Office of Inspector General
Florida Alliance for Assistive Services and Technology, Inc.

Report #A-1415-006 **July 2015**

Executive Summary

In accordance with the Department of Education's (department) fiscal year 2014-15 audit plan, the Office of Inspector General conducted an audit of the Division of Vocational Rehabilitation's (DVR) contracts with Florida Alliance for Assistive Services and Technology (FAAST). The purpose of this audit was to ensure DVR has sufficient internal controls in place to manage FAAST's contracts and to determine compliance with the contracts.

During this audit we noted that, in general, DVR has sufficient controls in place. However, we noted instances where DVR and FAAST could strengthen their controls. For example, we cited instances where FAAST did not monitor regional demonstration centers, meet contract deliverables, or ensure expenditures aligned with the approved budget. We also cited instances where DVR did not monitor FAAST contracts or adequately and timely review invoices. The Audit Results section below provides details of the instances noted during our audit.

Scope, Objectives, and Methodology

The scope of this audit included an examination of assistive technology devices and services provided by FAAST through its contracts with DVR during the period of October 1, 2013, through September 30, 2014. We established the following objectives for our audit:

1. Determine if DVR effectively manages and monitors the contracts for compliance.
2. Ensure expenditures are made and reimbursed in accordance with contractual terms.
3. Ensure assistive technology services and devices are provided in accordance with applicable laws, rules, and regulations, as well as contractual terms and conditions.

To accomplish our objectives we reviewed applicable laws, rules, and regulations; interviewed appropriate DVR and FAAST staff; reviewed contracts, their amendments, and related documents; reviewed policies and procedures; reviewed invoices and supporting documentation; and reviewed a sample of expenditures and related documents.

Background

The Florida Alliance for Assistive Services and Technology program is administered through the Department of Education, Division of Vocational Rehabilitation, and is federally funded by the Rehabilitation Services Administration (RSA) under the Assistive Technology Act of 1998, as amended in 2004. Since its inception in 1998, FAAST has been a resource to provide Floridians free access to information, referral services, educational programs, and publications in an accessible format on extensive topics related to disability rights, laws and policies, and funding opportunities for assistive technology.

DVR entered into contracts with FAAST for the purpose of coordinating and delivering appropriate, cost effective, state-of -the-art assistive technology (AT) services and devices. Many high-tech and low-tech devices are available to assist people with disabilities in daily living tasks, communication, education, work, and recreation. Assistive technology services support people with disabilities or their caregivers to help them select, acquire, or use AT devices. Such services also include functional evaluations, training on or demonstration of devices, and purchasing or leasing such devices.

DVR provides general revenue funds to FAAST through contract 11-100 and federal funds through contract 11-101. Contract 11-100 was renewed effective July 1, 2013, and included $444,415 in funding through June 30, 2014. Contract 11-101 was renewed effective October 1, 2013, and subsequently amended to provide $665,577 in funding through September 30, 2014. Through these contracts, FAAST entered into sub-recipient agreements with six existing regional demonstration centers (RDC) around the state.

Audit Results

Finding 1: FAAST did not effectively monitor the regional demonstration centers

Attachments H and G, respectively, of contracts 11-100 and 11-101 state, "Monthly, quarterly and annually, the Contract Services manager will update a checklist and spreadsheet pursuant to the desk monitoring procedure requirements with the contracts to track and document monthly, quarterly and year to date progress regarding all required Regional Demonstration Center deliverables reconciled to the contract deliverables." This same requirement is also included in FAAST's agreements with the RDCs.

The review of sampled monthly desk monitoring checklists for April, May, and June of 2014 for the six RDCs revealed that FAAST completed only five of the 18 desk monitoring checklists. FAAST staff did not appropriately sign or date any of the five completed checklists. The checklists also do not document the quarterly progress of the RDCs. FAAST staff indicated they did not complete the desk monitoring reports on a consistent basis due to staff turnover, and they completed some reviews that they did not document.

Attachment H of contract 11-100 and contract 11-101 states, "The Contract Services Manager and other FAAST staff as applicable will conduct annual onsite audit and monitoring reviews of all Regional Demonstration Centers with detailed follow up preliminary, final reports and corrective action plan requirements, as applicable. A follow up onsite audit review to the annual review will also be conducted within the fiscal year with a preliminary and final report and will be copied to the FAAST central file and available for easy reference within the Contract Service Manager's reach."

The Sub-Recipient Monitoring section of FAAST's Accounting Policies and Procedures Manual states, "Each sub-recipient will receive both programmatic and fiscal monitoring. There will be a monthly desk audit as well as a bi-annual physical site review during the grant period to ensure compliance with applicable federal and state grant compliance requirements, as well as to ensure attainment of performance goals." The manual further states, "Following performance of monitoring, the Director of Development and Program Services will issue a written report within 30 days. This report will include findings identified and any necessary corrective action required."

Attachment A of the contracts requires that the monitoring reports provide a determination as to whether the sub-recipients are complying with the terms and conditions of the sub-recipient agreement; a determination as to whether expenditures to sub-recipients are allowable pursuant to the agreement; an evaluation of performance based on the performance measures/standards established in the agreement; and a corrective action plan if any center is found to be out of compliance.

FAAST conducted one onsite review for each of the six RDCs, but no follow-up onsite reviews. FAAST did not include all required elements in the site monitoring reports completed for the six onsite reviews. FAAST did not include information in the best practices or lessons learned sections of the monitoring reports or notate what the ratings were based upon. FAAST did not place a checkmark for any of the 20 items in one of the monitoring reports or provide the comments and conclusion for one report.

Additionally, the checklist utilized for the onsite monitoring did not include all monitoring protocols required in the contracts. Furthermore, the monitoring reports did not appear to provide a determination as to whether expenditures were allowable or an evaluation of sub-recipient performance based on the performance measures/standards established in the agreements. FAAST did not complete two of the six monitoring reports within the 30 days required by FAAST's accounting manual.

The lack of monitoring hinders FAAST's ability to confirm that the RDCs are operating in compliance with their agreements. This could result in individuals not receiving AT services and devices or RDCs being paid for services not rendered.

Recommendation

We recommend FAAST enhance its procedures to ensure they monitor the RDCs in accordance with contract terms.

FAAST Management Response

FAAST management concurs with this finding. All invoices, along with check requests, will be presented to the FAAST Executive Director along with desktop monitoring reports. The Executive Director will review the desktop monitoring report and sign off on it before approving all payments. Invoices, check requests, and desktop monitoring reports are stored in the FAAST accounts receivable files by month.

Finding 2: DVR did not effectively monitor the FAAST contracts

Attachment A of contracts 11-100 and 11-101 states, "The degree and frequency of Agreement monitoring will be in accordance with the annual monitoring schedule." The Contract Monitoring Unit Guidebook (CMU Guidebook) requires contract managers to complete a risk valuation for each contract and to prepare a contractor monitoring plan within 30 days of execution of a contract. The Contract Management & Accountability Workshop Training Manual & Handbook additionally requires clearly defined monitoring techniques and timetables in the monitoring plan and states, "The contract manager should document all monitoring activities and the outcomes." DVR's Effective Monitoring Procedures additionally require the reviewer to certify and date a document at the end of desktop monitoring to show the contractor was monitored. This document must include the findings and recommendations.

DVR completed a risk assessment for the contracts, designating a risk rating of medium for both. The resulting monitoring plans required quarterly desk monitoring and annual field visit monitoring.

DVR did not conduct field visit monitoring of the FAAST contracts during the audit period. DVR staff stated that they conducted desktop monitoring by reviewing the quarterly invoices and backup documentation. However, DVR staff did not document the monitoring activities and outcomes or provide findings and recommendations.

The absence of documented monitoring hinders DVR's ability to ensure FAAST is satisfactorily meeting the performance requirement of the contracts. This can result in FAAST receiving reimbursement for expenses not deliverables that were not met.

Recommendation

We recommend DVR enhance its procedures to ensure they monitor the contracts and document the monitoring activities in accordance with procedures and the monitoring plans.

DVR Management Response

Concur. Desk procedures will be written for managing the FAAST contracts, which will include adherence with established monitoring plans.

Finding 3: FAAST did not meet all contract deliverables

Attachment A of the contracts details the deliverable requirements. Section V.5 of attachment A states, "At the end of the Agreement period, the Division Contract Manager will validate that the minimum number of annual activities has been achieved before final contract payment is approved. The validation will be based on quarterly invoices and reports as well as an Annual Performance report provided by the Recipient…."

The quarterly invoices for both contracts provide a summary of the deliverables completed during each quarter. The annual performance report also details the deliverables for each quarter and provides a total for the contract year. Our review of quarterly invoices revealed instances where FAAST omitted numbers for some deliverables, did not accurately total numbers, or changed numbers from previous quarters with no explanation.

We also found that the reported totals in the annual performance reports conflicted with the reported amounts from the quarterly invoices. There are discrepancies between the quarterly invoice totals and the annual report total for 16 of the 25 deliverables (64%) for contract 11-100 and for 17 of the 28 deliverables (61%) for contract 11-101. For example, FAAST reported providing structured presentations to 110 individuals attending conferences, exhibits, and other events in their quarterly invoices, while the annual report reflected 5,691 individuals. DVR did not document identification or resolution of these issues prior to approving the invoices for payment.

Comparison of the final invoices to the minimum deliverables set forth in the contracts revealed that FAAST did not meet four of the 25 deliverable requirements in contract 11-100, and four of the 28 deliverable requirements in contract 11-101. The minimum deliverable requirements not met for contract 11-100 include: follow-up site visits to each RDC; monthly desk monitoring of RDCs; updated database reports; and equipment exchanges on AT Bay. The minimum deliverable requirements not met for contract 11-101 include: follow-up site visits to each RDC; monthly desk monitoring of RDCs; structured presentations at conferences; and purchase of assistive technology devices. For two of these, the deliverable would have been met if we used the totals from the annual report. However, because FAAST was unable to provide documentation or an explanation for the discrepancies, we used the totals from the four quarterly invoices.

Contracts 11-100 and 11-101 require the final payment to be reduced at the end of the agreement period if FAAST did not meet the agreed upon minimum number of units or activities for the agreement. The contracts specify the amount of reduction for each unit not provided. DVR's contract manager did not make reductions to the final payments, though FAAST did not meet all deliverables for either contract.

Discrepancies in reported deliverable numbers hinder DVR's ability to confirm FAAST met the minimum number of annual activities. The approval of invoices without confirmation that deliverables have been met results in DVR paying for services not provided.

Recommendation

We recommend FAAST improve its procedures to ensure accuracy of reported deliverables and maintain adequate documentation to support performance. If FAAST makes adjustments subsequent to an approved invoice, they should provide an explanation to DVR. We also recommend DVR enhance their procedures to ensure they confirm FAAST is on track with quarterly deliverable amounts and meets all deliverable requirements prior to final payment.

DVR Management Response

Concur. Desk procedures will be written for managing the FAAST contracts, which will include tracking quarterly deliverable amounts and reviewing deliverables for compliance with all requirements.

FAAST Management Response

FAAST management concurs with this finding. FAAST implemented organization wide data collection procedures and online data collection tool on October 1, 2014. All deliverables now have a method for internal validity that can be used to determine which RDC conducted the activity and the count. Also, RDCs have been assigned to one contract to remove duplication of deliverables being counted on both DVR contacts.

Finding 4: DVR did not adequately and timely approve invoices

Chapter 215.422 of the Florida Statutes indicates that each agency has five working days to approve the invoice and inspect the goods or services, unless the bid specifications, purchase order, or contract specifies otherwise.

FAAST timely submitted the four quarterly invoices for contract 11-100 and contract 11-101 to DVR at the end of each quarter. FAAST resubmitted four of the eight invoices and DVR reviewed the resubmitted invoices timely. DVR could not provide evidence that the review of the original invoice submission occurred timely or documentation of notification to FAAST regarding the requirement to resubmit the four invoices. DVR did not review the remaining four invoices within five working days. According to DVR, the turnover in FAAST and DVR staff contributed to the delay in reviewing and approving invoices.

Attachment B, Section III of contracts 11-100 and 11-101 provides a description of items to be submitted with each quarterly invoice, which includes supporting documents, a quarterly budget reconciliation report, itemized expenditure reports, a quarterly report detailing the deliverables, and back-up documentation for those deliverables. Section III additionally requires the submission of an annual performance report after the fourth quarter that includes an inventory and final budget reconciliation report.

Two of the four invoices submitted for contract 11-101 did not include a budget reconciliation report. The Annual Performance Report submitted for both contracts did not include an inventory. FAAST staff indicated that they did not include an inventory in the submission of the annual performance report because they were not aware of the requirement.

The untimely review and approval of invoices results in delayed payments to FAAST. This can hinder FAAST's ability to provide AT services and devices to eligible consumers DVR's failure to ensure all required invoice documents are provided can lead to paying for services or equipment not provided in accordance with contract terms.

Recommendation

We recommend DVR enhance its procedures to ensure they review FAAST invoices in accordance with Florida Statute. If DVR requires FAAST to resubmit an invoice, DVR should notate when the original review occurred and why they deemed the invoice incomplete. We also recommend DVR ensure FAAST submits all required documents prior to paying an invoice.

DVR Management Response

Concur. Desk procedures will be written for managing the FAAST contracts, which will include timely review of invoices. Additionally, a tracking log will be developed to keep up with invoice receipt dates, rejection dates, and other pertinent details.

Finding 5: FAAST expenditures did not conform with the approved contract and budget.

Attachment F of Contract 11-100 states, "Payment may be authorized only for allowable expenditures on the invoice which are in accord with the limits specified on the line item budget approved by the Division…. Modifications to the approved line item budget not affecting the total agreement amount may be made only after they have been reduced to writing and written approval by the Division's contract manager has been given in advance."

There were multiple instances where FAAST added line items and changed the budget amounts for contract 11-100 without prior approval from DVR. FAAST added four line items that were not included in the approved budget: contracted services, software, bank fees, and personnel other. FAAST also modified the budgeted amounts on the budget reconciliation reports for 38 of the 53 line items (71.7%) one or more times during the four quarters reviewed.

The DVR contract manager did not approve the budget for contract 11-101 until May 5, 2014, due to the federal sequestration. Though the budget approval occurred during the third quarter, FAAST added six line items not included in the approved budget within the fourth quarter: FAAST access magazine/self-help resource guides, credit reports, equipment under $500, mobile phone, personnel other, and travel other. FAAST also modified the budgeted amount on the budget reconciliation report for 6 of the 57 line items (10.5%).

Comparison of FAAST's expenditures to the approved budgets showed many expenditure totals varied significantly from the approved line item budgets. For contract 11-100 the expenditure totals for 13 of the 53 line items exceeded the approved budget by more than 25% (28.17% - 972.36%), and the expenditure totals for 13 line items came in at least 25% under budget (38.83% - 100%). For contract 11-101 the expenditure totals for 13 of the 57 line items exceeded the approved budget by more than 25% (32.38% – 3329.36%), and the expenditure totals for 15 line items came in at least 25% under budget (25.24% - 100%).

The line item budget modifications did not affect the total agreement amount, but the DVR contract manager did not approve the modifications in advance as required by the contract. Additionally, the allocation table provided by FAAST appeared to be outdated, as the allocation percentages utilized by FAAST during the audit period differed from those reflected in the allocation table. There were also many instances where FAAST inadvertently reversed the allocation percentages for the two contracts.

We reviewed a sample of 22 expenditures for contract 11-100 and 36 expenditures for contract 11-101. Twenty of the expenditures from each sample consisted of expenses allocated to both contracts, resulting in the review of documentation for 38 expenditures. FAAST could not provide documentation for an expenditure paid to Verizon Wireless on June 4, 2014, in the amount of $1,119.87. Twelve of the reviewed expenditures were payments made toward FAAST's credit card balance and reflected Regions Bank as the payee. Submitting payments toward credit card balances with no documentation to support the individual credit card purchases made it difficult to identify the correct amount allocable to the specific category for each expenditure paid with the credit card. FAAST could not provide supporting documentation for seven of the twelve credit card expenditures, preventing any determination of the allowability of these expenditures.

Attachment C of the contracts allows for reimbursement of travel expenses pursuant to section 112.061, Florida Statutes. It requires submittal of an Authorization to Incur Travel form and a Reimbursement For Travel form. Ten of the sampled expenditures include travel expenses. FAAST did not appropriately document two travel expenditures because FAAST believed they were not required to complete travel forms for prepaid travel expenses or for travel expenses that do not include overnight absence. We noted several instances where travel documents did not include a justification for the use of a less economical vehicle or the agenda or brochure for a conference or event attended by FAAST staff and board members. FAAST did not submit an Authorization to Incur Travel form for any of the ten travel expenditures.

The lack of appropriate documentation and the modification of the line item budget without prior written approval can result in FAAST receiving reimbursement for expenses not related to the contracts. This can cause funds to be misdirected, which could negatively impact the AT devices and services provided to eligible individuals.

Recommendation

We recommend FAAST enhance its procedures to ensure they document expenses appropriately and they receive written approval from the DVR contract manager prior to making modifications to the approved budgets. We also recommend FAAST submit an updated allocation plan to DVR. We recommend DVR more closely review invoices to ensure FAAST documents expenditures appropriately, and ensure the expenditures align with the approved budget.

DVR Management Response

Concur. Desk procedures will be written for managing the FAAST contracts, which will include closely reviewing invoices to ensure all expenditures fully align with the approved budget.

FAAST Management Response

FAAST management concurs with this finding. All FAAST expenditures will have a financial facesheet that ensure proper allocation and coding back to contract deliverables. Current FAAST management was unaware it needed approval for budget modifications. FAAST will submit budget narratives more timely to DVR. In addition, FAAST will submit its allocation plan and time sample data to DVR.

Closing Comments

The Office of the Inspector General would like to recognize and acknowledge the Division of Vocational Rehabilitation and the Florida Alliance for Assistive Services and Technology 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 William Bull and supervised by Janet Snyder, CIA, CGAP, Audit Director.

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