



RON DESANTIS  
GOVERNOR

SIMONE MARSTILLER  
SECRETARY

April 12, 2022

Simone Marsteller, Secretary  
Agency for Health Care Administration  
2727 Mahan Drive  
Tallahassee, Florida 32308

Dear Secretary Marsteller:

Attached is Report #AHCA-2122-03-A, *Agency for Health Care Administration, Enterprise Audit for House Bill 1079*. This audit was conducted as part of the Agency's annual audit plan. The purpose of this audit was to conduct a risk-based compliance audit of contracts procured under Chapter 287, Florida Statutes (F.S.), and executed by the Agency during the 2018-2019 through 2020-2021 fiscal years. In accordance with Section 287.136(2), F.S., the audit included an evaluation and identification of any trends in vendor preferences.

We found no trends in vendor preference in AHCA contracts for the review period. However, our audit revealed areas where improvements could be made to strengthen controls.

Management's response to our recommendations is included in the report. We will schedule a follow-up review in six months to assess the status of the efforts taken by management to correct all remaining open issues.

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

Sincerely,

Brian P. Langston  
Inspector General

BL/sbh

Attachment

cc: Melinda M. Miguel, Chief Inspector General  
Sherrill F. Norman, Auditor General  
Cody Farrill, Chief of Staff  
Brock Juarez, Communications Director  
Julie Madden, Deputy Secretary of Operations  
Trey Collins, Bureau Chief of Purchasing and Contract Administration





April 2022

Report No. AHCA-2122-03-A

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## ***Agency for Health Care Administration Enterprise Audit for House Bill 1079***

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### ***EXECUTIVE SUMMARY***

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As part of the *Office of Inspector General 2021-2022 Work Plan*, the Office of Inspector General (Office or OIG) conducted a compliance audit of the Agency for Health Care Administration's (Agency or AHCA) 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 (F.S.), to require a periodic risk-based compliance audit of all contracts executed by Florida State Agencies to identify any trends in vendor preferences.

As required by Section 287.136, F.S., we found no trends in vendor preference in AHCA contracts for the review period.

During our audit, we noted areas where improvements could be made to strengthen controls in the following areas:

- Agency contracts were not always entered timely (within 30-days) or accurately into the Florida Accountability Contract Tracking System (FACTS), as required by Section 215.985(14)(a), F.S.
- Agency procurement policies, procedures, and quality assurance processes need to be updated and revised.
- Agency procurement processes relevant to conflict-of-interest documentation need improvement.

The Results of Review section provides details of the results of our audit.

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### ***BACKGROUND***

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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.

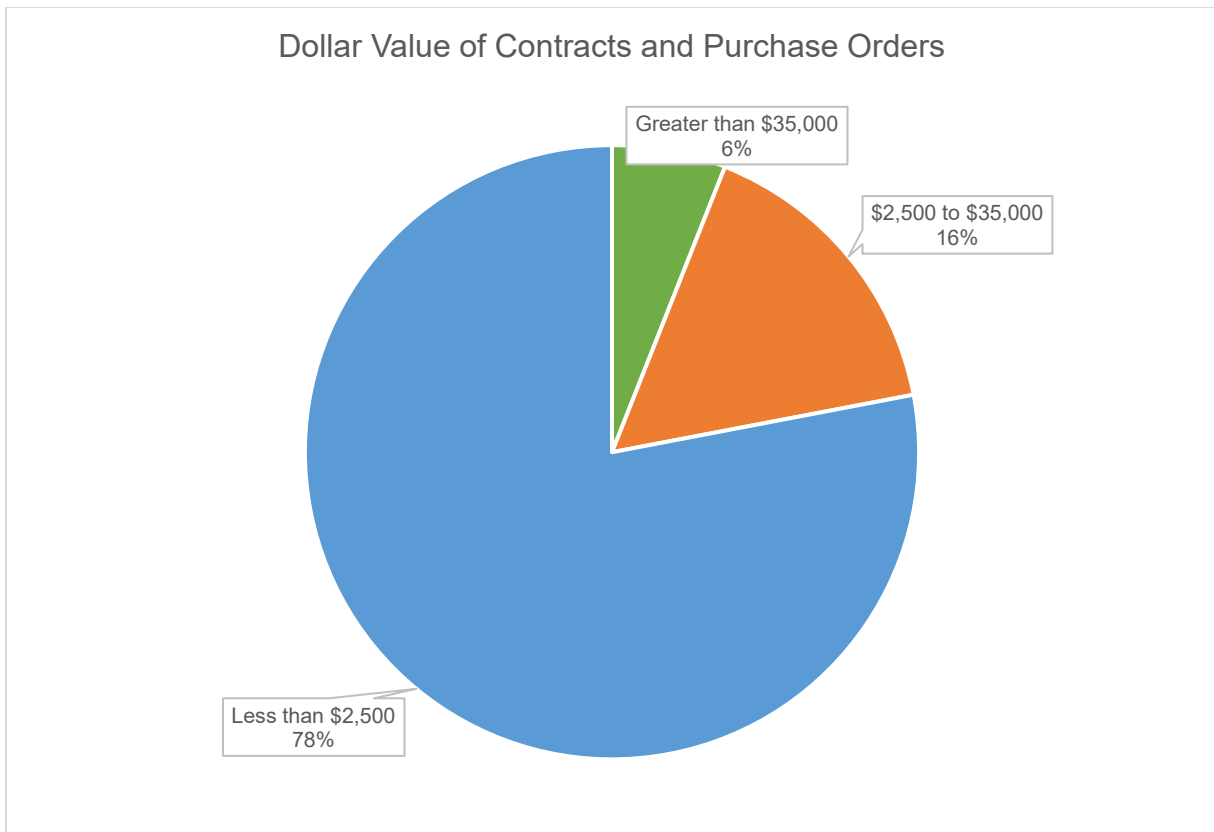
Use of state-term contracts is mandatory for Florida agencies in accordance with Section 287.056, F.S. A state-term contract is a contract that is competitively procured by the Florida Department of Management Services, Division of State Purchasing for selected products and services for use by state agencies and other eligible users.

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Between July 1, 2018, and June 30, 2021, the Agency procured goods and services through the execution of 126 contracts and 4,865 purchase orders. Most contracts and purchase orders (3,877) were valued at less than \$2,500.<sup>1</sup>

There were a combined 804 contracts and purchase orders valued at or above \$2,500 but less than or equal to \$35,000 for the period.<sup>2</sup> In this category, contracts were for goods and services such as office supplies, accounting services, and information technology consulting.

There were 310 Agency contracts and purchase orders for amounts above \$35,000. By law, contractual services exceeding this amount<sup>3</sup> require a competitive solicitation for vendor selection unless excluded by statute.



Source: FACTS data, extracted July 14, 2021, and February 2, 2022.

<sup>1</sup> Pursuant to Rule 60A-1.002(2), Florida Administrative Code (F.A.C.), purchases below \$2,500 “shall be carried out using good purchasing practices. Such practices include but are not limited to the receipt of written quotations or written records of telephone quotations.”

<sup>2</sup> Rule 60A-1.002(3), F.A.C., lays out specific requirements for purchases within this range, which exceed those required for purchases less than \$2,500.

<sup>3</sup> Section 287.057(1), F.S., and Rule 60A-1.002(4), F.A.C.

Finally, there were a total of 81 Agency contracts within our scope,<sup>4</sup> 56 of which were awarded by exemption. The exemptions included the following:

<b>Exemption</b>	<b>Reference</b>	<b>Total Contracts with Exemption</b>
Health services including examination, diagnosis, treatment, prevention, medical consultation, or administration	s. 287.057(3)(f)5a, F.S.	32
Legal services, including attorney, paralegal, expert witness, appraisal, and mediator services	s 287.057(3)(f)4, F.S.	17
Services or Commodities provided by Government Agencies	s. 287.057(3)(f)12 and s. 287.057(22), F.S.	5
Federal or state law prescribes with whom the agency must contract	s 287.057(10), F.S.	1
Medicaid services	s. 287.057(3)(f)7, F.S.	1
<b>Total</b>		<b>56</b>

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**RESULTS OF REVIEW**

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The Department of Financial Services (DFS) established FACTS, an online tool that provides users and the public access to State contract and grant financial information. The Agency records data in its internal Contract Administration Tracking System (CATS), which is used to electronically transmit contract information to FACTS each night.

**[Finding 1 – Non-Compliance with Section 215.985\(14\)\(a\), F.S.](#)**

***30-Day Entry***

Section 215.985(14)(a), F.S., requires that state agencies upload into FACTS electronic copies of contract documents within thirty days of the execution of the contract. Timely posting to FACTS of all required contract information for all Agency contracts enhances transparency, strengthens Agency accountability, and ensures compliance with State law.

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<sup>4</sup> Scope included all contract procurement types with an execution date within fiscal years 2018-2019, 2019-2020, and 2020-2021. Contract procurement types included standard two-party agreements, three or more party agreements, revenue agreements, and master agreements. Excluded were purchase orders, grant agreements, memoranda of understanding, data sharing agreements, settlement agreements, and multiagency participation agreements.

OIG analysis determined that in 45 of the 81 (56%) Agency contracts within our engagement scope, executed contracts were not timely added to FACTS within 30 days of execution.

Upon further review of the 45 untimely entered contracts, we determined the following:

- 40 (89%) were Agency contracts with Statewide Medicaid Managed Care (SMMC) plans and Medicare Dual Eligible Special Needs Plan (D-SNP) organizations. These contracts are not paid through DFS and were not previously entered into FACTS. This issue had previously been identified as part of an external audit of the Agency. The Agency incorrectly thought an exemption existed for these contracts; however, it was confirmed that no such exemption existed, and these contracts were added to FACTS during audit fieldwork.
- Four contracts had delayed entries due to the Agency transitioning to a newer version of their internal CATS system. During the transition, contract information had to be manually entered into FACTS, contributing to the untimely entry of the contract information into FACTS.
- One contract was routed during the holidays and normal Agency transmission processes of first entering contract details in CATS and then automatically uploading the contract into FACTS were not followed. As such, the contract was untimely entered into FACTS.

#### *Additional Contract Information*

Section 215.985(14)(a), F.S., also requires that state agencies accurately post information, such as the name of the contracting entities, the procurement method, and the contract beginning and end dates, into FACTS.

Testing of accuracy of contract information for the 81 Agency contracts determined the following:

- One contract in which the contract end-date was inaccurate in FACTS.
- One contract in which the total compensation paid was not provided in FACTS.
- One contract in which the payments to-date were not provided in FACTS.

#### *Other DFS FACTS Queries*

Audit objectives also required that our Office run specific report queries from DFS to ensure accuracy of information contained within FACTS. As part of these queries, our Agency had the following anomalies:

- 12 active contracts/grant disbursements with inactive vendors.
- 264 active contracts/grant disbursements with past end dates.

These identified contracts/grant disbursements were posed to our Bureau of Purchasing and Contract Administration. It was noted that CATS lists vendors with correct and current names. However, all aspects of vendor My Florida Market Place (MFMP) profiles may not

have been updated following a vendor name change. As such, vendors may have been identified as inactive because they have not updated their MFMP profile.

With respect to contracts/grant disbursements with past end dates, the Bureau also noted that some contracts/grant disbursements are purposefully still listed as active due to outstanding invoices or obligations. Many of these contracts/grant disbursements have now been closed out as part of this engagement.

***Recommendation***

Our Office recommends the Agency ensure contract data and documents are accurately entered into FACTS within the statutory 30-day deadline.

We also recommend that the Agency ensure that contracts/grant disbursements with inactive vendors and past end dates are identified in FACTS and corrected.

***Finding 2 – Agency Procurement Policies, Procedures, and Quality Assurance Processes Need to be Updated and Revised***

***Governance Process***

As part of audit testing, our Office reviewed and documented the Agency procurement governance process. Included in this review was the provided Agency internal policies and procedures, Agency Agreement (AHCA Policy 4028) and Procurement of Goods and Services (AHCA Policy 4006). The Agency also has provided a collection of Job Aids to guide staff in the procurement process.

Policies and Job Aids affected by House Bill 1079, such as the AHCA Procurement Policy (#4006), were last updated in 2015 and are currently under review and being examined for necessary updates. These policies do not include elements as outlined in the recently passed House Bill 1079. The Procurement Office noted that they concur that these policies are outdated, and they have planned to review these policies and job aids annually to determine what elements need improvement.

In reference to quality assurance activities performed on FACTS data, Procurement staff noted that Agency staff use CATS to automatically upload contract information into FACTS. AHCA receives a daily report from DFS in reference to any errors that may have occurred in reference to the upload.

No additional quality assurance processes regarding accuracy of FACTS data were provided to our Office. The need to improve quality assurance processes, including timely reconciliation of CATS and FACTS contract data, had previously been cited in external audits of our Agency's procurement processes.

***Recommendation***

Our Office recommends the Agency revise and update relevant internal procurement policies and procedures.

We also recommend the Agency institute additional quality assurance processes over the entry of contracts into FACTS to ensure greater accuracy of the data in FACTS.

### **Finding 3 – Agency Procurement Processes Relevant to Conflict-of-Interest Documentation Need Improvement**

#### ***Procurement File Documentation***

As part of testing, our Office also conducted testing of one Request-for Proposal (RFP) and two Invitation-to-Negotiate (ITN) contracts to determine whether procurement rules, as outlined in Section 287.057, F.S., were followed.

In accordance with Section 287.057(15)(a), F.S., the Agency shall designate a contract manager. This contract manager may not be an individual who has been employed, within the previous five years, by the vendor awarded the contract they are managing. Agency internal procedures require that a conflict-of-interest questionnaire form be completed by the designated contract manager prior to the execution of the contract.

OIG testing determined that a conflict-of-interest form was not completed by the designated contract manager prior to execution for one of the three (33%) procurement files reviewed. It was noted that this form was not completed for the specific contract due to a last-minute change in contract manager for this ITN contract.<sup>5</sup>

Our Office also determined the Agency conflict-of-interest form was not updated to include the specific five-year previous employment prohibition. This five-year prohibition was added during the 2020-2021 legislative session with House Bill 1079, after a previous two-year prohibition. The AHCA Procurement Office noted that they have not yet had the opportunity to update the conflict-of-interest form but will be doing so shortly and have reached out to the Office of General Counsel to do so.

#### ***Recommendation***

Our Office recommends the AHCA Procurement Office implement relevant quality assurance processes to ensure that conflict-of-interest questionnaire forms are completed and included for all executed contracts.

We also recommend the internal conflict-of-interest questionnaire form be updated to specifically note the five-year previous vendor employment prohibition for Agency contract managers.

#### **Vendor Preference**

As required by Section 287.136, F.S., our Office found no trends in vendor preference by the Agency for the review period.

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<sup>5</sup> Our Office did indeed confirm that there was no conflict-of-interest present for this contract manager.



However, we have provided the following information to summarize Agency procurement activities:

- For the 81 Agency contracts, the total value listed in FACTS for all contracts was \$98,381,600,823.
- The average amount awarded was \$1,214,587,664.
- Top 5 vendors with the greatest number of contracts (with number of contracts awarded) and total value awarded were as follows:

Vendor	# of Contracts	Total Dollar Value
University of Florida	4	\$9,206,598
Sunshine State Health Plan, Inc.	3	\$31,618,048,164
Myers and Stauffer, LC	3	\$7,782,208
Ausley & McMullen, P.A.	3	\$300,000
Radey, Thomas, Yon, and Clark	3	\$177,000

- Top 5 vendors with highest contract value awarded (with number of contracts awarded) and amounts were as follows:

Vendor (Number of Contracts)	Total Dollar Value
Sunshine State Health Plan (3) – FP060, FP093, FP095	\$31,618,048,164
Humana Medical Plan (2) – FP059, FP087	\$15,108,116,682
Simply Health Care Plans, Inc. (2) – FP068, FP092	\$12,551,667,440
Wellcare of Florida (1) – FP061	\$11,197,193,569
United HealthCare of Florida, Inc. (1) – FP069	\$7,474,008,826

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### **ACKNOWLEDGEMENTS**

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The Office of Inspector General Internal Audit staff would like to thank management and staff of the Agency’s Division of Operations, Bureau of Purchasing and Contract Administration, for their assistance and cooperation extended to our Office during this engagement.



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## **APPENDIX A - PURPOSE, SCOPE, OBJECTIVES, AND METHODOLOGY**

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The **purpose** of this engagement was to conduct a risk-based compliance audit of contracts procured under Chapter 287, F.S., and executed by the Agency during the 2018-2019 through 2020-2021 fiscal years. In accordance with Section 287.136(2), F.S., the audit included an evaluation and identification of any trends in vendor preferences.

The **scope** of the audit focused on the Agency's standard two-party agreements, three or more party agreements, revenue agreements, and master agreements for the 2018-2019 through 2020-2021 fiscal years.

The audit **objectives** were to:

- Determine if complete and accurate data was recorded in FACTS as described in Section 215.985(14)(a), F.S., for all Agency contracts.
- Evaluate a selected sample of contracts for compliance with Chapter 287, F.S., and other applicable procurement statutes. Due to the large population of Agency contracts, three contracts were reviewed. This included one RFP and two ITN contracts.
- Analyze AHCA's contracting process to identify any trends in vendor preference.

To achieve our audit objectives, our **methodology** included:

- Reviewing applicable statutes, regulations, and internal operating procedures;
- Reviewing the contracts entered into the FACTS online application;
- Interviewing appropriate Agency staff and management regarding the processes and controls used in the procurement and contracting process; and
- Reviewing a sample of Agency contract files, including their procurement.

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## **DISTRIBUTION, PROJECT TEAM AND STATEMENT OF ACCORDANCE**

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### **ACTION OFFICIAL DISTRIBUTION:**

Simone Marsteller, Secretary, Agency for Health Care Administration  
Cody Farrill, Chief of Staff  
Julie Madden, Deputy Secretary of Operations  
Trey Collins, Bureau Chief of Purchasing and Contract Administration

### **INFORMATION DISTRIBUTION:**

Ron DeSantis, Governor of Florida  
Melinda Miguel, Florida Chief Inspector General  
J. Todd Inman, Secretary, Department of Management Services  
Cliff Nilson, Director of State Purchasing  
Sarah Hall, Inspector General, Department of Management Services  
Sherrill F. Norman, Auditor General of Florida

### **PROJECT TEAM:**

The engagement was conducted and supervised by:

- Brian P. Langston, Inspector General

- Steven Henry, Senior Management Analyst Supervisor
- Jeannie Walker, Senior Management Analyst II
- Joann Hartmann, Senior Management Analyst II

The Agency for Health Care Administration's mission is  
Better Health Care for All Floridians.

The Inspector General's Office conducts audits and reviews of Agency programs to assist the Secretary and other agency management in fulfilling this mission.

This engagement was conducted pursuant to Section 20.055, Florida Statutes, and in accordance with the *International Standards for the Professional Practice of Internal Auditing* as established by the Institute of Internal Auditors. Please address inquiries regarding this report to the AHCA Audit Director at (850) 412-3990.

Copies of final reports may be viewed and downloaded via the internet at:  
[ahca.myflorida.com/Executive/Inspector\\_General/Internal\\_Audit/audit.shtml](http://ahca.myflorida.com/Executive/Inspector_General/Internal_Audit/audit.shtml).

Copies may also be requested by telephone (850) 412-3990, in person, or by mail at Agency for Health Care Administration, 2727 Mahan Drive, Mail Stop #5, Tallahassee, FL 32308.

**Agency for Health Care Administration**  
**Office of Inspector General – Internal Audit**  
**Report Title: CIG Procurement Audit**  
**Report #: AHCA-2122-03-A, issued April 12, 2022**

No.	Conclusions	Recommendations	Management Response(s)	Anticipated Completion Date and Contact
1	Agency contracts were not always entered timely (within 30-days) or accurately into the Florida Accountability Contract Tracking System (FACTS), as required by Section 215.985(14)(a), F.S.	Our Office recommends the Agency ensure contract data and documents are accurately entered into FACTS within the statutory 30-day deadline.	We concur and will follow current procedures to ensure all applicable contracts are automatically entered into FACTS within the statutory 30-day deadline.	N/A Trey Collins
		We also recommend that the Agency ensure that contracts/grant disbursements with inactive vendors and past end dates are identified in FACTS and corrected.	We concur and will ensure inactive vendors are notified to update their MFMP registrations or take related measures. We will also update any contracts in FACTS that no longer need to remain open for invoicing/payment purposes.	May 31, 2022 Trey Collins
2	Agency procurement policies, procedures, and quality assurance processes need to be updated and revised.	Our Office recommends the Agency revise and update relevant internal procurement policies and procedures.	We concur and will update policy and procedures to reflect new statutory requirements that resulted from HB 1079 and other processes that have changed since the current policy was updated in 2015.	June 30, 2022 Trey Collins
		We also recommend the Agency institute additional quality assurance processes over the entry of contracts into FACTS to ensure greater accuracy of the data in FACTS.	We concur and will update quality assurance review processes to verify the timeliness and accuracy of the contract data and documents entered in FACTS.	June 30, 2022 Trey Collins

**Agency for Health Care Administration**  
**Office of Inspector General – Internal Audit**  
**Report Title: CIG Procurement Audit**  
**Report #: AHCA-2122-03-A, issued April 12, 2022**

No.	Conclusions	Recommendations	Management Response(s)	Anticipated Completion Date and Contact
3	Agency procurement processes relevant to conflict-of-interest documentation need improvement.	Our Office recommends the AHCA Procurement Office implement relevant quality assurance processes to ensure that conflict-of-interest questionnaire forms are completed and included for all executed contracts.	We concur and will revise quality assurance review processes to ensure conflict of interest questionnaire forms are completed before executing a contract.	June 30, 2022 Trey Collins
		We also recommend the internal conflict-of-interest questionnaire form be updated to specifically note the five-year previous vendor employment prohibition for Agency contract managers.	We concur and are in the process of updating our conflict-of-interest form to address the new statutory requirement.	May 31, 2022 Trey Collins