



RICK SCOTT  
GOVERNOR

ELIZABETH DUDEK  
SECRETARY

February 18, 2014

Elizabeth Dudek, Secretary  
Agency for Health Care Administration  
2727 Mahan Drive  
Tallahassee, Florida 32308

Dear Secretary Dudek:

In accordance with Internal Auditing Standards, attached is the twelve-month status report from the Bureau of Support Services in response to our report *#13-08 Review of FFMIS and DSS Assessment Project Procurement* published on February 22, 2013.

Management indicated corrective action had been completed for the three remaining issues from our initial report. Management has accepted risk for two of those three issues. A detailed description of all issues, recommendations, and management's responses can be found in the attached table. All statuses are considered complete and there will be no further follow-up.

If you have any questions regarding this status report, please let me know.

Sincerely,

Eric W. Miller  
Inspector General

EWM/kc  
Enclosure

cc: Tonya Kidd, Deputy Secretary, Division of Operations  
Jennifer Barrett, Bureau Chief, Support Services  
Lance Dyal, Procurement Director, Support Services



**Agency for Health Care Administration**  
**Office of Inspector General – Internal Audit**  
**Report Title: Review of FFMIS and DSS Assessment Project Procurement**  
**Report #: 13-08, issued February 22, 2013**  
**Twelve-Month Follow-up Status as of February 18, 2014**

No.	Finding	Recommendations	Previous Management Response(s)	Status Update	Anticipated Completion Date and Contact
1	<p>The person serving as Contract Manager for AHCA RFP 008-11/12 was not an Agency Certified Contract Manager, as required by Agency policy. Although this person received contract manager training conducted by the Department of Financial Services as required by statute, his training occurred approximately two months after his appointment as Contract Manager for RFP 008-11/12.</p>	<p>The Agency should ensure only an Agency Certified Contract Manager is assigned to manage a contractual project.</p>	<p><u>Status as of February 22, 2013</u>            The Agency utilizes only Certified Contract Managers to manage active contracts. A Certified Contract Manager is not required during the solicitation process since there is not yet a contract. If an employee who is not certified as an Agency Contract Manager is assigned to a solicitation and will manage the resulting Contract, the Procurement Office will ensure they receive Agency Contract Manager Certification and Department of Financial Services Training as soon as possible.</p>	<p>Complete</p>	<p>Complete</p>
2	<p>The Mandatory Criteria evaluation sheet, which was completed for the vendor on the day the bids were opened, had a check by “NO” for Criteria F. This criterion is for “Financial Information.” The vendor failed to submit the Statement of Cash Flows and Notes to the Financial Statements. In addition, the vendor failed to submit an Income Statement that met the 12-month requirement. On June 12, 2012, the day the proposal was opened and evaluated for mandatory criteria, the proposal should have been rejected and posted to VBS as stipulated in the RFP.</p>	<p>The Agency should comply with its procurement language, “Failure to submit” any mandatory requirement “will result in the rejection of a prospective vendor’s response,” or not include those requirements in the procurement package.</p>	<p><u>Status as of February 22, 2013</u>            The Agency complies with Florida Statutes, Florida Administrative Code and Department of Management Services’ directives in relation to mandatory criteria requirements. The Agency moved forward with evaluation for the one respondent as a result of Section 287.057(5), Florida Statutes. The respondent was provided the opportunity to submit the necessary documents in order to meet mandatory requirements. The respondent was then evaluated.</p>	<p>Complete</p>	<p>Complete</p>

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3	The Mandatory Criteria sheet did not contain the vendor's name. Each document in a vendor's file should clearly identify that vendor in case any document is separated from the file.	The Mandatory Criteria sheet should have a place to identify the vendor whose information is recorded on the Mandatory Criteria sheet.	<u>Status as of September 16, 2013</u> The Procurement Office has added a Vendor identification line to all mandatory criteria forms.  <u>Status as of February 22, 2013</u> The Procurement Office will ensure the vendor name is identified on all mandatory criteria forms.	Complete	Complete
4	According to the RFP schedule, the "Anticipated Posting of Notice of Intent to Award" was June 25, 2012. The Agency posted the "Agency's notification of delay in the intended award" on June 26, 2012. For this posting, there were no addenda added to the advertisement or to the original solicitation document as required in the RFP. This may have led to some confusion when, on June 26, two (potential) vendors emailed the Agency and requested a copy of the RFP. The Agency's award decision was not advertised until July 23, 2012.	The Agency should post timely advertisements on VBS. All advertisements should have an adequate description of the purpose of the advertisement. Addendums should be attached with additional information.	<u>Status as of September 16, 2013</u> The Procurement Office will continue to ensure that all notices are posted timely and accurately to the Vendor Bid System.  <u>Status as of February 22, 2013</u> The Procurement Office will ensure notices are posted timely and accurately to the Vendor Bid System.	Complete	Complete
5	The Agency documented some decision points in the procurement process such as the review of the draft RFP, vendor questions and answers, and correspondence with the potential vendor. However, there	The Agency should document in writing all major decision points in the procurement process. Any communication with the Office of General Counsel should also be documented with specific detail.	<u>Status as of September 16, 2013</u> The Procurement Office will continue to ensure that sufficient and detailed documentation is maintained in the Procurement files.	Complete	Complete

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	<p>was no supporting documentation in the bid file explaining the reasons behind the Agency’s decision to post a delay of the award; to use Section 287.057(5), F.S.4 and proceed with the only vendor, SES, who responded to the RFP; or to allow SES to amend its proposal even though the vendor had not submitted all the required financial documentation and had an employee who was ineligible to participate on the project.</p>		<p><u>Status as of February 22, 2013</u>  The Procurement Office will ensure sufficient documentation is maintained in procurement files.</p>		
6	<p>The Evaluators’ score sheets had numerous changes including strike-throughs, changes noted in red, point changes, and total points changes. These changes were not always initialed, dated and/or explained. In addition, there was no designated place for Evaluators to sign and date their evaluations.</p>	<p>All changes should be explained in writing, initialed and dated. Evaluators should sign and date their score sheets. In the future, the Agency may want to consider asking the Evaluators to provide a brief narrative to sum up their evaluation and identify any issues/problems that requires a discussion.</p>	<p><u>Status as of September 16, 2013</u>  The Procurement Office has implemented new evaluator score sheets that require signatures and dates for each evaluator. See Question No. 12 for response to additional training.</p> <p><u>Status as of February 22, 2013</u>  The Procurement Office will develop a procedure to include evaluators signing and dating their score sheets. Evaluators will also be provided additional training by the Procurement Office.</p>	Complete	Complete
7	<p>Procurement staff verifying vendor past performance did not sign or date the Past Performance Questionnaire or the attached Reference Check Call Logs.</p>	<p>Procurement staff should sign and date questionnaires, as required.</p>	<p><u>Status as of September 16, 2013</u>  The Procurement Office will continue to ensure that staff sign and date the past performance questionnaire after completion.</p>	Complete	Complete

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			<u>Status as of February 22, 2013</u> The Procurement Office will ensure the past performance questionnaires are signed and dated.		
8	The Past Performance Questionnaire does not include the verification of the potential vendor’s project dates and project description. When employers perform reference checks, they normally ask the reference to verify this information.	The Agency should consider requiring the addition of the project dates and a detailed description of provided services on the questionnaires.	<u>Status as of September 16, 2013</u> The Procurement Office has revised the Past Performance Questionnaire to include verification of dates and a project description from the Client Reference.  <u>Status as of February 22, 2013</u> The Procurement Office will update the Past Performance Questionnaire.	Complete	Complete
9	The Agency awards three percent (20/656) of the total points for “Financial Information.” Three percent would not make a significant difference in any vendor’s total score. In addition, the Agency does not currently require audited financial statements. Unaudited statements could contain inaccurate, incomplete and/or unsubstantiated information.	1) The Agency should consider how scores and weights reflect what is important to the accomplishment of the project. If a category is important for the project, that category should reflect a higher weight and require detailed verification and/or evaluation of criteria.  2) The Agency should consider requiring audited financial statements for projects over a certain dollar threshold (example: \$1 million).	<u>Status as of September 16, 2013</u> In Progress:  1) The Agency has addressed the weight factor of the respondent’s financials in each of its procurements since the audit. Since each procurement varies, the Procurement office will ensure the weights are reflected accordingly by working with each program during solicitation development.  2) The Procurement Office has revised the financial language to include audited financial statements as an option for document submittal to financials. Depending on the type of procurement, audited financials may not be available.	<u>Status as of February 21, 2014</u>  1. The Procurement Office continues to work with each program office during solicitation development to ensure scoring weights are distributed appropriately per project.  2. The Procurement Office continues to use the revised financial language during solicitation development, if applicable. The Procurement Office has worked with each Program office to determine the language to be used with each solicitation.	Complete

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			<p>3) The Procurement Office is also currently working with Agency Management to develop new standard language for financial requirements depending on procurement type/service or dollar value.</p> <p>Anticipated Date of Completion: 12/31/13</p> <p><u>Status as of February 22, 2013</u>  The Agency has implemented revised financial language for solicitations.</p>	<p>3. The Procurement Office met with Agency Management and created revised financial language to use depending on the specific procurement project being developed.</p> <p>Complete - Risk Accepted by Management</p> <p><b>Auditor Note: Management is accepting that allowing nonaudited financial statements may be a risk.</b></p>	
10	<p>According to the Evaluator Score Sheets, there are no minimum scores required for the total overall score or individual criteria component scores. For example, if the total points scored in the financial information section is less than the minimum points required for that section, the vendor would be disqualified, even if the proposal otherwise met the minimum overall score. Minimum scoring would ensure the Agency contracts with a vendor who has the best quality, price, design and workmanship. Based on our interviews and reviews of the project's documentation, it appears Agency personnel managing this procurement were more concerned</p>	<p>To ensure contracts are awarded in the best interest of the state, the Agency should identify required minimum total scores. Minimum scores can be separated into different categories; for example, financial and technical. If multiple categories are defined, the proposals must meet each category's minimum score. Proposals that fail to attain minimum scores in any category should not be considered.</p>	<p><u>Status as of February 22, 2013</u>  The Agency will consider using minimum scores in making vendor selections if it is feasible to do so depending upon the specifications and requirements of the particular procurement.</p>	<p>Complete - Risk Accepted by Management</p>	<p>Complete</p>

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	with timeliness of the procurement than what was in the best interest of the Agency.				
11	For this project, there were two questions under “Staffing” that referred to subcontractors. According to the vendor’s proposal, SES did not intend to “utilize Subcontractors.” However, one of the Evaluators still scored the questions. Procurement staff subsequently marked through the questions on each Evaluator’s score sheets and reduced the “Staffing” total score by ten points.	Evaluation score sheets should not contain questions for nonrequired options, without a weighted score for those vendors that did not choose that option. This could appear to unfairly reward vendors. The Agency should not delete criteria on any vendor’s evaluation when the criteria do not apply to that specific vendor.	<p><u>Status as of September 16, 2013</u>  This issue resulted from an error in the evaluation criteria of the audited procurement. The Procurement Office will ensure accurate &amp; appropriate information is included in its Procurements and the score sheets reflect the same information.</p> <p><u>Status as of February 22, 2013</u>  The Procurement Office will ensure all score sheets are accurate and contain the appropriate information.</p>	Complete	Complete
12	In interviews, one of the Evaluators could not explain how he/she scored some of the questions. On the score sheets, one of the Evaluators scored two questions that did not apply to the vendor. In addition, two of the Evaluators did not take a copy of the RFP to refer to during the	To ensure consistency in how Agency competitive procurements are evaluated, the Agency should develop and implement Evaluator training. Each Evaluator should be required to attend the training before participating in any procurement process.	<p><u>Status as of September 16, 2013</u>  The Procurement Office continues to provide individual instruction to each evaluator for smaller procurements. Evaluator Training has been provided to the evaluators of the LTC and MMA Procurements.</p>	<p><u>Status as of February 21, 2014</u>  The Procurement Office now requires all evaluators to attend a Mandatory Evaluator Instructional Session with each solicitation. The session will be held before evaluations begin on a solicitation.</p> <p>Complete</p>	Complete



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	<p>evaluations even though the RFP contained more details than the Evaluator Score Sheets. We also noted, while two Evaluators' total scores were comparable, one Evaluator's total score was 98 points higher than the lowest total score.</p>	<p>In Evaluator training, the Procurement Office should stress the importance of reviewing and bringing a copy of the RFP to the evaluation. This would ensure consistency in what the Evaluators use in their assessment.</p>	<p>The Procurement Office is continuing to develop/update the Evaluator Training Criteria for future use, on an as needed basis</p> <p>Anticipated Date of Completion: 10/31/13</p> <p><u>Status as of February 22, 2013</u>  The Procurement Office will ensure evaluators receive sufficient training and are in the process of developing a more robust training.</p> <p>Anticipated Date of Completion: 6/30/13</p>		
13	<p>In our research to determine how the Agency performed procurements, we reviewed the Agency's Procurement of Goods and Services (Policy 4006) and the Contract Manager Desk Reference. These documents did not always address what occurred during this RFP. Examples include documenting decision points, establishing minimum scoring and assessing weights/scores.</p>	<p>The Procurement Office should update their procedures to address any gaps in the procurement process.</p>	<p><u>Status as of September 16, 2013</u>  The Procurement Office is continuing the process of updating the current policies and procedures.</p> <p>Anticipated Date of Completion: 10/31/13</p> <p><u>Status as of February 22, 2013</u>  The Procurement Office is in the process of updating Procurement Policies and Procedures.</p> <p>Anticipated Date of Completion: 6/30/13</p>	<p><u>Status as of February 21, 2014</u>  The Procurement Office has updated the Procurement Policy (AHCA Policy 4006 – Procurement of Goods/Services) and it has been posted to the Procurement Office's SharePoint site.</p> <p>The solicitation audited was created from a legislative appropriation from which only one vendor responded. Procurement and Program Staff in consultation with the General Counsel's Office determined the basis for proceeding in award with this RFP. In these instances decisions are made verbally as attorney work product.</p> <p>The Procurement Office works closely with</p>	Complete



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				<p>the Program Office to ensure procedures are followed during a solicitation. See below for award process:</p> <p>RFPs are evaluated and the final ranking provided to the Program Office to determine award. The Award is provided to the Procurement Office from the Program Office on an official award decision memo.</p> <p>ITNs are evaluated and the final ranking determines the vendors to invite to negotiations. Negotiations are held and the negotiation team recommends an award to the Program office. The award is provided to the Procurement Office from the Program Office on an official award decision memo.</p> <p>Establishing minimum scoring and assessing weights/scores:  The Agency has determined that minimum scoring would not be beneficial to use as the Agency procures multiple different types of services. However, during the evaluation phase, a vendor must meet internal standards of the Procurement Office to be considered for award. A Vendor scoring less than 50% will not be recommended for award.</p> <p>The Procurement Office has internal guidelines in reference to scoring/weights.</p>	

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				<p>The Procurement Office strives to meet at least 20% overall score with Past Performance, at least 10% on cost proposal and 10% on financials. These can fluctuate depending on the project and Program Office specific needs. The Procurement Office works with the Program Office during development of a solicitation document to ensure the best scoring criteria is set.</p> <p>Complete - Risk Accepted by Management</p> <p><b>Auditor Note: Management is accepting that not requiring minimum scoring or documenting decision points may be a risk in awarding future procurements.</b></p>	