

By Senator Campbell

32-1035B-05

1 A bill to be entitled
2 An act relating to the Department of Children
3 and Family Services; providing legislative
4 intent with respect to establishing a structure
5 by which the department shall monitor and
6 manage contracts with external service
7 providers; providing definitions; requiring
8 that the department competitively procure
9 certain commodities and contractual services;
10 authorizing the department to competitively
11 procure and contract for systems of treatment
12 or service that involve multiple providers;
13 providing requirements if other governmental
14 entities contribute matching funds; requiring
15 that an entity providing matching funds comply
16 with certain procurement procedures;
17 authorizing the department to independently
18 procure and contract for treatment services;
19 requiring that the department ensure the
20 financial integrity of and service quality in
21 certain Medicaid services; requiring that the
22 department develop a validated business case
23 before outsourcing or privatizing any service
24 or function; providing requirements for the
25 business case; requiring that the validated
26 business case be submitted to the Legislature
27 for approval; requiring that a contractual
28 service that has previously been outsourced be
29 subject to the requirements for a validated
30 business case; requiring that a procurement of
31 contractual services equal to or in excess of

1 the threshold amount for CATEGORY FIVE comply
2 with specified requirements, including a scope
3 of work and performance standards; authorizing
4 the department to adopt incremental penalties
5 by rule; authorizing the department to include
6 cost-neutral, performance-based incentives in a
7 contract; requiring that a contract in excess
8 of \$1 million be negotiated by a contract
9 negotiator who is certified according to
10 standards established by the Department of
11 Management Services; limiting circumstances
12 under which the department may amend a
13 contract; requiring that a proposed contract
14 amendment be submitted to the Executive Office
15 of the Governor for approval; requiring
16 approval of a contract amendment by the
17 Administration Commission under certain
18 circumstances; requiring the department to
19 develop, in consultation with the Department of
20 Management Services, contract templates and
21 guidelines; requiring that the department
22 establish a contract-management process;
23 specifying the requirements for and components
24 of the contract-management process; providing
25 requirements for resolving performance
26 deficiencies and terminating a contract;
27 requiring a corrective-action plan under
28 certain circumstances; requiring the department
29 to develop standards of conduct and
30 disciplinary actions; requiring that the
31 department establish contract-monitoring units

1 and a contract-monitoring process; requiring
2 written reports; requiring on-site visits for
3 contracts involving the provision of direct
4 client services; requiring the department to
5 annually report to the Legislature and the
6 Office of Program Policy Analysis and
7 Government Accountability; specifying
8 requirements for the annual reports; requiring
9 that the Office of Program Policy Analysis and
10 Government Accountability conduct two reviews
11 of the contract-management and accountability
12 structures of the department and report to the
13 Legislature and the Auditor General; repealing
14 ss. 402.72 and 402.73, F.S., relating to
15 contract-management requirements for the
16 Department of Children and Family Services;
17 providing an effective date.

18
19 Be It Enacted by the Legislature of the State of Florida:

20
21 Section 1. Department of Children and Family Services;
22 procurement of contractual services; outsourcing or
23 privatization; contract management.--

24 (1) LEGISLATIVE INTENT.--The Legislature intends that
25 the Department of Children and Family Services obtain services
26 in the manner that is most efficient and cost-effective for
27 the state, that provides the greatest long-term benefits to
28 the clients receiving services, and that minimizes the
29 disruption of client services. In order to meet these
30 legislative goals, the department shall comply with
31 legislative policy guidelines that require compliance with

1 uniform procedures for procuring contractual services,
2 prescribe how the department must outsource or privatize its
3 programmatic and administrative functions and services to
4 external service providers rather than from the department or
5 another state agency, and establish a contract-management and
6 contract-monitoring process.

7 (2) DEFINITIONS.--As used in this section, the term:

8 (a) "Contract manager" means the department employee
9 who is responsible for enforcing the performance of
10 administrative and programmatic terms and conditions of a
11 contract. The contract manager is the primary point of contact
12 through which all contracting information flows between the
13 department and the contractor. The contract manager is
14 responsible for day-to-day contract oversight, including
15 approval of contract deliverables and invoices. All actions
16 related to the contract shall be initiated by or coordinated
17 with the contract manager. The contract manager maintains the
18 official contract files.

19 (b) "Contract monitor" means the department employee
20 who is responsible for observing, recording, and reporting to
21 the contract manager the information necessary to determine
22 whether the contractor is in compliance with the
23 administrative and programmatic terms and conditions of the
24 contract.

25 (c) "Department" means the Department of Children and
26 Family Services.

27 (d) "Outsourcing" means the establishment of a
28 contractual relationship between the department and an
29 external service provider under which the department remains
30 fully responsible and accountable for the provision of the
31 affected service and maintains control over policy,

1 management, and fiscal decisions while the external service
2 provider performs all or part of the service.

3 (e) "Performance measures" mean the detailed,
4 quantifiable acceptance criteria for each deliverable and
5 service to be provided to the department under the terms of a
6 contract.

7 (f) "Privatization" means any process aimed at
8 shifting services, in whole or in part, from the department to
9 the private sector such that the private sector is solely and
10 fully responsible for the performance of specific services.

11 (g) "Service" means all or any portion of a program or
12 program component as defined in s. 216.011.

13 (3) PROCUREMENT OF COMMODITIES AND CONTRACTUAL
14 SERVICES.--

15 (a) The department shall award all contracts for the
16 purchase of commodities and contractual services in excess of
17 the threshold amount provided in section 287.017, Florida
18 Statutes, for CATEGORY TWO, through competitive solicitation
19 as provided for in section 287.057, Florida Statutes. When the
20 department procures a contractual service or commodity
21 pursuant to section 287.057(5)(f)13., Florida Statutes, the
22 exemption only applies to contractual services and commodities
23 provided by the governmental agency and not between the
24 governmental agency and a private vendor.

25 (b) When it is in the best interest of a defined
26 segment of its consumer population, the department may
27 competitively procure and contract for systems of treatment or
28 service that involve multiple providers, rather than procuring
29 and contracting for treatment or services separately from each
30 participating provider. The department must ensure that all
31 providers that participate in the treatment or service system

1 meet all applicable statutory, regulatory, service-quality,
2 and cost-control requirements. If other governmental entities
3 or units of special purpose government contribute matching
4 funds to the support of a given system of treatment or
5 service, the department shall formally request information
6 from those funding entities in the procurement process and may
7 take the information received into account in the selection
8 process. If a local government contributes matching funds to
9 support the system of treatment or contracted service and if
10 the match constitutes at least 25 percent of the value of the
11 contract, the department shall afford the governmental match
12 contributor an opportunity to name an employee as one of the
13 persons required by section 287.057(17), Florida Statutes, to
14 evaluate or negotiate certain contracts, unless the department
15 sets forth in writing the reason why such inclusion would be
16 contrary to the best interest of the state. Any employee so
17 named by the governmental match contributor shall qualify as
18 one of the persons required by section 287.057(17), Florida
19 Statutes. A governmental entity or unit of special purpose
20 government may not name an employee as one of the persons
21 required by section 287.057(17), Florida Statutes, if it, or
22 any of its political subdivisions, executive agencies, or
23 special districts, intends to compete for the contract to be
24 awarded. The governmental funding entity or contributor of
25 matching funds must comply with all procurement procedures set
26 forth in section 287.057, Florida Statutes, when appropriate
27 and required.

28 (c) The department may procure and contract for or
29 provide assessment and case-management services independently
30 from treatment services.

31

1 (d) The department must implement systems and controls
2 in order to ensure financial integrity and service-provision
3 quality in the developmental services Medicaid waiver service
4 system.

5 (4) SOURCING STANDARDS AND REQUIREMENTS.--If the
6 department proposes to outsource or privatize a service, the
7 department must comply with the requirements of this section
8 prior to the competitive-procurement process provided for in
9 section 287.057, Florida Statutes.

10 (a) The department shall develop a validated business
11 case describing and analyzing the service proposed for
12 outsourcing or privatization. A business case is part of the
13 solicitation process and is not a rule subject to challenge
14 pursuant to section 120.54, Florida Statutes. The business
15 case must include, but need not be limited to:

16 1. A detailed description of the services to be
17 outsourced or privatized, a description and analysis of the
18 department's current performance of such service, and a
19 rationale documenting how outsourcing or privatizing such
20 service would be in the best interest of the state, the
21 department, and its clients.

22 2. A cost-benefit analysis documenting the estimated
23 specific direct and indirect costs, savings, performance
24 improvements, risks, and qualitative and quantitative benefits
25 involved in or resulting from outsourcing or privatizing the
26 service. The cost-benefit analysis must include a detailed
27 plan and timeline identifying all actions that must be
28 implemented to realize expected benefits. Pursuant to section
29 92.525, Florida Statutes, the Secretary of Children and Family
30 Services shall verify that all costs, savings, and benefits
31 are valid and achievable.

1 3. A description of the specific performance measures
2 that must be achieved by the outsourcing or privatization
3 proposal.

4 4. A statement of the potential effect on applicable
5 federal, state, and local revenues and expenditures. The
6 statement must specifically describe the effect on general
7 revenue, trust funds, general revenue service charges, and
8 interest on trust funds, together with the potential direct or
9 indirect effect on federal funding and cost allocations.

10 5. A plan to ensure compliance with public-record
11 laws, which must include components that:

12 a. Provide public access to public records at a cost
13 that does not exceed that provided in chapter 119, Florida
14 Statutes.

15 b. Ensure the confidentiality of records that are
16 exempt from disclosure or confidential under law.

17 c. Meet all legal requirements for record retention.

18 d. Allow for transfer to the state, at no cost, all
19 public records in possession of the external service provider
20 upon termination of the contract.

21 6. A department transition and implementation plan for
22 addressing changes in organizational headcount structure,
23 affected business processes, and employee-transition issues.
24 Such a plan must also specify the mechanism for continuing the
25 operation of the function or service if the contractor fails
26 to perform and comply with the performance standards and
27 provisions of the contract. Within this plan, the department
28 shall identify all resources, including full-time equivalent
29 positions, which are subject to outsourcing or privatization.
30 All full-time equivalent positions identified in the plan
31 shall be placed in reserve by the Executive Office of the

1 Governor until the end of the first year of the contract.
2 Notwithstanding the provisions of section 216.262, Florida
3 Statutes, the Executive Office of the Governor shall request
4 authority from the Legislative Budget Commission to
5 reestablish full-time positions above the number fixed by the
6 Legislature when a contract is terminated and the outsourced
7 or privatized function or service must be returned to the
8 department.

9 7. A listing of assets proposed for transfer to or use
10 by the external service provider, a description of the
11 proposed requirements for maintenance of those assets by the
12 external service provider or the department in accordance with
13 chapter 273, Florida Statutes, a plan for their disposition
14 upon termination of the contract, and a description of how the
15 planned asset transfer or use by the contractor is in the best
16 interest of the department and the state.

17 (b)1. If the department proposes to outsource or
18 privatize the service in the next fiscal year, the department
19 shall submit the validated business case with the department's
20 final legislative budget request, in the manner and form
21 prescribed in the legislative budget request instructions as
22 required by section 216.023, Florida Statutes. Upon approval
23 in the General Appropriations Act, the department may initiate
24 and complete the competitive-procurement process pursuant to
25 section 287.057, Florida Statutes, and shall have the
26 authority to enter into contracts with the external service
27 provider.

28 2. If a proposed outsourcing or privatization
29 initiative would require integration with, or would in any way
30 affect other state information technology systems, the
31 department shall submit the feasibility study documentation

1 required by the legislative budget request instructions
2 pursuant to section 216.023, Florida Statutes.

3 (c) If the department proposes to outsource or
4 privatize a service during the fiscal year, the department
5 must provide to the President of the Senate, the Speaker of
6 the House of Representatives, the chairs of the legislative
7 appropriations committees, and the chairs of the relevant
8 substantive committees the validated business case that
9 complies with the requirements of paragraph (a) at least 30
10 days before the release of any solicitation documents, as
11 provided for in section 287.057, Florida Statutes. Any
12 budgetary changes that are inconsistent with the department's
13 approved budget may not be made to existing programs unless
14 such changes are recommended to the Legislative Budget
15 Commission by the Governor and the Legislative Budget
16 Commission expressly approves such program changes.

17 (d) If the department is required to competitively
18 procure a contractual service that has previously been
19 outsourced, the department shall comply with the requirements
20 of this section.

21 (5) CONTRACTING AND PERFORMANCE MEASURES.--In addition
22 to the requirements of section 287.058, Florida Statutes,
23 every procurement of contractual services by the department
24 which meets or is in excess of the threshold amount provided
25 in section 287.017, Florida Statutes, for CATEGORY FIVE, must
26 comply with the requirements of this subsection.

27 (a) A contract containing all provisions and
28 conditions, which must include, but need not be limited to:

29 1. A detailed scope of work that clearly specifies
30 each service and deliverable to be provided.

31

1 2. All required service-level agreements clearly
2 describing all necessary performance requirements and specific
3 roles and responsibilities of the department and the
4 contractor.

5 3. Associated costs and savings, specific payment
6 terms and payment schedules, including incentive and penalty
7 provisions, criteria governing payment, and a clear and
8 specific schedule to complete all required activities needed
9 to transfer the function or service from the state to the
10 contractor.

11 4. A description of deliverables, activities, or
12 events that are directly related to the scope of work which is
13 quantifiable, measurable, and verifiable.

14 5. Clear and specific identification of all required
15 performance standards, which must, at a minimum, include:

16 a. Acceptance criteria for each deliverable and
17 service to be provided to the department under the terms of
18 the contract which document, to the greatest extent possible,
19 the required performance level. Acceptance criteria must be
20 detailed, clear, and unambiguous and shall be used to measure
21 deliverables and services to be provided under the contract.

22 b. A method for monitoring and reporting progress in
23 achieving specified performance standards and levels.

24 c. The sanctions or penalties that shall be assessed
25 for contract or state nonperformance. The department may
26 adopt, by rule, specific incremental penalties to be imposed
27 by its contract managers on a contractor due to the
28 contractor's failure to comply with a requirement for
29 corrective action. Any financial penalty that is imposed upon
30 a contractor may not be paid from funds being used to provide
31 services to clients, and the contractor may not reduce the

1 amount of services being delivered to clients as a method for
2 offsetting the effect of the penalty. If a financial penalty
3 is imposed upon a contractor that is a corporation, the
4 department shall notify, at a minimum, the board of directors
5 of the corporation. The department may notify any additional
6 parties that the department believes may be helpful in
7 obtaining the corrective action that is being sought. In
8 addition, the rules adopted by the department must include
9 provisions that permit the department to deduct the financial
10 penalties from funds that would otherwise be due to the
11 contractor, not to exceed 10 percent of the amount that
12 otherwise would be due to the contractor for the period of
13 noncompliance. If the department imposes a financial penalty,
14 it shall advise the contractor in writing of the cause for the
15 penalty. A failure to include such deductions in a request for
16 payment constitutes grounds for the department to reject that
17 request for payment. The remedies identified in this paragraph
18 do not limit or restrict the department's application of any
19 other remedy available to it in the contract or under law. The
20 remedies described in this paragraph may be cumulative and may
21 be assessed upon each separate failure to comply with
22 instructions from the department to complete corrective
23 action.

24 6. A requirement that the contractor maintains
25 adequate accounting records that comply with all applicable
26 federal and state laws.

27 7. A requirement authorizing the department and state
28 to have access to and conduct audits of all records related to
29 the contract and outsourced functions or services.

30 8. A requirement that ownership of any intellectual
31 property that is critical for the assumption of the outsourced

1 function or service by the department or state or for transfer
2 to another external service provider shall transfer to the
3 state if the contractor ceases to provide the outsourced
4 function or service.

5 9. A requirement describing the timing and substance
6 of all plans and status or progress reports that are to be
7 provided. All plans and status or progress reports must comply
8 with any relevant state and federal standards for planning,
9 implementation, operations, and oversight.

10 10. A requirement that the contractor shall comply
11 with public-record laws. The contractor shall:

12 a. Keep and maintain the public records that
13 ordinarily and necessarily would be required by the department
14 to perform the service.

15 b. Provide public access to such public records on the
16 same terms and conditions that the department would and at a
17 cost that does not exceed that provided in chapter 119.

18 c. Ensure the confidentiality of records that are
19 exempt from disclosure or confidential under law.

20 d. Meet all legal and auditing requirements for record
21 retention, and transfer to the state, at no cost to the state,
22 all public records in possession of the contractor upon
23 termination of the contract. All records stored electronically
24 must be provided to the state in the format compatible with
25 state information technology systems.

26 11. A requirement that any state funds provided for
27 the purchase of or improvements to real property are
28 contingent upon the contractor granting to the state a
29 security interest in the property which is at least equal to
30 the amount of the state funds provided for at least 5 years
31 following the date of purchase or the completion of the

1 improvements or as further required by law. The contract must
2 include a provision that, as a condition of receipt of state
3 funding for this purpose, the contractor agrees that, if it
4 disposes of the property before the department's interest is
5 vacated, the contractor will refund the proportionate share of
6 the state's initial investment, as adjusted by depreciation.

7 12. A provision that the contractor annually submit,
8 pursuant to section 92.525, Florida Statutes, all required
9 financial statements.

10 (b) A contract may include cost-neutral,
11 performance-based incentives that may vary according to the
12 extent a contractor achieves or surpasses the performance
13 standards set forth in the contract. Such incentives may be
14 weighted proportionally to reflect the extent to which the
15 contractor has demonstrated that it has consistently met or
16 exceeded the contractual requirements and the performance
17 standards.

18 (c) When the value of a contract is in excess of \$1
19 million, at least one of the persons conducting negotiations
20 must be certified as a contract negotiator based upon
21 standards established by the Department of Management
22 Services.

23 (d) The department may not amend a contract without
24 first submitting the proposed contract amendment to the
25 Executive Office of the Governor for approval if:

26 1. The effect of the amendment would be to increase
27 the value of the contract by \$1 million or 10 percent of the
28 contract value, whichever is less;

29 2. The total dollar amount to be paid is increased by
30 10 percent or more;

31

1 3. The federal or state funding sources or
2 requirements change; or

3 4. A contract performance date or the contract service
4 ending date is extended by 1 year or more.

5
6 When the department proposes any contract amendment that meets
7 the criteria described in this paragraph, it shall submit the
8 proposed contract amendment to the Executive Office of the
9 Governor for approval and shall immediately notify the chairs
10 of the legislative appropriations committees. The Executive
11 Office of the Governor may not approve the proposed contract
12 amendment until 14 days following receipt of the notification
13 to the legislative appropriations chairs. If either chair of
14 the legislative appropriations committees objects in writing
15 to a proposed contract amendment within 14 days following
16 notification and specifies the reasons for such objection, the
17 Executive Office of the Governor shall disapprove the proposed
18 contract amendment or shall submit the proposed contract
19 amendment to the Administration Commission. The proposed
20 contract amendment may be approved by the Administration
21 Commission by a two-thirds vote of the members present with
22 the Governor voting in the affirmative. In the absence of
23 approval by the commission, the proposed contract amendment
24 shall be automatically disapproved. Otherwise, upon approval
25 by the Governor or Administration Commission, the department
26 may execute the contract amendment.

27 (e) An amendment that is issued pursuant to
28 legislative direction, including funding adjustments annually
29 provided for in the General Appropriations Act, need not be
30 submitted for approval in accordance with paragraph (d).

31

1 (f) The department shall, in consultation with the
2 Department of Management Services, develop contract templates
3 and guidelines that define the mandatory contract provisions
4 and other requirements identified in this subsection and that
5 must be used for all contractual service contracts meeting the
6 requirements of this subsection. All contract templates and
7 guidelines shall be developed by September 30, 2005, and shall
8 be submitted to the Executive Office of the Governor for
9 review and approval. Upon request, the approved contract
10 templates and guidelines shall be provided to the President of
11 the Senate and the Speaker of the House of Representatives.

12 (6) CONTRACT-MANAGEMENT REQUIREMENTS AND
13 PROCESS.--Notwithstanding section 287.057(15), Florida
14 Statutes, the department is responsible for establishing a
15 contract-management process that requires a member of the
16 department's Senior Management Service to assign in writing
17 the responsibility of a contract to a contract manager. The
18 department shall maintain a set of procedures describing its
19 contract-management process which must minimally include the
20 following requirements:

21 (a) The contract manager shall maintain the official
22 contract file throughout the duration of the contract and for
23 a period not less than 6 years after the termination of the
24 contract.

25 (b) The contract manager shall review all invoices for
26 compliance with the criteria and payment schedule provided for
27 in the contract and shall approve payment of all invoices
28 before their transmission to the Department of Financial
29 Services for payment. Only the contract manager shall approve
30 the invoices for a specific contract, unless the contract
31 manager is temporarily unavailable to review an invoice. The

1 contract file must contain an explanation for any periods of
2 temporary unavailability of the assigned contract manager. For
3 any individual invoice in excess of \$500,000, a member of the
4 Selected Exempt Service or Senior Management Service shall
5 also sign payment approval of the invoice. For any individual
6 invoice in excess of \$1 million, a member of the Senior
7 Management Service shall also sign payment approval of the
8 invoice.

9 (c) The contract manager shall maintain a schedule of
10 payments and total amounts disbursed and shall periodically
11 reconcile the records with the state's official accounting
12 records.

13 (d) For contracts involving the provision of direct
14 client services, the contract manager shall periodically visit
15 the physical location where the services are delivered and
16 speak directly to clients receiving the services and the staff
17 responsible for delivering the services.

18 (e) For contracts for which the contractor is a
19 corporation, the contract manager shall attend at least one
20 board meeting semiannually, if held and if within 100 miles of
21 the contract manager's official headquarters.

22 (f) The contract manager shall meet at least once a
23 month directly with the contractor's representative and
24 maintain records of such meetings.

25 (g) The contract manager shall periodically document
26 any differences between the required performance measures and
27 the actual performance measures. If a contractor fails to meet
28 and comply with the performance measures established in the
29 contract, the department may allow a reasonable period for the
30 contractor to correct performance deficiencies. If performance
31 deficiencies are not resolved to the satisfaction of the

1 department within the prescribed time, and if no extenuating
2 circumstances can be documented by the contractor to the
3 department's satisfaction, the department must terminate the
4 contract. The department may not enter into a new contract
5 with that same contractor for the services for which the
6 contract was previously terminated for a period of at least 24
7 months after the date of termination. The contract manager
8 shall obtain and enforce corrective-action plans, if
9 appropriate, and maintain records regarding the completion or
10 failure to complete corrective-action items.

11 (h) The contract manager shall document any contract
12 modifications, which shall include recording any contract
13 amendments as provided for in this section.

14 (i) If the contract manager has been assigned prior to
15 the execution of the contract, the contract manager shall
16 review and approve the contract.

17 (j) The contract manager shall be properly trained
18 before being assigned responsibility for any contract.

19
20 The department shall develop standards of conduct and a range
21 of disciplinary actions for its employees which are
22 specifically related to carrying out contract-management
23 responsibilities.

24 (7) CONTRACT-MONITORING REQUIREMENTS AND PROCESS.--The
25 department shall establish contract-monitoring units staffed
26 by full-time career service employees who report to a member
27 of the Select Exempt Service or Senior Management Service and
28 who have been properly trained to perform contract monitoring.
29 A member of the Senior Management Service shall assign in
30 writing a specific contract to a contract-monitoring unit. The
31 department shall establish a contract-monitoring process that

1 must include, but need not be limited to, the following
2 requirements:

3 (a) Performing a risk assessment at the start of each
4 fiscal year and preparing an annual contract-monitoring
5 schedule that includes consideration for the level of risk
6 assigned. The department may monitor any contract at any time
7 regardless of whether such monitoring was originally included
8 in the annual contract-monitoring schedule.

9 (b) Preparing a contract-monitoring plan, including
10 sampling procedures, before performing on-site monitoring at
11 external locations of a service provider. The plan must
12 include a description of the programmatic, fiscal, and
13 administrative components that will be monitored on-site. If
14 appropriate, clinical and therapeutic components may be
15 included.

16 (c) Conducting analyses of the performance and
17 compliance of an external service provider by means of desk
18 reviews if the external service provider will not be monitored
19 on-site during a fiscal year.

20 (d) Unless the department sets forth in writing the
21 need for an extension, providing a written report presenting
22 the results of the monitoring within 30 days after the
23 completion of the on-site monitoring or desk review. Report
24 extensions may not exceed 30 days after the original
25 completion date. The department shall develop and use a
26 standard contract-monitoring report format and shall provide
27 access to the reports by means of a website that is available
28 to the Legislature.

29 (e) For contracts involving the provision of direct
30 client services, requiring the contract monitor to visit the
31 physical location where the services are being delivered and

1 to speak directly to the clients receiving the services and
2 with the staff responsible for delivering the services.

3 (f) Developing and maintaining a set of procedures
4 describing the contract-monitoring process.

5
6 The department shall develop standards of conduct and a range
7 of disciplinary actions for its employees which are
8 specifically related to carrying out contract-monitoring
9 responsibilities.

10 (8) REPORTS TO THE LEGISLATURE.--Beginning December
11 31, 2005, and by October 31 of each subsequent year, the
12 department shall furnish a report to the President of the
13 Senate, the Speaker of the House of Representatives, the
14 chairs of the legislative appropriations committees, and the
15 Office of Program Policy Analysis and Government
16 Accountability which includes the following components:

17 (a) A detailed description of all contractual service
18 contracts in excess of \$250,000 and their compliance with the
19 performance standards as set forth in their contracts, which
20 must include an explanation of any differences between the
21 required performance standards and the actual performance
22 standards.

23 (b) A detailed status report on all outsourcing and
24 privatization initiatives, which must include, at a minimum:

25 1. A description of the department's progress towards
26 achieving the business objectives, costs, savings, and
27 quantifiable benefits identified in the business case;

28 2. An update on the department's transition and
29 implementation plan which identifies all resources, including
30 full-time equivalent positions, subject to outsourcing or
31 privatization and therefore placed in reserve until the end of

1 the first year of an outsourcing or privatization contract;

2 and

3 3. A list of each outsourcing or privatization
4 contract, and any subcontracts, identifying the name, legal
5 domicile, and principal place of business of each contractor
6 or subcontractor and identifying the physical locations where
7 contractual services required under the outsourcing or
8 privatization contracts or subcontracts are being performed.

9 (c) The adequacy of resources and internal controls
10 used by each program office and service district to ensure
11 effectiveness and quality of contractual services provided
12 through outsourcing and privatization contracts.

13 (d) The status of the department's progress in
14 complying with the provisions of this section.

15 Section 2. The Office of Program Policy Analysis and
16 Government Accountability shall conduct two reviews of the
17 contract-management and accountability structures of the
18 Department of Children and Family Services, including, but not
19 limited to, whether the department is adequately monitoring
20 and managing its outsourced or privatized functions and
21 services. The office shall report its findings and
22 recommendations to the President of the Senate, the Speaker of
23 the House of Representatives, and the Auditor General by
24 February 1 of 2005 and 2007, respectively.

25 Section 3. Sections 402.72 and 402.73, Florida
26 Statutes, are repealed.

27 Section 4. This act shall take effect July 1, 2005.

28
29
30
31

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

SENATE SUMMARY

Requires that the Department of Children and Family Services establish a structure for monitoring and managing contracts with external service providers. Requires that the department develop a validated business case before outsourcing or privatizing any service or function. Requires that certain contracts be negotiated by a certified contract negotiator. Provides limitations for the department in amending a contract. Requires that the department establish contract-management units and a contract-management process. Requires that the department annually report to the Legislature and the Office of Program Policy Analysis and Government Accountability. Requires that the Office of Program Policy Analysis and Government Accountability conduct two reviews of the contract-management and accountability structures of the department. (See bill for details.)