



State of Florida
Department of Children and Families

Ron DeSantis
Governor

Shevaun L. Harris
Secretary

DATE: November 6, 2023
TO: Community Based Care (CBC) Lead Agencies
FROM: Kate Williams, Assistant Secretary for Child and Family Well-Being ^{KN}
SUBJECT: CBC Lead Agency Compliance

BACKGROUND: The Department of Children & Families (DCF) engaged two firms to conduct forensic examinations of CBC Lead Agencies based on findings identified by the Office of the Inspector General's audit of *Contractor Related Parties*. To date, forensic examinations of six Lead Agencies have occurred, with others to follow.

PURPOSE: To advise each Lead Agency of actions and recommendations that may be needed to ensure compliance with requirements of state and federal regulations, as well as Department contracts, as specifically outlined below.

- To improve transparency, it is recommended that all Lead Agencies eliminate contracts with related parties for management and administrative functions of the Lead Agency, as these are core components of the contract signed with the Department.** Section 409.986 (1)(b), F.S., states that it is the Department's essential responsibility to provide oversight of administrative and fiscal operations and Section 409.988 (2)(j), F.S., requires any Lead Agency sub-contract to demonstrate that it assists the Lead Agency in meeting performance standards.
- All Lead Agencies are required to comply with competitive procurement requirements, for both non-related and related parties.** 2 CFR 200.320 establishes thresholds for purchasing, including those requiring competitive procurement. All related-party contracts, regardless of the contract amount, must be competitively procured. Further, section 287.057(14), Florida Statutes, clearly outlines that exceptional purchases, including single source purchases, may not be renewed. Additional information on these requirements can be found in the CBC Contract, Section 1.4.3 and Section 1.9.3.2.
- Lead Agencies are required to comply with both federal and state regulations regarding executive salary compensation.** 2 CFR §200.430(i)(1)(i) and F.S.409.992(3) outline these regulations. Per Florida Statute, "A community-based care lead agency administrative employee may not receive a salary, whether base pay or base pay combined with any bonus or incentive payments, in excess of 150 percent of the annual salary paid to the secretary of the Department of Children and Families from state-appropriated funds, including state-appropriated federal funds. This subsection does not prohibit any party from providing cash that is not from appropriated state funds to a community-based care lead agency administrative employee." These compensation limits apply to the totality of any state-issued contracts that the Lead Agency may have with the state.

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Mission: Work in Partnership with Local Communities to Protect the Vulnerable, Promote Strong and Economically Self-Sufficient Families, and Advance Personal and Family Recovery and Resiliency

4. **Lead Agencies must comply with requirements of the Paycheck Protection Program (PPP), federal CARES act and Department contracts.** The Lead Agency contract, Section 22, directs that the Lead Agency “shall return to the Department any overpayments due to the unearned funds or funds disallowed that were disbursed” to the lead agency as well as any interest. Furthermore, the DCF Office of Management and Budget issued a memorandum on June 18, 2020, directing the Lead Agencies that “payroll costs paid with the Paycheck Protection Program (PPP) loans, or any other Federal CARES Act programs must not be also charged to current Federal awards as it would result in the Federal government paying for the same expenditures twice.”
5. **Board approval of Lead Agency Budget within the appropriated funding amount is required.** Pursuant to the 2023-2024 General Appropriation Act (GAA) Line 328, the Department requires a Board of Directors (BOD) approved submission of a detailed spending plan for each Lead Agency contract that has demonstrated core expenditures will not exceed the appropriated amount of core funding allocated and reserves a certain amount of funding for unanticipated expenses. Per the GAA, if at any time during the fiscal year the Lead Agency anticipates a deficit budget, they must resubmit an updated BOD approved spending plan for Department review.
6. **Lead agencies must comply with their approved Cost Allocation Plan.** As reflected in 2 CFR 200, 45 CFR 95, and the Lead Agency contract, Lead Agencies must comply with their department approved Cost Allocation Plans, including review of all related party contracts and billing arrangements to ensure that all amounts charged to the CBC contract are allowable under federal compliance.

CONTACT INFORMATION: If you have any questions regarding this memo or the information contained within, please contact your CBC Lead Agency assigned Contract Manager or Ralph Silverstein, Chief of Contracts, at Ralph.Silverstein@myflfamilies.com.

CC: Community Directors
CBC Lead Agency Contract Managers