



Office of the Inspector General House Bill 1079 Contract Procurement Compliance

Report #A-2122DOE-007

April 2022

Introduction

In accordance with the Department of Education's (DOE) fiscal year (FY) 2021-2022 audit plan, the Office of the Inspector General (OIG) conducted an audit of the DOE Bureau of Contracts, Grants, and Procurement Management Services contract procurement procedures. This audit satisfies the requirements of House Bill 1079, passed during the 2020-2021 Legislative Session, which amended section 287.136, Florida Statutes, to require a periodic risk-based compliance audit of all contracts executed by a state agency to identify any trends in vendor preferences.

Scope, Objectives, and Methodology

The scope of this audit included an examination of a sample of contracts executed by the Department under Chapter 287, Florida Statutes, from FY 2018-2019 through FY 2020-2021. We established the following objectives for our audit:

1. Determine if the Department administers its procurement and contract execution functions in compliance with Section 215.985 (14)(a), Florida Statutes; and
2. Identify any trends in vendor preference in the procurement and execution phases of the Department's contracts.

To accomplish our objectives we reviewed applicable laws, rules, and regulations; interviewed Bureau of Contracts, Grants, and Procurement Management Services staff; reviewed policies, procedures, and related documentation; and sampled approximately one-third of the Department's standard two-party contracts from FY 2018-2019 through FY 2020-2021.

Background

The state's purchasing laws are designed to promote fair and open competition in the public procurement process. The goal is to reduce the appearance and opportunity for favoritism and foster public confidence that contracts are awarded equitably and economically. Use of state term contracts is mandatory for Florida agencies in accordance with section 287.056, Florida Statutes.

There were 291 standard two-party contracts procured by DOE during the review period of FY 2018-2019 through FY 2020-2021. The majority of contract purchases involved services to persons with physical and/or mental disabilities and were in excess of \$100,000 per contract. Table 1 illustrates the number and type of standard two-party contracts for the review period:

Table 1
Number of Standard Two-Party Contracts (Grand Total of 291)
Fiscal Years 2018-2019 through 2020-2021

Type of Vendor	FY 2018-2019	FY 2019-2020	FY 2020-2021
Blind Services (DBS)	54	3	48
Vocational Rehab (VR)	117	17	2
Education and Training	16	8	6
Management Support	3	2	0
Legal Services	6	7	2
Total for Year	196	37	58

The Bureau of Contracts, Grants, and Procurement Management Services oversees the review, approval, execution, amending, and monitoring of the Department's contracts, grants and purchase orders. Purchase orders and grant disbursement awards are outside the scope of this review. This office also is responsible for implementing all purchases for the Department in accordance with state and federal laws and rules, thus assuring that goods and services are procured at the best value for the state. Staff of the Bureau of Contracts, Grants, and Procurement Management Services submit documentation of executed contracts and periodic contract amendments to the Department of Financial Services' Florida Accountability Contract Tracking System (FACTS). The process by which contracts are executed also includes internal reviews and approvals from the DOE Budget Office, the Comptroller's Office, and Legal staff, with assistance from relevant program offices dependent on the contract rendered.

Contract Exemptions Per Statute

Overall, 284 of 291 (97.6 %) of the standard two-party DOE contracts executed in the review period were exempt from competitive bidding processes. This determination was based on section 287.057(3), Florida Statute, which exempts several types of contracts from competitive solicitation requirements to include legal services, services to persons with mental or physical disabilities served by non-profit corporations, training and education services, and services or commodities provided by government agencies. We sampled 93 contracts, which yielded 89 (95.7%) exempt contracts. Most DOE contracts are exempt as these serve persons with mental or physical disabilities or legal services.

Audit Results

As required by section 287.136, Florida Statutes, we found no trends in vendor preference by DOE for the review period. We concluded the procurement function has implemented internal processes and procedures sufficient to ensure compliance with state purchasing laws and found no material instances of non-compliance with procurement laws for the period reviewed¹.

Closing Comments

The Office of the Inspector General would like to recognize and acknowledge the Bureau of Contracts, Grants, and Procurement Management Services staff for their assistance during the course of this audit. Our fieldwork was facilitated by the cooperation and assistance extended by all personnel involved.

To promote accountability, integrity, and efficiency in state government, the OIG completes audits and reviews of agency programs, activities, and functions. Our audit was conducted under the authority of section 20.055, F.S., and in accordance with the International Standards for the Professional Practice of Internal Auditing, published by the Institute of Internal Auditors, and Principles and Standards for Offices of Inspector General, published by the Association of Inspectors General. The audit was conducted by James Russell and supervised by Bradley Rich, Audit Director.

Please address inquiries regarding this report to the OIG's Audit Director by telephone at 850-245-0403. Copies of final reports may be viewed and downloaded via the internet at <https://www.fldoe.org/about-us/office-of-the-inspector-general/audit-reporting-products.shtml>. Copies may also be requested by telephone at 850-245-0403, by fax at 850-245-9419, and in person or by mail at the Department of Education, Office of the Inspector General, 325 West Gaines Street, Suite 1201, Tallahassee, FL 32399.

¹ We identified three instances where contracts were not entered timely, but we determined the error rate to not be a material deficiency. We disclosed the observation verbally to DOE management.