

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:

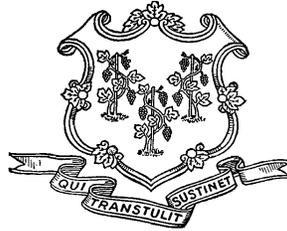
- 1) **Agency POS Contracting Hub.** Organizing a "model" contracts unit for each agency that is accountable and a focal point for the handling of all administrative, financial and contracting functions in a timely, effective and efficient manner while maintaining strong working relationships with agency 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/revise 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 |
|---|---|
| <p>1. OPM Ethics Form 1 - Gift & Campaign Contributions</p> <p><i>Reason:</i> Required by statute. Applies to contracts having a value of \$50,000 or more in a calendar or fiscal year.</p> | <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 |
| <p>2. OPM Ethics Form 5- Consulting Agreement Affidavit</p> <p><i>Reason:</i> Required by statute. Applies to contracts having a value</p> | <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) <u>or</u> • 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:

| Process | Typical Start Date | Typical Completion Date | Explanation |
|---|------------------------|-------------------------|---|
| Department of Children and Families | | | |
| Internal Funding Approval/Approval to Commence Contracting Processes | March 1 st | April 1 st | <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 1 st | April 12 th | <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 12st.</i> |
| Negotiating Scope of Services | April 12 th | May 30 th | <i>Timeframe inclusive of drafting and scope review and revision by PGR Units, DCM PGR, AAG review/approval.</i> |
| Negotiating Budget | April 12 th | May 12 th | <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 12 th | June 15 th | <i>The contract assembly process is done primarily manually with the hardcopy contracts being mailed out hardcopy signature requirements.</i> |
| Department of Correction | | | |

| Process | Typical Start Date | Typical Completion Date | Explanation |
|---|------------------------------|--------------------------------|--|
| 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

| | <u>DCF</u> | <u>DOC</u> | <u>DDS</u> | <u>DPH</u> | <u>DMHAS</u> | <u>DSS</u> | <u>OPM Standard*</u> |
|-------------------------------|------------|------------|------------|------------|--------------|------------|----------------------|
| 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/opm/lib/opm/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 |

| | Amount and # of Payments | Payment Conditions | Process |
|------------|--|--|---|
| | | | 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 Contract:s 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 Expend: \$203,000,000 | FY12 POS Expend: \$43,656,786 | FY12 POS Expend: \$625,381,796 | FY12 POS Expend: \$250,347,783 | FY12 POS Expend: \$47,997,022 | FY12 POS Expend: \$718,000,000 |
| <ul style="list-style-type: none"> • (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. | <ul style="list-style-type: none"> • (.1) Fiscal Admin Mgr I • (1) Fiscal Admin Off. • (.5) Fin Clerk | <ul style="list-style-type: none"> • (.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) | <ul style="list-style-type: none"> • (.25) Fiscal Admin Mgr 2 • (1) Fiscal Admin Mgr 1 • (1) Sup Acct Examiner • (4) Ass. Acct Examiner • (.25) Admin Assist • (2) Processing Tech | <ul style="list-style-type: none"> • (1) Director Prog Mon/Fiscal Review • (3) Fiscal Admin Off. • (1) Fiscal Admin Ass. • (1) Personnel Off. • (1) Health Prog Ass.istant 1 • (1) Health Prog Assistant 2 • (3) Health Prog Associate • (1) Admin Assistant • (1) Office Assistant | <ul style="list-style-type: none"> • (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

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

| Metrics | | | |
|--|---------------------|---|------------|
| Human Service Contracting | | Contract Unit Workload & Performance | |
| <i>Number of human service contracts:</i> | 33 | <i>Total number of agreements managed:</i> | 330 |
| <i>Number of human service programs contracted:</i> | 80 | <i>Number of contracting unit FTEs:</i> | 2.1 |
| <i>Number of human service providers:</i> | 30 | <i>Estimated external FTEs supporting contract activities:</i> | 1.7 |
| <i>Fiscal Year 2012 State funds committed:</i> | \$43,161,786 | <i>Fiscal Year 2011 % of contracts executed prior to start date:</i> | 35% |
| <i>Fiscal Year Federal funds committed:</i> | \$495,000 | <i>Fiscal Year 2012 % of contracts executed prior to start date:</i> | 77% |
| <i>Average number of contracts held per provider:</i> | 1 | <i>Percent of contracts having terms of 2 years or less:</i> | 3% |
| <i>Percent of OAG pre-approved scopes-of-service:</i> | 0% | <i>Percent of contracts having terms of 3 years or more:</i> | 97% |
| Agency Strengths and Weaknesses | | | |
| Strengths | | Weaknesses | |
| <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 | |
| <i>Number of human service contracts:</i> | 192 | <i>Total number of agreements managed:</i> | 155 |
| <i>Number of human service programs contracted:</i> | 594 | <i>Number of contracting unit FTEs:</i> | 20 |
| <i>Number of human service providers:</i> | 186 | <i>Estimated external FTEs supporting contract activities:</i> | TBD |
| <i>Fiscal Year 2012 State funds committed:</i> | \$603,498,677 | <i>Fiscal Year 2011 % of contracts executed prior to start date:</i> | 100% |
| <i>Fiscal Year Federal funds committed:</i> | \$10,475,985 | <i>Fiscal Year 2012 % of contracts executed prior to start date:</i> | 100% |
| <i>Average number of contracts held per provider:</i> | 1.1 | <i>Percent of contracts having terms of 2 years or less:</i> | 68% |
| <i>Percent of OAG pre-approved scopes-of-service:</i> | 86% | <i>Percent of contracts having terms of 3 years or more:</i> | 32% |
| <u>Agency Strengths and Weaknesses</u> | | | |
| <u>Strengths</u> | | <u>Weaknesses</u> | |
| <ol style="list-style-type: none"> 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. | | <ol style="list-style-type: none"> 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> | | | |
| <ol style="list-style-type: none"> 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 | |
| <i>Number of human service contracts:</i> | 205 | <i>Total number of agreements managed:</i> | 617 |
| <i>Number of human service programs contracted:</i> | 850 | <i>Number of contracting unit FTEs:</i> | 8.5 |
| <i>Number of human service providers:</i> | 159 | <i>Estimated external FTEs supporting contract activities:</i> | 13.3 |
| <i>Fiscal Year 2012 State funds committed:</i> | \$223,486,215 | <i>Fiscal Year 2011 % of contracts executed prior to start date:</i> | 100% |
| <i>Fiscal Year Federal funds committed:</i> | \$26,860,940 | <i>Fiscal Year 2012 % of contracts executed prior to start date:</i> | 78% |
| <i>Average number of contracts held per provider:</i> | 1.3 | <i>Percent of contracts having terms of 2 years or less:</i> | 100% |
| <i>Percent of OAG pre-approved scopes-of-service:</i> | 100% | <i>Percent of contracts having terms of 3 years or more:</i> | 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 | |
| <i>Number of human service contracts:</i> | 281 | <i>Total number of agreements managed:</i> | 657 |
| <i>Number of human service programs contracted:</i> | 31 | <i>Number of contracting unit FTEs:</i> | 13 |
| <i>Number of human service providers:</i> | 147 | <i>Estimated external FTEs supporting contract activities:</i> | 42.5 |
| <i>Fiscal Year 2012 State funds committed:</i> | \$24,062,651 | <i>Fiscal Year 2011 % of contracts executed prior to start date:</i> | 5% |
| <i>Fiscal Year Federal funds committed:</i> | \$23,934,371 | <i>Fiscal Year 2012 % of contracts executed prior to start date:</i> | 50% |
| <i>Average number of contracts held per provider:</i> | 1.9 | <i>Percent of contracts having terms of 2 years or less:</i> | 16% |
| <i>Percent of OAG pre-approved scopes-of-service:</i> | 58% | <i>Percent of contracts having terms of 3 years or more:</i> | 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 | |
| <i>Number of human service contracts:</i> | 777 | <i>Total number of agreements managed:</i> | 1,101* |
| <i>Number of human service programs contracted:</i> | 797 | <i>Number of contracting unit FTEs:</i> | 6 |
| <i>Number of human service providers:</i> | 143 | <i>Estimated external FTEs supporting contract activities:</i> | 35.5 |
| <i>Fiscal Year 2012 State funds committed:</i> | \$421,000,000 | <i>Fiscal Year 2011 % of contracts executed prior to start date:</i> | 1% |
| <i>Fiscal Year Federal funds committed:</i> | \$297,000,000 | <i>Fiscal Year 2012 % of contracts executed prior to start date:</i> | 12% |
| <i>Average number of contracts held per provider:</i> | 2.35 | <i>Percent of contracts having terms of 2 years or less:</i> | 39% |
| <i>Percent of OAG pre-approved scopes-of-service:</i> | 40% | <i>Percent of contracts having terms of 3 years or more:</i> | 61% |
| <u>Agency Strengths and Weaknesses</u> | | | |
| <u>Strengths</u> | | <u>Weaknesses</u> | |
| <ol style="list-style-type: none"> Contracts are a unit dedicated to contract processing and is neither tasked with unrelated activities and duties nor subject to external unrelated priorities. Contract Unit maintains formal and informal training tools on Contract procedures and provides targeted conference-style training to internal staff and providers. Contract Unit has already established a culture that identifies areas of improvement and is supportive of agency change. No contract functions are performed at the regional level. Contract Staff has established and maintained excellent communication with program staff, providers, and OAG to ensure accurate administrative processing of contracts. 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. 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. Contracts Unit utilizes an electronic submission process for OAG contract signature. | | <ol style="list-style-type: none"> 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. Fiscal office policies and procedures prevent efficient contract activity distribution among and between agency sections and staff. 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. Contract spending plan development, contract approval and contract payment process between Programs and Fiscal is cumbersome, redundant, and time-consuming causing untimely delays. Contracts staff do not receive formal training on contract development, administration and oversight, legal sufficiency of contracts, or oversight of non-profit entity budgets. 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. Contract Unit has not maximized consolidation of contract programs. A significant number of contracts are not executed prior to their start dates. Completion of OPM requests requires data entry by both Programs and Contract Unit. Contract Unit staff has no involvement in contractual financial matters including financial report review and budgeting. Hard-copy, original financial reports signed by the contractor are required for payment. | |
| <u>Recommendations</u> | | | |
| <ol style="list-style-type: none"> 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. Explore cross training within Contract Unit staff between the Procurement side and Contract side. 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: Contract 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.

| Functional Category | # of Type | % of Type | FTE per 100 Contracts Managed |
|--|------------------|------------------|--------------------------------------|
| 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 SOCIAL SERVICES BUSINESS PROCESS REVIEW

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

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DRAFT



Department of Social Services

STATE OF CONNECTICUT

PURCHASE OF SERVICE CONTRACTING
Business Process Review

POS

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

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I. Contract Data

| Data Element | SFY 2012 | |
|--|------------------------|--|
| | Number | Percent of Total |
| Contracts Managed by Agency Contracts Unit: | Total – 1101 | |
| - POS contracts | 777 | 76.12% |
| - PSA contracts | 202 | 20.20% |
| - MOU/Other contracts | 122 | 3.66% |
| Number of POS contractors | 143 | |
| Number POS contracts utilizing Scope of Service Templates | 311 | 40% |
| Consolidated POS Contracts: | | |
| - Consolidated Contracts | 6 | 5% |
| - Contractors with More than 1 Contract | 175 | 95% |
| - Total # of Contractors | 330 | |
| - Average # Contracts per Contractor | 2.35 | |
| - Total # of Programs Under Contract | 797 | |
| Timeliness of POS Contract Execution: | | |
| - More than 15 Days Prior to Start | 28 | 20% |
| - Less than 15 Days Prior to Start | 20 | 14% |
| - After Start | 12 | 8% |
| - More than 30 Days After Start | 84 | 58% |
| Total dollar amount of POS contracts: ¹ | \$718,000,000 | 38% |
| - State dollars | \$421,000,000 | 58.63% |
| - Federal dollars | \$297,000,000 | 41.36% |
| Total agency budget: ² | \$6,370,664,884 | 11% |
| Number & percent of: | | |
| - one-year contracts | 13 | 9.1% |
| - two-year contracts | 42 | 29.7% |
| - three-year contracts | 78 | 54.5% |
| - four-year contracts | 8 | 5.6 % |
| - five year contracts | 3 | 2.1 % |
| - six-year contracts | | |
| - seven-year contracts | | |
| - eight year contracts | | |
| - Greater than eight year contracts | | |
| Number & percent of POS amendments: (as related to total POS contracts) | 217 | 152% Many contracts amended more than once. |
| Number & percent of joint POS contracts: ³ | 0 | 0% |

¹ Source: Duarte System (Internal CPU Access Database Contract Tracking System)

* **DFMA** numbers represent amount of dollars paid out to POS contracts during SFY12.

² Source: SFY2012 Governor's Budget Summary -

II. Agency Description

A. Contract Services

The Department of Social Services is a statewide public service agency that provides a broad range of services to the elderly, disabled, families, and individuals who need assistance in maintaining or achieving their full potential for self-direction, self-reliance, and independent living. It administers over ninety (90) legislatively authorized programs and one-third of the state budget. By statute, it is the state agency responsible for administering a number of programs under federal legislation, including Supplemental Nutrition Assistance Program (SNAP, formerly food stamps), Temporary Assistance to Needy Families, and Medicaid.

The agency purchases services through contracted arrangements with (1) non-profit, community-based human service agencies; (2) other governmental agencies; and (3) for-profit corporations that are either headquartered in Connecticut or in other states. Annually the agency maintains more than 1100 contracts with over 250 contractors.

In addition there is a category of contracts that the agency considers to be “hybrid” – they directly touch and impact the consumer but they also provide an aspect of administration of a program that supports the Department. The majority of these contracts support a medical program within the Department. They include – the Department’s contract with **HP, Inc.** for the operation of the interchange (the Medicaid Management Information and Claims Processing System; **ACS Healthcare** for the provision of enrollment broker services, HUSKY B and Charter Oak eligibility determination services, passive billing; **CHNCT** for the provision of HUSKY A, HUSKY B and Charter Oak managed care services; **Value Options, Inc** ; the administrative services organization to support the Behavioral Health program; **Benecare**, the administrative services organization to support the Dental program; **LogistiCare**– the transportation broker for the Non-Emergency Medical Transportation Services.

B. Purchasing Authority

TITLE 4. MANAGEMENT OF STATE AGENCIES

C.G.S. § 4-8 Qualifications, powers and duties of department heads

TITLE 17B. SOCIAL SERVICES

C.G.S. § 17b-3 Commissioner of Social Services: Powers and duties

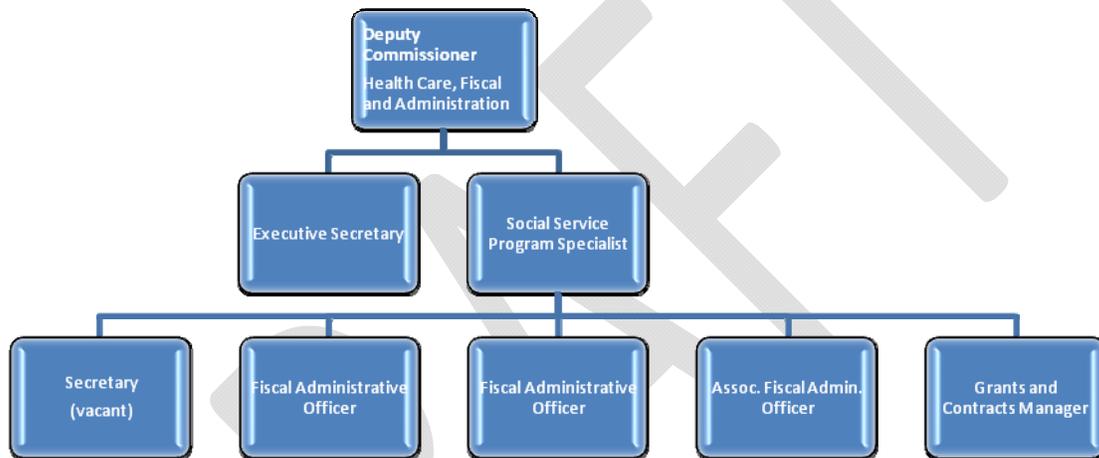
C. Organizational Structure (See Attachment)

The agency is led by a Commissioner. There are two Deputy Commissioners, one for Programs and one for Administration. In addition, there is one regional administrator responsible for twelve service regions. The agency is currently going through reorganization.

The agency’s POS contracting function is organizationally located within the Contract and Procurement Unit. That Unit is currently under the Administration section of the Department. The Unit’s Lead is a Social Services Program Assistance Specialist who reports directly to the Deputy Commissioner of Administration while during reorganization. The agency is centralized; therefore no business-related functions are performed in the regional offices. No contracting functions are performed at the regional office level.

The agency administers most of its programs through the twelve service regions and several sub-offices located throughout the state. Regional offices provide direct client services. Most regional office staff is organized into units, including Administration (administrative support and supervision), Eligibility Services (assessment of client needs, distribution of program information, referral services, and eligibility determination), Intake (determination of initial eligibility and benefit level, case management, investigative services, resources, and client fraud).

Contracts and Procurement Unit – As of 08-17-12



| ACTIVITY | CPU | PRG | DFA-B | DFA-AP | QA/A |
|---|------------|------------|--------------|---------------|-------------|
| Development and Submission of Federal Grant Applications | | X | | | |
| Approval of Federal Grant Applications | | X | X | | |
| State Agency Notification of Funding Availability | | X | X | | |
| Spending Plan Development and Monitoring (State/Federal) | | X | X | | |
| Spending Plan Approval | | | X | | |
| Spending Plan Submission to OPM | NA | NA | NA | NA | NA |
| Allocation of Contract Funding | | | | | |
| 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 | | | | |
| Determination of Program Type and Scope | | X | | | |
| Scope of Services Negotiation and Initial Development | X | 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 | | | |
| Initiation of Request for Contract | | X | | | |
| Review/Approval of Request for Contract | 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, & Fiscal of Contract Exec. | X | | | | |
| CORE-CT Contract Creation and Maintenance | 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 Reports | | X | | | |
| Program Site Monitoring | | X | | | |
| Receipt and Review of Financial Reports | | X | | | |
| Review and Approval of Financial Reports | | X | | | |
| Receipt of Contractor Payment Requests | | X | | | |
| Process and Approve Payment Requests | | X | | | |
| Determination of Refund Amounts | | X | | | |
| Refund Collection and Processing | | | | X | |
| Provision of Contract Data for Independent Auditors | X | 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 |

Corresponding Table for Activity Data on Page 5

| | |
|-----------------|---|
| CPU: | Contracts & Procurement Unit |
| PRG: | Programs |
| DFA-B | DFA Budget Unit |
| DFA- AP: | DFA Accounts Payable Unit |
| QA/A: | Quality Assurance/Audit Unit |
| X: | Unit with primary or collaborative responsibility for the contract function |
| X* | Function was historically part of Contract Administration, but now located in the Operations Unit |
| NA: | Indicates a process that does not utilize |

CPU: Contracts & Procurement Unit – performs contract processing, assembly, and administrative oversight/monitoring activities. This unit is primarily responsible for contract administrative oversight in conjunction with the PRG units.

PRG: Programs - perform all programmatic activities and programmatic monitoring of contract activities. Program Sections also perform budgetary and financial activities necessary to establish and monitor contracts. The PRG units are primarily responsible for all contract programmatic oversight and monitoring.

DFA-B: Division of Finance Administration - Budget -handles a multitude of budgeting, accounting and fiscal management functions associated with managing the Department’s budget.

DFA-AP: Division of Finance Administration – Accounts Payable - processes vendor payments for authorized goods and services for the agency. This unit is also responsible for ensuring that proper controls and safeguards are in place to guarantee that State and Federal funds are disbursed and recorded in accordance with generally accepted accounting principles and State policies.

QA/A: Quality Assurance Unit/Audit - is responsible for review and reconciliation of State and Federal Single Audit Reports with contract financial reports and information. The unit also conducts an additional and final review of all contract financial reports in the same manner as that performed by Program Sections.

III. Staffing Resources and Responsibility

A. Structures and Roles

1. Contract /Procurement Unit Staff

The CPU is comprised of 6 full time staff members. The CPU supports all agency units (program, medical care and fiscal) by facilitating and managing the contracting and procurement process. The unit is temporarily led by a Social Service Program Assistant Specialist. The Social Service Program Assistant Specialist and 2 Fiscal Administrative Officers have the specific responsibility of developing, preparing, negotiating, and facilitating the development and execution of all contracts (POS, PSA and MOA/MOU) for the provision of contractual services for DSS clients, as well as for services for the agency. CPU staff are responsible for insuring that the agency's compliance rules for all contract and procurement activities are followed, including request and receipt of OPM approvals to enter into a contract, negotiation of the terms of the contract, development of the contract document (including amendments), execution of the contract by the agency and approval of the same, if necessary, by the Office of the Attorney General. The CPU staff also assists program staff in the administration and enforcement of contract terms. The Secretary I position has the specific responsibility of clerical support for all contracting related functions which include scanning fully executed contract signature pages, archiving expired contracts, maintenance on internal tracking system for all contracts, preparing contracts for AOAG review and Commissioner signatures.

The Grants and Contracts Manager and Associate Fiscal Administrative Officer have the specific responsibility for the development of all agency RFPs, RFAs and RFQs based on information provided by program staff. Program staff develops the scope of service and receives assistance from the 2 CPU staff members in drafting the RFP. From this point on, the CPU staff person is largely responsible for the procurement process from start to finish. Responsibilities include, but are not limited to, issuing the RFP, answering questions from prospective proposers, developing the evaluation criteria, selecting the evaluation team, and conducting the evaluation meetings. Other staff in the CPU may provide additional assistance in the process, as needed and appropriate.

CPU staff work with program staff and fiscal staff to insure that sufficient funds are available for the contractual services being purchased. CPU staff is responsible for registering new contractors and contracts both with the Comptroller's office and CORE-CT to ensure that the appropriate mechanisms are established to pay invoices when required. Currently, an Associate Fiscal Administrative Officer and a Fiscal Administrative Officer from the Operations Unit are responsible for the creation of Purchase Orders (PO's) in CORE, request and obtain "million dollar contract" approvals from the Office of the Comptroller and prepare and provide CHRO reports. These two positions were previously located in the Contract Administration Unit but are undergoing reorganization.

i. Length of Time in Service

| <u>Employee</u> | <u>Length of Time Contracts Unit</u> | <u>Length of Time DSS</u> | <u>Length of Time State Service</u> |
|--|--|-------------------------------|---|
| Associate Fiscal Administrative Officer (AFAO) | 4 Years, 9 months | 4 Years, 9 months | 6 Years, 5 months |
| Grants and Contract s Manager | 2.75 Years | 2.75 Years | 19.5 Years |
| Social Service Program Specialist | 13 Years | 13 Years | 13 Years |
| Fiscal Administrative Officer (FAO) | 6 Years | 6 Years | 6 Years |
| Fiscal Administrative Officer (FAO) | 5 Years | 5 Years | 10 Years |
| Secretary 1 (vacant) | | | |

It is important to note, the CPU staff have divided responsibilities. The 3 staff listed below work solely on contracting functions while the other 2 staff members deal strictly with procurements.

| ACTIVITY | SSPS | FAO | SEC.1 |
|---|-------------|------------|--------------|
| Liaison with External DAS, OPM, and/or OAG Concerning Contract Approvals | x | X | |
| Entry/Update of Contract, Tracking, and Monitoring Information into Data System | X | X | X |
| Provision of Internal Guidance, Support, and Maintenance of Template Documents | X | X | |
| Scope of Services Negotiation and Initial Development | X | X | |
| Scope of Service Review/Finalization | X | X | |
| Budget Review/Finalization | X | X | |
| Receipt and Review of Budget Revision Requests | X | X | |
| Review and Approve Budget Revision Requests | X | X | |
| Creation of OPM Request for Contract | NA | NA | |
| Review/Approval/Submission of OPM Request | X | X | |
| Assignment of Contract/RFP Number | X | X | |
| Contract Assembly, Including Certifications, etc. | X | X | |
| Distribution and Facilitation of Contract for Contractor Signature | X | 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 | X | X |
| CORE-CT Contract Creation and Maintenance | X | X | |
| CORE-CT Contract Approval | X | X | |

2. Program Staff

Program staff are assigned individual DSS Program units (Aging, SNAP, Child Support etc.) Organizationally, they are located under the Deputy Commissioner for Programs. They are responsible for identifying contractors and developing the types of contracted services for their specific program. Program staff works with CPU staff to develop contract language that accurately describes the services being purchased by the agency and that clearly spells out the responsibilities of both the contractor and the agency. Following the execution and approval of the contract, program staff are responsible for monitoring the contractor's service performance. Program staff are the contractor's main contacts for questions regarding program service delivery and are the recipients of all program and financial reporting by the contractor.

Financial reports required by each Contract are sent to their Program Contact. The reports accompany the payment requests that are approved first by Program Staff and then by staff in the Division of Finance and Administration (DFA). Requests for budget adjustments are also first reviewed by Program Staff with questions directed to CPU and DFA staff. Program Staff are solely responsible to approve budget adjustments.

Staffing Titles in Program includes Accountant, Associate Accountant, Fiscal Administrative Officer, Grants and Contract Manager, Field Representative, Public Assistance Consultant, Program Assistance Specialist, Nutrition Consultant II, Program Assistance Tech 1. Contracting activities range from .25 to 1.0 FTE's for these positions. See attachment.

3. Division of Finance Administration Staff

Fiscal staff is located in the Division of Finance & Administration. Organizationally, they are under the Deputy Commissioner of Administration. The DFA Budget Unit and Accounts Payable Unit staff support the Program and CPU. DFA Staff in these two units include Secretary 1, Principal Cost Analyst, Accountant and Associate Accountant. Their roles include approving proposed contract funding, reviewing program spending plans, reviewing program budget allocations, and processing contract payments. The Budget Unit allocates 2.5 FTE's and the Accounts Payable Unit allocates 3.2 FTE.s on contracting activities.

4. Other Involved Staff

The Division of Quality Assurance manages the entire year end reconciliation and state single audit processes.

5. Office of the Attorney General (OAG)

All contracts valued at more than \$3,000 must be submitted to the OAG for approval as to form. The agency processes several hundred contracts costing more than \$3,000 each. To help expedite the review and approval process, the agency has entered into a memorandum of agreement with the OAG's office that allows for certain contract program templates to be waived from the OAG review process. The agency's current agreement with the OAG's office identifies approximately 33 program templates that are waived from OAG review. Any change in an approved template must be sent to the OAG for review. The agency works closely with the OAG to process all contracts with templates not approved on the OAG's waiver. A Checklist of required and recommended provisions to be submitted to the OAG with each contract have added an extra layer of review and paperwork for the contracting staff.

6. Office of Policy and Management (OPM)

When a State agency wishes to enter into a sole source contract and the anticipated cost or term of the contract exceeds \$20,000 or one year, the agency must request a waiver from competitive solicitation and approval from OPM before discussions are held with any potential contractor.

Prior to requesting the waiver from OPM, Program staff must complete and submit a Contract Funding Pre-Review Process form to the Division of Finance & Administration. Approval of this form takes 5-7 days. Once approved, Program staff creates the OPM request on the OPM website and forwards it to CPU. CPU reviews the request and emails the Deputy Commissioner to submit to OPM. That OPM process takes approximately 2 weeks.

B. Professional Development and Guidance

1. Internal – Agency

CORE-CT – Since the implementation of CORE in July of 2003, Access roles are determined by DFA. The Security Liaison has always been a DFA staff member. Obtaining access for new employees or changing roles for current staff members is a long process. Many staff members including Directors would like to access reports on a “view only” basis and have not been accommodated. To perform the basic tasks (status of payment); many Program staff physically visit the Purchasing Unit where a staff member looks up the request in CORE.

Office of Organizational Skills and Development - OSD provides essential organizational and skill development services for DSS staff, through a partnership with The University of Connecticut School of Social Work. OSD provides training in technical (Eligibility Management System-EMS) , computer, leadership, supervisory, and a vast array of other competencies.

2. External – Agency

CPU and Program staff from Community Services collaborated and presented the Webinar “How to Respond To A Request For Proposals (RFP)”. The presentation provided an overview of what a competitive procurement is, why DSS conducts competitive procurements, types of competitive procurements, and essential information needed to create a successful proposal. Over 100 applicants from the non-profit community took part in this ground breaking webinar. It is posted on the DSS website for future reference.

Technical Assistance is provided by CPU and Programs Staff to Contractors on a case by case basis for any Programmatic/Contracting issues.

IV. Contracting Process

A. Service Need Determination

In large part, DSS service needs determination is driven by federal and legislative mandates. Many services are also purchased because they have been historically funded. Agency administration makes high level decisions regarding program initiatives. Program Units determine the specific services. A database for collection of service information for those non-mandated services has been implemented by Program Units. Some of the Program Units utilize needs assessments on currently-contracted services to determine the services and are moving towards a needs-driven procurement contracting base. The process is improving. Many program units are beginning to look at a 'needs-based' model of service provision and have begun evaluating their current services.

B. Funding Allotments

Number of SIDs: SFY 2012 - State – 74, Federal - 187

The DFA Budget unit provides the estimated contract funding levels based upon the Governor's recommended budget by Sid, Department and Project to the DFA Spending Plan Unit. The DFA Spending Plan unit has a designated person who enters the total dollar allocations by Sid, Department and Project into the Contracts Management System (CMS). CMS is a database used by DFA to monitor the DSS contract spending plans and approve Contractor payments. DFA notifies Program Managers that funding has been entered in CMS and that the Spending Plan allocation process may begin.

Program staff allocates the dollars to specific Contractors/programs within individual programs in CMS. Each Spending Plan supports a specific program containing several Contracts. Total funding for that contract is based upon the State Year (7/1-6/30) or Federal Year (10/1-9/30) and must be allocated at Sid, Department and Project level.

Program staff must complete a DFA Contract Review form for each contract using State funds and submit each form electronically to the DFA Fiscal unit. 100% Federally Funded Contracts do not require DFA approval. The focus of the DFA Contract Reviews is General Fund obligations.

The DFA Fiscal unit reviews, approves (7-8 separate reviews and approvals) and forwards to the DFA Director for final approval. The Director reviews certain forms based on certain programmatic submissions, approves and returns form to Program staff. Forms not reviewed by the Director are reviewed at the Manager level and returned to Program Staff via email.

After DFA Contract Review forms have been approved, Program Staff submit the OPM Waivers and a copy of the DFA Contract Review Form approval to the Contract Department. Once OPM approval has been received, Program staff will begin working on the Scope of Service and budget negotiations with the Contractor.

C. Contract Approval and Initiation

OPM approval is required prior to beginning contract development. Once contract negotiations have been completed, Program staff prepares a Contract Information & Approval Sheet (CIRAS) for CPU staff sending via email with a Scope of Services and Budget. A CIRAS sheet contains contact information, budget amount, OPM approval #, project summary and internal/external routing check points. CPU reviews contract language for accuracy and legal sufficiency, assembles contract documents and e-mails the contract package to Contractor copying Program staff

Contractor completes and signs appropriate documents and returns contract package via pdf to CPU for final review (all documents must be accurate). CPU prepares the contract for Commissioner's signature (spending plan must be in approved status or an e-mail from Fiscal prior to submitting to Commissioner for signature. If contract is received more than 3 months after start date the Commissioner requires an explanation/timeline

Only contracts using waived templates with no changes do not require OAG review. For all other contracts, CPU sends contract to OAG for approval

After Commissioner and/or OAG approval, CPU scans and e-mails a PDF version of the approval and signature page to Contractor, Program Staff. Original is in contract file.

D. Human Service Budget Development

With the exceptions of new funding for additional services, OPM-issued COLA's, or reduction in funding levels, Contract annual amounts are flat-funded for the term of the contract. Program staff works with Contractors to develop and finalize budgets. Process for budget development takes approximately 2 weeks to 1 ½ months.

Submitted budgets detail Year 1, Year 2, and a Consolidated Budget of Year 1 and 2 by fiscal year. Reallocation of funds during the term of the contract is addressed through budget revision requests. Budget revision requests are submitted via email to Programs staff. It is estimated that about 10% of Contractors submit budget revision requests on an average of 1-2 times annually. Once the budget is finalized, they are submitted to CPU for inclusion in the contract.

E. Scope of Services Development

1. Organizational Responsibilities and Process

Most scope of services are templated and require no negotiation. If a new scope is being developed, Program staff works with the Contractor to develop the language. The scope is then sent to CPU for review, editing and approval. This process is self-contained within Programs. Programs and CPU will work together to finalize scope of services.

2. Consolidated Contracts

DSS is slowly moving into consolidating contracts. In SFY11, CPU and Programs Staff collaborated and consolidated 10 contracts from the Adult and Community Service Housing programs (Emergency Shelter, AIDS Housing, Transitional Living and Beyond Shelter) into 4 consolidated contracts under a new spending plan named ADU. Within the same program area another pilot of 4 Congregate Housing (CHS) contracts were consolidated into 2 contracts.

Program staff notes the advantages of the consolidations with less invoices to be processed, multiple program payments sent at the same time, improve performance monitoring both programmatically and fiscally, and a reduction in the number of contracts.

The disadvantage of consolidating certain contracts rests with restrictions of the DFA CMS system which only allots for 1 year of budgeting per contract. Other disadvantages of consolidated contracts include, lack of expertise by program and DFA staff to create budgets with multiple components, review financial reports and monitor contracts with multiple components.

| <u>ACTIVITY</u> | <u>SFY10</u> | <u>SFY11</u> | <u>SFY12</u> |
|--|---------------------|---------------------|---------------------|
| # of Single Year, Single Program Contracts Executed | 11 | 14 | 56 |
| # of Single Year, Multi Program Contracts Executed | 0 | 0 | 0 |
| # of Multi Year, Single Program Contracts Executed | 122 | 254 | 715 |
| # of Multi Year, Multi Program Contracts Executed | 0 | 6 | 6 |
| # of Contractors | | 175 | 330 |
| Total # of POS Contracts | | 274 | 777 |
| Contractors with 1 Contract | | 121 | 155 |
| Contractors with 2 Contracts | | 31 | 81 |
| Contractors with 3 + Contracts | | 22 | 94 |
| Average # Of Contracts per Contractor | | 1.55 | 2.35 |

3. Standard Contract Templates

The agency's current agreement with the OAG's office identifies 33 program templates that are waived from OAG review. In SFY12, 311 POS contracts were on OAG approved templates. CPU works closely with the OAG to process all contracts not approved as templates on the OAG's waiver. Out of the 777 POS contracts, 466 had to be sent to the OAG for review and approval.

F. Contract Assembly

CPU will review all documents, and if accurate, will assemble through an Access database (Duarte system) and email the contract package to the Contractor. Contract package includes the following:

- Cover letter
- Part I
- Budget
- Part II T&C's
- Resolution
- Workforce Analysis
- W-1270 (Internal Payment Request Form)
- Applicable Affidavits (varies by Contract amount)

Contractor completes documents as requested (typical turnaround time is approx. 2 weeks) and returns to CPU via pdf. If a contract is not returned within the requested timeframe, CPU emails a Contract Late Letter generated by the Duarte system. Program staff will also follow up through phone calls.

G. Contract Signatures and Execution

1. Internal – Agency

CPU reviews the returned contract for accuracy, .ex. dates, signatures, resolution, affidavits, etc. and sends to the Commissioner/Deputy Commissioner for signature.

2. External – Office of Attorney General

If contract requires OAG approval, CPU will fill out the AG checklist and forward all required documents to the OAG's office for final approval via interoffice mail.

3. Contract Execution Timelines and Timeliness

Once the contract is fully-executed, CPU enters all pertinent information into 3 systems; Duarte, CORE CT and CMS. CPU scans approval letter, Page 1, Signature and Approval page and sends via email to contractor, program staff and Program manager. Hard copy original file is retained in the CPU.

DSS POS Timely Contracting

SFY 2010 – SFY 2012

| <u>ACTIVITY</u> | <u>SFY10</u> | | <u>SFY11</u> | | <u>SFY12</u> | |
|--|--------------|-----|--------------|-----|--------------|-----|
| Total # of Contracts Executed | 133 | | 274 | | 777 | |
| # - % Executed > 15 Days Before Start Date | 1 | 1% | 2 | 1% | 96 | 12% |
| # - % Executed < 15 Days Before Start Date | 6 | 4% | 6 | 2% | 72 | 9% |
| # - % Executed After Start Date | 69 | 52% | 38 | 14% | 143 | 18% |
| # - % Executed > 30 Days After Start Date | 57 | 43% | 228 | 83% | 466 | 60% |

H. Contract Service Implementation

Contractors are required to submit an implementation plan to the Programs Unit prior to the Department entering into a contract. Documentation must be provided to demonstrate the Contractor's organizational and fiscal stability:

1. Total agency budget
2. Organizational chart by program and funding streams;
3. Certificate of insurance: Commercial General Liability, Automobile Liability, Professional Liability, and Worker's Compensation and Employers Liability;
4. Proof of non-profit status;
5. Documentation to demonstrate that annual filing with Secretary of State is current;
6. Most recent IRS 990 Filing; and
7. Affirmation that no back taxes (property, payroll, state, etc.) owed.

Programs unit monitors Contractor throughout contract development and signature, to ensure that the program is ready to be operational upon contract execution. Once all documentation is received, the department will be able to begin negotiations for services.

J. Contract Payment Processing

Upon full execution of the contract, CPU creates and approves the contract and approves in CORE. Payment terms vary based on funding sources. Most contracts are split-funded (both Federal and State dollars) and require federal payment terms that are monthly or retrospective. If the contract is a new contract, then first payment is upon execution of the contract. If it's a continuing contract, payment is made about 15 days after the end of the quarter if all appropriate financials are provided.

For each payment, the Contractor has to submit (hardcopy, signed originals) a DSS 1270 Form, DSS 304 Form, DSS 305 Form, Cash Request and appropriate Expenditure Reports to the Program Unit. Program staff verifies the information and add coding strings, expenditure information and CORE contract balances to the forms.

Once the forms have been updated, Program staff date stamp and hand deliver the package (hardcopy, signed originals) to the Operations Unit for PO creation or change order.

Purchasing Unit Head approves PO. Once approved, DFA Purchasing staff updates the PO and returns the package to Program staff.

Programs staff check CORE to determine when the PO has been dispatched. Once dispatched, Programs staff send payment package (hardcopy, signed originals) to DFA-AP for voucher creation. DFA-AP submits package to AP Unit Head for review and approval. Once approved DFA-AP staff create voucher.

V. Contract Monitoring and Evaluation

A. Administrative and Financial Monitoring

Program staff reviews all financial, statistical and programmatic reports. The reports are printed, filed hardcopy in Program and are used to advise on deliverables, contract adherence and quarterly payment processing. They are also saved on Program's Shared Department drive. Depending on the Program Unit, the Contractor may or may not be notified that they have been accepted by Program staff.

DSS makes no distinction between program and contract compliance monitoring. Contractor site visits are performed at least once a year. On rare occasions, CPU will participate in site reviews with Program staff. Some Program Units do a whole agency assessment of a program and provide information on the assessment to the agency and management through a monitoring letter at the end of each year.

1. Cost settlement issues

At the end of every year, Certificates of Termination are generated by the Quality Assurance Division (Audits) for each contract. These detail any funding discrepancies (money owed by or to DSS) or final acceptance and reconciliation of the funds. The State Single Audit is sent to Quality Assurance Division (Audits). Audits compare the audit to CORE payment records. Some auditors can run the report themselves; some have Accounts Payable run the report for them. If the auditor review determines that money is owed to DSS from unexpended funds, that information is detailed in the Certificate of Termination and sent to Accounts Receivable to recoup the funds.

2. State single audits

CPU provides an updated monthly list of active contracts to Quality Assurance to determine which contracts require submission of a State Single Audit (SSA). SSA's are submitted directly to the Quality Assurance Unit, although Programs does not necessarily wait for receipt and reconciliation of the SSA before taking money back based on final expenditure reports. If Programs takes money back based upon

submitted Financial Reports, they notify Quality Assurance, Fiscal and Contracts that the funds have been recouped. Reconciliation is strictly based on comparison of CORE records of funding provided and the audit records of funding expended. Auditors do not compare contracted dollar amounts or final expenditures reports in their reconciliation.

The DSS Quality Assurance Unit does not reconcile Contractor final expenditure reports to audit records, agency records or CORE records, but discrepancies between the audit and agency records are detailed in the Certificate of Termination process.

Program staff has received no training in review of financial reports, but they bear sole responsibility for review and oversight of Contractor financial reporting. All units would like more training in this piece of the contracts process. Program would also prefer that a staff member with fiscal background or training in contract financial management be 'embedded' in each Program Unit to oversee and assist with financial review and monitoring of contracts.

B. Programmatic Monitoring

DSS uses data from statistical, program, utilization and outcome measure reports and performs site visits on an annual basis. Data is collected based on federal requirements, which may or may not utilize web-based data collection systems. Type of data and modality for submission varies by program. Conflicting priorities of program staff make comprehensive review and compilation of data secondary in many cases. The data is reviewed and stored electronically in the Programs Unit.

Programmatic reporting requirements vary dependent on federal funding source. Review of each report usually takes 2 days. Contract payments are contingent upon receipt and acceptance of reports, so late submission is infrequent. In cases where a report is late, Programs staff sends an email to the Contractor requesting the report. Program staff works with the Contractor via email and phone to correct the discrepancies.

C. Performance Outcomes and Measures

There are no separate reports for outcome measures. The information required to determine adherence to outcome measures is contained in programmatic reports submitted by the Contractor to Program staff on a regular basis. Reports are standardized by contracted program type to ensure that the same information is being collected for all like programs.

Failure to meet established outcome measure goals can lead to re-negotiation of the Contractor's contract, technical assistance to the Contractor, and an on-site visit a corrective action plan. Agency options are dependent on the severity of the Contractor's failure to meet certain goals. In the event of a corrective action plan, the Contractor is required to submit a plan to detail how the issues will be resolved. Follow up site visits may be conducted to ensure resolution.

The Aging Services program unit went through the RBA process in 2009. They were required to answer a list of questions similar to the Q&A format in the current RBA

process. When necessary they worked with their contractors to obtain answers. They submitted the Q&A document to the Appropriations Committee and appeared before the RBA Legislative Committee to answer questions. They did the entire process with little to no guidance. At the time there was no formal RBA report card to be completed by Aging. The consultants now available for RBA had not yet been hired. The RBA process resulted in additional requirements for Contractor submission of data.

Review of agency needs and services, as well as utilization of contracted programs is currently being implemented at DSS.



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VI. Agency Recommendations

A. Agency Strengths/Weaknesses

I. Agency Strengths

1. Contracts is 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.

II. Agency Weaknesses

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.
12. Contractual language ties payments to report submission, review and approval.
13. Multiple hardcopy contract files are separately maintained by Contract Unit and Program Units.

III. Recommendations for Change

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.

**Community, Energy & Refugee Services
Program Staff – Contracting Duties**

| JOB TITLE | CONTRACTING RESPONSIBILTY | PERCENTAGE OF TIME |
|-------------------------------|---------------------------|--------------------|
| Program Assistance Tech 1 | All Phases** | 100% |
| Public Assistance Consultant | All Phases* | 100% |
| Associate Accountant | All Phases | 100% |
| Fiscal Administrative Officer | All Phases | 100% |
| Fiscal Administrative Officer | Payment Processing | 100% |
| Public Assistance Consultant | All Phases | 100% |
| Grants & Contract Manager | All Phases* | 100% |
| Field Representative | All Phases* | 100% |
| Program Assistance Specialist | All Phases* | 100% |
| Program Assistance Specialist | All Phases* | 100% |
| Public Assistance Consultant | All Phases* | 100% |
| Public Assistance Consultant | All Phases | 100% |
| Public Assistance Consultant | All Phases | 100% |
| Program Assistance Tech 1 | Monitoring | 90% |



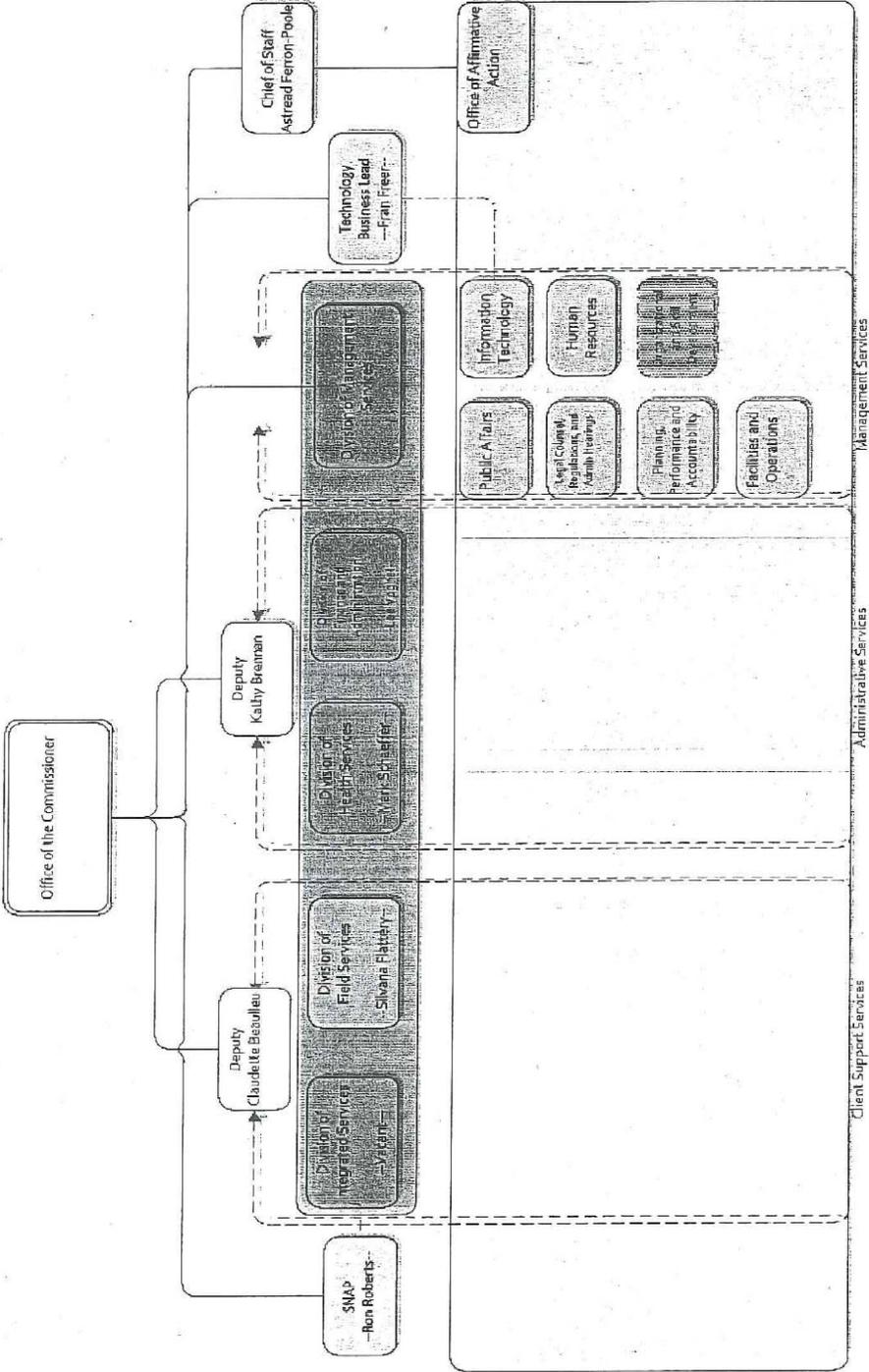
Aging Services Division staff who work with contracts:

| Title | FTE |
|---------------------------------|-----|
| Accountant | .50 |
| Field Representative | .25 |
| Social Services Program Manager | .25 |
| Field Representative | .25 |
| Field Representative | .25 |
| Field Representative | .25 |
| Nutrition Consultant II | .22 |
| Field Representative | .20 |
| Field Representative | .25 |
| Program Manager | .25 |
| Field Representative | .25 |
| Field Representative | .25 |
| Field Representative | .25 |

ADMINISTRATIVE

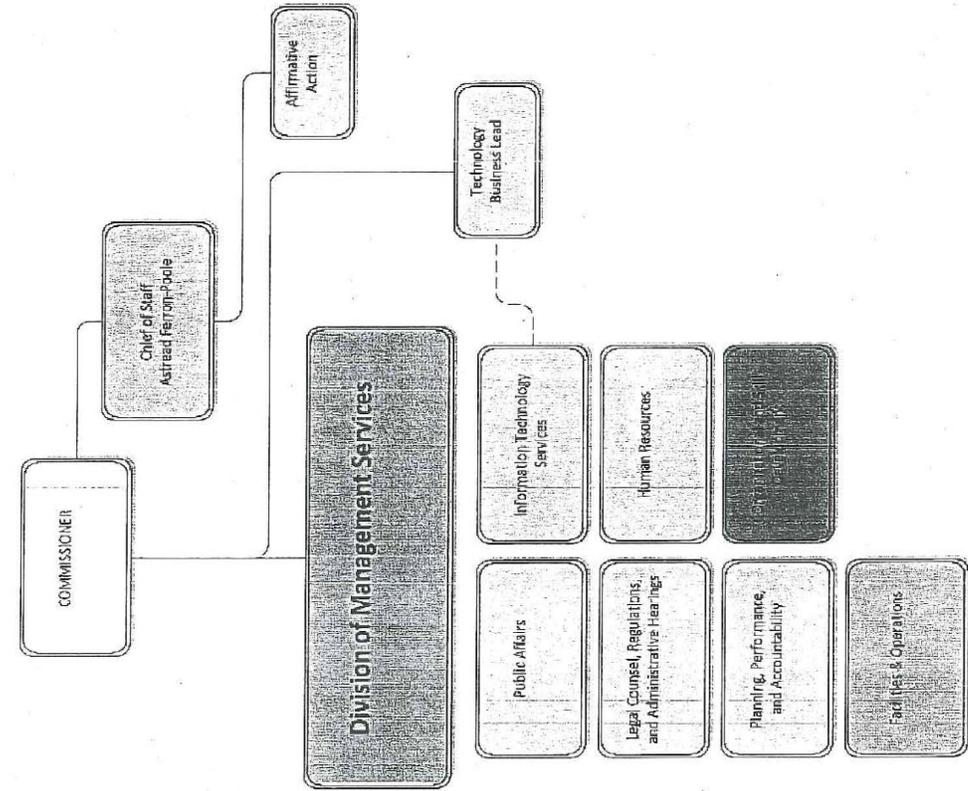
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DSS 2.0
06/11/2012



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Division of Management Services



Human Resources
Principal HR Specialist
Ellen Mantel

Information Technology
IT Manager
Bernie Everts

Office of Planning, Performance, and Accountability
Strategic Planning & OA;
Strategic Planning Director
Alexis Fedorjaczek;
OA Director
John McCormick
Special Projects Liaison
Lori Schroeder

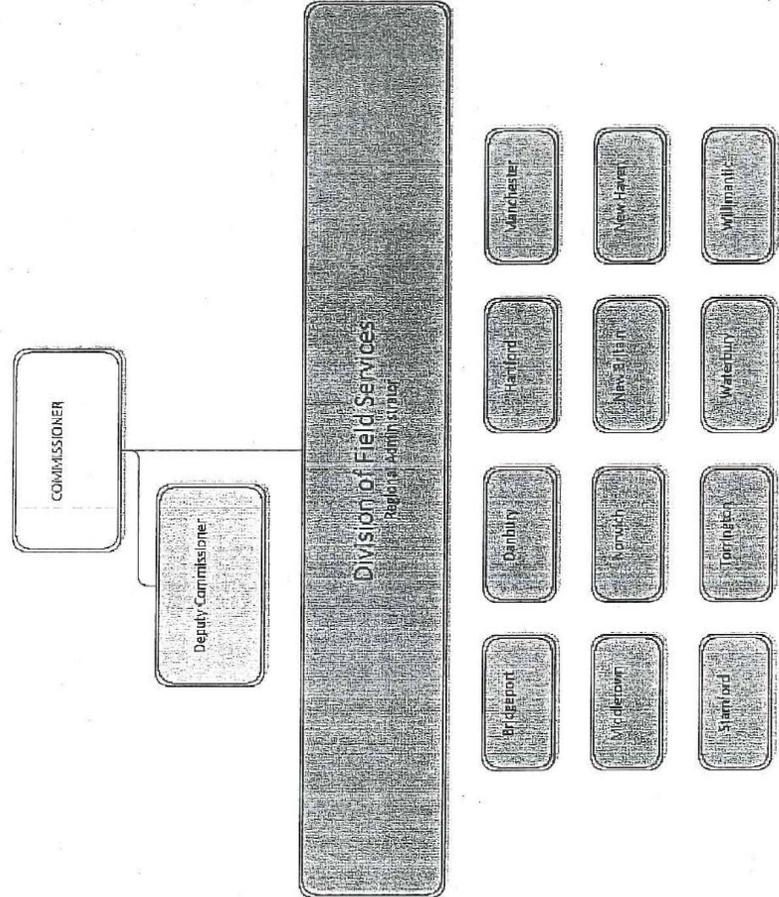
Office of Public Affairs
Name change from PG&R; Partnership with Commissioner Office on CITS; Community outreach with Bus

Facilities & Operations
New addition to Management Services

OLCRAH
New attorneys

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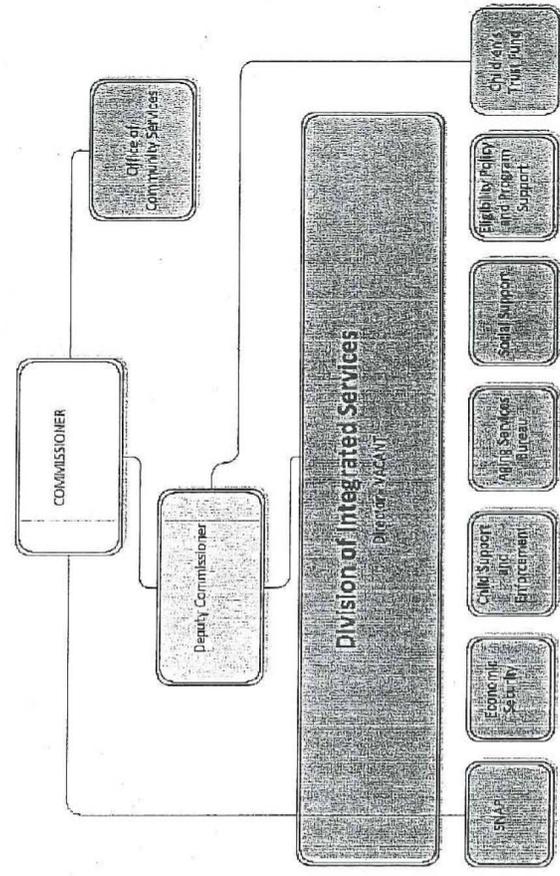
Division of Field Services



- Unify Field Office Command**
- Transfer of Southern region
- SNAP Director Appointed
Ron Roberts
- Transfer of Western region
- Technology Business Lead
Appointed
Fran Freer
- Integrated with Central Office**
- ConneCT
- Establishment of Benefit Centers
- Profound process change
- Increase Telepony

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Division of Integrated Services



Appointment of SNAP Director

Division Director position to be filled

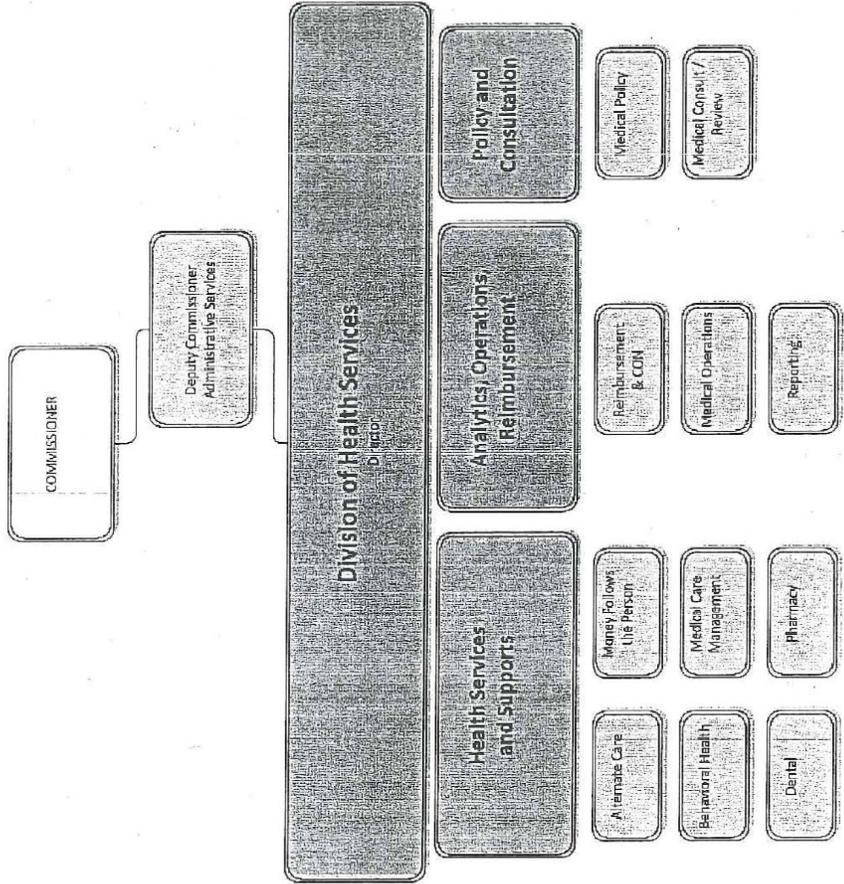
Creation of an Office of Community Services

Housing & Aging: Legislative changes

Changes underway, to be complete no later than 2012 Q3

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Division of Health Services



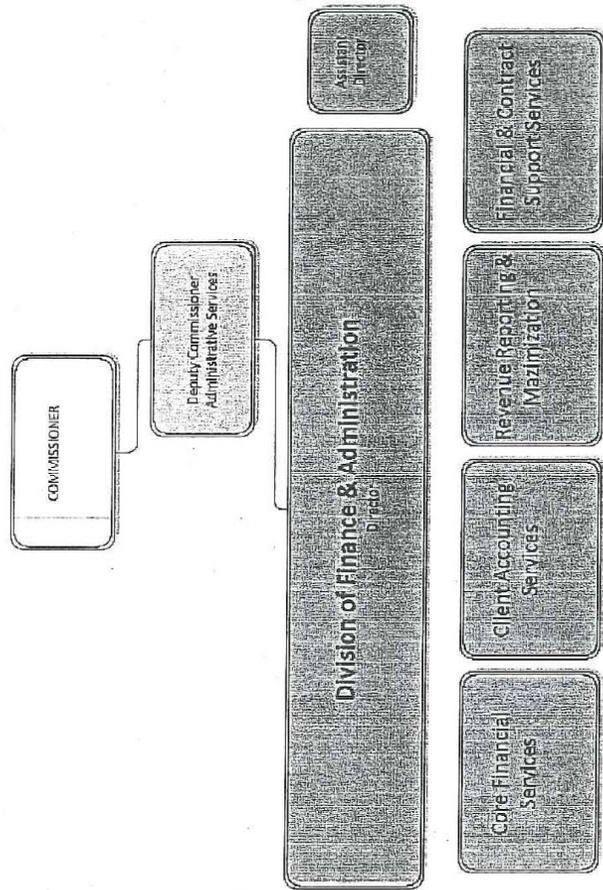
New Name:
Division of Health Services
 (formerly, Medical Care Administration)

2 New Associate Directors
Health Services and Supports
 Kate McEvoy

Analytics, Operations, and Reimbursement
 Uma Ganeson

Increase Speciality Units
 Dedicated staff
 Policy / Consultation for all programs

Division of Finance & Administration *DRAFT*



New Name:
 Division of Finance & Administration

Contract and Procurement:
 Alignment under development;
 LEAN process underway

Payroll transfer:
 Complete to HR

Purchasing transfer:
 No later than 2012 Q3

