Getting What You Pay For!

Florida Department of Financial Services
DFS Mission Statement

To safeguard the people of Florida and the state's assets through financial accountability, education, advocacy, fire safety and enforcement.
Contract and Grants

Recent database query
May 2008

Contractual Service Object Codes – $472,000,000

Grant Object Codes – $2,100,000,000
“The only way to control a project and thus its cost, is to carefully describe what needs to be done ..., who is going to do it ..., when it needs to be completed ... and how all activities are to be executed ...”

R. van Roest
Planning
Determine the goals and objectives

Scope of Work
Identify the tasks needed in order to meet the objectives

Procurement
Provider selection process

Price/Cost Analysis

Agreement
Documentation of all terms of the agreement including the Scope of Work and Deliverables

Monitoring
Activities to help determine compliance with terms and conditions, delivery of services, and appropriate use of funding

Payment Processing and Closeout
Contracts or grants must—

Adequately identify the tasks the provider is required to perform.

Identify the mechanism that triggers the process of compensating the provider and/or provides a measurement of the provider’s progress.
Scope of Work/Deliverable

Contracts or grants must–

Adequately identify the tasks the provider is required to perform.

So both parties have a common understanding of all required tasks.
Scope of Work/Deliverable

Contracts or grants must—

Adequately identify the tasks the provider is required to perform.

Identify the mechanism that triggers the process of compensating the provider and/or provides a measurement of the provider’s progress.
Scope of Work/Deliverable

Identify the mechanism that triggers the process of compensating the provider and/or provides a measurement of the provider’s progress.

The agency can verify the contracted services have been received, measure provider’s progress and conclude whether or not payment is due.
Scope of Work/Deliverable
Scope of work

Sometimes known as –

- Statement of Work
- Provision of Services
- Manner of Services
- Services Overview
- Project Tasks
- Etc.
Developing a good scope of work begins during the planning stage when we are identifying the funding source, researching the laws and rules that apply, and determining the goals and objectives of our project.
Scope of work

» Intent of program/project
» Allowable activities
» Specific restrictions
» Allowable uses of funding
Next, use that information to identify the tasks the provider is required to perform for our agreement.
“The only way to control a project and thus its cost, is to carefully describe what needs to be done ..., who is going to do it ..., when it needs to be completed ... and how all activities are to be executed ...”

R. van Roest
Scope of Work

What needs to be done –

*Identify the objective of the project.*

*Identify every task the provider is expected to complete.*
Who needs to do it -

Identify staffing levels, staff qualifications, specific staff responsibilities, and documentation requirements.
Scope of Work

When it needs to be completed –

*Identify beginning and ending criteria for each task.*

*Identify all timelines.*

*Link every task to a deliverable(s).*
Scope of Work

How all activities are to be executed-

*Identify how each task will be performed and the performance standards for each.*

*Identify how the provider will document those efforts.*
Scope of Work

Pitfalls of a poor Scope of Work:

1. Difficulty in monitoring.
2. Intended tasks not performed.
3. Unnecessary work /expenses incurred because of misunderstandings.
4. Inability to achieve project objectives.
5. Inability to make the provider comply with your expectations.
“At the heart of every large project is a small project trying to get out.”

M.H. Roberts
Deliverables

A tangible and measurable event or item that must be produced to complete a project or part of a project.
Deliverables

- Generally, is the triggering mechanism for payment.
- Should be made up of tasks found in the scope of work.
- Specific, quantifiable, measurable, and verifiable.
Deliverables

May be as simple as the completion of a single task or as complicated as a bundle of various tasks.
Deliverables

Tasks (SOW)

#1

#2

#3

#4

#5

#6

Deliverables

#1
$25,000

#2
$25,000

#3
$25,000

#4
$25,000

$100,000.00
Deliverables

Difficulty in developing deliverables may be an indication of a vague scope of work.
Deliverables

Pitfalls of poor deliverables –

1. Provider meets deliverables but services not performed.
2. Scope creep occurs.
3. Cost overruns.
4. Project objectives not met.
5. Provider & Agency confusion/frustration.
Training offered

- **Advancing Accountability** – Developed to increase accountability over the use of state funds by sharing best practices in contract and grant management with state agency staff as well as recipients and sub-recipients of state and federal funding.

- **Florida Single Audit Act** – Two part training designed to 1) Provide an introduction to the Florida Single Audit Act and 2) Provide guidance and DFS expectations for developing a state project compliance supplement.
The Department of Financial Services is to be known as the most ethical, professional and pro-active state agency in Florida.
Contract Procurement Initiative
NIGP Conference August 27, 2008
Tallahassee, Florida
Ethics and Responsibilities Concerning Public Procurement

Three areas in public procurement should always be emphasized in Agency operations:

- **Equity** is emphasized to provide fair access to bidders competing for government business.
- **Integrity** is of utmost importance in order to reduce the chance of corruption in the procurement process and maintain public confidence in the objectivity and fair atmosphere in awarding public contracts for goods and services.
- **Efficiency** measures take a variety of forms that measure the effectiveness needed to purchase goods and services at the level of quality desired and the lowest possible price.
Shaping the Procurement Process for DFS

- Statutory Rule Requirements
- Accounting & Auditing Standards Emphasized in “Front-End” of Procurement Process
- Project Team Attended DMS (NIGP)/DFS Training offerings
- Used the “80/20 Rule” in Process Development
- Developed procedures through process mapping and Analysis
- Defined Roles and Responsibilities
- Partnered with Multiple Business Areas (e.g. Legal, Auditing, IT, etc.)
- Improved Documentation for Increased Accountability and Contract Management:
  - Business Needs Analysis - Produces a justification for purchases based on program area needs and an assessment of its likely costs and savings
  - Statement/Scope of Work and Deliverables Development - A statement/scope of work is a detailed description of products, services or results that have been clearly established and are directly related to the goals and objectives of the division and department
Developed a High-Level User Guide

Contract Procurement User Guide

Bureau of General Services
Division of Administration
April 2008
Acct & Auditing Standards Were Brought to Front-End of Process

- The icon (see left) is placed by text that underscores areas where auditors may require documentation. The audit key is also used to highlight key areas of the DFS purchasing processes. All DFS employees involved with the contracting process are expected to comply with statutory guidelines and key processes included in audits performed by the state Office of the Auditor General.
## Roles & Responsibilities

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<tr>
<th>DFS Role</th>
<th>Location</th>
<th>Specifics</th>
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</table>
| Attorney Reviewer         | Located in the Division of Legal Services     | • Attorney specifically assigned to a particular contract  
• Contact person for the Division Purchasing Liaison regarding questions of legality within the purchasing document  
• Has a timeframe of 5 working days to turn around initial legal review unless unforeseen circumstances arise  
• Attorney serves only as an advisor to the evaluation team  
• Attorney should attend and complete contract training for best practices offered by DMS |
| Chief of Staff            | Located in the Office of the Chief Financial Officer | • Approves the posting of formal solicitations and the membership of the evaluation / negotiation team  
• Approves posting of the agency decision for vendor selection  
• Provides final approval and execution of all purchases $50K or above and in accordance with the established purchasing approval thresholds |
| Contract Accountant       | Located in the Accounting Section of the Bureau of Financial Service, Division of Administration | • Is an accountant located in the Bureau of Financial Services, Division of Administration  
• Processes payments for DFS contracts  
• Collaborates as necessary with the Purchasing Agent and Division Contract Managers |
| Contract Administrator    | Located in Purchasing Services of the Bureau of General Services, Division of Administration | • Responsible for maintaining a contract file on all contractual services for DFS  
• Serves as a liaison for the contract managers and DFS; ensures that the contract route slip and contract are fully executed  
• Responsible for ensuring that the executed contract file is loaded on to the contract database |
| Contract Negotiator       | Located throughout the Agency (see Chapter 9) | • Must be certified in contract negotiation through curriculum designated by the Department of Management Services and DFS  
• Can lead or be a member of an evaluation team as needed by the DFS  
• Should have subject matter expertise in the technical specialization of the contract |
| Division Contract Manager | Located throughout the Agency (see Chapter 9) | • Responsible for enforcing performance of the contract terms and conditions  
• Serves as liaison with the contractor by:  
  - Approving invoices certifying delivery received as required  
  - Tracking performance measures to ensure timely completion  
  - Maintaining all documents from vendor selection to the closeout  
  - Conducting monitoring to be assured that the contract provisions are being complied with  
  - Notifies the Help Desk of ALL personnel changes (both internal and contractor) throughout the life of the contract. This includes any/all network and password access changes (See AP&P 4-03).  
• Completes contract closeout  
• Recommends completion of the contract management training through curriculum designated by the Department of Management Services and DFS. Some training is a requirement to be a named contract manager  
• May serve as a consultant for the writing of the Statement of Work used in the solicitation document  
• Monitors the contract, contractor performance, deliverables and payments  
• Maintains contract documentation  
• Shall serve as a project manager for the contract, where necessary |

**NOTE:** Contract Managers are **NOT** to be involved in the evaluation process (see Section 8.1).
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| Division Director                            | Located within each Division                  | • Provides final approval and sign-off on all Legislative Budget Requests leading up to potential procurement  
• Provides approval to proceed with all formal solicitations and approves final vendor selection  
• Provides approval and sign-off on the Purchasing Needs Analysis for formal solicitations in the amount of $150,000 or greater                                                                                                                                                                                                                     |
| Division Purchasing Liaison                  | Located within each DFS Division              | • Key staff contact for the Division and the Purchasing Services throughout the solicitation process  
• Is the owner of the solicitation documents and is responsible for the solicitation process  
• Directly involved in the initial writing of the Statement of Work  
• Responsible for routing the solicitation document through the designated steps in the process  
• Ensures that division information is entered into the MFMP system                                                                                                                                                                                                                                                                         |
| Evaluation Team Chair                        | Located within each DFS Division              | • Serves as the sole point of contact for the evaluation team members throughout the evaluation process for questions/clarification regarding provider’s technical responses  
• Provides clarification responses to the evaluation team members simultaneously via email  
• Compiles the technical evaluation score and submits it to the issuing Officer (Purchasing Agent)                                                                                                                                                                                                                                          |
| Evaluation Team Member                       | Located throughout the DFS, can be an individual outside the DFS | • Approved by the Chief of Staff, an individual who agrees to serve on a team to evaluate responses to solicitations  
• Possesses knowledge of the program area and service requirements for which a formal solicitation has been issued  
• Independently evaluates the technical responses and designates scores utilizing the appropriate evaluation criteria  
• Required to sign a Conflict of Interest form attesting to non-bias in the evaluation                                                                                                                                                                                                                                                   |
| Information Resource Management Advisory Group (IRMAG) | Located within each DFS Division              | • An individual assigned by the division to serve as the initial point of contact for any technology need such as the purchase of IT goods or services as well as technical issues that the division requires  
• Provides guidance on technology issues  
• Initiates a Remedy Request to the DIS Helpdesk  
• Tracks the request until completion, or until the problem is resolved                                                                                                                                                                                                                                                                         |
| MFMP Requestor                               | Located within each DFS Division              | • An individual also known as the originator who has the capability and access to create a MFMP requisition  
• Serves as the initial point of contact for Purchasing                                                                                                                                                                                                                                                                                                                                                     |
| Project Manager                              | Located within or assigned to a DFS Division  | • Responsible for creating and enforcing project plans, performance of the contract terms and conditions, serving as a liaison with the contractor, and ensuring that the contractual terms have been completed with prior invoice payment  
• In some cases the project manager and contract manager are the same person                                                                                                                                                                                                                                                                                                                     |
| Purchasing Agent (Issuing Officer)           | Located in Purchasing Services of the Bureau of General Services, Division of Administration | • Key contact in Purchasing Services who provides the Division Purchasing Liaison with purchasing guidance in determining the best procurement method  
• Refines the division’s first draft of the Statement of Work and solicitation document  
• Facilitates the solicitation process in coordination with the Division Purchasing Liaison to ensure timeliness and completeness  
• Should complete contract manager training through DMS  
• Guides Division Purchasing Liaisons with MFMP procedures                                                                                                                                                                                                                                                                                  |
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<td>Responsive Bidder</td>
<td>Typically an external private sector party (this description rarely defines a government agency)</td>
<td>• Entity or vendor who has submitted a bid that conforms in all material respects to the requirements stated in formal solicitations (Source: Thai, Khi V. “Developing and Managing RFPs in the Public Sector”, ISBN 1-932315-04-07, 2004, NIGP)</td>
</tr>
</tbody>
</table>
| Vendor/Provider/Contractor | Typically an external private sector party (this rarely defines a government agency) | • May have the description of respondent, vendor, contractor, or bidder depending upon the stage of the procurement process  
• Entities or person providing goods or services in a contract |
Contact Information

- Contact DFS Purchasing Services in the Bureau of General Services at 850-413-2070
  http://dfsintranet/Administration/generalservices/default.aspx

- Contract Management Issues can be directed to the DFS Division of Accounting and Auditing, Bureau of Auditing at 850-413-5740
  http://www.myfloridacfo.com/aadir/AuditingTraining.htm
Questions?