Advancing Accountability
For Recipients and Sub-Recipients

BEST PRACTICES IN CONTRACT AND GRANT MANAGEMENT

FLORIDA DEPARTMENT OF FINANCIAL SERVICES
Overview
Scope of CFO Authority

➢ Settle all claims against the state
➢ Examine disbursements made out of the state treasury

§ 17.03 F.S.
Scope of CFO Authority

§ 17.03 & 215.42 F.S.  https://myfloridacfo.com/Division/AA/Memos/default.htm
Shared Responsibilities

- CFO
- Division of Accounting and Auditing
- Bureau of Auditing
BOA Mission

Provide *reasonable assurance* to the taxpayers of Florida that funds disbursed from the state treasury are *valid obligations* of the State and are in *general compliance with state statutes and rules*.
Type of Audits

- Pre-Audits
- Contract Reviews
- Expanded Audits of Payment
- Contract Management Reviews
Key Elements of Accountability

➢ Knowing and understanding the responsibilities/obligations that exist
  ▪ Fiscal
  ▪ Programmatic

➢ Accepting the Responsibilities

➢ Demonstrating performance
Definitions
Authorizing Documents

Contracts
Grant Agreements
Purchase Orders
Memorandum of Agreement
Memorandum of Understanding
State Financial Assistance

State resources, not including federal financial assistance and state matching on federal programs, provided to a non-state entity to carry out a state project.

§ 215.97 F.S.
Inclusive Term

Agreement

Contracts

Grants
Vendor or Recipient

**Vendor**
- Paid for provided services
- Can make profit
- Provide service for the state

**Recipient**
- Funded for providing services
- Cannot be funded beyond cost of allowable activities
- Provide service on behalf of the state
Inclusive Term

Provider

Vendor

Recipient
Planning
Objectives

➢ Name the five steps of planning
Planning - Considerations

✓ Business need/public purpose
✓ Agency/program authority
✓ Budget
✓ Time available for procurement
✓ Projected value of needed services
✓ Type of procurement needed
Planning - 5 Steps

1. Define goals and objectives
2. Review prior information
3. Specify tasks
4. Identify funding source
5. Determine payment method
1. Define Goals & Objectives

Consider

- Agency mission
- Program goals
- Current and long term needs
2. Review Prior Information

Sources
- Similar contract for similar services
- Another agency’s contract for similar services
- Prior contracts with same vendor

Information to review
- Quality of services received
- Provider performance
- Cost of services
- Schedule of milestones
3. Specify Tasks

Identify the specific tasks to be achieved

➢ Posted on solicitations
➢ Foundation of developing scope of work and performance standards for the contract
4. Identify Funding Source

Questions to answer

➢ Is there an appropriation for the purchase?
➢ What restrictions are tied to the use of the funds?
➢ Are the funds state financial assistance?
  ▪ What are allowable and unallowable activities?
  ▪ Will the provider be considered a vendor or recipient?
Florida GAA

365  SPECIAL CATEGORIES

GRANTS AND AIDS - CONTRACTED SERVICES

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FROM GENERAL REVENUE FUND</td>
<td>1,176,801</td>
</tr>
<tr>
<td>FROM FEDERAL GRANTS TRUST FUND</td>
<td>11,708,995</td>
</tr>
<tr>
<td>FROM WELFARE TRANSITION TRUST FUND</td>
<td>166,494</td>
</tr>
</tbody>
</table>

From the funds in Specific Appropriation 365, the nonrecurring sum of $100,000 from the General Revenue Fund is provided to the Comprehensive Emergency Services Center in Tallahassee for direct and preventative services to the homeless, or to those at-risk of becoming homeless.
5. Determine Payment Methods

**Fixed Price**
Single amount paid upon completion of specified tasks

**Fixed Rate**
Cost per unit of commodity or service

**Cost Reimbursement**
Reimburse for undetermined final cost
*Not-to-exceed limit applies*

A combination of multiple payment methods can be used when appropriate
Procurement
Objectives

➢ Describe the three methods of competitive procurement

➢ Define the difference between competitive and non-competitive awards
Procurement

➢ Recognizes that fair and open competition is a basic tenet of public procurement.

  ▪ Legal compliance
  ▪ Ethical Approach
  ▪ Paying fair market rate

Section 287.001, Florida Statutes
Competitive Procurements

§ 287.057 F.S.
Noncompetitive Awards

➢ Sole source
➢ Line item appropriation
➢ Exempt services*
➢ Grants not awarded via section 287.057, F.S.
➢ ITB, RFP, ITN with only one responsive vendor

*§ 287.057 F.S.
Cost Analysis
Objectives

➢ Recognize when to perform a cost analysis
➢ Identify the criteria for conducting a cost analysis
➢ Discuss the factors to consider when performing a cost analysis
Cost Analysis

- Review detailed budget
- Make determinations: Allowable, Reasonable, Necessary, Allocable
- Maintain record of decisions and supporting documentation

§ 216.3475, F.S.
Cost Analysis

- Performed before contract execution
- Performed by the state agency
- Supporting documentation, signed and filed
- Completed on approved form
Cost Analysis Triggers

LEGALLY REQUIRED
Non-competitive awarding of funds
➢ Sole source
➢ Exempt
➢ Line item appropriations
➢ Single response to a competitive procurement

BEST PRACTICE
Competitively procured agreements that
➢ are with recipients
➢ reimburse costs

§ 216.3475, F.S.

https://myfloridacfo.com/Division/AA/Memos/default.htm
Cost Analysis Factors

- Allowable
- Necessary
- Reasonable
- Allocation

Evaluation Criteria
Cost Analysis Factors

**Allowable**
Authorized by state or federal laws and rules

**Evaluation Criteria**

Expressed or Implied Statutory Authority
*Attorney General Opinion 78-101*
Legal Authority

**State Level**
- Florida Statutes
- Florida Administrative Code
- Reference Guide for State Expenditures
- Catalog of State Financial Assistance

**Federal Level**
- Catalog of Federal Domestic Assistance
- 2 CFR part 200
Cost Analysis factors

**Necessary**
Required for program success

**Evaluation Criteria**
Cost Analysis Factors

What a prudent business would pay

Reasonable

Evaluation Criteria
Cost Analysis Factors

Evaluation Criteria

Obligation is proportionate to benefit

Allocation
Supporting Documentation Examples

➢ W2 forms
➢ Payroll forms
➢ Leasing agreements
➢ Cost allocation plan
Cost Analysis Triggers

**LEGALLY REQUIRED**

Non-competitive awarding of funds
- Sole source
- Exempt
- Line item appropriations
- Single response to a competitive procurement

§ 216.3475, F.S.

**BEST PRACTICE**

Competitively procured agreements that
- are with recipients
- reimburse costs

https://myfloridacfo.com/Division/AA/Memos/default.htm
Transparency Initiative
Objectives

➢ Identify legal requirements for using the FACTS system
Purpose
All Original Agreements/Amendments
30 days to upload
Posted Payments
Public access

Unless exempted § 215.985(14)(i), F.S.
Agreements
Objectives

- Identify required elements in a contract and/or grant
- Identify requirements of contract amendments
Agreement Purpose

➢ Establish relationship
➢ Legal basis
➢ Set performance expectation
Required Elements

Scope of Work
• All tasks and services to be completed by the provider

Deliverables
• Quantifiable, verifiable & measurable units of work completion required to trigger payment

Financial Consequences
• A reduction of payment for nonperformance or noncompliance

§ 287.058 & 215.971, F.S.
Other Legal Requirements

**CONTRACTS**

- Sufficient information to audit bills and fees
- Travel to be in accordance with 112.061
- Unilateral cancellation for refusal to allow public access to records
- A specified final date for completion of services
- Renewal language-3 years or original agreement term
- The addressing of property rights
- Any obligation to pay is contingent upon appropriation

§ 287.058, F.S.
Other Legal Requirements

GRANTS

➢ Any balance of unobligated funds must be refunded to the state

➢ Any funds paid in excess of amount entitled to recipient must be refunded

➢ Inclusion of standard audit language

§ 215.971, F.S.
Changes to Agreement

- Change Deliverables
- Funding Changes
- Service Location Change

Contract Amendment
Changes to Agreement

- No retroactive changes
- All parties must approve in writing/signatures
- Cannot change the scope of work
## Changes to Agreement

<table>
<thead>
<tr>
<th>Section</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Renewals</strong></td>
<td>• Longer of 3 years or original term</td>
</tr>
<tr>
<td></td>
<td>• Prohibited on single source and emergency</td>
</tr>
<tr>
<td><strong>Extension</strong></td>
<td>• Up to 6 months</td>
</tr>
<tr>
<td></td>
<td>• Additional only if beyond provider’s control</td>
</tr>
<tr>
<td><strong>Assignment</strong></td>
<td>• Only with prior agency approval</td>
</tr>
</tbody>
</table>
Compensation Changes

- More tasks
- More clients
- More labor/materials

- Fewer tasks
- Fewer clients
- Fewer labor/materials
Payment Terms

➢ Identify the specific information to be included on each invoice.

➢ Identify the documentation required to accompany each invoice and the format in which it is to be submitted.

➢ Identify timelines for invoice submission and approval and deadline for final payment.

➢ Identify advanced payment guidelines.

*Rule 69I-40.002, F.A.C.*
Reporting

➢ Establish frequency requirements
➢ Include content requirements in the agreement
➢ Provide a format
➢ Require documentation to support information
Agreement Files

➢ Maintained for each agreement
➢ Neat, complete, and organized
➢ Records must be retained for at least five years from last activity.
➢ Format established by agency
Setting Performance Expectations

THE BIG THREE
Objectives

➢ Identify the elements of an effective scope of work
➢ Identify the elements of a good deliverable
➢ Identify difference between a deliverable and documentation
➢ Identify elements of financial consequences
The Big Three

- Financial Consequences
- Deliverables
- Scope of Work
<table>
<thead>
<tr>
<th>What</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific tasks/services need to be completed</td>
</tr>
</tbody>
</table>
Scope of Work

Clear + Specific + Complete = Effective Language
Scope of Work Answers...

Who

- Who is going to provide/receive services?
- Identifies staffing levels, qualifications, responsibilities, and documentation requirements.

How

- The manner in which activities will be performed
- Any applicable standards, procedures, laws and rules

Qualitative standards
Scope of Work Answers...

**When**
- When will services take place?
- Identifies agreement period.
- Identifies due dates.

**Where**
- Where will the services be performed?

Qualitative standards
Quantitative Standards

- How many people/clients need to be served?
- How much service is each client to receive?
- How frequently will services be provided?

Quantitative standards are not always applicable
Documentation

Specify documentation to be maintained

➢ To evidence work completed
➢ To accompany deliverables
➢ For audits and monitoring
Slippery Scopes

Causes
- Ambiguous language
- Passive language
- Lack of detail

Effects
- Inability to enforce compliance
- Ineffective monitoring
Deliverables

- Are quantifiable, measurable & verifiable
- Trigger payment
- Measure performance
- Track progress
Measurable Units of Service

- **Tasks**: Each Bundle
- **Recurring**: Weekly Monthly Quarterly Yearly
- **Projects**: Milestones Phases
- **As Needed**: Hourly Client
Deliverable Attributes

- Related to Scope of Work
- Identifies
  - tasks, services and/or milestones
  - performance criteria
  - records to be used for verification
  - due date for completion
  - payment amount
Submission Requirements

Delivery address

Invoice requirements
*Rule 69I-40.002, F.A.C.*

Submission deadline
Detonating Deliverables

➢ Performance requirements that do not coincide with payment period
➢ Quantitative minimums beyond provider’s control
➢ Progress reports as deliverables
Financial Consequences

$50

$25
Financial Consequences

- Allows state to pay for partially completed services
- Applicable for non-performance/compliance
- Not a termination clause
Documentation
Objectives

➢ Identify State Agency Responsibilities
➢ Identify programmatic and fiscal Documentation
➢ Identify monitoring activities
State Agency Responsibilities

➢ Enforce the performance of the contract/agreement’s terms and conditions
➢ Monitor and document providers performance
➢ Review and document all deliverables for which payment is requested by providers
➢ Provide written certification of the agency’s receipt of goods and services.

Section 287.057 (14) and 215.971 (2), F.S.
Documentation
Why is it essential?

➢ To demonstrate successful performance
➢ To verify your work and accomplishments
➢ To demonstrate compliance with the agreement
➢ To evidence your fiscal accountability
➢ To avoid payment delays
Documentation

Does it meet these criteria?

✓ Sufficient (enough)
✓ Reliable (dependable and trustworthy)
✓ Relevant (related to the agreement)
Documentation

➢ Programmatic – demonstrates compliance with terms/conditions, and service delivery related requirements.

➢ Fiscal – evidences that funds have been accounted for and used appropriately (Cost reimbursement and/or recipient/sub-recipient agreements.)
Programmatic Documentation

➢ Business Qualifications/Requirements
➢ Staff Qualifications
➢ Client Eligibility
➢ Activities Allowable (per funding source)
➢ Licensure
Programmatic Documentation

➢ Scope of work
  ▪ Number of clients
  ▪ Hours worked/services provided
  ▪ Activities satisfactorily completed

➢ Deliverables
  ▪ Milestones (phases, level of completions)
  ▪ Achievements (completion of a bundle of services)
Programmatic Documentation Issues

- Insufficient documentation
- Clients ineligible for program
- Performance/Deliverable Based Agreements – Not documenting the effort provided to achieve deliverables
Fiscal Documentation

- Account for all funds received
- Account for all expenditures
- Account for any interest earned
- Revenue and expenditures must be identified for each project and funding source. **Do not commingle funds.**
- Account for expenditures made by all sub-recipients.
- Match requirements are being met, if applicable.
Fiscal Documentation

- Read the agreement thoroughly.
- Carefully read all laws/rules referenced in agreement.
- Identify the funding source (state or federal).
  - Generally the more restrictive of federal or state rules laws will apply to federal funds disbursed from State Treasury.
- Consult with the funding state agency for clarification, when necessary. Request clarification in writing.
Fiscal Documentation

- Paid detailed invoices – Statements not adequate
- Subgrants, subcontracts, purchase orders
- Cancelled checks
- Bank Statements
- Payroll registers
- Signed Employee project time sheets
Common Expenditure Issues

- Expenditures not relevant to agreement
- Consultant agreements
- Transactions such as leases, consultants, sub-contracts and sub-grants with related parties. Requires extensive justification and/or documentation.
- Expenditures prior to execution of agreement
- Fundraising expenditures
Documentation for Subs

- A written contract or grant agreement is required for services provided by a consultant or sub.

- An appropriate procurement method and/or price/cost analysis for the sub agreement should be documented to justify the rate paid.

- The same type of programmatic and fiscal documentation required of the provider will also be maintained by the sub.
➢ Ensure provider performance
➢ Enforce terms and conditions
Monitoring

Fiscal

Programmatic
Programmatic Monitoring

- Compliance with all terms and conditions of the agreement, laws, and rules
- Completion of all services identified in the scope of work
- Achievement of deliverables
- Achievement of program goals
- Sufficient documentation of work completion
Fiscal Monitoring

➢ Proper
  ▪ accounting of funds
  ▪ documentation of expenditures

➢ Allowable expenditures and use of funds

➢ Compliance with budget

➢ Compliance with match/cost sharing requirements

➢ Cash management of advanced payment
Monitoring Activities

Use source documentation for adequate verification
Documentation

For adequate verification review source documentation that is

- Sufficient
- Reliable
- Relevant
Corrective Action

➢ Non-compliance issues should be documented and addressed in a timely manner.

➢ Appropriate corrective action, (e.g., financial consequences, additional time for compliance, termination of agreement) should be taken and documented.
Payments
Objectives

➢ Identify invoice requirements
Payment Process

- Agency and provider enter into an executed agreement
- Provider completes the work required in the deliverable
- Provider submits invoice and supporting documentation
- Agency receives, inspects and approves. Submits to CFO
- DFS performs pre-audits
Payment Requirements

➢ Authorizing document in FACTS
➢ Written certification
➢ Supporting documentation
➢ Accurate and complete invoice
➢ Contract Summary Form
➢ Advanced payment approval (if applicable)

Rule 69I-40.002, F.A.C.
Invoice Requirement

- Dates
  - Invoice date
  - Service dates

- Service description

- Vendor name and address

- Agency name and address

- Unit quantity and rate

- Total amount

Rule 69I-40.002, F.A.C.
Payment Verification

➢ Review invoices for accuracy and completeness

➢ Verify that any required supporting documentation has been submitted

➢ Review documentation to gain reasonable assurance that services have been satisfactorily provided

➢ Apply financial consequences if the minimum level of service was not performed in accordance with the agreement

➢ Approve invoice after all other steps have been satisfactorily completed
Compare invoice with agreement

Verify

➢ Billing unit, rate and price align with the agreement
➢ Service description supports contracted activities
➢ Expenditures are allowable by the agreement
Closeouts
Objectives

➢ Identify close out activities
Closeouts

- Ensure all requirements have been met
- Account for all funds
- Information for future agreements
- Expiration of contract
- Depletion of funding
- Termination of agreement
Closeouts

**PROGRAMMATIC**
- Compliance requirements
- Reports
- Receipt of deliverables
- Un-assessed financial consequences
- Documentation

**FISCAL**
- Cost reconciliation
- Match requirements
- Disposition of property
- Paid to date
- Stayed within budget
Thank You!

Please contact our training team if you have any questions.

Accountability@myfloridacfo.com
(850) 413-3060