



Department of Children and Families Has Strengthened Its Contract Oversight System

at a glance

In response to our 2006 report, the Department of Children and Families has strengthened its accountability system to better identify and resolve vendor compliance problems. Department contract monitoring reports now provide more information to help contract managers and vendors develop corrective action plans. In addition, the department has enhanced its contract reporting data system to enable staff to better track and analyze vendor noncompliance and monitor whether vendors have completed required tasks to correct deficiencies. The department also has established a procedures manual and training program for contract monitoring staff and their supervisors. While these steps have improved the department's vendor accountability system, it is too early to determine their impact in reducing vendor noncompliance with contract requirements. Future OPPAGA studies will continue to assess the department's outcomes in this area.

Scope

In accordance with state law, this progress report informs the Legislature of actions taken by the Department of Children and Families in response to a 2006 OPPAGA report.^{1,2} This report presents our assessment of the extent to which the department has addressed the findings and recommendations included in our prior report.

¹ Section 11.51(6), *F.S.*

² *Further Contracting Enhancements Would Help DCF Correct Vendor Noncompliance*, [OPPAGA Report No. 06-72](#), December 2006.

Background

The Department of Children and Families is responsible for administering the state's major human services programs, including Economic Self-Sufficiency, Family Safety, Mental Health, and Substance Abuse. These programs are administered by staff at the department's central office, six regions, and 20 circuits. For Fiscal Year 2007-08, the Legislature appropriated \$2.9 billion and 13,559 positions for the department.

The department has outsourced most direct services for its clients and private, not-for-profit entities provide most program services through contracts with the department. As of April 2008, the department had 970 contracts with an annualized value of \$1.7 billion and a total (multi-year) value of \$5.3 billion (see Exhibit 1).

The department's accountability system for these outsourced services is organized into three functions: contract administration, contract management, and contract monitoring.³

³ As discussed in [OPPAGA Report No. 06-72](#), the department uses additional accountability systems for community-based care lead agencies. An upcoming OPPAGA report will describe how these functions are currently administered.

Exhibit 1
The Department Has 970 Contracts With a Multi-Year Value of \$5.3 Billion

Program	Number of Contracts	Current Fiscal Year Amount	Contract Amounts
Adult Services	20	\$ 1,623,367	\$ 3,599,624
Child Care	30	6,290,539	22,375,614
District Administration	3	202,228	579,284
Domestic Violence	45	26,824,433	36,658,360
Economic Self-Sufficiency	134	21,254,274	34,926,070
Family Safety	102	840,463,475	2,907,355,884
Information Systems	33	30,119,077	114,560,499
Mental Health	356	497,732,745	1,552,396,216
Refugee	63	64,613,344	142,221,387
Substance Abuse	181	181,728,701	439,068,150
Other	3	20,208,026	75,377,902
Total	970	\$1,691,060,208	\$5,329,118,990

Source: Department of Children and Families.

The contract administration staff conducts procurement and contract reviews to assure that the department follows federal, state, and department policies, procedures, and requirements in its contracting activities. Contract administration offices are located in each of the department’s six regions and are supervised by the regional administrator. The contract administration staff for the central office is located in the Office of Contracted Client Services. This office provides contract administration for the central office, creates contract management policies and procedures, and coordinates central office contract procurement.

The contract management staff is responsible for ensuring that vendors comply with contractual requirements by overseeing vendor performance and reviewing and approving deliverables and invoices. The contract management staff is located in the department’s six regions and the central office. As part of a recent reorganization, the department is planning to give supervisory responsibility for regional contract managers to the respective program office administrators. Most central office contract managers are supervised by the assistant secretary for Programs.⁴

The contract monitoring staff assesses whether vendors comply with federal and state laws, rules, policies, and contract provisions. The contract monitoring staff conducts annual on-site or desk reviews of each vendor, depending on the vendors’ risk assessment rating. These reviews assess whether vendors use appropriate accounting procedures and provide the services required by their contacts. Contract monitoring staff members are located in six contract oversight units throughout the state and supervised by central office staff in the Office of the Assistant Secretary for Programs.

Current Status

The department has strengthened its accountability system to better identify and resolve vendor compliance problems

Our 2006 report noted that the department’s accountability system had limitations and the department frequently had difficulty getting contractors to resolve repeated violations of contract requirements. The department has subsequently implemented our recommendations to improve its contract oversight system.

The department has modified its contract monitoring reports to provide more information. Our prior report noted that the department’s contract monitoring reports did not provide sufficient detail on identified contract violations by vendors. As a result, contract managers and department administrators had difficulty understanding the extent and significance of cited problems, which hindered their ability to develop appropriate corrective action plans.

To address this problem, the department modified its monitoring report template in Fiscal Year 2006-07 and again in 2007-08 to require contract monitoring staff to provide additional information, particularly in the methodology and findings sections of the reports. The new report template also highlights repeat findings and the number of years that noncompliance has been identified in each area.

⁴ The assistant secretary for Programs oversees the development and management of state-level contracts for the Family Safety, Domestic Violence, and Economic Self-Sufficiency programs. 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.

The department also has implemented our recommendation to survey contract managers to determine whether the revised monitoring report template has been helpful in developing better corrective action plans. In response to a 2008 department survey, 97% of contract managers responding were satisfied with the understandability of report findings in the new format, and 93% said that monitoring report findings now provided specific information explaining the areas found out of compliance. This represented a substantial improvement; in response to a 2006 department survey, 67% of contract managers reported that report findings were clear and understandable in the former monitoring report format.

The department has developed a system to enable staff to track and analyze vendor noncompliance. The department has implemented our prior report's recommendation to develop a system to track and analyze findings of noncompliance. Our 2006 report noted that in the absence of such a system, department contract managers, monitoring staff, and administrators had to manually review individual contract monitoring reports to identify compliance trends.

To address this problem, the department has enhanced the search functionality of its web-based contract evaluation reporting system. This system now allows department staff to search prior contract monitoring report findings by specific vendors and types of vendors. Using this information, staff can identify vendors' prior deficiencies, determine whether vendors have repeated areas of noncompliance, and analyze compliance trends for types of vendors such as community-based care lead agencies or mental health providers. Staff can also search the system for vendors' prior corrective action plans to identify actions vendors were to take to address deficiencies and when these corrective actions were to be completed.

The department has enhanced its contract evaluation data system to better track the status of corrective actions. Our 2006 report noted that vendor corrective action plans varied in whether they established timeframes to complete tasks and did not have interim benchmarks for contract managers to use to determine if vendors were making acceptable progress in addressing

noncompliance.⁵ As a result, department contract managers did not always have a basis for assessing the timely correction of contract violations. To address this problem, we recommended that the department 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 revised its contract evaluation data system to better track the status of corrective actions. The system now enables department administrators to view whether vendors have submitted corrective action plans to contract managers, whether contract managers have approved the plans, and whether vendors have completed corrective actions. These changes provide department administrators with information they can use to oversee whether contract managers are fulfilling their responsibilities to establish corrective action plans and make sure that vendors complete corrective actions, and take action when vendors do not address repeat findings of noncompliance.⁶

The department no longer uses a color coding system to rate the severity of contract monitoring reports. Our 2006 report concluded that the department's guidelines for its color-coded monitoring report rating system left too much ambiguity in the criteria contract monitoring staff used when assigning these ratings. The purpose of the color-coded system was to identify the level of vendor noncompliance and thus highlight the extent to which vendors were problematic and needed more attention. As a result of ambiguity in the criteria, the contract monitoring staff was not consistently applying the ratings in a way that highlighted more serious findings of noncompliance. To address

⁵ 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.

⁶ The department's Contract Corrective Action Management and Tracking System, a subcomponent of the contract evaluation reporting system, recently won a Davis Productivity Award.

this problem, the department has eliminated the color coding system. Department administrators determined that their modifications to the format of monitoring reports help ensure that the reports provide sufficient detail and highlight repeat findings.

The department has established a procedures manual and training program for contract monitoring staff. Consistent with our recommendation, in January of 2007 the department adopted a procedures manual for contract monitoring staff. The manual serves as a guide for monitoring contracts and includes sections addressing areas such as standards of conduct, assessing vendor risk, and preparing monitoring reports. The department has placed the manual on its intranet to help ensure staff are informed about department expectations and apply monitoring processes consistently statewide.

The department also has implemented a training program for its contract monitoring staff. In 2006, the central office surveyed these staff to identify their training needs and in 2006 and 2007 held statewide training sessions for these personnel. The training focused on essential components of the contract monitoring function, including report writing, changes in community-based care contract requirements, and a recently implemented monitoring tool for children in foster care who receive independent living services. The training also included monitoring activities designed to ensure substance abuse and mental health providers are complying with all of their fiscal responsibilities. As resources permit, department administrators intend to hold additional training sessions each year.

The department also has established other training opportunities for contract monitoring staff through online resources and on-the-job training. The department has created an online database in which these staff can share experiences and tips on how to better perform their duties. Also, central office administrators have provided training to the six contract oversight unit supervisors to help them provide on-the-job training to contract monitoring staff. This training for supervisors included topics such as management training, on-site coaching, and establishing shadowing arrangements in which new employees work alongside more experienced staff. Contract oversight unit supervisors have begun to provide the on-the-job training to contract monitoring staff. For example, some contract oversight units ask new employees to complete a mock contract monitoring exercise in which they apply the department's contracting monitoring tool using work papers and other documents from previous monitoring reports. Contract monitoring units also have started to pair new employees with more experienced staff to work side-by-side on contract monitoring assignments.

While these steps have improved the department's vendor accountability system, it is too early to determine their impact in reducing vendor noncompliance with contract requirements. Future OPPAGA studies will continue to assess the department's outcomes in this area.

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