

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:

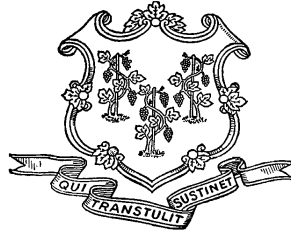
- 1) **Agency POS Contracting Hub.** Organizing a "model" contracts unit for each agency that is accountable and a focal point for the handling of all administrative, financial and contracting functions in a timely, effective and efficient manner while maintaining strong working relationships with agency 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 15 th	May 10 th	<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 11 th	June 1 st	<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 1 st	June 10 th	<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 Expends: \$203,000,000	FY12 POS Expends: \$43,656,786	FY12 POS Expends: \$625,381,796	FY12 POS Expends: \$250,347,783	FY12 POS Expends: \$47,997,022	FY12 POS Expends: \$718,000,000
<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

	<u>DCF</u>	<u>DOC</u>	<u>DDS</u>	<u>DMHAS</u>	<u>DPH</u>	<u>DSS</u>
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

	<u>Fiscal Year 2010</u>				<u>Fiscal Year 2011</u>				<u>Fiscal Year 2012</u>			
	<u>More than 15 days prior</u>	<u>1-15 days prior</u>	<u>1-30 days after</u>	<u>More than 30 days after</u>	<u>More than 15 days prior</u>	<u>1-15 days prior</u>	<u>1-30 days after</u>	<u>More than 30 days after</u>	<u>More than 15 days prior</u>	<u>1-15 days prior</u>	<u>1-30 days after</u>	<u>More than 30 days after</u>
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"> 1. Contracts are a unit dedicated to contract processing and is neither tasked with unrelated activities and duties nor subject to external unrelated priorities. 2. Contract Unit maintains formal and informal training tools on Contract procedures and provides targeted conference-style training to internal staff and providers. 3. Contract Unit has already established a culture that identifies areas of improvement and is supportive of agency change. 4. No contract functions are performed at the regional level. 5. Contract Staff has established and maintained excellent communication with program staff, providers, and OAG to ensure accurate administrative processing of contracts. 6. DSS has begun exploring a team approach to contracting by embedding fiscal staff within some of the program units to oversee contract budgets and fiscal reports. 7. DSS has invested in development of an agency-specific, personalized contracts management system which includes automated document creation and contract management statistical data reporting capabilities. 8. Contracts Unit utilizes an electronic submission process for OAG contract signature. 		<ol style="list-style-type: none"> 1. Current Contracts Unit staffing structure is insufficient in FTEs and classification to ensure the programmatic, financial and administrative efficacy of 1101 contracts totaling \$718,000,000 in contracted human services. 2. Fiscal office policies and procedures prevent efficient contract activity distribution among and between agency sections and staff. 3. CORE-CT access rights are controlled by Fiscal. Contracts and Program staff do not have appropriate CORE-CT privileges to complete or review work efficiently. 4. Contract spending plan development, contract approval and contract payment process between Programs and Fiscal is cumbersome, redundant, and time-consuming causing untimely delays. 5. Contracts staff do not receive formal training on contract development, administration and oversight, legal sufficiency of contracts, or oversight of non-profit entity budgets. 6. Program staff with no financial background or training is solely involved in financial aspects of the contract including review and approval of budget development, budget revisions, and financial reports. 7. Contract Unit has not maximized consolidation of contract programs. 8. A significant number of contracts are not executed prior to their start dates. 9. Completion of OPM requests requires data entry by both Programs and Contract Unit. 10. Contract Unit staff has no involvement in contractual financial matters including financial report review and budgeting. 11. Hard-copy, original financial reports signed by the contractor are required for payment. 	
<u>Recommendations</u>			
<ol style="list-style-type: none"> 1. Restructure contracting functions to give Contract Unit staff the responsibility of financial development/monitoring and Program staff responsibility for Scope of Service development and program monitoring. 2. Explore cross training within Contract Unit staff between the Procurement side and Contract side. 3. Implement required training for Contracts staff in collaboration with the Office of State Ethics, the Freedom of Information Commission, the State Elections Enforcement Commission, the Commission on Human Rights and Opportunities, the Office of the Attorney General, the Department of Administrative Services and any other state agency involved with Contracting functions. Such training curriculums should be 			

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

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

NOTE:

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

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B. System-Wide Contract Unit Organizational & Business Processes

1. Office of Policy and Management (OPM) Recommendations

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

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

2. Human Service Agency Recommendations

i. Organizational/Cultural & Staffing Structure

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

- a. **Organizational Responsibilities:** Following funding approval by an agency's budgetary unit and OPM, contract units working in consultation with program units shall be responsible for all contracting functions in accordance with the standards established by OPM. Redundant and inefficient requirements or involvement by other units should be eliminated. Additionally, human service agency contract units should be responsible for development and administration of all contract types administered by the agency i.e., POS, PSA, MOU, etc.
 - b. **Balancing Accountability and Collaboration:** Human service agencies shall cultivate an attitude towards contracted service providers that effectively balances programmatic and fiscal requirements and accountability. Human service agencies will also foster a non-punitive and mutually beneficial relationship with all stakeholders.
- ii. Training**
- Training for contract unit staff is a mandatory requirement per OPM Procurement Standards (Section I H.3) and Connecticut General Statutes (Chapter 62, 4e-5). Additionally, training for agency staff responsible for ancillary contracting functions (i.e., program staff), and training for provider staff enhances the efficiency and efficacy of the contracting process.*
- a. **Contract Unit Staff Professional Development:** Agencies shall provide professional development opportunities to enhance Contracts staff skill-sets (i.e., basic writing skills, English composition skills, contract writing).
 - b. **Agency Cross Training:** Agencies shall develop inter-unit cross-training opportunities to increase staff knowledge pertaining to contract development/oversight and programs.
 - c. **Provider Training:** Agencies shall develop collaborative training opportunities for provider staff to cover topics such as competitive procurement, contract development, and financial and programmatic report submission, etc.
- iii. Funding & Contract Request Approvals**
- An identified source of delays in contract development at a majority of human service agencies involves funding identification/allocation, and contract request/approval processes.*
- a. **Contract Funding Approval:** The agency's budget unit shall be responsible for verifying availability of contract funds and notification to program and contract units of overall funding amounts. Program units in coordination with the contract units shall be responsible for funding allocation to specific contracts and/or providers.
 - b. **Post Approval Contract Activities:** Following funding identification and approval, oversight of contract development and management, including budgetary and financial, shall be the responsibility of the contracts unit. Inter-unit pre-approval of the contract will be limited to staff/units directly involved in the contract process or contract oversight (i.e., program unit, contracts unit, agency heads).
 - c. **Electronic Routing and Approvals:** Intra-unit agency approval process shall rely on electronic routing and approvals eliminating manual, paper-based processes.
- iv. Contract Processing**
- Development of standardized, automated processes to streamline administrative functions associated with contract assembly, signature, execution and management is essential to contract staff efficiency and the timeliness of contract execution and payment.*

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

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

- a. Contract Budgets: Contracts and Program staff will collaboratively oversee development of contract/provider budgets.
- b. One Budget per Program: Provider contract budgets will be consolidated to ensure that each funded program contains only one budget per funding period except where otherwise required by federal funding authorities.
- c. Electronic Reports, Absent Signature: Contract periodic reports will be accepted electronically, absent signature, eliminating requirements for submission of hard-copy, original, signed financial reports/budget revisions.
- d. Review and Approval of Financial Reports/Budget Revisions: 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 DEVELOPMENTAL SERVICES BUSINESS PROCESS REVIEW

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

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I. Contract Data

Data Element	SFY 2010		SFY 2011	
Number of POS contracts	302		230	
Number of POS contractors	155		157	
Number of clients served ¹	18,119		18,678	
Total dollar amount of POS contracts ²	\$ 529,631,156		\$ 608,986,219	
- State dollars	\$ 521,192,917		\$ 676,557,695	
- Federal dollars	\$ 8,438,239		\$ 3,887,542	
- Other dollars	\$0.00		\$ 0.00	
Total agency budget ³	\$987,746,784		\$1,009,794,199	
POS dollars as percent of total	57%		64%	
Number & percent of: - one-year contracts	0	%	0	%
- two-year contracts	135	45%	192	84%
- three-year contracts	167	55%	38	16%
Number & percent of POS amendments	241	DDS	65	DDS
Number & percent of joint POS contracts ⁴	0	%	0	%
Number and \$ value of PSAs	79	2,055,340	88	1,823,607

¹ Source: DDS Committee on Cognizance FY2010, Contract Service Authorization Report FY2011

² Source: DDS, FY2010 Contract Tracking Report , FY2011 Contract Tracking Report

³ Source: DDS, Consolidate Fiscal Status Report

⁴ A joint contract is one funded, but not necessarily signed, by two or more agencies with the same provider.

II. Agency Description

A. Contract Services

The Department of Developmental Services (DDS) purchases a wide range of supports and services for residents of Connecticut with intellectual disabilities, including residential services, day programs, employment supports, family supports, respite, and clinical services. DDS provides supports and services to over 20,619 people by contracting with private provider organizations in local communities.

The Department of Developmental Services (DDS) purchases a wide range of services for residents of Connecticut with intellectual disabilities which includes occupational therapy, primary care, psychiatric care, dental care, Birth to Three services, clinical services, family network support, medical studies and expertise opinions, and client transportation.

Note: Individuals (and their families or guardians) have the choice of self-directing their supports or having those supports provided by a Qualified Provider through an Individual Budget or a DDS Purchase of Service Contract. Individuals who chose to self-direct their resources do so through an "Individual and Family Support Agreement" through an Individual Budget. Self-directing resources allows individuals to have more flexibility with and more control over the types of support services that they can purchase. Support services are provided either (1) through a vendor service authorization with a qualified private provider or (2) by an individual hired and employed directly by the family (or guardian). Providers submit invoices for authorized and rendered services to a Fiscal Intermediary. For individuals hired and employed by the family, a timesheet is submitted to a Fiscal Intermediary who acts as a payroll service. While DDS's contracting staff work on Individual Budgets, this is a separate function and not associated with the Purchase of Service Contract process.

B. Purchasing Authority

TITLE 4. MANAGEMENT OF STATE AGENCIES

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

TITLE 17a. Social and Human Services and Resources

C.G.S. § 17a-210 Department and Commissioner of Developmental Disabilities. Duties. Patient transfer, programs and placement. Right to object and hearing

C.G.S. § 17a-226 Day services for adults with mental retardation. Funding et seq

C. Organizational Structure

1. Overview

Contract related work responsibilities within the agency are distributed among several work units or Sections, which are not located in immediate proximity to each other. The units directly involved with contracting and the related responsibilities are as follows:

- I. Assistant Regional Director (ARD) - Oversees the contracting of services for people with intellectual disabilities. Develops budget requests and allocation plans. Monitors expenditure reports for units administered.
- II. Operations Managers (OM) - Supervise two Fiscal Administrative Officers that oversees the contract development and fiscal oversight of the POS contracts. Develop and approval from the Office of the Attorney General for the contract requirements outlined in Section 1 of the POS contract. Develop and revise as needed the fiscal reports required by the providers, and rate development for waiver programs. Supervise the day-to-day activities of a team of four Resource Managers responsible for the contracting function. Plans, implements, and manages the contracting function through ongoing contact with private providers, as well as relevant federal, state and community agencies. Oversees the review of financial documents and financial reports to ensure compliance with contract requirements, grant and contract record keeping. Oversees the Fiscal Intermediaries and the individual budget cost guidelines. Maintain budget control by overseeing the review of the Operational Plan (budget report for all providers), the mid-year report and the annual cost report. Monitor expenditures against appropriations and allotments. Act as liaison with private providers. Develops and maintains the IT applications for the Operations Center including the Contract Service Authorizations program and the contract payment Process
- III. Associate Fiscal Administrative Officer, Fiscal Administrative Officers, and Office Assistant (AFAO) - Review all contracts for completeness. Process all contracts and amendments for signatures. Manage and maintain all contracts and purchase orders in CORE-CT. Process CORE-CT payments Monitor appropriations and allotments
- IV. Resource Manager II (RMII) – Adjust and amend the POS contract for any changes needed during the contract period. Review and approve new POS contracts, amendments, cash advance, start up requests that adhere to procedural guidelines, and applicable Room and Board funding. (Operations Center). Participate in the

development, review and awarding of RFP's. (Region). Submit Purchase of Service Amendment requests to OPM (Operations Center).

V. Resource Manager I – (RMI) Review submitted application packet for content, including coordination of policy reviews with DDS subject matter specialists. Tracking of various licenses and certification renewals. Check various statewide databases and other departments to confirm business status.

VI. Administrative Assistant (AA) - Communicate with providers.

The following table illustrates which of these units are associated with the various tasks associated with contract processing, execution, and monitoring.

ACTIVITY	DIR	FISCAL	RM
Development and Submission of Federal Grant Applications	N/A		
Approval of Federal Grant Applications	N/A		
State Agency Notification of Funding Availability	X		
Spending Plan Development and Monitoring (State and Federal)	N/A		
Spending Plan Approval		X	
Spending Plan Submission to OPM		X	
Allocation of Contract Funding		X	X
Liaison with External DAS,OPM and /or OAG Concerning Contract Approvals	X		
Liaison with Provider Concerning Contract Fiscal and/or Programmatic Issues			X
Entry/Update of Contract, Tracking , and Monitoring Information into Data System		X	
Provision of Internal RFP Guidance, Support, and Maintenance of Template Documents	N/A		
RFP Issuance, Evaluation, and Award			X
Determination of Program Type and Scope			X
Scope of Services negotiation and Initial Development			X
Budget Review/Finalization			X
Receipt and Review of Budget Revisions Requests			X
Review and Approve Budget Revision Requests			X
Initiation of Request for Contract			X

Review/Approval of Request for Contract		X	X
Creation of OPM Request for Contract			X
Review/Approval/Submission of OPM Requests	X	X	X
Assignment of Contract/RFP Number		X	X
Assignment of Contract Staff	N/A		
Contract Assembly, Including Certifications, etc.		X	X
Final Review of Assembled Contract		X	
Distribution and Facilitation of Contract for Provider Signature			X
Distribution and Facilitation of Contract for Agency Signature		X	
Distribution and Facilitation of Contract for OAG Signature	NA/		
Notification to Providers, 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	X
Review and Approval of Financial Reports		X	
Receipt of Provider 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	
Receipt and Review of State and Federal Single Audits		X	
Approval of State and Federal Single Audit Findings or Resolution of Audit Findings		X	

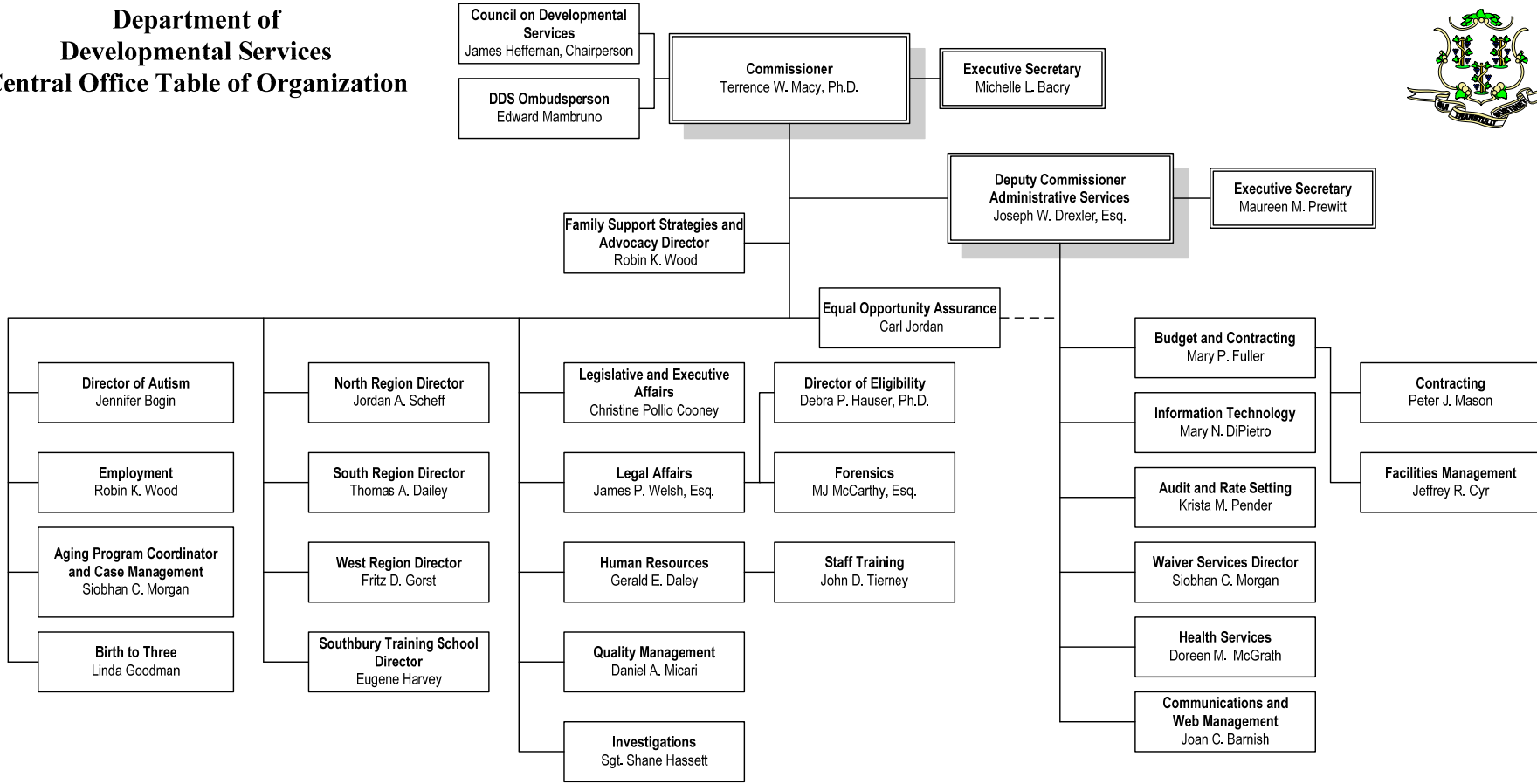
2. Organizational Diagrams

All major divisions report directly to the Commissioner. The agency's contracting functions are performed by the Contracting Unit, which is organizationally located under Fiscal Services. An Assistant Regional Director ("*Director of Operations Center*"), who reports to the Chief of Fiscal and Administrative Services, heads the Operations Center.

The agency is organized into three regions. Each region is responsible for the programmatic and financial aspects of POS with the exception of Birth to Three. The PSA function resides in both the East Hartford and Wallingford Business Service Offices with the East Hartford location completing final reviews, obtaining approval from the Chief, Fiscal and Administrative Services, submission to the contractor for completion and signature, submission to the Attorney General's Office and, if required, to the Department of Administrative Services for review and approval prior to the start of services.

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**Department of
Developmental Services
Central Office Table of Organization**



As of 10/18/12

i. Contracts and Grants Management Section

Data Element	Number	SFY2012 Percent of Total
Contracts Managed by Agency Contracts Unit: total:	121	
-POS contracts	121	100%
-PSA contracts	0	
-MOU/Other Contracts	0	
Number of POS contractors	121	
Number POS contracts utilizing Scope of Service Templates	121	
Consolidated POS Contracts:		
-Consolidated Contracts	121	
-Providers with More than 1 Contract		
-Total # of Providers	121	
-Average # Contracts per Provider	1	
-Total # of Programs under Contract	8	
Timeliness of POS Contract Execution: *		
-More than 15 Days Prior to Start	2	
-Less than 15 Days Prior to Start		
-After Start		
-More than 30 Days After Start		
Total dollar amounts of POS contracts		
-State dollars	576,512,083	87%
-Federal dollars	5,044,237	1%
Total Agency budget:	658,873,289	
Number & percent of:		
-one-year contracts	2	

-two-year contracts	119	
-three-year contracts		
-four-year contracts		
-five-year contracts		
-six-year contracts		
-seven-year contracts		
-eight-year contracts		
-Greater than eight year contracts		
Number & percent of POS amendments:	37	
Number & percent of joint POS contracts:	0	

*only 2 new contracts all others amendments

III. Staffing Resources and Responsibility

A. Structure and Roles

1. Contracts Section Staff

Overview

The PSA contracting section is headed by the Chief, Fiscal and Administrative Services. Reporting to the Chief of Fiscal and Administrative Services is a Fiscal Administrative Manager (FAM) who supervises the two Business Offices. Two Fiscal Administrative Supervisors, under the direction of the FAM, supervise the day to day activities of the contracting function: The team is listed below.

- East Hartford Office: 1 Fiscal Administrative Supervisor; 1 Accounts Examiner
- Wallingford Office: 1 Fiscal Administrative Supervisor; 1 Fiscal Administrative Assistant.

PSA's for services are requested in advance (as required by the DDS PSA Procedure) by the individual requesting services. Once approval is granted, the individual prepares the PSA and submits it to the appropriate Business Services Office. All PSAs are reviewed by the East Hartford Business Services Office to ensure that all policies and procedures are adhered to. The East Hartford office submits all PSAs to the Chief, Fiscal and Administrative Services for review and signature. Once returned the East Hartford Business Services Office submits the signed PSA to the Attorney General's Office, and if required, to the Department of Administrative Services, for final review and approval prior to the start of services.

Each regional PSA team's responsibilities also include planning, implementing, and managing the contracting function through ongoing contact with private providers, as well as relevant federal, state and community agencies. The Fiscal Administrative Supervisor, Accounts Examiner, and Fiscal Administrative Assistant review all PSA contracts for completeness. The Accounts Examiner and Fiscal Administrative Assistant process all PSA's for signatures and activate them in the CORE. Additional duties include, but are not limited to, reviewing financial documents and financial reports to ensure compliance with PSA requirements, PSA record keeping, maintaining budget control by reviewing and authorizing expenditures, and monitoring expenditures against appropriations and allotments. The FAS acts as liaison with PSA contracted parties and handles routine contractual matters.

FAS additional responsibilities include, but are not limited to, Personal Service budgeting and reporting, and oversight of client accounting, bond funds, and fixed assets.

The Operations Center in DDS's Central Office is responsible for processing and monitoring POS contracts and for associated fiscal and policy issues involving private providers of service. The Operations Center is headed by an Assistant Regional Director ("*Director of Operations Center*"). Reporting to the Assistant Regional Director are two Developmental Services Program Managers, one Assistant Residential Manager ("*Operations Manager*"), and one Associate Fiscal Administrative Officer.

One Operations Manager with a staff that includes one Fiscal Administrative Officer that oversees the contract development and fiscal oversight of the POS contracts. Duties include the development and approval from the Office of the Attorney General for the contract requirements outlined in Section 1 of the POS contract, development and revisions to the fiscal reports required by the providers, and rate development for waiver programs. One FAO reviews all contracts for completeness, processes all contracts and amendments for signatures, tracks the submittal of all end of the year fiscal reports and completes the cost settlement process.

The second Operations Manager supervises the day-to-day activities of a team of four Resource Managers responsible for the contracting function. The team's responsibilities include planning, implementing, and managing the contracting function through ongoing contact with private providers, as well as relevant federal, state and community agencies. Additional duties include, but are not limited to, reviewing financial documents and financial reports to ensure compliance with contract requirements, grant and contract record keeping, and maintaining budget control by reviewing the Operational Plan (budget report for all providers), the mid-year report and the annual cost report, and monitoring expenditures against appropriations and allotments. The Resource Managers act as liaison with private providers and handle routine contractual matters.

The third Operations Manager supervises a Fiscal Administrative Officer and is charged with the task of developing and maintaining the IT applications for the Operations Center including the Contract Service Authorizations program and the contract payment Process. Additional duties include the development and liaison with the IT Department on the new IP6 program that is designed to integrate many of the on-line systems into a single web-based application.

The Associate Fiscal Administrative Officer supervises a team of four staff that includes a three FAO's and one Office Assistant. The team is responsible for entering contracts into CORE, preparing purchase orders and vouchers, making payments to the providers and reconciling payments to contracts.

As the Commissioner's Designee, the Chief, Fiscal and Administrative Services signs all PSA and POS contracts.

2. DDS Staff Length of Service

Employee	Occupational Group	Years of Service		
		CGMS	DDS	State
Chief Fiscal Administrative Services	Management	10 Months	25	25
Assistant Regional Director	Management	7	7	7
Program Manager	Business Management	28	28	28
Program Manager	Business Management	6	6	6
Associate Fiscal Administrative Officer	Business Management	24	24	24
Resource Manager 2	Business Management	3	22	22
Resource Manager 2	Business Management	3	27	27
Resource Manager 2	Business Management	8	18	18
Resource Manager 1	Business Management	6	15	15
Fiscal Administrative Officer	Business Management	3	6	13
Fiscal Administrative Officer	Business Management	3	14	26
Fiscal Administrative Officer	Business Management	2	2	8
Fiscal Administrative Officer	Business Management	3	23	23
Fiscal Administrative Officer	Business Management	3	6	14
Fiscal Administrative Officer	Business Management	7	14	18
Assistant Regional Residential Manager	Management	3	34	34
Office Assistant	Clerical	3	23	23
Administrative Assistant	Clerical	3	13	20

i. Contract Types and Staff Responsibilities

DDS processes the following primary contract types:

- a. Purchase of Service Agreements (POS)
- b. Personal Service Agreements (PSA)

In total, sixteen (16) staff in the central office has responsibility for DDS's POS contracting function.

POS

Occupation Group & Job Title	No. Employees	POS Contracting
(01) ACCOUNTING AUDITING		
(04) BUSINESS MANAGEMENT		
Chief, Fiscal/Administrative Services 2	1	Y
Associate Fiscal Administrative Officer	1	Y
Fiscal Administrative Officer	5	Y
Office Assistant	1	Y

(09) EDUCATION MR Adult Services Supervisor		3	Y
MR Adult Services Specialist		1	Y
(25) PATIENT & INMATE CARE DD Assistant Regional Director		1	Y
DD Program Manager	DD	2	Y
Assistant Residential Manager		1	Y

Central Office:

- 1 – DD Assistant Regional Director *“Director of Operations Center”*
- 2 – DD Program Manager *“Operations Manager of Contract Management”*
- 1 – DD Assistant Residential Manager *“Operations Manager”*
- 1 – Associate Fiscal Administrative Officer
- 4 – Fiscal Administrative Officer
- 1 – Office Assistant
- 1 - Chief, Fiscal/Administrative Services 2
- 3 - DD Adult Services Supervisor *“Resource Manager 2”*
- 1 – DD Adult Services Specialists *“Resource Manager 2”*

In total, six (6) staff has responsibility for DDS’s PSA contracting function. There is one (1) staff in the central office and five (5) in the regions.

Occupation Group & Job Title	No. Employees	PSA Contracting
(01) ACCOUNTING AUDITING Supervising Accounts Examiner	1	Y
(04) BUSINESS MANAGEMENT Chief, Fiscal/Administrative Services 2	1	Y
Fiscal Administrative Manager	1	Y
Fiscal Administrative Supervisor	2	Y
Fiscal Administrative Assistant	1	Y

Central Office:

Chief, Fiscal/Administrative Services

Regional Offices:

1 Fiscal Administrative Manager overseeing both Business Offices

East Hartford Office: 1 Fiscal Administrative Supervisor; 1 Accounts Examiner
 Wallingford Office: 1 Fiscal Administrative Supervisor; 1 Fiscal Administrative Assistant.

ii. Functional Duties of Contracts Section Staff

ACTIVITY	DIR	FISCAL	RM
Liaison with External DAS,OPM and/or OAG Concerning Contract Approvals	x		
Entry/Update of Contract, Tracking, and Monitoring Information into Data System		x	
Provision of Internal Guidance, Support, and maintenance of Template Documents		x	
Scope of Services negotiation and Initial Development			x
Scope of Service Review/Finalization			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			x
Review/approval/Submission of OPM Request	x	x	
Assignment of Contract/RFP Number		x	
Contract Assembly, Including Certifications, etc.			x
Distribution and Facilitation of Contract for Provider Signature			x
Distribution and Facilitation of Contract for Agency Signature		x	
Distribution and Facilitation of Contract for OAG Signature	n/a		
Notification to Providers, Programs, and Fiscal of Contract Execution			x
Core-CT Contract Creation and Maintenance		x	
Core-CT Contract Approval		x	

3. Program Staff

PSA Services are based on the needs of the individuals served by DDS as determined by a Director of the program. In instituting these services a formal process that includes the submission of a justification memo from the Director of the program requesting services to the Chief, Fiscal and Administrative Services for review and approval. The Director of the program oversees issues related to the PSA contract and monitors the quality of the services provided.

Programs and services through a POS contract are based on the needs of the individuals served by the DDS through an interdisciplinary team process. Case managers submit program requests to the Planning Resource and Allocation Team (PRAT). Each regional PRAT consists of, at a minimum, the members:⁵ the Assistant Regional Director for Private Services, Resource Administrator, PRAT Coordinator, Case Management Supervisors and the Assistant Regional Director for Individual & Family Support. The PRAT determines placement options and allocation amounts. The Resource Administrator is responsible for seeing that appropriate services and programs are developed. The Resource Managers 1 and Resource Managers 2 oversee programmatic issues related to the contract and monitor the quality of the services provided.

The role of the regional program staff (explained below) provides program oversight for private providers with a POS contract.

4. Administrative and Fiscal Staff

Staff within the regional business offices are responsible for making timely payments for PSA and POS contracts through Core-CT. The responsibilities associated with managing POS/PSA contracts in Core-CT are as follows:

ACTIVITY	RESPONSIBILITY OF:	
	PSA	POS
1. Entering contract:	Regional Offices	Central Office
2. Creating an online purchase order:	Regional Offices	Central Office
3. Generating vouchers for payments:	Regional Offices	Central Office
4. Amending contract (if necessary):	Regional Offices	Central Office
5. Closing contract:	Regional Offices	Central Office
6. Closing contract:	Regional Offices	Central Office

5. Regional Offices

DDS is organized into three geographic regions, all administered by the Office in Hartford. DDS contracts with private agencies to provide residential and day services to individuals with intellectual disabilities on a statewide basis. The regions provide oversight of the

⁵ These are working titles, not DAS job titles.

supports and services provided to individuals with intellectual disabilities by these private agencies.

Each region has the same organizational structure. Each region is headed by a *Regional Director*. The Regional Director and their staff are responsible for coordinating services to the people in the regions. They also monitor the quality of services and assist the individual in obtaining services from a qualified provider. They approve the person to receive services.

They provide program quality oversight which includes quality assurance activities, such as site visits, collaborating with Providers on resolving concerns raised through the DDS Quality Service Review process and follow-up on allegations of any special concerns reported to the Department (ie. incidents of suspected abuse and neglect, financial abuse or exploitation, or other known criminal offenses). Quality oversight also includes working with agencies on developing goals for their Continuous Quality Improvement plans based on a variety of data sources within the region and from DDS.

Regional staff authorizes the supports provided by private providers. They work with their team to manage participant issues, crisis intervention, and portability of individual resources.

The Regions monitor provider performance and compile information for reviews with providers. They also assist with participant issues and crisis intervention.

The PSA function resides in both the East Hartford and Wallingford Business Service Offices with the East Hartford location completing final reviews, obtaining approval from the Chief, Fiscal and Administrative Services, submission to the contractor for completion and signature, submission to the Attorney General's Office and, if required, to the Department of Administrative Services for review and approval prior to the start of services.

Each PSA team's responsibilities also include planning, implementing, and managing the contracting function through ongoing contact with private providers, as well as relevant federal, state and community agencies. The Fiscal Administrative Supervisor, Accounts Examiner, and Fiscal Administrative Assistant review all contracts for completeness. The Accounts Examiner and Fiscal Administrative Assistant process all contracts for signatures and activate them in the CORE. Additional duties include, but are not limited to, reviewing financial documents and financial reports to ensure compliance with contract requirements, contract record keeping, maintaining budget control by reviewing and authorizing expenditures, and monitoring expenditures against appropriations and allotments. The FAS acts as liaison with contracted parties and handles routine contractual matters.

6. Other Involved Staff

Birth To Three Program

POS contracts for the Birth to Three Program are handled separately. The program executes approximately 40 contracts per year, with a value of approximately \$38 M per year. Generally 9,500 infants and toddlers with disabilities and their families are served by the program and 9,000 of them receive all of their direct services through contractors. In addition, there is a statewide contract with United Way 2-1-1 for operating an intake office and one with the New England Assistive Technology center to collect, refurbish, store, and recycle assistive technology devices. All B-3 contracts are developed in the fiscal unit of Birth to Three Central Office. In addition to other duties, Birth to Three's multi-year POS contracts are prepared, when necessary, by the Associate Accountant assigned to the program and PSA contracts are prepared by the Birth to Three Fiscal Administrative Officer. Providers are paid a flat fee per child per month and (with prior approval) hourly supplemental rates for children requiring more intensive services, such as children with autism. PSA contracts for the Birth to Three Program are handled in the same manner as all other PSAs.

7. Office of Policy and Management (OPM)

In accordance with state statutes and guidelines, the Office of Policy and Management must approve certain contracts prior to their development or amendment. The modality for this approval is a web-based request system. For contracts meeting or exceeding the requirements for OPM approval (both POS and PSA), Contracts staff create and submit requests to OPM via OPM's request system. DDS does not proceed with contract development until OPM has approved each request submitted.

8. Office of Attorney General (OAG)

The OAG has final approval for all contracts, as to form and legal sufficiency, but involvement in contract development (substance, validity and appropriateness of programming) is the responsibility of DDS. DDS maintains a Memorandum of Understanding with the OAG to detail terms and conditions which preclude OAG signature on amendments to POS contracts for certain services.

B. Professional Development and Guidance

1. Internal - Agency

Subject Matter Training

- a. Training is provided to staff on all topics related to the contract and authorization system and process. Training is provided on a quarterly or on-going basis on the Annual report review, Contract Authorization, Continuous Quality Improvement Plan Training and Quality Service Review. The system was designed to match the requirements of the Medicaid Waiver. We are continually looking at ways to

streamline and make the process more efficient keeping in mind and incorporating any new CMS requirements or legislative directives. There has been a commitment to staff training and we make every effort to do formal and informal trainings on pertinent topics and system changes and updates. We have Resource Manager Network Days, Leadership Forums, Resource Management Staff meetings and if needed will go out and do specific regional trainings.

- b. The Operations Center Fiscal Unit makes all payments related to the contracts and has CORE training in Accounts Payable and Purchase Orders. All fiscal unit staff is proficient in the CORE areas that they utilize to perform their functions.
- c. Training time does not always allow for hands on application that would make the information more useful to staff. More training and cross understanding of the Payment Reports as they relate to the authorizations and WebResDay sign off would allow for more efficient response to any payment questions or concerns from Providers. Some of the naming conventions in the reports are confusing and the layout could be more end user friendly. Overall, the units communicate well. Due to the nature of supports we contract for and emergencies that arise, timeliness of communication around amendments can be challenging.

i. Agency Knowledge

The Operations Center staff works closely with Regional Resource Management and two staff, who have only been in contracts for 3 years, have a basic understanding of other units that impact contract functions. Three staff in the unit has a comprehensive understanding and working knowledge of all units that impact contract function.

ii. Published Material and Aids

There are written materials (Manuals, Aids and Guides) for each aspect of the job located on a common drive and/or on the DDS website for all to access as needed.

The unit has also developed tracking sheets for each of the aspect of the job to track timeliness and efficiency of completion of the various tasks.

2. External – Providers

- i. The Operations Center provides training on a regular basis and as needed basis to the provider community. Training on the annual financial report is provided on an annual basis. The regions provide orientation training for all new providers and staff on a quarterly basis. The Operations Center participates in this training. Over the past year, DDS has provided training in the new Day Rate system, annual report, Career Plans, and the Individual Supported Employment rate structure. In addition, the Provider Manager has attended multiple meetings of the Business Managers Forum to discuss contract and financial concerns.

Operations Center Resource Managers provide technical assistance and training to individual Providers on the Operational Plan, 8 month report, End of Year Expense report, Annual Reports and Contract completion on an as needed basis. Regional Resource managers provide technical assistance and training around programmatic issues, individual authorization issues and Continuous Quality Improvement Plan.

IV. Contracting Process

A. Service Need Determination

In conforming to the HCBS Waiver, DDS allocates funding to participants based on the individual's level of need. Participants and teams through the IP process choose the supports and the contractor that best meets his/her needs. The funding is portable allowing the participants and their family the freedom to change providers if the supports do not meet the person's needs. Participants have an additional option of self-directing their own supports and hiring support staff through the Fiscal Intermediary. Most supports are awarded to a contractor through their selection by the participant.

Individuals (and their families or guardians) have the choice of self-directing their supports or having those supports provided by a Qualified Provider through an Individual Budget or a DDS Purchase of Service Contract. Individuals who chose to self-direct their resources do so through an "Individual and Family Support Agreement" through an Individual Budget. Self-directing resources allows individuals to have more flexibility with and more control over the types of support services that they can purchase. Support services are provided either (1) through a vendor service authorization with a qualified private provider or (2) by an individual hired and employed directly by the family (or guardian). Providers submit invoices for authorized and rendered services to a Fiscal Intermediary. For individuals hired and employed by the family, a timesheet is submitted to a Fiscal Intermediary who acts as a payroll service. While DDS's staff work on Individual Budgets, this is a separate function and not associated with the Purchase of Service Contract process.

All POS contracts associated with (1) the development of new CLA services for individuals (2) the conversion of public programs to private agencies, or (3) the procurement of existing programs when a change of provider is warranted are awarded through a statewide Request for Proposal process. The frequency of RFP's is determined by the number of new individuals seeking these residential settings, whenever the Department determines to convert a public CLA, or program changes necessitated either by the request of the provider or by DDS for poor performance.

B. Funding Allotments

Notice of funding availability is received directly by the Director of Operations Center as a result of the normal state budget process for all state funds (SIDs). The Chief Fiscal Officer notifies the Director of the Operations Center to let the Contracts Unit know about the funding. Contract Unit prepares information on existing annual authorizations, utilization of services and contract umbrella funding in preparation for a new contract. The Director submits budget reductions and enhancements for provider services for the budget process.

The Department's Chief Fiscal Officer, Director of Operations Center and Deputy Commissioner develop, approve and manage the Spending Plan information for all SIDs used by the Department. The Director of Operations Center manages overall allocation and provides Regional targets by SID to each region.

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. The contracts may be delayed or extended on a monthly basis if the total amount of DDS funding is in doubt.

Contracts need 4 months notification of funding availability. For routine changes we have asked for a 2 month's notice prior to the anticipated effective date to give the unit time to complete and obtain all needed approvals before amendment is done and to meet our execution deadline of 15 days prior to start date.

There are emergencies that arise that less notice is received but, we still process all needed components as quickly as possible and hand deliver components as needed to have contract executed before service begins.

Public Act 96-186 amended the Community Residential Facility Revolving Loan Fund to allow the Department to make loans to non-profit organizations for the purposes of capital repairs and improvements to community based residential facilities. By statutory definition, a community based residential facility is a CLA licensed for up to six beds.

The initial funding of this program results from the transfer of \$2 million into the Department's existing revolving loan fund. This funding was previously authorized for fiscal years 1996 and 1997 as grants-in-aid funding for capital repairs and improvements. The transfer of the grant-in-aid funding into the revolving loan fund will convert the grant-in-aid funds into a loan program. Utilizing the funds as a revolving loan fund perpetuates the program into future years because loan payments are added back into the loan program and re-lent. In the mid-90's the funding was reduced from \$2 million to \$1 million. Additionally, on August 6, 2004, the Bond Commission authorized \$2 million for the Revolving Loan Fund for Capital Repairs and Improvement Loans.

The Grant In Aid program was requested by the Department to provide capital funding for non-profit day program providers that had limited resources to fund capital projects at their existing day program sites. There may be instances that a new day program site is being developed to replace an existing day program site. Subject to the Department's review and approval of the new location, and subject to the capital needs for the development of the new site meeting the Grant In Aid criteria, Grants will be considered. The capital needs of new day program sites for new day programs awarded by the Department may be considered, subject to the request meeting the Grant criteria.

The Department only funds program services via its POS contracts as indicated in the following table:

State SIDs	Federal SIDs	Total SIDs
5	0	5

C. Contract Approval and Initiation

1. Internal

Internal documents needed to request initiation of a contract. Forms are processed as follows:

- i. Region to Operations Center based upon need. The Region would do a POS Request to do an RFP or Sole Source POS if applicable. Once approval received RFP would be completed and award made. Region would notify Operations Center of new program or RFP award.
- ii. Operations Center Approves.
- iii. Operations Center completes a consolidated POS Request for OPM approval.

2. External

OPM Approval to Develop Contract: OPM approval is required prior to beginning any contract process. The OPM approval process is entirely self-contained within the Contracts Unit. Utilizing OPM's online request system, requests are created by the Operation Center Resource Managers, reviewed by the FAO and Operation Center Director and submitted to OPM by the Deputy Commissioner. Once DDS receives approval from OPM, the contract or amendment is processed. DDS does not take any additional steps in the contracting process until OPM has either approved the request.

3. Approval Logistics

The competitive contracting process is summarized as follows:

Process Steps

1. The Department identifies and prioritizes individuals receiving services.
2. The region reviews its allocation of funds for new development and determines how much will be allocated toward congregate supports and services.
3. Each region awarding a new or existing contract issues a formal statewide Request for Proposal. The statewide notice describes the program and services to be provided, the individuals to be supported, the criteria for awarding the contract, and the responsible personnel in the region to contact for more information.
4. A Bidders Conference is held for all interested parties to provide additional information.
5. All proposals are reviewed and scored utilizing an evaluation checklist by a Selection Committee composed of regional personnel and client representatives. Areas to be evaluated include organization, agency performance, support strategies, preferences and relationships of the clients, proposed time frames, staffing patterns, budget and cost effectiveness. Each criterion on the evaluation is assigned a relative weight based upon the type of program, special circumstances, and unique priorities for the project.

6. The average score for each proposal determines its relative rank. Proposers with the highest ranks are invited to participate in an interview. Following the interviews, the Selection Committee makes a recommendation to the Commissioner of the top three bidders.
7. The DDS Commissioner may consult with key DDS staff in his review of the proposals. After considering the recommendations in the report and/or the feedback from the DDS staff, the DDS Commissioner must either select the Contractor from among the three top ranking Proposers or reject any or all of the three top ranking Proposers.
8. Following the selection of the Commissioner, the region and agency will negotiate with the successful bidder the final terms and conditions of the contract.
9. A contract is signed by the provider and services begin within a stated timeframe.

Non-Competitive Process.

The non-competitive contracting process [typically used for renewing contracts] is summarized as follows:

Process Steps

1. An annual performance review is conducted with representatives of all regions and provider representatives in order to assess the quality of services of their providers. Based on the outcome of this review, the region makes recommendations for continued certification and to continue contracting with a provider, to continue or amend performance measures, and to make other adjustments as necessary.
2. In the final quarter of each fiscal year, regional and Operations Center staff meets with the providers for the purpose of establishing fiscal and programmatic expectations for the following year.
3. Each provider up for renewal submits an Operational Plan – “OP Plan” – to their resource manager in the Operations Center. The OP Plan provides the budget detail regarding the services provided. Budgets are based on the funding level of the current service authorizations in each program.
4. The Operations Center Resource Manager reviews the OP Plan to determine if the amounts in program and expense categories are as previously agreed. The Operations Center Resource Manager scans a copy of the approved OP Plan onto a shared drive so that all applicable regions may have access to read it. The Operations Center Resource Manager with the collaborations of regional administration either accepts the OP Plan or directs the provider to make adjustments.
4. Once the OP Plan is accepted, the Operations Center executes a contract with the provider. Any performance issues are incorporated into the provider’s ongoing quality improvement plan.

D. Human Service Budget Development

1. Initial Budget

Services funded by DDS are typically chosen by the person receiving supports (or his family or guardian). A participant new to the system may choose among the 200 qualified providers. An individual already in the system has the option of moving their funding to another provider whenever they believe their supports are not being met. DDS began on January 1, 2012 the transition to standard Level of Need rates for day services. The Residential rates are in the process of development. The rate system will establish a funding amount for each individual based on their support needs. Providers will receive the rate amount for the utilization of the services they provide. Providers will submit a budget based on the expected funding taking into account the total amount of their total number of contract service authorizations and estimated utilization. For day services, regional and central office staff review and approve budgets based on staffing levels and administrative expenses.

Residential service funding guidelines have been put in place until the residential rates have been developed. Providers will submit a budget based on the expected funding taking into account the total amount of their total number of contract service authorizations. For residential services, regional and central office staff review and approve budgets based on staffing levels and administrative expenses.

Contracts awarded through an RFP will have the budget approved through the RFP selection process.

Budgets are based on the individual and their Level of Need. DDS reviews each budget to ensure that the provider is meeting the needs of the participants within the total annualized authorized amount. Any discrepancies in authorized amounts or staffing levels are referred to the region. Issues regarding the amount of administrative and general expenses will be discussed with the provider by the Operational Center staff. If the amount of A&G is over 18%, the region must approve the budget. The length of the review depends on the amount of required changes. In general, the review process takes between 5 – 7 business days. A budget that is within the guidelines is considered complete.

2. Budget Revisions

Regional RM need to notify Operations Center RM when a cost center is being added or a new program over \$100,000 is being added to the contract. The Operations Center RM also reviews the budget with the assistance of the regional RM in order to ensure it meets the needs of the individual.

Operations Center RM also review Payment Tracking sheet monthly to stay on top of any increases that may necessitate an increase in the umbrella due to increase capacity or utilization.

On average there are 12-15 revisions made annually.

E. Scope of Services Development

1. Organizational Responsibilities and Process

For most of the DDS POS contracts, DDS does not negotiate the scope of the contract with private providers. Waiver requirements and DDS policy and procedures are the basis for our scope of services so these are incorporated into the Boilerplate section of our contract and approved by the OAG.

The three regions contract with 35 providers for behavioral, psychiatric, nursing and other clinical supports. The scope of services are negotiated with the provider and submitted to the OAG for approval.

The regional POS contracts have a scope of service that spells out the type of service and the rates to be paid to the provider.

2. Consolidated Contracts

i. Overview - DDS has one consolidated POS contract for residential and day services for adults with developmental services, one consolidated contract to provide Birth to Three services and one contract for Fiscal Intermediary Services.

ii. Consolidation Problems

Due to the nature of supports we contract for and emergencies that arise, timeliness of communication around amendments can be challenging.

ACTIVITY	<u>SFY10</u>	<u>SFY11</u>	<u>SFY12</u>
# of Single Year, Single Program Contracts Executed			
# of Single Year, Multi Program Contracts Executed			
# of Multi year, Single Program Contracts Executed			
# of Multi Year, Multi Program Contracts Executed	192	120	121
# of Providers		120	121
Total # of POS Contracts		564	121
Providers with 1 Contract		16	121
Providers with 2 Contracts		17	
Providers with 3 + Contracts		87	
Average # of Contracts Per Provider		4.7	1

iii. Improvement Initiatives

There are emergencies that arise that less notice is received but, we still process all needed components as quickly as possible and hand deliver components as needed to have contract executed before service begins.

3. Standard Contract Templates

DDS has one template for the adult services POS contracts and one template for the Fiscal Intermediary contract. The waivers are in effect for 4 years. The templates are changed when necessary. Due to the change to the rate system, there were a number of amendments in the previous agreement. Once the system is transitioned, contract language changes will be made less frequently.

Non-Waived Scopes	Waived Scopes
0	3

CMS requires that individuals have choice of supports provided and by whom. System was designed to meet waiver requirements and also provide flexibility and responsiveness to individual needs.

Approval of template by the OAG is legislatively mandated.

F. Contract Assembly

1. Overview

Once the OP Plan is accepted by the primary region, Operational Center staff enters the contract information into the various DDS financial data system(s). The staff assembles the contract package in Adobe Reader and forwards it to the provider for review and signature. The provider signs and returns the contract to the Operations Center. The provider will load specific forms onto the DAS Biznet system.

The Operations Center reviews the contract for technical compliance and resource availability. If there are issues, the Operations Center will work with the region(s) to resolve them.

When the contract is satisfactory, the Operations Center forwards the contract to the Commissioner or designee (i.e., Chief, Fiscal and Administrative Services) for signature. The Operations Center scans a copy of the signed contract onto the shared drive and notifies the region of its approval. The staff forwards a copy of the contract to the provider and maintains the original signed copy for its files.

Once the contract is approved and fully executed, the Central Office releases the funds to the region or to the Birth to Three programs.

2. Contract Package Components

The completed contract package contains:

- 1) Scope-of-Service
 - A) Description of Programs
 - B) Glossary of Terms
 - C) Residential Services
- 2) Contract Performance
- 3) Budget
 - A) Fiscal
- 4) Reports

- A) Reporting Requirements
- 5) Program Specific Sections
 - A) Program Reporting Requirements
- 6) Agency Specific Section
 - A) Contractor Requirements

3. Attachment Details

The Department attaches, as part of the contract package sent to the provider, all forms, certifications, affidavits and informational documents that are either required by statute, regulation, policy, or that serve to clarify procedures or requirements. The following table lists those attachments that are included and, where appropriate, the condition that triggers the requirement for the attachment and whether or not the attachment must be signed and returned to the Department:

<u>Form</u>	<u>Mandatory</u>	<u>Agency Discretion</u>	<u>Requires Signature</u>	<u>Condition/Reason</u>
Corporate Resolution Certification	X		x	Required for all contracts
OPM Form 1 (Gift Affidavit)	X		x	
OPM Form 5 (Consulting Affidavit)	X		X	
OPM Form C (Nondiscrimination Cert)	X		X	
Operational Plan	X			
Workforce Analysis	X		X	

G. Contract Signatures and Execution

1. Internal - Agency

i. Overview – Signature Process

Prior to sending the final contract out to the provider for signature the fully assembled contract package by the Operations Center staff and is reviewed by the Operations Manager who reviews it before it is sent to the provider. The contract is a standard boilerplate contract and only the amount and appropriate SID's are approved. The contract is then forwarded electronically via e-mail by the Operations Center RM 2 and the Contract FAO who are facilitating the signature process.

The signed contract documents, which take an average of 2 weeks to process once the signed copy is received from the provider is then reviewed and signed by the Chief of Fiscal Administrative Services.

A copy of the fully executed contract is sent to the Providers electronically through secured server.

<u>From Provider</u>	<u>Internal Signature</u>
2 weeks	1-2 Days

ii. Contract Record Storage

- a. Hardcopy
 - Contracts are stored at Central Office
- b. Electronic
 - Electronically on the J:Drive by Fiscal Year, alphabetically by Provider

iii. New programs

DDS has developed a central committee to review programs and its applicability to the HCBS Waiver. The System Design Committee would be involved in the development of the new program as well as the appropriate experienced staff.

The Operations Center and the regional resource administrators would be part of the implementation process.

Program would be proposed to system design. Work group would be developed to include stakeholders. Development and feedback would be completed. Recommendations would be made. Approval from System Design Waiver Unit would submit an amendment to add program to the Waiver application Policies and procedures would be written and approved. Operations Center would develop rates or funding guidelines. Providers would be trained on the new program.

2. Office of the Attorney General

DDS has a contract template. OAG reviews and approves any changes to the template. DDS has an approved template for adult services, Birth to Three and Fiscal Intermediary services. Contracts are sent electronically. The provider must submit all the signature pages and contract all within the same email to be accepted. In addition, the provider must submit a hard copy of the signature pages.

3. Contract Execution Timelines and Timeliness

ACTIVITY	SFY10	%	SFY11	%	SFY12	%
Total # of Contracts Executed	192		119		2	
# - % Executed > 15 Days Before Start Date	0	0	118	99%	2	100%
# - % Executed < 15 Days Before Start Date	51	27%	1	1%	0	0%
# - % Executed After Start Date	135	70%	0	0%	0	0%
# - % Executed > 30 Days After Start Date	6	3%	0	0%	0	0%

H. Contract Service Implementation

The approach to contracting under the Fee for Service model is different than the way the department has contracted in the past. The contract no longer is the basis for determining monthly payments. Each provider receives a single contract for both residential and day services which sets forth terms and conditions for the services and provides a maximum payment amount. Payments are based on the actual supports provided by the contractor through a service authorization processed through the regions. This has simplified the contracting process and reduced the need for hundreds of contract amendments each year. Amendments are only needed for major program changes or if the projected annual payment will exceed the maximum amount of the contract due to a higher than expected utilization rate.

The Department of Developmental Services adheres to the policies set forth in the State of Connecticut, Office of Policy and Management (OPM) Procurement Standards for Personal Service Agreements and Purchase of Service Contracts Manual. Attached is the DDS Procurement Procedure issued on April 16, 2009.

DDS established guidelines and procedures for RFPs and competitive awards in 1996. They were published as "*Selection of Private Provider Agencies for the Award of Competitive Contracts.*" A revised procedure has been written and is awaiting final approval before it is to be issued. A copy of the final draft which was written based on the DDS Procurement Procedure and the OPM Standard RFP procedure is attached.

I. Contract Payment Processing

1. Overview

C Payment: Contractors will be reimbursed for each unit of service provided to every individual with the necessary CSA generated by the Region's Resource Administration Division. Attendance will be recorded online through the WebResDay program by the provider and will be used by DDS to determine payments. Payments are based on an estimated payment for the past month adjusted based on the actual attendance for the previous month. Providers of Individualized Supported Employment (ISE) shall have available to them a temporary minimum threshold on the payment amount for supports provided to DDS participants.

The estimate for Residential Supports is based on 1/12 of the annualized amount of all authorized CSA's for the month. Payment is received for a full month if the person supported for a least one unit.

The estimated payment for the day programs is based on 1/12 of 225 days of all authorized CSA's for the month. Payments, thereafter, have been an estimated payment for the past month reconciled with the actual attendance for the previous month.

2. Payment Process

The payment process involves the following:

1. Providers input monthly attendance on the Web-Res-Day application no later than the 10th of the following month.
2. On the 11th of every month, DDS locks records signed off since the 11th of the previous month to the 10th of the current month. This is the utilization for the previous month corrections and late attendance for earlier months.
3. Once the data has been reviewed, a contract payment report is developed based on:
 - a. Services provided in the previous month based on an estimate of service utilization,
 - b. An adjustment based on actual utilization for the month before the previous month,
 - c. ISE based on 98% authorized level of services less utilization payment
 - d. One-time and transitional payments in accordance with Operation Center procedures and guidelines.
4. The Operations Center develops a payment voucher based on the contract payment report.

i. Payment Terms:

The method in which the State of Connecticut, Department of Developmental Services, processes its invoice for payment of contracted residential and day supports is referenced below.

A Residential Payments. The DDS shall reimburse monthly, by retrospective payment. Payments for Residential programs (CLA, CTH, IHS (formerly SLV) and CRS) will be based on one twelfth (1/12) of an approved annualized Contract Service Authorization (CSA). Monthly payments will be made for all CSAs in which at least one unit of support was provided to the Participant in the given month.

1. For CLA and CRS settings, a unit is defined as receiving supports for at least one overnight stay in the residence.
 2. For an IHS and CTV setting, a unit is defined as the Participant received at least fifteen (15) minutes of support in their own home.
- A. Day Payments. DDS shall make retrospective payments on a monthly basis. Payment for Group Supported Employment (GSE), Day Support Options (DSO), Sheltered Employment (SHE), Individualized Supported Employment (ISE or SEI) and Individualized Day Supports (IDV or IDV) will be based on the utilization of the service at the established rate of an approved CSA for all Participants during the month.
1. Contractors of Group Day Programs will be paid on a per diem basis for each Participant.
 - a) A "Day of Service" is defined as five (5) hours and thirty (30) minutes.
 - b) A Contractor may bill for each day that supports are provided to the Participant.
 - c) A Participant will be considered in attendance if supports have been provided for at least two (2) hours and forty-six (46) minutes and a full day of services was available.
 - d) In the event of an early closure due to inclement weather or an emergency incident, the Contractor may bill for a full day of attendance provided the Participant received supports for at least two (2) hours and forty-six (46) minutes.
 - e) A program may reduce hours for staff training or other reasons approved by the region. The Contractor may bill for a full day of attendance provided the Participant received supports for at least two (2) hours and forty-six (46) minutes. Billings for such reductions are limited to no more than two (2) days per fiscal year.
 2. Contractors of ISE, IDV, and IDN will be paid for each hour of support provided to the Participant. Billing is in 15 minute units.