division has developed a "Separation of

<p>Employment" form whereby an equipment checklist will be used to ensure all property (including purchasing cards) is returned and deactivated when the employee separates from the Division.</p>	
<p><b>Department:</b> With the reorganization of the fiscal operations of the agency, including Purchasing, Budgeting, and Finance and Accounting, the new Fiscal Management staff are reviewing and updating Purchasing Card procedures and guidelines. These new procedures shall include language to insure that the appropriate laws are complied with and controls are in place to insure that charges are promptly paid and adequately documented. Fiscal Management staff have already begun working with division staff to determine delays in processing payments and resolve past due charges. We anticipate completing and implementing these procedures by June 30, 2009.</p> <p><b>Division:</b> The Division continues to advise cardholders and offer training of the importance of timely submission and approval of all purchasing card charges, as established in the Division's travel policy.</p> <p>The Division will improve field operation procedures to assist cardholders, including modification of the process for approval of purchasing card charges during periods of emergency activation.</p> <p>The Division is establishing a travel office at the</p>	<p><b>Finding No.3:</b> Significant delays were noted in the approval of purchasing card transactions.</p> <p><b>Recommendation:</b> We recommend that the Department and the Division ensure that all purchasing card transactions are reviewed and approved, as appropriate, within the established time requirement.</p>



<p>Florida Recovery Office to further facilitate improved processing and approval of purchasing cards and is working with the Department of Community Affairs to streamline the approval process.</p> <p>The Division promptly requests necessary budget authority to process payments during activation.</p>			
<p><b>Department:</b> With the reorganization of the fiscal operations of the agency, including Purchasing, Budgeting, and Finance and Accounting, the new Fiscal Management staff are reviewing and updating Travel Revolving Fund procedures and guidelines. Staff are currently being trained in the necessary Revolving Fund duties and are working to bring the fund records and process up to date. We anticipate completing and implementing these procedures by June 30, 2009.</p>	<p><b>Finding No.4:</b> Improved Travel Revolving Fund controls were needed.</p> <p><b>Recommendation:</b> We recommend that the Department:</p> <ul style="list-style-type: none"> <li>• Update written policies and procedures to address all aspects of the administration and oversight of the Travel Revolving Fund.</li> <li>• Expand the current reconciliation procedures to include all accounts and balances relevant to the Fund.</li> <li>• Increase monitoring and collection efforts for outstanding travel advances.</li> <li>• Ensure that all established policies and procedures applicable to the Travel Revolving Fund are followed.</li> </ul>		

		<p><b>Finding No.5:</b> Weaknesses existed in the processes for review, approval, and documentation of travel expenditures. Also, some of the requested voucher packages were not available for review.</p> <p><b>Recommendation:</b> We recommend that the Department and the Division take steps to ensure that all required documentation is completed and maintained and that requests for payments are in compliance with all applicable laws, rules, and regulations.</p>	<p><b>Department:</b> With the reorganization of the fiscal operations of the agency, including Purchasing, Budgeting, and Finance and Accounting, the new Fiscal Management staff has implemented procedural changes to better manage and secure agency voucher files. We will continue to train staff to insure compliance with all state laws, rules, and regulations regarding appropriate travel documentation.</p> <p><b>Division:</b> Pursuant to an Interagency Service Agreement, the Department's Finance and Accounting Office assumes responsibility for the review, approval, and documentation to be included in the voucher packages. The Division, however, will work with the Department to ensure that they receive the appropriate documentation to process voucher packages.</p> <p>The Division has established a travel policy, which includes an electronic process in order to provide for accessibility of voucher packages.</p>
		<p><b>Finding No.6:</b> Warrant handling procedures for the Front Porch Program did not provide for an appropriate separation of duties.</p> <p><b>Recommendation:</b> We recommend that the Department revise these warrant handling procedures to</p>	<p><b>Department:</b> With the reorganization of the fiscal operations of the agency, including Purchasing, Budgeting, and Finance and Accounting, the new Fiscal Management staff has revised the departmental procedure for the proper handling of warrants and issues related to the appropriate separation of duties. The Department has revised the warrant handling procedures for the Front Porch Program to ensure appropriate separation of duties.</p>

			ensure an appropriate separation of duties.	As of April 2008, employees of the Front Porch Program that process payment requests, no longer receive any warrants for distribution.
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