



DIVISION OF INSPECTOR GENERAL
Grant Maloy, Clerk of the Circuit Court and Comptroller
Seminole County, Florida

November 04, 2019

The Honorable Chairman and Members of the Board of County Commissioners

We have completed the enclosed Review of EMS Supplies and Pharmaceutical Contracts – Bound Tree Medical, LLC. We appreciate the assistance of Purchasing, Comptroller's Office, and the Fire Department for their assistance with the review.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "W. Carroll".

William Carroll, CPA, CFE, CIG, CIGA,
Inspector General
Division of the Inspector General

Approved by:

A large, stylized handwritten signature in blue ink, appearing to read "Grant Maloy".

Mr. Grant Maloy
Clerk of the Circuit Court and Comptroller

REVIEW OF EMS SUPPLIES AND PHARMACEUTICAL CONTRACTS –

BOUND TREE MEDICAL, LLC

REPORT NO. 073019

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Special Review Report No. 073019
Review of EMS Supplies and Pharmaceutical Contracts –
Bound Tree Medical, LLC

GRANT MALOY
CLERK OF THE CIRCUIT COURT AND COMPTROLLER

William Carroll, CPA, CFE, CIG, CIGA
Inspector General

Auditor Assigned:
Timothy Tschappat, CFE, CIA

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BACKGROUND

Bound Tree Medical, LLC (BTM) is a national distributor of prehospital emergency medical supplies, equipment, and pharmaceuticals for EMS providers. The company was established over 40 years ago and is now part of the Sarnova family of companies serving the EMS and acute care markets. BTM distribution centers are located in Mississippi, Texas, Arizona, and California.

In late 2012, Seminole County initiated the Invitation For bid (IFB) process for a term contract to provide emergency medical service (EMS) supplies and minor equipment with a project estimate of \$570,000. BTM was one of two companies that successfully bid on the contract. Term contracts are used to meet a recognized continuing County requirement. The main purpose of a term contract is fixed pricing.

On December 5, 2012, Seminole County signed a term contract (IFB-601516-12/TLR) with BTM to provide the EMS/Fire Department with minor equipment and supplies. This was a three-year contract with an option for two annual renewals. The supplies contract was fulfilled in late 2017 and a new one (IFB-602939/TLR) was signed on November 8, 2017, with the same term options.

On April 12, 2013, both parties agreed to enter into a second term contract (IFB-601656-13/TLR) to provide EMS pharmaceuticals. This was a three-year contract with an option for three annual renewals. The pharmaceutical contract was fulfilled in early 2019 and a new one (IFB-603338/TLR) was signed on February 22, 2019; BTM was one of three successful bidders, each with a one-year contract with four possible one-year renewals.

Payments issued to BTM between 2013 and 2018 totaled just over \$2.4 million dollars and averaged approximately \$400,000 per year.

Section 3.5521 through 3.5523 of the Seminole County Administrative Code establishes the purpose, directives, and compliance for Contract Administration. The Seminole County Manager Policies further explains in greater detail the policies and procedures of the Code.

The results of the review are included in the report that follows.

PURPOSE

The purpose of this review was to determine if the system of administrative controls over payments to Bound Tree Medical, LLC were adequate, effective, and in compliance with Seminole County policies and procedures. This review focused on whether the County and Bound Tree Medical, LLC are in compliance with the terms and conditions of the contract.

Methodology and Scope

All checks and their associated invoices pertaining to Bound Tree Medical, LLC. for transactions processed from October 2015 through September 2018 were subject to our review. For this period, there were a total of 94 checks with 476 corresponding invoices processed for Bound Tree Medical, LLC. This is presented to put issues that follow in this report into perspective as to the volume of transactions being processed.

The review included the following:

- Compliance with Term Contract IFB-601656-13/TLR (Pharmaceuticals);
- Compliance with Term Contracts IFB-601516-12/TLR and IFB-602939-17/TLR (Supplies);
- All checks issued to Bound Tree Medical, LLC between October 2015 and September 2018;
- Verification that supporting documentation (purchase orders, invoices, packing slips, etc.) were complete, accurate, and compliant with policy;
- Adherence with Seminole County policies, procedures, and applicable State laws; and
- Verification that purchases were for official county business.

These issues are addressed in more detail in the report that follows.

OVERALL EVALUATION

It is our overall opinion that the system of internal administrative controls is generally adequate, effective, and in compliance with Seminole County policies and procedures. There are, however, certain terms and conditions of the contracts that are not being complied with by BTM and the County. These areas are in the report that follows.

The noted areas that require management's attention are:

- Payment Items Allow For Discounts;
- Adjust Invoices For Pricing Errors;
- Expedite Payment to Supplier;
- Delivery is Not Always Timely;
- Pharmaceutical Expiration Dates Were Less Than Required;
- Purchase Orders Not Documented Per Contract;
- Limit Payments to Once a Month;
- Missing Supporting Documentation;
- Invoices Not Date-Stamped; and
- PCard Used to Pay Invoices

OPPORTUNITIES FOR IMPROVEMENT

1. Payment Terms Allow For Discounts

Payment terms for all Bound Tree Medical invoices have been 2% 30 Net 31. This is a 2 percent discount if the invoice is paid within 30 days of the date of the invoice, otherwise the full amount is due beginning on the 31st day. Each invoice details the discount amount and the date the payment is due to receive the discount. The sample period of our review was from October 2015 through early October 2018 and included 476 invoices.

Of these 476 invoices, 370 (78%) forfeited \$19,997.47 in discounts for either failing to take the discount when the payment was on-time or for failing to pay the invoice within the 30-day discount period. Invoices state that the discount should be deducted from the payment. Bound Tree Medical does not keep track of discounts not taken; it is the County's responsibility to reduce the invoice total when it is paid within the payment terms. Discounts not taken or forfeited ranged from a few cents to more than one thousand dollars.

The breakdown of the 370 invoices between Supplies and Pharmaceuticals is as follows:

Contract Type	Number of Invoices	Total Allowable Discounts	Paid on Time?	Discount Taken?
Supplies	99	\$5,911.66	Yes	No
Pharmaceuticals	100	\$3,373.27	Yes	No
Total	199	\$9,284.93		
Supplies	74	\$7,396.43	No	N/A
Pharmaceuticals	97	\$3,316.11	No	N/A
Total	171	\$10,712.54		
Totals	370	\$19,997.47		
Supplies	66	\$5,631.24	Yes	Yes
Pharmaceuticals	40	\$1,423.89	Yes	Yes
Total	106	\$7,055.13		
Grand Total	476			

The three contracts that were in effect during the review period allow for refunds of overpayments; they all reference Section 7 (General Terms of Payment and Billing, parts (c) and (d)).

Almost 50% of the forfeited discounts should be collectible. In September 2017, Bound Tree Medical similarly credited the County \$3,801.11 for discounts from forty-five (45) invoices dated between September 2016 and May 2017.

The Inspector General's office confirmed 199 invoices (99 Supplies / 100 Pharmaceutical) totaling \$9,284.93 where the check was issued by the County prior to the paid-by date on the invoices, but the discounts were not deducted from the invoice totals. These refunds can be requested from Bound Tree Medical.

Continuing with the status quo will result in chronic lost opportunities similar to these reported totals. The approval, audit, and payment process for invoices can sometimes be difficult to complete within the discount time frame, but the benefit of saving significant taxpayer funds is well worth the extra effort by the County. Roughly 64% of the total invoices (305 of 476) were paid in time to qualify for the 2% discount, but only 35% (106 of 305) of those took advantage of the available discount. It's understandable that not all invoices can be paid within the 30-day discount term, but the Comptroller's Office could prioritize invoice payments based on a pre-determined discount threshold.

Recommendation

1. Modify the existing procedures to enable invoices to be paid within the terms to qualify for the discount.
2. Request credits from the vendor pertaining to the invoices identified as paid on time, but the discount was not taken.

Management Response

Concur.

The Comptroller's Office is committed to adhering to the terms and conditions of the executed contracts for Bound Tree Medical, LLC as it relates to the discounts allowed on invoices paid within thirty days.

A meeting will be held with the Fire Department to discuss the vendor payment process and the submission of billheads to the Comptroller's Office. The Clerk's Information Services department

has been contacted to assist the Comptroller's Office to see if JD Edwards can be utilized to take advantage of the discounts, as long as the payment is made within thirty days of the invoice date.

Bound Tree Medical, LLC will be contacted to request a refund for the discounts earned, but not taken.

Scheduled completion date is no later than August 16, 2019.

Division of Inspector General Comment

We commend the Comptroller's Office and Fire Department for being proactive by meeting to discuss streamlining the vendor payment process and for requesting a refund from Bound Tree Medical, LLC for discounts owed to the County. On July 9, 2019, the Comptroller formally requested a net refund of \$7,874.68 for discounts not taken, undercharges, and overcharges. Bound Tree agreed to the amount the following day. Future invoices will be adjusted until the credit is fully expended.

2. Adjust Invoices For Pricing Errors

Review of 476 invoices revealed that there were 50 invoices that included 69 pricing errors. Undercharges represented the majority with 37 invoices containing 53 pricing errors totaling \$4,281.95. There were 13 invoices with 16 overcharges totaling \$1,207.05.

The overpaid portion(s) of an invoice can be recouped within five years of final payment. The three contracts that were in effect during the review period allow for refunds of overpayments by the County; they all reference Section 7 (General Terms of Payment and Billing, parts (c) and (d)).

Pricing errors on term contracts occur for various reasons and originate with the vendor. Among other reasons, vendors could offer an unannounced price reduction or use a prior Amendment's pricing schedule instead of a recently enacted Amendment. Knowing this, it is important for the County to review the invoices prior to payment for over/undercharges to prevent an overpayment by the County or a decrease in the vendor's revenue for our advantage. Any discrepancy from an agreed upon pricing schedule, regardless of who it benefits, should be communicated to the vendor for correction.

Vendors should either adjust an invoice for pricing errors resulting in undercharges and resubmit a modified invoice for payment or acknowledge the error and communicate their approval should they choose to accept the error without recourse. The latter should be documented and submitted to the Comptroller's Office for further clarification of the invoice pricing. The Inspector

General's Office did not observe any invoice totals increased due to an undercharged item on an invoice.

Adjusting all invoices for pricing errors ensures the contractor and County are treated fairly and in full compliance with the terms of the contract.

Recommendation

1. Comply with County policy to ensure the controls continue to function effectively.
2. Research the pricing errors and request refunds from Bound Tree Medical, LLC for overpayments. Research the reasoning for the underpayments and determine if additional funds are due to the vendor.

Management Response

Concur.

The Comptroller's Office will address the pricing errors with both the Department and the Deputy Clerk responsible for auditing the invoices submitted for processing. Bound Tree Medical, LLC will be contacted to request credit adjustments for the pricing errors.

Scheduled completion date is August 16, 2019.

Division of Inspector General Comment

We commend the Comptroller's Office for requesting credit adjustments from the vendor for the pricing errors and for continuously improving the business processes. On July 9, 2019, the Comptroller formally requested a net refund of \$7,874.68 for discounts not taken, undercharges, and overcharges. Bound Tree agreed to the amount the following day. Future invoices will be adjusted until the credit is fully expended.

3. Expedite Payment to Supplier

Florida Statutes, Title XIV Chapter 218.74, provides a prompt payment requirement of no more than 45 days for non-construction goods and/or services by local government agencies.

Also, Section 22.15 (C)(6)(b) of the Administrative Code states that "County Finance shall review and process all properly authorized invoices within seven (7) business days of receipt of the authorization, but not later than forty-five (45) days from receipt of the original invoice or receipt of goods and/or services if no invoice exists." The intent of the policy is to expedite payment to the supplier. The prompt payment requirement is also included in the contract.

The first supplies and pharmaceutical contracts state that payment shall be made within thirty (30) days of receipt of a proper invoice. The second supplies contract states that payment shall be made in accordance with Chapter 218, Part VII, of the Florida Statutes.

There were 49 pharmaceutical invoices where the difference between the Comptroller's receipt date stamp and the payment date was greater than 30 days. Of these 49, the difference was greater than 45 days for 15 invoices. Delinquent payments were as late as 137 days past the receipt of the invoice.

There were 38 supplies invoices where the difference between the Comptroller's receipt date stamp and the payment date was greater than 30 days. Of these 38, the difference was greater than 45 days for 17 invoices. Delinquent payments were as late as 160 days past the receipt of the invoice.

By not paying invoices in a timely manner, we are not in compliance with the terms of the contract and, in some cases, with the Prompt Payment Act.

Recommendation

1. Invoices should be paid in accordance with contractual obligations, County Policy, and state statutes.

Management Response

Concur.

The Deputy Clerk responsible for processing the invoices for the Fire Department believes that the invoices that were paid beyond 30 days were invoices with problems that required revision of the invoice due to pricing discrepancies or other issues. If the invoices are properly priced and there are no issues, they are usually paid within the Prompt Payment Act timeline. It is difficult to know exactly the reasons for the delay in processing these invoices since the majority of these invoices date back to 2015 and 2016. (Scheduled Completion Date: Complete as of July 2, 2019.)

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Division of Inspector General Comment

We agree with the Comptroller's Office that an updated invoice should be obtained from the supplier if the original invoice contained discrepancies or other issues. This would reset the payment-term timeline, allow for the discount if paid within 30 days, and provide greater compliance with the Prompt Payment Act. If an invoice payment is delayed, then the reason for the delay should be well-documented and provided as supporting documentation at the time of payment.

4. Delivery is Not Always Timely

Pharmaceuticals were not being delivered on schedule per the contract. 170 out of 236 pharmaceutical invoices (72%) had delivery receipt dates from 3 to 184 business days. The standard delivery period was from the order date (start date) to the date stamp (delivery date), both located on the packing slip.

Per IFB-601656-13/TLR (Scope of Services) delivery guidelines are as follows:

- "Delivery time is of the essence in the award of this invitation for Bids. Delivery shall be no later than twenty-four (24) hours from receipt of delivery order for all items except IV's, which shall be no later than three (3) business days. Bids submitted which fail to meet this requirement shall be cause for rejection. It is hereby understood and mutually agreed to by and between parties hereto that the time of delivery is an essential condition of this contract."

Receiving ordered materials in a timely manner is highly important, especially when it comes to medical supplies and pharmaceuticals. A bold sentence on the bottom of the Scope of Services page in the contract indicates the consequence for failing to meet promised delivery times.

- **"Continued failure to deliver items within the specified time frame may result in the cancellation of this agreement."**

Moreover, Exhibit C attached to the original contract states the following from BTM:

- "With distribution centers strategically located across the United States and thousands of emergency medical supplies and equipment, Bound Tree Medical is positioned to deliver your order within 2 business days if received within our warehouse by that days order cut off time of 3pm."

- “Bound Tree medical carries thousands of EMS supplies and related inventory to meet our customer’s demands throughout the United States. Strategically located, our distribution centers in Southaven, Mississippi; Arlington, Texas; Gilbert, Arizona, and Visalia, California allows us to reach more than 97% of the United States population in 2 UPS Ground transit days or better.”

Purchase orders related to supplies did not have delivery dates as required (Refer to Item #6). More specifically:

- IFB-601516-12/TLR, Section 4 (Time for Completion), stated that “[t]he supplies and equipment to be provided by CONTRACTOR shall be delivered, as specified in such Purchase Orders as may be issued hereunder, within the time specified therein.” Also, the Section 1 addendum to the contract stated that “[e]ach Release Order shall describe the materials required and shall state the delivery information.”

If a prudent delivery date of no more than ten (10) business days had been used for contract IFB-601516-12, then 54 of 179 invoices (31%) would have exceeded that time frame with delivery dates ranging between 11 and 100 business days. It is possible that the number of invoices could increase to as many as 70 of 179 (39%), since there were sixteen (16) invoices where the packing slip was not submitted to the Comptroller’s Office, so the delivery dates could not be established.

- IFB-602939-17, Exhibit A, states that “[d]elivery shall be not later than seven (7) business days after receipt of order.” There were 33 out of 61 invoices (54%) that exceeded this time frame with delivery dates ranging between 8 and 49 business days. The same standard delivery period was used.

By not complying with the terms of the contract, pharmaceutical supplies and services might not be readily available to service the citizens of Seminole County.

Recommendation

1. Notify Bound Tree Medical, LLC of their delivery record and require compliance with the contract.
2. Future delivery delays should be documented with emails from Bound Tree Medical as to the nature of the delay. Those emails should be submitted to the Comptroller’s Office along with the other required documentation.

Management Response

Concur.

There is currently a national shortage on EMS medication effecting all levels of emergency medical services. When purchasing these medications we are placed on a waiting list with the other agencies serviced by the vendor. When the vendor receives a supply of these national shortage medications they supply their customers in the order of the waiting list.

Division of Inspector General Comment

The Fire Department did not adequately address the issue. We recognize that there have been shortages in EMS medications that have been prevalent for several years.

With this in mind, the Scope of Services exhibit in a pharmaceutical contract should address the issue and modify future delivery requirements accordingly. The County should amend the existing pharmaceutical contract (IFB-603338-18/TLR) to reflect the potential shortage of medications and how that could impact delivery. If a late delivery is due to a shortage, then the issue should be detailed and provided as supporting documentation at the time the invoice is paid.

5. Pharmaceutical Expiration Dates Were Less Than Required

IFB-601656-13/TLR (Scope of Services, Page 1 of Exhibit A) states that “[t]he Provider must ship all pharmaceuticals with an expiration date established by the manufacturer of at least twelve (12) months from the delivery date.”

34 of 236 (14%) pharmaceutical invoices reviewed had expiration dates less than twelve months from the delivery date. The contract does not contain an exception to this condition. It is possible that more pharmaceuticals with insufficient expiration dates could have been received as there were sixty-three (63) packing slips that failed to provide that information.

The Administrative Code (Purchasing Policy, Section 3.5523) states that the User Department and Project Manager are responsible for contract compliance. Performance monitoring determines a contractor’s effectiveness in meeting contract objectives. Accepting pharmaceuticals with expiration dates of at least 12 months after the delivery date would ensure contract compliance.

Recommendation

1. Expiration dates should be reviewed for compliance at the time of delivery, during the User Department performance monitoring, and by the Comptroller's Office prior to payment.
2. Pharmaceuticals should be refused/returned to the vendor if the expiration dates are not in compliance with the contract.

Management Response

Concur.

There is currently a national shortage on EMS medication effecting all levels of emergency medical services. When purchasing these medications we are placed on a waiting list with the other agencies serviced by the vendor. When the vendor receives a supply of these national shortage medications they supply their customers in the order of the waiting list. At times these medications are identified as not meeting the expiration dates per contract but are also identified as commonly used medications that will likely be used prior to the expiration date.

Division of Inspector General Comment

We recognize that shortages in EMS medications have been prevalent for several years. With this in mind, the Scope of Services exhibit in a pharmaceutical contract should address the issue and modify future expiration date requirements accordingly. The County should amend the existing pharmaceutical contract (IFB-603338-18/TLR) to reflect the potential shortage of medications and how that could impact the ability to receive all medications with expiration dates of at least twelve months. Medications received with an expiration date less then twelve months should be acknowledged as such; the issue should be detailed and provided as supporting documentation at the time the invoice is paid.

If medications are discarded because of the expiration dates the County should be owed a credit. This is with the understanding that Bound Tree is under contract and responsible for adhering to the terms and conditions of the contract.

6. Purchase Orders Not Documented Per Contract

A purchase order (PO) is a legally binding document between a buyer and seller. It stipulates the types, quantities, and agreed upon prices for materials and services. It details the items the buyer agrees to purchase, the delivery date, and the terms of payment.

There are two (2) provisions in the contract with Bound Tree Medical that require the County to issue individual purchase orders. The first is for supplies and the second is for materials. The contract provisions are noted below:

- Supplies: IFB-601516-12, Section 3 (Authorization for Services), states “[a]uthorization for provision of supplies and equipment by CONTRACTOR under this Agreement shall be in the form of written Purchase Orders issued and executed by COUNTY...Each Purchase Order shall describe the supplies and equipment required and shall state the dates for delivery of supplies and equipment and establish the amount and method of payment.”
- Supplies: IFB-602939-17, Section 3 (Authorization for Materials), states “[a]uthorization for provision of materials by CONTRACTOR under this Agreement must be in the form of written Release Orders issued and executed by COUNTY...Each Release Order will describe the materials required, state the dates for delivery of materials, and establish the amount and method of payment.”
- Pharmaceuticals: IFB-601656-13, Section 3 (Authorization for Services), states “[a]uthorization for provision of services by CONTRACTOR under this Agreement shall be in the form of written Purchase Orders issued and executed by COUNTY...Each Purchase Order shall describe the services required and shall state the dates for performance of services and establish the amount and method of payment.”

Of the 476 invoices reviewed, 474 (99.6%) used blanket purchase orders that only provided generic details of the initial and any subsequent approval of funds. The Seminole County Code of Ordinances, Chapter 220.4, defines a blanket purchase order as an “order under which a vendor agrees to provide goods or services to a purchaser on a demand basis; the purchase order generally establishes a maximum dollar limit, prices, terms, conditions, and the period covered, with no specified quantities; shipments are to be made as required by the purchaser.”

Section 1 for all three contracts states that the required materials/services “will be specifically enumerated, described, and depicted in the Release/[Purchase] Orders authorizing purchase of specific materials/[services].” The blanket purchase orders only provided brief descriptions such as “EMS Supplies” or “EMS Pharmaceuticals”. The delivery date field was either left blank or completed with an individual’s contact information. The amount was not specific to an invoice, but rather the bulk amount of authorized funds.

By issuing Blanket Orders and well-defined Release Orders, the County has enhanced the controls to ensure that exact quantities, prices and services are delivered on schedule in accordance with the terms of the contract.

Recommendation

1. Comply with County policy to ensure the controls continue to function effectively.
2. Use the Purchase/Release Order Form as exhibited in the contracts.

Management Response

Concur.

While we agree the Contract indicates that the "Authorization for the provision of materials by Contractor under this agreement must be in the form of written Release Orders issue and executed by the County" it is not practical to make payment by individual Release Orders related to "Emergency Medical Supplies - EMS" and pharmaceutical items. Due to backordering it would be virtually impossible to determine delivery dates and track which items are received on the Vendors end because of the multiple PO#s they would receive and making it virtually impossible to track on the Fire Departments end because of the multiple orders going out. When a backorder item is received we would have to go thru each individual PO to match items. Furthermore the lengthy process involved with entering individual Release Orders will eliminate the opportunity to procure backordered items as they will have already been sold to other customers. Further, the County could potentially jeopardize losing the 30-day discount. In order to take advantage of this discount this would require us to go back into the system and create an OX to reduce funds on each order.

The Fire Department will address, with Purchasing and Contracts, amending the contract to allow for one time blanket purchase orders as is the practice with other contracts.

Division of Inspector General Comment

To clarify our recommendation above, we do not recommend changing the language of the contract; we advise adherence to it. Also, we do not advocate creating multiple PO numbers that relate to a single contract, but rather the use of release orders against the blanket order. The purpose of the blanket PO is to assign a single PO number to an approved, aggregate purchase amount. A blanket purchase order requires separate release orders against that PO to authorize new purchases under the blanket order. The release is the final authorization to request delivery of products for which a blanket PO has been issued. The release indicates how much product will be delivered and a requested delivery date. The delivery date requirement for products affected by known shortages was addressed in Finding #4.

7. Limit Payments to Once a Month

Review of checks issued to Bound Tree Medical, LLC during the audit period of October 2015 through September 2018 (36 months) noted 24 of 36 months (67%) where the Supplies contracts had two or more monthly payments; under the Pharmaceutical contract there were 25 of 36 months (69%) of multiple monthly payments.

Section 6 (Payment and Billing), states that “[p]ayments shall be made by COUNTY to CONTRACTOR when requested as supplies and equipment are furnished but not more than once monthly.” This provision is in all three contracts reviewed.

With the average cost of issuing a paper check ranging between \$4 and \$20, there are some possible savings with issuing a single check per month to a vendor. Between October 2015 and September 2018 there were 49 extra checks issued to Bound Tree Medical, LLC.

Since the Purchasing Division uses standard language as noted in Section 6 of these contracts, management should identify similar contracts that stipulate a monthly payment and adhere to that provision.

Paying the vendor more than once a month is a violation of the terms of the contract.

Recommendation

1. Comply with the conditions of the Contract. The contractor should be paid once a month.
2. Change future contract language if this condition is not feasible.

Management Response

Concur.

While we agree Section 6 (c) of the Contract indicates that the “County shall make payments to the Contractor when requested as materials are furnished, but not more than once monthly” it is not always practical to make payment only once a month as these invoices relate to “Emergency Medical Supplies - EMS” and pharmaceutical items. Further, the County could potentially jeopardize losing the 30-day discount and not be compliant with the Prompt Payment Act.

The Comptroller’s Office will address, with the County, amending the contract to allow for more frequent payments to be consistent with the current payment practice and continue to take advantage of the discount. This will also ensure we are compliant with the Prompt Payment Act and secure the EMS and Pharmaceutical supplies as needed. Scheduled completion: August 2019.

8. *Missing Supporting Documentation*

43 of 476 invoices reviewed did not have packing slips as required.

The Seminole County Administrative Code, Section 22.15(C)(6)(a) (Prompt Payment Procedures), states that “[w]ithin five (5) business days of receipt of goods and/or services, departments shall submit the original invoice (if received from a vendor or County Finance), packing slip, bill of lading, receiving copy of the Purchase Order, or any other documentation designating receipt of goods and/or services with authorization, fund and account number, and date stamp visible to County Finance for payment.”

By not maintaining required supporting documentation, there is no evidence on file that the ordered items were approved and received.

Recommendation

1. Supporting documentation should be forwarded to the Comptroller’s Office as backup to the invoice.

Management Response

Concur.

The Fire Department will ensure that supporting documentation is forwarded to the Comptroller’s Office. Furthermore, the Fire Department will implement a process to copy this documentation into a backup file along with communicating the importance of this documentation to the current EMS Lieutenant in charge of receiving goods.

Scheduled completion date is August 16, 2019.

9. *Invoices Not Date-Stamped*

24 of 476 (5%) invoices were not properly date-stamped. The invoices were either missing the stamp or the stamp was not readable.

According to the Seminole County Administrative Code, Section 22.15(C)(4), “all invoices received by Seminole County shall be marked as to the date the invoice is received by being stamped or clocked in the day received. The stamp or time clock shall include the date and words Seminole

County and Received.” This code is supported by Title XIV, Chapter 218.74(1), of the Florida Statutes.

By not date-stamping the invoices, there is no recorded receipt time establishing the initial date by which invoice due dates are determined.

Recommendation

1. Comply with County policy to ensure the controls continue to function effectively.
2. All invoices received by the Comptroller’s Office should be date stamped the day they were received and should be legible.

Management Response

Concur.

Approximately 71% of the invoices not date stamped were from 2016, which represented 17 out of the 24 invoices reviewed. The Deputy Clerk processing invoices for the Fire Department indicated in some instances where the date stamp was missing on the corrected/revised invoice was because it was emailed directly to the Fire Department and the original revised invoice was not mailed to the Comptroller’s Office.

The Comptroller’s Office is committed to adhering to the policies and procedures adopted by the Board of County Commissioners and the Florida Statute, Chapter 218.74(1) – Procedures for calculation of payment due dates. The Deputy Clerk processing invoices has been notified the importance of ensuring that all invoices are properly date stamped upon receipt, regardless of whether they were mailed directly or emailed to the department. Scheduled completion: July 2019.

10. PCard Used to Pay Invoices

Contrary to the Manager Policies, there were seven (7) PCard transactions with Bound Tree Medical, LLC as the vendor. The transactions for various supplies and occurred between June 2016 and December 2017; the amounts ranged from \$64.20 to \$2,910.00. The total amount of PCard purchases was \$6,522.66.

The payment for all items, regardless of whether or not they appear on the agreed upon pricing schedule, purchased from vendors with Term Contracts should be processed in the same manner for consistency. Once an invoice is reviewed by the User Department for accuracy and approved

for payment, then it should be forwarded to the Comptroller's Office where they will aggregate until the monthly check is issued.

All three contracts that were in effect during our review reference that the County is not limited to purchasing only those items on the pricing schedule, either in Section 4 (Price Schedule) or Exhibit A (Scope of Services).

The Seminole County Manager Policies (Title W-6(b) states "[t]he Purchasing Card cannot be used to purchase like items totaling over \$10,000 per fiscal year/per Division or goods and services available on a County Term Contract with the exception of purchases from the County-wide office supply Contract."

Using a Purchasing Card to acquire goods and/or services covered by a Term contract is not compliant with County Policy.

Recommendation

1. Comply with County Manager Policies. Goods and services available from a supplier with a Term Contract should not be paid with a PCard.
2. Reiterate PCard policies during annual training.

Management Response

Do not concur.

Disagree with the finding. The examples provided are not situations where the County used the P-Card to pay invoices. The documentation supports a legitimate purchase of EMS supplies using the P-Card as a purchase method. The items in question are purchases of Duffle bags with SCFD logo and controlled substance storage boxes. Since these items are not under the Bound Tree Medical contract, they can be purchased using the P-Card. The statement of using a P-Card to acquire goods and/or services covered by a Term contract is not compliant with County Policy is incorrect since these items are not listed in the contract and can be purchased using the P-Card. No action is required.

Division of Inspector General Comment

We again recommend that for those items purchased from Bound Tree that are not specifically identified under the term contract be included in the normal payment process to Bound Tree for consistency. Although the County is not in any violation of public law, we made the recommendation so that there is a consistent process in place and prohibit circumventing policy for simple convenience.