

# INTERNAL AUDIT

Responsible Vendor  
Review Gap Analysis

November 16, 2018





## Advisory Memorandum

### Background

Pursuant to a procurement using a competitive solicitation process, Citizens is subject to Section 287.057, F.S., which notes contracts may be awarded to vendors who are both responsible and responsive. Under the competitive solicitation process, the Vendor Management Office (VMO) performs responsible vendor reviews (RVR) while the Purchasing Office completes the vendor responsiveness review. The RVR establishes the method and standards to assist the VMO in determining whether, in accordance with Sections 287.012(25) and 287.057 F.S, a vendor is responsible and therefore eligible to be awarded a contract resulting from Citizens' competitive solicitation process.

As defined by Section 287.057, F.S., a "responsible vendor" means a vendor that has the capability in all respects to fully perform the contract requirements and the integrity and reliability that will assure good faith performance. The financial soundness of a responding vendor is a factor in determining the responding vendor's ability to perform the contract requirements and its reliability. Whereas a responsive vendor is one that has submitted a bid, proposal or response (reply), which conforms in all material respects to the solicitation in accordance with Section 287.057(1), F.S.

The RVR at Citizens consists of a review of the following characteristics of a responding vendor:

- Financial soundness
- Legal authority
- Integrity
- Reliability and past performance

VMO Management recently enhanced the RVR process and requested The Office of the Internal Auditor (OIA) to perform advisory services to determine if the Citizens RVR process was of adequate comprehensiveness.

### Objectives and Scope

In collaboration with VMO Management, it was agreed that the best approach to determine adequate comprehensiveness of the RVR program would be to perform a gap analysis comparing leading State of Florida agencies under the same purchasing regulatory requirements Section 287.057, F.S., to Citizens.

OIA received responses from the Department of Children and Families, Department of Health, Department of Financial Services and Department of Management Services to obtain a better understanding of the RVR process and related determination requirements used by these agencies. Additionally, OIA obtained copies of the agencies' RVR documents, which were used to conduct a gap analysis to determine how Citizens' RVR and determination process compares against the identified State of Florida Agencies.

Memorandum Number: 2018-MAS-37 Responsible Vendor Review Gap Analysis



## Advisory Memorandum

### Results

Results from the gap analysis indicate that Citizens' Responsible Vendor Review due diligence process is equal to or more comprehensive than leading State of Florida Agencies under the requirements of Section 287.057, F.S. Citizens' review process includes additional websites searches and information gathering in the areas of Licensure and Designations, Litigation History, Tax Liens, Associated Business Profiles, Employment Review Sites, and other resources such as LexisNexis, Better Business Bureau, Google, Google Review Rating, and Yelp.

Through inquiry with management and the results from the RVR gap analysis exercise, OIA suggests that Management:

- Consider obtaining and validating certification regarding Scrutinized Companies list for potential vendors during the procurement process in alignment with Florida Statutes 215.473 & 287.135.
- Consider developing a contingency plan that would ensure the continued processing of the RVR and determination process by back-up individuals, in absence of the Enterprise Vendor Management Engagement Analyst.
- Consider developing a contingency plan to meet possible increased RVR demand. Recent enhancements of the existing RVR checklist, may result in strained resources and the ability to meet SLA's in the event a large pool of vendors respond to a solicitation.
- Consider archiving in a separate memo or form template the decision to pass or fail a vendor based on the results from the RVR and determination. Currently, the rationale (comments) from either the Procurement Officer, Legal, BU Management or VMO are documented via e-mails or comments in the RVR checklist. Documenting the final rationale in a memo or form would drive consistency and be easier to retrieve in the event of a vendor protest.
- Management should be aware of potential challenges with the reliability and accuracy of the information obtained from online review sites such as Yelp, Glassdoor, Indeed, Google, etc., and use with caution as this information could negatively impact the results of the vendor's responsibility determination.

We would like to thank management and staff for their cooperation and professional courtesy throughout the course of this audit.



## Distribution

---

Addressee(s) Stephen Guth, VP Vendor Management

Addressee(s) **Business Leaders:**  
Barry Gilway, President/CEO/Executive Director  
Kelly Booten, Chief Systems & Operations  
Christine Turner Ashburn, Chief, Communications, Legislative & External Affairs  
Mark Kagy, Acting Inspector General

**Audit Committee:**  
Bette Brown, Citizens Audit Committee Chairperson  
James Holton, Citizens Audit Committee Member  
Senator John McKay, Citizens Audit Committee Member  
Marc Dunbar, Citizens Audit Committee Member

**Following Audit Committee Distribution:**  
The Honorable Rick Scott, Governor  
The Honorable Jimmy Patronis, Chief Financial Officer  
The Honorable Pam Bondi, Attorney General  
The Honorable Adam Putnam, Commissioner of Agriculture  
The Honorable Joe Negron, President of the Senate  
The Honorable Richard Corcoran, Speaker of the House of Representatives  
  
The External Auditor

*Completed by John Fox, Internal Audit Director  
Under the Direction of Joe Martins, Chief of Internal Audit*