

Executive Summary

In early 2012, Secretary Benjamin Barnes of the Office of Policy and Management established the Health and Human Services Purchase of Service (POS) Project Efficiency Office (Project Efficiency Office/PEO). The Project Efficiency Office was created in response to POS health and human services contracting issues and opportunities raised and identified by non-profit providers, the Nonprofit Liaison to the Governor and State agencies. The PEO was established to identify, recommend and initiate business process and organizational changes related to POS contracting that would streamline, standardize, automate and reduce costs and paperwork for both state agencies and providers. The changes were to result in improved timeliness of contract executions and payment, administrative efficiency and savings and a stronger focus on service and client outcomes and less on contract processes.

State agency contracting staff members were assigned to the OPM PEO from Departments of Children and Families, Correction, Mental Health and Addiction Services, Public Health and Social Services. The Project Efficiency Office also received assistance from staff at the Department of Developmental Services and direction from the OPM Office of Finance.

In approaching its work, the Project Office reviewed agency procedures, organizational structures, reporting requirements, forms and other information. The Project Office conducted an extensive site visit at each agency, encompassing structured interviews with contract, fiscal, quality assurance, program and administrative staff. These site visits examined current procedures/ practices and evaluated the efficiency of contracting processes within the agency. From these site visits, the Project Office compiled complex agency-specific data, aggregated data regarding the POS contracting process, and compiled comprehensive agency-specific reports. The Project Office also participated in vendor demonstrations of automated contract/grants management systems, and researched best practices in the area of health and human service contracting.

Agency Business Process Reviews

The PEO completed a Business Process Review (BPR) for each POS agency, in which the staffing levels, organizational structures and business practices were identified and analyzed. These BPR's are included as appendixes to this report. Within this report, the strengths, weaknesses and recommendations to improve current business practices are outlined for each agency. The agency specific recommendations, different from the overarching or cross-agency recommendations described below, are intended as actions individual agencies can implement immediately or in the shorter-term to make their processes more efficient, both for themselves and for providers.

Overarching or Cross-Agency Recommendations

The Project Efficiency Office also developed recommendations regarding best-practice or model standards or systems to be applied across-agencies. These recommendations reflect a number of best practices currently in place, at some level, in one or more of the POS agencies. They include those involving:

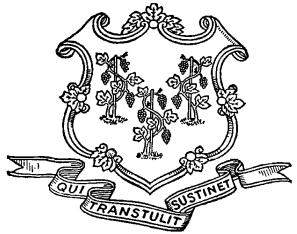
- 1) **Agency POS Contracting Hub.** Organizing a "model" contracts unit for each agency that is accountable and a focal point for the handling of all administrative, financial and contracting functions in a timely, effective and efficient manner while maintaining strong working relationships with agency program and fiscal staff, providers, the Office of the Attorney General and other entities involved in the process.
- 2) **Standardized Budgets & Financial Reporting.** Developing a Uniform Chart of Accounts and standardized budget and financial reporting system to reduce the multiple formats now used by state agencies..
- 3) **Contract Management System.** Implementing an Enterprise Web-based Contract Management System.
- 4) **Timely Contract Executions.** Streamlining and automating systems related to contract approval, development, execution, and management processes. Establishing timeframes regarding POS contract approvals and execution in order to ensure timeliness of contract executions and providing for accountability and transparency around agency performance regarding timeliness measures.
- 5) **Training.** Increasing training for agency staff and providers related to POS contracting issues.

- 6) **Contract Consolidation**. Decreasing the number of contracts per provider by increasing the number of provider programs under one consolidated contract with a State agency.
- 7) **Longer Term Contracts**. Increasing the term of contracts instead of the typical 2 to 3 year current terms.
- 8) **Increase Use of "Part I" Templates**. Increasing the use of Part I Office of Attorney General approved program templates.
- 9) **Streamline Payment Processes**. Streamlining the payment processes and changing the basis for payments in order to improve timeliness of payments to providers.
- 10) **Data Collection and Programmatic Outcomes**. Strengthening protocols and systems for collecting, evaluating and reporting on fiscal, programmatic and outcome data related to POS contracts.

Next Steps/Implementation Plan

Some implementation steps have already been taken with respect to the findings and recommendations in this report. OPM will be developing, in consultation with members of the PEO, POS agencies and providers, an implementation plan, which shall: prioritize the recommendations; outline actions steps and timelines; assign responsibility for action steps; identify any resources needed for implementation; and outline a method of measuring agency and state-wide progress with implementing the recommendations.

Implementing the recommendations included in this report will result in improved timeliness and efficiencies associated with POS human services contracting processes for both State agencies and providers. Realizing these improvements will, however, require continuing commitment and efforts from all involved, including OPM, state agencies, providers and others involved in these processes.



Health and Human Service Contracting

Process Review and Recommendations

for the Secretary of the Office of Policy and Management

Submitted by:

the Office of Policy and Management's Office of Finance, and
the Purchase of Service Contracting Efficiency Project Office

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INTRODUCTION

A Purchase of Service (POS) contract is a contract between a State agency and a private provider organization, municipality or another state agency for the purpose of obtaining direct health and human services for agency clients. A POS contract generally is not used for the sole purpose of purchasing administrative or clerical services, material goods, training and consulting services, and cannot be used to contract with individuals.

There are six major human service agencies in the current human service system: Department of Children and Families (DCF), Department of Correction (DOC), Department of Developmental Services (DDS), Department of Mental Health and Addiction Services (DMHAS), Department of Public Health (DPH), and Department of Social Services (DSS). With recent agency consolidations, the Department of Rehabilitative Services, Aging, Education and Housing will be administering POS contracts, most of which, to date, have been administered by DSS.

In early 2012, Secretary Benjamin Barnes of the Office of Policy and Management established the Health and Human Services POS Contracting Efficiency Project Office (Project Office). The Project Office was created in response to POS contracting issues and opportunities raised and identified by non-profit providers, the Non-Profit Liaison to the Governor and State agencies. The Project Office was established to identify, recommend and initiate business process and organizational changes related to POS contracting that would streamline, standardize, automate and reduce costs and paperwork for both state agencies and providers. The changes were to result in improved timeliness of contract executions and payment, administrative efficiency and savings and a stronger focus on service and client outcomes and less on contract processes.

The Project Office was also created to assist the Secretary with implementation of C.G.S. 4-70b, which requires the Secretary of the Office of Policy and Management to "establish uniform policies and procedures for obtaining, managing and evaluating the quality and cost effectiveness of human services purchased from private providers". Further, the Secretary is required to "ensure all state agencies which purchase human services comply with such policies and procedures".

The Project Office was comprised of contracting staff from the state's Human Service agencies, who were assigned to the office, three days per week. Staff were assigned to the Project Office from DCF, DOC, DMHAS, DPH and DSS. The Project Office also received assistance from staff at the Department of Developmental Services and direction from the OPM Office of Finance.

In approaching its work, the Project Office reviewed agency procedures, organizational structures, reporting requirements, forms and other information. All data reviewed by the Project Office was consolidated from State Fiscal Year 2012. The Project Office conducted an extensive site visit at each agency, encompassing structured interviews with contract, fiscal, quality assurance, program and administrative staff. These site visits examined current procedures/practices and evaluated the efficiency of contracting processes within the agency. From these site visits, the Project Office compiled complex agency-specific data, aggregated data regarding the POS contracting process, and compiled comprehensive agency-specific reports. The Project Office also participated in vendor demonstrations of automated contract/grants management systems, and researched best practices in the area of health and human service contracting.

I. BACKGROUND RE: POS HEALTH AND HUMAN SERVICE CONTRACTS

A. *POS Contracts: Number of and Annual Expenditures*

There are approximately 1,500 POS contracts statewide, involving approximately \$1.6 billion in expenditures annually. The total dollar amount of POS contracts statewide is in the range of \$5.5 billion since contracts are typically implemented with terms of three years or more. While most funding for POS contracts is provided by the State, \$200 million or more of the POS expenditures are allocated from federal funds (with DSS and DPH having the highest proportion of their contracts being federally funded). Some POS contracts are a combination of state and federal funding. Most POS contracts follow the State fiscal year, which starts July 1, while those involving federal funds are dependent on the receipt date of federal awards. Delineated below are the State Fiscal Year 2012 POS contract statistics for each human service agency:

SFY 2012 Agency POS Contract Statistics

	<u>DCF</u>	<u>DOC</u>	<u>DDS</u>	<u>DPH</u>	<u>DMHAS</u>	<u>DSS</u>
# of POS Contracts	147	33	192	281	205	1101
# of POS Program Types	97	13	42	31	70	68
# of POS Programs	515	80	594	309	850	797
# of Providers	146	30	186	147	159	143
Total Contract Funding	\$203,000,000	\$43,656,786	\$625,318,798	\$47,997,022	\$250,347,783	\$718,000,000
State Funding	\$190,000,000	\$43,161,786	\$614,841,838	\$24,062,651	\$223,486,215	\$421,000,000
Federal Funding	\$13,000,000	\$495,000	\$10,476,960	\$23,934,371	\$26,860,940	\$297,000,000

NOTE:

- **DSS:** Contracting activity changed significantly following FY 2012 due to the absence of funded programs such as ARRA and Child Care from DSS. FY 2013 POS contract number reduced to 580 and the total contracted POS funding reduced to \$334,795,605.

B. *Form, Length, Consolidation and Use of Pre-Approved Part I Scopes of Service*

1. Form and Length

A POS contract is comprised of:

- Contract Face Sheet: includes the names and addresses of the parties, the contract number, amount and term, the provider's FEIN number, and provider contact information;
- "Part I": developed by each state agency, outlines the program's scope of services, outcome measures and other program and agency specific requirements.
- Part 2: contains OPM's statewide wide terms and conditions.
- Budgets and Payment Schedules: negotiated for each program and included in the contract.

An agency may enter into a POS contract for a single year or for multiple years. The following chart illustrates the contract terms for the human service agencies during State Fiscal Year 2012.

Length of Agency POS Contracts

<u>Length</u>	<u>DCF</u>	<u>DOC</u>	<u>DDS</u>	<u>DPH</u>	<u>DMHAS</u>	<u>DSS</u>
up to 1 Year	1%	3%	4%	16%	0%	9%
2 years	0%	0%	64%	0%	100%	30%
3 Years	99%	6%	25%	49%	0%	54%
4 years	0%	33%	3%	12%	0%	5%
5 or more years	0%	61%	4%	23%	0%	2%

Source: FY2012 Contract unit data

2. Contract Consolidation

POS contracts with non-profit providers may include only one program per contract, but may also consolidate multiple programs operated by the same provider into one contract. Consolidation results in fewer contracts, having a higher dollar value.

Consolidated contracts can reduce the need to submit duplicate paperwork than is required of a provider having multiple contracts with an agency. The issues cited by DSS and DPH for a low level of consolidated contracts include aligning funding periods for programs, especially with respect to federally funded programs, and the complications of managing consolidated contracts among various program units within their agencies. This report will look at ways to address these issues. The following chart illustrates the number of contractors holding more than one contract during SFY 2012.

POS Contracts per Provider

	<u>DCF</u>	<u>DOC</u>	<u>DDS</u>	<u>DPH</u>	<u>DMHAS</u>	<u>DSS</u>
# of Providers	146	30	186	147	159	330
# with 1 Contract	145	27	170	81	128	155
# with more than 1 contract	1	3	16	66	31	175
Avg. Per Provider	1	1.1	1.1	1.9	1.29	2.35

3. Part I Scopes of Service

With respect to Part I of POS contracts, some human service agencies have reached agreement on standard scope of service language with the Office of the Attorney General (OAG) for many contracted programs. Contracts containing Part I approved language do not require additional OAG approval prior to full execution. This reduces contract assembly and execution processes. The following chart illustrates the percentage of OAG pre-approved Scopes of Services for each human service agency:

Part I Pre-Approved Scope of Services

	<u>DCF</u>	<u>DOC</u>	<u>DDS</u>	<u>DPH</u>	<u>DMHAS</u>	<u>DSS</u>
% Contracts with OAG Pre-Approved Scopes of Service	100%	0%	86%	36%	100%	40%

With respect to the lower percentage of standard scope of service language for DPH and DSS, a reported issue for these agencies is the number of program areas for which there are few contracts, which negates the efficiency associated with OAG pre-approval of language. Additionally, given the specificity required when purchasing human services for a criminal population, OAG pre-approved standard language would negatively impact the ability of DOC to tailor services to effectively meet the needs and legal release stipulations of its offenders.

C. POS Contracting and Contract Management Processes

POS contracting requires complex business processes involving multiple agency units, provider entities and inter-agency collaborations. These processes include:

Contract Development, Approval and Execution

- Planning in regard to service needs and determination of service delivery methods
- Funding and contracting approvals within an agency
- Seeking and receiving approval by OPM for the method of procurement (e.g., sole source or competitively procure), and/or the approval to enter into the contract

- Negotiating with providers regarding the scope of service, outcome measures and budgets for each contracted program
- Working within the agency, with the provider and with the Office of the Attorney General to assemble the contract, gather required documentation, obtain contract signatures, and disseminate the fully executed contract

Contract Administration

- Entering Contract into Core-CT, Establish Purchase Orders, Payment Vouchers, etc
- Making payments to providers
- Receiving and reviewing programmatic and financial reports from providers
- Monitoring the contract for compliance, efficacy and adherence
- Amending contracts as needed
- Reviewing and acting upon requests for budget revisions
- Determining any refund amounts at the end of the fiscal year
- Reviewing and acting upon State Single Audits

This report will describe and compare these processes among human service agencies, identify issues and best practices and make recommendations and plans for improvements.

1. Contract Development, Approval and Execution

i. Funding Approval and Method of Procurement

The contracting process can commence after funding has been identified and approved for a service by the agency's fiscal/budget office and approval has been received from OPM. OPM, through an electronic request and approval system, must provide approval before the agency can proceed with contracting for a service. If the agency intends to procure non-competitively, that must also be approved by OPM. Identified funding may be used to issue a new contract or to extend/review an existing contract.

Most of the human service agencies have spending plans that are used for allocating, tracking and monitoring funding for POS contracts. For some agencies, funding decisions are delayed until approval of the Governor's budget. Other agencies allocate funding based upon assumption of level funding. It has been identified that funding approvals, in some agencies, involve complex review and approval processes requiring multiple approvals. Late internal approval can delay request for external (OPM) approvals and contribute to late contract execution. Late OPM approvals also delay contract development and execution. Another major factor delaying contract development and execution is late notification of federal funding availability.

ii. Scope of Services and Outcome Measure Negotiations

Development of Part I scope of service language includes identification of service need, delivery model and outcomes. For some Human Service agencies, the scopes of services use pre-developed standard language and require no further negotiation with the provider. For development of new scopes of service or changes to existing scopes of service, negotiations may be conducted with the provider. This negotiation can involve staff from the agency program, contract, and/or legal units as well as the provider.

iii. Program Budgets

Each human service agency has its own budget and report format. An individual agency may use a detailed budget as a mechanism for collection of adequate monitoring information to measure a

provider's adherence with contract financial requirements, and adequacy of service delivery. Agencies also utilize performance measures and outcomes to monitor provider performance.

The budget process can be complex and can contribute to a delay in execution of a final contract. Standardization of budget formats, and related financial reports would streamline state agency and provider processes. In addition standardized budget/report formats would facilitate receipt of accurate provider financial information across multiple funding agencies.

iv. Contract Assembly and Execution

Human Service contracts are comprised of:

- Contract Face Sheet
- Part I—Scope of Service, Contract Performance, Budget Reports, payment schedules, Program Specific and Agency Specific sections-
- Part II—OAG standard terms and conditions
- Signature Page—Provider, State Agency Head, and Attorney General
- Forms—see Chart below (required by OAG, OPM, and awarding agency)

Part I and Part II involve a high level of standardized language, particularly for those programs for which scopes of service have been pre-approved by the Attorney General's Office. Some human service agencies use software programs (Hot Docs in DMHAS and DPH, and a customized system at DSS) which facilitate the assembly of contracts, while in other agencies, the contract assembly process is manual.

The submittal of required forms by providers (see Forms chart below), and the business process of obtaining signatures is accomplished through hard copy mailing or e-mail. Contracts having scopes of service that are not pre-approved must be sent to the Attorney General's Office with supporting documentation for approval. These pre- and post- contract execution processes can be streamlined using software programs and web-based tools.

Providers with human Service contracts and amendments initiated on or after July 1, 2012, are required to register as providers on the Department of Administrative Services' (DAS) BizNet system. Providers are required to upload the forms outlined in the Schedule below (except the Board Resolution, which must be submitted hard-copy with each new contract or amendment). Providers are required to update the forms in accordance with the requirements listed in the attached Schedule. Human Service agencies download the applicable forms from the BizNet system, for contract execution. This process is intended to eliminate the need for providers to submit these forms to multiple state agencies each time an agency initiates a new contract or amendment. The following table contains a listing of the forms maintained in Biznet:

Contract Forms Submitted via Biznet

FORM INFORMATION	Submittal/Update Requirements
1. OPM Ethics Form 1 – Gift & Campaign Contributions <i>Reason:</i> Required by statute. Applies to contracts having a value of \$50,000 or more in a calendar or fiscal year.	<ul style="list-style-type: none">• at time of contract execution• If after the initial submission there is any change in the information contained in the most recently filed certification an updated certification must be submitted not later than 30 days after the effective date of the change or upon submittal of a new bid or proposal whichever is earlier.• must be updated within 14 days of the 12 month anniversary of the most recently filed certification
2. OPM Ethics Form 5- Consulting Agreement Affidavit <i>Reason:</i> Required by statute. Applies to contracts having a value	<ul style="list-style-type: none">• Accompanies a bid or proposal• After the initial submission if there is any change in the information contained in the most recently filed certification an

FORM INFORMATION		Submittal/Update Requirements
of \$50,000 or more in a calendar or fiscal year.		updated certification must be submitted not later than 30 days after the effective date of the change or upon submittal of a new bid or proposal whichever is earlier.
3. OPM Form - Nondiscrimination Certification (less than \$50,000) 4. OPM Form - Nondiscrimination Certification (\$50,000 or more) <i>Reason:</i> Required by statute. Provider must submit one or other form (not both), depending on the value of the contract award.		<ul style="list-style-type: none"> • prior to the award of a contract • If after the initial submission there is any change in the information contained in the most recently filed certification an updated certification must be submitted not later than 30 days after the effective date of the change or upon submittal of a new bid or proposal whichever is earlier. • Must also certify no later than fourteen (14) days after the 12 month anniversary of the most recently filed certification that the representation on file is current and accurate.
5. Board of Directors (List of Members) <i>Reason:</i> Due diligence. Agencies request this information from providers only "as needed."		If requested: <ul style="list-style-type: none"> • proposal (if competitive) or • original contract
6. DAS R50 Workforce Analysis <i>Reason:</i> Used to collect workforce data for the Commission on Human Rights and Opportunities. Some agencies use the federal form to make it easier on their providers, who must report to the feds using form EEO-1		<ul style="list-style-type: none"> • Submitted with requisite contract documents.
7. Board Resolution <i>Reason:</i> To ensure signatory for provider has the authority to sign the contract.		<ul style="list-style-type: none"> • Submitted with requisite contract documents.

2. Contract Process Timeframes

The following table summarizes the typical timeframes for start and completion of various contract processes within each of the human service agencies for contracts having a July 1st start date:

<u>Process</u>	<u>Typical Start Date</u>	<u>Typical Completion Date</u>	<u>Explanation</u>
Department of Children and Families			
Internal Funding Approval/Approval to Commence Contracting Processes	March 1st	April 1st	<i>DCM is not involved in funding notification, allocation or approval and is not aware of need for contract until a request is received. Considering the listed dates DCM would not receive the request for contract until April 1st and would have all internal approvals by the date listed, June 15th. All activities prior to April 1st are carried out by the BU and Program Units. DCM is notified of a contract request and then verifies funding approval.</i>
Seeking and Receiving Approval from POM	April 1st	April 12th	<i>DCM initiates the OPM request immediately following the receipt of internal approvals. The initiated request is then completed (Program Need, Procurement Justification, etc.) by the Program Units. Considering the listed dates, DCM would receive notification that the request is ready for review and submission to OPM on or about April 12th.</i>
Negotiating Scope of Services	April 12th	May 30th	<i>Timeframe inclusive of drafting and scope review and revision by PGR Units, DCM PGR, AAG review/approval.</i>
Negotiating Budget	April 12th	May 12th	<i>This activity is conducted solely by Program Units during the RFP developmental process. Program Units and RFP Awardees review and agree on final budget line items. DCM reviews final budget forms for accuracy.</i>
Contract Assembly and Execution (including signatures)	May 12th	June 15th	<i>The contract assembly process is done primarily manually with the hardcopy contracts being mailed out hardcopy signature requirements.</i>
Department of Correction			

<u>Process</u>	<u>Typical Start Date</u>	<u>Typical Completion Date</u>	<u>Explanation</u>
Internal Funding Approval/Approval to Commence Contracting Processes	January 1	February 1	<i>Timeframe inclusive of service need determination and annual prioritization process</i>
Seeking and Receiving Approval from OPM	February 1	February 15	<i>If OPM decision not rendered in 15 business days, DOC proceeds as if approved (per statute)</i>
Negotiating Scope of Services	February 15	March 15	<i>Timeframe inclusive of negotiating contract specifics as well as writing and obtaining approval of scope</i>
Negotiating Budget	February 15	April 15	<i>Timeframe inclusive of negotiating budget as well as budget package completion, review and approval</i>
Contract Assembly and Execution (including signatures)	April 15	June 30	<i>If scope and/or budget development is not completed by this date, DOC frequently assembles contract and has provider begin signatures concurrent to finalization of scope/budget. Additionally, if provider returns signed contract with incorrect/missing forms, DOC proceeds with internal signatures while provider correct necessary forms.</i>
Department of Developmental Services			
Internal Funding Approval/Approval to Commence Contracting Processes	April 1st	April 30th	<i>DDS provides long term supports to individuals with intellectual disabilities. Supports must continue to be provided to individuals within the charge of the Department. Contracts are renewed at the end of the contract period.</i>
Seeking and Receiving Approval from OPM	April 15	May 1st	<i>The POS request completed (Program Need, Procurement Justification, etc.) by the Operations Center Unit. A blanket POS is submitted for all contracts renewals.</i>
Negotiating Scope of Services	N/A	N/A	<i>DDS utilizes an OAG approved scope of service. There is no negotiating the scope of services.</i>
Negotiating Budget	May 1st	May 15st	<i>Budget development is between the regional resource administration and provider.</i>
Contract Assembly and Execution (including signatures)	May 15	June 15	<i>Contract assembly and execution is conducted electronically. Providers are given a 2 week turnaround timeframe. If provider returns signed contract with incorrect/missing required forms, DDS does not proceed until provider submits the corrected forms.</i>
Department of Mental Health and Addiction Services			
Internal Funding Approval/Approval to Commence Contracting Processes	January 1	February 1	<i>Based on anticipated funding levels. We proceed with level funding assumption in the absence of an approved state budget.</i>
Seeking and Receiving Approval from OPM	February 1	February 15	
Negotiating Scope of Services	February 15	April 15	<i>Includes review of provider's proposed levels of care / service levels submitted per application</i>
Negotiating Budget	February 15	April 15	<i>Includes review of provider's proposed budget submitted per application</i>
Contract Assembly and Execution (including signatures)	April 15	June 30	
Department of Public Health			
Internal Funding Approval/Approval to Commence Contracting Processes	April 15th	May 10th	<i>CGMS is not involved in funding notification, allocation or approval and is not aware of need for contract until a request is received. Considering the listed dates CGMS would not receive the request for contract until May 5th and would have all internal approvals by the date listed, May 10th. All activities prior to May 5th are carried out solely by the Program Units</i>
Seeking and Receiving Approval from OPM	May 11th	June 1st	<i>CGMS initiates the OPM request immediately following the receipt of internal approvals. The initiated request is then completed (Program Need, Procurement Justification, etc.) by the Program Units. Considering the listed dates, CGMS would receive notification that the request is ready for review and submission to OPM on or about May 23rd.</i>
Negotiating Scope of Services	May 1st	June 10th	<i>This activity is conducted solely by Program Units and the Proposed Scope of Service is not available for CGMS review until completion date.</i>

<u>Process</u>	<u>Typical Start Date</u>	<u>Typical Completion Date</u>	<u>Explanation</u>
Negotiating Budget	May 1 st	June 10 th	<i>This activity is conducted solely by Program Units and the Proposed budget is not available for CGMS review until completion date.</i>
Contract Assembly and Execution (including signatures)	June 11 th	July 30 th	<i>It is typical for CGMS to spend a minimum of ten days re-writing and/or reformatting submitted Scopes of Service and budgets. Once complete, contract assembly and distribution is accomplished in a day. The majority of the additional time consumed is awaiting return of the signed documents from the provider and the OAG.</i>
Department of Social Services			
Internal Funding Approval/Approval to Commence Contracting Processes	April 1 st	May 31 st	<i>Fiscal notifies programs of funding allotments. Programs allocate funding to provider and returns to fiscal for approval. Programs must then complete a DFMA form for each contract request.</i>
Seeking and Receiving Approval from OPM	May 31 st	June 15 th	<i>If OPM decision not rendered in 15 business days, DSS proceeds as if approved (per statute)</i>
Negotiating Scope of Services	May 31 st	June 30 th	<i>Scope of Service development is between program and provider. Once complete, scope of service is sent to Contracts for review.</i>
Negotiating Budget	June 15 th	July 15 th	<i>Budget development is between program and provider. Once complete, budget is sent to Contracts for mathematical review.</i>
Contract Assembly and Execution (including signatures)	July 15 th	August 15 th	<i>Contract assembly and execution is conducted electronically. Providers are given a 2 week turnaround timeframe. If provider returns signed contract with incorrect/missing forms, DSS proceeds with internal signatures while provider correct necessary forms.</i>

D. Contract Administration

1. Financial Reporting

Providers are required to follow a contractual schedule for submission of programmatic and financial reports. For contracts having a July 1 start date, financial reports for programs operated with state funding must be submitted in accordance with the following schedule. It should be noted that programs operated with federal funding may require separate reporting schedules:

Financial Report Due Dates

	DCF	DOC	DDS	DPH	DMHAS	DSS	OPM Standard*
3 Month Interim Report	NA	NA	NA	NA	NA	10/31	No
4 Month Interim Report	NA	NA	NA	11/30	NA	NA	Agency Option
6 Month Interim Report	NA	NA	NA	NA	NA	1/31	No
8 Month Interim Report	3/31	3/31	3/31	3/31	3/31	NA	Yes
9 Month Interim Report	NA	NA	NA	NA	NA	3/31	No
12 Month Final Report	9/30	9/30	10/31	9/30	9/30	8/31	Yes

* On July 18, 2011, OPM Secretary Benjamin Barnes issued new POS standards regarding: Program Budget Variance and Revisions as well as Financial Reporting Dates. These standards can be found on OPM's web-site at <http://www.ct.gov/opp/lib/opp/secretary/pospolicyandprocedurehhs071811.pdf>.

Agency financial reporting requirements, formats, level of detail and method of submittal (e.g. e-mail vs. hard-copy) are varied across the six human service agencies. These reports, like the original budget, lend themselves to standardization, automation and, submittal via a web-based approach.

2. Contract Payments

Most human service contracts are paid on a prospective basis. Approximately 87% of contracted providers are established to receive electronic payments, with the choice of electronic or paper payment at the discretion of the provider. A human service agency payment process chart is included below.

Timeliness of payments is dependent on a number of factors, including: funding allotments released by OPM; contract execution dates; payment criteria and state human service agency business payment processes. In some agencies, payments are made automatically following receipt of agency funding allotments, while in others, payment is tied to receipt and review of financial and/or programmatic reports and complex payment business processes. The various human service agency payment terms, conditions, and process are summarized in the following table:

Human Service Agency Payment Processes

	<u>Amount and # of Payments</u>	<u>Payment Conditions</u>	<u>Process</u>
DOC	4 - quarterly payments	Auto, once allotment is received	Contracts Unit reviews all financials, handles creation and maintenance of CORE Contracts and Purchase Orders, and authorizes Fiscal Accounts Payable to release quarterly payments.
DMHAS	4 - 3 quarterly with 4 th in late May/early June 1. 4 mos. state \$ 3 mos. fed \$ 2. 3 mos. state \$ 3 mos. fed \$ 3. 3 mos. state \$ 3 mos. of fed \$ 4. 2 mos. state \$ 3 mos. fed \$	Auto, once allotment is received for first 3 payments. End of March provider must submit report on 1 st 8 mos. of the contract. By late April/early May the last payment will be made if no unexpended funds have been reported.	If a surplus of greater than 20% of DMHAS funding is noted at 8 months, payment is held until review is completed. DMHAS reviews total contract cost vs. unexpended funds amount, and may ask provider for narrative if provider reports substantial end of year surplus. Payments on fee for service contracts can be made as frequently as once per month. Provider must submit an invoice. Program staff validate attendance/usage and authorize payment.
DSS	4 - equal	Request for payment and invoice from provider. Quarterly financial and program reports must be submitted, reviewed and accepted prior to payment release.	The contract is entered into CORE by Contracts staff when the contract has been fully executed and approved. Provider must request payment via a DSS form W-1270 submitted to program staff. PO is established by Fiscal for the amount of the first payment when the first W1270 is submitted by program staff. When the PO is approved, the W-1270 is forwarded to Accounts Payable for payment. Subsequent W-1270's are routed to Fiscal for PO amendment, and then forwarded to AP.
DPH	4 - equal with some exceptions if provider has justifiable upfront costs. Contracts > \$200,000 with fed \$ are paid every 2 mos.	First payment is up front with subsequent payments issued when provider meets conditions of contract (i.e., reports, etc).	DPH uses a \$200,000 threshold on federal \$ contracts to trigger the every 2 month payment process to comply with the federal Cash Management Act. Auditors would like DPH to implement a lower threshold or none at all. Program staff oversee spending then transmit a form to contracts staff with ok to make payment. Contracts staff do a 2 nd review to make sure provider is in compliance with contract then send to internal audit staff. They review payment and if ok send back to contracts staff to process the paperwork in DPH Contracts Management System before sending to accounts payable. Accounts payable sends to purchasing to create the PO and back to accounts payable to

	<u>Amount and # of Payments</u>	<u>Payment Conditions</u>	<u>Process</u>
			enter into CORE.
DCF	4 - equal	Receipt of allotment and required reports and audits.	Contracts staff handle creation and maintenance of CORE Contracts and Purchase Orders, and authorize Fiscal Accounts Payable to release quarterly payments.
DDS	Monthly based on utilization and receipt of deliverables	Payment is based on submission of attendance on the DDS web-based program.	Contract is entered into CORE by the Operations Center fiscal staff. PO is developed for the full contract amount. Vouchers are based on an estimated amount for the current month, the actual amount based on the previous months attendance and a credit for the previous months estimated payment.

3. Budget Variances and Budget Revisions

According to the budget revision standards issued by Secretary Barnes on July 18, 2011, a provider may incur expenses that vary up to 20% for any approved program operating expense without requesting prior approval from the human service agency. If a provider intends to incur expenses greater than 20% of the approved cost, a budget revision including justification must be submitted for prior approval to the human service agency in order to avoid disallowance of the intended expense. In reference to established budget variances, it should be noted that definitions as to how the variances are applied (cumulative cost categories versus individual line-items) exist across the agencies. With respect to salary and wage variances, providers, (with the exception of those under contract with DDS), must request prior approval for any individual salary variance greater than 15%.

Not more than 45 days prior to the close of the state fiscal year, providers are required to submit budget revisions for any variance in excess of the terms described above to avoid disallowed expenditures at year-end. Standardization and automation across human service agencies would improve this process.

4. End of Year Audit; OPM Cost Standards

After the close of a funding period, state agencies are required to perform a year-end reconciliation to identify any unexpended funds. If unexpended funds, are identified, they must be recouped from the provider. The process utilized by each of the agencies for this reconciliation is highlighted below.

Cost settlement and the ability for providers to keep a portion of any remaining funds as a result of efficiencies or savings has been a subject of discussion among state agencies and providers. Among the concerns raised by state staff in this regard has been the need to ensure the efficiency of use of state funds and the ability to measure or ensure that savings are not at the expense of client service or program quality. Providers have indicated that the current procedures can result in insufficient reserves, an inability to reinvest in programs and less incentive to achieve efficiencies. Current human service agency year-end reconciliation procedures are summarized in the following table:

Agency	Year-End Reconciliation Procedures
DCF	If 8 month report identifies projected year-end unexpended funds, final payment is adjusted to account for the funds. Final determination of unexpended funds is determined through review of final year-end report (9/30) and audit review (12/31). After audit review, if unexpended funds have been identified, current year payments are reduced to reflect the amount of funding unexpended from the prior funding period.
DDS	DDS has a 100% cost settlement process that is calculated using the annual cost report. Cost settlement is calculated based on the difference between the total revenue and expenses for the day, residential and CTH programs. The Residential Cost Settlement is mandated through regulation and the Day cost settlement is through contractual language. Cost settlement letters usually are sent to the providers the following Spring.
DOC	Upon review and acceptance of Final Expenditure Report (9/30) and correlating State Single Audit (12/31), DOC Contracts staff determine unexpended funding amount and request return of funds from provider.

Agency	Year-End Reconciliation Procedures
DMHAS	Projected year-end unexpended funds identified in 8 month report may be recouped through a reduced final payment. Upon review and acceptance of Final Expenditure Report (9/30) and State Single Audit (12/31), Contracts staff determine unexpended funds and current year payments are reduced by that amount.
DPH	Upon review of Final Expenditure Report, DPH Audit Section calculates unexpended funds taking into consideration any disallowed items. Demand letter is sent to provider. The State Single Audit is also reconciled against final expenditure report and CORE-CT payment information, upon receipt of Audit, and any additional disallowed or unexpended funds are recovered in the same manner.
DSS	Projected YE unexpended funds identified in any financial report the Department may, with advance notice to the Contractor, adjust the payment schedule for the balance of the contract. Program staff reviews Final Expenditure Report (9/30). If report shows unexpended funds, program staff recoups within 30 days; <u>OR</u> at the discretion of the Commissioner, funds may be carried over to a new similar contract.

5. State Single-Audit and OPM Cost Standards

C.G.S. 4-230 through 4-236 requires a nonprofit organization that expends \$300,000 or more in state funds within its fiscal year to submit to a uniform audit by an independent agency, within six months of the close of the provider's fiscal year. The Office of Policy and Management facilitates the process for receipt of the State Single Audit. Human service agencies are required to perform their own Grantor Agency Desk Review of each state single audit, as part of the year-end reconciliation process. Additionally, the Secretary of OPM is required to "adopt regulations establishing uniform standards which prescribe the cost accounting principles to be used in the administration of state financial assistance by the recipients of such assistance". The Cost Standards and additional information is available at http://www.ct.gov/opm/cwp/view.asp?a=2981&q=382994&opmNav_GID=1806.

E. *Organization and Staffing of POS Contracting Functions*

The agency units typically involved in the activities associated with contract approval, development, execution and management processes may include:

- Fiscal units involved with the agency's budget and spending plans as well as other fiscal management and payment functions.
- Program units involved in developing and overseeing the programmatic aspects of health and human service POS contracts. The number of programmatic units range from one in DOC (Parole) to multiple in the other POS agencies.
- Contracts units involved with contract development, execution, monitoring, compliance and management of POS and Personal Service Agreements, as well as the agency's other contractual agreements (e.g. MOU's)

1. Organizational Assignment of Contracting Functions

How well an agency aligns and manages contracting activities across these units contributes to how effectively their contracting processes operate. The best organizational structures and systems have strong communications within and outside the agency; assign accountability to those units or individuals handling designated functions; minimize unnecessary redundancies; and ensure that work is performed by those possessing the necessary skills and training expertise. Problems or delays occur when: programmatic units are asked to manage financial oversight of human service contracts; there is no delineation as to which unit is responsible for a specific contracting function; or multiple units are performing the same contracting tasks.

The Departments of Children and Families, Correction and Mental Health and Addiction Services, centralize the fiscal, administrative and programmatic functions related to POS contracting. This is the ideal organizational structure being recommended by this report. DDS, DSS and DPH contracting functions, are typically handled by the 3 separate units with duplicative or redundant processes.

2. Contracts Staffing and Workload Metrics

Listed in the chart below are the positions included in the Contracts Units in each of the six human service agencies, as well as FTE allocations for each position. As can be seen in the chart, various position classifications and staffing allocations are utilized across the six agencies.

Contracts Unit Organization Location and Staffing

<u>DCF</u>	<u>DOC</u>	<u>DDS</u>	<u>DMHAS</u>	<u>DPH</u>	<u>DSS*</u>
Bureau Located: <i>Fiscal</i>	Bureau Located: <i>Fiscal</i>	Bureau Located: <i>Operations, B-3</i>	Bureau Located: <i>Business Admin</i>	Bureau Located: <i>Admin</i>	Bureau Located: <i>Admin</i>
POS Fiscal/ Admin Contracting Functions: <i>Centralized</i>	POS Fiscal/ Admin Contracting Functions: <i>Centralized</i>	POS Fiscal/ Admin Contracting Functions: <i>Partially Centralized</i>	POS Fiscal/ Admin Contracting Functions: <i>Centralized</i>	POS Fiscal/ Admin Contracting Functions: <i>Partially Centralized</i>	POS Fiscal/ Admin Contracting Functions: <i>Partially Centralized</i>
# POS Contracts: 147	# POS Contracts: 33	# POS Contracts: 192	# POS Contracts: 205	# POS Contracts: 281	# POS Contracts: 1101
# POS Programs: 515	# POS Programs: 80	# POS Programs: 594	# POS Programs: 850	# POS Programs: 309	# POS Programs: 797
FY12 POS Expends: \$203,000,000	FY12 POS Expends: \$43,656,786	FY12 POS Expends: \$625,381,796	FY12 POS Expends: \$250,347,783	FY12 POS Expends: \$47,997,022	FY12 POS Expends: \$718,000,000
• (1) Fiscal Admin Mgr 2 • (1) Fiscal Admin Spvsr • (1) Ass. Accountant • (1) Ass. Acct Examiner • (1) Accts Examiner • (1) Accountant • (4) Fiscal Admin Off. • (1) Processing Tech • (1) Secretary 2 • (1) Clin/Fam BH Mgr. • (2) Program Mgr.	• (.1) Fiscal Admin Mgr I • (1) Fiscal Admin Off. • (.5) Fin Clerk	• (.75) Assist Reg Dir. • (1)Program Mgr • Assoc FAO • (.8)Assoc Acct (B-3) • (3)Resource Mgr. 2 • (1)Resource Mgr 1 • (6)Fiscal Adm. Officer • (.8) FAO (B-3) • (1)Asst Reg. Resid. Mgr • (1)Office Assistant • (.25) Accounts Examiner • (.1)FAS (Reg) • (.25) FAO(Reg) • (.4) FAA (Reg)	• (.25) Fiscal Admin Mgr 2 • (1) Fiscal Admin Mgr 1 • (1) Sup Acct Examiner • (4) Ass. Acct Examiner • (.25) Admin Assist • (2) Processing Tech	• (1) Director Prog Mon/Fiscal Review • (3) Fiscal Admin Off. • (1) Fiscal Admin Ass. • (1) Personnel Off. • (1) Health Prog Assistant 1 • (1) Health Prog Assistant 2 • (3) Health Prog Associate • (1) Admin Assistant • (1) Office Assistant	• (1) Ass/Fiscal Admin Off. • (1) Grant/Contracts Mgr • (1) Soc/Service Program Specialist • (2) Fiscal Admin Off • (1) Secretary 1
Total: 15 Staff / 15 FTE	Total: 3 Staff / 1.6 FTE	Total: 25 Staff / 17.35 FTE	Total: 10 Staff / 8.5 FTE	Total: 13 Staff / 13 FTE	Total: 6 Staff / 6 FTE

NOTE:

- **DSS:** Contracting activity changed significantly following FY 2012 due to the absence of funded programs such as ARRA and Child Care from DSS. FY 2013 POS contract number reduced to 580 and the total contracted POS funding reduced to \$334,795,605.

Many of the agency contract units/staff delineated above, also bear responsibility for development, execution and management of Personal Service Agreements (PSAs), Memorandums of Understanding (MOUs) and various other contract types, as delineated below:

SFY 2012 Miscellaneous Contract Information

	<u>DCF</u>	<u>DOC</u>	<u>DDS</u>	<u>DMHAS</u>	<u>DPH</u>	<u>DSS</u>
# of PSAs	73	23	40	131	276	124

	DCF	DOC	DDS	DMHAS	DPH	DSS
SFY 2012 PSA Expenditures	\$5,630,080	\$475,000	\$1,813,813	\$39,340,323	\$20,591,100	\$86,288,764
PSAs Handled within Contracts Unit	Yes	Yes	No	No	Yes	Yes
# of MOU/MOAs	110	275	1	281	100	83
MOU/MOAs Handled within Contracts Unit	No	Yes	No	No	Yes	Yes
Total # Non-POS Contracts managed by Contracts Unit Staff:	73	298	0	0	376	324
Total # Non-POS Contracts managed by Other Units	110	0	41	412	0	0

NOTES:

- **DCF:** The DCF Contracts Unit manages both POS and PSA contracts, but MOA's/MOU's are developed and managed separately by the principal cost analyst in the Fiscal Unit/Budget Unit. Program leads for these MOA's/MOU's central office and regional office managers. DCF Contract Unit staff bears no responsibility for any contracts other than POS and PSA.
- **DDS:** PSA's are largely handled by the two regional business offices. Approximately 1.3 FTE's are involved in this work. DDS is in the process of reorganizing and centralizing these business functions along with POS contracting activities associated with its Birth to 3 and autism programs. MOU/MOA's are drafted by staff from various DDS and reviewed by the Director of Legal Affairs.
- **DMHAS:** PSAs and MOAs are handled by another unit reporting to the Director of Business Administration (as does the POS unit). Approximately 4 FTE's do PSA and MOA work in this unit. The plan is to merge these and the POS functions.

F. Contract Execution Timeliness Metrics

One of the metrics associated with evaluating the efficiency of a contracting process is the ability for state agencies and providers to execute contracts in a timely fashion. Timeliness is defined, minimally, as a contract being fully executed prior to its commencement date. A sound business practice is one that ensures that terms/conditions and service/performance expectations are in place prior to beginning service delivery. This also results in state agencies having the ability to issue timely payments to providers. Execution of contracts after their established start date, results in delays in implementation of new services, late payments and cash flow/service delivery issues for providers.

The table below evaluates the human service agencies adherence to timely execution of contracts for state fiscal year's 2010, 2011 and 2012:

Timeliness of Contract Execution

	Fiscal Year 2010				Fiscal Year 2011				Fiscal Year 2012			
	More than 15 days prior	1-15 days prior	1 -30 days after	More than 30 days after	More than 15 days prior	1-15 days prior	1 -30 days after	More than 30 days after	More than 15 days prior	1-15 days prior	1 -30 days after	More than 30 days after
DCF	38%	18%	36%	7%	52%	17%	9%	22%	50%	28%	22%	0%
DOC	0%	0%	59%	41%	0%	35%	53%	12%	74%	3%	20%	3%
DDS	0%	27%	70%	3%	99%	1%	0%	0%	100%	0%	0%	0%
DMHAS	88%	.5%	.5%	11%	100%	0%	0%	0%	62%	17%	20%	1%
DPH	2%	3%	10%	85%	0%	5%	42%	53%	25%	25%	19%	31%
DSS	1%	4%	52%	43%	1%	2%	14%	83%	12%	9%	18%	60%

Some of the factors that delay the timely execution of contracts include:

- Delays and/or inefficiencies in internal and external funding approval processes

- Difficulties in reaching agreement as to scope of services or program budgets
- Delays regarding federal grant notices
- Submittal of incorrect forms by providers or provider delays in submitting required information
- Cumbersome or paper-based contract assembly and execution processes
- Delays with or issues raised during Attorney General review of contract

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II. FINDINGS AND RECOMMENDATIONS

A. Agency POS Contracting Organizational & Business Processes

The Project Office dedicated significant resources to review and evaluation of current contract processes within each individual human service agency. This process culminated with a consolidated report capturing current processes utilized in each agency. From this report, the Office designed individual agency-specific reports that included agency strengths, weaknesses and immediate recommendations for change. The findings outlined below are specific to the strengths, weaknesses and process changes for each individual agency. The recommended process changes for each agency outlined below, are intended as actions individual agencies can implement immediately to make their processes more efficient. The changes delineated below are also intended to prepare each agency to make the changes in the overarching recommendations.

1. Department of Children and Families

<u>Metrics</u>			
Human Service Contracting		Contract Unit Workload & Performance	
Number of human service contracts: Number of human service programs contracted: Number of human service providers: Fiscal Year 2012 State funds committed: Fiscal Year Federal funds committed: Average number of contracts held per provider: Percent of OAG pre-approved scopes-of-service:	147 515 146 \$190,000,000 \$13,000,000 1 100%	Total number of agreements managed: Number of contracting unit FTEs: Estimated external FTEs supporting contract activities: Fiscal Year 2011 % of contracts executed prior to start date: Fiscal Year 2012 % of contracts executed prior to start date: Percent of contracts having terms of 2 years or less: Percent of contracts having terms of 3 years or more:	220 15 33 69% 75% 1% 99%
<u>Agency Strengths and Weaknesses</u>			
<u>Strengths</u>		<u>Weaknesses</u>	
<ol style="list-style-type: none"> 1. DCM is a unit dedicated to contract processing and is neither tasked with unrelated activities and duties nor subject to external unrelated priorities. 2. Contract development, execution, and financial oversight and payment actives are solely the responsibility of DCM staff. 3. DCM is structured to include a complement of staff with training and experience in program functions. 4. Current staffing structure and numbers supports reorganization of contracting duties to address agency weaknesses. 5. The highly developed knowledge, experience, longevity and cohesiveness of staff in DCM are a significant contributing factor in the agency's ability to meet its benchmarks and state contracting requirements. 6. DCM maintains formal and informal training tools for contracts staff to utilize and provides targeted training to internal staff. 7. Payment processes are streamlined and initiated electronically between DCM and Fiscal Services. 8. Electronic submissions of programmatic and financial reports are accepted. DCF does not require hard-copy signatures from providers. 9. DCM staff maintains an electronic library of active contracts available to all DCF staff. 10. DCM has maximized utilization of consolidated contracts. 11. DCM has maximized its use of OAG pre-approved scopes of service. 		<ol style="list-style-type: none"> 1. Contract duties are segregated by employee. Staff is not cross-trained in contracting processes, and this prevents assignment flexibility and workflow continuity. 2. Contracts staff do not receive formal training on contract development, administration and oversight; legal sufficiency of contracts or oversight of non-profit entity budgets. 3. No formal training is provided to providers but program staff routinely meets with providers. 4. Contract documents are sent to providers in hardcopy. 5. Separate logs are maintained for each phase of the contracting process and DCM staff passes hardcopy documents back and forth solely to track status of the contracts. 6. DCM does not have automated document creation software to assist with contract preparation and contracts are assembled manually. 7. Contract internal signature process relies heavily on hand carried hardcopy routing slip. 8. Providers are required to complete (subsequently) a new budget with each submission of a budget revision. 9. Some contractual payments are tied to receipt of providers' financial reports. 10. No formalized consistent programmatic monitoring exists. 11. No standard system in place for retention of programmatic reports. 	

Recommendations

1. Current DCM staffing classifications and FTE's would support the restructure of the unit to include additional contracting duties related to development of scopes of service, and comprehensive programmatic and administrative contract monitoring.
2. Provide cross - training and expand staff's knowledge in areas outside of their job functions.
3. Institute formal provider training for the contracting process.
4. Implementation of required training for Contracts staff in collaboration with the Office of State Ethics, the Freedom of Information Commission, the State Elections Enforcement Commission, the Commission on Human Rights and Opportunities, the Office of the Attorney General, the Department of Administrative Services and any other state agency involved with Contracting functions. Such training curriculums should be developed in accordance with OPM Procurement Standard requirements (Section I H.3) and Connecticut General Statutes (Chapter 62, 4e-5).
5. Implement automated software contracting system to assist with contract execution process to eliminate manual contracting procedural process.
6. Implementation of a contract data management system.
7. Begin delivery of contracts to providers in electronic format and combine all logs into a single tool to make all contract status information readily available.
8. Explore electronic approvals/signature for the contract signature process to eliminate hardcopy routing slip.
9. Implement programmatic contract monitoring to include regular site visits across all programs.

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2. Department of Correction

<u>Metrics</u>			
Human Service Contracting		Contract Unit Workload & Performance	
Number of human service contracts: Number of human service programs contracted: Number of human service providers: Fiscal Year 2012 State funds committed: Fiscal Year Federal funds committed: Average number of contracts held per provider: Percent of OAG pre-approved scopes-of-service:	33 80 30 \$43,161,786 \$495,000 1 0%	Total number of agreements managed: Number of contracting unit FTEs: Estimated external FTEs supporting contract activities: Fiscal Year 2011 % of contracts executed prior to start date: Fiscal Year 2012 % of contracts executed prior to start date: Percent of contracts having terms of 2 years or less: Percent of contracts having terms of 3 years or more:	330 2.1 1.7 35% 77% 3% 97%
<u>Agency Strengths and Weaknesses</u>			
<u>Strengths</u>		<u>Weaknesses</u>	
<ol style="list-style-type: none"> 1. Authority and responsibility for all contracting activities and functions is centralized within the Contracts Unit. 2. All contracting functions (POS/PSA/MOU/Other) are performed within the Contracts Unit. 3. The highly developed knowledge, experience, longevity and cohesiveness of staff in the Contracts Unit is a significant contributing factor in the agency's ability to meet its benchmarks and state contracting requirements. 4. Contracts Unit maintains formal/informal training tools for utilization and provides targeted training to internal staff. 5. The level of collaboration and communication among providers, Contracts staff and Parole staff enhances CTDOC's relationship with the non-profit community, increases the efficiency of contract and program administration and improves the quality of programming components offered to offenders. 6. Strategic Planning Process is utilized biannually to evaluate the community service needs of CTDOC offenders. 7. Contracts are sent electronically to providers for review and signatures. 8. All provider payments are based solely on receipt of OPM allotment, allowing for issuance of payments within 2-3 days. 9. Electronic submission of programmatic and financial reports is a requirement. CTDOC does not require hard-copy or signed submission of reports. 10. Contracts staff maintain an electronic library of active contracts available to all CTDOC staff, and also catalog available services in a Directory of Contracted Services, available to the public on CTDOC's website. 11. Provider performance is evaluated annually in comparison to programs of like type and the results of that evaluation are communicated to the provider in an annual report. 12. Data from prior fiscal years supports CTDOC's continued achievement and ability to improve its timely contract execution rates. 13. CTDOC has maximized utilization of consolidated contracts. 14. CTDOC requires providers to submit a whole-agency budget which allows Contracts staff to evaluate the efficacy and financial stability/makeup of the entire provider agency, while also 		<ol style="list-style-type: none"> 1. The Contracts Unit and its staff are not solely dedicated to contract functions, and are tasked with unrelated activities and duties and subject to external, unrelated priorities. 2. Current Contracts Unit staffing structure is insufficient in FTEs and classification to ensure the programmatic, financial and administrative efficacy of \$44,000,000 in contracted human services, and presents significant concerns as to the ability of the agency to continue contract functions should existing staff vacate their current assignment. 3. Contracts staff do not receive formal training on contract development, administration and oversight; legal sufficiency of contracts or oversight of non-profit entity budgets. 4. CTDOC experiences significant delays in contract processing related to the requirement for submission of excessively detailed provider budgets and narratives. 5. CTDOC manually tracks and compiles provider utilization, statistical and performance data. 	

determining other state agency funding contributions.

Recommendations

1. Analyze functional job duties currently performed by Contracts Unit to determine appropriate job classifications for contracting functions, and analyze the agency's contract workload to determine the number of staff needed in each classification.
2. Implementation of required training for Contracts staff in collaboration with the Office of State Ethics, the Freedom of Information Commission, the State Elections Enforcement Commission, the Commission on Human Rights and Opportunities, the Office of the Attorney General, the Department of Administrative Services and any other state agency involved with Contracting functions. Such training curriculums should be developed in accordance with OPM Procurement Standard requirements (Section I H.3) and Connecticut General Statutes (Chapter 62, 4e-5).
3. Implementation of a web-based data management system that allows for provider submission of required fiscal, utilization, statistical and performance data, and is capable of providing reports using aggregate data submitted by multiple provider.

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3. Department of Developmental Services

<u>Metrics</u>			
Human Service Contracting		Contract Unit Workload & Performance	
Number of human service contracts: Number of human service programs contracted: Number of human service providers: Fiscal Year 2012 State funds committed: Fiscal Year Federal funds committed: Average number of contracts held per provider: Percent of OAG pre-approved scopes-of-service:	192 594 186 \$603,498,677 \$10,475,985 1.1 86%	Total number of agreements managed: Number of contracting unit FTEs: Estimated external FTEs supporting contract activities: Fiscal Year 2011 % of contracts executed prior to start date: Fiscal Year 2012 % of contracts executed prior to start date: Percent of contracts having terms of 2 years or less: Percent of contracts having terms of 3 years or more:	155 20 TBD 100% 100% 68% 32%
<u>Agency Strengths and Weaknesses</u>			
<u>Strengths</u>		<u>Weaknesses</u>	
1. Current staffing structure and numbers supports reorganization of contracting duties to address agency weaknesses. 2. Contracts Unit maintains formal and informal training tools for contracts staff to utilize and provides targeted training to internal staff. 3. Payment processes are streamlined and initiated electronically between the provider, Contracts and Fiscal staff. 4. Electronic submissions of programmatic and financial reports are required. 5. Contracts are sent electronically to providers for review and signatures. 6. Data from prior fiscal years support DDS' continued achievement of and ability to improve its timely contract execution rates. 7. A high percentage of POS contracts are consolidated. 8. Contracts Unit is highly automated and technologically advanced; utilizing a web-based, interactive system for provider financial and programmatic reports, payment calculations, etc.		1. Contracts staff do not receive formal training on contract development, administration and oversight; legal sufficiency of contract or oversight of non-profit entity budgets. 2. Regional business office and program staff are not fully knowledgeable regarding contract processes. 3. Contract roles are not efficiently defined between agency units, resulting in duplicative processes and confusion as to final authority/decision-making. 4. Completion of OPM requests requires data entry by multiple staff in multiple units. 5. Communication and approval processes, specifically pertaining to Birth to Three, are convoluted and duplicative. 6. POS contract development, implementation and management is not centralized within one unit, causing variances in process, structure and management. 7. Contract pre-approval process relies on hard-copy routing.	
<u>Recommendations</u>			
1. Current staffing classifications and FTE's would support consolidation of the agency's two contracting units into a centralized unit that includes additional contracting duties related to development of scopes of services, and comprehensive programmatic and administrative contract monitoring. This consolidation should ensure that all POS contracts within the agency are managed within the same unit. 2. Implementation of required training for Contracts staff in collaboration with the Office of State Ethics, the Freedom of Information Commission, the State Elections Enforcement Commission, the Commission on Human Rights and Opportunities, the Office of the Attorney General, the Department of Administrative Services and any other state agency involved with Contracting functions. Such training curriculums should be developed in accordance with OPM Procurement Standard requirements (Section I H.3) and Connecticut General Statutes (Chapter 62, 4e-5). 3. Implement an electronic library, maintained by the Contracts Unit, of active contracts to be made available to all DDS staff. 4. Eliminate the role of the DDS East Hartford Business Office in contract processing; centralize all contracting functions including B-3.			

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4. Department of Mental Health and Addiction Services

<u>Metrics</u>					
Human Service Contracting		Contract Unit Workload & Performance			
Number of human service contracts: Number of human service programs contracted: Number of human service providers: Fiscal Year 2012 State funds committed: Fiscal Year Federal funds committed: Average number of contracts held per provider: Percent of OAG pre-approved scopes-of-service:	205 850 159 \$223,486,215 \$26,860,940 1.3 100%	Total number of agreements managed: Number of contracting unit FTEs: Estimated external FTEs supporting contract activities: Fiscal Year 2011 % of contracts executed prior to start date: Fiscal Year 2012 % of contracts executed prior to start date: Percent of contracts having terms of 2 years or less: Percent of contracts having terms of 3 years or more:	617 8.5 13.3 100% 78% 100% 0%		
<u>Agency Strengths and Weaknesses</u>					
<u>Strengths</u>		<u>Weaknesses</u>			
<ol style="list-style-type: none"> 1. Human Service Contract Unit (HSCU) is a unit dedicated to contract processing and is neither tasked with unrelated activities and duties nor subject to external unrelated priorities. 2. Contract development, execution and financial oversight and payment activities are solely the responsibility of HSCU staff. 3. Staffing numbers/job class are equitable & support assigned duties/workloads. 4. The highly developed knowledge, experience, longevity and cohesiveness of staff in the Human Service Contract Unit (HSCU) are a significant contributing factor in the agency's ability to meet its benchmarks and state contracting requirements. 5. HSCU maintains formal and informal training tools for contracts staff to utilize and provides targeted training to internal staff. 6. HSCU and Program staff have a high level of knowledge and collaborate on: contract language, RFPs, contract deliverables, outcomes, and measures. 7. An annual Strategic Planning Process is utilized to evaluate and prioritize service needs. 8. HSCU utilizes automated document creation software to assist with contract preparation. 9. Contracts are sent electronically to providers for review and signature. 10. Most provider payments are based solely upon contract execution and receipt of OPM allotment, and are initiated electronically between HSCU and Fiscal Services Bureau. 11. Program is solely responsible for programmatic report review and program monitoring. They are not tasked with fiscal administrative contract monitoring. 12. Data from prior fiscal years supports DMHAS' continued achievement of and ability to improve its timely contract execution rates. 13. A high percentage (80%) of POS contracts are consolidated. 14. DMHAS has maximized utilization of OAG pre-approved scopes of service 		<ol style="list-style-type: none"> 1. The POS Contract Spending Plan is developed and maintained by one staff member from the Budget Unit. 2. HSCU staff do not receive formal training on contract development, administration and oversight; legal sufficiency on contracts or oversight of non-profit entity budgets. 3. Staff in LMHAs are not fully knowledgeable and timely regarding contract processes. 4. Contract pre-approval process relies on hard-copy routing. 5. Internal contract execution process is complex with manual routing to many places with associated approvals. 6. While electronic copies are accepted for initial review, providers are still required to submit hard-copy, original, signed financial reports. 7. HSCU is not part of strategic planning process. HSCU staff could lend valuable advice and historical significance to contractor performance and fiscal/administrative viability. 			
<u>Recommendations</u>					
<ol style="list-style-type: none"> 1. Move the POS Contracting Spending Plan to HSCU or increase the depth of budget and spending plan expertise in the Budget Office through 					

cross-training of staff.

2. Implementation of required training for HSCU staff in collaboration with the Office of State Ethics, the Freedom of Information Commission, the State Elections Enforcement Commission, the Commission on Human Rights and Opportunities, the Office of the Attorney General, the Department of Administrative Services and any other state agency involved with Contracting functions. Such training curriculums should be developed in accordance with OPM Procurement Standard requirements (Section I H.3) and Connecticut General Statutes (Chapter 62, 4e-5).
3. The contract pre-approval request and contract execution routing process should be electronic with electronic signatures.
4. Institute contracts with longer terms.
5. Eliminate hard-copy, signed submission of all reports. Electronic submission is auditor tested and accepted at other agencies.
6. Modify the role of Program in budget/financial oversight. Rely on them as external resources, but not as required review/approvers (unless significant problems are identified by Contracts staff).

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5. Department of Public Health

<u>Metrics</u>			
Human Service Contracting		Contract Unit Workload & Performance	
Number of human service contracts: Number of human service programs contracted: Number of human service providers: Fiscal Year 2012 State funds committed: Fiscal Year Federal funds committed: Average number of contracts held per provider: Percent of OAG pre-approved scopes-of-service:	281 31 147 \$24,062,651 \$23,934,371 1.9 58%	Total number of agreements managed: Number of contracting unit FTEs: Estimated external FTEs supporting contract activities: Fiscal Year 2011 % of contracts executed prior to start date: Fiscal Year 2012 % of contracts executed prior to start date: Percent of contracts having terms of 2 years or less: Percent of contracts having terms of 3 years or more:	657 13 42.5 5% 50% 16% 84%
<u>Agency Strengths and Weaknesses</u>			
<u>Strengths</u>		<u>Weaknesses</u>	
<ol style="list-style-type: none"> 1. CGMS is a unit dedicated to contract processing and is neither tasked with unrelated activities and duties nor subject to external unrelated priorities. 2. Current staffing structure and numbers supports reorganization of contracting duties to address agency weaknesses. 3. CGMS duties are not segregated by employee. Staff are cross-trained in contracting processes, which supports assignment flexibility and workflow continuity. 4. CGMS maintains formal and informal training tools for CGMS staff to utilize and provides targeted conference-style training to internal staff and providers. 5. CGMS has already established a culture that identifies areas of improvement and is supportive of agency change. 6. CGMS has invested in development of an agency-specific, personalized contracts management system which includes contract management statistical data reporting capabilities. 7. CGMS utilizes automated document creation software to assist with contract preparation. 8. Contracts are sent electronically to providers for review and signatures. 9. CGMS staff maintain an electronic library of active contacts available to all DPH staff. 10. DPH emphasizes comprehensive program oversight and performance review as a means to ensure the efficacy of its programs. 11. CGMS is working to maximize its use of OAG pre-approved scopes of service. 		<ol style="list-style-type: none"> 1. Contract roles are not efficiently defined between agency units, resulting in duplicative processes and confusion as to final authority/decision making thus causing delays in contract execution and payment. 2. Contracts staff do not receive formal training on contract development, administration and oversight, legal sufficiency of contracts, or oversight of non-profit entity budgets. 3. Program staff with no financial background or training are heavily involved in financial aspects of the contract including budget development and review, budget revision review, and financial report review. 4. CGMS staff lack full understanding of program requirements. 5. CGMS has not maximized consolidation of contract programs. 6. CGMS requires review of a completed contract package by the staff member who assembled it, a peer staff member, and the Director of CGMS prior to agency execution. 7. A significant number of contracts are not executed prior to their start dates. 8. Completion of OPM requests requires data entry by both Programs and CGMS. 9. OPM requires submission of both contract spending plans and contract requests (online system). This is duplicative and time-consuming. 10. Each contract SID within each Program requires a separate budget and corresponding financial report resulting in multiple budgets and multiple expenditure reports for each Program within the contract. 11. Hard-copy, original financial reports signed by the contractor are required. 12. Identified subcontractors are required to complete separate financial reports that DPH must review and approve prior to authorization of payments. 13. Financial reports must be reviewed for acceptance by 3 separate units. 14. CGMS staff lack authority to determine financial reports as final and accurate. 15. Payment requirements and processes duplicate already completed activities, are entirely paper based using manually generated 	

- ledgers, and is redundant.
16. Several contractual payments are tied to receipt and review of providers' financial reports.
 17. Contract purchase orders are not generally created for the life of the contract.
 18. CGMS staff lack final authority to authorize payments.
 19. Multiple hardcopy contract files are maintained by multiple units and within CGMS itself.

Recommendations

1. Restructure contracting functions to give CGMS staff the responsibility of financial development/monitoring and Program staff responsibility for Scope of Service development and program monitoring. Eliminate Fiscal Office review of any contract-related financial report.
2. Modify Fiscal's role in Funding Determination. Fiscal should share Spending Plan information with Programs and CGMS. Programs should make the determination as to how to allocate those dollars (spending plan development), submit to CGMS, and CGMS should ensure that the dollars are utilized in accordance with the figures provided by Fiscal.
3. Implement required training for Contracts staff in collaboration with the Office of State Ethics, the Freedom of Information Commission, the State Elections Enforcement Commission, the Commission on Human Rights and Opportunities, the Office of the Attorney General, the Department of Administrative Services and any other state agency involved with Contracting functions. Such training curriculums should be developed in accordance with OPM Procurement Standard requirements (Section I H.3) and Connecticut General Statutes (Chapter 62, 4e-5).
4. Modify Contract request document to include all information required to complete OPM requests.
5. Eliminate hard-copy, signed submission of all reports. Electronic submission is auditor tested and accepted at other agencies.
6. Eliminate submission of financial reports by SID and financial reports from subcontractors. Financial reports should be submitted by program. This is auditor tested and accepted at other agencies.
7. Completely restructure payment process eliminating Fiscal Office review and approval.
8. Eliminate contractual language that ties payments to report submission. Part II language in the POS contract already allows for payment withholding if reports are late. DPH should explore quarterly/prospective payments wherever possible.

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6. Department of Social Services

<u>Metrics</u>			
Human Service Contracting		Contract Unit Workload & Performance	
Number of human service contracts: Number of human service programs contracted: Number of human service providers: Fiscal Year 2012 State funds committed: Fiscal Year Federal funds committed: Average number of contracts held per provider: Percent of OAG pre-approved scopes-of-service:	777 797 143 \$421,000,000 \$297,000,000 2.35 40%	Total number of agreements managed: Number of contracting unit FTEs: Estimated external FTEs supporting contract activities: Fiscal Year 2011 % of contracts executed prior to start date: Fiscal Year 2012 % of contracts executed prior to start date: Percent of contracts having terms of 2 years or less: Percent of contracts having terms of 3 years or more:	1,101* 6 35.5 1% 12% 39% 61%
<u>Agency Strengths and Weaknesses</u>			
<u>Strengths</u>		<u>Weaknesses</u>	
1. Contracts are a unit dedicated to contract processing and is neither tasked with unrelated activities and duties nor subject to external unrelated priorities. 2. Contract Unit maintains formal and informal training tools on Contract procedures and provides targeted conference-style training to internal staff and providers. 3. Contract Unit has already established a culture that identifies areas of improvement and is supportive of agency change. 4. No contract functions are performed at the regional level. 5. Contract Staff has established and maintained excellent communication with program staff, providers, and OAG to ensure accurate administrative processing of contracts. 6. DSS has begun exploring a team approach to contracting by embedding fiscal staff within some of the program units to oversee contract budgets and fiscal reports. 7. DSS has invested in development of an agency-specific, personalized contracts management system which includes automated document creation and contract management statistical data reporting capabilities. 8. Contracts Unit utilizes an electronic submission process for OAG contract signature.		1. Current Contracts Unit staffing structure is insufficient in FTEs and classification to ensure the programmatic, financial and administrative efficacy of 1101 contracts totaling \$718,000,000 in contracted human services. 2. Fiscal office policies and procedures prevent efficient contract activity distribution among and between agency sections and staff. 3. CORE-CT access rights are controlled by Fiscal. Contracts and Program staff do not have appropriate CORE-CT privileges to complete or review work efficiently. 4. Contract spending plan development, contract approval and contract payment process between Programs and Fiscal is cumbersome, redundant, and time-consuming causing untimely delays. 5. Contracts staff do not receive formal training on contract development, administration and oversight, legal sufficiency of contracts, or oversight of non-profit entity budgets. 6. Program staff with no financial background or training is solely involved in financial aspects of the contract including review and approval of budget development, budget revisions, and financial reports. 7. Contract Unit has not maximized consolidation of contract programs. 8. A significant number of contracts are not executed prior to their start dates. 9. Completion of OPM requests requires data entry by both Programs and Contract Unit. 10. Contract Unit staff has no involvement in contractual financial matters including financial report review and budgeting. 11. Hard-copy, original financial reports signed by the contractor are required for payment.	
<u>Recommendations</u>			
1. Restructure contracting functions to give Contract Unit staff the responsibility of financial development/monitoring and Program staff responsibility for Scope of Service development and program monitoring. 2. Explore cross training within Contract Unit staff between the Procurement side and Contract side. 3. Implement required training for Contracts staff in collaboration with the Office of State Ethics, the Freedom of Information Commission, the State Elections Enforcement Commission, the Commission on Human Rights and Opportunities, the Office of the Attorney General, the Department of Administrative Services and any other state agency involved with Contracting functions. Such training curriculums should be			

developed in accordance with OPM Procurement Standard requirements (Section I H.3) and Connecticut General Statutes (Chapter 62, 4e-5).

4. Modify Fiscal's role in Funding Determination. Fiscal should share Spending Plan information with Programs and Contract Unit. Programs should make the determination as to how to allocate those dollars (spending plan development), submit to Contracts Unit, and Contract Unit should ensure that the dollars are utilized in accordance with the figures provided by Fiscal.
5. Completely restructure payment process and eliminate contractual language that ties payments to report submission. Part II language in the POS contract allows for payment withholding if reports are late. DSS should explore implementation of quarterly/prospective payments wherever possible.
6. Modify Contract request document to include all information required for Contract staff to solely complete OPM requests.
7. Eliminate hard-copy, signed submission of all reports. Electronic submission is auditor tested and accepted at other agencies.
8. Implement an electronic library maintained by the Contracts unit of active contracts to be made available to all DSS staff.

NOTE:

- **DSS:** Contracting activity changed significantly following FY 2012 due to the absence of funded programs such as ARRA and Child Care from DSS. FY 2013 POS contract number reduced to 580 and the total contracted POS funding reduced to \$334,795,605.

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B. System-Wide Contract Unit Organizational & Business Processes

1. Office of Policy and Management (OPM) Recommendations

OPM is responsible for development and maintenance of human service contract procurement standards. As the entity charged with oversight of standardized human service contracting processes, OPM is responsible for ensuring that each agency performs contracting duties in accordance with state statute and published procurement standards. Achievement of satisfactory performance requires a level of standardization that currently does not exist.

- i. Uniform Chart of Accounts/Standardized Budget Reports: OPM shall coordinate and oversee development of a standardized chart of accounts and budget/reporting templates for mandatory use by all human service agencies. Such process should include OPM staff and contract experts from the human service agencies, as well as consultation with private provider representatives.
- ii. Enterprise Contract Management System: OPM shall evaluate, purchase/design, and implement a web-based contract management system for use by all human service agencies. Such system should support contract assembly, provider interaction, electronic interfacing, and web-based budgeting, data and report submission, budget revisions, and year-end processing.
- iii. Timeframes Regarding Contract Approvals and Execution: OPM shall require agency accountability regarding timeframes for approving commencement and completion of annual contract development and execution processes. 95% of contracts shall be executed at least fifteen days prior to contract commencement.
- iv. Job Duties/Classifications: OPM shall coordinate and oversee evaluation of the duties required to develop, implement and oversee human service contracts. The evaluation will: include DAS staff and human service contract experts from the human service agencies; determine proper job descriptions and classifications for staff assigned to the human service contract units; and develop a standard staffing allotment for human service contract units.
- v. Training: OPM shall coordinate and oversee development of mandatory standardized, contract-specific, training for staff assigned to contracting units (as promulgated by OPM Procurement Standards and required per state statute). Such training curriculum will include contracting standards and policies required by Office of State Ethics, the Freedom of Information Commission, the State Elections Enforcement Commission, the Commission on Human Rights and Opportunities, the Office of the Attorney General, the Department of Administrative Services and any other state agency as deemed relevant.
- vi. OPM Approvals: OPM shall evaluate current requirements for submission/approval of Procurement Plans, Spending Plans and OPM Contract Requests to eliminate redundancy, and streamline processes.

2. Human Service Agency Recommendations

i. Organizational/Cultural & Staffing Structure

Contracting units within human service agencies account for \$1.6 billion (state and federal funding) annually and approximately 1,500 human service contracts. Contracts synthesize legal, programmatic, financial and language components that require specialized skill sets and efficient processes. The agencies that are best able to meet their human service contracting needs in a timely and efficient manner are those with fiscal, administrative, and monitoring functions consolidated within a full service Contracts Unit, and not diffused throughout the organization.

- a. Organizational Responsibilities: Following funding approval by an agency's budgetary unit and OPM, contract units working in consultation with program units shall be responsible for all contracting functions in accordance with the standards established by OPM. Redundant and inefficient requirements or involvement by other units should be eliminated. Additionally, human service agency contract units should be responsible for development and administration of all contract types administered by the agency i.e., POS, PSA, MOU, etc.
- b. Balancing Accountability and Collaboration: Human service agencies shall cultivate an attitude towards contracted service providers that effectively balances programmatic and fiscal requirements and accountability. Human service agencies will also foster a non-punitive and mutually beneficial relationship with all stakeholders.

ii. Training

Training for contract unit staff is a mandatory requirement per OPM Procurement Standards (Section I H.3) and Connecticut General Statutes (Chapter 62, 4e-5). Additionally, training for agency staff responsible for ancillary contracting functions (i.e., program staff), and training for provider staff enhances the efficiency and efficacy of the contracting process.

- a. Contract Unit Staff Professional Development: Agencies shall provide professional development opportunities to enhance Contracts staff skill-sets (i.e., basic writing skills, English composition skills, contract writing).
- b. Agency Cross Training: Agencies shall develop inter-unit cross-training opportunities to increase staff knowledge pertaining to contract development/oversight and programs.
- c. Provider Training: Agencies shall develop collaborative training opportunities for provider staff to cover topics such as competitive procurement, contract development, and financial and programmatic report submission, etc.

iii. Funding & Contract Request Approvals

An identified source of delays in contract development at a majority of human service agencies involves funding identification/allocation, and contract request/approval processes.

- a. Contract Funding Approval: The agency's budget unit shall be responsible for verifying availability of contract funds and notification to program and contract units of overall funding amounts. Program units in coordination with the contract units shall be responsible for funding allocation to specific contracts and/or providers.
- b. Post Approval Contract Activities: Following funding identification and approval, oversight of contract development and management, including budgetary and financial, shall be the responsibility of the contracts unit. Inter-unit pre-approval of the contract will be limited to staff/units directly involved in the contract process or contract oversight (i.e., program unit, contracts unit, agency heads).
- c. Electronic Routing and Approvals: Intra-unit agency approval process shall rely on electronic routing and approvals eliminating manual, paper-based processes.

iv. Contract Processing

Development of standardized, automated processes to streamline administrative functions associated with contract assembly, signature, execution and management is essential to contract staff efficiency and the timeliness of contract execution and payment.

- a. Scopes of Service (human service contracts): Agencies shall develop and implement OAG pre-approved scopes of service in cases where such use improves timeliness of contract execution and programmatic oversight.
- b. Contract Consolidation: Agencies shall implement consolidated contracts to maximize efficiency for both state agencies and provider entities. Agencies utilizing more than 3 separate contracts with the same provider shall analyze those contracts for consolidation and shall submit their findings/level of adherence to OPM with their annual consolidation report. Increasing the contract period of performance (see c. below) and allowing different periods of performance for programs within the consolidated contract would help enable greater consolidation of contracts. There are issues that need to be addressed as part of implementing such changes.
- c. Contract Period of Performance: Where possible agencies shall implement contracts with contract terms of up 8 years.
- d. Electronic Contract Assembly: Agencies shall implement electronic contract assembly software (i.e., HotDocs) to assist with contract execution process and ensure consistency in contract assembly.
- e. Electronic Contract Submittals: Agencies shall implement electronic processes for contract transmittal to and receipt from providers during signature/execution process (i.e., PDF contracts emailed to providers with instructions for return).
- f. Reduced Number of Hard Copy Contracts: Agencies shall eliminate hard-copy storage of contracts in multiple locations/units. The contract unit maintains one original, hard-copy master file for as long as original, hard-copy signatures are a requirement by the Office of the Attorney General.
- g. Electronic Contracts Library: Agencies shall implement an electronic contracts library that all agency staff can access to view active, executed contracts.

v. Financial Management

Human service contracts account for \$1.6 billion annually in state and federal funds. Due diligence is required to ensure the proper utilization and expenditure of these funds.

- a. Contract Budgets: Contracts and Program staff will collaboratively oversee development of contract/provider budgets.
- b. One Budget per Program: Provider contract budgets will be consolidated to ensure that each funded program contains only one budget per funding period except where otherwise required by federal funding authorities.
- c. Electronic Reports, Absent Signature: Contract periodic reports will be accepted electronically, absent signature, eliminating requirements for submission of hard-copy, original, signed financial reports/budget revisions.
- d. Review and Approval of Financial Reports/Budget Revisions: Contact unit staff shall be responsible for approval of financial reports and budget revision in consultation with Program staff.
- e. Streamlined Payment Processes: Human service agencies will decouple payment releases from receipt and acceptance of financial and/or programmatic reports. Any requirement for submission of invoices or documentation from the provider prior to payment shall be eliminated.

- f. Basis for Payments: Payment shall be made to providers quarterly, prospectively; based solely on receipt of state agency allotments.
 - g. Authorizing Payments: Payment authorization shall be the responsibility of the contract unit. Human service agencies shall eliminate Program/Fiscal review and/or approval of payment requests.
 - h. Payment Standards:
 - 1) A single CORE Purchase Order shall be created and tied to the CORE Contract, for the life of the contract. Contract unit staff shall, upon receipt of quarterly OPM allotment and availability of funding in each Account/SID, provide pertinent payment information (either electronically or hardcopy) to fiscal Accounts Payable unit.
 - 2) Agencies and OPM shall identify and/or implement a process to categorize CORE-CT payment information by contract type to improve correlation of CORE-CT report output.
- i. Responsibility for Year-End Reconciliation: Contract unit staff shall be responsible for oversight of Fiscal Year-End reconciliation and State Single Audit review.
- vi. Contract Monitoring/Oversight/Outcomes
- As required by state statute, and as promulgated by OPM, agency staff must ensure the programmatic and financial efficacy of contracted programs. Agency contract processes should support an emphasis on programmatic outcomes.*
- a. Financial and Programmatic Reporting and Data Analysis: Agencies shall develop a coordinated administrative and programmatic oversight component that includes administrative oversight, fiscal/programmatic reporting, and data analysis performed collaboratively by Program and Contracts staff.
 - b. Management of Service Level Data: Agencies shall develop and implement protocols for the compilation, aggregation and electronic storage of financial, statistical and programmatic data to measure the provider's ability to meet contractual obligations.
 - c. Programmatic Outcomes: Commissioners shall review and approve outcome measures to be included in POS contracts and submit these measures to OPM. Agencies shall take into account how these measures within and across programs contribute to the applicable cross-agency results and indicators developed by the Governor's Cabinet for Non-Profit Health and Human Services.
 - d. Reporting on Outcomes: In a format and timeframe identified by OPM, State agencies shall submit a report to OPM listing performance outcome results for each program category involving \$1.0 million or more in annualized expenditures and for each contract within that category. These reports shall be posted on OPM's and the agency's web-site.

3. Office of the Attorney General (OAG) Recommendations

Operational/Organizational

As legal counsel for the human service agencies, the OAG is responsible for representing agencies in any contractual dispute. As such, the OAG has a need for input into how contracts are developed. That involvement should not unduly hinder or slow the contract process.

- i. Electronic Signatures – The OAG in conjunction with OPM shall identify and evaluate the legal requirements for, and possible ramifications of, electronic contract signatures.
- ii. Standardized Protocols for Reviews - The OAG shall develop standardized protocols for review and approval of human service contracts to ensure that contracts and scope of service pre-approvals from each agency are reviewed and processed in accordance with the same requirements and standards.
- iii. Streamlined Processes - The OAG shall identify streamlined and efficient agency processes to avoid redundancies and promote timely execution of all contracts.

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C. Model Contract Unit Staffing Considerations and Recommendations

1. Overview and Assumptions

Ongoing analysis of human service agency contract activities has identified common activities, or functions, that are performed within a contracting unit. To quantify staffing requirements for human service contracting units, the Project Office team analyzed each of the activities and, based on well-established knowledge of the requirements and conditions necessary to conduct each activity, assigned a time allotment and percentage required to conduct the activity. This information was adjusted to represent base information for a unit with a workload of one-hundred (100) contracts. To identify the type of staff needed to perform each required activity, it was necessary to classify each activity in accordance with the type of work involved. The PEO Team identified five (5) major activities, or functional categories:

- **Administrative Functions:** These functions within a Contracts Unit are clerical or administrative in nature i.e., Unit telephone answering, correspondence, mail distribution, data tracking, staff management, planning, quality control/improvement, etc.
- **Financial-Related Functions:** These functions within a Contracts Unit are related to financial development, oversight and management of provider non-profit contract budgets, financial reports, budget revisions, State Single Audits and year-end reconciliation. These functions include negotiation of funding, budget review and approval, financial report review and approval, budget revision review and approval, and payment review and approval.
- **Contract Professional Functions:** These functions within a Contracts Unit are specific to contract negotiation, development, writing, oversight and monitoring. These functions include negotiation contracts, writing contracts, assuring legal sufficiency of contracts, monitoring contracts for compliance and assurance of contract fiscal and programmatic efficacy.
- **Contract Processing Functions:** These functions within a Contracts Unit are largely clerical in nature, but require specialized knowledge of contract, state and federal requirements for assembly and required forms and attachments. These functions are largely responsible for assembling a contract for signature, processing through necessary entities and notification to related parties upon execution.
- **Program-Related Contract Functions:** These functions within a Contracts Unit are largely focused on ensuring the efficacy of the individual programs under contract. These functions assist in service need determinations, development of scope of services, technical assistance on budget revisions, program monitoring and performance outcome measure adherence.

The analysis results are presented in the following table, which indicates the number of contracting activities that fall within each of the categories, the percentage of that number to the total number of activities, the FTEs required to perform those activities in managing one-hundred contracts annually. Because the information is based on a unitary measure of one-hundred contracts it is scalable up or down as needed. It is important to note that there is variability in the composition of contract types and/or activities performed within each human service agency. Therefore the numbers represented herein may be subject to adjustment based on specific or unusual work requirements.

<u>Functional Category</u>	<u># of Type</u>	<u>% of Type</u>	<u>FTE per 100 Contracts Managed</u>
Administrative Functions	6	15.79	.34
Fiscal Related Functions	17	44.74	1.1
Contract Professional Functions	6	15.79	.34
Contract Processing Functions	8	21.05	.51
Program Related Functions	1	2.63	.11
Total	38	100.00	2.40

Classification as illustrated supports determination of the relative staffing needs of administrative, fiscal, professional, processing, and program-knowledgeable employees. In certain categories there is no exact correlation between the functional requirements of a human service contracting unit and job duties associated with existing job classes within the state employment classification system. In such cases, new job classes should be created by appropriately modifying existing classes that encompass a significant number of the required job-skills. Existing classes can be used without modification where appropriate classes currently exist.

The list below is segregated into those categories with job classes that match the job requirements and those categories with job classes that do not match. **In order to encompass the unique skill-sets necessary for successful human service contract unit functioning, the job classes in the second category are suggested as the basis for modification and development of job-classes specific to human service contracting.**

2. Closely Correlated Job Classes Within Categories

i. Fiscal Related Functions

- a. Associate Accountant
- b. Associate Accounts Examiner

ii. Contract Processing Functions

- a. Administrative Assistant
- b. Processing Technician

3. Non-Correlated Job Classes Within Categories

i. Administrative Functions

- a. Manager of Procurement Programs and Services
- b. Contract Team Leader

ii. Contract Professional Functions

Grants and Contracts Specialist

iii. Program Related Contract Functions

Health Program Associate (titles would vary based on agency)

Staffing Recommendation Disclaimer: *The information assembled and presented in this document does not result from a detailed time-study. The Project Office team applied its considerable knowledge of contracting processes, activities, and functions to derive the information contained herein, and included data collected from analysis of current human service contracting activities. Due, however, to the multitude of unknowns when embarking on a project of this nature and scale, and due to the*

lack of scientifically acquired time-study data, no warrantee or claim of accuracy accompanies the information contained herein. The presented information only represents the results of estimations and assumptions derived by a team of highly experienced human service contracting professionals.

D. Uniform Chart of Accounts/Standardized Budgetary Systems

Currently each human service agency determines the format and detail required for budget development within its contracts. Such determination supports administration of the contractual relationship and management of funds awarded to the provider. Multiple human service agencies often contract with the same provider creating disparate reporting requirements for such a provider. Examples of the various human service agency specific requirements are illustrated in the following chart:

Agency	Cost Center / Program Budget Format	Personnel Detail	Income & Expense Detail	Admin & General Detail
DMHAS	Budget by program / cost center. 6 line items of expense (Salary, Fringe, Direct Operating, A & G, Capital Exp and Other)	Staff specific FTEs / salaries including A & G staff. <u>Not included in contract document.</u>	Detailed breakdown / narrative for each line item. <u>Not included in contract document.</u>	Detailed breakdown / narrative. Not included in contract document.
DCF	Detailed budget by program /cost center. 8 sections for expense: Salary, Fringe, Consulting/Contractual, Travel, Program supplies/Consumables, Rent/Mortgage, Capital, Other.	Staff specific FTEs / salaries	Detailed breakdown / narrative for each line item.	Itemized A&G cost pool by category
DPH	Budget by SID, program/component. The budget lists a single Salary line item. Fringe Benefits are listed separately and are not included in A&G. Ten additional standard line items, one being Other Expenses. If used this line is expended to itemize each "Other" expense.	Staff detail includes personnel names, hours and rates of pay as well as Fringe Benefit amounts. <u>Not required to be included in the contract but maintained in the file for final reconciliation.</u>	Budget justification includes detail describing how the funds will be used and forms the basis for approval. <u>This information is not included in the contract.</u>	Breakdown and justification included in the budget request but not included in the contract. A&G is listed as a single line item.
DOC	Whole agency consolidated budget, supplemented by individual budget pages by program (or program type if multiple programs of same type), for each program covered under the contract.	Number of positions by type and FTE's for each funded position with associated dollars.	Detailed breakdown of each expense incurred in the program with an associated narrative for each line item.	Detailed breakdown of each expense incurred for the agency, with a specific narrative for each line item funded in whole or in part by CTDOC.
DDS	Budget is broken down by day, residential and CTH categories and into individual cost centers for each program.	Direct Staff specific FTEs / salaries. Benefits are detailed in a separate spreadsheet by line item.	5 line items of expenses (Salary, Benefits, Non-Operating, A & G, and any revenue offsets) for each cost center. Revenue offset is any income generated by the program in terms of sales revenue, private pay or LEA funds.	Detailed breakdown of salary, FTE and non-salary expenses.
DSS	Program Budget 6 Line Items - Unit Rate, Contractual Services, Admin, Direct Program Staff, Other, Equipment	Minimal detail included in contract language	Program income listed on financial summary. Expense listed on Budget back-up.	Detail in contract

1. Uniform Chart of Accounts

The Project Office team recommends that, in consultation with State agencies and provider representatives, a uniform chart of accounts (UCOA) be developed for human service contracting. Work on developing the UCOA this recommendation is already underway. Standardization of expense and revenue accounts across the agencies will lend the opportunity to analyze human service contracting on a statewide basis. A uniform chart of accounts will also streamline the budgeting and reporting processes for both State agencies and the provider community. The goal of this initiative is to improve the timeliness of contract execution, budget development and report preparation and to reduce the administrative burdens and paperwork associated with contracting and contract management processes.

2. Standard Budget Format

The Project Office team recommends that a standard budget for human service contracts shall be based on the uniform chart of accounts. The budget will contain sections for revenues, expenses, and detail schedules for each program funded in the contract.

3. Standard Financial Reports

The Project Office team recommends that a standard financial report format based on the standard budget be developed and used by all human service agencies. A standard financial report format will provide efficiencies and streamline the reporting process.

E. Development of Automated/Web-Based Contract Management Systems

The approval, development, execution and administration of human service contracts involve business processes and the sharing of information between various state agencies and providers. Some of these processes have been automated however, none of these systems or processes are interconnected, share data, or make it accessible to providers.

One of the functions performed by the Project Office Team included analyzing the capabilities of DAS's BizNet system. This system was then added to the contract processing functions of all human service agencies and is now utilized to reduce the flow of paperwork between the agency and the provider. The PEO Team also attended numerous demonstrations by vendors offering grant management software systems. The systems demonstrated are capable of handling a range of business functions, including selection, award, contract development, execution, administration, and closeout of grants and can be easily adapted to meet contracting needs.

OPM is in the process of allocating funds to allow OPM Criminal Justice's grants/contracts management system be made available to other State agencies. After a standard POS contracting process and related business requirements are developed, OPM will work with the contracted software vendor and POS agencies, perhaps starting with one or two agencies, in order to commence the implementation of a POS contract management enterprise system.

F. Human Service Agency Reorganizations and/or Consolidations of Contracting Activities

The recommendations and other information presented in this document can be of special use and consideration for the following two currently existing situations:

- 1.** Information contained within this report results from contract specific data for the 2012 State Fiscal Year and processes as they existed, and were documented at that time. Since that time, some human service agencies have moved forward with reorganization of some contract processes independently and others will embark on such initiatives as a result of this process.
- 2.** Due to agency consolidations and reorganizations, a large number of contracts and agreements, which are currently administered by DSS, will be administered by new agencies. These new

agencies include the Departments of Rehabilitation Services, Aging, and Housing. Final determinations have not been made regarding which contracts will move or the best approach to managing those contracts. An approach being considered is to manage the contracts for these new entities through a single shared service approach.

G. Next Steps / Implementation Plan

OPM, in consultation with the members of the PEO and POS agencies, will develop an implementation plan with respect to the recommendations included in this report. This implementation plan will :

- Prioritize recommendations;
- Outline specific action steps in regard to implementing recommendations ,and development of associated timelines;
- Assign responsibility for these action steps;
- Identify resources needed for implementation; and
- Develop a method of measuring agency progress in terms of the implementation of the recommendations

Implementing the recommendations included in this report is intended to improve timeliness and efficiency associated with contracting processes for both human service state agencies and their contracted providers. Realizing these improvements will require a continuing commitment and effort from OPM, state agencies, providers and others involved in these processes.

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III. APPENDIX – DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES BUSINESS PROCESS REVIEW

Following is the agency specific Business Process Review document compiled for the Department of Mental Health and Addiction Services. This report includes a listing of Agency strengths, weaknesses, and recommendations for improvement.

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DRAFT



Department of Mental Health and Addiction Services

STATE OF CONNECTICUT

POS

PURCHASE OF SERVICE CONTRACTING Business Process Review

Prepared by the Office of Policy and Management ■ Project Efficiency Office

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I. Contract Data

Data Element	SFY 2012	
	Number/Dollars	Percent of Total
Contracts Managed by Agency Contracts Unit:		
- POS contracts	205	34%
- PSA contracts ¹	131	21%
- MOU/Other contracts ¹	281	45%
Number of POS Contractors	159	
Number POS contracts utilizing Scope of Service Templates	205	100%
Consolidated POS Contracts:		
- Contractors with 1 Contract	128	80.5%
- Contractors with More than 1 Contract	31	19.5%
- Total # of Contractors	159	-
- Average Number of Contracts/Contractors	1.29	-
- Total # of Programs Under Contract	850	-
Timeliness of Contract Execution:		
- More than 15 Days Prior to Start	59	29%
- Less than 15 Days Prior to Start	64	31%
- After Start	77	38%
- More than 30 Days After Start	5	2%
Total dollar amount of POS contracts ² :	\$250,347,783	31%⁴
- State dollars	\$223,486,215	89%
- Federal dollars	\$26,860,940	11%
Total agency budget ³ :	\$797,162,123	
Number & percent of:		
- two-year contracts	205	100%
Number & percent of POS amendments:	166	81%
Number & percent of joint POS contracts ⁵	18	8.8%

¹ PSA and MOU/Other contracts are managed by a separate contract unit

² Source: DMHAS Spending Plan

³ Source: SFY2012 Governor's Budget Summary

⁴ Percent POS Contract Budget in relation to Agency Budget

⁵ A joint contract is one funded, but not necessarily signed, by two or more agencies with the same contractor

II. Agency Description

A. Contract Services

DMHAS utilizes POS contracts with private, nonprofit agencies to purchase a variety of recovery-oriented services in the areas of mental health treatment and substance abuse prevention and treatment. Purchased services include emergency crisis, case management, outpatient, residential, detoxification, methadone maintenance, vocational, long-term care, acquired brain injury (ABI), prevention, advocacy, legal services, partial hospitalization, supportive housing, and women's services. While the agency's prevention services serve all CT citizens, its mandate is to serve adults (over 18 years of age) with psychiatric or substance abuse disorders, or both, who lack the financial means to obtain such services on their own.

DMHAS utilizes PSA contracts to purchase training (e.g. certification of alcohol & drug counselors, crisis intervention training for police officers), hire individuals to provide specialized services (e.g. podiatry, nephrology consultations for dialysis clients, neuropsychological consultation for ABI/TBI clients, psychological evaluations), provide interpretation services for deaf or hearing-impaired clients, maintain Joint Commission accreditation for DMHAS facilities, administrative services organization (ASO) functions and provide on-site/off-site investigations required by the Department of Justice investigation findings.

B. Purchasing Authority

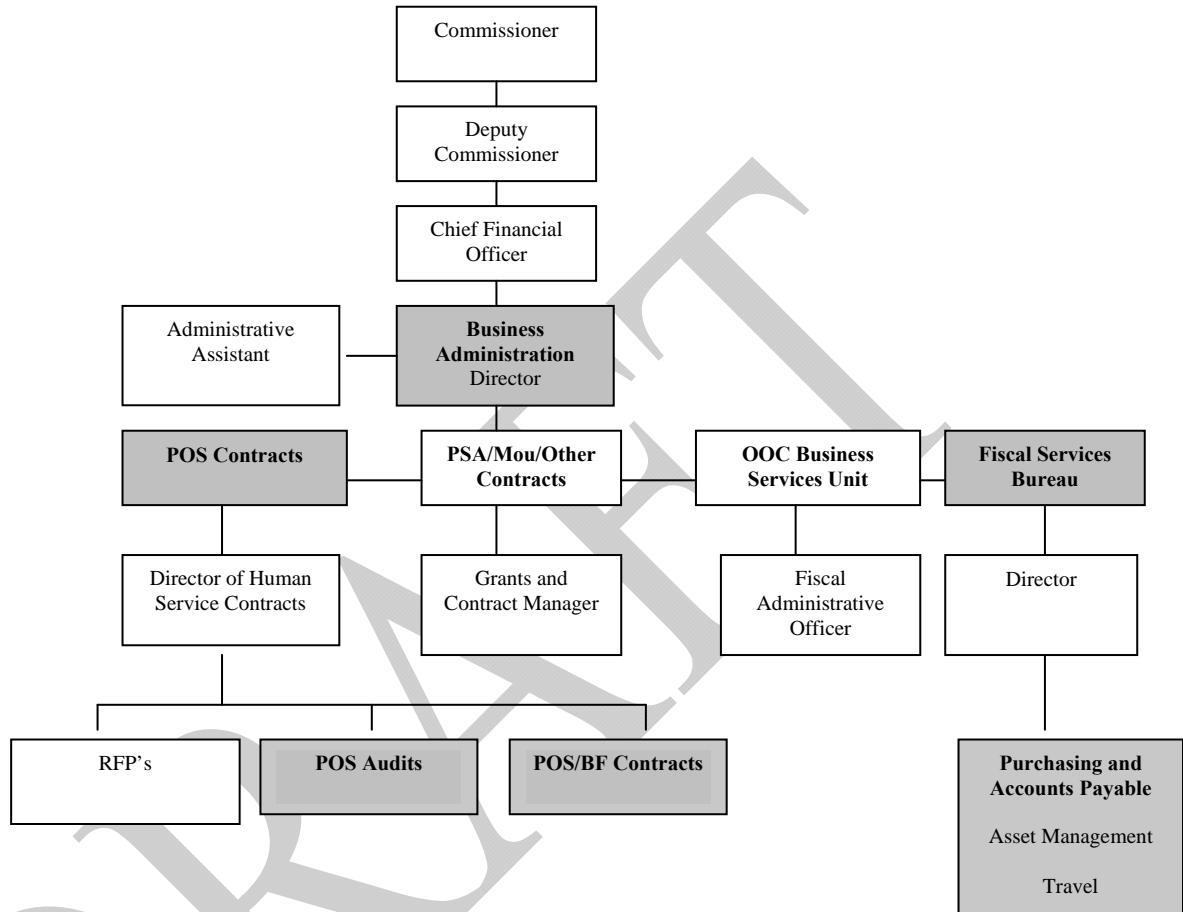
TITLE 17A	SOCIAL AND HUMAN SERVICES AND RESOURCES
C.G.S. § 17a-451	Commissioner of Mental Health and Addiction Services. Duties. Regulations re fair hearing process
C.G.S. § 17a-675	Allocation of federal funds by department. Grants and contracts. Report Grants to general hospitals, municipalities and nonprofit organizations for mental health services
C.G.S. § 17a-476	Applications for funds to the department by nonprofit organizations or municipal departments or units
C.G.S. § 17a-676	

C. Organizational Structure

Where is the POS & PSA contracting functions organizationally located within the agency? [See organization chart below.]

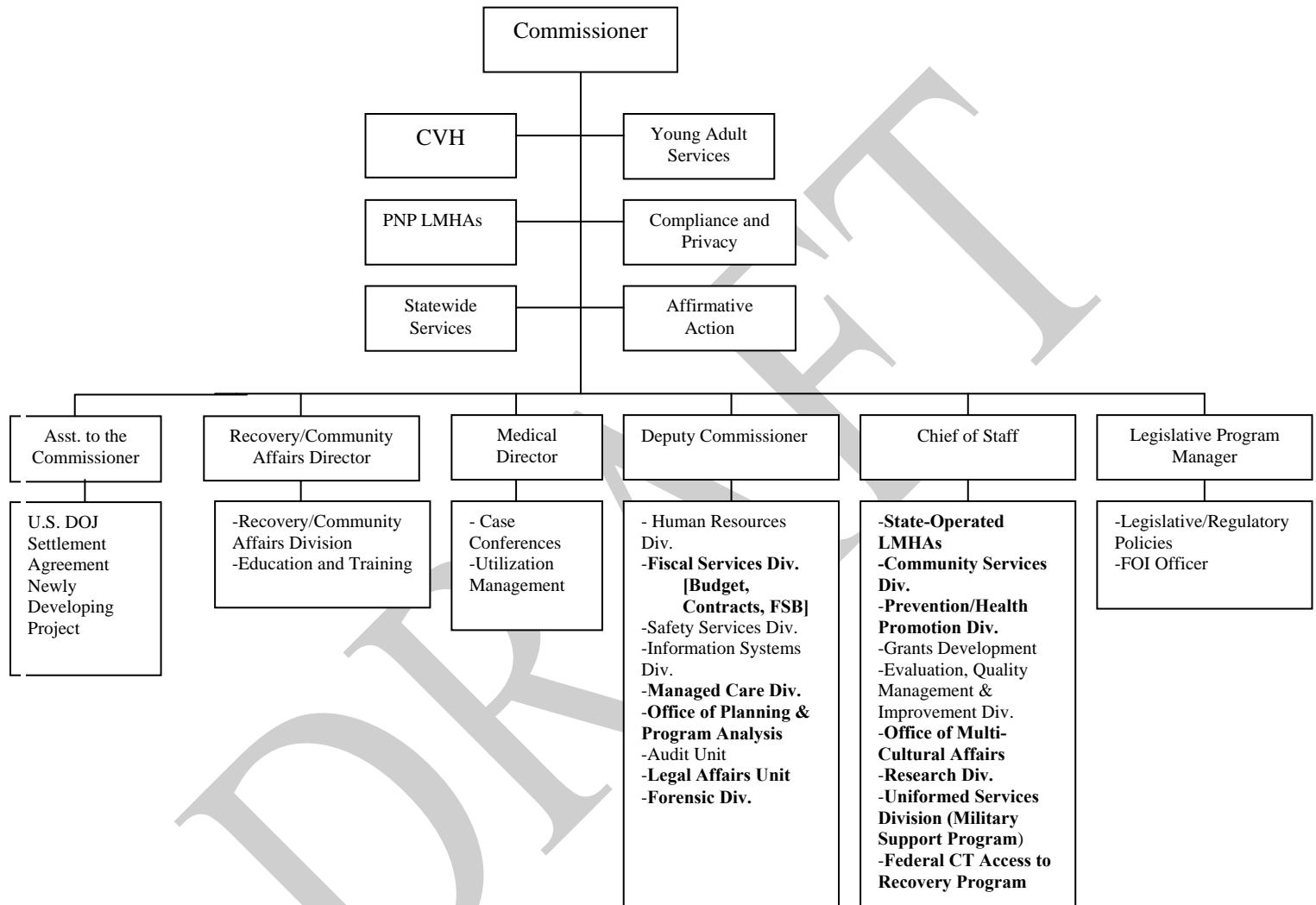
1. Overview

The agency's POS and PSA (Human Service Contract Unit and PSA Unit) contracting function is organizationally located in the Business Administration Unit within the Fiscal Services Division. The Business Administration Unit is co-located with the agency's other fiscal functions. The agency is centralized for the fiscal functions of purchasing, asset management, accounts payable, general fund accounting and travel. There are no regional "business offices." However, each of the seven DMHAS facilities has a fiscal office responsible for budgeting.



In concert with the Human Service Contracting Unit (HSCU) and PSA Unit, several program areas participate in the POS/PSA contracting function. They include: Community Services Division, State-Operated Facilities, Multicultural Affairs, Prevention, Young Adult Services, Statewide Services, Research, Managed Care Division, Legal Affairs, Education and Training, Forensic Services, Military Support Program and Planning and Program Analysis. DMHAS has a bifurcated organizational structure for program oversight. Six State Operated Community Mental Health Centers programmatically and fiscally manage the mental health programs in their catchment areas either by providing direct services to clients or by contracting with private non-profit contractors in the community. The HSCU located in the Commissioner's Office is responsible for the administrative and fiscal management of these POS contracts affiliated with the LMHA's. They function as the Lead Mental Health Authority (LMHA) in their catchment area. Each LMHA has specific staff (either fiscal, programmatic, or both) who work with the current PNPs at contract renewal time and throughout the fiscal year. When preparing their applications for the next contract cycle, contractors discuss program type, outcomes, budget development, and fiscal and program monitoring with the LMHA staff. The completed application is then forwarded to the Office of the Commissioner for final review by staff within the HSCU and the Community Services Division. All the Substance Abuse prevention and

treatment programs are centrally managed by the Community Services Division and the Human Service Contract Unit located in the Commissioner's Office.



 Location of POS Contracting and/or Program Functions and Staff

- i. Program staff in the Community Services Division are responsible for development of program language, RFPs, program type and scope, outcome measures and the monitoring of program performance through site reviews and review and approval of outcome measures, budget revisions and other reports.
- ii. Budget Unit within the Fiscal Division is responsible for the development and monitoring and approval of the spending plan which support the POS contracts to include payment and await recoupment information sent to the Fiscal Services Bureau (FSB) Purchasing and Accounts Payable Units.
- iii. HSCU is responsible for preparing and executing all POS contracts in concert with other DMHAS units and other state agencies (i.e. OPM, OAG). In addition, HSCU is responsible for the fiscal monitoring of the contract budget, revisions, expenditures and review State Single Audit and Federal Fund Audits for determination of potential recoupment of unexpended DMHAS funds

The table below delineates the DMHAS Units with responsibility for specific contract functions:

<u>Legend:</u>	
Contracts:	The DMHAS Human Service Contract Unit
Program:	The DMHAS Community Services Division (program)
FSB Purch:	The Fiscal Services Bureau within Business Administration (Purchasing)
FSB AP:	The Fiscal Services Bureau within Business Administration (Accounts Payable)
X:	Unit with primary or collaborative responsibility for the POS contract function
NA:	Indicates a process that DMHAS does not utilize

<u>Activity</u>	<u>Program</u>	<u>Budget</u>	<u>Contract</u>	<u>FSB</u>	<u>FSB</u>
				<u>Pur</u>	<u>AP</u>
Development and Submission of Federal Grant Applications	X				
Approval of Federal Grant Applications	X				
State Agency Notification of Funding Availability		X	X		
Spending Plan Development and Monitoring (State/Federal)		X			
Spending Plan Approval		X			
Spending Plan Submission to OPM	N/A	N/A	N/A	N/A	N/A
Allocation of Contract Funding	X	X			
Liaison with External DAS, OPM, and/or OAG Concerning Contract Approvals			X		
Liaison with Contractor Concerning Contract Fiscal and/or Programmatic Issues	X		X		
Entry/Update of Contract, Tracking, and Monitoring Information into Data System			X		
Provision of Internal RFP Guidance, Support, and Maintenance of Template Documents			X		
RFP Issuance, Evaluation, and Award	X		X		
Determination of Program Type and Scope	X				
Scope of Services Negotiation and Initial Development	X				
Scope of Service Review/Finalization	X		X		
Budget Negotiation and Initial Development			X		
Budget Review/Finalization	X		X		
Receipt and Review of Budget Revision Requests	X		X		
Review and Approve Budget Revision Requests	X		X		
Initiation of Request for Contract	X				
Review/Approval of Request for Contract	X	X	X		
Creation of OPM Request for Contract			X		
Review/Approval/Submission of OPM Request			X		
Assignment of Contract/RFP Number			X		
Assignment of Contract Staff			X		
Contract Assembly, Including Certifications, etc.			X		
Final Review of Assembled Contract			X		
Distribution and Facilitation of Contract for Contractor Signature			X		
Distribution and Facilitation of Contract for Agency Signature			X		
Distribution and Facilitation of Contract for OAG Signature			X		
Notification to Contractors, Programs, and Fiscal of Contract Execution			X		
CORE-CT Contract Creation and Maintenance			X	X	
CORE-CT Contract Approval			X		
CORE-CT Purchase Order Creation and Maintenance				X	
CORE-CT Purchase Order Approval				X	
CORE-CT Payment Voucher Creation/Release					X
Receipt Review and Approval of Programmatic	X				

<u>Activity</u>	<u>Program</u>	<u>Budget</u>	<u>Contract</u>	<u>FSB</u>	<u>FSB</u>
				<u>Pur</u>	<u>AP</u>
Reports					
Program Site Monitoring	X		X		
Receipt and Review of Financial Reports	X		X		
Review and Approval of Financial Reports	X		X		
Receipt of Contractor Payment Requests	N/A	N/A	N/A	N/A	N/A
Process and Approve Payment Requests				X	X
Determination of Refund Amounts			X		
Refund Collection and Processing		X	X		
Provision of Contract Data for Independent Auditors			X		
Receipt and Review of State and Federal Single Audits			X		
Approval of State and Federal Single Audit Findings or Resolution of Audit Findings			X		

III. Staffing Resources and Responsibilities

A. Structure and Roles

1. Business Administration/Human Services Contract Unit Staff (HSCU)

I. Overview

- Human Services Contract Unit (HSCU) employs ten staff whose duties support POS contracting activities. Eight of those staff work full time on the POS contracts. The other two staff spend approximately one quarter of their time on contract duties. The following job titles are located in the HSCU:

Employee	FTEs
Fiscal Administrative Manager II	.25
Fiscal Administrative Manager I	1
Supervising Accounts Examiner	1
Associate Accounts Examiner	4
Administrative Assistant	.25
Processing Technician	2

II. Length of Time in Service

Employee	Length of Time Contracts Unit	Length of Time DMHAS	Length of Time State Service
Fiscal Administrative Manager II	18 Years	26 Years	26 Years
Fiscal Administrative Manager I	15 Years	29 Years	29 Years
Supervising Accounts Examiner	14 Years	14 Years	18 Years
Associate Accounts Examiner	8 Years	8 Years	16 Years
Associate Accounts Examiner	8 Years	13 Years	17 Years
Associate Accounts Examiner	8 Years	8 Years	31 Years
Associate Accounts Examiner	6 Years	6 Years	6 Years
Administrative Assistant	6 Years	6 Years	17 Years
Processing Technician	6 Years	6 Years	14 Years
Processing Technician	15 Years	29 Years	29 Years

III. Functional Duties of Contract Unit Staff

- The Fiscal Administrative Manger I (FAMI) is the Director of the HSCU, directing/managing the day to day operations of POS Contracting to also include RFPs, POS Contract Audits and Bond Fund Contracts. Reporting to the FAM I are: a Supervising Accounts Examiner, an Associate Accounts Examiner and two Processing Technicians. Three Associate Accounts Examiners report to the Supervising Accounts Examiner. Through the FAM I the HSCU reports to the Fiscal Administrative Manager II (FAM2), also known as the Director of Business Administration. An Administrative Assistant reports to the Director of Business Administration (FAM2) and assists with some of the POS Contract work.
- The Supervising Associate Accountant and three Associate Accountants monitor and work with the 159 PNP Contractors located across the five DMHAS regions. These staff

review and monitor all the contract pre-approvals, contract applications, budgets, fiscal reports, budget revisions and amendments for their assigned PNP contractor contracts. Working directly with PNP contractor staff and DMHAS program and fiscal staff, these "contract monitors" are the administrative and fiscal link between the PNP contractors and DMHAS. One Associate Accounts Examiner reviews all the PNP contractor audits. The two Processing Technicians work on contract tracking, document gathering, contract assembly etc. The Director of Business Administration directs overall contract processes, manages contract issues and directs audit review and recoupment of funds in addition to other fiscal administrative responsibilities outside of contracts.

IV. Business Administration/Fiscal Services Bureau (FSB)

- The Fiscal Services Bureau (FSB), a seventeen person unit, located in Middletown, is responsible for all the agency's purchasing, asset management, travel and accounts payable including the payments for the POS Contracts. The quarterly POS payments are automatically generated by the FSB upon contract execution and receipt of the allotment of funds from OPM. No action is required by the PNP Contractors for receipt of payment. In FY12, 1325 payments were processed to POS Contractors. That is an average of 6.5 payments per POS contract which includes four quarterly payments each for state funds and federal funds where applicable. Two FTEs work on the POS Contract payments: A Fiscal Administrative Supervisor (FAS, .2FTE) an Associate Fiscal Administrative Officer (AFAO, .5 FTE) and a Fiscal Administrative Assistant (FAA, .3 FTE)

V. Fiscal Unit

- DMHAS Budget Unit assigns one staff person, a Principal Cost Analyst, responsible for POS Contract spending plan development, monitoring and payment reconciliation against the spending plan. The Budget staff person is a .5 FTE for POS contract work.

<u>Activity</u>	<u>FAM II</u>	<u>FAM I</u>	<u>Sup Acct Ex</u>	<u>Assoc Acct Ex</u>	<u>Admin Asst</u>	<u>Proc. Tech</u>
State Agency Notification of Funding Availability						
Liaison with External DAS, OPM, and/or OAG Concerning Contract Approvals	X	X				
Liaison with Contractor Concerning Contract Fiscal and/or Programmatic Issues	X	X	X	X		
Entry/Update of Contract, Tracking, and Monitoring Information into Data System			X	X		X
Provision of Internal RFP Guidance, Support, and Maintenance of Template Documents		X				
RFP Issuance, Evaluation, and Award		X				
Scope of Service Review/Finalization		X				
Budget Negotiation and Initial Development		X	X	X		
Budget Review/Finalization			X	X		
Receipt and Review of Budget Revision Requests		X	X	X		
Review and Approve Budget Revision Requests	X					
Review/Approval of Request for Contract	X	X				
Creation of OPM Request for Contract			X	X		

<u>Activity</u>	<u>FAM II</u>	<u>FAM I</u>	<u>Sup Acct Ex</u>	<u>Assoc Acct Ex</u>	<u>Admin Asst</u>	<u>Proc. Tech</u>
Review/Approval/Submission of OPM Request	X	X				
Assignment of Contract/RFP Number					X	X
Assignment of Contract Staff		X				
Contract Assembly, Including Certifications, etc.					X	X
Final Review of Assembled Contract		X	X			
Distribution and Facilitation of Contract for Contractor Signature					X	X
Distribution and Facilitation of Contract for Agency Signature					X	X
Distribution and Facilitation of Contract for OAG Signature					X	X
Notification to Contractors, Programs, and Fiscal of Contract Execution					X	X
CORE-CT Contract Creation and Maintenance			X	X		
CORE-CT Contract Approval		X				
Program Site Monitoring	X	X		X		
Receipt and Review of Financial Reports			X	X		
Review and Approval of Financial Reports		X				
Determination of Refund Amounts					X	
Refund Collection and Processing			X	X		
Provision of Contract Data for Independent Auditors					X	
Receipt and Review of State and Federal Single Audits	X	X		X		
Approval of State and Federal Single Audit Findings or Resolution of Audit Findings	X	X		X		

VI. Program Staff

- DMHAS' program oversight structure is bifurcated. Mental Health Programs purchased by DMHAS receive monitoring and oversight by program staff located in the six Community Mental Health Centers (LMHAs) run by DMHAS. There are also seven PNP Contractors that function as LMHAs. These thirteen LMHAs cover five regions in the state. The five regions are geographic areas that, based on population, receive mental health services as a unit. Each of the five regions consists of smaller divisions called Catchment Areas (CACs) within which there are many towns. There are twenty-three CACs across the five regions
- The Community Services Division (CSD) and several specialty program units located in the Office of the Commissioner provide program oversight to all the LMHAs and to the statewide PNP contractors who provide Substance Abuse Prevention and Treatment Programs. The staff of this multi-faceted and multi-layered oversight structure provide monitoring of services through site visits, review of outcome measures, and client data reports and program development. The Community Services Division consists of a Director and fourteen program staff. There are five FTEs among that staff who monitor and provide oversight of the POS contracts. Program staff job titles include: Mental Health Services Clinical Manager 2 and 3, Behavioral Health Clinical Manager 2 and Behavioral Health Specialist and Behavioral Health Community Monitor. Staff from the specialty program units (i.e. Young Adult Services, Acquired Brain Injury, etc.) have a variety of program job

titles. Specialty program staff provide oversight and monitoring of their programs in concert with CSD and HSCU staff.

VII. **Office of Policy and Management**

- In accordance with state statutes and guidelines, the Office of Policy and Management must approve certain contracts in advance of their development or amendment. Contract approval is processed through a web-based request system. For contracts requiring OPM approval (both POS and PSA), HSCU staff create and submit requests via OPM's request system. DMHAS does proceed with some pre-contract development tasks while waiting for OPM approval. No contract is fully processed without OPM approval.

VIII. **Office of the Attorney General (OAG)**

- DMHAS has a waiver with the OAG for the Contract Language for seventy program services lodged in the POS Contracts. This waiver is for five years and also includes standard amendment language. Communication with the OAG regarding POS Contracts is minimal and is the responsibility of the HSCU manager. The relationship with the HSCU and the OAG is good.

B. Professional Development and Guidance

1. Internal Staff Training

- Training is provided to staff in the HSCU as necessary based on implementation of new initiatives, changes to internal and external policy. The longevity of staff and consistent procedures makes formal training less critical. In FY12 HSCU staff participated in Access training. This training will assist staff in using the comprehensive new contract data base under development in Access. All HSCU staff have received training in these CORE-CT Modules: Purchasing, Accounts Payable, Payment Inquiries and EPM Queries. Staff utilize CORE-CT on a daily basis and so their proficiency is high. HSCU staff use the following as aids in performing their functions: desk procedures, cheat sheets, flow charts. All are available electronically. HSCU staff do feel more formal procedures would be beneficial.
- There is no cross training with other units however HSCU staff participate in weekly meetings with the Program Staff. Each HSCU staff member is well acquainted with the Fiscal and Program Staff assigned to manage their contracts and has a good understanding of the functionality of those staff. Frequent communication exists between HSCU and Program Staff.

2. External POS contractor Training

- All contractor training is provided by the HSCU. Training for new POS Contractors is provided as needed. Budget completion and financial report training is provided annually to contractors. Trainings are held in Middletown to make access for state wide contractors easier. Training on Outcome Measures Report completion and Policy Change Notifications are provided when needed. POS Contractors receive training in the Bond Fund Application process whenever those funds are available.

IV. Contracting Process

A. Service Need Determination

1. Agency Process

- Basic service types role forward from year to year for approximately 90% of programs. DMHAS Planning Unit utilizes an annual priority-setting process that incorporates a contractor survey of area needs. The Planning Unit works with the Program Units to determine service need. Input is also sought from staff of the Commissioner's Office, OPM, other state agencies and current contractors. Passage of legislation establishing specific programs also occasionally occurs. Some services are client specific as in the case of state hospital clients who no longer need hospitalization. They are discharged to community programs or a specific treatment plan for an individual community placement is developed for them. Client surveys, discharge planning meetings, information from current contractors and proposals from other state agencies for program collaborations are all utilized in the service determination process. This multi faceted process has been designed to meet the emerging needs of clients and the agency. The process is flexible allowing for continuous program design and adaptation. DMHAS hospital and LMHA staff sometimes lack understanding of the contracting process required to coordinate all these services for clients. That lack of understanding can slow up the contract process. Efforts are ongoing to improve communication between DMHAS OOC (HSCU and CSD) and the facilities to improve the service need determination and the contract process. Communication between HSCU and other OOC Units (CSD, Planning, Program Specialties) is good in part due to co location and longevity of staff.

B. Funding Allotments

- The HSCU has no role in determining funding for POS contract programs. Notice of new funding both state and federal is received by the Budget Unit within the DMHAS Fiscal Division. The Fiscal Budget Unit and Program Units determine funding availability and allocation. The POS Contract Spending Plan is developed by the Fiscal Budget Unit and maintained in an Access database. This spending plan is based on prior year allocations with adjustments for increase or decrease in funding. Accuracy of this spending plan is reviewed jointly by Fiscal Budget, Program and Contract. The Fiscal Division Budget Unit approves the final spending plan and manages it throughout the fiscal year. The spending plan is not submitted to or approved by OPM.
- Contract processing is begun after the request to contract is received and approved through the Pre-Authorization process. Even if the state budget has yet to be approved, the contract process is begun to expedite eventual contract execution. For annual contract renewals this process is concurrent with finalization of the spending plan. No contract is fully executed until a DMHAS budget has been approved or a continuing resolution is in place. There are 51 SIDS utilized in support of the POS contracts. DMHAS distributes Bond Funds for PNP capital expenditures through an application process and ultimately a Bond Fund contract with the contractor.
- DMHAS POS contract funding processes have evolved over time and changed, as needed, to implement more efficient practices. This funding process is seamless especially since the Contract Pre Authorization Process/Form was instituted.

C. Contract Approval and Initiation

- DMHAS has an internal pre-approval process for contract development. The Pre-Authorization Form is completed by program and sent via email to the HSCU. The internal pre approval process is as follows:
 - Programs staff complete Pre-Auth form and emails to HSCU inbox.
 - HSCU clerical staff monitor the inbox, log received requests, assign a routing number and forward to the applicable Contract Monitor.
 - Contract Monitor reviews for completeness and required program signatures; determines type of contract to be issued; prints hard copy; routes for approval (beginning with Fiscal Accounting).
 - Fiscal Accounting Unit adds coding string to form and forwards to Program Unit.
 - Program Unit adds level of care and forwards to Fiscal Budget.
 - Fiscal Budget confirms availability of funding and forwards to CFO.
 - CFO approves and forwards to Deputy Commissioner.
 - Deputy Commissioner approves and returns to Contracts Unit.
 - Contracts staff scan form and email outcome to requestor. Signed forms are logged and saved electronically.

OPMs approval is required prior to beginning any contract process (RFP, new, renewal or amendment). DMHAS frequently utilizes an RFP process for allocation of new or newly available funds. HSCU staff create the OPM request from information on the Pre-Authorization Form. HSCU Manager submits the request to OPM. The OPM submission and approval process takes from one to two weeks. Many aspects of this process are concurrent in the interest of timely contract execution. These processes have evolved over time and work well. Communication among all units involved in the Pre-Authorization process is quite good.

D. Human Service Budget Development

- The POS contract budget is negotiated by the HSCU and Program staff. Budget development and approval is lodged in the HSCU. Negotiation of new funding is usually accomplished in a face-to-face meeting between Contracts, Programs and the contractor. Annual contract amounts rarely fluctuate, absent new funding for additional services or OPM-issued COLA's. HSCU monitors email budget templates to the contractor for completion. Contractor emails completed budget back to Contract Monitor for review/approval. Process for budget development takes approximately 4-6 weeks. Budgets are initially submitted to detail 1 year of funding. Contractors are required to submit a new budget annually for each year of the contract term. Programs are flat-funded from the previous year, but the contractor is allowed to reallocate funds by line item or across programs within the budget as necessary for each year of the contract term. Specific SID restrictions must be adhered to, for example, funds in a mental health SID cannot fund an addiction service program. The budget process is the same for new, renewal and amended contracts. Budget revision requests are submitted to the HSCU Monitor. Budget revisions are also submitted to the state-operated LMHA's concurrent with this process. Budget revisions are then emailed by the HSCU monitor to the Program Monitor as well. Staff concurrently review and work with the contractor to address deficiencies. Once HSCU and Program staff are satisfied with the budget revision request, it

is sent to unit heads of both units for approval. Once approved, the HSCU monitor generates an email to the contractor to notify them. Less than 20% of PNP contractors submit budget revision requests. The budget revision process is set up this way due to historic practice. The process works well with all involved parties. In the past the timing of budget revision submission had been an issue with HSCU staff when the due date was 9/30 after the close of the previous fiscal year. The new submission date of 5/15 implemented by OPM in July, 2011 is working better for HSCU and program staff. HSCU staff would prefer more budget development involvement with the Program staff and the contractor.

E. Scope of Services Development

1. Organizational Responsibilities and Process.

- Responsibility for negotiating and developing the contract scope of services is lodged with the Program Unit. Scope of Services approval is a joint responsibility of the HSCU, Program Unit and the Legal Unit. Most scopes of services are templated and require no negotiation. If a new scope of services is being developed, Program staff include the contractor in language development. Program staff then work with the DMHAS Legal Unit to address any concerns. The scope of service language is then sent to the HSCU for word-smithing and approval as to form and contractual adherence. Development of a new scope of service can take several months due to internal negotiations between the Program Unit and the Legal Unit.

2. Standard Contract Templates

- DMHAS utilizes contract language templates. There are 70 templates out of 71 program types. The language for one contract for legal services is required to be reviewed by the OAG. DMHAS has an OAG waiver which includes the 70 scope of service language. That waiver is in effect for 5 years. Rarely is there a need to change the templates. Approximately six months prior to the OAG waiver expiring, program, HSCU and legal staff make edits, if needed, to the Scope of Services language. New programs are added to the OAG waiver as needed.

3. Consolidated Contracts

- DMHAS utilizes a consolidated, multi-year contracting process. This consolidated contract process has been in place for more than twenty years. Contractors who operate multiple programs for the Department have one contract. The reasons a contractor may have more than one contract with DMHAS are: a contractor with programs in more than one DMHAS region (a staff monitoring issue), programs that are paid on a pure Fee-For -Service (FFS) basis (an ease of and timely payment issue) and if a contractor "won" the right to contract through the RFP process the new program was put in a separate contract. Currently the department is rethinking using the separate contracts in these instances and expects to increase the number of consolidated contracts.

F. Contract Assembly

1. Agency Process

- Contract assembly is automated utilizing HOTDOCs software. Assembly is performed by a Processing Tech in the HSCU. The document is emailed in PDF format to the contractor for signature.

2. Contract Components

- POS contracts include Part I, program descriptions and budgets and an OPM mandated Part II which cannot be changed by any state agency. Part 1 contains the Scope of Services, Performance Outcomes, Line Item Budget, Payment schedule, Reporting schedule, DMHAS terms and conditions.

The following forms are included in a DMHAS POS contract:

FORM	JUSTIFICATION	INSTRUCTIONS
OPM Form I (Gift Affidavit)	Required by OPM for any contract exceeding \$50,000 in a fiscal year.	For completion by contractor. Submission upon initial contract execution, execution of any amendment and annually for term of contract.
OPM Form 3 (Agency Certification)	Required by OPM for any contract exceeding \$50,000 in a fiscal year.	For completion by Agency signatory. Submission upon initial contract execution and execution of any amendment.
OPM Form 5 (Consulting Affidavit)	Required by OPM for any contract exceeding \$50,000 in a fiscal year.	For completion by contractor. Submission upon initial contract execution and execution of any amendment.
OPM Form C (Nondiscrimination Certification)	Required by OPM for inclusion in all POS contracts regardless of term or cost.	For signature by contractor. Submission upon initial contract execution and execution of any amendment.
EEO Form EEO-1 (Notification to Contractors)	Required by EEO for inclusion in all POS contracts regardless of term or cost.	For signature by contractor. Submission upon initial contract execution and execution of any amendment.
Minority Business Certification	Required by DAS for inclusion in all POS contracts, if the contractor is not certified as an MBE.	For completion by contractor. Submission upon initial contract execution and execution of any amendment.
Workforce Analysis	Required by CHRO for inclusion in all POS contracts regardless of term or cost.	For completion by contractor. Submission upon initial contract execution and execution of any amendment.
Affirmative Action Policy Statement	Required by OAG for inclusion in all POS contracts regardless of term or cost.	For completion by contractor. Submission upon initial contract execution and execution of any amendment.
Corporate Resolution Certification	Required by OAG for inclusion in all POS contracts regardless of term or cost.	For completion by contractor. Submission upon initial contract execution and execution of any amendment.
CHRO Compliance Statement	Required by CHRO as backup to Workforce Analysis. For inclusion in all POS contracts regardless of term or cost.	Statement only. No completion/signature required.
Certificate of Insurance	Required per Part II of the POS contract.	Copy of insurance policy submitted to CTDOC at time of contract execution and annually for term of contract.

1. OPM Form 1 (Gift Affidavit): Initial contract execution, any amendments and annually for term of contract. Required by OPM for any contract exceeding \$50,000 in a fiscal year.
2. OPM Form 3 (Agency Certification): Initial contract execution and any amendments. Required by OPM for any contract exceeding \$50,000 in a fiscal year.
3. OPM Form 5 (Consulting Affidavit): Proposal submission as a result of an RFP or initial contract execution and any amendments. Required by OPM for any contract exceeding \$50,000 in a fiscal year.
4. OPM Form C (Nondiscrimination Certification): Initial contract execution and any amendments. All contracts regardless of cost.
5. Notification to Contractors: Procurement requirement (Form EEO-1). EEO-1 required for submission with proposal in response to RFP. Notification to Contractors required for submission with initial contract execution and any amendments.

6. Minority Business Certification: Initial contract execution and any amendments. Required by DAS for contractors not certified as MBE's.
7. Workforce Analysis: Initial contract execution and any amendments. Required by CHRO.
8. Affirmative Action Policy Statement: Submitted by contractor at initial contract execution and any amendments. Required by OAG.
9. Corporate Resolution Certification: Submitted by contractor at initial contract execution and any amendments. Required by OAG.
10. CHRO Compliance Statement: Initial contract execution and any amendments. Statement form only (backup to Workforce Analysis).
11. Insurance Certificate: Initial contract execution and annually for term of contract. Required per Part II of the contract.

G. Contract Signatures and Execution

1. Agency Process

- Once a contract is assembled, the HSCU begins the signature process. No other agency unit reviews the contract before the contractor signs. The timeframes for contract signature usually fall within a maximum of three (3) weeks, as delineated below:

Process	Timeframe
Contractor Signature	2 weeks
DMHAS Signature	3 days

- **Contractor Signature:** The signature process begins with the contractor. After ensuring that all pieces of the contract are correctly assembled and included, the HSCU Processing Technician emails the document in PDF format to the contractor with instructions for signature and completion of all applicable forms and to return to DMHAS. OAG signature of the contract is not required. DMHAS utilizes scope of service language templates which are approved by the OAG in a five year waiver. DMHAS' AG does not accept electronic contracts. With regards to POS contracts, communication with the OAG is minimal and is managed by the HSCU Director.
- **Agency Signature:** The contractor returns the entire contract hardcopy via mail. The HSCU Processing Tech logs receipt and assembles routing package for internal signature. Routing package includes contract routing sheet, entire contract and OPM Form. Processing Tech forwards routing package to HSCU Manager for approval. HSCU Manager forwards routing package to Program Unit Director for approval. Program Unit Director forwards to Deputy Commissioner for approval. The Deputy Commissioner returns the contract to HSCU Processing Tech. HSCU Processing Tech prepares contract for Commissioner signature and forwards to Commissioner's Office. Commissioner's Office forwards signed contract to Fiscal Budget Unit once signed. Fiscal Budget staff notarizes appropriate affidavits and updates Fiscal Transfer sheet. The signed, complete contract is then returned to the HSCU Processing Tech.
- **Contract Execution Timelines and Timeliness:** In State Fiscal Year 2010, OPM began monitoring the timeliness of POS contract execution in relation to the contract start date. The goal was that all contracts (new, renewal or amendments) were executed at

least fifteen (15) days prior to the contractual start date. The tables below demonstrates DMHAS's metrics for execution of: 1) original (new/renewal) POS contracts (Table 1) and 2) amended POS contracts (Table 2) for state fiscal years 2010, 2011 and 2012.

Execution Timeframes <u>NEW/RENEWED POS Contracts</u>	<u>SFY 2010</u>		<u>SFY 2011</u>		<u>SFY 2012</u>	
	Number	% of Total	Number	% of Total	Number	% of Total
Total # POS Contracts Executed (New/Renewed)	23		0		205	
# Contracts Executed >15 Days Prior to Start Date	0	0%	0	0%	59	29%
# Contracts Executed < 15 Days Prior to Start Date	0	0%	0	0%	64	31%
# Contracts Executed After Start Date	1	4.3%	0	0%	77	38%
# Contracts Executed > 30 Days After Start Date	22	95.7	0	0%	5	2%

Execution Timeframes <u>AMENDED POS Contracts</u>	<u>SFY 2010</u>		<u>SFY 2011</u>		<u>SFY 2012</u>	
	Number	% of Total	Number	% of Total	Number	% of Total
Total # POS Amendments Issued	178		205		181	
# Contracts Executed >15 Days Prior to Start Date	176	98.9%	205	100%	181	100%
# Contracts Executed < 15 Days Prior to Start Date	2	1.1%	0	0%	0	0%
# Contracts Executed After Start Date	0	0%	0	0%	0	0%
# Contracts Executed > 30 Days After Start Date	0	0%	0	0%	0	0%

DMHAS begins the POS contract development process three to four months in advance of the contract start date. Delays in contract execution are related to late contractor submission of contract budgets and forms. HSCU staff provide telephone instruction to contractor staff regarding required budgets and forms. Annual training in contract budgets and reports is also provided to contractors.

- Contract Service Implementation: The Program Unit oversees implementation of all new mental health and addiction service programs. Mental Health programs associated with a state operated LMHA are implemented by both the Program Unit in conjunction with staff from the LMHA.
- Contract Payment Processing: DMHAS contract language includes the following payment terms: payments are made quarterly, prospectively, contingent upon:
 - 1st Quarter: Contract execution and receipt of OPM allotment
 - 2nd Quarter: Receipt of OPM allotment
 - 3rd Quarter: Receipt of OPM allotment
 - Final 4th Quarter Payment: Receipt and approval of the 8 month Expenditure Report due to DMHAS 3/31 of the current fiscal year.

DMHAS payment process is initiated upon receipt of the OPM allotment. No action is required by the contractor. The payment process spans across the HSCU, FSB and the Fiscal Budget unit. The HSCU creates the contract in CORE. The Fiscal Services Bureau (FSB), a unit located in Middletown and organizationally part of Business Administration, contains both Purchasing and Accounts Payable functions. FSB Purchasing completes and maintains the CORE contract, creates and approves the purchase order and any change orders in CORE. FSB Accounts Payable: creates and approves the voucher in CORE.

1. The HSCU notifies the Fiscal Budget Unit of a fully executed contract/amendment.
2. The Fiscal Budget Unit then updates the POS Spending Plan to match the contract funding levels. The POS Spending Plan is stored on a shared drive to which the HSCU, Fiscal Budget and the Fiscal Services Bureau all have access.
3. The Fiscal Budget Unit creates a "Transfer Sheet" in Excel and located on the shared drive. The Transfer Sheet is a quarterly snapshot in time of payment adjustments needed.
4. The Fiscal Services Bureau (Purchasing) then designs the POS Contract Payment Sheet from the Transfer Sheet. The POS Contract Payment Sheet is an Excel spreadsheet used to automatically calculate the amount of the quarterly payment due to be processed.
5. The Fiscal Services Bureau (Purchasing) uses the Transfer Sheet to update each POS Contract Payment Sheet. The POS Contract Payment Sheet recalculates/edits the amount of the next payment due to be processed. This action is triggered by receipt of the OPM quarterly allotment.
6. The POS Contract Payment Sheet is given to the applicable FSB staff to create or edit (change order) the CORE-CT PO. The POS Contract Payment Sheet provides a history of the payments made and also serves as the invoice for the Office of the State Comptroller (OSC) when stamped paid.
7. Fiscal Services Bureau (Purchasing) completes a PO change order (as needed) to adjust funding to the PO in CORE-CT.
8. Once the PO is approved the Fiscal Services Bureau (Accounts Payable) creates and processes the payment voucher in CORE-CT.

These processes do not require any internal approvals. The contract/amendment execution and adjustment to the POS Spending Plan, the Transfer Sheet and POS Contract Payment Sheet and receipt of the OPM quarterly allotment automatically jump start the payment process. The CORE contract and Purchase Order are maintained by the FSB staff, the Fiscal Administrative Supervisor or Fiscal Administrative Officer. The Fiscal Services Bureau quarterly payment process for all POS payments takes approximately 10 business days post receipt of the OPM allotment. Ninety one (91%) percent or 186 contractors receive payments via electronic fund transfer (ACH) as opposed to paper check payments. The ACH

process speeds up receipt of funds for the contractor. However some large contractors cannot participate in the ACH program as their accounting systems require detailed payment amount information. This information is not available with ACH payments. Occasionally the HSCU receives calls regarding how to apply a payment or requesting information on when a payment may be released. IPAs call for confirmation of paid funding for audit purposes. This payment process has been in place for many years and is refined internally as needed when efficiencies are identified. The process is virtually seamless and works very well. Excellent communication between all three involved units facilitates the process.

V. Contract Monitoring & Evaluation

A. Administrative and Financial Monitoring

- DMHAS monitors the POS contracts administratively, financially and programmatically. The HSCU is responsible for performing the administrative and financial monitoring functions. Program Units perform the program monitoring function. DMHAS utilizes data from financial, program and utilization reports, the annual single state audit, information gathered during issue based site visits and formal investigations, when indicated. The process for resolving contractual and/or programmatic issues is through a Corrective Action Plan (CAP) submitted by the contractor and follow up on that plan.

Required Fiscal Reports

REPORT	DUE DATE	SUBMISSION REQUIREMENTS
8 Month Expenditure	March 31 st (to cover periods of July 1-February 28)	To be submitted via email and hard copy for each program under the current contract. Final payment dependent upon receipt and review of this report.
Budget Revision	No later than May 15 th	To be submitted via email for each program under the current contract, if expenditures do not agree with approved program budget.
Annual Financial Report	September 30 th (to cover period of July 1- June 30)	To be submitted via email and hard copy for each program under the current contract.
State Single Audit	6 months after end of provider's fiscal year	To be submitted electronically or hard-copy to OPM and forwarded to CTDOC for any agency meeting the OPM-established criteria.

- The contract requires submission of four financial reports: an 8 month expenditure report (due 3/31), budget revision, when indicated, a 12 month expenditure report (due 9/30) and a State Single Audit (due 6 months after the close of the contractor's fiscal year). These financial reports are submitted electronically and hard copy to the HSCU monitors and when applicable also to the state operated Local Mental Health Authorities. The HSCU monitors review and approve the 8 and 12 month expenditure reports. The HSCU monitor works with the contractor via email and telephone to correct any discrepancies in the report. This review and approval process is done in concert with program staff. Issues identified with the State Single Audit are reviewed by the DMHAS Audit Review Committee. This committee meets biweekly and includes the Director of Business Administration, the Director of the HSCU and the Director of the DMHAS Audit Unit and the HSCU auditor. The final approved 8 and 12 month financial reports are filed in the

master contract file (hard copy). An electronic version of the final approved 8 and 12 month financial reports are sent to the contractor. The State Single Audit is maintained in the HSCU files. Review and approval of the financial reports takes about 2 weeks. The HSCU monitors email and/or call the contractors when financial reports are late. If the report continues to be late a formal hard copy letter is sent to remind the contractor of the \$500 financial penalty per late report that may be imposed per contract language.

- The DMHAS auditor receives and reviews the State Single Audit and reconciles that against the final 12 month financial report and CORE-CT Contract Payments. If it is determined that funds are due to DMHAS, a formal letter is sent under signature of the Deputy Commissioner to the contractor. Recoupment of these funds can occur in two ways: a reduction in the current year payment to that contractor or receipt of a check from the contractor.
- These processes are historic and to ensure efficiency adjustments are made when identified. The process works well and no changes are recommended at this time.

B. Programmatic Monitoring

- Program compliance monitoring is primarily lodged in the Community Services Division (CSD). The six state operated Lead Mental Health Authorities (LMHA) are also responsible for monitoring mental health programs at their affiliated contractors. Specialty program units perform program monitoring for unique programs such as Young Adult Services, Acquired Brain Injury and Housing. DMHAS monitors by program type. Schedules for formal program monitoring are developed based on how long since the program type was last monitored or audited. Program monitoring includes review of program reports, utilization reports, on site issue based visits and investigations. Issues identified and the proposed resolutions are included in a corrective action plan (CAP) submitted by the contractor. The CAP is monitored often by follow up site visits.
- DMHAS receives service level data monthly from the contractors. Current capacity/service level data is included in the process to determine and prioritize service need. Data is submitted via a new DMHAS web-based system directly to the Evaluation, Quality Management and Improvement (EQMI) Unit. Data submission is a contract requirement. The EQMI Unit produces quarterly reports from the submitted service data. Agency service need trends, program viability and effectiveness are determined through these reports. Data is tied to outcome measures. Program staff continually review the monitoring process to identify inefficiencies. DMHAS is committed to moving toward database monitoring of outcome measures and onsite review of outliers. Current staff feel program monitoring would benefit with additional staff dedicated to that function.

C. Performance Outcomes and Measures

- POS Contracts require submission of Performance Outcome Measures. Outcomes, submitted monthly, are due on the 15th of the subsequent month by the contractor to EQMI. The Director of EQMI approves these reports. The outcomes are mostly utilization based i.e. admission/readmission/discharge dates, total number of clients served, client improvement and satisfaction surveys. EQMI and Program review the performance outcomes and measures

reports. This review process can take up to 2 weeks per report. These reports are used to inform the agency as to provider performance. In addition, the reports are used when performing site visits, when reporting program issues, evaluating state wide service needs and when renegotiating contracts. Agency options are dependent upon the severity of the provider's failure to meet certain goals. Failure to meet established outcome measures can lead to: renegotiation of the provider's contract, technical assistance from DMHAS to the provider, an on-site visit and/or requirement of a corrective action plan. The process is set up this way based on federal requirements, best practices, national trends and some legislative mandates. Recently the agency made adjustments to the outcome measures. While the new outcome measures process is still in transition, it seems to be working well.

- DMHAS has participated in Results Based Accountability. The DMHAS Commissioner determined which services would be included in the Results Based Accountability process. A few minor adjustments were made to some of the contracted outcome measures.

VI. Agency Strengths/Weaknesses

I. Agency Strengths

1. Human Service Contract Unit (HSCU) is a unit dedicated to contract processing and is neither tasked with unrelated activities and duties nor subject to external unrelated priorities.
2. Contract development, execution and financial oversight and payment activities are solely the responsibility of HSCU staff.
3. Staffing numbers/job class are equitable & support assigned duties/workloads.
4. The highly developed knowledge, experience, longevity and cohesiveness of staff in the Human Service Contract Unit (HSCU) are a significant contributing factor in the agency's ability to meet its benchmarks and state contracting requirements.
5. HSCU maintains formal and informal training tools for contracts staff to utilize and provides targeted training to internal staff.
6. HSCU and Program staff have a high level of knowledge and collaborate on: contract language, RFPs, contract deliverables, outcomes, and measures.
7. An annual Strategic Planning Process is utilized to evaluate and prioritize service needs.
8. HSCU utilizes automated document creation software to assist with contract preparation.
9. Contracts are sent electronically to providers for review and signature.

10. Most provider payments are based solely upon contract execution and receipt of OPM allotment, and are initiated electronically between HSCU and Fiscal Services Bureau.
11. Program is solely responsible for programmatic report review and program monitoring. They are not tasked with fiscal administrative contract monitoring.
12. Data from prior fiscal years supports DMHAS' continued achievement of and ability to improve its timely contract execution rates.
13. A high percentage (80%) of POS contracts are consolidated.
14. DMHAS has maximized utilization of template scopes of service.

II. Agency Weaknesses

1. The POS Contract Spending Plan is developed and maintained by one staff member from the Budget Unit.
2. HSCU staff do not receive formal training on contract development, administration and oversight; legal sufficiency on contracts or oversight of non-profit entity budgets.
3. Staff in LMHAs are not fully knowledgeable and timely regarding contract processes.
4. Contract pre-approval process relies on hard-copy routing.
5. Internal contract execution process is complex with manual routing to many places with associated approvals.
6. While electronic copies are accepted for initial review, providers are still required to submit hard-copy, original, signed financial reports.
7. HSCU is not part of strategic planning process. HSCU staff could lend valuable advice and historical significance to contractor performance and fiscal/administrative viability.

III. Recommendations

1. Move the POS Contracting Spending Plan to HSCU or increase the depth of budget and spending plan expertise in the Budget Office through **cross-training** of staff.
2. Implementation of required training for HSCU staff in collaboration with the Office of State Ethics, the Freedom of Information Commission, the State Elections Enforcement Commission, the Commission on Human Rights and Opportunities, the Office of the Attorney General, the Department of Administrative Services and any other state agency involved with Contracting functions. Such training curriculums should be developed in accordance with OPM Procurement Standard requirements (Section I H.3) and Connecticut General Statutes (Chapter 62, 4e-5).

3. The contract pre-approval request and contract execution routing process should be electronic with electronic signatures.
4. Institute contracts with longer terms.
5. Eliminate hard-copy, signed submission of all reports. Electronic submission is auditor tested and accepted at other agencies.
6. Modify the role of Program in budget/financial oversight. Rely on them as external resources, but not as required review/approvers (unless significant problems are identified by Contracts staff).

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