



Rick Scott
Governor

H. Frank Farmer, Jr., M.D., Ph.D., F.A.C.P.
State Surgeon General

December 20, 2011

H. Frank Farmer, Jr., M.D., Ph.D., F.A.C.P.
State Surgeon General
4052 Bald Cypress Way
Tallahassee, Florida 32399

Dear Dr. Farmer:

Pursuant to Section 20.055(5)(g), *Florida Statutes*, our office is to update you on the status of corrective actions taken since June 14, 2011 when the Auditor General published its Report Number 11-191, *Department of Health-Children's Medical Services and Selected Administrative Matters*. Management's assessment of the current status of corrective actions is included in the enclosed document.

At six months after publication, management reports they have completed all corrective actions made in response to recommendations from the Auditor General's report.

If I may answer any questions, please let me know.

Sincerely,

A handwritten signature in cursive script that reads "James D. Boyd".

James D. Boyd, C.P.A., M.B.A.
Inspector General

JDB/kir

Attachment

cc: Michael J. Bennett, C.I.A.
Director of Auditing
Kathy DuBose, Coordinator
Joint Legislative Auditing Committee

OFFICE OF INSPECTOR GENERAL

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Status of Findings



Report # 2011-191
Report Title: Department of Health-Children's Medical Services and Selected Administrative Matters
Report Date: June 14, 2011
Status As Of: December 14, 2011

| Number | Finding | Recommendation | Corrective Action Plan | Status of Finding |
|--------|---|---|--|--|
| 1 | The Department's procedures for noncompetitive contract procurement required the use of three forms to document contracting decisions: a Memorandum of Negotiation, Documentation for Noncompetitive Procurement, and a Cost/Price Analysis. While we noted that completed forms were generally present in the contract files, the explanations and information contained therein were not reflective of concerted staff efforts to procure the necessary services at an appropriate price. | The Department should improve its contracting procurement process to ensure that contracting decisions are based on concerted efforts to procure services at appropriate price. The Department should ensure compliance with the procedures with more thorough documentation requirements and supervisory review of completed forms. | Children's Medical Services Network (CMSN) will comply and include any additional information specific to the conditions contracted on the forms referenced. CMSN will update the Cost Price Analysis for the staffing contract with the University of Florida to include the information pertaining to the comparative pricing of position salaries and fringe for the same or similar state positions. | Completed. Children's Medical Services (CMS) has included additional information specific to the conditions contracted on the forms referenced for new contracts. The Cost Price Analysis for the staffing contract with the University of Florida, which ended 1/30/11, includes comparable state position information. |
| 2 | CMS Program area offices did not always follow department policy when using Memoranda of Agreement (MOA) or Memoranda of Understanding (MOU) in lieu of standard contract documents. | The Department should ensure that area offices comply with department policy regarding the limited use of MOAs and MOUs. Actions should include performing a comprehensive assessment to identify all MOAs and MOUs in existence within the department, reviewing existing MOAs and MOUs to determine whether the Department would be better served by converting the agreements to formal contracts, and implementing procedures to ensure that MOAs and MOUs are subject to review and approval by budget and contract administration staff and are timely entered into FLAIR for tracking and reporting. | CMS has started the process of collecting copies of all such agreements from the Area Offices in January 2011, and developing policies and processes to track these agreements (see attached). CMS will also instruct Area Office Program Administrators to submit any future or current agreements which have not completed the formal review process and which fall under the requirements of the policy memorandum through the prescribed routing and approval process. | Completed. CMS has copies of all such agreements from the Area Offices and is tracking these agreements. CMS has instructed Area Office Program Administrators to submit any future or current agreements which have not completed the formal review process and which fall under the requirements of the policy memorandum through the prescribed routing and approval process. |
| 3 | The Department did not always correctly enter the contract procurement method code into the Florida Accounting Information Resource Subsystem (FLAIR) Contract Subsystem. In addition, some procurement method codes maintained by the department in the FLAIR Title File were incorrect. | The Department should ensure that the correct contract procurement method codes are used in the FLAIR Contract Subsystem. Additionally, the Department should update the contract procurement method codes in the FLAIR Title File to reflect the codes authorized by department management. The Department should also provide additional guidance and training to persons responsible for entering and updating contract information in FLAIR and conduct periodic comparisons of the information to contract documentation. | The Department now has the capability of updating the procurement method codes in the FLAIR Title File to correctly reflect the department codes on the contract data form (H1122). In addition, the Department will provide training to selected county health department staff on the appropriate input of contract data in the FLAIR Contract Information File. Random samples of information in the file and the contract document will be made to ensure future accuracy. | Completed. |