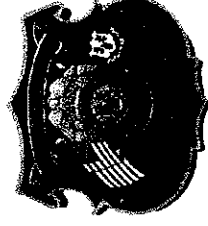


STATE OF CONNECTICUT DEPARTMENT OF CORRECTION

OFFICE OF THE COMMISSIONER

Dannel P. Malloy
Governor



James E. Dzurenda
Interim Commissioner

June 27, 2013

Mr. Benjamin Barnes, Secretary
Office of Policy and Management
450 Capitol Avenue
Hartford, Connecticut 06106

Re: POS Contracting Report and Recommendations

Dear Secretary Barnes:

Thank you for the opportunity to review and comment on the POS Contracting Report and Recommendations. As we mentioned to Bob Dakers at the time of the report's release, the POS Contracting Report is an impressive document and the POS Project Efficiency team is to be commended on its thorough review and evaluation of the state's POS contracting system.

POS contracting and the services procured by such, are extremely important to the fulfillment of the agency's mission and are a critical component in our strategy and efforts to reduce the rate of recidivism in our state. Evidence shows that successful outcomes lead to a lower rate of recidivism, lower inmate population, and lower cost. DOC is committed to exploring and implementing evidence based programming and POS contracting plays a vital role in this effort. It is essential that our POS contracts be constructed, implemented, administered and evaluated in a manner that maximizes the state's resources and ensures the achievement of expected and intended outcomes.

With regard to the findings and recommendations pertaining to the Department of Correction, we believe that the assessment prepared by the POS Project Efficiency team is reasonably accurate and fair. Several recommendations, such as the need for training and the need for a web-based data management system, certainly do not come as a surprise. The latter in particular has been a desire of the agency for some time but has been out of reach due to limited agency resources.

While we concur with many of the report's findings and recommendations, our ability to effect changes based on such require resources that currently are not available to us. Budget constraints, hiring conditions and ongoing staff attrition have stretched and tested our ability to meet all of our strategic, functional and administrative obligations. We currently meet such obligations, however, our ability to innovate and expand coverage in any particular area is constrained and by all indications shall remain for the foreseeable future.

Phone: 860.692.7482 ♦ Fax: 860.692.7483
24 Wolcott Hill Road ♦ Wethersfield, Connecticut 06109
Website: www.ct.gov/doc

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We are currently undertaking a comprehensive review of our Fiscal Services staffing requirements. This review will include a hard look at all of our fiscal practices, procedures and protocols – including our contracting functions. As we undertake this effort, we will keep in mind the findings and recommendations in this report and will implement, as allowed by available resources, those recommendations that we deem necessary to the success of our program and appropriate to our organizational structure and mission. It is our intent to maintain and build upon the strengths and eliminate or mitigate the weaknesses the POS Project Efficiency team identified in the report.

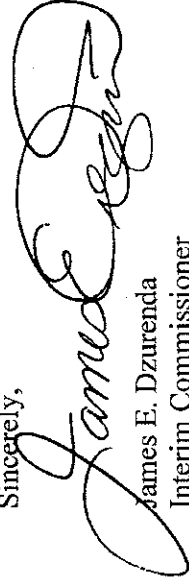
DOC will begin implementing Lean in the new fiscal year. Fiscal Services will be one of the first areas in DOC to undertake this process. We are hopeful that as we lean our processes additional resources will become available through the achievement of greater efficiencies and that some of these resources can be applied to the agency's contracting efforts so that we may be able to fully implement the recommendations of the POS Project Efficiency team and do so in as expeditious a fashion as possible.

We appreciate the work of the POS Project Efficiency team and look forward to your office's continued help in improving the state's POS contracting system. Hopefully, this report will lead to additional resources being made available to agencies to bolster POS contracting capabilities.

Attached, per your request, please find DOC's responses to the POS Contracting Report and Recommendations and next steps.

Please feel free contact myself or Michelle Schott, DOC's Director of Fiscal Services and agency CFO, at (860) 692-7700 or michelle.schott@po.state.ct.us, should you have any questions regarding the attached.

Sincerely,



James E. Dzurenda
Interim Commissioner

JED/jab
Attachment

A. Status of System-wide Recommendations Being Implemented by OPM

<u>Agency Specific Recommendations</u>	<u>Status</u>
<p>Uniform Chart of Accounts/Standardized Budget Reports: OPM shall coordinate and oversee development of a standardized and more streamlined 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.</p>	<p>Contract and fiscal staff from agencies and OPM Office of Finance developing draft UCOA, budget and reporting format for review and discussion with agencies and private provider representatives, with a targeted final product completion date by the end of the calendar year and an implementation date for contracts commencing 7/1/14.</p>
<p>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.</p>	<p>OPM working with DCF to develop and implement pilot POS enterprise contract management system for future use by all POS agencies. System being pursued already under contract with OPM's Criminal Justice Division. Next step is request funding from IT Infrastructure Bond program to develop project plan and common business requirements.</p>
<p>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. The process improvements recommended for individual agencies in this report and Lean process improvement techniques, as appropriate, should be implemented to ensure timeliness.</p>	<p>For agencies with low percentages (well below 95%), OPM will monitor business process improvements and encourage use of Lean process where appropriate. OPM will also establish standards regarding the timeframes to be followed by agencies when entering new or extended contracts. Targeted date for standards is summer 2013.</p>

NOTE: OPM responsible for implementation of some other system-wide recommendations, including job/duties classification matters, statewide training issues, review of OPM approval process and working with Attorney General's Office on certain issues. Progress on these items will be included in future communications.

For Sections B, C and D below, certain recommendations have been bolded by OPM to highlight OPM's views about which recommendations that should receive the highest initial focus or priority

B. Request for Agency Plans to address Agency Specific Recommendations Please fill-in boxes under "Agency Plan, Priority and Timeframe"

Department of Corrections

Agency Weaknesses/Issues & Related Recommendations (Strengths listed in POS report and many noted below)

Weaknesses/Issues to Address

- 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.

DOC's contract unit currently focus on more than just the administrative, financial and contracting functions related to private provider health and human services contracts. This extra focus adds a significant amount of work to the unit's already considerable workload. DOC plans to optimize its contracts unit by increasing the unit's focus on the administrative, financial and contracting functions related to private provider health and human services contracts and by migrating tasks currently performed by the contracting unit that do not fall into these categories to more appropriate staff within the agency. DOC will however continue its emphasis on collaboration and customer service to ensure that program staff are able to focus their time more productively on program and client outcomes. DOC Fiscal Services is currently reviewing DOC's contracting functions, policies and procedures and roles and responsibilities. Also under review are the resources needed to fulfill the agency's contracting needs and obligations. It is our understanding that OPM will be responsible for the implementation of some system-wide recommendations, including job/duties classification matters. We look forward to receiving guidance from OPM with regard to appropriate contracting classifications and contracting duties. The results of DOC's review, along with OPM's POS recommendations and job/duties classification guidance, will be used to optimize the agency's contracting functions and processes. The target completion date of this review is October 1, 2013 (this date is subject to OPM's completion of their job/duties classification effort).
- 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.

Immediate-Term: Following the release of the OPM POS Contracting Report and Recommendations, DOC assigned an Associate Fiscal Administrative Officer to oversee the unit. This AF AO reports to the Fiscal Administrative Supervisor in charge of Purchasing. DOC also assigned a Fiscal Administrative Assistant to the unit. DOC's procurement functions, which include purchasing and contracts, is administered by a Fiscal Administrative Manager 1.

Long-Term: DOC Fiscal Services is currently reviewing DOC's contracting functions, policies and procedures and roles and responsibilities. Also under review are the resources needed to fulfill the agency's contracting needs and obligations. It is our understanding that OPM will be responsible for the implementation of some system-wide recommendations, including job/duties classification matters. We look forward to receiving guidance from OPM with regard to appropriate contracting classifications and contracting duties. The results of DOC's review, along with OPM's POS recommendations and job/duties classification guidance, will be used to optimize the agency's contracting functions and processes. The target completion date of this review is October 1, 2013 (this date is subject to OPM's completion of their job/duties classification effort).
- Contracts staff do not receive formal training on contract development, administration and oversight; legal sufficiency of contracts or oversight of non-profit

entity budgets.

As part of the review mentioned above, DOC Fiscal Services will work to identify training needs. It is our understanding that OPM will be responsible for the implementation of some system-wide recommendations, including statewide training issues. We look forward to receiving guidance from OPM with regard to appropriate contracting training and available training resources. Based on DOC's training needs assessment and OPM's contracting training guidance, a training plan will be developed for each classification within the Contracts Unit and for all other groups that interface with the unit. Appropriate and available training resources will be researched and identified. The target completion date of this effort is October 31, 2013 (this date is subject to OPM's completion of their statewide training issues effort).

4. **CTDOC experiences significant delays in contract processing related to the requirement for submission of excessively detailed provider budgets and narratives.**

DOC does request detailed budgets and narratives from the community service providers. Due to the need to provide crucial services within a limited budget, detailed budget lines are used to compare the services received against the cost, this allows DOC to allocate funding appropriately where needed. Additionally, since uniform budgets, reports and chart of accounts for statewide human service contracts are in the development stage, a decision was made not to change the current DOC forms since it is expected that new statewide forms will be mandated and issued. It is anticipated that the new statewide forms will reduce the time it takes for providers to prepare the budget and as such delays in contract processing related to the budget requirement should decrease significantly.

5. **CTDOC manually tracks and compiles provider utilization, statistical and performance data.**

A web-based data management system for the collection of POS provider data has been a desire of the agency for some time now but has been out of reach due to limited agency resources. DOC is exploring options in this area and has been in contact with other POS agencies to see what they are using. DOC agrees that a completely (or as close to completely) electronic system would be optimal and is desirable. DOC will work towards this goal; however DOC notes that progress toward achieving this goal is dependent upon the availability of resources.

DOC suggests that the State institute a common web-based data collection and reporting system and that such system be developed by OPM and used by all POS providers and all State POS agencies. The system should contain all of the common (standardized) measures and allow for agency specific measures to be added (as often as necessary and appropriate). The system should also allow for ad hoc reporting by the agencies. A common system, common data standards and common reporting standards will allow for greater comparability of provider and program performance, timelier reporting, greater data sharing capabilities and the opportunity to apply business analytics to the entire POS system. A common system offers economies of scale and a centralized data collection, analysis and reporting capability that would promote best practices and maintain compliance with contracting standards and practices. The cost of such a system can be amortized across all of the state's POS agencies – which should be cheaper than if each agency pursues its own IT solution.

Agency Specific Recommendations

Agency Plan, Priority and Timeframe

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.

DOC Note: DOC Fiscal Services is currently reviewing DOC's contracting functions, policies and procedures and roles and responsibilities. Also under review are the resources needed to fulfill the agency's contracting needs and obligations. It is our understanding that OPM will be responsible for the

	<p>implementation of some system-wide recommendations, including job/duties classification matters. We look forward to receiving guidance from OPM with regard to appropriate contracting classifications and contracting duties. The results of DOC's review, along with OPM's POS recommendations and job/duties classification guidance, will be used to optimize the agency's contracting functions and processes. The target completion date of this review is October 1, 2013 (this date is subject to OPM's completion of their job/duties classification effort).</p>
<p>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).</p>	<p>DOC Note: As part of the review mentioned above, DOC Fiscal Services will work to identify training needs. It is our understanding that OPM will be responsible for the implementation of some system-wide recommendations, including statewide training issues. We look forward to receiving guidance from OPM with regard to appropriate contracting training and available training resources. Based on DOC's training needs assessment and OPM's contracting training guidance, a training plan will be developed for each classification within the Contracts Unit and for all other groups that interface with the unit. Appropriate and available training resources will be researched and identified. The target completion date of this effort is October 31, 2013 (this date is subject to OPM's completion of their statewide training issues effort)</p>
<p>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. This is a longer-term approach to addressing weakness number 4. above.</p>	<p>OPM note: DOC needs to address this in short-term as well.</p> <p>DOC Note: A web-based data management system for the collection of POS provider data has been a desire of the agency for some time now, but has been out of reach due to limited agency resources.</p>

C. Request for Agency Plans to address System-side Recommendations Please fill-in boxes under "Agency Plan, Priority and Timeframe"

System-wide Recommendations	Agency Plan, Priority and Timeframe
<p>1. Improve timeliness of contract executions-Goal is 95% executed no later than 15 days prior to contract start date A major issue, for some agencies, is that funding approval required to start the contracting process are provided so late that timely contracts are not possible</p>	<p>OPM note: % executed no later than 15 days prior to contract start date: 35% in FY2011 and 77% in FY201. Time related to budget negotiations appears to be an issue.</p> <p>DOC Note: Once statewide budget and narrative forms are implemented, the timeliness of contract executions should improve as the time it takes for providers to prepare budgets should decrease significantly. This should allow for a 95% execution rate no later than 15 days prior to the contract start date. DOC will implement the standardized statewide budget and narrative forms once they become available.</p>
<p>2. Payments:</p> <ul style="list-style-type: none"> • Streamline Business processes related to payments • Basis for payment: decouple from reports • Authorizing Payments: Payment authorization shall be the responsibility of the contract unit, in consultation with program staff; eliminate Program/Fiscal review and/or approval of payment requests. • A single CORE Purchase Order shall be created and tied to the CORE Contract, for the life of the contract. 	<p>OPM note: DOC payment practices strong.</p> <p>DOC Note: DOC payment practices are strong. DOC will continue its current payment practices.</p>
<p>3. Best organizational structure and practice found among State POS agencies involves having a central contracts unit that is provides an accountable focal point for managing, in a collaborative, timely and efficient manner, the administrative, financial and contracting functions related to private provider health and human services contracts . <i>These best practice contracts units view program units as their customers and, most importantly, enable program staff to focus their time more productively on program and client outcomes.</i></p> <ul style="list-style-type: none"> • Contracts and Program staff will collaboratively oversee development of contract/provider budgets. • Contact unit staff, in consultation with Program staff, shall be responsible for approval of financial reports and budget revisions. • Payment authorization shall be the responsibility of the contract unit, in consultation with program staff. Human service agencies shall eliminate Program/Fiscal review and/or approval of payment requests. • Contract unit staff shall, upon receipt of quarterly OPM allotment and availability of funding in each Account/SID, provide pertinent payment 	<p>OPM note: Contracting functions located in Contracts Unit; strong communications between contracts, program staff and providers cited</p> <p>DOC plans to further optimize its contracts unit by increasing the units' focus on the administrative, financial and contracting functions related to private provider health and human services contracts and by migrating tasks currently performed by the contracting unit that do not fall into these categories to more appropriate staff within the agency (see weakness #1). DOC will however continue its emphasis on collaboration and customer service to ensure that program staff are able to focus their time more productively on program and client outcomes. DOC Fiscal Services is currently reviewing DOC's contracting functions, policies and procedures and roles and responsibilities. Also under review are the resources needed to fulfill the agency's contracting needs and obligations. It is our understanding that OPM will be responsible for the implementation of some system-wide recommendations, including job/duties classification matters. We look forward to receiving guidance from OPM with</p>

<p>information (either electronically or hardcopy) to fiscal Accounts Payable unit.</p> <ul style="list-style-type: none"> Responsibility for Year-End Reconciliation: Contract unit staff shall be responsible for oversight of Fiscal Year-End reconciliation and State Single Audit review, in consultation, as needed, with Fiscal. 	<p>regard to appropriate contracting classifications and contracting duties. The results of DOC's review, along with OPM's POS recommendations and job/duties classification guidance, will be used to optimize the agency's contracting functions and processes. The target completion date of this review is October 1, 2013 (this date is subject to OPM's completion of their job/duties classification effort).</p>
<p>4. Increase and maximize use of Part I templates</p>	<p>OPM note: no pre-approved templates.</p> <p>DOC Note: DOC is reviewing its use of Part I templates and will use templates as appropriate.</p>
<p>5. Increase and maximize use of consolidated contracts</p>	<p>OPM note: DOC uses consolidated contracts.</p> <p>DOC Note: DOC uses consolidated contracts. DOC will continue this practice.</p>
<p>6. Contract Period of Performance</p>	<p>OPM note: DOC uses longer term contracts.</p> <p>DOC Note: DOC uses longer term contracts. DOC will continue this practice.</p>
<p>7. Electronic processes:</p> <p>Electronic Contract Assembly: Agencies shall implement electronic contract assembly software</p> <p>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).</p> <p>Reduced Number of Hard Copy Contracts: Agencies shall eliminate hard-copy storage of contracts in multiple locations/units.</p> <p>Electronic Contracts Library: Agencies shall implement an electronic contracts library that all agency staff can access to view active, executed contracts.</p> <p>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.</p> <p>Electronic Routing and Approvals: Intra-unit agency approval process shall rely on electronic routing and approvals eliminating manual, paper-based processes.</p>	<p>OPM notes: DOC sends contracts to provider electronically; electronic submission of program and financial reports; electronic library of contracts.</p> <p>DOC Note: DOC will continue its practice of sending contracts to providers electronically, of receiving (and requiring) electronic submission of program and financial reports and of maintaining an electronic library of contracts. We will explore augmenting this through an online web based system as part of a web-based data management system for the collection of POS provider data. DOC agrees that a completely (or as close to completely) electronic system would be optimal and is desirable. DOC will work towards this goal; however DOC notes that progress toward achieving this goal is dependent upon the availability of resources.</p>
<p>8. Training:</p> <p>Contract Unit Staff Professional Development: Agencies shall provide professional development opportunities to enhance Contracts staff skill-sets (i.e., basic writing skills,</p>	<p>OPM note: Formal/informal training tools in place for internal staff.</p> <p>DOC Note: As part of the review of the agency's contracting functions, policies</p>

<p>English composition skills, contract writing).</p> <p>Inter-Agency Cross Training: Agencies shall develop inter-unit cross-training opportunities to increase staff knowledge pertaining to contract development/oversight and programs.</p> <p>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.</p>	<p>and procedures, roles and responsibilities and the resources needed to fulfill the agency's contracting needs and obligations, DOC Fiscal Services will work to identify training needs. Based on this assessment a training plan will be developed and training resources identified. The target completion date of this training plan is October 31, 2013.</p>
<p>9. One Budget per Program: Provider contract budgets will be consolidated to ensure that each funded program contains only one budget per funding period</p>	<p>OPM Note: DOC follows this practice</p> <p>DOC Note: DOC will continue this practice.</p>

D. Request for Feedback/Plans on Recommendations re: Strengthening Outcome Measures and Performance-Based Contracting: Please provide feedback on the following recommendations

System-wide recommendations for comments	
<p>Financial and Programmatic Reporting and Data Analysis: Agencies shall develop coordinated administrative and programmatic oversight component that includes administrative oversight, fiscal/programmatic reporting, and data analysis performed collaboratively by Program and Contracts staff.</p>	<p>Agency Comments</p> <p><i>OPM note: Biannual strategic planning process used; annual performance report reviewed with contractors.</i></p> <p><i>DOC Note: DOC plans to further optimize its contracts unit by increasing the units' focus on the administrative, financial and contracting functions related to private provider health and human services contracts and by migrating tasks currently performed by the contracting unit that do not fall into these categories to more appropriate staff within the agency (see weakness #1). DOC will however continue its emphasis on collaboration and customer service to ensure that program staff are able to focus their time more productively on program and client outcomes. DOC Fiscal Services is currently reviewing DOC's contracting functions, policies and procedures and roles and responsibilities. Also under review are the resources needed to fulfill the agency's contracting needs and obligations. It is our understanding that OPM will be responsible for the implementation of some system-wide recommendations, including job/duties classification matters. We look forward to receiving guidance from OPM with regard to appropriate contracting classifications and contracting duties. The results of DOC's review, along with OPM's POS recommendations and job/duties classification guidance, will be used to optimize the agency's contracting functions and processes. The target completion date of this review is October 1, 2013 (this date is subject to OPM's completion of their job/duties classification effort).</i></p>
<p>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 performance obligations.</p>	<p><i>OPM note: CT DOC manually tracks and compiles provider utilization, statistical and performance data.</i></p> <p><i>DOC Note: A web-based data management system for the collection of POS provider data has been a desire of the agency for some time now, but has been out of reach due to limited agency resources. DOC is exploring options in this area and has been in contact with other POS agencies to see what they are using. DOC agrees that a completely (or as close to completely) electronic system would be optimal and is desirable. DOC will work towards this goal; however DOC notes that progress toward achieving this goal is dependent upon the availability of resources.</i></p> <p><i>DOC suggests that the State institute a common web-based data collection and reporting system and that such system be developed by OPM and used by all POS providers and all State POS agencies. The system should contain all of the common (standardized) measures and allow for agency-specific measures to be added (as often as necessary and appropriate). The system should also allow for ad hoc reporting by the agencies. A common system, common data standards and common reporting standards will allow for greater comparability of provider and program performance, timelier reporting, greater data sharing capabilities and the opportunity to apply business analytics to the</i></p>

	<p>entire POS system. A common system offers economies of scale and a centralized data collection, analysis and reporting capability that would promote best practices and maintain compliance with contracting standards and practices.</p>
<p>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. <i>(perhaps some common measures across State agencies could be identified through this process)</i></p>	<p>DOC Note: DOC currently includes performance measures in each of its agreements and each agreement is reviewed by the Commissioner/Deputy Commissioner. DOC plans to review the performance measures it uses to ensure that they are meet current requirements and are aligned w/ departmental and programmatic goals and objectives. The target completion date for this review is December 31, 2013 w/ submission to OPM within the 3rd quarter of SFY 2014 (unless otherwise directed by OPM).</p>
<p>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.</p>	<p>DOC Note: DOC awaits further instructions from OPM.</p>
<p>Other Suggestions in regarding to Outcome Measures/Performance Based Contracting and Related Data systems</p>	<p>DOC Note: DOC suggests that the State institute a common web-based data collection and reporting system and that such system be developed by OPM and used by all POS providers and all State POS agencies. The system should contain all of the common (standardized) measures and allow for agency specific measures to be added (as often as necessary and appropriate). The system should also allow for ad hoc reporting by the agencies. A common system, common data standards and common reporting standards will allow for greater comparability of provider and program performance, timelier reporting, greater data sharing capabilities and the opportunity to apply business analytics to the entire POS system. A common system offers economies of scale and a centralized data collection, analysis and reporting capability that would promote best practices and maintain compliance with contracting standards and practices.</p>