

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:

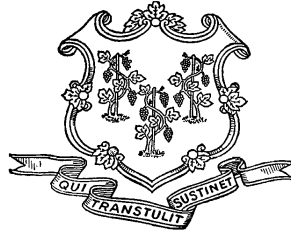
- 1) **Agency POS Contracting Hub.** Organizing a "model" contracts unit for each agency that is accountable and a focal point for the handling of all administrative, financial and contracting functions in a timely, effective and efficient manner while maintaining strong working relationships with agency 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

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

NOTES:

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

F. Contract Execution Timeliness Metrics

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

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

Timeliness of Contract Execution

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

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

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

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

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II. FINDINGS AND RECOMMENDATIONS

A. Agency POS Contracting Organizational & Business Processes

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

1. Department of Children and Families

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

Recommendations

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

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2. Department of Correction

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

determining other state agency funding contributions.

Recommendations

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

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3. Department of Developmental Services

<u>Metrics</u>			
Human Service Contracting		Contract Unit Workload & Performance	
<i>Number of human service contracts:</i>	192	<i>Total number of agreements managed:</i>	155
<i>Number of human service programs contracted:</i>	594	<i>Number of contracting unit FTEs:</i>	20
<i>Number of human service providers:</i>	186	<i>Estimated external FTEs supporting contract activities:</i>	TBD
<i>Fiscal Year 2012 State funds committed:</i>	\$603,498,677	<i>Fiscal Year 2011 % of contracts executed prior to start date:</i>	100%
<i>Fiscal Year Federal funds committed:</i>	\$10,475,985	<i>Fiscal Year 2012 % of contracts executed prior to start date:</i>	100%
<i>Average number of contracts held per provider:</i>	1.1	<i>Percent of contracts having terms of 2 years or less:</i>	68%
<i>Percent of OAG pre-approved scopes-of-service:</i>	86%	<i>Percent of contracts having terms of 3 years or more:</i>	32%
<u>Agency Strengths and Weaknesses</u>			
<u>Strengths</u>		<u>Weaknesses</u>	
<ol style="list-style-type: none"> 1. Current staffing structure and numbers supports reorganization of contracting duties to address agency weaknesses. 2. Contracts Unit maintains formal and informal training tools for contracts staff to utilize and provides targeted training to internal staff. 3. Payment processes are streamlined and initiated electronically between the provider, Contracts and Fiscal staff. 4. Electronic submissions of programmatic and financial reports are required. 5. Contracts are sent electronically to providers for review and signatures. 6. Data from prior fiscal years support DDS' continued achievement of and ability to improve its timely contract execution rates. 7. A high percentage of POS contracts are consolidated. 8. Contracts Unit is highly automated and technologically advanced; utilizing a web-based, interactive system for provider financial and programmatic reports, payment calculations, etc. 		<ol style="list-style-type: none"> 1. Contracts staff do not receive formal training on contract development, administration and oversight; legal sufficiency of contract or oversight of non-profit entity budgets. 2. Regional business office and program staff are not fully knowledgeable regarding contract processes. 3. Contract roles are not efficiently defined between agency units, resulting in duplicative processes and confusion as to final authority/decision-making. 4. Completion of OPM requests requires data entry by multiple staff in multiple units. 5. Communication and approval processes, specifically pertaining to Birth to Three, are convoluted and duplicative. 6. POS contract development, implementation and management is not centralized within one unit, causing variances in process, structure and management. 7. Contract pre-approval process relies on hard-copy routing. 	
<u>Recommendations</u>			
<ol style="list-style-type: none"> 1. Current staffing classifications and FTE's would support consolidation of the agency's two contracting units into a centralized unit that includes additional contracting duties related to development of scopes of services, and comprehensive programmatic and administrative contract monitoring. This consolidation should ensure that all POS contracts within the agency are managed within the same unit. 2. Implementation of required training for Contracts staff in collaboration with the Office of State Ethics, the Freedom of Information Commission, the State Elections Enforcement Commission, the Commission on Human Rights and Opportunities, the Office of the Attorney General, the Department of Administrative Services and any other state agency involved with Contracting functions. Such training curriculums should be developed in accordance with OPM Procurement Standard requirements (Section I H.3) and Connecticut General Statutes (Chapter 62, 4e-5). 3. Implement an electronic library, maintained by the Contracts Unit, of active contracts to be made available to all DDS staff. 4. Eliminate the role of the DDS East Hartford Business Office in contract processing; centralize all contracting functions including B-3. 			

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4. Department of Mental Health and Addiction Services

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

cross-training of staff.

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

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5. Department of Public Health

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

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

Recommendations

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

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6. Department of Social Services

<u>Metrics</u>			
Human Service Contracting		Contract Unit Workload & Performance	
<i>Number of human service contracts:</i>	777	<i>Total number of agreements managed:</i>	1,101*
<i>Number of human service programs contracted:</i>	797	<i>Number of contracting unit FTEs:</i>	6
<i>Number of human service providers:</i>	143	<i>Estimated external FTEs supporting contract activities:</i>	35.5
<i>Fiscal Year 2012 State funds committed:</i>	\$421,000,000	<i>Fiscal Year 2011 % of contracts executed prior to start date:</i>	1%
<i>Fiscal Year Federal funds committed:</i>	\$297,000,000	<i>Fiscal Year 2012 % of contracts executed prior to start date:</i>	12%
<i>Average number of contracts held per provider:</i>	2.35	<i>Percent of contracts having terms of 2 years or less:</i>	39%
<i>Percent of OAG pre-approved scopes-of-service:</i>	40%	<i>Percent of contracts having terms of 3 years or more:</i>	61%
<u>Agency Strengths and Weaknesses</u>			
<u>Strengths</u>		<u>Weaknesses</u>	
<ol style="list-style-type: none"> 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 PUBLIC HEALTH BUSINESS PROCESS REVIEW

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

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IV. Contract Data

Data Element	SFY 2012	
	Number/Dollars	Percent of Total
Contracts Managed by Agency Contracts Unit:	657	
- POS contracts	281	43%
- PSA contracts	276	42%
- MOU/Other contracts	100	16%
Number of POS contractors	147	
Number of POS Contracts using Scope of Service Templates	102	40%
Consolidated POS Contracts:		
- Consolidated Contracts	19	9%
- Providers with More than 1 Contract	66	36%
- Total # of Providers	147	-
- Average Number of Contracts/Provider	1.9	-
- Total # of Individual Programs Under Contract	309	-
Timeliness of Contract Execution:		
- More than 15 Days Prior to Start	43	26%
- Less than 15 Days Prior to Start	42	25%
- After Start to 30 Days After Start	33	20%
- More than 30 Days After Start	52	31%
Total dollar amount of POS contracts: ¹	\$47,997,022	19% ²
- State dollars	\$24,062,651	50% ³
- Federal dollars	\$23,934,371	50%
- Other dollars	NA	-
Total agency budget:	\$257,583,610	
Number & percent of:		
- one-year contracts	46	16%
- three-year contracts	139	49%
- four-year contracts	32	12%
- five-year contracts	64	23%
- six-year contracts	-	-
- eight-year contracts	-	-
Number & percent of POS amendments:	115	41%
Number & percent of joint POS contracts: ⁴	0	-

¹Source: DPH CGMS Contract Monitoring and Tracking Data System.

²Percentage represents human service contract dollars as percent of agency budget.

³State and federal percentages represent percentage allocated to POS contracts only.

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

V. Agency Description

A. Contract Services

1. The Department of Public Health (Department) executes Purchase of Service (POS) contracts for a wide variety of community-based direct services for Connecticut residents. Below are examples of the services purchased under POS contract by agency Branches and Offices:
 - i. *Public Health Initiatives Branch* – services related to chronic diseases, family health, infectious diseases, and Community Health and Prevention
 - ii. *Regulatory Services Branch* – services related to asbestos, food protection, lead poisoning prevention, radon, and drinking water
 - iii. *Office of Oral Health* – services to improve the access to and quality of oral health care (e.g., dental sealants)
2. The Department also executes Personal Service Agreements (PSA) to purchase a wide variety of support and indirect services to promote the health and wellbeing of Connecticut residents. Following are examples of services purchased under PSA contract by agency Branches and Offices:
 - i. *Operations Branch* – services supporting emergency medical services, and public health emergency preparedness activities through hospitals, local governments, private providers, and other state agencies
 - ii. *Regulatory Services Branch* – services related to education/training, research, and investigations related to environmental, food, and drinking water protection
 - i. *Public Health Initiatives Branch* – services for education/training, research, analysis, and disease prevention
 - ii. *Health Care Systems Branch* – services related to provider and facility licensing and investigations

B. Purchasing Authority

The authority to receive funding from external sources, as well as from the State of Connecticut and to purchase goods and services for Connecticut citizens using such funds is granted to the Commissioner of the Department via the following Connecticut General Statutes:

1. TITLE 4 MANAGEMENT OF STATE AGENCIES
C.G.S. § 4-8 Qualifications, powers and duties of department heads
2. TITLE 19A PUBLIC HEALTH AND WELL-BEING
C.G.S. § 19a-2a(5) Powers and duties (Commissioner of Public Health)
3. TITLE 19A PUBLIC HEALTH AND WELL-BEING
C.G.S. § 19a-32 Department authorized to receive gifts

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. Fiscal Office, Budget/Monitoring (FO-B) - is primarily responsible for tracking/monitoring contract financial information and financial reporting to funding entities.

- ii. Program Sections (PRG) – perform all programmatic activities and programmatic monitoring of contract activities. Program Sections also perform budgetary and financial activities necessary to establish and monitor contracts. The PRG units are primarily responsible for all contract programmatic oversight and monitoring.
- iii. Contracts and Grants Management Section (CGMS) – performs contract processing, assembly, and administrative oversight/monitoring activities. CGMS also performs financial activities related to contract initiation, verification, and monitoring. This unit is primarily responsible for contract creation, administrative and financial oversight in conjunction with the PRG units.
- iv. Fiscal Office, Contract Monitoring and Audit Unit (FO-FR) - within the Department’s Fiscal Office is responsible for review and reconciliation of State and Federal Single Audit Reports with contract financial reports and information. The unit also conducts an additional and final review of contract financial reports in the same manner as that performed by Program Sections and CGMS. If any contract payment is conditional on acceptance of the financial report this unit provides that final approval/acceptance. This unit and the FO-B unit are primarily responsible for contract fiscal monitoring.
- v. Fiscal Office – Purchasing (FO-P) – within the Department’s Fiscal Office is responsible for verification of contract funding and payment information and creation, update, and maintenance of contract purchase orders.
- vi. Fiscal Office, Accounts Payable (FO-AP) – within the Department’s Fiscal Office is responsible for final verification of provider and payment information, payment approval, and creation/release of payment vouchers.

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

Activity	FO-B	PRG	CGMS	FO-FR	FO-P	FO-AP
Development and Submission of Federal Grant Applications		X				
Approval of Federal Grant Applications	X	X				
State Agency Notification of Funding Availability	X	X				
Spending Plan Development and Monitoring (State/Federal)	X	X				
Spending Plan Approval	X	X				
Spending Plan Submission to OPM	X					
Allocation of Contract Funding		X				
Liaison with External DAS, OPM, and/or OAG Concerning Contract Approvals			X			
Liaison with Provider Concerning Contract Fiscal and/or Programmatic Issues		X	X			
Entry/Update of Contract, Tracking, and Monitoring Information into Data System			X			
Provision of Internal RFP Guidance, Support, and Maintenance of Template Documents			X			
RFP Issuance, Evaluation, and Award		X				
Determination of Program Type and Scope		X				
Scope of Services Negotiation and Initial Development		X				
Scope of Service Review/Finalization			X			
Budget Negotiation and Initial Development		X				
Budget Review/Finalization		X	X			
Receipt and Review of Budget Revision Requests		X	X			
Review and Approve Budget Revision Requests		X	X			
Initiation of Request for Contract		X				
Review/Approval of Request for Contract	X	X	X			

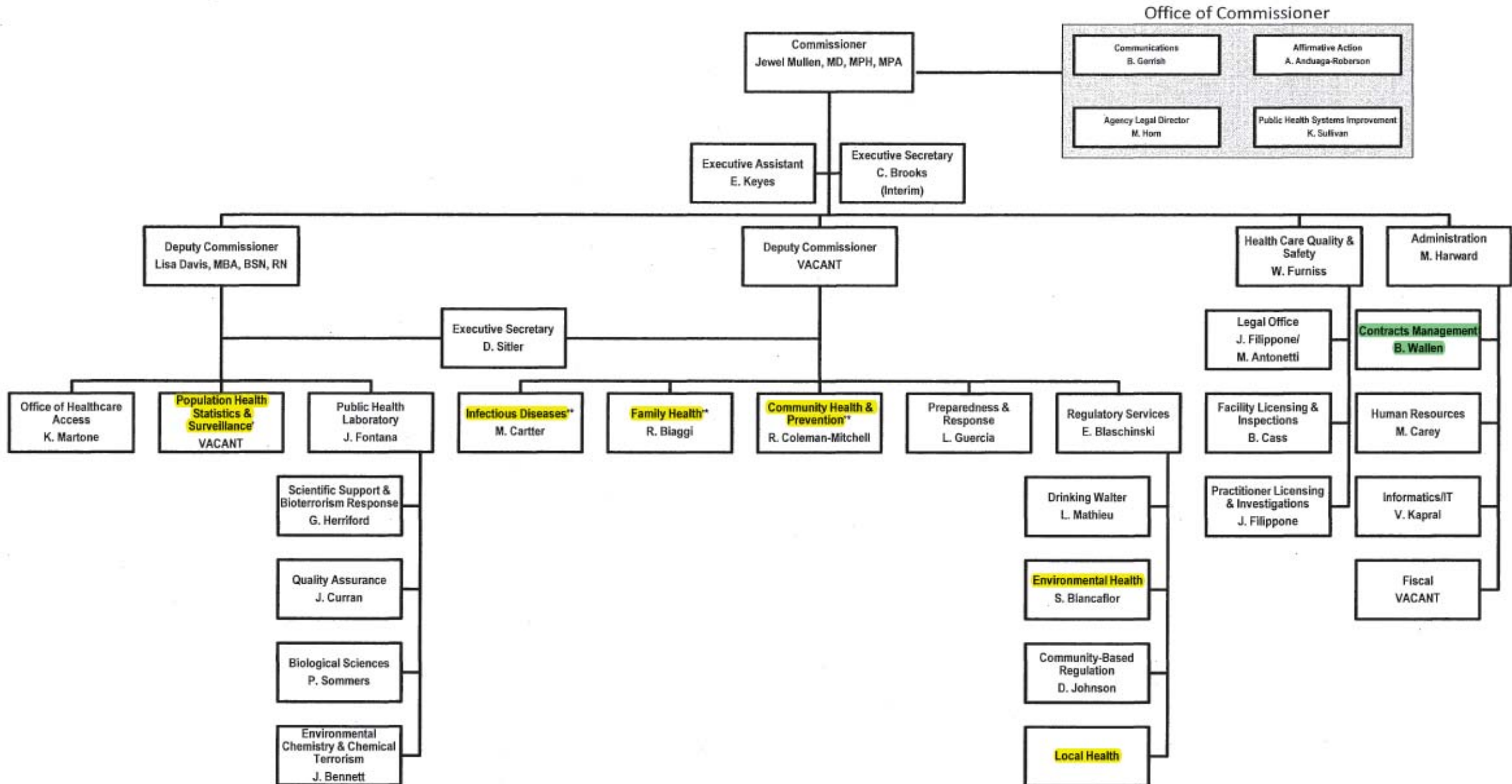
Activity	FO-B	PRG	CGMS	FO-FR	FO-P	FO-AP
Creation of OPM Request for Contract		X	X			
Review/Approval/Submission of OPM Request			X			
Assignment of Contract/RFP Number			X			
Assignment of Contract Staff			X			
Contract Assembly, Including Certifications, etc.			X			
Final Review of Assembled Contract		X	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			X			
Notification to Providers, Programs, and Fiscal of Contract Execution			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	X	X		
Receipt of Provider Payment Requests			X			
Process and Approve Payment Requests		X	X			
Determination of Refund Amounts			X	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	X	X		

2. Organizational Diagrams

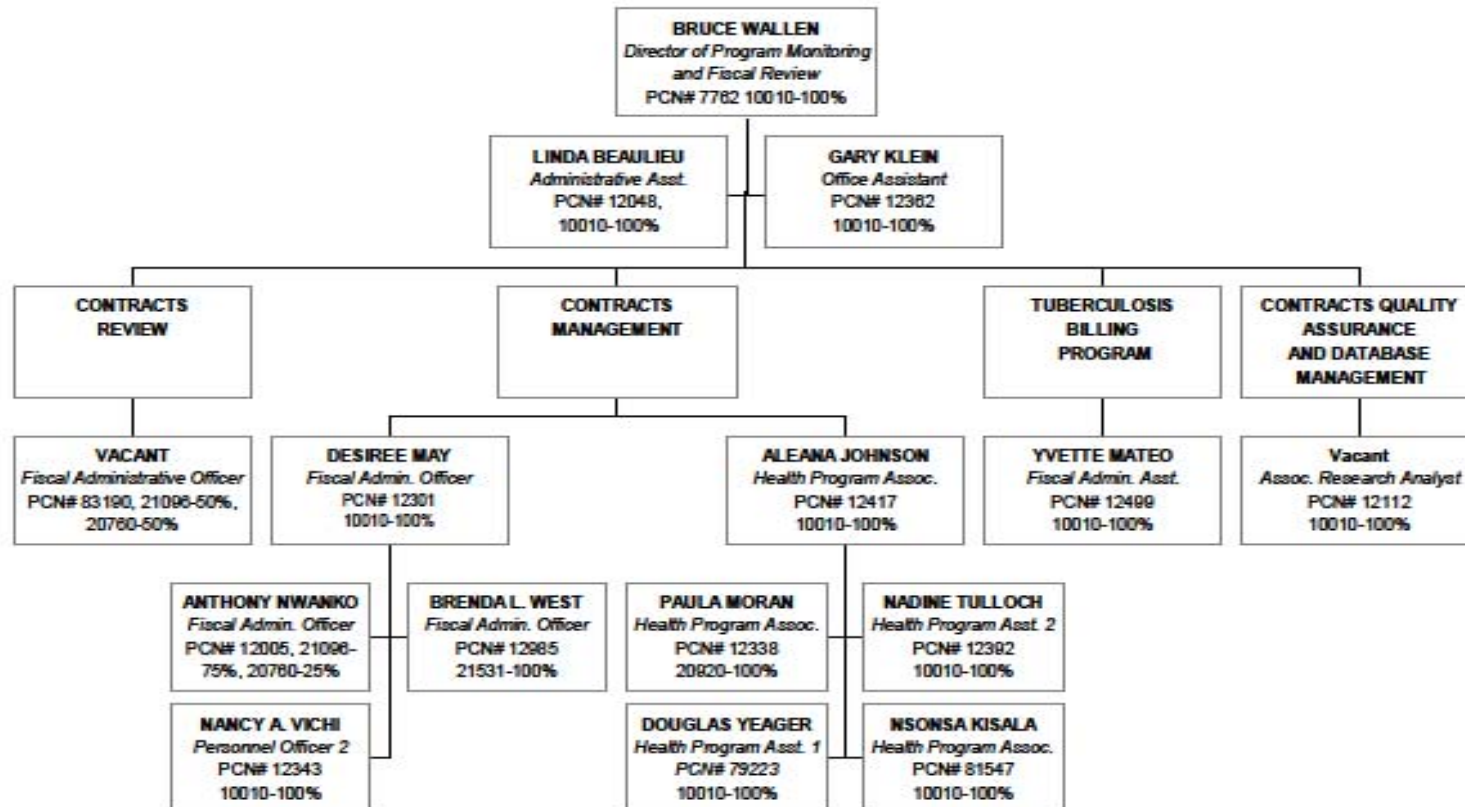
The following Agency and Section Organizational Charts illustrate where the listed Sections or Units reside within the Agency and the makeup/structure of the CGMS. CGMS is highlighted in green on the following Department organizational chart. Those units involved in POS contracting are highlighted in yellow and are as follows:

- i. Community Health and Prevention
- ii. Environmental Health
- iii. Family Health
- iv. Infectious Diseases
- v. Local Health
- vi. Population Health Statistics and Surveillance

vii. Department of Public Health



viii. Contracts and Grants Management Section



VI. Staffing Resources and Responsibility

A. Structure and Roles

1. Contracts Section Staff

i. Overview

CGMS currently employs thirteen full time staff performing all their duties in support of contracting activities. There are two positions that are vacant yet important to ensure adequate functioning of the unit. Current staff have been, and continue to be, carrying significant and burdensome workloads as a result of these vacancies. Current CGMS staff hold the following State of Connecticut job titles:

- a. Office Assistant (OA)
- b. Administrative Assistant (AA)
- c. Fiscal Administrative Assistant (FAA)
- d. Fiscal Administrative Officer (FAO)
- e. Health Program Assistant 1 (HPA1)
- f. Health Program Assistant 2 (HPA2)
- g. Health Program Associate (HPA)
- h. Human Resource Specialist (HRS)
- i. Director of Program Monitoring & Fiscal Review (DPM&FR)

One of the current staff vacancies occurs within the Fiscal Administrative Officer job class. The second vacancy occurs within the Research Analyst job class. That position was responsible for maintaining and updating the CGMS contract data management system and generation of all statistical, status, financial, and management reports.

ii. CGMS Staff Length of Service

With only a couple of exceptions the CGMS staff have fairly similar longevity in the performance of contract related duties. Total length of State service displays more variance and trends toward longer longevity. Greater longevity performing contract related activities can indirectly reflect the level of competence and comfort performing such duties. Greater state service longevity can influence one's ability to understand the complexity of the state system and facilitate discovery of creative ways to work productively within that system. The following table lists the CGMS, Department, and total State longevity for each of the filled staff positions in CGMS:

<u>Employee</u>	<u>Occupational Group</u>	<u>Years of Service</u>		
		<u>CGMS</u>	<u>DPH</u>	<u>State</u>
Office Assistant	Clerical/Secretarial	6.4	10.3	16.7
Administrative Assistant	Clerical/Secretarial	17	3	20
Fiscal Administrative Assistant	Business Management	14	14	21.5
Fiscal Administrative Officer	Business Management	4	4	4
Fiscal Administrative Officer	Business Management	5	5	24
Fiscal Administrative Officer	Business Management	8	3.8	11.8
Health Program Assistant 1	Statistics/Research/Planning	7.1	7.1	7.1
Health Program Assistant 2	Statistics/Research/Planning	2.4	2.4	7
Health Program Associate	Statistics/Research/Planning	14	22.1	22.1
Health Program Associate	Statistics/Research/Planning	8	19	27
Health Program Associate	Statistics/Research/Planning	6.4	.5	6.9

<u>Employee</u>	<u>Occupational Group</u>	<u>Years of Service</u>		
		<u>CGMS</u>	<u>DPH</u>	<u>State</u>
Human Resource Specialist	Personnel	8	17.6	25.6
Director of Program Monitoring & Fiscal Review	Accounting/Auditing	7	17.5	24.5

iii. Contract Types and Staff Responsibilities

CGMS processes the following primary contract types:

- a. Purchase of Service Agreements (POS)
- b. Personal Service Agreements (PSA)
- c. Memorandums of Agreement (MOA)

Other types of Agreements are also processed but don't constitute a major percentage of the workload. An example of such an agreement is a Student Affiliation Agreement whereby a student of a particular curriculum is placed in the Department to gain exposure to and some experience with duties required of a target job class related to that curriculum.

Specific contract types are not assigned to designated staff members and there is no separation of processing into separate groups or units based on contract type. Contract responsibilities are assigned to staff based on program activity to allow the Contract Specialist to become familiar with normal program activities and needs. Any of the contract types may be managed by a Contract Specialist, as necessary, to satisfy programmatic requirements. There is no difference in how any of the contract types are processed or managed, however the different contract types do have different formats.

iv. Functional Duties of Contracts Section Staff

The Director of Program Monitoring & Fiscal Review Serves as the Section Chief for CGMS and directs/manages the operation of all contracting activities within the Section. With the exception of the Office Assistant and Administrative Assistant, who both perform administrative clerical and support functions, all of the remaining job classes within CGMS perform essentially the same functional job duties. Each CGMS staff person manages a mix of PSA, POS, and MOA contracts/agreements.

The CGMS staff are divided among two teams each with a designated Team Leader who provides guidance and assistance to team members. In addition to serving as a team resource, these individuals carry a full contract workload and perform duties identical to all other team members. Based on the detailed breakout of contract related functional activities identified in Subsection II above, the following table illustrates the functional activities performed by individual CGMS staff members:

<u>Job Duty/Activity</u>	<u>OA</u>	<u>AA</u>	<u>FAA</u>	<u>FAO</u>	<u>HPA1</u>	<u>HPA2</u>	<u>HPA</u>	<u>HRS</u>	<u>DPM & FR</u>
Liaison with External DAS, OPM, and/or OAG Concerning Contract Approvals	X	X	X	X	X	X	X	X	X
Liaison with Provider Concerning Contract Fiscal and/or Programmatic Issues			X	X	X	X	X	X	X
Entry/Update of Contract, Tracking, and Monitoring Information into Data System	X	X	X	X	X	X	X	X	
Provision of Internal RFP Guidance, Support, and Maintenance of Template Documents			X	X	X	X	X	X	X
Scope of Service Review/Finalization			X	X	X	X	X	X	X
Budget Review/Finalization			X	X	X	X	X	X	X
Receipt and Review of Budget Revision			X	X	X	X	X	X	

Job Duty/Activity	OA	AA	FAA	FAO	HPA1	HPA2	HPA	HRS	DPM & FR
Requests									
Review and Approve Budget Revision Requests			X	X	X	X	X	X	
Review/Approval of Request for Contract			X	X	X	X	X	X	
Creation of OPM Request for Contract			X	X	X	X	X	X	
Review/Approval/Submission of OPM Request				X			X		X
Assignment of Contract/RFP Number							X		
Assignment of Contract Staff							X		
Contract Assembly, Including Certifications, etc.			X	X	X	X	X	X	X
Final Review of Assembled Contract			X	X	X	X	X	X	X
Distribution and Facilitation of Contract for Provider Signature	X	X							
Distribution and Facilitation of Contract for Agency Signature	X	X	X	X	X	X	X	X	X
Distribution and Facilitation of Contract for OAG Signature	X	X							
Notification to Providers, Programs, and Fiscal of Contract Execution	X	X							
CORE-CT Contract Creation and Maintenance			X	X	X	X	X	X	
CORE-CT Contract Approval				X			X		
Receipt and Review of Financial Reports			X	X	X	X	X	X	
Review and Approval of Financial Reports			X	X	X	X	X	X	
Receipt of Provider Payment Requests			X	X	X	X	X	X	
Process and Approve Payment Requests			X	X	X	X	X	X	X
Determination of Refund Amounts			X	X	X	X	X	X	
Refund Collection and Processing			X	X	X	X	X	X	
Approval of State and Federal Single Audit Findings or Resolution of Audit Findings			X	X	X	X	X	X	X

2. Program Staff

i. Overview

The amount of contract related work performed in PRG sections varies depending on the status of the contract and/or the quality of services being provided by the contractor. On average however it is estimated that approximately 35 FTEs are utilized in all PRG sections combined to carry out activities associated with oversight and management of contracts.

The majority of PRG staff performing contract related activities are employed in the Health Program series of job titles. Titles within that series include:

- a. Health Program Assistant 1
- b. Health Program Assistant 2
- c. Health Program Associate
- d. Health Program Supervisor

Other job titles commonly held by individuals performing contract related activities include:

- a. Nurse Consultant
- b. Principle Healthcare Analyst
- c. Public Health Services Manager
- d. Supervising Nurse Consultant

ii. **Functional Duties of PRG Section Staff**

Functions of program staff, related to contract activities indicated in Section II.C.1., are listed below:

- a. Development and Submission of Federal Grant Applications
- b. Approval of Federal Grant Applications
- c. State Agency Notification of Funding Availability
- d. Spending Plan Development and Monitoring (State/Federal)
- e. Spending Plan Approval
- f. Allocation of Contract Funding
- g. Liaison with Provider Concerning Contract Fiscal and/or Programmatic Issues
- h. RFP Issuance, Evaluation, and Award
- i. Determination of Program Type and Scope
- j. Scope of Services Negotiation and Initial Development
- k. Budget Negotiation and Initial Development
- l. Budget Review/Finalization
- m. Receipt and Review of Budget Revision Requests
- n. Review and Approve Budget Revision Requests
- o. Initiation of Request for Contract
- p. Review/Approval of Request for Contract
- q. Creation of OPM Request for Contract
- r. Final Review of Assembled Contract
- s. Receipt Review and Approval of Programmatic Reports
- t. Program Site Monitoring
- u. Receipt and Review of Financial Reports
- v. Review and Approval of Financial Reports
- w. Process and Approve Payment Requests
- x. Approval of State and Federal Single Audit Findings or Resolution of Audit Findings

3. **Administrative and Fiscal Staff**

i. **Overview**

It is estimated that 7 ½ FTE's are allocated to contract duties from Administrative and Fiscal Sections of the Department. The job titles held by those individuals are typically in the Fiscal series and include:

- a. Accountant
- b. Accounts Examiner
- c. Associate Accounts Examiner
- d. Fiscal Administrative Assistant
- e. Fiscal Administrative Manager 1
- f. Fiscal Administrative Officer

ii. **Functional Duties of Administrative and Fiscal Staff**

Functions of Administrative and Fiscal staff, related to contract activities as indicated in Section II.C.1., are listed below:

- a. CORE-CT Purchase Order Creation and Maintenance

- b. CORE-CT Purchase Order Approval
- c. CORE-CT Payment Voucher Creation/Release
- d. Review and Approval of Financial Reports
- e. Receipt of Provider Payment Requests
- f. Process and Approve Payment Requests
- g. Determination of Refund Amounts
- h. Refund Collection and Processing
- i. Provision of Contract Data for Independent Auditors
- j. Receipt and Review of State and Federal Single Audits
- k. Approval of State and Federal Single Audit Findings or Resolution of Audit Findings

4. **Regional Offices**

The Department of Public Health does not include any Regional Offices.

5. **Other Involved Staff**

There is no regular involvement by other Department staff related to contract activities. On rare occasions CGMS may seek advice from the Department's Legal Office concerning a contract issue however that is rare.

The following table illustrates the full time equivalent staff time expenditure on activities beginning after contract request by all units external to CGMS:

Activity	FTE Effort per External Unit				
	FO-B	PRG	FO-FR	FO-P	FO-AP
Liaison with Provider Concerning Contract Fiscal and/or Programmatic Issues		2.5			
RFP Issuance, Evaluation, and Award		2			
Determination of Program Type and Scope		.5			
Scope of Services Negotiation and Initial Development		2			
Budget Negotiation and Initial Development		2			
Budget Review/Finalization		1.5			
Receipt and Review of Budget Revision Requests		1			
Review and Approve Budget Revision Requests		.5			
Initiation of Request for Contract		1			
Review/Approval of Request for Contract	2	.5			
Creation of OPM Request for Contract		.9			
Final Review of Assembled Contract		.5			
CORE-CT Purchase Order Creation and Maintenance				.6	
CORE-CT Purchase Order Approval				.1	
CORE-CT Payment Voucher Creation/Release					.8
Receipt Review and Approval of Programmatic Reports		4			
Program Site Monitoring		4.5			
Receipt and Review of Financial Reports		2.5			
Review and Approval of Financial Reports		1.5	.6		
Process and Approve Payment Requests		.5			
Determination of Refund Amounts			.4		
Provision of Contract Data for Independent Auditors			.1		
Receipt and Review of State and Federal Single Audits			.7		
Approval of State and Federal Single Audit Findings or Resolution of Audit Findings		.1	.2		
TOTAL	2	28	2	.7	.8

6. **Office of Policy and Management (OPM)**

i. Overview

The Department adheres to the same requirements as other Human Service Agencies concerning OPM approval of Contract requests. A description of services, contract amount, funding information, identification of need, and justification for the requested action is submitted to OPM for all POS and PSA contracts greater than \$20,000 or more than one year in duration. The requests for contract approval are submitted via the electronic PSA/POS Request Website (System) and include the following request types:

a. Request for establishment of a competitive contract (Request for Proposal or RFP)

Requests in this category are submitted when the Department wishes to conduct an RFP process to competitively award a contract for specified services. This process requires submission of detailed service proposals by interested providers/contractors, formal proposal evaluation by the Department, and final negotiation of services and cost between the Department and proposing provider.

b. Request for waiver from competitive procurement

Requests in this category are submitted when appropriate conditions exist for the Department to require a contract without engaging in a competitive process. Such conditions include, but are not limited to:

- 1) Procurement of services for which there is no competing provider in the geographical area.
- 2) Procurement of services from another governmental agency such as a Connecticut municipality.
- 3) Procurement of proprietary services.
- 4) Procurement of services where a cost penalty would be incurred as a result of competition. Examples of this situation include instances where a particular contractor has provided previous related services for the Department, which can be expanded upon, developed further, or where the costs of advertising, issuing, reviewing and awarding a contract are significant relative to the amount of funding being awarded.

c. Request for non-competitive contract award

Requests in this category are submitted when the Department has conducted a competitive process to award a contract but less than three qualifying proposals were received and it is necessary or appropriate to award the contract to one of the initial proposers.

ii. Additional Contract Planning Interaction

In addition to submission of individual contract requests to OPM for approval, the Department performs the following activities associated with the approval process and submits the resulting products to OPM.

- a. On a periodic basis the Department prepares a POS Procurement Plan covering a defined period of time into the future. The Plan includes a narrative description of the goals, objectives, and processes governing the Department's procurement of human services. It also includes the criteria for which individual program groups should be considered eligible for exemption from competitive procurement. A final component of the Plan is a re-procurement schedule listing those program groups considered exempt from competitive procurement and indicating the proposed dates for the next re-procurement of competitive program contracts.
- b. For each SID used by the Department, the Fiscal Office maintains an accounting of funds available, committed, and remaining balance i.e., a spending plan. The

accounting includes all contracts that are using such funds, listed by contract number and contractor name. For State SIDs the Department submits the individual accounting spreadsheets to the Department's OPM Budget Analyst on a periodic basis, usually monthly or when updated.

iii. Communication and Interaction

The Department has a good working relationship with OPM. Typically, communication concerning contract approval takes place between the Department's Chief of Contracts and Grants Management and the OPM Budget Analyst or OPM's Executive Financial Officer. There are occasions, though when the Budget Analyst may communicate directly with a PRG contact to resolve a question concerning PRG operations or administration.

7. **Office of Attorney General (OAG)**

i. Overview

The Department adheres to the same requirements as other Human Service Agencies concerning OAG approval of Contract requests. All POS and PSA contracts greater than \$3,000 that are not executed on a preapproved template are submitted to the OAG to be reviewed and approved. The review is intended to focus on contract form and legal sufficiency.

Contracts are submitted for review/approval in hardcopy original form with original signatures, per OAG requirements. Each submitted contract is accompanied by a detailed review checklist completed by the CGMS that indicates inclusion and location within the contract document of each required clause or component.

ii. Communication and Interaction

Communication concerning contract review approval takes place primarily between the Department's Contract Specialist or clerical staff and one of the two assigned Paralegals at the OAG. For more significant issues communication takes place between the Department's Chief of Contracts and Grants Management and the assigned Assistant Attorney General (AAG).

The OAG reviews strictly based upon verbiage without consideration of business concerns or requirements. There are also occasions in which the Department feels the OAG findings exceed its level of authority. There are therefore occasions when the Department disagrees with OAG determinations, but is overruled, and these events can strain the relationship between the two entities.

B. Professional Development and Guidance

1. **Internal - Agency**

i. Subject Matter Training

- a. Formal conference style training is provided to internal staff, when required by changed policies/procedures or when specific deficiencies become prevalent. This normally occurs a couple of times annually. Training is provided to CGMS staff as necessary (mostly for newly hired staff, policy changes, noted deficiencies) in a more informal fashion. The CGMS specific training may be conducted as part of normally scheduled Section meetings or in separately scheduled sessions depending on the need.
- b. All CGMS staff have received hands CORE-CT training in the data entry and use of the Contract Management module. Additionally some staff have received informal training concerning payment inquiries in the Procurement module. Others have

received training in the eProcurement module concerning requisition entry and management. Only the CGMS Section Chief has received training in generation of custom reports using the EPM Reporting Tool.

All CGMS staff are able to work productively in CORE-CT to complete their work duties. Each individual's level of proficiency and ability to troubleshoot or problem solve in CORE-CT, however, is closely tied to such individual's general computer knowledge, skills, and proficiency.

- c. CGMS has traditionally provided training across Section or Unit boundaries in various formats. One format, know as Town Hall Meetings, has been used to address knowledge needs of the entire Department and has always been open to everyone. These types of training sessions typically focus on a high level understanding of processes and procedures or allow the conveyance of procedural or policies changes.

More focused formal trainings sessions on relevant topics are also held. These are targeted to the specific units that can benefit from the training. These training sessions normally address high profile problem areas with the goal of correcting performance deficiencies.

ii. Agency Knowledge

Knowledge of the work performed in other units varies by staff member. CGMS staff are assigned to contracts by program group and therefore, over time, develop a fairly good understanding of how their supported programs operate and what is required. Most CGMS staff also have a fairly good understanding of how the Fiscal Office functions are performed and how the processing done in each Section complements efforts of the other.

Most program staff, responsible for contracting, also have a very good understanding of contract processing and monitoring requirements. They also have a good understanding of the fiscal requirements associated with contract execution and monitoring. Fiscal Office staff, however, are more focused on their specific tasks and have a more limited understanding of the overall contract process or of program level activities undertaken to administer and monitor a contractually established health program.

Overall, the biggest area of confusion concerning shared responsibilities arises from the way contract responsibilities have been divided in the past and the multiple levels of review required by that division. Staff are often not clear which unit holds responsibility for which areas of the contract process, specifically when reviewing periodic reports.

iii. Published Material and Aids

CGMS uses some printed and electronic aids to support and assist with the processing of contracts and training of staff members. These aids are:

- a. Checklists – various checklist are used during different stages of the contract process to provide guidance concerning what must be included or what must be reviewed.
- b. Guides and/or Cheat Sheets – several informative guides and “Cheat Sheets” have been developed over time to provide guidance. Guides are typically larger, more detailed, documents describing requirements, procedures, and processes while a “Cheat Sheet” is typically a simple one page reminder of process steps or organizational requirements.
- c. Flow Charts – Both high level and detailed process flow charts exist to provide process assistance. Some of the flow charts are designed to include informative

instruction regarding when and how individual steps are required and the amount of time required for each process step.

- d. Automated Workflow Assistance – CGMS uses software automation to assemble contract packages. That software guides the user to proper processing of a contract package and ensures inclusion of all required attachments, certifications, and affidavits through use of an on-line interview format that queries the user in a context sensitive manner.
 - e. Procedure Manuals – CGMS does have two versions of Procedure manuals. One version is outdated, not having been updated or maintained faithfully. The second was developed in recent years, however, because of the continual changes to the process in recent years and the Department's difficulty in maintaining currency with the prior manual, this newer manual was created as a more high level view rather than covering the process in extreme detail.
2. **External – Providers**
- i. Formal conference style training is offered to provider staff when required by changed policies/procedures or when specific deficiencies become apparent. Most of the performance deficiencies encountered exist with budget preparation and periodic reporting required by contracts. Therefore, to date, most training initiatives have focused on those topics in addition to providing detailed review of new procedures. In the most recently completed fiscal period two such sessions, of two hours each, were provided.

When training is conducted for providers, attendance by Department employees is also encouraged to help ensure that both internal staff and providers are exposed to the same information in the same manner and have an opportunity to become acquainted with each other. This shared training seems to help the Department's staff work more productively with providers. Because there are always individuals that cannot attend, due to schedule conflicts, the Department sometimes records the sessions and places them on the Department's web based training course system, TRAIN CT. TRAIN CT is part of TrainingFinder - Real-time Affiliate Integrated Network for public health training course content and registration nationwide.
 - ii. In addition to formal training initiatives, the Department:
 - a. Invites provider representatives on-site for on-on-one assistance, guidance, and training when a provider is struggling with a particular process or aspect of contracting.
 - b. Occasionally includes provider representatives in internal process improvement discussions when the subject material impacts the providers. In these instances the providers work directly with Department staff as part of the team to identify problems and propose solutions.

VII. Contracting Process

A. Service Need Determination

The majority of Department services are provided due to federal and/or state mandate, which makes service planning/development unnecessary. For programs that are not mandated, the Department utilizes a formal planning process typically involving statewide stakeholder committees and formally developed planning documents to determine service needs.

For these programs, the PRG sections work with the Commissioner's Office, Community Partners, other state and local collaborators, and providers to determine service needs that are

not mandated and develop service provision plans. The sources of information used to facilitate compilation of such plans typically include:

- unit needs assessments
- statistical reports
- program reports
- identified national trends
- emerging best practices.

B. Funding Allotments

Notice of funding availability is received directly by the Fiscal Office as a result of the normal state budget process for all state funds (SIDs). For federal funds (SIDs) the notice of grant award and therefore funding is provided directly to PRG staff by the federal funding authority. Once such federal award notice is received, the PRG Sections transmit that information to the Fiscal Office.

CGMS plays no part in the determination of funding and is not directly notified. CGMS does however obtain indirect advance knowledge of state funding that is available through its normal involvement with the Department's budget process and the routine budget approval notifications distributed by the Fiscal Office.

The Department's Fiscal Office Budget Unit maintains Spending Plan information for all SIDs used by the Department. The total funds available for each SID are updated by the Fiscal Office Accountant on an Excel Spreadsheet upon budget approval for state funds, and upon notification from the Programs for federal funds. All contract funding determinations and allocations, however, are made by the Department's PRG Sections, which determine how much funding is to be allocated for each contract.

After PRG Sections have verified funding availability and allocated funding, a DPH Agreement Request (DAR) Form is completed by PRG sections for each contract and sent (hardcopy, signed by PRG Section Chief) to the CGMS central inbox. The DAR is a document to originate an RFP or contract request and provides both CGMS and the Fiscal Office with the description of services, all appropriate contractor and contact information, fiscal considerations for the contract, funding streams, justification, and when appropriate the statutory authority. CGMS uses this document to initiate all contract activities.

The DAR is forwarded by CGMS to the Fiscal Office and associated accountant for review. The accountant's review considers the availability of funds and, once reviewed/approved, the accountant adds the contract information and funding information to the appropriate Spending Plan as a commitment. These Spending plans are continually updated by the Fiscal Office Accountant with each contract request submitted by PRG sections. The Department is currently reviewing the data submitted on the DARs with the objective of converting the document to an electronic process.

Allocations of funding determined by PRG staff, which ultimately get reflected on the Spending Plan, are approved by the PRG Section Chief at the time the original allocation plan is developed and again when a DAR for each individual contract is created. Fiscal Office accountants do not formally approve Spending Plans, however, they monitor and approve individual commitments against the Plan and the accountant will not approve a contract that will over-expend the fund.

Spending Plans for state funds (SIDs) are submitted to the OPM Budget Analyst periodically as they change or as requested by OPM. Spending Plans for some programs also require legislative approval and this also applies to some federal Spending Plans such as the Federal Maternal and Child Health Block Grant. Development and maintenance of Spending Plans for

fiscal periods beyond the current one are not contingent upon approval of a state budget or federal grant award. All contracts and RFPs issued by the Department contain language allowing cancellation and/or amendment of the contract based on availability of funding, therefore on-going level funding is assumed unless funding levels are otherwise known.

The Department only funds program services via its POS contracts, not infrastructure, and utilizes multiple state and federal funding streams (SIDs) for contracting as indicated in the following table:

State SIDs	Federal SIDs	Total SIDs
14	39	53

Any infrastructure funding is granted to eligible contractors through the use of bond funds and the review and approval of such funding allocations is done by the State Bond Commission.

C. Contract Approval and Initiation

1. Internal

As identified in the prior Section a DAR is used as the internal document to request initiation of a contract or RFP, approval of funding, and provide information needed to submit a request to OPM for contract approval. DARs are sent from PRG sections to the CGMS inbox and are then processed as follows:

- i. CGMS clerical staff log submission of the DAR and forward to the assigned Contract Specialist.
- ii. The Contract Specialist reviews the DAR for accuracy, completion, correctness of funding and submits the original hardcopy to the Fiscal Office Budget unit for review/approval.
- iii. The Fiscal Office Budget unit accountant reviews the DAR to verify appropriate coding, availability of funds, and correlation to spending plan activities, approves the DAR and forwards it to the Chief Fiscal Officer (CFO) for review/approval.
- iv. The CFO reviews for consistency with overall agency objectives, approves, and returns the original hardcopy to the CGMS inbox.
- v. CGMS clerical staff log the DAR as returned and forward it to the designated Contract Specialist for further contract processing.

2. External

In addition to the above review and approval process, any POS or PSA contract exceeding \$20,000 or one year in duration is submitted to OPM for approval as indicated in Section III and as follows:

- i. The Contract Specialist initiates an electronic OPM request in the PSA/POS Contract Request System by completing the default information concerning contractor, contract funding, and contract history then notifies the responsible PRG contact via e-mail that the OPM request is ready for completion.
- ii. The PRG contact completes the Description of Services, Need for Contract, and Justification for Requested Action i.e. Waiver of Competitive Solicitation (if appropriate) sections of the request and notifies the Section Director or Chief that the request is ready for review and PRG approval.
- iii. The PRG Section Chief reviews/approves the electronic request and facilitates any modifications that may be necessary and notifies the PRG contact when approved.
- iv. The PRG contact then notifies the CGMS Contract Specialist via e-mail that the request is complete and ready for submission to OPM.

- v. The CGMS Contract Specialist reviews the completed and approved request and, if acceptable, notifies the Chief of CGMS that it is ready for submission to OPM. If the Contract Specialist finds that the request is inadequate the PRG contact is asked to make modifications to the request.
- vi. The Chief of CGMS reviews the request and, if acceptable, submits the request to OPM for consideration. If the Chief of CGMS finds that the request is inadequate, the request is either modified directly by the Chief or the Contract Specialist is notified to work with the PRG contact to modify the request.

3. **Approval Logistics**

Contract work does take place concurrent with the approval process. For example, CGMS and PRG staff are working on the OPM request while the DAR form is being reviewed and approved internally. PRG and CGMS staff also work with the provider on budget and scope of work development prior to having received final contract approval. The resulting contract will not be sent to the contractor though until OPM approval has been received. The entire internal and external contract approval process normally is completed within a three week period with the internal DAR review and approval process rarely taking more than four days.

D. Human Service Budget Development

1. **Initial Budget**

Human service annual contract allocation amounts are determined solely by PRG staff and not subject to negotiation. Contract budgetary line item negotiation and development is overseen by the Department's PRG staff. PRG staff begin working with providers to develop contract budgets once they have approval for the funding to be allocated. When finalized, budgetary amounts are approved by PRG staff and the budget is forwarded electronically to the CGMS Contract Specialist for final review (as to consistency, accuracy, conformance with OPM Cost Standards). If the CGMS Contract Specialist notes any problem or deficiency with the budget the PRG section is consulted to resolve the deficiency. Provider involvement is generally required to achieve resolution and this additional negotiation takes place between the PRG section and the provider. Neither CGMS nor the Fiscal Office provide a formal approval of the provider budget, however CGMS will not process a contract with a budget that includes unallowable items, is inaccurate, or violates the OPM Cost Standards.

The majority of contract budgets are multi-year and some of the contracts involve multiple programs. The Department requires individual budget delineation for each program within a contract and for each SID within a program. Therefore contract budget pages routinely contain multiple, separate budgets for each program. Although these budgets may be presented in a columnar format and appear as a single budget, each column is considered a separate budget and must be reported on separately. Budgets are initially submitted to detail the first year of funding with following years requested using the same initially proposed budget. The budget negotiation and approval process typically involves no more than two weeks of staff time, however, there may be delays awaiting compilation of agreed upon budgetary amounts into an acceptable budget format by the provider.

2. **Budget Revisions**

Providers may reallocate funds during the term of the contract if necessary and this is addressed through processing of a Budget Revision Request. A Budget Revision Request does not allow the movement of funds between contract funding periods nor between different budgets within a contract but does allow allocated funding to be moved between line-items of an individual budget.

A Budget Revision Request must be submitted in hard-copy with an original signature by the provider. The Budget Revision Request is submitted on a standard form created and maintained by CGMS and is initially approved and reviewed by the PRG. Once approved, it is forwarded to CGMS for review (as to consistency, accuracy, conformance with OPM Cost Standards) and if acceptable is signed and dated by the CGMS Contract Specialist. The Contract Specialist incorporates the new budgetary figures into the contract and sends a notification of acceptance/approval to the provider via e-mail. It is normal for most contracts to receive at least one Budget Revision Request per funding period. This is especially true for multi-year contracts where the original budget projections were made more than a year in the past.

E. Scope of Services Development

1. Organizational Responsibilities and Process

For a contract in which there is no pre-developed standard scope-of-service template, the Department's PRG sections initially develop one via reference to a provider's RFP proposal and/or through interaction with the provider. Once a scope-of-service is finalized by the PRG section it is sent electronically via e-mail to CGMS.

CGMS reviews the scope-of-service to ensure that it includes all required components such as summary of services to be provided, detailed description of services, deliverables, reporting requirements, and payment terms/conditions. It is also reviewed for clarity, conciseness, continuity with the contract budget, and conformance with OAG requirements for contract terminology.

If revisions are necessary to remedy deficiencies in any of these areas CGMS either recommends the appropriate revision or works directly with the PRG section to have the scope-of-service modified. The development of a new scope-of-service is usually completed within a month, if not less.

2. Consolidated Contracts

i. Overview

The Department has had mixed results in the past with attempts to consolidate contracts. Consolidation is the inclusion of multiple programs into a single contract. As a result of recent initiatives to reduce paperwork and the administrative burden imposed by contracting, the Department is now taking a renewed interest in consolidating contract programs. The following table provides a recent profile of the Department's contracts:

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Number of Contracts	-	253	281
Number of Providers	-	142	147
Average # Contracts / Provider		1.8	1.9
# Contractors w/one Contract		91	81
# Contractors w/two Contracts		20	39
# Contractors w/three Contracts		31	27
Single Year, Single Program	68	46	44*
Single Year, Multi-Program	0	0	0*
Multi-Year, Single Program	165	12	218*
Multi-Year, Multi-Program	16	0	19*

Note: After analysis of how previously reported data has been represented it became clear that the data wasn't representing what it was intended to represent. Consistent with instructions received, 2010 and 2011 data for numbers of single and/or multi-program contracts per period were based on the number newly executed during that

time frame. For 2012 the numbers of in place contracts within each category are represented. This representation gives a better view of what amount of contract consolidation exists within the Department. It also allows the total of all the categories to equal the total number of contracts in place.

ii. Consolidation Problems

The Department has some unique situations that make contract consolidation difficult as follows:

- a. Unlike some agencies, the programs and services for which DPH issues contracts differ greatly in services, deliverables, performance measures, and outcomes. These differences make it difficult to issue a consolidated contract with a single set of identified service requirements, deliverables, and/or reporting requirements.
- b. DPH has multiple federal funding streams used to fund contracts, and federal grant periods are not consistent. Also the federal funding is often combined with state funding on the same contract. Consolidation is difficult unless funding periods coincide for the following reasons:
 - 1) Multiple funding and/or performance periods combined on a single contract will make the contract confusing and difficult to manage because individual Programs contained in the contract will expire and require renewal at different times. There will be no overall single budgetary period of performance for the entire contract.
 - 2) With varying funding periods combined into a single contract, individual Program component funding will expire at differing times and because funding is not available and cannot be used for expenditures beyond the funding period end. Management of payments is then burdensome to ensure that services paid for during a particular funding period coincide with the services provided during that period rather than with the contract period.
- c. Separate program components are managed by different staff. Consolidating contracts requires increased coordination between these staff, many of whom have little or no understanding of the needs of other programs included in the consolidated contract. There will be neither a single PRG contract nor a single CGMS Contract Specialist assigned. Multiple PRG and CGMS contacts for each contract will add an additional level of complexity, and potential confusion, to contract management for both the Department and contractors.

iii. Improvement Initiatives

Despite these problems the Department is implementing the following improvement initiatives to assist with efforts at contract consolidation.

- a. CGMS is planning to modify its data management system to allow generation of fund reports grouped by funding period and sorted within groups by contractor then by contract number. This report when available to CGMS and program staff as a planning resource, will assist with efforts to consolidate contracts with coincident funding periods.
- b. CGMS is planning to modify its data management system to support querying of contracts having coincident funding periods already held by a particular contractor when requests for new contracts are received.
- c. CGMS has begun reviewing existing contracts held by a particular provider when a request is received to establish a new contract with that same provider. Rather than issue a new contract the Department will then add the new program as an additional component on an the existing contract if possible.

3. Standard Contract Templates

More than half of the Department's contract scopes-of-service are covered by pre-determined descriptions of services, deliverables, and required reporting and maintained as pre-formatted templates. These require no negotiation or special attention other than a periodic review to ensure that all of the conditions and requirements listed on the pre-approved template continue to adequately support program needs over time.

To facilitate review and approval of contracts using these pre-approved templates, the Department has entered into an MOA with the OAG. This MOA includes a complete list of these templates and specifies that the Department may directly execute any contract developed using such template, and the OAG review of such contract is waived, if the contract language does not vary from that of the approved template.

All templates included on this MOA have been fully reviewed and approved by the OAG in the same manner that a normal contract would be reviewed and approved, prior to inclusion on the MOA. The following table illustrates the number of contracts with OAG review waived vs. not waived in accordance with the MOA:

Non-Waived Scores	Waived Scores
13	18

Waived templates are initiated and reviewed in the same manner as any other template. Once finalized internally the template is then submitted to the OAG along with a request to be reviewed for inclusion as a waiver template on the MOA. The OAG reviews the template and may require changes to the language. Any required changes would be completed by CGMS and/or the PRG section. Currently the OAG requires the Department to review and/or update the templates and renew the MOA every 2 years even if DPH verifies that no revision is needed.

F. Contract Assembly

1. Overview

Contract assembly is performed entirely within CGMS by the Contract Specialist. The Department uses HOTdocs document assembly software to assist with the process. HOTdocs allows the incorporation of business rules into the various contract documents to ensure consistency and compliance with policies and procedures applicable to particular contract types and funding variables. Within HOTdocs the Contract Specialist steps through an interview process and enters answers to questions about the contractor, contact people, funding sources and amounts, contract terms, and all other relevant information. Once the interview is completed, the software generates a Microsoft Word contract package. The Contract Specialist must only insert the separately created contract budget into the contract package in the appropriate place to complete the package.

2. Contract Package Components

The completed contract package contains:

- i. Cover letter
- ii. Provider contract execution checklist
- iii. POS Contract Part I, including:
 - a. Generic Agency Terms/Conditions
 - b. For each included program:
 - 1) Scope-of-Service
 - 2) Outcomes/Measures

- 3) Reporting schedules
- 4) Payment, terms and schedule
- 5) Budget

Note: These are standard POS Part I items required in all contracts regardless of dollar value. The Department does not include in Part I any informational or additional items.

iv. POS Part II (Standard Terms and Conditions)

v. Attachments, including:

- a. Required forms
- b. Certifications
- c. Affidavits
- d. Informational documents

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	State funding in excess of \$50,000
OPM Form 3 (Agency Certification)**	X		X	State funding in excess of \$50,000
OPM Form 5 (Consulting Affidavit)	X		X	State funding in excess of \$50,000
OPM Form C (Nondiscrimination Cert)	X		X	State funding in excess of \$50,000
CO-17 Payment Invoices	X		X	Required for fee for service contracts
Deficit Reduction Act Statement	X			Any amount of federal funding
CHRO Compliance Statement	X			Required for all contracts
Workforce Analysis	X		X	Required for all contracts
Federal Anti-Lobbying Form	X		X	Any amount of federal funding
Subcontractor Listing	X			Included w/budget if subcontractors
Insurance Certificate	X			Required annually of all contractors
Cost Allocation Plan		X		Required if A&G is questionable

** This form is an internal form and does not leave the Department. It requires Department signature but not contractor signature.

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 is reviewed by the CGMS Contract Specialist and then forwarded electronically via e-mail by the Contract Specialist to the PRG contact for review and approval. The PRG contact reviews the completed contract to ensure that the program requirements, deliverables, reporting requirements, payment terms, and budget are accurately represented in the final contract.

If the PRG contact indicates that the contract is correct and acceptable the Contract Specialist initiates the contract signature/execution process, which proceeds as follows:

- a. The CGMS Contract Specialist sends an e-mail to the CGMS administrative support individual with the contract number and contractor name and requests that the contract be sent to the provider for signature.
- b. The CGMS administrative support individual accesses the contract file, compiled in Microsoft Word, on the shared network file system and converts the file into an Adobe Acrobat file to prevent it from being altered by the provider.
- c. The cover letter generated as part of the contract package by HOTdocs, includes the provider's contact person name and e-mail address. The administrative support individual uses this information to send the contract package via e-mail, as an attachment, to the provider contact and requests a confirmation of receipt via return e-mail.
- d. The CGMS administrative support individual logs the date sent into the CGMS data management system.
- e. The provider contact, after acknowledging receipt of the contract package, prints the contract package and secures all necessary signatures on the contract document and all required forms, certifications, and affidavits.
- f. The provider contact then has the original signed contract documents returned to the Department via U.S. Mail, overnight delivery, or courier.

The signed contract documents received from the provider are processed for signature by the Department as follows:

- a. The CGMS administrative support individual date stamps the contract documents, logs receipt in the data management system, and forwards the original signed hardcopy to the CGMS Contracts Specialist.
- b. The CGMS Contract Specialist reviews the contract documents to ensure that all required documents are signed, dated, completed accurately, and that all required forms have been received.
- c. The CGMS Contract Specialist uses HOTdocs again to generate a customized copy of the OAG required contract review checklist and attaches the checklist at the top of the contract package with the contract and all required approvals, forms, and other documents following.
- d. The CGMS Contract Specialist submits the contract package to a CGMS teammate, who has been pre-designated, for a contract package peer review.
- e. The designated teammate reviews the entire contract package to ensure that all required documents are properly signed and dated, the OAG checklist has been properly completed, that all required forms are included, and that all required approvals are attached.
- f. The designated reviewer signs the OAG checklist and submits the contract package to either the Chief of CGMS or one of the two CGMS Team Leads for review.
- g. The Chief of CGMS, or Team Lead, reviews the contract package focusing primarily on appropriateness and legal sufficiency of the contract language, acceptability of budgetary line items and clarity of the contract requirements.
- h. The Chief of CGMS, or Team Lead, submits the contract package to the administrative support individual for further processing, which includes scanning a complete copy of the entire contract package and storing it on the Departments network file system, logging the contract as sent to the Office of the Commissioner (OOC) for signature, and submitting the contract to the OOC for signature. All

contracts over \$500,000 are routed to the Commissioner of the Department for signature while those under that threshold are routed to the Deputy Commissioner for signature.

- i. The Commissioner or Deputy Commissioner reviews the contract for consistency with Department objectives and signs (approves) the contract if no problems are identified. The OOC returns the signed contract to CGMS
- j. The CGMS administrative support individual logs the contract in the CGMS data system as being received back from the OOC and:
 - 1) If the contract requires OAG review and approval:
 - A) Scans the signature page of the contract.
 - B) Logs the contract in the CGMS data system as sent to the OAG for approval.
 - C) Sends the original signed contract to the OAG via courier for review and signature (approval).
 - D) Receives the signed, fully executed contract back from the OAG via courier.
 - 2) If the contract does not require OAG approval or upon approval and return from the OAG as above:
 - A) Logs the contract as fully executed in the CGMS data system.
 - B) Uses HOTDocs to generate a customized contract specific cover letter for the provider notifying of contract execution.
 - C) Secures the CGMS Contract Specialist signature on the cover letter.
 - D) Scans the executed contract document and cover letter into an Adobe Acrobat document to prevent alteration and stores it on the Department's computer network shared file system.
 - E) Makes a copy of the contract and forwards to the CGMS Contract Specialist to maintain in the contract financial file.
 - F) Sends the contract and cover letter via e-mail to the provider contact and the Department's PRG contact.
 - G) Sends a hard copy of the contract to the Departments Accounts Payable Department.
 - H) Organizes all original documents into the paper contract file and stores in the CGMS files.

It typically takes six to seven weeks from the time that a contract is sent to a provider to the time it is received back from the OAG and is fully executed as illustrated in the following table:

<u>From Provider</u>	<u>Internal Signature</u>	<u>OAG Signature</u>
2 weeks	1 Week	3 weeks

The amount of time required however is very dependent on how quickly the contract is received back from the provider and that time can greatly exceed the amount listed above if the provider needs to coordinate governing board approval for the contract or if any individual required for contract signature is not available.

- ii. Contract Record Storage
 - a. Hardcopy

Contracts are maintained internally in both electronic and paper format. For each contract a hardcopy contract file is maintained in which all contract origination, approval, communication, and processing documents are maintained along with the contract itself. A hardcopy financial file is also maintained with the Contract Specialist and includes all financial information such as budgets, budget revisions, provider submitted expenditure reports, payment records, refund records, and financial communications. A third hardcopy file is maintained to include only provider submitted program reports.

Separating the financial and program information allows easier access to required information and allows for maintenance of currently in use information, such as financial information, with the Contract Specialist for the life of the contract. All hardcopy records are maintained on site in accordance with the State Library record retention requirements and schedules.

b. Electronic

Contract documents are stored electronically in multiple formats and in multiple locations. All contract documents created by CGMS are maintained in both Microsoft Word and Adobe Acrobat format on the computer network shared file system accessible to all CGMS employees. The files are used as a reference by all CGMS staff and some are used as source files to produce modified contract documents.

Contract files are also stored in Adobe Acrobat format in the final state on the Department's computer network in a shared file area accessible to the entire agency. These files are maintained as a backup to the paper files and to allow access by any Department employee as necessary.

2. **External – Office of Attorney General**

As previously indicated any contract with an amount greater than \$3000 is sent to the OAG for review/approval unless that contract is executed on a standard template that has been reviewed/approved previously by the OAG and is included on the Department's Waiver MOA with the OAG. The OAG only accepts original hardcopies of contracts submitted for review in accordance with this requirement and those hardcopies are submitted via courier.

Contracts submitted to the OAG are initially reviewed by a Paralegal to ensure that all required contract components, forms, certifications, and affidavits have been properly executed and are included. The contract is then submitted to the designated AAG who does an extensive review of the contract language for consistency, adequacy, and legal sufficiency. The review often exceeds those standards and includes aspects such as writing style, grammar, and opinions regarding the appropriateness of awarding funding, and funding amounts for the contract services. These review determinations may contrast with Department opinions and sometimes be perceived as beyond the OAG's allowable scope of review.

Contracts under \$100,000 may be approved directly by the designated AAG if the contract is considered acceptable, are signed by the AAG, and considered executed. For all contracts in excess of \$100,000 for which the AAG recommends approval, the contract is submitted to the Associate Attorney General with a recommendation for approval. These contracts are signed by the Associate Attorney General and are then considered executed. All approved and executed contracts are returned in original hardcopy form to the Department via courier. Normally, contracts are returned to the Department executed within three weeks after leaving the Department.

In the event the AAG finds something objectionable about a submitted contract, the paralegal returns the original hardcopy of the contract to the Department with a cover letter describing the fault(s) and requesting correction and resubmission for review. CGMS

reviews the AAG list of faults with the PRG contact, if necessary, and completes appropriate corrections to the contract language. Per the OAG requirements any contract page containing corrected/changed text is sent to the provider (this is done electronically via e-mail) with an appropriate space for the provider's authorized signatory to initial and date the correction.

The initialed and dated pages are then returned to the Department via U.S. mail, overnight delivery, or courier. The corrected pages must then be initialed and dated by the Department's Commissioner or Deputy Commissioner in the same manner as was used for the initial signature process. The corrected pages are then inserted into the contract and resubmitted to the OAG for re-review and approval.

3. **Contract Execution Timelines and Timeliness**

i. Overview

CGMS requests a four month lead time between receipt of a DAR and the requested contract start date to allow adequate time to process all approvals, negotiate budgetary and service requirements with the provider, draft appropriate contract language, and execute the contract. It is very common however for CGMS to receive contract requests with significantly less lead time. Some common reasons for late contract requests include, but are not limited to:

- a. Notification of grant awards from the funding authority not received more than a few weeks prior to the required service period.
- b. Uncertainty of funding continuation or funding amount.
- c. Untimely response from providers after request for budgetary information or programmatic capabilities.
- d. Competing demands on both CGMS and program staff.

These difficulties have resulted in the Department not having a good record of achieving contract execution in a timely manner.

ii. Improvement Initiatives

As with consolidation of multiple programs into single contracts the Department is placing an enhanced emphasis on achieving more timely execution of contracts. Following are the improvements that are being implemented improve the timeliness of contract execution:

- a. CGMS is revisiting and reviewing the contract process flow from contract initiation to contract execution to verify and/or identify steps in the process that do not add value or have long lead-times, using appropriate process improvement methods where appropriate.
- b. CGMS and PRG staff have begun working together jointly on tasks required for contract execution. Rather than have individual tasks assigned as responsibilities of one unit, the goal is to have all of the tasks considered joint responsibilities and expedite completion of such tasks through collaboration and teamwork.
- c. CGMS has instituted a notification/review process for any contract expiring within five months, for which CGMS has not received a renewal DPH Agreement Request (DAR) form. As a result of that review, CGMS sends notification to the appropriate PRG section and related manager informing of the need for submission of a continuation DAR if contractual services are required or expected to continue.
- d. CGMS and the PRG staff are working to implement a change in processing steps whereby program staff complete the OPM contract approval request information in

conjunction with development of the DAR and prior to submission of the contract request to CGMS.

- e. The Department has reinforced with staff that contract continuation shall be requested, at anticipated or level funding, even if notice of award or continued funding has not yet been received.

The following table illustrates the timeliness of contract execution over the past several years. The improvement efforts described above have been implemented during the last year and there is an indication that the timeliness of contract execution is improving.

	2010		2011		2012	
	New/Renewed	Amended	New/Renewed	Amended	New/Renewed	Amended
Number of Contracts	249	54	58	0	95	75
Exe. > 15 days prior to start	6	1	0	0	5	38
Exe. < 15 days prior to start	5	0	3	0	5	37
Exe. > start and < 30 days after	26	5	24	0	33	0
Exe. > 30 days after start	212	48	31	0	52	0

H. Contract Service Implementation

Any new program implemented by the Department, via contract, is implemented by the Department's PRG Sections. For such programs, providers are required to submit an implementation plan to the PRG Section. The PRG Section monitors the providers progress throughout contract development and signature, to ensure that the program is ready to be operational once the contract is executed.

I. Contract Payment Processing

1. Overview

Typically contract payments are made quarterly, prospectively, contingent on:

- i. 1st Quarter: Contract execution, or receipt of OPM allotment.
- ii. 2nd Quarter: Receipt and approval of Final Expenditure Reports and Program reports from prior fiscal year as well as receipt of any prior year reimbursements from provider.
- iii. 3rd Quarter: Receipt of OPM allotment.
- iv. 4th Quarter: Receipt of second program and financial reports for the current fiscal year.

In order for payment to be processed the Department the provider must:

- i. Submit a signed CO-17 Invoice form to the Department
- ii. Submit any required deliverable(s) identified in the contract as conditions for payment. The deliverable(s) could include actual performance deliverables but typically are:
 - a. Contract Program reports.
 - b. Contract Expenditure reports.
 - c. Reimbursements of unexpended funds from prior contracts or contract periods.

To expedite processing of payments, the Department sends pre-printed CO-17 facsimiles to the provider along with the contract when it is sent for signature. The provider is requested to sign the pre-printed invoices (but not date them), and return them with the contract package. If these CO-17 invoice forms have been returned the Department initiates each payment when the provider has met all other deliverable and reporting requirements of the contract. CGMS completes the previously signed CO-17.

If there are other deliverables or reports required for the payment the Program contact must complete a DPH Program Consent / Invoice Transmittal Sheet, attach original signed reports and forward to CGMS. The Program Consent / Invoice Transmittal Sheet is used to record information related to the payment, including Program approval of the payment, and for the PRG contact to indicate that the reports/deliverables were reviewed and accepted as complete and accurate. If no deliverable are required for the payment being processed the CGMS Contract Specialist completes the Program Consent / Invoice Transmittal Sheet authorizing payment. A final complete payment package consists of a CO-17 Invoice, a Program Consent / Invoice Transmittal Sheet and if needed a Cash Needs Statement and/or a Payment Change Notification Form.

2. **Payment Process**

The payment process involves the following:

- i. Initial administrative activity after contract execution
 - a. Upon full execution of contract, the CGMS Contract Specialist creates the CORE-CT contract record and requests approval of that record by the designated Team Lead.
 - b. The CGMS Team Lead reviews and approves the CORE-CT contract and provides notice to the Contract Specialist.
- ii. Initiation of payment
 - a. For initial contract payment and/or any payment that is not conditional upon contract deliverables or reports, the CGMS Contract Specialist adds payment amount, invoice number and any other required information to the CO-17 Invoice that was signed by the provider, Prepares a Program Consent / Invoice Transmittal form indicating that the payment does not require program review/approval, and forwards both to the Chief of CGMS review and approval, through the administrative support staff.
 - b. For any payment that is conditional upon receipt, verification, and approval of a contract deliverable or report:
 - 1) The Department's PRG staff, after review and acceptance of the deliverable or report, completes a Program Consent / Invoice Transmittal form indicated all payment information, verifying receipt and acceptance of the deliverable or report, signs the form as approval, attaches the report, and submits both to CGMS.
 - 2) The CGMS administrative support staff receive the payment request and submits it to the appropriate Contract Specialist.
 - 3) The CGMS Contract Specialist adds payment amount, invoice number and any other required information to the CO-17 Invoice that was signed by the provider and maintained in the contract financial file, and completes the section of the Program Consent / Invoice Transmittal form that relates to contract and reporting status.
- iii. Finalization of payment package
 - a. If the payment is conditional upon acceptance of Expenditure Reports:
 - 1) The CGMS Contract Specialist reviews the expenditure reports to ensure that they are accurate, complete, do not include any unauthorized expenditures, and forwards the Program Consent / Invoice Transmittal form and the Expenditure Report to the FO-FR unit for review.
 - 2) FO-FR reviews the expenditure reports for the same information as was done by CGMS and if acceptable signs the appropriate section of the Program Consent /

Invoice Transmittal form and returns the form and Expenditure Report to the CGMS Contract Specialist

- b. The Contract Specialist forwards the Program Consent / Invoice Transmittal form and the CO-17 to the Chief of CGMS for review and approval, through the administrative support staff.
 - c. The Chief of CGMS reviews the payment request for completeness and accuracy and signs the CO-17 Invoice (using Blue Ink) in the place reserved for agency authorization of payment and returns to the administrative support staff.
 - d. CGMS administrative support logs the payment amount, account coding, payment processing date, and other required information into the CGMS data system, makes a copy of the authorized payment for the Contract Specialist, and submits the payment request to the FO-AP Unit.
- iv. Accounts Payable (FO-AP) Processing
- a. FO-AP enters payment refers to an AP checklist to verify that all requirements of the payment have been satisfied. These activities include, but are not limited to, reviewing the contract payment schedule to ensure that the payment is not being made early, that the payment amount is correct, and verifying that the program staff have reviewed and accepted any required reports upon which the payment is conditioned.
 - b. The payment amount is recorded on a payment monitoring form, using pencil and subtracted from the contract balance to determine the remaining balance, which is also recorded on the form. If this is the first payment, the payment monitoring record is created by recording the contract information, contractor information, contract amount, payment dates, and payment amounts on a blank monitoring form.
 - c. The FO-AP Clerk forwards the payment package with the payment monitoring form to the FO-AP Manager for review and approval.
 - d. The FO-AP Manager reviews the information recorded on the payment monitoring form and the payment package, signs his approval on the payment monitoring form, and returns the form to the FO-AP Clerk.
 - e. The FO-AP Clerk forwards the entire approved payment package to the FO-P unit for creation/verifications of the Purchase Order.
 - f. The Purchasing Officer creates or amends the Purchase Order if necessary and submits it for budget checking within CORE-CT. Once the Purchase Order is budget checked and dispatched, the Payment Package is returned to FO-AP. Note: Purchase Orders are not always created for the life of the contract. It is typical for a new Purchase Order to be created for each payment.
 - g. FO-AP creates and releases the payment voucher within CORE-CT

3. **Miscellaneous Process Information**

- i. If reports received from the provider are accurate and complete and, under ideal conditions where there are not other competing priorities, the processing time from receipt of reports to the time of voucher release is approximately three weeks. It is unusual for reports to be complete and accurate upon first submission though and they often require multiple revisions. The actual time required to process a payment is therefore typically six weeks or more.
- ii. Approximately half of the Departments human service providers are enrolled in electronic funds transfer in an effort to expedite payments. It is estimated that electronic

funds transfer can reduce the amount of time require for funds to actually be received by as much as a week.

- iii. The Department receives several payment inquiries weekly with most of the inquiries related to identification of when a particular payment will be received. Inquiries are received more frequently from small providers with limited cash on hand to sustain on-going activities.

Inquiries often result from a breakdown in communication at the provider site where a particular program person is working with the Department to correct deficient reports but is not communicating to upper management that payment is not possible due to failure to meet contractual requirements. Upper management is only looking at cash flow and thinking that the Department is delinquent, rather than the provider, and inquires about the lateness of a payment.

Payment inquiries may be received at any level with the Department, up to and including the office of the Commissioner. When the inquiry is not received within either CGMS or a PRG section, the inquiry is referred to one or both of those entities. When any particular provider makes frequent payment status inquiries, the Department encourages that provider to register with the Office of the State Comptroller for access to the CORE-CT Self Service module to allow status checking on line directly.

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VIII. Contract Monitoring and Evaluation

A. Administrative and Financial Monitoring

1. Financial Report Review

i. Overview

Administrative and financial monitoring is a jointly executed responsibility and is performed by the PRG sections, CGMS, and the FO-FR and is typically performed through careful review of financial expenditure reports, cash management reports, and other financial documentation submitted by providers. Periodic financial reports are required three times per each twelve month contract funding period in accordance with the Department's standard reporting requirements. The scheduled reports are due at the end of the fourth month, eighth month, and the conclusion of the funding period. Exceptions exist for those programs needing alternate reporting schedules based on federal funding requirements or unique programmatic needs. The financial reports are cumulative and therefore each submission includes the current and all prior periods. The fourth and eighth month reports are due thirty (30) calendar days after the end of the reporting period and the final report is due ninety (90) days after the conclusion of the funding period except when federal funding requirements mandate its receipt sixty (60) days after the conclusion of the funding period.

Generally two payments per year are contingent on receipt of acceptable financial reports with one such report being the Final Report. Contractual language establishes the link between the payment and acceptance of properly completed reports and allows the Department to withhold payment if the report is not submitted or is not acceptable. In the event a report is not received within a reasonable timeframe, or a report is considered unacceptable, contact is made with the provider by the program contact person. The program contact will work via telephone and/or e-mail to achieve submission or re-submission of acceptable reports.

ii. Process

- a. Programmatic reports are submitted in duplicate original hardcopy form to CGMS as required by the contract. Receipt of reports is logged into the CGMS data system and one copy is forwarded to the PRG contact person. The programmatic reports are reviewed and approved by the PRG sections for compliance with the contract budget, reporting conditions, and prior expense approvals. It is also reviewed for acceptability of expenses as outlined in controlling grant awards, mathematical accuracy, and proper execution. The review and approval process typically takes one week taking into account other related on-going program activities.
- b. If the report is acceptable, the PRG contact completes a Program Consent / Invoice Transmittal Form to indicate that the report has been reviewed and accepted by the PRG and to authorize any related payment. The date of report receipt and date of acceptance is indicated and notations are included on the form to indicate receipt and acceptance of any other reports and/or deliverables required. The PRG contact submits the financial reports to CGMS along with the transmittal form.
- c. Upon receipt of the Expenditure report and transmittal form in CGMS the Contract Specialist reviews the provider's expenditure report for compliance with the contract budget, reporting conditions, and the OPM Cost Standards. It is also reviewed for mathematical accuracy, and proper execution. If the report requires correction, the Contract Specialist works with the PRG contact to receive corrected reports from the provider. If the report review does not reveal any deficiencies the report is

forwarded, along with the completed transmittal form and the entire contract financial file, to the FO-FR unit for review.

- d. The FO-FR unit also reviews the provider's expenditure report for compliance with the contract budget, reporting conditions, and the OPM Cost Standards. It is also reviewed for mathematical accuracy, and proper execution. If the reports require correction, the FO-FR unit returns an e-mail to the CGMS Contract Specialist that outlines the report deficiencies and the required corrective actions. The CGMS Contract Specialist then works with the PRG contact to address the corrections as outlined in the e-mail received from the FO-FR unit. The provider typically is responsible for completion of corrective actions. If the report review does not reveal any deficiencies the report and all other submitted materials are returned to the CGMS Contract Specialist with an approval noted on the transmittal form. Once approved by the FO-FR, the Contract Specialist may proceed with processing of the payment associated with the report.

The entire Financial Report review process consumes approximately four weeks if there are no other competing demands. Finalized hardcopy original reports are maintained in the contract financial file in accordance with the state's record retention schedules.

2. **Corrective Actions and Penalties**

Financial reporting deficiencies typically result from errors in recording data or by a misunderstanding of contract reporting requirements rather than a result of inadequate provider performance or fraudulent activities. Therefore most deficiencies can be remedied through correction of the recorded data and/or the involved report and resubmission to the Department. If however, the deficiency is indicative of performance issues the following steps are taken to gain resolution:

- i. Telephone consultation is conducted with the provider.
- ii. On-site review may be conducted, either announced or unannounced as dictated by the situation.
- iii. Notation of deficiency and steps necessary to achieve compliance.
- iv. Require development and approval of a Corrective Action Plan, if necessary.
- v. Monitor provider progress in correction of deficiencies.

If after the above steps are concluded the deficiency remains, the Department would proceed with penalty against the provider. The level of penalty is dependent on the severity of the deficiency with each case being unique. The following penalties, in order of severity, are possible actions that could be taken against the provider:

- i. Reduce payment/reimbursement made under the contract
- ii. Terminate the contract prematurely
- iii. Terminate the contract prematurely and demand a refund of some, or all, funds paid to the provider.
- iv. Bar the provider from receipt of future contracts for a defined period of time.
- v. Permanently bar the provider from receipt of future contracts.

3. **Routine Cost Recovery**

Cost recovery consists of the reimbursement of funds paid to the provider that remain unexpended or are disallowed by the Department at the end of the contract funding period. The final Financial Expenditure Report for each contract funding period includes all expenditures incurred by the provider for each sub-period of the total contract funding period compared to the total period award and includes any remaining unexpended balance.

During review of final Expenditure Reports any items that are not allowable per the contract Terms and Conditions, or the OPM Cost Standards are identified. These disallowed expenditures are subtracted from the submitted expenditures and added to the unexpended balance. The resulting unexpended balance represents funding that the provider is not entitled to and, because payments have already been made prospectively, a demand for reimbursement of these funds is made in writing to the provider. Refunds received from the provider are returned to the Department in the form of physical checks that are deposited to the appropriate accounts. If the provider fails to provide the required refund, funds from another current or future contract are subject to withholding.

4. **Physical Review Process**

Physical or on-site reviews are primarily associated with programmatic monitoring however any on-site review includes a review of how financial records are being managed and accounted for. Such reviews also include discussion with the provider of any financial activities or unusual items required by the contract and the methods employed to meet those requirements.

For new contractors this type of exchange typically takes place prior to or early in the initial contract period to avoid potential performance problems. Additional physical monitoring it is scheduled as described in the following Programmatic Monitoring Section.

5. **Audit Reviews**

Providers receiving more than \$300,000 in funding from all state sources within a single year are required to have an independent audit completed, which complies with the State Single Audit Act. The Act is codified in Sections 4-230 through 4-236 of the Connecticut General Statutes. Audit reports completed in accordance with the State Single Audit Act must be submitted to OPM within six months of the end of the provider's fiscal year and a copy made available to the Department.

Audits received from providers are reviewed against expenditure reports submitted by the provider for affected contracts to identify potential discrepancies between reported amounts and audited amounts. This review is conducted by the FO-FR unit and any audit findings and/or recommendations are also reviewed to determine compliance with state and contract requirements and adequacy of internal controls.

If discrepancies between the audit and the submitted contract reports are identified the provider is requested in writing to provide an explanation and/or resolution of the identified discrepancy. Should an identified discrepancy be verified to indicate that fewer funds were expended than what was reported by the provider, or that certain expenditures should be disallowed, a demand for a refund of such funds would be made to the provider by the FO-FR unit. This refund is in addition to any cost recovery of unexpended or disallowed funds already required as a result of the contract funding period final report review. Like the normal cost recovery process, any unearned funds not properly reimbursed will subject the provider to withholding of funds on another current or future contract.

Providers are also required to provide additional information, including any proposed corrective actions required as a result of the completed audit. Any such corrective actions are monitored in following years to ensure that the deficiency is adequately resolved. In cases where serious deficiencies remain unresolved the provider is subject to a suspension of contract opportunities with the Department.

B. Programmatic Monitoring

1. **Overview**

- i. All programmatic Monitoring within the Department is performed by the PRG sections and because a major portion of the Department's programmatic activities are federally

funded the processes are primarily guided by requirements of the federal funding source. The process can be either formal or informal depending on any issues identified and there could be a need at any time for site visits, corrective action plans, scheduled conference calls or unannounced program visits. Most PRG sections perform program monitoring in accordance with established schedules with physical site visits done at least once annually, more if conditions warrant.

- ii. A typical high level cycle for programmatic monitoring is as follows:
 - a. Periodic programmatic reports are received in accordance with contract requirements and reviewed for compliance with service requirements, objectives, and to review performance measures.
 - b. If performance issues are perceived but not serious, telephone contact is established with the provider to discuss the issue, identify any unusual circumstances or barriers, and verify that the provider has a clear understanding of the performance requirements.
 - c. If performance issues appear to be severe, or a scheduled on-site monitoring visit due, a program reviewer or team will visit the provider site and physically inspect the facility, observe services being provided, and review patient treatment charts, review financial information, and, with provider staff, review/clarify contractual performance requirements, metrics, and measures.
 - d. Results of on-site monitoring visits are recorded along with recommendations and/or requirements for improvement and formally conveyed to provider.
 - e. If the on-site review reveals serious performance deficiencies, the provider must develop a Corrective Action Plan (CAP) to address those deficiencies, otherwise future programmatic report reviews and or future on-site reviews will be used to monitor on-going program progress and needed improvement, if any.
 - f. If a CAP is required:
 - 1) The provider must submit the CAP in accordance with the Department's identified timeframe.
 - 2) The CAP is reviewed to determine whether it addresses all identified deficiencies. If the CAP is insufficient the provider is required to submit a revised CAP within an identified time frame to be reviewed for acceptability.
 - 3) The provider is required to report its progress in meeting the CAP objectives or benchmarks in addition to its normal programmatic reporting requirements.
 - 4) If progress in meeting CAP and program objectives is insufficient, additional telephone conferences and/or on-site visits will be conducted.
 - 5) When/If performance returns to an acceptable level, programmatic reporting and monitoring returns to normal as required for the contractual services.
 - g. Programmatic report review and normal on-site visit schedules continue with future reporting and activities as required per the contract schedule.
 - h. If issues of non-compliance or failure to address CAP items require administrative contract action such as payment reduction or contract termination, CGMS is consulted and appropriate action is taken as necessary.

2. **Service and Capacity Monitoring**

To the extent possible, PRG sections review and monitor state and/or national trends to determine or verify capacity and availability of services on an on-going basis, but many

procured services are determined by state or federal mandate. As described previously, when considering how services needs are determined for programs that are not mandated, the Department utilizes a formal planning process typically involving statewide stakeholder committees and formally developed planning documents to correlate capacity needs and/or requirements for the identified services needed.

Form many of the federally funded programs provider submission of service-level data is required in real time through electronic data submission to established databases, which are housed either at the Department or nationally. These systems range from Microsoft Access type collection systems to major data systems using web based interfaces. Some of these systems accept only aggregate data while others collect detailed data. Some also allow aggregation of data for analysis or reporting ease while others don't.

Federal service-level data collected at the Department is reviewed for accuracy, is maintained by the PRG sections, and provides a detailed look at the quantity and quality of services being delivered by providers. The data also supports the Department's efforts to compare service quantities against required or achievable capacities identified through monitoring of state and national trend information. Such federal data is submitted to the federal funding source on a periodic basis not less than annually.

3. **Periodic Reporting**

Periodic program reports are required three times per each twelve month contract funding period in accordance with the Department's standard reporting requirements. The scheduled reports are due at the end of the fourth month, end of the eighth month, and at the conclusion of the funding period. Exceptions exist, however, for those programs needing alternate reporting scheduled based on federal funding requirements or having critical monitoring needs based on funded activities.

Programmatic reports are submitted in original hardcopy or electronic form directly to PRG sections or, if received in CGMS, they are forwarded to the PRG contact. The PRG section determines whether electronic reports are acceptable. The programmatic reports are reviewed and approved solely by the PRG sections for compliance with contractual program requirements. The review and approval process typically takes one week taking into account other related on-going program activities.

On the Program Consent / Invoice Transmittal Form that is initiated by the program contact to authorize contract payments, the date of report receipt and date of acceptance is indicated. The program contact usually submits the reports to CGMS along with the transmittal form so the reports can be maintained in the central CGMS files in accordance with state record retention schedules however that is not mandatory. If the report is not forwarded to CGMS the PRG section must maintain it in accordance with the required record retention requirements and that may be done in either hardcopy or electronic format.

Generally two payments per year are contingent on receipt of acceptable programmatic reports with one such report being the Final Report. Contractual language establishes the link between payments and acceptance of properly completed reports allowing the Department to withhold payment if the report is not submitted or is not acceptable. In the event a report is not received within a reasonable timeframe or a report is considered unacceptable contact is made with the provider by the program contact person. The program contact will work via telephone and/or e-mail to achieve submission of corrected and acceptable reports.

C. Performance Outcomes and Measures

An identification of required performance outcomes and measures is included in all human service contracts issued by the Department. Typically, providers must report on their success in meeting these performance metrics within the periodic programmatic reports submitted to the

Department. These reports are submitted, as described in the Programmatic Monitoring Section, to the PRG sections three or more times per contract funding period. The reported program metrics are scheduled for submission one month after the close of each reporting period and within two to three months after the close of the entire contract funding period.

For some programs the metrics are derived from service level data that is provided to the PRG sections. In such cases, the data is submitted in accordance with the schedule and format required by, and identified in, the contract. Data submission may be electronically made to centrally housed data systems, other electronic formats, or in paper depending on the requirements of the Department and the funding authority.

The Department normally requires at least a week to review submitted performance metrics and render decisions regarding provider compliance with performance requirements. A provider's failure to meet established performance outcomes and measures can lead to re-negotiation of the provider's contract or funding, the provision of technical assistance to the provider by the Department, an on-site visit, or requirement of a corrective action plan. The Department's action is dependent on the severity of the provider's failure to meet the objectives.

Any performance metrics submitted by the provider are maintained solely within the PRG sections. Such retention is coincident with the method of submission therefore electronically submitted data is maintained in an electronic format while paper submission are maintained in hardcopy files. Just as with other contract related information this data is maintained in accordance with the state's record retention schedules, at a minimum. Data may be maintained significantly longer if it is required for long-term monitoring of program effectiveness.

The Department has participated in the legislative Results Based Accountability Process and the process was coordinated collaboratively by PRG sections, the FO, and the Government Relations unit within the Department. The process served to inform the Department but did not require any changes to their current outcome measures or reporting methods.

IX. Agency Recommendations

A. Agency Strengths

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.

B. Agency Weaknesses

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.

C. Recommendations for Change

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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