



December 2006

Report No. 06-72

## Further Contracting Enhancements Would Help DCF Correct Vendor Noncompliance

### *at a glance*

To address the requirements of Ch. 2005-222, *Laws of Florida*, the Department of Children and Families has strengthened its contract accountability structures by establishing new contracting procedures for obtaining public university and college services and requiring annual on-site or desk reviews of vendors. The department also has improved its contract oversight systems and taken steps to better ensure staff compliance with these requirements.

To further strengthen its accountability systems, the department should make five additional changes to enhance its ability to identify and resolve vendor compliance problems:

- require staff to provide sufficient detail in monitoring reports to develop corrective action plans,
- include interim objectives and timeframes in corrective action plans to gauge vendor progress in addressing serious noncompliance areas,
- establish a system for tracking and analyzing repeat findings of noncompliance,
- more clearly define the criteria used to rate contract monitoring reports, and
- develop a strong training program and manual for contract monitoring staff.

### Scope

As directed by Ch. 2005-222, *Laws of Florida*, OPPAGA examined the contract management and accountability structures of the Department of Children and Families, including whether the department is adequately monitoring and managing its outsourced functions and services.<sup>1</sup>

### Background

The Department of Children and Families is responsible for administering the state's major human services programs. These programs include the Abuse Hotline, Adult Services, Economic Self-Sufficiency, Child Care, Domestic Violence, Family Safety, Homelessness, Mental Health, Refugee, and Substance Abuse programs. These programs are administered by staff at the department's central office, five zones, 13 districts, and one region (see Appendix A for a description of these entities' responsibilities).<sup>2</sup> For Fiscal Year 2006-07, the Legislature appropriated \$2.9 billion and authorized 13,418.5 positions for the department.

<sup>1</sup> OPPAGA issued a preliminary report on the department's contract management and accountability structures in February 2006. See *The Department of Children and Families Has Taken Steps to Address 2005 Contracting Law*, OPPAGA [Report No. 06-16](#).

<sup>2</sup> The department recently reduced the number of administrative zones from six to five to create additional efficiencies in departmental administrative services.

The department has privatized most direct services for its clients, and private and non-profit entities provide most program services through contracts with the department. As of October 1, 2006, the department had 966 contracts with an annualized value of \$1.3 billion and a total (multi-year) value of \$3.8 billion (see Exhibit 1).

### Exhibit 1

#### The Department Has 966 Contracts With a Multi-Year Value of \$3.8 Billion

Program	Number of Contracts	Annualized Contract Amounts	Total Contract Amounts
Adult Services	4	\$ 405,761.00	\$ 696,048.00
Child Care	29	5,459,021.24	13,253,615.20
District Administration	4	322,252.97	471,618.72
Domestic Violence	60	26,245,008.73	34,959,437.04
Economic Self-Sufficiency	34	10,350,974.07	17,994,489.39
Family Safety	120	622,176,535.20	2,216,436,867.42
Information Systems	30	34,187,972.47	117,392,495.17
Mental Health	454	372,353,293.96	818,509,787.02
Refugee	52	49,750,619.36	101,407,519.53
Substance Abuse	176	193,264,679.75	418,450,025.01
Other	3	15,045,193.40	75,057,189.00
<b>Total</b>	<b>966</b>	<b>\$1,329,561,312.15</b>	<b>\$3,814,629,091.50</b>

Source: Department of Children and Families.

The department generally has organized its accountability system for these outsourced services into three primary functions—contract administration, contract management, and contract monitoring (see Exhibit 2). The department uses somewhat different accountability systems to oversee community-based care lead agencies.

Contract administration conducts procurement and contract reviews that seek to assure that the department follows federal, state, and department policies, procedures, and requirements in its contracting activities. Contract administrators serve as liaisons between the department's contract managers, the central office, and the Department of Management Services. Contract administration offices are located in each of the department's five administrative zones and are

supervised by zone administrators. Contract administration staff are also located in the central office and are supervised by the Office of Contracted Client Services.<sup>3</sup>

Contract management is responsible for ensuring that vendors comply with contractual requirements. These staff oversee vendor performance, review and approve deliverables and invoices, and serve as the primary contact between the department and its vendors. Contract management staff are located in the department's 13 districts, one region, and central office. In the districts and region, staff are supervised by the district or regional administrators, while the director of Provider Relations supervises most contract managers assigned to the central office.<sup>4</sup>

Contract monitoring assesses whether vendors comply with federal and state laws, rules, policies, and contract provisions. Contract monitors conduct an annual on-site or desk review of each vendor, depending on the vendors' ratings on a statewide risk assessment. These reviews assess whether vendors use appropriate accounting procedures and provide the services required by their contracts. Contract monitors are located in six contract oversight units throughout the state and supervised by central office staff in the Office of Quality Management.<sup>5</sup>

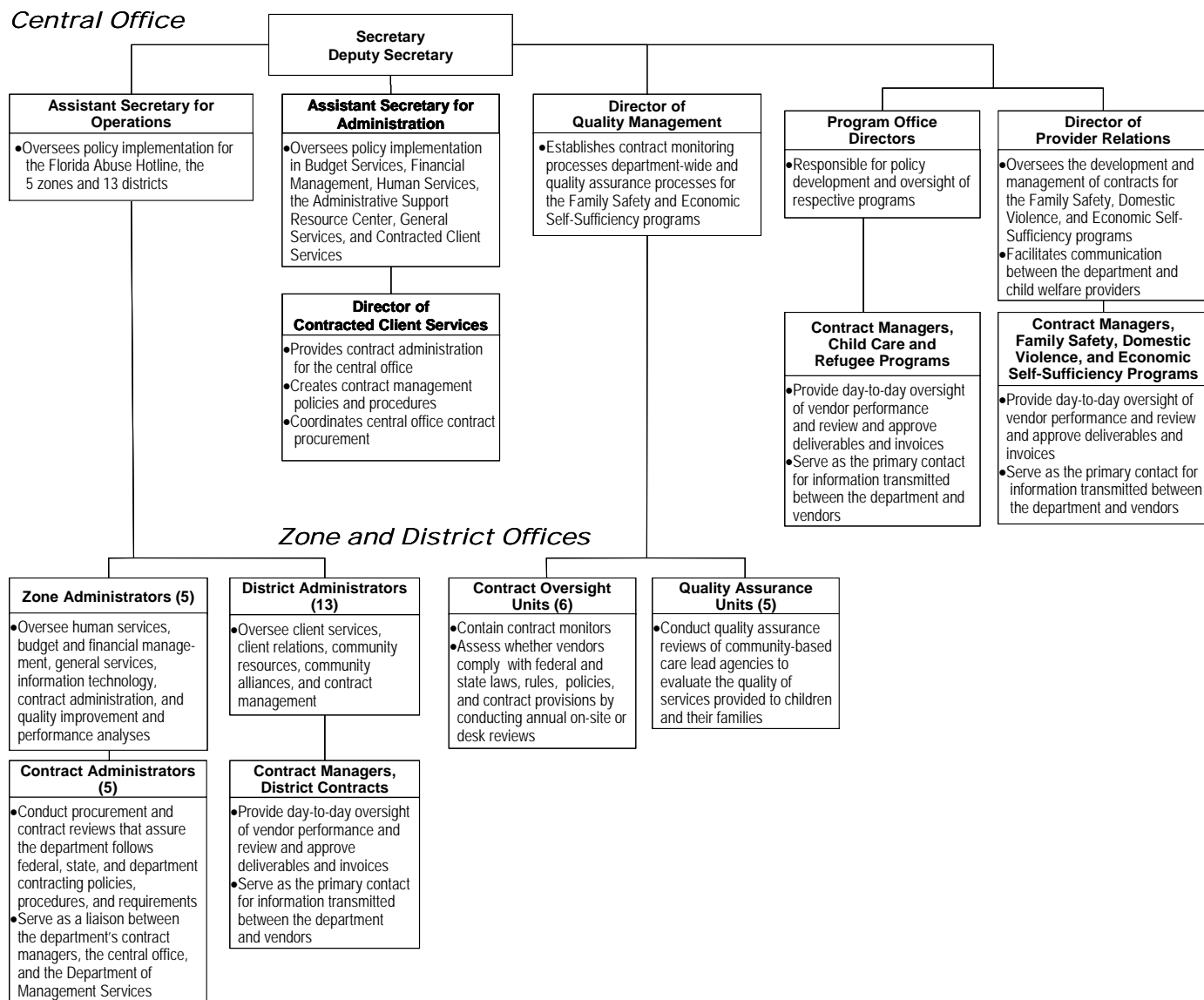
<sup>3</sup> The Office of Contracted Client Services provides contract administration for the central office, creates contract management policies and procedures, and coordinates central office contract procurement.

<sup>4</sup> The Office of Provider Relations oversees the development and management of contracts for the Family Safety, Domestic Violence, and Economic Self-Sufficiency programs and facilitates communication between the department and family safety providers. Contract managers for the Child Care and Refugee Programs are supervised by their respective program directors. The Homelessness and Adult Services Programs do not have any state-level contracts.

<sup>5</sup> The Office of Quality Management establishes contract monitoring processes department-wide and quality assurance processes for the Family Safety and Economic Self-Sufficiency programs.

## Exhibit 2

## The Department Has Multiple Accountability Structures for Contracts



Source: Department of Children and Families.

Community-based care oversight. The department uses somewhat different accountability systems to monitor community-based care services. In addition to the systems discussed above, the department also conducts quality assurance reviews of community-based lead agencies to evaluate the quality of services provided to children and their families. Quality assurance staff are located in the department's five administrative

zones and are supervised by the Office of Quality Management. The department also has outsourced certain oversight functions for the lead agencies. In Fiscal Year 2005-06, the department outsourced fiscal and administrative monitoring of lead agencies to certified public accounting firms. In addition, the 2006 Legislature created a pilot program that outsourced programmatic monitoring and quality assurance reviews for two

lead agencies, as well as fiscal and administrative monitoring.<sup>6</sup>

## Findings

The department has taken several steps to implement the requirements of the 2005 contracting law. While these changes have strengthened its oversight systems, additional enhancements would enable the department to better ensure that vendors comply with all contract requirements.

### ***The department made changes to address the requirements of the 2005 law and improve its oversight systems***

Chapter 2005-222, *Laws of Florida*, established new statutory requirements for the department's oversight of vendors. While the department's existing oversight procedures were often commensurate with these requirements, it established new procedures to comply with the law and made additional changes to improve its oversight systems. Appendix B lists the law's requirements and department actions to address these requirements.

The department's existing contract procurement, management, and monitoring processes were generally commensurate with the 2005 law. Many of the department's existing contract procedures were consistent with the requirements established by Ch. 2005-222, *Laws of Florida*. As required by the law, the department required multi-year contracts, unless a shorter-term contract was justified; required contract files to be kept for six years; and required contract managers to approve corrective action plans, oversee implementation, and maintain documentation of corrective actions. In addition, the department already used a risk-based process to select vendors for on-site monitoring. This process included developing an annual monitoring schedule and monitoring plan that describes the programmatic, fiscal and administrative components of services the monitors plan to

review. The department has continued these procedures.

The department implemented new contract procurement, management, and monitoring procedures to address provisions of the law. The department took several actions to bring its contracting procedures into compliance with other provisions of the law. For example, the department created new contract procurement procedures for obtaining the services of public universities and colleges, which was viewed as problematic prior to the passage of Ch. 2005-222, *Laws of Florida*. These procedures include issuing a Request for Information to determine whether multiple public institutions possess the needed expertise and using responses to the Request for Information to select the appropriate procurement method. The new procedures also require that the college or university use competitive procurement procedures to select subcontractors who must not perform more than 49% of the required work.

To meet other requirements of the law, the department mandated that its contract managers make monthly telephone calls and annual on-site visits to vendors, and maintain documentation of these contacts. The department also established procedures requiring its contract monitoring staff to conduct desk reviews of vendors that are not receiving on-site reviews. These desk reviews assess whether the vendors submit invoices and deliverables as required and performance data to be reported on the department's performance dashboard system.<sup>7</sup> As part of the desk review, the contract monitors are to make comments about and rate the vendors' compliance.

The department communicated these changes to its contracting staff in several ways. The department issued a series of memoranda that provided official updates to its policies and procedures. In addition, the central office discussed these changes in its monthly conference calls with district contract administrators and biweekly telephone calls with contract monitors.

<sup>6</sup> OPPAGA is currently conducting a study on these pilot programs that examines the outsourcing of oversight functions, as well as other changes occurring in the community-based care system.

<sup>7</sup> The department's performance dashboard is a database that contains performance information on each of the program offices and administrative services.

The department made additional changes to improve its contract oversight systems and ensure that staff comply with procedures. While not specifically required by the new law, the department took several other steps to strengthen its contracting systems. As part of these changes, the department's Office of Contracted Client Services implemented an annual quality assurance review of contract managers' files. This review verifies that the contract file contains the required documentation such as procurement documents, evidence of the contract manager's on-site visit to the vendor, the vendor's monitoring report and corrective action plan, and a schedule of contract payments. In Fiscal Year 2005-06, these reviews found that 84% (1,007 of 1,191) of contract management files were in compliance with all of the department's quality assurance requirements, while 149 files were in compliance with 90% of the requirements, and 35 files were in compliance with 80% or less of the requirements.<sup>8</sup> The Office of Contracted Client Services works with contract managers whose files lack required documentation to bring these files into compliance.

In October 2006, the Office of Contracted Client Services updated its procedures and provided contract managers instructions on how to maintain corrective action plans and updates on the department's intranet to monitor whether vendors complete required corrective actions. Contract managers are responsible for entering information from the corrective action plan and making updates as vendors complete tasks. Once the information is entered into the database, department administrators plan to use it to determine which contract managers did not enter information on time and which vendors did not correct noncompliance within the specified timeframe.

The department also has conducted assessments to improve its contract monitoring processes. As part of this process, the department's Office of Quality Management surveyed contract managers to identify needed improvements, assessing areas

such as the usefulness of monitoring reports, timeliness of reports, and the accuracy of findings.<sup>9, 10</sup> To address concerns raised by stakeholders in the survey, the office created a new contract monitoring report template. The new template will be used for reviews conducted during Fiscal Year 2006-07.

The office also has implemented a peer review of contract oversight units to identify best practices and improve the quality of contract monitoring activities. As of October 1, 2006, these peer reviews had been conducted for three of the six contract oversight units, examining the management and supervisory skills of contract oversight unit supervisors.<sup>11</sup>

***The department should further strengthen its accountability system to enhance its ability to identify and resolve vendor compliance problems***

As discussed in previous OPPAGA reports, the department has frequently had difficulty getting contractors to resolve repeated instances of noncompliance with contract requirements. Examples of repeat findings from the substance abuse, mental health, and family safety programs include inconsistent and inaccurate data reporting and billing, inadequate documentation of services provided, and inadequate oversight and management of subcontractors.<sup>12</sup>

The department could better identify and resolve violations of contract requirements by addressing

<sup>9</sup> The Office of Contracted Client Services also conducted a separate survey of district administrators and program staff.

<sup>10</sup> For example, the survey found that 82% of contract managers who responded to the survey believed that the monitoring reports address important issues and 68% believed contract monitoring reports are provided in a timely manner. However, as discussed later in this report, approximately one-third of contract managers responded that report findings are not understandable and/or do not include the right amount of information.

<sup>11</sup> The peer reviews have identified both weaknesses and strengths. For example, peer reviewers recommended that one contract oversight unit maintain more organized work papers and develop a clearer process for report writing. The peer reviewers also noted that the unit had an effective process for planning contract monitoring reviews and conducting daily debriefings with vendors during a review.

<sup>12</sup> *Additional Improvements Are Needed as DCF Redesigns Its Lead Agency Oversight Systems*, OPPAGA [Report No. 06-05](#), January 2006, and OPPAGA [Report No. 06-16](#).

<sup>8</sup> The number of contracts in Exhibit 1 is not comparable because the numbers are from different fiscal years.

five limitations in its current contract oversight system.

- Contract monitoring reports lack sufficient detail needed to develop corrective action plans.
- Corrective action plans often lack interim objectives and timeframes to gauge vendors' progress in addressing serious areas of noncompliance.
- The department has not established a system for tracking and analyzing repeat findings.
- The department has not clearly defined the criteria for rating contract monitoring reports.
- The department lacks a procedures manual and strong training program for its contract monitoring staff.

Contract monitoring reports lack sufficient detail needed to develop corrective action plans. When the department's contract monitoring staff determine that vendors are not fully meeting contract requirements, they summarize these findings in contract monitoring reports that are provided to the vendor and the department's applicable contract managers. The contract managers are then responsible for working with the vendors to develop corrective action plans and resolving noncompliance.

To address problems in the timeliness of contract monitoring reports, the department developed a report template for Fiscal Year 2005-06 that directed contract monitors to omit much of the detail about their findings and the methodology they used to pull samples of files. Although this change speeded up report production, it resulted in removing many of the details that department staff and vendors need to understand the pervasiveness of cited problems and identify the corrective actions needed to appropriately address them.<sup>13</sup> For example, monitoring reports typically do not specify the total number of files from which the contract monitor drew a sample, which is needed to determine the magnitude of

the findings. The reports also do not specify whether department staff managing the contracts that were reviewed had previously identified performance concerns with these contracts or what documentation the monitor reviewed to determine if funds were spent in compliance with required procedures. As a result, department contract managers and district administrators asserted that they often lacked sufficient information to understand the extent and significance of cited problems and develop appropriate corrective action plans.

The Office of Quality Management has recognized this problem and again revised the contract monitoring report template in August 2006. The template now requires contract monitoring staff to complete a more comprehensive methodology section that is to describe any concerns cited by contract managers, list the funding sources the contract monitor evaluated to determine if funds were spent in compliance with procedures, and specify the number of files reviewed for each service category. Although these changes are promising, we could not determine whether the new template will fully address the above problems as staff have only recently begun to use the new template. Once the department completes its Fiscal Year 2006-07 contract monitoring reviews, it should survey contract managers and district administrators to evaluate whether the template has been successful in helping develop corrective action plans.

Corrective action plans often lack interim objectives and timeframes needed to gauge vendor progress in addressing serious areas of noncompliance. When department monitoring staff detect vendor noncompliance with contract requirements that cannot be corrected immediately, contract managers are responsible for requesting corrective action from the vendor. The vendor is required to develop a corrective action plan that describes the action the vendor needs to take to correct the problem and a timeframe for completion. Contract managers are responsible for performing follow up within the specified timeframes to determine if the vendor completed the corrective action.

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<sup>13</sup> Approximately one-third of contract managers who responded to the Office of Quality Management's survey believed that contract monitoring report findings are not understandable and/or do not include the right amount of information.



However, corrective action plans typically do not identify interim steps that vendors should accomplish within the specified timeframe for corrective action. These interim steps are important so the department can verify progress towards correcting identified problems. For example, one corrective action plan we reviewed noted that the vendor had not monitored its subcontractors as required and mandated that all subcontracts be monitored within a four month period. However, the corrective action plan did not establish interim benchmarks for this monitoring, such as monitoring at least 40% of subcontractors within two months. Without such interim benchmarks, the department's contract manager would not know if the vendor was making acceptable progress in resolving this important monitoring deficiency until the deadline had expired. Similarly, other corrective action plans we reviewed did not include any deadlines for completing mandated tasks, so contract managers would not have a basis for assessing the timely correction of contract violations.

Requiring corrective action plans to specify interim objectives and timeframes for serious violations could help department contract managers to more quickly identify whether the vendor is making progress in correcting noncompliance rather than waiting several months to intervene if necessary, and could help reduce the incidence of repeat findings of noncompliance. The department should require corrective action plans to include interim outcomes and timeframes when findings of noncompliance affect the health or safety of a client, pose a financial risk to the department, and/or require more than 30 days to resolve.

The department has not established a system for tracking and analyzing repeat findings of noncompliance. Although a prior OPPAGA report concluded that the department needed to develop a system to track repeat contract monitoring findings, the department has not implemented this recommendation.<sup>14</sup> Instead, department managers and contract monitors must manually

review individual contract monitoring reports to identify compliance trends. Over time, this method has become increasingly inefficient as staff conduct additional contract monitoring reviews and the number of contract monitoring reports increases.

Developing a tracking system would help the department identify system-related problems, analyze trends, ensure consistent application of penalties, and employ increasing levels of intervention when vendors fail to correct high-risk deficiencies.

The department has not clearly defined the criteria for its contract monitoring report ratings. The department recently developed a color-coded rating system for contract monitoring reports that identifies the level of vendor noncompliance found during the monitoring review. The system is intended to highlight the extent to which vendors are problematic and need more attention. As shown in Exhibit 3, contract monitors assign a green, yellow, or red rating to contract monitoring reports.

### Exhibit 3 The Department Uses a Color Coding System for Rating Contract Monitoring Reports

Color	Description of Rating
Green	The vendor is substantially in compliance with the terms and conditions of its contract. There may be one or more findings that require correction, but there may also be no findings.
Yellow	The vendor is out of compliance in one or more significant areas of the terms and conditions of its contract. There are one or more findings that are significant and/or repeated issues of noncompliance.
Red	The vendor is substantially out of compliance with the terms and conditions of its contract. There are one or more findings that are so significant, numerous, or repeated that the contract manager should consider whether continuing this business relationship is in the best interest of either the State of Florida or those individuals requiring services delivered through the contract.

Source: Department of Children and Families.

While a useful approach, the department's guidelines for the rating system leave too much ambiguity in the criteria contract monitors are to use when assigning ratings. As a result, contract

<sup>14</sup> OPPAGA [Report No. 06-05](#).

monitors are not consistently applying the ratings in a way that highlights more serious problems. Our review of a sample of 49 Fiscal Year 2005-06 contract monitoring reports showed that monitors tend to use the yellow rating for most problems regardless of severity. For example, several vendors received yellow ratings for problems of a seemingly minor nature, such as failing to submit data in a timely manner or not always maintaining complete records of client attendance of prevention classes. However, other vendors received the same rating for multiple health and safety problems, such as not conducting exit interviews with foster children to determine how they were treated in a foster home placement, not timely reporting incidents in which clients' health or safety were at risk, or not completing or not timely completing employee reference checks.

To address this problem, the department should better define the criteria used in the rating system and provide more guidance and training to its contract monitoring staff in applying these criteria. For example, the department's monitoring report template should define what types or combination of findings should result in a vendor receiving a yellow rating as significantly out of compliance versus a red rating as substantially out of compliance. This would enable contract monitors to more consistently apply the rating system and better identify vendors who need additional assistance and oversight.

The department lacks a procedures manual and strong training program for contract monitoring staff. The 2005 law requires the department to have contract monitoring units with staff who have been properly trained. Previous OPPAGA reports have noted that the expertise level of the department's contract monitoring staff was adversely affected by turnover created by

repeated reorganizations of this function.<sup>15, 16</sup> To address this loss of expertise, we recommended that the department finalize its contract monitoring manual and implement a strong training program.

As stated in our February 2006 report, the Office of Quality Management planned to complete a contract monitoring manual in July 2006 that addresses how to implement monitoring policies and procedures and conduct statewide training on the manual. However, as of November 2006, the department has not completed the manual. According to department managers, the latest deadline for completing the manual is January 2007. Moreover, while the department offered one training session in August 2006 that addressed proposed changes to contract monitoring tools, this training did not address other key issues such as how the new desk review process is to be implemented or how to use the new monitoring report template.

In addition, the department has not implemented an ongoing training schedule for new contract monitors hired after the most recent training. Longer-term contract monitors indicate that they also need periodic training to help make sure they are applying processes consistently statewide and stay informed of any changes. Addressing these training needs and establishing better guidance would help the contract monitors perform their jobs more effectively by reducing time on-site, more uniformly applying rating criteria, and writing more meaningful findings for contract managers to use when developing corrective action plans.

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<sup>15</sup> OPPAGA [Report No. 06-05](#) and OPPAGA [Report No. 06-16](#).

<sup>16</sup> Over the past year, the department has downsized its contract monitoring positions, although the contract monitoring workload has increased. In October 2005, the department had 65 contract monitoring positions, of which 22 were vacant (a 34% vacancy rate). As of September 2006, the department had 59 contract monitoring positions, of which 21 were vacant (a 36% vacancy rate). During the year, the workload for the contract monitors increased from 258 on-site reviews during Fiscal Year 2005-06 to 294 on-site reviews scheduled during the Fiscal Year 2006-07.



## Recommendations —————

To improve contract oversight, we recommend that the Department of Children and Families take the actions discussed below.

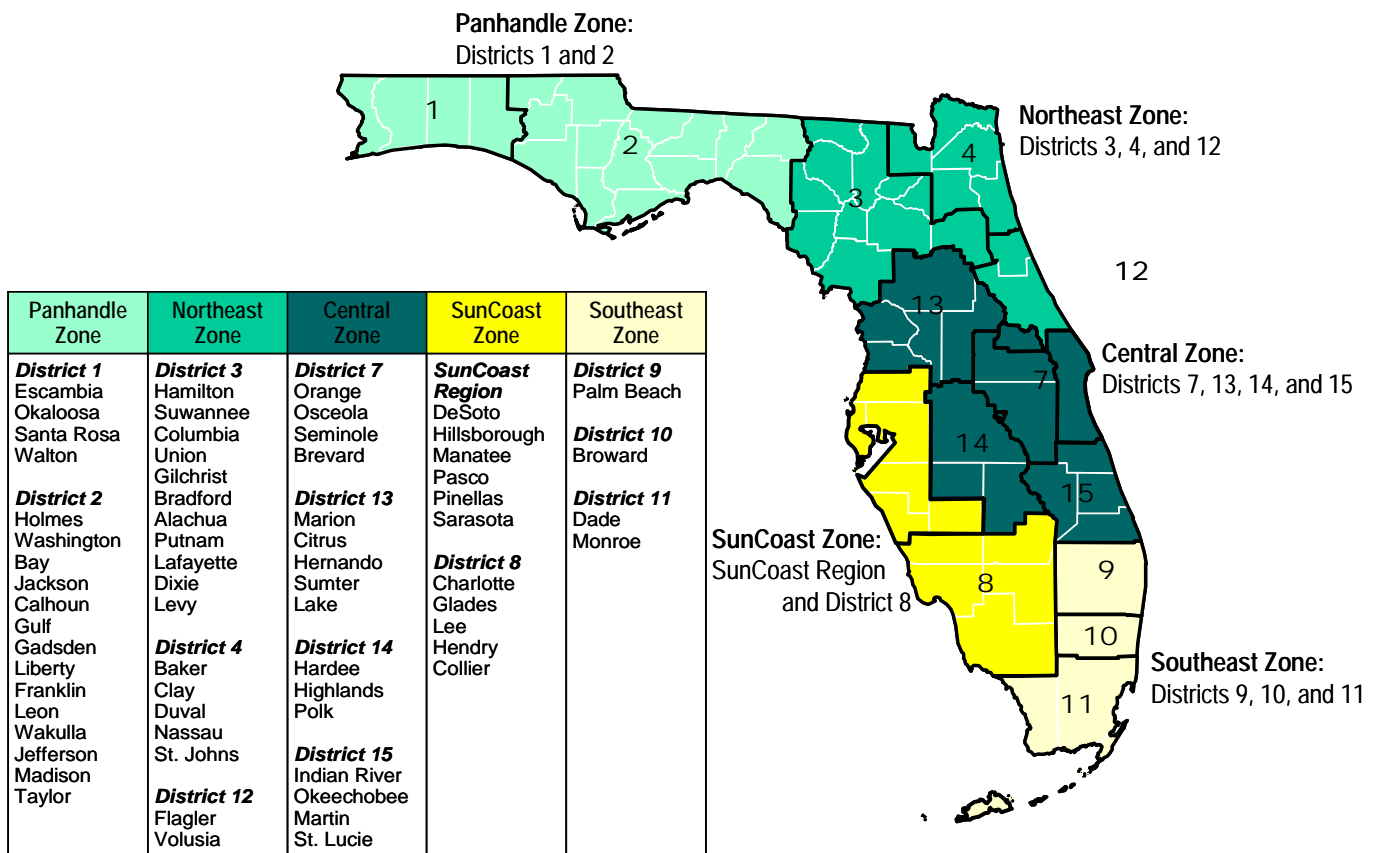
- Survey contract managers and district administrators to evaluate whether the new contract monitoring report template is successful in helping staff develop better corrective action plans.
- Require corrective action plans drafted by vendors and approved by contract managers to include interim outcomes and timeframes when findings of noncompliance affect the health or safety of a client, pose a financial risk to the department, and require more than 30 days to correct.
- Develop a data system to track and analyze repeat findings of noncompliance.
- More clearly define its contract monitoring report rating criteria and implement guidance and training for contract monitors on these criteria.
- Develop a strong training program for contract monitors and complete the contract monitoring manual. The training program should include an ongoing training schedule for new contract monitors and periodic training for existing monitors on any changes, such as changes to the department's monitoring tools, the new monitoring report template, and the new desk review process.

## Agency Response —————

In accordance with the provisions of s. 11.51(5), *Florida Statutes*, a draft of our report was submitted to the Secretary of the Department of Children and Families for review and response. The Secretary's written response to this report begins on page 13.

## The Department Administers Its Programs Through Several Administrative Layers

Administrative zones are responsible for human services, budget and financial management, general services, information technology, contract administration, and quality improvement and performance analyses.<sup>17</sup>



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## Appendix B

# The Department Made Changes to Address the Requirements of the 2005 Contracting Law

To address the requirements of Ch. 2005-222, *Laws of Florida*, the Department of Children and Families has strengthened its contract accountability structures by establishing new contracting procedures for obtaining public university and college services and requiring annual on-site or desk reviews of vendors. The department also has improved its contract oversight systems and taken steps to better ensure staff compliance with these requirements.

The chart below shows the requirements in the 2005 contracting law and actions taken by the department to address these requirements.

2005 Law Requirement	Action Taken by the Department of Children and Families
<b>Contract Procurement</b>	
The department shall enter into multi-year contracts and provide a justification for not doing so when single-year contracts are used.	Revised procedures to require justification for not using multi-year contracts; OPPAGA review of contract documents showed that contract managers are writing justifications for single-year contracts.
When contracting with a public postsecondary institution, the department shall allow all public postsecondary institutions in the state to bid on the contract.	Revised procedures to require that all public postsecondary institutions receive notice of the department's intent to solicit bids for a contract with such an institution, and that staff issue a Request for Information to determine if multiple universities are interested in competing for contracts.
Public postsecondary institutions with Department of Children and Families contracts shall competitively procure subcontracted services.	Revised procedures to require that all public postsecondary institutions competitively procure subcontracted services. Established a contract manager file review that assesses whether contract managers have documented approval or disapproval of all vendor subcontracting.
<b>Contract Management</b>	
The department shall require a member of the Senior Management or Select Exempt Service to assign in writing the responsibility of a contract to a contract manager. <sup>18</sup>	Existing procedures required contract managers to receive contract assignments in writing from supervisors, who are members of the Senior Management or Select Exempt Service. Established a contract manager file review that assesses whether contract managers maintain documentation of the written assignment.
The contract manager shall be properly trained before being assigned responsibility for any contract.	Existing procedures required contract managers to receive training before being assigned the responsibility for any contract; each contract manager must complete a four-day contract manager certification course upon employment.
The contract manager shall review all invoices for compliance before payment.	Existing procedures required contract managers to process, inspect, review, and approve invoices for payment and supporting expenditure information. <sup>19</sup>
The contract manager shall maintain a schedule of payments and total amounts disbursed.	Existing procedures required contract managers to maintain a payment activity log in the contract file. Established a contract manager file review that assesses whether contract managers maintain a schedule of contract payments and the total amount disbursed.

<sup>18</sup> Senior Management Service is a separate state personnel system for positions in the executive branch, the responsibilities of which are primarily policymaking or managerial in nature. Select Exempt Service includes positions within state agencies that are designated as managerial/policymaking, professional, or non-managerial/non-policymaking.

<sup>19</sup> A prior OPPAGA report noted that reviewing and approving invoices is a large part of contract managers' job responsibilities. See [OPPAGA Report No. 06-05](#).

2005 Law Requirement	Action Taken by the Department of Children and Families
The contract manager shall periodically visit the physical location where services are delivered and speak directly to clients receiving the services and staff responsible for delivering the services. In addition, the contract manager should meet at least once a month directly with the contractor's representative and maintain records of such meetings.	Revised procedures to shift responsibility for on-site visits from contract monitors to contract managers; required contract managers to make monthly telephone calls to vendors and meet annually on-site with vendors and clients. Established a contract manager file review that assesses whether contract managers maintain documentation of contact with vendors.
The contract manager shall periodically document any differences between the required performance measures and the actual performance measures. The department should terminate contracts with vendors that do not correct performance deficiencies within the specified time period and not contract with that vendor for the services for which the contract was terminated for at least 24 months from date of termination.	Revised procedures to state that if a vendor fails to meet contracted performance standards, the department may allow up to six months for improvement. After that timeframe, if performance deficiencies are not resolved and the vendor cannot document extenuating circumstances, the department must terminate the contract. Existing procedures required the department to not contract with a vendor for 24 months if the vendor's contract was terminated due to poor performance.
The contract manager shall obtain and enforce corrective action plans and maintain records regarding vendor completion of corrective action plans.	Existing procedures required contract managers to approve corrective action plans, oversee vendor completion, and maintain documentation of completion efforts. Established a contract manager file review that assesses whether contract managers keep the corrective action plan in the official file and also maintains these plans and updates on the department's intranet.
The contract manager shall maintain the official contract file for six years after termination of the contract.	Existing procedures required contract managers to maintain the official contract file for six years.
The contract manager shall document any contract modifications.	Existing procedures required contract managers to include contract amendments in the official contract file. Established a contract manager file review that assesses whether contract managers maintain the original contract and any amendments.
Contract Monitoring	
The department shall establish monitoring units staffed by career service employees who report to a member of the Select Exempt Service or Senior Management Service. <sup>20</sup>	Established monitoring units staffed by career service employees that are supervised by members of the Select Exempt Service.
Contract monitors shall be properly trained to perform contract monitoring, with at least one member of the contract monitoring unit possessing specific knowledge and experience in the contract's program area.	Existing procedures required contract monitors to have program oversight skills and accounting or auditing skills. Conducted contract monitoring training in August 2006. However, as discussed in this report, the department needs to implement more ongoing training for contract monitors.
The department shall perform a risk assessment at the start of each fiscal year and prepare an annual contract schedule that includes consideration for the level of risk assigned.	Existing procedures required an annual contract monitoring schedule based on the risk of the contracts. Created a risk assessment for Fiscal Year 2006-07 and monitoring units are creating their monitoring schedules for this timeframe.
The contract monitor shall prepare a contract monitoring plan before performing on site monitoring that includes sampling procedures, description of the programmatic, fiscal and administrative components, and clinical and therapeutic components if appropriate.	Existing procedures required contract monitors to develop a monitoring plan that includes a description of sampling, programmatic and administrative components of the review. Contract monitoring units are creating these plans prior to reviews.
The contract monitor shall conduct desk reviews of vendors not receiving on-site monitoring.	Implemented procedures that require vendors not receiving an on-site review to undergo a desk review. Created a template for these reviews and completed the risk assessment for Fiscal Year 2006-07, which identifies the vendors that will receive desk reviews.
The department shall provide a written monitoring report within 30 days after completion of the on-site monitoring or desk review.	Prior to the law, the department did not always issue monitoring reports in a timely manner. In Fiscal Year 2005-06, 64% of reports were issued within 30 days of completing a review. However, the Office of Quality Management has placed an emphasis on timely reports and created a database for tracking all reports and the number of days they take for completion.

Source: OPPAGA analysis.

<sup>20</sup> Career service includes all salaried executive branch employees who are not in the Senior Management or Select Exempt Services.

## Appendix C

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State of Florida  
Department of Children and Families

Jeb Bush  
Governor

Lucy D. Hadi  
Secretary

November 30, 2006

Mr. Gary R. VanLandingham, Director  
Office of Program Policy Analysis and  
Government Accountability  
111 West Madison Street, Room 312  
Tallahassee, Florida 32399-1475

Dear Mr. VanLandingham:

Thank you for your November 16, 2006 letter providing the Department of Children and Families a draft copy of your report, *"Further Contracting Enhancements Would Help DCF Correct Vendor Noncompliance."* We appreciate the findings in the report and offer these responses to the recommendations.

- **Survey contract managers and district administrators to evaluate whether the new contract monitoring report template is successful in helping staff develop better corrective action plans.**

We concur with the recommendation. The new report template will be evaluated during the fiscal year to determine if it has been successful in helping staff develop better corrective action plans.

- **Require corrective action plans drafted by vendors to include interim outcomes and timeframes when findings of noncompliance affect the health or safety of a client, pose a financial risk to the department, and require more than 30 days to correct.**

We concur with the recommendation. The recently revised format for corrective action plans includes the documentation of specific tasks and completion dates. By January 1, 2007, we will develop an on-line training course that includes the instruction to provide interim measurement steps for longer term corrective actions.

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1317 Winewood Boulevard, Tallahassee, Florida 32399-0700

Mission: Protect the Vulnerable, Promote Strong and Economically Self-Sufficient Families, and Advance Personal and Family Recovery and Resiliency



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November 30, 2006

- **Develop a data system to track and analyze repeat findings of noncompliance.**

We concur with the recommendation. The current report format identifies a finding as a repeat finding in the narrative; however while it is separately tracked, it is not easy to analyze at this time. Currently the Contract Evaluation and Reporting System (CERS) does not have pre-built query or report functionality that focuses solely on repeat findings. This will be implemented by January 1, 2007, as part of the ongoing improvement of the system.

- **More clearly define its contract monitoring report rating criteria and implement guidance and training for contract monitors on these criteria.**

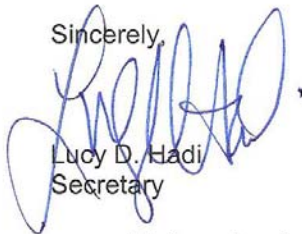
We concur that the report rating criteria can be improved. The criteria have been revised during the 2005/2006 monitoring year, and again before the start of the 2006/2007 year. The criteria and consistent use of the ratings will be evaluated and improved by April 1, 2007.

- **Develop a strong training program for contract monitors and complete the contract monitoring manual. The training program should include an ongoing training schedule for new contract monitors and periodic training for existing monitors on any changes, such as changes to the department's monitoring tools, the new monitoring report template, and the new desk review process.**

We concur with this recommendation. Improvements have been made in the past year, and the department will continue to take action to improve training for contract monitoring staff. The contract monitoring manual will be published by January 2007.

Thank you again for the opportunity to provide feedback on the report. If you or your staff have additional questions regarding our comments, please do not hesitate to contact Walter Sachs, Staff Director for Contracted Client Services, at (850) 921-8983.

Sincerely,



Lucy D. Hadi  
Secretary

cc: Melissa Jaacks, Assistant Secretary for Administration  
Tom Rankin, Director, Office of Quality Management



## *The Florida Legislature*

# *Office of Program Policy Analysis and Government Accountability*



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