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Governor Charlie Crist

Secretary Linda H. South

**MEMORANDUM**

**DATE:** June 1, 2009  
**TO:** Linda H. South, Secretary  
**FROM:** Steve Rumph, Inspector General  
**SUBJECT:** Six-Month Status Report to Auditor General Report No. 2009-052

The following is our explanation of the six-month status of findings and recommendations included in the Auditor General's Report No. 2009-052, *Department of Management Services Contract Monitoring and Follow-up on Selected Prior Audit Findings*. Our response addresses the findings and recommendations in the same order as they appear in the report.

**Six-Month Status Report**

**Contract Management**

**Finding No. 1: Contract Listing:** The Department did not have a mechanism in place that could readily produce a reliable list of Department contracts.

**Recommendation 1:** To provide current and relevant information to Department decision makers, Departmental Purchasing should establish a contract management system, database, or other mechanism to track financial and performance data for all Department contracts.

**Original Response 1:** The department is working to improve its contract management and administration processes to ensure better monitoring of performance of contract terms and conditions. Further, as to both contract administration and management, the department is establishing standardized practices and developing tools (forms and flow charts) that will ensure contract files and financial information relating to all contracts are properly maintained. All tools and processes are expected to be in place by March 2009. Until that time, the department will continue to maintain and update its electronic contract listing spreadsheet.

**Current Status of Recommendation 1:** The department has established standardized practices and forms to ensure contract files and financial information relating to all contracts

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are properly maintained. Newly developed policies and procedures are in the process of being reviewed and are expected to be in place by July 1, 2009. The department continues to maintain an electronic spreadsheet containing current contracts along with the name of the contract manager.

***OIG Position:*** *Our review of the contract spreadsheet showed that the spreadsheet contained the names of contract managers that were no longer employed by the department. Therefore, the OIG will continue to monitor this recommendation until such time as all currently existing contracts and currently assigned contract managers are correctly listed on the spreadsheet.*

**Finding No. 2: Departmental Purchasing Policies and Procedures:** *Certain aspects of contract management could be improved through enhancements to **Departmental Purchasing Policies and Procedures.***

**Recommendation 2:** *Department management should review and revise the **Departmental Purchasing Policies and Procedures** to ensure that all aspects of contract management are clearly addressed.*

**Original Response 2:** *The department is in the process of reviewing and revising its current purchasing policies and procedures. It is anticipated that the complete re-write of the policies and procedures will be completed by March 2009. As part of this process the items listed in the finding will be incorporated into the purchasing policies and procedures.*

**Current Status of Recommendation 2:** *The department is in the final process of revising its current purchasing policies and procedures and incorporating the items listed in the finding. It is anticipated that the policies and procedures will be approved by July 2009. The department is currently using these draft policies and procedures while awaiting approval.*

***OIG Position:*** *We will continue to monitor this recommendation until the policies and procedures are approved by the Secretary.*

**Finding No. 3: Contract Manager Training:** *Department contract managers generally did not participate in contract management training.*

**Recommendation 3:** *The Department should ensure that all staff assigned contract management responsibilities receive appropriate training in the various aspects of contract management.*

**Original Response 3:** *The department has been working on developing a three part contract management training class for all contract management staff. The training consists of (1) an overview of Chapter 287, Florida Statute, and Rule 60A-1, Florida Administrative Code (2) improving our sourcing abilities, and (3) management of contracts. The training modules will*

be completely developed by January 2009. In addition, the department is looking at making the training available electronically on the DMS Learning Place.

**Current Status of Recommendation 3:** The department has completed the four training modules for contract management staff to include (1) an overview of purchasing and its requirements (2) an overview of Chapter 287, Florida Statute, and Rule 60A-1, Florida Administrative Code (3) improving our sourcing abilities, and (4) management of contracts. However, not all contract managers have received or been informed of the training.

**OIG Position:** *The OIG queried the 29 current contract managers to determine whether they had received the appropriate training. Of the 29 managers queried, 23 responded. Of the 23 contract managers responding to our request, 8 had received the designated training. We recommend that the training modules be posted on the DMS Learning Place and the contract managers be notified of this action. We also recommend that attendance logs be maintained to serve as a record of training. We will continue to monitor this recommendation until all currently assigned managers have received the training.*

**Finding No. 4: Monitoring Contract Managers:** Contrary to established Department procedures, the contract administrator did not review contract manager files.

**Recommendation 4:** The Department should take steps to ensure that contract administrator reviews of all contract manager files are periodically conducted and documented.

**Original Response 4:** As part of the updated Purchasing Policies and Procedures, the department is adding additional tools (forms and flow charts) that will facilitate contract administrator review of contract files. These should be in place when the policies and procedures are completed in March 2009.

**Current Status of Recommendation 4:** The department updated the policies and procedures to include an annual review of the contract manager's file. This review is scheduled annually in June.

**OIG Position:** *We will continue to monitor this recommendation until the annual review has been conducted.*

#### **Access Controls**

**Finding No. 5: FLAIR Access Controls:** The Department did not timely remove Florida Accounting Information Resource Subsystem (FLAIR) access for terminated employees.

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**Recommendation 5:** To reduce the risks associated with unauthorized access and to protect the integrity of Department accounting records, we recommend that the Department ensure that effective procedures governing the timely cancellation of employee FLAIR access upon employee termination be implemented.

**Original Response 5:** In October 2008, Human Resources implemented an Employee Exit Checklist. This checklist will be routed to Financial Management Services for any employee who has access to FLAIR. This will assist management in ensuring that all terminated employees are deleted from FLAIR in a timely manner.

**Current Status of Recommendation 5:** The department uses the Employee Exit Checklist to ensure that access to systems are being timely removed of terminated employees. Also, Financial Management Services compares a list of terminated employees provided by Departmental Human Resources to FLAIR bi-weekly to ensure that these employees' FLAIR access is removed.

**OIG Position**

***We agree with the actions taken by the Division and recommend this finding be closed.***

If further information is needed, please contact John Davis, Auditor Director, or myself at 488-5285.

JSR/crm

cc: Kathy Dubose, Director of Joint Legislative Auditing Committee  
David W. Martin, Auditor General  
Ken Granger, Chief of Staff, Department of Management Services  
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