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Dane County, Wisconsin

Department of Human Services
POS Contract Process Assessment

Final Report

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Executive Summary

Like many counties throughout the United States, the Dane County Department of Human Services (DCDHS) is challenged by numerous variables impacting its Purchase of Services (POS) contracting process. On a national level, Wisconsin is one of 13 states that operate a state supervised, county administered human services program. Counties within these 13 states, like DCDHS, have been impacted by the recession, and have seen an increase in consumer needs as well as rising costs to deliver services. Although DCDHS is fortunate in that it has not received reduced funding from Dane County like other government agencies, it has still had to reevaluate the provision of human services to consumers. The current economic situation has created a unique window for government agencies across the country to:

- Examine critically the scope of services
- Focus increasingly scarce resources on core services
- Consider new approaches to structuring organizations to be more nimble and responsive to changing needs and circumstances

DCDHS' relationship with its third party POS agencies is a valuable relationship. The department contracts with 268 vendors annually. In FY12, DCDHS' contract expenditures with POS agencies were 64% of the department's $239,512,611 actual expenditures and it is by far Dane County's largest budget expense. This signals the importance and value Dane County places on delivering human services. In October 2013, the Office of the Dane County Board of Supervisors selected Baker Tilly Virchow Krause, LLP to assist with the evaluation of the POS contracting process.

DCDHS has worked hard over the past few years to implement technology, policies, and support structures that enhance overall efficiency, process improvement and delivery of human services for Dane County. These activities (i.e., hosting contractor training for POS agencies, standardizing contract language within all contracts, and developing a five-year strategic plan) have helped DCDHS work towards delivering programs to improve the lives of Dane County residents.

The recommendations contained in this report are focused on:

- Improving collaboration and communication strategies with POS agencies
- Enhanced department-wide effectiveness relative to contract compliance and monitoring
- Improving the contract management process to evaluate POS agencies on their financial stability and outcome measures
- Enhanced policies and procedures to further support an ethical and transparent procurement process
- Sharing an appropriate level of risk with POS agencies
- Increasing efficiency of fiscal reporting processes and systems
- Optimized value for the county's enterprise resource planning (ERP) project
- Reduction of duplicate data entry

While we understand that hiring additional staff is a costly investment, we recommend that DCDHS consider hiring one full-time Program Analyst in the Planning and Evaluation Unit to assist with developing performance metrics for contracts, analyzing program effectiveness based on outcome measures and writing annual reports for services provided. In addition, we recommend a part-time outreach coordinator to assist with preparing the annual report, creating newsletters and regular communication memos with POS agencies, and coordinating regular meetings with POS agencies to get updates from DCDHS. These positions will assist DCDHS in implementing the recommendations contained in this report.

The review completed in this report spans the full continuum of options available to the DCDHS. A total of 23 opportunities are included. Figure 1 provides a high level overview of these opportunities:

Figure 1

Process Area	Number of Recommendations	Short or Long Term
People	6	Short - 5 Long - 1
Process	15	Short - 8 Long - 7
Technology	2	Short - 1 Long - 1

It is important to note that some of these recommendations can be implemented in short order without significant disruption to service or effort, while others may require more time for transition of service delivery. Identifying short-term objectives is important for the DCDHS; it allows for the initiation of change in the organization and enables participating staff to feel the benefit of quick wins. In our experience, these quick wins serve as a catalyst and move the organization forward along a path of change and improvement.

Introduction

The Office of the Dane Board of Supervisors contracted with Baker Tilly Virchow Krause, LLP to conduct an independent analysis of Dane County's Department of Human Services' (DCDHS) current approach to and future planning for Purchase of Service (POS) contracting. This project was designed to provide the County and DCDHS with specific recommendations to enhance the effectiveness of the POS contracting and oversight process.

DCDHS has a robust service model that relies heavily on external service providers to deliver human services to clients. This model has worked effectively for DCDHS for years and allows them to draw upon the service provider expertise in areas that would not be cost effective for the County to conduct this work. As a result, service providers act as an extension of the County, providing direct service provision in mandated areas or those the County has determined are a priority.

The DCDHS has worked during the past few years to implement technology, support structures and policies that enhance the contractual relationship with POS agencies. This study is seen as an objective extension of this initiative. Within this report we focus on additional opportunities DCDHS can take to improve its relationship with POS agencies, create efficiencies in business processes and reduce duplicative data entry.

This report includes a summary of our findings and recommendations, as well as key supporting analyses. We believe that many of the recommendations may be feasibly implemented without significant additional financial expenditures. Our findings and recommendations are included in these general categories:

- **People** – collaboration and training solutions to improve the relationship between POS agencies and Program Managers
- **Process** – opportunities for improvement in certain business areas
- **Technology** - opportunities to enhance the use of financial and contract management systems to reduce the duplication of work and need for manual key entry

As Human Services Departments across the state continue to provide expanded services in a fiscal environment in which less state and federal funding is provided, it becomes extremely important for DCDHS to ensure that it is prioritizing the services it provides to meet the most pertinent needs of the community. Additionally, financial resources are being stretched thin and POS agencies are asked to do more with less and serve consumers with the most challenging needs. Therefore, it is important that DCDHS have a mechanism to obtain feedback and input in the contracting process from POS agencies. Our recommendations are designed to assist DCDHS with identifying those key changes that can enhance optimal use of resources now and into the future.

We would like to thank County staff for their involvement and assistance with this project.

Project Scope and Methodology

Project Scope

The Office of the Dane County Board of Supervisors (County Board) contracted with Baker Tilly Virchow Krause, LLP to conduct an independent analysis of Dane County's Department of Human Services' (DCDHS) current approach to Purchase of Service (POS) contracting. The following provides an overview of the scope:

- Review the current DCDHS system, operations, and budget
- Identify best practices and provide case studies for how comparable counties, states, or regional agencies handle the POS contracting process
- Identify strengths and weaknesses of the current POS contracting process
- Identify and discuss resources needed to implement the recommended options
- Provide an opportunity for stakeholders to provide input on the POS contracting process in a formal, facilitated setting
- Make recommendations to help DCDHS address POS contracting issues

Project Methodology

After initiating the project and receiving the requested documents from DCDHS, Baker Tilly began reviewing documents and assessing the current activities related to the POS contracting process. In November 2013, a kick-off meeting was held with the Work Team to discuss the project objectives and concerns with the current POS contracting process. The Work Team consisted of four County Board Supervisors, seven DCDHS representatives, and one representative from the Office of the Dane County Board of Supervisors. The Work Team served in an advisory capacity and provided input on the current POS contracting process, insight into the DCDHS/provider relationship, and data related to the review.

Additional fieldwork consisted of:

- Interviews with approximately 20 management and supervisory staff within DCDHS and departments that support DCDHS. The list of participants is below in Figure 2:

Figure 2

Topic	County Participants/Titles
Administration Division	Deputy Director, G.P. Foster
Adult Community Services Division	DHS Adult Community Services Division Administrator, Fran Genter
Children, Youth and Families Division	DHS Children, Youth and Families Division Administrator, Bob Lee
Contract Award Review	Jean Kuehn and Edjuana Ogden
Program Manager Interview	Adult Community Services Division, Douglas Hunt
Program Manager Interview	Adult Community Services Division, Cheryl Batterman
Program Manager Interview	Adult Community Services Division, Mary Grabot,
Program Manager Interview	Adult Community Services Division, Monica Bear
Program Manager Interview	Children, Youth and Families Division, Marykay Wills

Topic	County Participants/Titles
Program Manager Interview	Children, Youth and Families Division, Todd Campbell
Program Manager Interview	Employment and Work Services Division, Margaret Romens
DHS Operations and Management Practices	DHS Director, Lynn Green
Economic Assistance and Work Services Section	Amy Mendel-Clemens, Margaret Romens and Tim Saterfield
Follow-up and Project Status Meeting	Lynn Green, Jean Kuehn and Lisa MacKinnon
Grant Accounting and Budgeting	Ron Plumer, Sue Perry and Laura Yundt
IT Systems and Support	Kari Clemens, G.P. Foster, Jon Hatley, Edjuana Ogden, and Geoff Webb
IT Systems and Support Follow-up	G.P. Foster and Ron Plumer
POS Program Planning and Evaluation	Jean Kuehn, Ariel Barak and Lori Bastean
Procurement Process	Controller, Charles Hicklin
RFP, Contract Award and Monitoring Process	DHS Budget, Contracts and Operations Manager, Edjuana Ogden
Vendor Payment Processing	Assistant Controller, Meg Krohn

- Interviews with County Board Supervisors Bill Clausius, Jenni Dye, Jeremy Levin, Melissa Sargent and Heidi Wegleitner.
- Information gained from 69 online survey responses received from POS agencies, a 25% response rate. A total of 278 agencies were invited to participate in the survey. This included current and past POS agencies that work with DCDHS. See Appendix A – POS Agency Survey Results.
- Information gained from 10 focus group sessions held with 68 POS agency representatives – this represents nearly 25% of the County's POS agencies. After the survey was completed, all 278 POS agencies were invited to attend focus group sessions. The sessions were organized in a manner that grouped POS agencies according to their similarities such as agency size, the division within DCDHS that manages the contract (e.g., Adult Community Services, Children, Youth and Families, or Economic Assistance and Work Services), agencies with multiple contracts, and the type of specialty service provided (e.g., Self-Directed Services, Community Based Residential Facilities, or Substitute Care Facilities). A listing of the sessions is in Figure 3.

Figure 3

Session Type	# of Actual Attendees
ACS – Large	6
ACS – Medium	6
ACS – Medium	7
ACS – Medium	7
ACS – Small	11
CBRF/ACS Medium	4
CYF – Large/Medium	11
EAWS – All	4
SDS – All	7
Sub/CYF	5
Total	**68**

- After interviews were held with the seven Program Managers, a survey was developed to understand how Program Managers across the various divisions allocate their time to contract management activities. DCDHS identified 23 staff members with contract management responsibilities. Each of these staff members received the survey. Respondents were asked to identify how they allocate their time on an annual basis in these areas:

- Developing RFPs and managing the solicitation process
- Administrative tasks
- Evaluating proposals in response to a RFP and selecting vendors
- Supervising staff
- Negotiating contracts
- Participant care management
- Contract monitoring
- Special projects
- Reviewing Reports
- Other activities
- Meeting with POS contractors

Seventeen Program Managers and staff with contract management responsibilities responded to the survey. See Appendix B – Annual Average Allocation of Program Managers' Time.

- Phone interviews with six comparable counties providing health and human services within Wisconsin were conducted to gain perspective on the various approaches being used to administer POS contracts. A total of eight counties were contacted. The counties were selected based on recommendations from DCDHS and/or their similar size and structure to DCDHS. A couple of the comparable counties were also referenced by service providers as counties where there are favorable risk models, i.e., the service provider and the county share the risk and rewards of some programmatic objectives. The counties interviewed are:

  - La Crosse County, WI
  - Kenosha County, WI
  - Milwaukee County, WI
  - Rock County, WI
  - Sheboygan County, WI
  - Waukesha County, WI

Representatives from the comparable counties were asked the following questions to see how they compare to DCDHS:

1. Typically, what is the average term of a POS contract?
2. If your department issues multi-year contracts, are contracts issued annually or are contract amendments/modifications used?
3. Does your agency do performance-based contracting? If yes, how long did it take to implement the program?
4. If no, has your department considered doing performance-based contracting and what are some of the barriers you see with this process?
5. Are contracts paid on a 1/12th basis, unit cost, or performance incentives/milestone payments?
6. Does your agency require POS contractors to do Medical Assistance (MA) billing?
7. If yes, how are MA targets set within contracts? Are the MA targets required percentages? Are there particular programs/services that are more successful with MA billing?

8. If yes, does your department allow the POS contractors to maintain a percentage of the revenues they bill? What happens if a POS agency does not meet its MA billing targets? Does your agency subsidize the deficits?
9. Does your department have an advisory board that is comprised of providers, consumers and staff within your department? How often does this board meet? What is its role?
10. If yes, does the advisory board offer advice with prioritizing services?
11. How is funding prioritized for human services programs by your department?
12. Has your department provided a cost of living (COLA) increase to POS agencies recently? If yes, how was your department able to do this?

See Appendix C - Benchmarking Results Summary.

- Phone interviews with three national health and human service departments that were identified by either DCDHS as a department to contact or through Baker Tilly literature review as best in-class based on the accountability tools and practices being implemented. The departments were asked the same questions as the comparable counties contacted in Wisconsin. Additional questions surrounding the innovative practice or solutions they had implemented were also asked. The organizations we contacted are:
  - **City of New York, NY – Mayor's Office of Contract Services**. The City of New York has been highlighted by The Nelson A. Rockefeller Institute of Government[1] and Governing Magazine[2] for the implementation of performance-based contracting with human services programs such as welfare-to-work. An interview was held with the Associate Director for the Mayor's Office of Contract Services, an oversight office that performs internal audit and compliance functions for over seven human services agencies within the city. In fiscal year 2013, the City of New York did $5.5 billion in contracted services with human services providers.
  - **County of Fairfax, VA – Department of Health and Human Services.** The County of Fairfax, VA operates under a state supervised, county administered human services model, similar to DCDHS. A Contract Coordinator within the Contracts and Procurement Management Unit was interviewed. Discussions focused around the implementation of the County's *Results Based Accountability Program*. This program is a management tool that allows the Department of Health and Human Services to evaluate programs based on clearly articulated goals, and data that is regularly collected and reported on to determine if program results have been achieved. This information will then be used to make funding decisions for future programs. Suggestions on standardizing outcome measures, prioritizing human services programs, and implementing technology were provided. In 2014, Fairfax County estimates that it will award approximately $135 million in POS contract awards through 791 contracts.

[1] Rockefeller Institute Brief. "Performance-Based Contracts in New York." June 2012. http://www.rockinst.org/pdf/workforce_welfare_and_social_services/2012-06-Performance-Based_Contracts.pdf
[2] Governing Magazine. "Performance-Based Contracting". November 2013. http://www.governing.com/topics/health-human-services/col-performance-based-contracting-comes-human-services.html

- **State of North Carolina, Department of Health and Human Services.** The State of North Carolina was highlighted in the Urban Institute's article on "Performance Contracting in Six Human Services Agencies"[3]. The State has been utilizing performance- based contracts with human services since 1995. In FY13, human services contract awards totaled approximately $179 million.

See Appendix C - Benchmarking Results Summary.

- Interviews were conducted with the Urban Institute and the National Institute of Governmental Purchasing. Both of these agencies have made significant contributions to their respective fields of study. The Urban Institute is a premier organization that has extensive policy research on the provision of human services by public agencies. The National Institute of Governmental Purchasing is a leading public procurement professional organization that seeks to bring together procurement professionals in the areas of contract management, professional development and best practice research.

Research and analysis was conducted to understand the challenges facing DCDHS and POS agencies. Our review included:

- Research with the National Council of Nonprofits, the U.S. Department of Health and Human Services (HHS), the National Institutes of Health (NIH) and the Institute of Internal Auditors (IIA). The National Council of Nonprofits provides literature and tools to help combat some of the financial and management constraints nonprofit organizations encounter. HHS is the primary agency for providing human services in the U.S. Not only does this agency contract for human services, but it also provides grant funding to states. HHS publishes many of its best practices for contract management, strategic initiatives and monitoring vendor performance. The NIH is an agency within the HHS department. The NIH is the largest source of funding for medical research in the world. As a result, the NIH has developed an extensive framework of competencies Contract Managers in areas such as contract and financial management. The IIA is a professional organization for internal auditors. It provides research and education to its members through published reports, best practices and studies. This information was a useful reference for strategies on how to deliver human service contracting.
- Reference materials were reviewed from the Multnomah County, OR Department of Human Services. The County of Multnomah, OR has published a number of tools to assess the risk of a contract prior to initiating services with POS agencies. The risk assessments help the county determine the amount of contractual risk the county will bear as well as the POS agencies. It is also used to determine which services are best for contracting out versus providing in house. These tools are shared within the report. The Cook County, IL Office of the Chief Procurement Officer and the University of Illinois at Chicago Purchasing Division has written a process manual for the RFP evaluation and process selection. Whenever a RFP process is initiated, Program Managers must follow this manual to evaluate proposals. A copy of the manual is also shared within the report.

[3] Vinson, Elisa. The Urban Institute. "Performance Contracting in Six Human Services Agencies". September 1999. http://www.urban.org/publications/310328.html

- An inventory and review of nine current processes performed by DCDHS was completed. The processes reviewed are:
  - Contract administration and monitoring
  - Contract development and award
  - Contract negotiation and rate setting
  - Program evaluation
  - RFP evaluation
  - RFP solicitation and development
  - Vendor evaluation
  - Vendor payment
  - Vendor reporting
- An improvements matrix was created to assess the current practices within DCDHS. The improvements matrix lists the type of improvement by people, process or technology; a description of the improvement recommended; a summary of any supporting evidence or justification for the improvement; and the fieldwork session where the improvement was identified and discussed. The improvements matrix was used to help develop the findings and recommendations. See Appendix D – Improvements Matrix.
- A comparison of DCDHS to 13 states that operate a state supervised, county administered human services program was done to compare the local issues faced by DCDHS and its POS agencies to national concerns in human services contracting. DCDHS provided Baker Tilly with the following list of states under this model:
  - California
  - Colorado
  - Georgia
  - Maryland
  - Minnesota
  - Nevada
  - New York
  - North Carolina
  - North Dakota
  - Ohio
  - Pennsylvania
  - Virginia
  - Wisconsin

  Information on the 13 states was taken from the Urban Institute's "Human Service Nonprofits and Government Collaboration: Findings from the 2010 National Survey of Nonprofit Government Contracting and Grants". Within the "National Study of Nonprofit-Government Contracting" report, data from each of the 50 states is provided that details the problems encountered and the actions taken by nonprofits to resolve/alleviate the problems. A comparison of selected responses from the Urban Institute's survey to the DCDHS POS agency survey responses was conducted to understand the extent of the challenges in human service contracting. Key problems facing nonprofits that were identified in the Urban Institute's report and shared by DCDHS POS agencies include insufficient funding to cover the cost of services and changes to contract terms and conditions.
- Process mapping of the current/future state RFP Solicitation and Award Process and the Contract Compliance and Award Process. The current state process mapping identified control gaps and the future state provides a more streamlined process to gain operational efficiencies.

Once the fieldwork and analysis was completed, a listing of preliminary findings was developed and presented to the Work Team in January 2014. Based on feedback from the Work Team, recommendations were developed to provide DCDHS with a roadmap for implementation.

The findings and recommendations are organized into three topical areas: People, Process and Technology. Within each area of the report, we list general issues that were identified. Attributed to each issue are one or more findings. Each finding describes an exception or deficiency in the current process of managing contracts as identified by our research and the impact it has on the contracting process. Generally, this relates to adequacy and effectiveness of internal controls and/or efficiency, effectiveness and presence of policies and procedures. Below each finding is a detailed recommendation that includes an explanation in these areas:

- **Recommendation** – A general statement on how the finding should be addressed
- **Cost Impact/Barriers** – Any associated costs or barriers that DCDHS will need to address to implement the recommendation
- **Recommendation Details** – A detailed description of the recommendation, including process or procedural changes
- **Comparable Jurisdiction Data** – Supporting data from the agencies surveyed for this report that demonstrate support for the recommendation
- **Industry Best Practice Research** – Examples from research that support the recommendation
- **Risk Assessment Summary** – A brief statement on the potential risk to DCDHS if the recommendation is not implemented. Definitions for the levels of risk are below:
    - **Low** – If the recommendation is not implemented, there will be minimal disruption to daily service operations, the quality of service, cost impacts and legal liability to DCDHS.
    - **Medium** – If the recommendation is not implemented, there could be some disruption to daily service operations, the quality of service, cost impacts and legal liability to DCDHS. However, the consequences will not be severe.
    - **High** – If the recommendation is not implemented, there could be substantial disruption and consequences to the daily service operations, the quality of service, cost impacts and legal liability to DCDHS. If current practices continue there may be a breakdown in service delivery.
- **Implementation Time Frame** – Anticipated amount of time to fully implement the recommendation. Implementation timeframes less than one year are considered short-term and implementation timeframes of one year or more are considered long-term
- **Resources Needed to Implement** – Necessary staff and physical resources needed to implement the recommendation

National Concerns with Human Services Contracting

Among the 1.5 million non-profit organizations in the United States, human services organizations represent a sector that strive to serve the neediest and hardest to serve consumers. These agencies provide:

- Crime and legal related services (i.e., violence and abuse prevention, dispute resolution)
- Employment and job related training
- Food, agriculture and nutrition (i.e., meals for pre-school students and meals on wheels)
- Housing and shelter (i.e., homeless shelters and senior citizen centers)
- Youth services (i.e., afterschool programs and developmental learning programs)
- Mental health and developmental disability services

Wisconsin is one of 13 states that operate a state supervised, county administered human services program. Counties within these 13 states, like DCDHS, are provided with funding from their state governments to either provide the services directly or contract with POS agencies. Based on the description of the program, each state stipulates various reporting and oversight measures the counties must comply with to maintain their funding. Due to the recession, many state and local governments have seen decreased revenues and as a result have had to reduce funding levels for human services, while increasing reporting requirements for nonprofits to maintain and justify their funding.

In 2010, the Urban Institute reported that, "for organizations with government contracts and grants, government funding accounted for 65 percent of total revenue."[4] Since the recession, human service nonprofits that once heavily depended on government funding have had to readjust their service models to meet their program goals and funder expectations. In order to supplement the funding provided by government agencies, some nonprofits have had to fundraise with private donors, stretch existing staff resources, draw upon reserves, or scale back their operations in order to continue serving consumers. These actions signal that the contracting model nonprofits were once used to have changed and that nonprofits have to take greater initiative to build their organizations and remain sustainable.

Within the Urban Institute's "National Study of Nonprofit-Government Contracting: State Profiles" from the 2010 National Survey of Nonprofit Government Contracting and Grants report, data from each of the 50 states is provided that details the problems encountered and the actions taken by nonprofits to resolve/alleviate the problems. The 13 states that operate a state supervised, county administered human services program was of particular interest for this review because it confirmed that some of the POS contracting concerns identified by DCDHS and its POS agencies are in fact national issues.

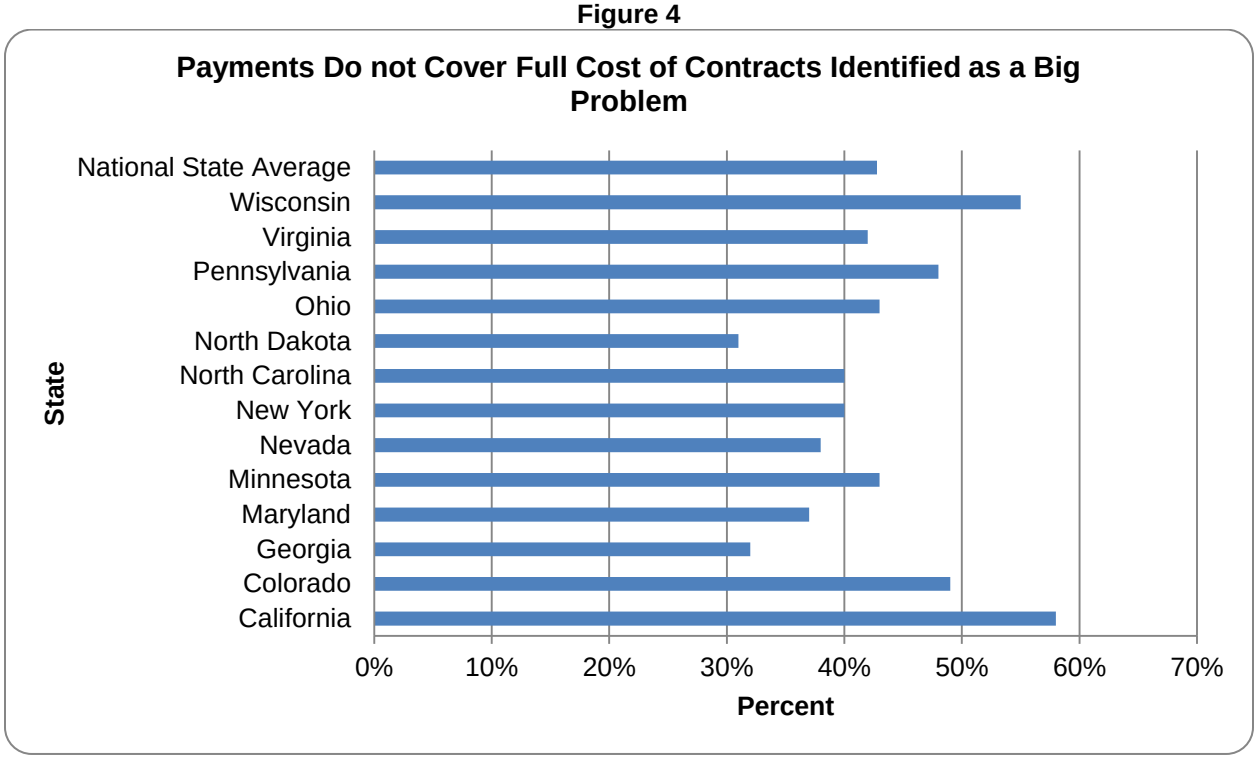
Key problems facing nonprofits that were identified in the Urban Institute's report and shared by DCDHS POS agencies include complexity of application and reporting requirements, insufficient funding to cover the cost of services and changes to contract terms and conditions. A selection of points for comparison is provided on the next several pages. We also integrate responses from the DCDHS POS survey into these findings.

[4] The Urban Institute, "Human Service Nonprofits and Government Collaboration: Findings from the 2010 National Survey of Nonprofit Government Contracting and Grants". October 2010. Page 5

Cost of Services (Figure 4)

When we take an average of the survey responses provided by the Urban Institute for the 13 states of interest, we see that approximately 43 percent of nonprofits felt that their payments did not cover the entire costs needed to provide services. Additionally, we see that 55 percent of nonprofits in Wisconsin felt as if their payments were insufficient – this was the second highest in the dataset. This experience is similar to the survey responses provided by DCDHS POS agencies given that nearly 48 percent of survey respondents stated that the established rates in their contract were either "somewhat inappropriate" or "inappropriate". We can infer from this data that since the contract rates did not cover all of the nonprofits costs, nonprofits had to find additional revenue sources to support the programs and services they offer. This sentiment was also communicated by participants in our focus group sessions.

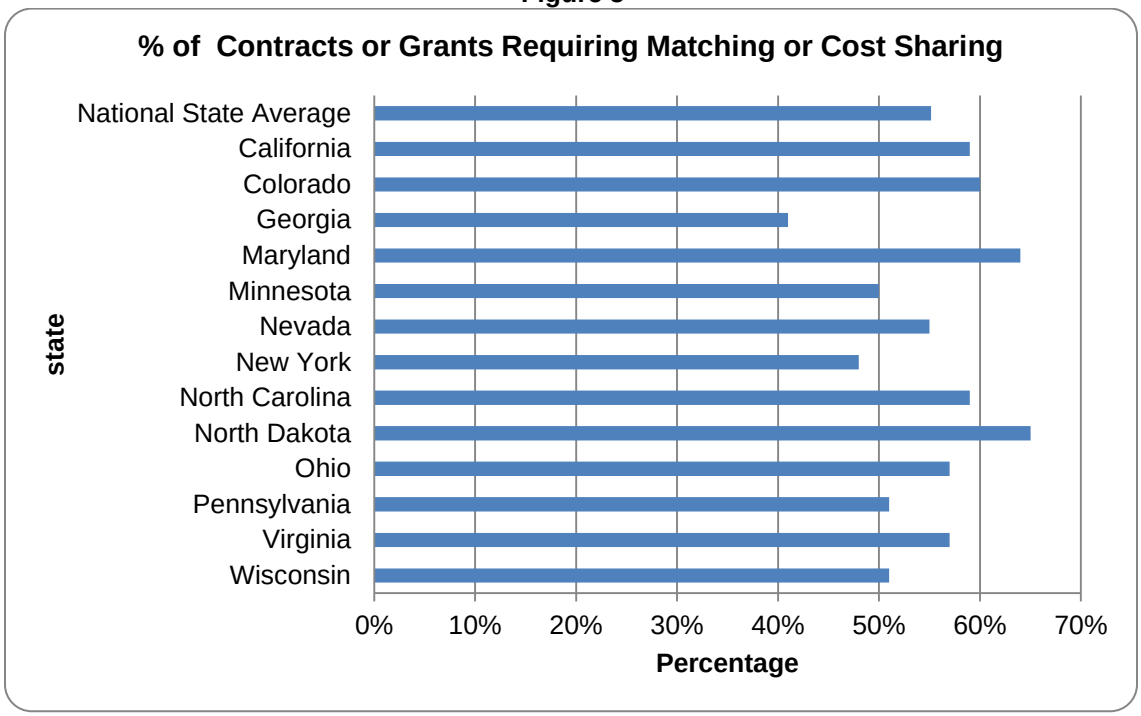
Figure 4



Matching Funds or Cost Sharing (Figure 5)

Although DCDHS does not currently provide for cost sharing with the agencies it contracts with, it does have percentage requirements in contracts that are eligible for Medical Assistance (MA). In the event that a contracted service is eligible for MA billing, as part of the DCDHS contract award amount agencies are told how much funding will be provided by DCDHS and how much is the result of MA billing. It is expected that these amounts are the responsibility of POS staff to bill and capture. Thirty nine percent of DCDHS survey respondents stated their contract generated additional revenue through services provided, while on average 55 percent of nonprofits surveyed by the Urban Institute stated that their contracts required matching or cost sharing. These numbers are not surprising given the fact that states are receiving less funding and are requiring nonprofits to participate in raising funds to support the programs/services they provides. **It also suggests that nonprofits with strong finances have a competitive advantage for raising matching funds because they have access to more internal and external resources**.

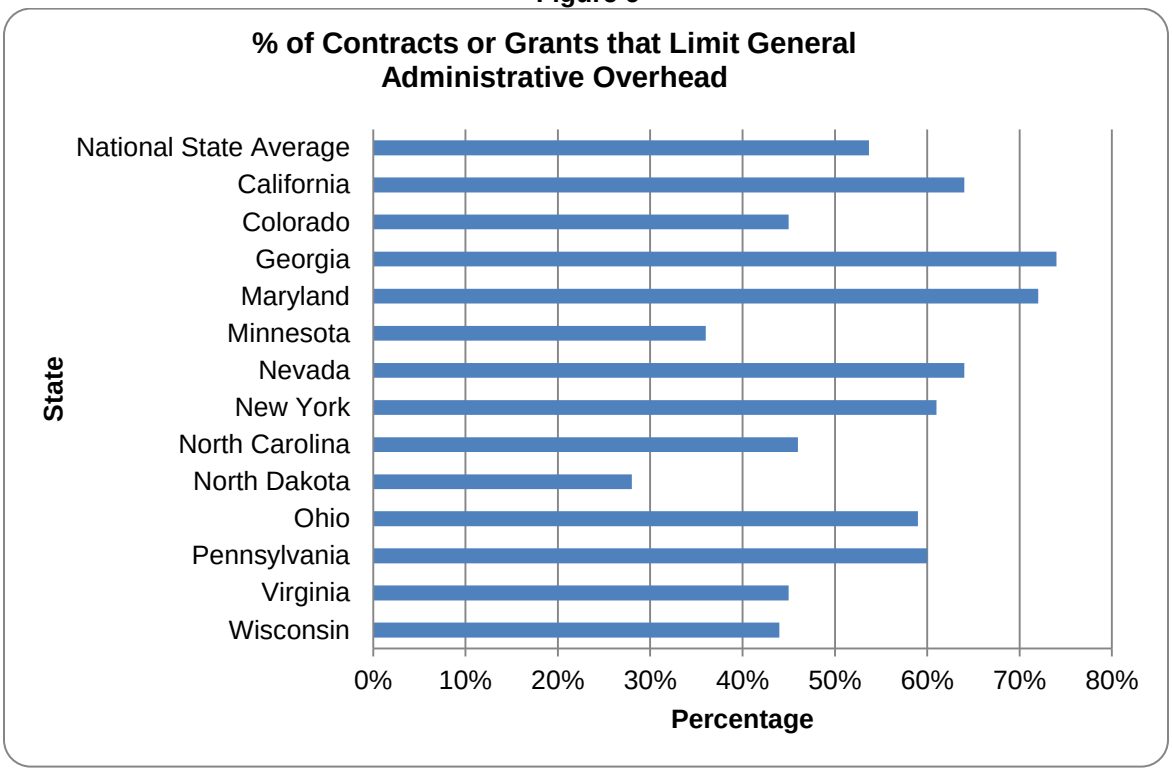
Figure 5



Limitations on Administrative Overhead (Figure 6)

Currently, DCDHS has a 15% cap on administrative overhead for all programs/services it contracts for. It is interesting to note the variability in the number of survey respondents by state that stated they have an administrative percentage cap. In North Dakota, 28 percent of survey respondents stated that their contracts have an administrative cap on overhead, while in Georgia 74 percent of survey respondents stated that their contracts have a limit on administrative overhead. Typically, performance-based and incentive contracts are focused on providing efficient and effective services and may not always limit administrative overhead since payment is directly tied to performance. However, unit rate and 1/12th payment contracts focus on program budgets and outputs and so there is a heavier focus on administrative overhead. See Figure 6 for the survey results.

Figure 6

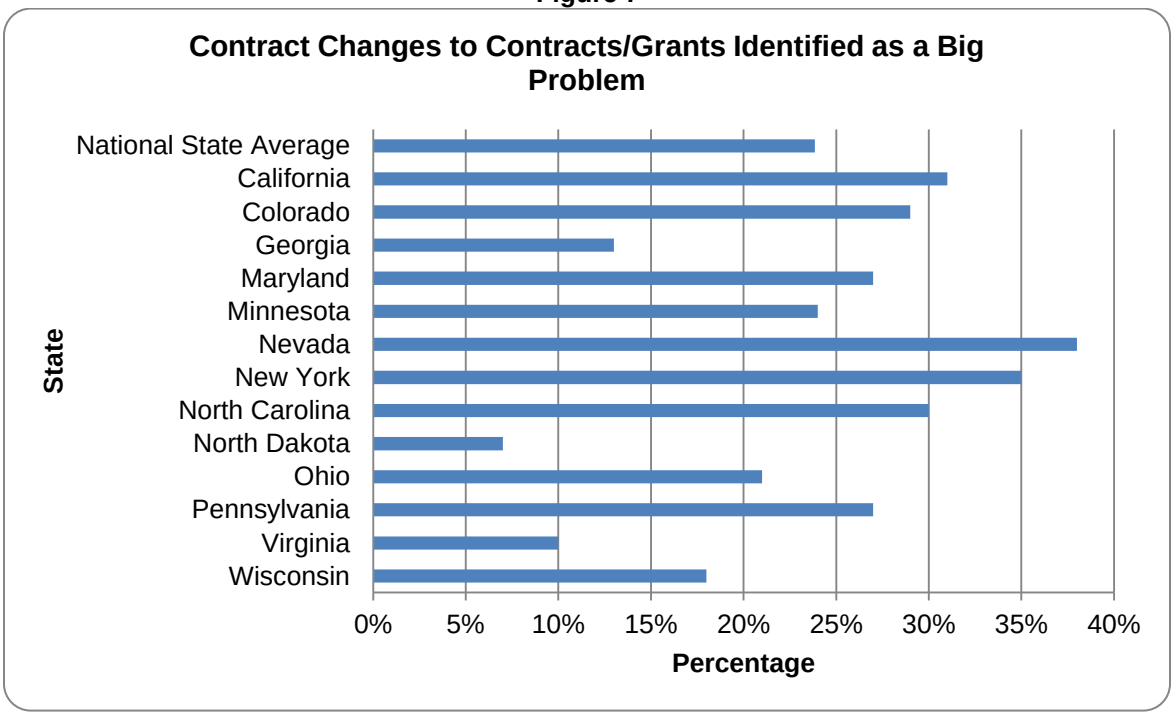


Changes to Contract Terms and Conditions (Figure 7)

Comments provided to Baker Tilly in the survey and focus group sessions with POS agencies included concerns that there are not always consistent practices for documenting changes to contract terms and conditions. In addition, some agencies noted that they were not always consistently notified of policy and procedural changes. The data in Figure 7 depicts that most nonprofits in the 13 states encounter this issue; however, it is more prevalent in some states like Nevada and New York than in other states such as North Dakota and Virginia. Currently, the perceived degree of the problem in Dane County is less than the national average.

The variance in identifying this as a big problem can be attributed to a number of factors including whether or not the states issue annual contracts versus contract addendums, the number of contracts issued by the state compared to the number of nonprofits they work with, as well as the states' communication plan with vendors. For example, the Department of Health and Human Services in Fairfax County, VA has a training emphasis and provides technical training to nonprofits to help manage the contracting process and maintain consistent communications with its service providers. By ensuring that Program Managers and service providers are on the same page, the need for contract amendments and modifications are reduced.

Figure 7



Conclusion

By comparing DCDHS to the 13 states that operate a state supervised, county administered human services program, we have a point of reference for understanding how DCDHS is currently performing. In the Urban Institute survey, nearly 43 percent of the 13 states surveyed stated that they are operating at an overall deficit. This research is parallel to some of the feedback provided by DCDHS POS agencies that stated their contracts do not cover the full costs to provide services. From this information we can draw conclusions that changes are needed to ensure that service priorities are understood and that nonprofits are adequately compensated for their services. Further, we are able to understand that the concerns of the POS agencies are real and while DCDHS can take steps internally to resolve some of the issues identified, national reform for the provision of human services is also warranted.

Summary of Current State of Human Services Contracting

The Dane County Department of Human Services (DCDHS) provides a range of human services to the residents of Dane County. DCDHS operates a nursing home and administers over a dozen separate human services systems, which meet the needs of over 31,000 Dane County residents annually. Most systems are governed by complex state and federal statutory and administrative requirements and are supported with a blend of state, federal and local revenues.

Some primary work activities of DCDHS include:

- Provide mental health, developmental disability, and substance abuse services to adults, older adults, and children
- Deliver economic support and work services for low-income residents
- Contract for POS services with third party providers
- Provide contract management and fiscal monitoring activities for contracted services
- Collect and report on outcomes and program effectiveness

Within DCDHS there are three units that assist Program Managers with the POS contracting process. A description of the unit's responsibility is listed in Figure 8. Responsibilities that are completed in multiple units are in bold.

Figure 8 - Contract Management Duties

Unit	Responsibility	Staffing Level (based on full-time equivalents)
Budget, Contracts and Operations Unit	> Mails contracts to POS agencies for signature > Routes contracts for Dane County signatures > Provides the Controller's Office with a copy of the executed contract > **Monitors administrative overhead for POS agencies** > **Distributes monthly compliance reports to Program Accountants and Program Managers** > **Performs desk audits and site visits for POS agencies** > Writes evaluations of site visits with POS agencies > **Serves as contact liaison for POS agencies**	6[5]
Program Managers	> Draft RFPs > Lead the Application Workshops > Draft addenda for RFPs > Chair evaluation committee meeting > Draft contracts > **Develop performance indicators for contracts** > **Draft contract amendments** > **Perform contract and vendor performance monitoring** > **Review monthly performance reports submitted by POS agencies** > Resolve POS agency disputes > **Perform formal and informal site visits and meetings with POS agencies** > **Serve as primary contact for POS agencies**	22[6]
Fiscal Services	> **Monitors administrative overhead for POS agencies** > **Reviews program budgets** > Submits vendor payments to the Comptroller > Reviews annual audits from POS agencies > Performs end of year reconciliation for POS agency payments > **Reviews reports submitted by POS agencies** > **Initiates contract amendments**	6.5[7]
Planning and Evaluation	> Posts RFPs to the website > Coordinates Application Workshops > Posts addendums to RFPs on the DCDHS website > Receives proposals and distributes them to Program Managers > **Assists with the development of performance indicators that are listed in contracts** > **Monitors vendor performance against the performance indicators** > **Performs program evaluations on as-needed basis** > Develops program status reports describing the performance and success of programs on a select basis	3[8]

[5] FTE count based on the Human Services Department Organizational Chart provided by DCDHS.
[6] One Contract Manager in the Adult Community Services Unit also works in the Planning and Evaluation Unit.
[7] FTE count based on the Human Services Department Organizational Chart provided by DCDHS. The FTE count only included the Fiscal Services Manager and 5.5 Program Accountants because they have direct responsibility with the POS contracting process.
[8] FTE count based on the Human Services Department Organizational Chart provided by DCDHS.

Based on the chart, it is clear that each of these units has overlapping contract management responsibilities. These responsibilities include monitoring administrative overhead for program budgets, reviewing vendor reports, holding site visits and managing an agency's overall performance. Although this structure is intended to ensure that vendors are performing according to established procedures, at times this process can be confusing both internally and externally to DCDHS because of the overlapping nature of each unit's role, and can lead to inefficiencies and a breakdown in communication between DCDHS and POS agencies. See Appendix F – Current State Compliance and Monitoring Flowchart.

During the RFP solicitation and award process, Program Managers work with the Planning and Evaluation Unit for assistance with pre-award activities like posting the RFP to the DCDHS website and coordinating the Application Workshop. However, once the proposals have been evaluated, they work with the Budget, Contracts and Operations Unit to obtain signed contracts from the POS agencies and Dane County. This model represents a bifurcated process that creates challenges in that POS agencies have a different point of contact throughout the contracting process. Streamlining the process can help provide more consistency between the POS agencies and DCDHS. See Appendix G – Current State RFP Solicitation and Award Process Flowchart.

DCDHS uses four different information systems to store contract information and track contractor performance. These systems store duplicate information and are not accessible to all staff, nor is the data in each system linked to one another. An inventory of the systems is listed in Figure 9.

Figure 9 - Systems Inventory

System	Description
Automated Budget Adjustment Forms System	> Electronic routing system that captures information from the program summary forms, including contract award amounts > Used by Program Accountants to retrieve contract information needed to update Munis > Any changes in the system are approved by Program Managers, Division Managers and the Deputy Director through a routing approval process
Contract Compliance Database	> Created in 2003 > There are approximately 4,000 contracts in the system > Developed to help automate a manual process > Tracks the routing of contracts for signature > Maintains POS agency insurance certificate expiration dates, personnel schedules, and agency contact information > Some information within this system is duplicated in the Information System > Data is manually entered by staff > Unit costs, program budgets, and expense reports are tracked in the system
Human Service Web Application	> Used by approximately 50 to 60 POS agencies for the Children Come First program > POS agencies enter their billing information directly into the web application > Data in the Human Service Web Application is not linked to the Information System; however, it captures the same information as the Information System

System	Description
Information System	> Went live in 1997 > Developed in-house and uses a SQL server > It is a contracts database used to track unit costs and service authorization plans > Data is manually entered by staff

At the onset of our review, a survey was distributed to 278 POS agencies. Following the distribution of the survey, POS agencies were invited to attend focus group sessions to provide feedback on the POS contracting process. Figure 10 provides a summary of the responses we received.

Figure 10 - POS Agency Feedback Summary

Categories	Feedback Summary
Contracting and Negotiation Process	> Some agencies have identified the RFP process as unclear and inconsistent. Some feel that the process may change from one period to another. > There is inconsistency in the negotiation process; some agencies feel that they are able to negotiate terms and conditions in their contract and others feel that they have to sign the agreement in order to move forward with the project. > Some agencies noted that verbal changes are made to their contracts; however, these changes are not formally documented. > Many agencies felt that receiving their contract in November and having two weeks to turn it around is not enough time to review terms and conditions and negotiate any changes, if desired. Some suggested starting the process earlier in order to more effectively address these issues.
Performance Indicators	> Contracts have key performance indicators; however, in some instances key performance indicators are not clearly defined. > Some agencies are allowed to provide input to DCDHS when determining the key performance indicators for their contracts. > At times, performance indicators are based on outputs, i.e., the number of people served. It is preferable if performance indicators focus on a mixture of outcomes, outputs, clinical outcomes and patient improvement statistics. > Some agencies agreed it was good to have performance indicators in their contracts because it helped them evaluate their year-end performance.
Rate Setting and Cost of Living Adjustment (COLA)	> POS agencies have not had COLA increases in years. Many of the participants have stated that there is no more room to stretch their dollars and feel that they are stretched too thin. > There is not always enough funding to accomplish agency responsibilities. > Some POS agencies feel that the costs to provide services are increasing, while their revenues decrease. > Some agencies commented that they would like to see full funding from DCDHS for all of the programs they provide. > There was a general frustration represented in the funding that is received for services provided. Many of the agencies we spoke with feel that they are at a critical point in their operations – they are unable to continue meeting service demands with no COLA provision or administrative overhead increases.

Categories	Feedback Summary
Satisfaction of Your Agency with DCDHS	> The general feeling presented by the participants is that DCDHS staff try to do their best given their fiscal situation. > Most agencies are interested in continuing to do business with DCDHS but would like to see the agency become more flexible, innovative, and see the relationship with contractors as a partnership. > Overall, agencies value the relationship they have with DCDHS. > Some noted that procedures may vary depending on the Division and Program Manager they work with. > A few agencies were unsatisfied because they cannot afford to pay/maintain quality staff and at times, see the relationship as antagonistic.
Sharing Risk (MA Billing, Administrative %, and incentives)	> Some agencies are confused by the pricing structure of their contracts in instances where part of the contract amount is guaranteed by DCDHS and another part is dependent upon Medical Assistance (MA) billing. Some issues with MA billing include: 1) not all agencies understand how the revenue targets are established; 2) some agencies don't know how to perform MA billing; 3) some agencies believe that DCDHS will continue to cover the full cost of their contract even if they don't meet their MA revenue targets. > Agencies would like more information on how MA revenue targets are set in their contracts. > POS agencies would like for DCDHS to share with them the revenues received from MA billing.
Suggestions for Improvement	> Listen, compromise on contract negotiations, create incentive based contracts for both parties and stay abreast on current human services literature. > Provide explanation of budgetary decisions and provide agencies with the long-range plan for serving participants. > Provide clear directions on what is expected and provide adequate notice when something is needed. > Provide longer-term contracts and provide longer funding commitments so that agencies can make long-term plans. > Provide rewards for agencies that are fiscally responsible and implement best practices.
Technology Resources	> There needs to better technology for reporting requirements. > Staff expressed frustration with paper based reporting. Some indicated that they still use carbon paper for some of their reporting.

The information revealed that overall there are some opportunities within DCDHS for process and operational improvements. Nearly 54 percent of POS agencies surveyed stated that they are satisfied with the relationship they have with DCDHS. However, it was clear that administration practices and collaboration with POS agencies can be strengthened. Additionally, there have been some financial challenges with the budgeting process that have placed more responsibility on POS agencies. However, 94 percent of the survey respondents stated that they were interested in doing business with DCDHS in the future. These statistics demonstrate that DCDHS has worked to develop a strong relationship with the agencies they contract with. DCDHS should be commended for its commitment and willingness to work with POS agencies.

Current Strengths

During the review we found that DCDHS currently has a number of strengths. The department has posted its five-year strategic plan for 2011-2015 on its website. By posting its 14 goals, DCDHS has acknowledged its current limitations, but also demonstrated actionable steps being taken to improve services. The goals listed in this plan document DCDHS' commitment to improving the contracting experience for POS agencies by recognizing the need to:

- Improve the bidding process
- Support staff development
- Improve technology resources

Some of the steps that DCDHS has taken in an effort to meet the goals listed in the Strategic Plan:

- ✓ In 2013, DCDHS began working with the Dane County Corporation Counsel to standardize contract language. This collaboration demonstrates DCDHS' understanding that contract development and formation is a critical component in the delivery of human services.
- ✓ DCDHS has also taken actionable steps to improve its commitment to transparency and ethics in the POS contracting process. In FY14, a "no conflict of interest form" was developed and required of all evaluation committee members reviewing RFPs. This form reinforces DCDHS' commitment to ethics and fairness in the procurement process.
- ✓ Beginning in FY14, contracts will have a separate section for reporting requirements. This section lists the name of the report, the submission location, and the due date. It is intended to serve as a guide to help POS agencies stay abreast of key reporting deadlines.
- ✓ DCDHS has sponsored Contractor University to help nonprofits build capacity and improve their performance. This program was very successful with POS agencies and many stated during the focus groups sessions that it helped them obtain valuable information.

Overall, the actions taken by DCHDS demonstrate its commitment to improve the lives of others and provide best value services.

Staffing

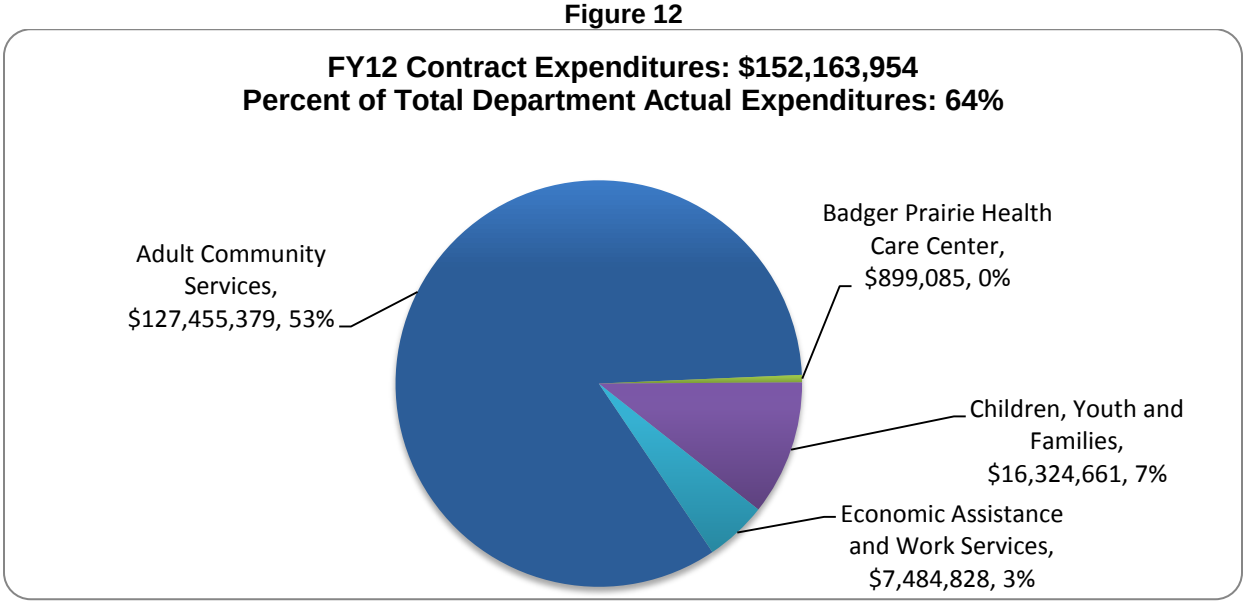
Between FY10 and FY12, the number of Program Managers in each division has been consistent and there have been no changes to the staffing levels. The table in Figure 11 quantifies the level of resources by division and fiscal year.

Figure 11 - Program Manager Staffing Levels

Division	# of FY10 Program Managers	# of FY11 Program Managers	# of FY12 Program Managers
Adult Community Services	11	11	11
Badger Prairie Health Care Center	1	1	1
Children, Youth and Families	5	5	5
Employment Assistance and Work Services	4	4	4
Grand Total	**21**	**21**	**21**

In 2012, DCDHS spent $152,163,954 with 268 POS vendors. This amount represents 64% of the department's actual expenditures, which is estimated at $239,512,611. Within the department, there are four main divisions that have contracting responsibilities. Those divisions are Adult Community Services, Badger Prairie Health Care Center, Children, Youth and Families, and Employment Assistance and Work Services. Figure 12 depicts the allocation of FY12 contract expenditures by division as well as the percent of the contract expenditure compared to the DCDHS total expenditures.

Figure 12



Based on this chart, we can see that more than half of DCDHS' actual expenditures went to providing services in the Adult Community Services Division. This is largely attributed to long-term care services for older adults and persons with disabilities. Residents who were once able to take care of themselves or receive assistance from their families are now seeking greater support from DCDHS.

In order to understand how work is distributed within DCDHS, other factors like the number of contracts per Program Manager and the average contract expenditure per Program Manager are evaluated. When we compare the FY12 contract expenditures to the number of Program Managers in each division, we begin to understand how work is distributed within DCDHS. See the table in Figure 13.

Figure 13 - DCDHS Statistics

Division	# Program Managers	FY12 Contract Expenditures	Average FY12 Contract Expenditures per Program Manager	# of FY12 Contracts	Average # of FY12 Contracts per Manager
Adult Community Services	11	$ 127,455,379	$ 11,586,853	618	56
Badger Prairie Health Care Center	1	$ 899,085	$ 899,085	17	17
Children, Youth and Families	5	$ 16,324,661	$ 3,264,932	93	19
Economic Assistance and Work Services	4	$ 7,484,828	$ 1,871,207	48	12
Grand Total	**21**	**$ 152,163,954**	**$ 7,245,903**	**776**	**37**

It is not surprising that Adult Community Services Division has the highest number of Contract Managers given that it has the most contracts and largest amount of contract expenditures. However, what is interesting to note is the wide variance in the number of contracts each Program Manager manages within the divisions. For example, the Children, Youth and Families Division had nearly twice as many contracts as the Economic Assistance and Work Services Division in FY12, yet the Children, Youth and Families Division only had one additional Program Manager. However, when compared to the average number of contracts per Program Manager, the workload between the Badger Prairie Health Care Center and Children, Youth and Families Divisions appears to be more evenly balanced. This is attributed to the fact that the Economic Assistance and Work Services Unit supplement its staff with one Program Manager from the general DCDHS Administration Unit. This supplemental staff person reduces the number of contracts-to-Program Manager ratio for the Economic Assistance and Work Services Unit.

Another metric that can be used to determine if contracts are evenly distributed across an organization is the average contract expenditure amount that a Program Manager is responsible for managing. Based on the table above, we see that the average contract expenditure for a Program Manager varies significantly, from approximately $899,085 in the Badger Prairie Health Care Center Division to over $11 million in the Adult Community Services Division. Although this variance can be attributed to the complexity and size of the contracts being awarded, we typically like to see a more even distribution of contract expenditures among Program Managers.

Given that the Adult Community Services Unit has the highest number of contracts per Program Manager and the highest average expenditure per Program Manager when compared to the other Divisions, there are concerns as to whether Program Managers are able to provide an adequate amount of time managing and reviewing their contracts. Additionally, since the Adult Community Services Unit receives the most funding, it is imperative that these contracts are regularly monitored as they are high dollar, high risk contracts compared to the other units.

While there are no benchmarks that list an acceptable number of contracts per Program Manager or the average value of a contract that a Program Manager should manage, it is evident that Program Managers within the Adult Community Services Unit have an extremely high number of contracts compared to the other units. Based on the current structure, if Program Managers within this unit maintain their workload they will not be able to complete all required contract management responsibilities that are necessary for all of their contracts. Potential responsibilities that may not be fulfilled include a Program Manager's ability to do quarterly site visits, because it will mean that each Program Manager will need to do one site visit a week, which is not realistic. Additional consequences include the inability to thoroughly review contractor performance reports and address contractual issues in a timely manner.

DCDHS should consider a workload where contracts are evenly distributed between Program Managers. We suggest that Program Managers be responsible for no more than 25 contracts at one time given that most of the POS contracts are of comparable complexity. In order to achieve this goal, DCDHS should evenly distribute existing contracts to Program Managers in other divisions as a pilot program. This will provide an opportunity for Program Managers to provide more contract management and oversight for the programs they manage, and will reduce the contractual risk to DCDHS. If, after the pilot phase, the workload is still not evenly distributed between Program Managers, DCDHS should consider hiring more Program Managers. Having proper oversight of the contracts is an important component of the program.

Lastly, to assess the performance of DCDHS we looked at how the department compared to industry best practices. Based on the chart on the next page, DCCDHS is implementing a number of the best practices identified. However, there are areas where either a best practice is being partially implemented or not implemented at all. Throughout the report, we offer recommendations for how DCDHS can implement the best practices.

The legend for the chart is below:

✓ - Implementing best practice
✓ - Partially implementing or planned implementation of best practice
✓ - Not implementing best practice

Figure 14 – Best Practice Matrix

Area	Industry Best Practice	Dane County Performance
People		
	Program Managers receive regular training on public contracting principles.	✓
	Contract Managers are well versed in service delivery and can quickly adapt to the changing demands of the programs they manage.	✓
	Contract Managers are working towards procurement certification and/or currently have certifications (e.g., CPPO, CPPB, CPM, etc.).	✓
	An advisory board exists where stakeholders (e.g., service providers, consumers, family members of consumers, consumer advocates, and policy makers) are able to provide feedback and input in the POS contracting process, as well as make recommendations on services provided by DCDHS.	✓
Process		
	Fair and transparent procurement and evaluation procedures are documented for the public and adhered to by staff.	✓
	An ethics policy exists and staff is trained on it.	✓
	Pre-proposal conferences are held to allow proposers to ask questions and understand requirements prior to submitting RFPs.	✓
	Contract negotiations are held to ensure that the contract between the service provider and agency clearly defines the clinical, operational, legal, financial and performance responsibilities of both parties.	✓
	A qualified panel or responsible individual receives, opens and evaluates proposals from potential contractors. The evaluation process is a complete review of the received proposals based on pre-defined evaluation criteria.	✓
	Contracts are executed by the service provider and agency prior to service initiation.	✓
	Contract modifications and amendments are executed when substantial changes are made to contracts (e.g., change in unit rates, performance measurements, scope of services, etc.)	✓
	Contract monitoring is consistently performed for all contracts and pre-established schedules for meetings and reports exist (e.g., formal and informal site visits, report collection and review, and ad hoc requests for information).	✓
	Formal reviews of programmatic and financial data are collected in a systematic manner following predetermined protocols.	✓
	The performance of service providers are consistently monitored on an on-going basis and are compared to a valid set of baseline data.	✓
	Service providers are held accountable for their performance and performance is documented. A documented plan exists and is followed to address poor performing service providers.	✓
	A strategic procurement plan exists that aligns the services provided with organization's goals and constituency served. The plan is reviewed and updated annually.	✓
	There is a formal process for conflict and dispute resolution.	✓

Area	Industry Best Practice	Dane County Performance
Technology		
	Technology resources aid and support the procurement process and implementation of the procurement strategy (e.g., reporting, contract compliance and reduction in duplication of work).	✓

Findings and Recommendations

PEOPLE

Issue 1: Program Managers require competencies in finance and contract management in order to make effective business decisions about the effectiveness of the operations of the POS.

Finding 1: Currently, Program Managers do not consistently have the requisite tools to effectively carry out fiscal responsibilities and make business decisions for the programs they manage. This is an area that the county has self-identified for improvement. Program Managers also serve as Contract Managers for third party providers within their program area and are well versed in the competencies of providing and delivering services to defined populations. Often the Program Managers have a substantial background in service provision; this is one of the reasons they are seen as a viable resource for managing these programs. However, this is not currently supplemented with formal training, or expectations on how to manage the contracts under their responsibility.

Core responsibilities of Program Managers are: ensuring programs are run effectively, negotiating contracts, setting acceptable units of service for agencies, establishing and monitoring performance metrics, and setting contractor rates. In order for staff to be effective in this role, they need training in financial management, purchasing and contract management as well as service delivery.

Recommendation 1	
Recommendation	**Cost Impact/Barriers**
Implement a formal training program for Program Managers that is focused on financial management tools to help POS agencies become more sustainable. This program consists of two separate training models: One for the core contract management competencies and one for the County's standard purchasing process.	Cost Impact: $135 per person for each class offered by the University of Wisconsin Extension Office based on previous course fees. The total amount per course for 22 Program Managers is $2,970. Barriers: Program Managers will need time away from work to attend two full-day trainings each year. The first training will be offered by Dane County Purchasing Agent and the second will be provided by the University of Wisconsin Extension Office.
Recommendation Details	
It is evident that in order for Program Managers to carry out their duties, it is not sufficient for them to just have program and contract management skills. Rather, they have to be skilled in financial analysis so that they can adequately review program budgets, performance reports and fiscal reports. Program Managers should be able to quickly identify trends in an agency's performance, as well as assess the fiscal health of an organization before a contract award is made. This will allow Program Managers to help POS agencies become sustainable through helping them focus on their fiscal health in addition to the services they provide. A formal training program will ensure that all Program Managers are trained on standard concepts in finance and contract management. This will ensure that all staff receives consistent information, tools and knowledge to execute the requirements of their job. The National Institute of Health recommends the following competencies for Contract Managers[9]: > Serves as a primary point of contact concerning contractual matters > Plans, directs, coordinates, and manages the various contracting functions, including administering, modifying, closing out and terminating contracts > Actively collaborates with the project officer to monitor and manage the contract, contractor performance, quality and compliance with contract terms and conditions	

[9] National Institute of Health, Office of Human Resources http://hr.od.nih.gov/workingatnih/competencies/occupation-specific/341/contractmgmtadmin.htm and http://hr.od.nih.gov/workingatnih/competencies/occupation-specific/1102/contractfinancial.htm

Recommendation 1

- Takes appropriate actions and applies remedies to protect the rights of the government
- Assists managers in recommending pay rates and preparing documents such as task orders
- Allocates and monitors funds for various contracts
- Monitors performance and compliance of contractual terms and conditions
- Develops cost estimates
- Uses financial analysis to evaluate cost and price proposals
- Selects the appropriate contracting financing terms and/or conditions for a given contract
- Tracks expenditures to ensure compliance with contract terms
- Analyzes and renegotiates cost/price of contract as appropriate
- Understands cost accounting and reporting systems
- Understands and monitors the overall financial performance of the contract and draws accurate conclusions from financial information

The U.S. Department of Health and Human Services has identified analysis of proposals and performance management as two technical competencies for Contract Managers. Both of these technical competencies have aligned skills that require a financial analysis component. A list of the recommended skills for both technical competencies is below.

Analysis of Proposals	Performance Management
> Evaluating Non-Price Factors > Pricing Information from Offerors > Evaluation Documentation	> Performance Management > Financial Management > Contract Reporting > Inspection and Acceptance

See Appendix H - U.S. Department of Health and Human Services Key Competencies and Aligned Skills for Contract Managers.

In the past, DCDHS has worked with the University of Wisconsin Extension Office and the Continuing Studies Office to provide training on “Building Financial Capabilities” for Human Service professionals. DCDHS could continue to partner with the University of Wisconsin Extension Office for assistance with developing a customized curriculum in financial analysis and contract management for Program Managers. These courses will not only provide Program Managers with key training, but also with continuing education units (CEU) that count towards their training hours.

Key financial analysis training should focus on:

- **Components of program budgets (i.e., administrative overhead, allowable program costs, capital expenditures)**
- **Rate setting for services**
- **Evaluating financial/audit reports**
- **Evaluating performance measurements**

In addition, DCDHS should work with the Dane County Purchasing Agent to receive annual training on procurement policies and ethical practices. This will ensure that Program Managers within DCDHS receive comparable training to Program Managers in the Dane County Purchasing Division. It will also provide a forum for Program Managers to obtain tools and techniques that the Purchasing Agent has adopted from her affiliation with the National Institute of Governmental Purchasing (NIGP). Further, it will ensure that the processes and standards followed by DCDHS staff are in alignment with the County’s purchasing strategy and guidelines.

The Dane County Purchasing Agent is certified by NIGP as a Certified Public Purchasing Buyer (CCPB). This means that she has met the competencies in public procurement contracting and is regarded as a procurement expert. In addition, as a member of NIGP she has access to resources that can be shared during the annual training. Further, she can provide training on maintaining the ethics of a public procurement process. This will help to minimize any risks or challenges that an agency may raise to the evaluation process.

Recommendation 1	
Comparable Jurisdiction Data (if applicable)	
1. The City of New York Mayor's Office of Contract Services requires that all procurement professionals must be internally certified and recertified every five years through the Procurement Training Institute (PTI)[10]. Courses vary from best practices in public procurement and legal compliance to the vendor responsibility process. 2. The State of North Carolina Department of Health and Human Services partners with the University of North Carolina Chapel Hill School Of Government to provide training on post award and monitoring to Contract Administrators.	
Industry Best Practice Research	
NIGP recommends that public procurement professionals take a series of three-day foundation classes that focus on: > Contract Administration > Developing and Managing Requests for Proposals > Introduction to Public Procurement > Legal Aspects of Public Procurement > Sourcing in the Public Sector > Strategic Procurement Planning Additional in-person, online and webinar courses are also offered.	
Risk Assessment Summary	**Implementation Time Frame**
High – Failure to implement a training program will result in inconsistent practices conducted by Program Managers.	Three months is needed to identify the appropriate courses, curriculum, and trainers and begin hosting the trainings. Internal trainings with the Purchasing Division can be implemented first.
Resources Needed to Implement	
An internal training coordinator will need to devote 50 hours a year to coordinate with the entity providing the training, establish the training curriculum, and track Program Manager CEUs. This resource can come from the Planning and Evaluation Unit. The Purchasing Agent will need 20 hours to develop a training presentation and staff should allocate a minimum of 20 hours a year for training.	

Issue 2: Clear roles and responsibilities have not been communicated and/or well-defined for DCDHS staff involved in the contracting process.

Finding 2a: DCDHS prides itself on having staff that have significant and strong competencies in the delivery of human service programs. Staff believes that this allows them to better understand the work being completed by the POS agency and their intended outcomes. We agree that this is a clear strength of the program. However, one item that was noted as part of the review of job duties is that contract management has not been communicated as a prime component of the Program Manager's job function. Program Managers do not devote a significant portion of their duties to contract management activities, i.e., contract monitoring, reviewing reports and POS agency relationship management. Ensuring the effectiveness of the contractual arrangement is paramount for both parties; it serves as the document that governs the relationship between the two.

[10] City of New York, NY Mayor's Office of Contract Services. "Agency Procurement Indicators Fiscal Year 2013". Page 15. http://www.nyc.gov/html/mocs/downloads/pdf/Fiscal%202013%20Procurement%20Indicators%20complete%20text%2010%2021_for%20web.pdf

During our interviews and survey with the Program Managers, many stated that they spend more of their time performing non-contract management activities, including:

Figure 15

Activity	Percent of Time Allocated
Performing administrative tasks (i.e., facilitating/attending coalition meetings, typing notes, answering emails, returning phone calls, etc.)	23%
Supervising staff (i.e., clerical staff, case workers)	18%
Performing participant care management (i.e., participant rate setting, determining individual service levels, providing clinical support/advice, and resolving participant issues)	7%
Participating on special projects (i.e., finding new grants, training providers, developing new approaches for service delivery, etc.)	11%
Other activities (i.e., liaison to other programs, attending statewide meetings, managing other programs, responding to elected officials, and performing case reviews)	21%

The percent allocation of staff time that is depicted above does not add up to 100 percent because the Program Managers allocated their time based on the activity, not their total workload over a course of a year. However, this information is still useful because it demonstrates that Program Managers spend approximately 80 percent of their time on non-contract management activities, which only leaves up to 20 percent of time to allocate toward contract management duties. Based on the number of responsibilities that contract management entails, Program Managers are not allocating sufficient time to this activity.

DCDHS management indicated a need for more consistency in how contracts are managed. Creating some standards in this area may help, i.e., each Program Manager is expected to make one site visit per contract term, review status of outputs and outcomes quarterly, etc.

Because Program Managers are not devoting a significant portion of their time to contract management activities, they are unable to properly evaluate and document provider agency performance. This is a risk to DCDHS because the department is not able develop a baseline for how services should be provided. Effective contract management requires consistent monitoring to ensure that agencies are able to meet the requirements listed in their contracts and to determine if performance standards are being met. By focusing on this, the County is able to ensure that they are receiving the best value for the dollars spent on the program. Achieving an appropriate balance between administrative and programmatic oversight should improve the effectiveness of the County's monitoring of these contracts. See Appendix B – Annual Average Allocation of Program Managers' Time.

Recommendation 2a-1	
Recommendation	**Cost Impact/Barriers**
Formalize contract management as a core component of job duties for Program Managers.	Cost Impact: None. Barriers: Program Managers will require the training identified in the previous recommendation in order to fully implement this recommendation.
Recommendation Details	
Contract management refers to all functions related to a given contract from the time it is awarded, until all the work is completed, accepted and final payment is made. These activities may also include contractor dispute resolution and contract termination. Contract management should be communicated as a core responsibility for all Program Managers within DCDHS. Senior Management should assist Program Managers with prioritizing their work and shift non-programmatic and non-contract management activities to other staff within DCDHS, where possible.	

Recommendation 2a-1

Staff within the Budgets, Contracts and Operations Unit can serve as Contract Compliance Monitors and the unit will operate as an internal audit and oversight function to ensure that contract management is a priority.

See recommendation 2a-2 for further details.

The following activities should be completed on a regular basis by Program Managers to ensure that contracts are being properly managed:

Task	Frequency
Post award orientation	At the time of contract award
Payment oversight	Based on the frequency of the payment terms stated in the contract. In most cases this is monthly.
Contract and performance monitoring, including review of outcome measures	Minimum quarterly for low-risk contracts. Low-risk contracts are defined as contracts with low dollar value, routine services and are easy to evaluate a vendor performance. The requirements of the contract are straightforward and easily defined. Monthly for medium-to high-risk contracts. Medium-to-high risk contracts are defined as contracts that are awarded for a significant dollar amount, the services are not always easy to define, and vendor performance can be subjective depending on the performance goals and outcome measures.
Formal reviews of programmatic and financial data	At least quarterly for low-to-medium-risk contracts
Formal and informal site visits and meetings with service providers.	At least quarterly
Draft contract amendments and modifications	Whenever material changes are made to the contract that change the scope of services, requirements, payment or reporting methods.
Reviewing responses from consumer surveys and interviews to gauge satisfaction with POS providers	At least annually
Resolving POS contractor disputes	As necessary
Contract closeout and final reconciliation	At the end of the contract term
Final contract analysis	At the end of the contract term

Comparable Jurisdiction Data (if applicable)

N/A

Recommendation 2a-1	
Industry Best Practice Research	
1. The National Institute of Governmental Purchasing published "Contract Administration in the Public Sector". Within this book, there are recommended contract administration duties and frequencies based on the type of contract and risk to the public agency[11]. 2. The U.S. Department of Health and Human Services (HHS) is the leading agency in the U.S. for procuring human services and issuing grant awards. In order to make sure that their programs are effective, HHS has developed a series of core job responsibilities for its Contract Administrators that is applicable to the work performed by DCDHS Program Managers. See Appendix I - U.S. Department of Health and Human Services Job Responsibilities for Contract Managers.	
Risk Assessment Summary	**Implementation Time Frame**
Medium – If contract management is not communicated as a core responsibility of Program Managers, DCDHS will miss a key opportunity to provide a complete review of the services provided by POS agencies.	Six months is needed to create the core competency standards and train staff on the model.
Resources Needed to Implement	
Currently, staff in the Systems Accountant, Senior Accountant and Budget Analyst roles within the Budget, Contracts, and Operations Units perform the contract compliance and management functions by conducting desk audits and site visits with POS agencies to ensure that they are performing within their contract guidelines. Since this function will be transitioned to the Program Managers and Program Accountants, the existing staff within the Budget, Contracts, and Operations Unit will be able to assume the role of Contract Compliance Monitors. Once the function has been internally transitioned to the Contract Compliance Monitors as part of a piloted approach, within nine months to one year, an evaluation should be conducted to determine if additional staff resources are needed. The Contract Compliance Monitors will develop the training materials that will be used to train the Program Managers. Additionally, the Contract Compliance Monitors will conduct quarterly reviews to ensure Program Managers are in compliance with the standards. See recommendation 2a-2 for the role of the Contract Compliance Monitors.	

Recommendation 2a-2	
Recommendation	**Cost Impact/Barriers**
Establish the Budgets, Contracts and Operations Unit as an oversight unit that focuses on internal audit and compliance.	Cost Impact: None. Barriers: Staff within the Budgets, Contracts and Operations Unit will need training on their new role and some of the manual data entry work that the staff currently performs will need to be automated so that work can be shifted away from current staff. See recommendations 10a and 10b.
Recommendation Details	
The Institute of Internal Auditors states that agencies with internal audit activities are better equipped to identify business risks and take corrective action more quickly and demonstrate continuous signs of overall improvement. This function supports the efficiency and effectiveness of an organization because it is continuously monitoring processes and procedures for compliance against established standards. The Budgets, Contracts and Operations Unit should serve as an internal audit and compliance unit that ensures Program Managers are performing their contract management duties and that established policies and procedures are being adhered to.	

[11] Elizabeth Wright, Ph.D. and William D. Davison, CPPO. "Contract Administration in the Public Sector". National Institute of Governmental Purchasing. 2011, page 9.

Recommendation 2a-2	
Key responsibilities include: > Reviewing evaluation committee recommendations for vendor selection > Auditing vendor files (i.e., program budgets, annual reports, invoices and program reports) > Ensuring that programmatic goals are being achieved > Ensuring that vendor reports are received in a timely manner This will promote transparency and accountability in the procurement process. In addition, this new function will ensure that policies and procedures implemented by DCDHS are consistently implemented. If there are any problems with the implementation process, this unit will be able to address the concerns and provided recommendations for a corrective action plan to senior leadership.	
Comparable Jurisdiction Data (if applicable)	
1. City of New York Mayor's Office of Contract Services has a division devoted to vendor compliance and oversight. This office is responsible for ensuring that Contract Managers within each of the contracting divisions follow the established guidelines. **2.** State of North Carolina Department of Health and Human Services, Office of Procurement and Contracts has an office dedicated to compliance monitoring. The role of this office is to ensure that Contract Administrators are properly monitoring contracts against the established outcomes and performance goals.	
Industry Best Practice Research	
The Institute of Internal Auditors (IIA) strongly recommends the internal audit function as a best practice to ensure an agency is achieving its objectives, and has created practice guides for agencies to follow when implementing the internal audit function. [12]	
Risk Assessment Summary	**Implementation Time Frame**
High – An oversight unit will ensure that the established policies are being implemented consistently within DCDHS. Without this function, there is no systematic way to ensure compliance with policies and procedures. This leaves DCDHS exposed to allegations of inconsistency and/or inequity in the process.	Six months is needed to transition to the audit function performed by staff within the Budget, Contracts and Operations Unit to the Program Managers and Program Accountants.
Resources Needed to Implement	
Currently, staff in the Systems Accountant, Senior Accountant and Budget Analyst roles within the Budget, Contracts, and Operations Units perform the contract compliance function by conducting desk audits and site visits with POS agencies. Since this function will be transitioned to the Program Managers and Program Accountants, the existing staff within the Budget, Contracts, and Operations Unit will be able to assume the internal audit responsibilities as Contract Compliance Monitors. The Budget, Contracts and Operations Manager will also need to devote half of her time to monitoring staff in the contract compliance monitor roles.	

[12] https://na.theiia.org/standards-guidance/recommended-guidance/practice-guides/Pages/Practice-Guides.aspx

Finding 2b: Contract management roles are performed by multiple staff in DCDHS without clear lines of accountability. No one unit is accountable for managing the overall contract administration process and overseeing vendor performance. This leads to a lack of staff accountability in the process and creates a situation where some vendors are unclear about where to seek contract assistance.

The Fiscal Services Unit and Budget, Contracts and Operations Unit are responsible for reviewing program budgets, personnel schedules and administrative percentages. However, Program Managers are responsible for reviewing program outcomes and vendor performance. Because contract management functions are handled in separate silos, no one unit has a global view of each vendor's performance. See Appendix F – Current State Contract Compliance and Monitoring Process Flowchart.

We understand that a bifurcated process may be necessary in order to most effectively manage these projects. However, we would advocate for a clear delineation of roles and responsibilities for each participant in the process to ensure that there is minimal to no duplication of effort.

Recommendation 2b	
Recommendation	**Cost Impact/Barriers**
Streamline the contract compliance and monitoring process.	Cost Impact: None. Barriers: Fiscal Administrators and Program Managers will need four hours of training on the streamlined process. Additionally, the contract compliance monitors will need to ensure that the new process is implemented and assist with change management activities. See recommendation 2a-2.
Recommendation Details	
Program Managers should be the primary staff responsible for monitoring POS contractor performance and compliance. Program Managers' responsibilities will include managing all aspects of contract administration, including performance monitoring and contract closeout, while the Fiscal Administrators' responsibilities will include assisting with ensuring that POS contractors comply with the auditing/financial reporting requirements. The Fiscal Administrators will verify that these reports are in compliance with DCDHS guidelines for personnel schedules and administrative percentages. Finally, the Budget, Contracts and Operations Unit will serve as a procurement oversight unit that sets policy and oversees the entire procurement process to ensure that the Program Managers and Fiscal Administrators are working together and following the department's procurement guidelines. Additionally, the Budget, Contracts and Operations Unit will have more time to focus on helping DCDHS staff ensure that POS contractors meet their performance and reporting requirements through contract compliance monitoring. A revised process for the fiscal contract compliance and monitoring process is as follows: 1. In the event that a POS contractor does not submit an auditing or financial report on time, the Program Manager will work with the Fiscal Administrator and the contractor to obtain the required documents. 2. The Fiscal Administrator will copy the Program Manager on any formal correspondence with the contractor so that in the event services are disrupted, the Program Manager will be alerted to make alternate service plan decisions. 3. POS Contractors that fail to submit auditing or financial reports within 30 days of the due date will have payments withheld by the Fiscal Administrator. The respective Program Manager will be notified by the Fiscal Administrator. 4. Program Managers will address the fiscal reporting concerns with the POS contractors during the monthly or quarterly performance meetings. 5. The Budget, Contracts and Operations Unit will review monthly reports to follow up with the Contract Managers and Fiscal Administrators on any unusual activities and review the report with the Contract Managers and Fiscal Administrators to develop a coordinated plan of action.	

Recommendation 2b	
Currently, the contract compliance and monitoring process takes place informally, but it is not consistent throughout the department. By formalizing the process, there will be defined roles and responsibilities for staff to perform their duties more efficiently. See Appendix J – Future State Contract Compliance and Monitoring Process Flowchart.	
Comparable Jurisdiction Data (if applicable)	
1. City of New York Mayor's Office of Contract Services has a division devoted to vendor compliance and oversight. This office is responsible for ensuring that Program Managers within each of the contracting divisions follow the established guidelines. 2. State of North Carolina Department of Health and Human Services, Office of Procurement and Contracts has an office dedicated to compliance monitoring. The role of this office is to ensure that Contract Administrators are properly monitoring contracts against the established outcomes and performance goals.	
Industry Best Practice Research	
The Institute of Internal Auditors strongly recommends the internal audit function as a best practice to ensure an agency is achieving its objectives.[13]	
Risk Assessment Summary	**Implementation Time Frame**
High – Failure to streamline the process will result in the continued duplication of work and lack of clarity of roles by staff. Clearly identifying roles and responsibilities will allow new policies and procedures to be implemented smoothly.	One year is needed to draft the policies for the contract compliance and monitoring process, transition into the new process during the FY15 contract cycle and train staff on the policy.
Resources Needed to Implement	
Thirty hours of staff time is needed from each of the following: the Deputy Director of Human Services, the Fiscal Services Manager, the Budget, Contracts and Operations Manager, the Planning and Evaluation Manager, and four Division Administrators to formally draft the revised contract compliance and monitoring process, incorporate the procedures in the department's Policy and Procedure Manual, and train DCDHS staff. This amounts to a total investment of 240 hours annually. In addition, each Program Manager will need two hours of training. See recommendation 2a-2 for resources needed for the Contract Compliance Monitors.	

[13] https://na.theiia.org/standards-guidance/recommended-guidance/practice-guides/Pages/Measuring-Internal-Audit-Effectiveness-and-Efficiency-Practice-Guide.aspx

Issue 3: More collaboration is needed between DCDHS and POS agencies.

Finding 3: The generally positive relations DCDHS has with its POS agencies can be enhanced through more formal and regular communication with all vendors. During focus group sessions held with some of the agencies, it was noted that Program Managers are generally knowledgeable, accessible, responsive, and willing to collaboratively develop solutions. However, agencies participating in the survey and focus group sessions noted a number of areas for improvement, including:

- Better and timelier communication with provider agencies when there is a change in DCDHS Program Manager staffing or policies and procedures that impact participants;
- Greater coordination and communication between DCDHS units so POS agencies are given consistent information;
- Greater involvement in deciding the implications of the current economic situation. Agencies indicated that they would like to be a partner in helping meet financial goals and deciding cost structure; and
- Greater coordination of training between DCDHS and provider agencies to create consistency and enhance DCDHS and POS agency staff interaction.

Most of the concerns expressed in the provider agency survey and focus groups point to the need for clear and consistent communication between the County and provider agencies. In some areas, DCDHS already meets regularly with provider agencies to discuss issues of mutual concern. For example, DCDHS meets regularly with brokers for self-directed services. These practices could be expanded for other types of providers as well. Some providers indicated that they had not had a meeting with their program manager in years. Still others said they were not entirely sure who their program manager was.

Recommendation 3a	
Recommendation	**Cost Impact/Barriers**
Enhance existing positive relationships with POS agencies by formalizing two-way feedback opportunities and joint planning sessions with the department.	Cost Impact: $37,400 for a part-time Marketing and Outreach Coordinator[14]. Barriers: An outreach coordinator is needed to maintain regular communication with POS agencies.
Recommendation Details	
DCDHS should build upon the generally positive relations it has with POS agencies through regular meetings, newsletters, an annual report and timely communication of changes in policy, practice, or staffing affecting services to human service consumers. At a minimum, DCDHS should schedule quarterly meetings with POS agencies in groups of providers, and one-on-one sessions for larger service providers to discuss various topics of mutual concern, including: > How changes impacting client services, such as DCDHS staffing, practices and procedures will be communicated; > How provider agency concerns about DCDHS staff responsiveness and performance should be handled and to whom those concerns should be communicated; > How POS agency budget information is used by DCDHS in developing the annual budget and how rates are determined by the County; and > What opportunities exist for DCDHS and POS agencies to work together to improve service delivery and better use of training opportunities, such as joint training.	

[14] This is based on assumptions from the FY14 Dane County Adopted Budget that a full-time Marketing and Outreach Coordinator earns $78,600. See page 111. http://pdf.countyofdane.com/budget/2014/adopted/2014_Adopted_Budget.pdf

Recommendation 3a	
By providing a forum for POS agencies to discuss their concerns and obtain information about changes in the POS contract process, POS agencies will feel like they have a voice in the process and are partners with DCDHS. In addition, DCDHS should publish an annual report for the public to understand the services that were provided for the previous year, the cost of the services and the overall performance of the programs. This will serve as another tool for DCHDS to communicate with POS agencies and help them understand the department's operations and goals. In order to ensure that there is consistent and timely communication with the POS agencies through the newsletters, quarterly meetings and distribution of an annual report, a part-time Marketing and Outreach Coordinator is needed to prepare the materials and coordinate the meetings.	
Comparable Jurisdiction Data (if applicable)	
N/A	
Industry Best Practice Research	
The National Council of Nonprofits recommends governments and nonprofits meet regularly to discuss solutions to improve services and develop strategies to improve human service contracting practices. [15]	
Risk Assessment Summary	**Implementation Time Frame**
High – Establishing regular, formal communication with POS agencies is needed to improve the relationship DCDHS has with POS agencies. The collaborative nature required by the relationship can be enhanced by offering appropriate input avenues within the contractual relationship.	6 months is needed to hire a part-time Marketing and Outreach Coordinator, identify the meeting schedule and begin distributing the newsletters.
Resources Needed to Implement	
A planning group consisting of the Deputy Director, Budget, Contracts and Operations Manager, Fiscal Services Manager, Planning and Evaluation Manager, and four Division Administrators will need to work together to develop topics of interest for the POS agencies. Each person will need to devote 20 hours of time annually for a total investment of 160 hours. Additionally, a part-time Marketing and Outreach Coordinator is needed to coordinate the meetings, identify POS agencies to participate in meetings, finalize meeting agendas, develop presentations, and write/distribute the newsletter. This will take approximately 1,000 hours of time annually.	

[15] http://www.govtcontracting.org/sites/default/files/white-paper-common-sense-solutions.pdf

Recommendation 3b	
Recommendation	**Cost Impact/Barriers**
Review current DCDHS advisory committees to determine which committee would be most fitting to serve as a human services task force consisting of staff from POS Agencies, DCDHS and the County Board of Supervisors to handle issues related to the contracting process, make recommendations for improvements to the process and discuss best practices.	Cost Impact: None. Barriers: County Board Supervisors and DCDHS staff will need to make time to participate on the task force.

Recommendation Details

DCDHS should reevaluate and prioritize its current advisory committees to determine which one would be most appropriate to incorporate the human services task force into. The assessment should include a review of the existing committees' mission, the decision making authority, and role.

The human services task force will serve as a policy making body that can assist DCDHS with developing effective contracting procedures and improving its relationship with POS agencies. By allowing POS agencies to work with DCDHS staff, this effort will show DCDHS' commitment to partnering with POS agencies. In addition, the task force can serve as a forum for POS agencies to present issues regarding their contracts and receive suggestions for resolution. This task force should meet every other month and should consist of a total of nine members, where there are three representatives each from POS Agencies, DCDHS and the County Board Supervisors.

In addition, the task force can take on special assignments for researching and solving problems. Insight from the findings and recommendations of the task force can be used to modify existing contracting practices within DCDHS. Additionally, the creation of a task force serves as another point of contact for DCDHS to interact with the vendor community and gain feedback on how the POS contract process is working for them.

The overall responsibilities of the task force include:

- Identify problems within the POS contracting process
- Develop solutions and recommendations
- Assist with the implementation of policies and procedures to improve current practices

Comparable Jurisdiction Data (if applicable)

The following counties have advisory boards that consist of consumers, parents of consumers and County Board Supervisors**:**

- County of Kenosha, WI
- County of Milwaukee, WI
- County of Rock, WI
- County of Sheboygan, WI
- County of Waukesha, WI

At times, these advisory boards may establish task forces to solve specific problems relating to the delivery of human services.

In addition, the County of Fairfax, VA, Department of Health and Human Services creates task forces and advisory boards with both County staff and POS agencies to help develop solutions to human service problems on an as-needed basis.

Industry Best Practice Research

The National Council of Nonprofits recommends governments and nonprofits create task forces to implement reform to human service contracting practices. [16]

[16] http://www.govtcontracting.org/sites/default/files/white-paper-common-sense-solutions.pdf

Recommendation 3b	
Risk Assessment Summary	**Implementation Time Frame**
High – There must be a forum for POS agencies and DCDHS to come together, discuss their concerns and develop recommendations. Without a task force in place, DCDHS and POS agencies will continue to operate in a vacuum and not make strategic decisions together.	Six months is needed to establish a task force, designate participants and hold the first meeting.
Resources Needed to Implement	
DCDHS will need to assess the staff resources needed to manage the task force based on staff participation in the current advisory committees. Once a review is completed, additional staff resources may be identified at a later date.	

Process

Issue 4: There are concerns regarding equity and risk in the POS contracting process.

Finding 4a: DCDHS staff has indicated that POS agencies are allowed to request an increase in the administrative overhead percentage[17] during the term of their contract. However, this practice is not widely known to POS agencies, which results in misunderstandings between DCDHS and POS agencies. During our focus group meetings, many POS agencies stated they are not allowed to reset and increase their administrative overhead percentages when they submit a new proposal in response to a RFP. Many POS agencies stated that they were required to maintain the administrative overhead percentage at the initial percentages set in previous contracts for the duration of the time they do business with DCDHS. For example, if a POS agency has a year where their administrative overhead percentage is 7 percent but the previous year was 9 percent, the new rate is now set at 7 percent for the remainder of the contract. The converse (a higher percentage in a future year) is not allowed.

Currently, DCDHS has a policy that the administrative overhead percentage cannot exceed 15 percent. During our focus group sessions, many POS agencies stated that their administrative overhead rate was set well below the 15 percent cap. POS agencies indicated that they have not been able to increase their administrative overhead for a number of years, which impacts the quality of services they provide because they cannot adequately invest in human resources, training, and information technology for their staff. Without proper infrastructure and training for their staff, POS agencies cannot maintain sustainable organizations.

[17] Administrative overhead is defined as an indirect cost and includes items such as rent, utilities, technology, administration, professional fees and other expenses that are not tied to any one program.

Recommendation 4a	
Recommendation	**Cost Impact/Barriers**
Establish clear procedures for how POS agencies can request modifications to their administrative percentages during their contract term.	Cost Impact: This will depend on the percentage increase granted to POS agencies for administrative overhead on an individual basis; however, the department can base this on a set total budget for overhead expenditures (i.e., x% of total program expense set aside for overhead). Substantial changes could come at a significant cost. Barriers: Program Managers will need training in financial analysis to review the reasonableness of the requests submitted by POS agencies. See Recommendation 1.

Recommendation Details

In 2010, the federal Government Accountability Office (GAO) concluded that actions to underfund indirect costs for nonprofits "potentially limit the sector's ability to effectively partner with the federal government, can lead to nonprofits providing fewer or lower-quality federal services, and, over the long term, could risk the viability of the sector".[18] Today, POS agencies in Dane County are providing services to citizens who have more challenges and require more complicated services. The cost of providing these services is increasing and nonprofits cannot maintain artificially low administrative overhead percentages while providing the same level of service. While POS agencies are "doing more with less", the Urban Institute reported that 82% of nonprofits reported scaling back their operations, with most organizations resorting to two or more budgetary, personnel or service reductions. Half of the organizations froze or reduced salaries, and 38% laid off employees.[19] Based on the results of this study and input from providers during focus groups, the County may be faced with contractors not being willing or able to provide quality services for the County if there are not appropriate procedures to request changes to their administrative overhead during the contract term.

DCDHS should maintain a limit of 15 percent for administrative overhead. However, it should develop clear policy guidelines that detail how POS agencies may request changes to their administrative overhead during the term of their contract and guidelines that define how DCDHS will evaluate any request for changes to the administrative overhead.

This process should include a review of:

- Level of current services provided
- Value of the service to the community
- Size of the organization
- Level of requisite skills and training needed by therapists, doctors, psychologists, psychiatrists and other professional staff
- Profits and retained earnings
- Monthly rent, utilities, and personnel costs

The policy should be made public to all POS agencies as part of a transparent process.

[18] GAO, "Treatment and Reimbursement of Indirect Costs Vary Among Grants, and Depend Significantly on Federal, State, and Local Government Practices" (May 2010). http://www.gao.gov/new.items/d10477.pdf
[19] Urban Institute Center on Nonprofits and Philanthropy, "Human Service Nonprofits and Government Collaboration: Findings from the 2010 National Survey of Nonprofit Government Contracts and Grants" (October 2010). http://www.govtcontracting.org/sites/default/files/Full%20Report.pdf

Recommendation 4a	
Comparable Jurisdiction Data (if applicable)	
1. La Crosse County does not have a limit on administrative overhead. Administrative overhead is reviewed for reasonableness during the contract negotiation process. 2. Kenosha County, WI has a 10 percent limit on administrative overhead. In the event a POS agency would like to renegotiate this rate, they work with their Program Manager to determine the reasonableness of the request and cause for the modification. 3. Sheboygan County, WI does not have a published limit on administrative overhead. However, the County considers 7 percent to 10 percent as reasonable and reviews administrative overhead during the annual contracting process. 4. Waukesha County, WI does not have a limit on administrative overhead. If a POS agency needs a modification to their administrative percentage, a request is submitted to their Program Manager.	
Industry Best Practice Research	
The Government Accountability Office (GAO) recommends that government agencies continually review their policies and procedures in relation to the allowance of administrative overhead with third party providers to ensure that contract awards comply with government agency and grant requirements.	
Risk Assessment Summary	**Implementation Time Frame**
Low – DCDHS currently reviews administrative overhead for new contracts during the five year RFP cycle or if a POS agency knows to ask for an increase. A formal process will document what is currently being done in an informal manner.	Six months is needed to draft the procedures, distribute them to the POS agencies and train Program Managers on the new process.
Resources Needed to Implement	
A workgroup consisting of the Deputy Director, Fiscal Services Manager and four Division Administrators will need to devote 20 hours of time to draft policies and procedures for how administrative overhead can be requested by POS agencies, as well as how DCDHS decisions will be made and communicated back to POS agencies. This is a total investment of 120 hours. Additionally, Program Managers will need one hour of training from the workgroup.	

Finding 4b: POS agencies are not consistently held accountable to meet the medical assistance (MA) billing targets in their contracts. This is impacting the level of funding that can be allocated for various DCDHS programs. DCDHS does not have adequate funding to support its anticipated annual program costs based on the annual budget allocation. In order to supplement program funding, eligible agencies whose contracts are able to generate revenues are given MA billing targets in their contracts. POS agencies noted that since they do not receive the benefit of providing additional MA billings, they are not incentivized to comply with this requirement.

Recommendation 4b	
Recommendation	**Cost Impact/Barriers**
Create a tiered system to maximize MA revenues.	Cost Impact: None Barriers: Program Managers, Program Accountants and POS agencies will each need three hours of training on how to implement a tiered system for MA billing.
Recommendation Details	

Different strategies are needed to deal with maximizing revenues through MA billing based on the level of funding for the program and the number of consumers that utilize the services. The strategy should be based on a three-tiered system for the following types of MA eligible programs:

Underfunded Programs

- If a program area is mandated by State or Federal law and is underfunded, DCDHS should allow the POS agency to keep all the revenues. This practice will serve as an incentive for the POS agency to act as a partner with DCDHS to build the program in the community and make it sustainable. Additionally, it will encourage the POS agency to bill for MA since not all claims are approved on the first submission.

Sufficiently Funded Programs with a Moderate Percentage of MA Consumers

- If a program is sufficiently funded and has a moderate number of MA consumers, DCDHS should set MA revenue targets in contracts based on a sliding scale where POS agencies assume increased responsibility for MA billing each year.
- The sliding scale will be based on a model where the DCDHS shares any surpluses/deficits on a 60/40 split with the POS agency for year 1. Under this arrangement, DCDHS receives a 60 percent share and the POS agency receives a 40 percent share. For example, if there is $100,000 in deficits, then DCDHS would cover $60,000 and the POS agency would cover $40,000. Conversely, if there are $50,000 in surpluses, then DCDHS would receive $30,000 and the POS agency would receive $20,000
- In year 2, the split between the DCDHS and the POS agencies would be 50/50 where the County and POS agencies receive equal shares. In year 3 the split would be 40/60 where the DCDHS receives a 40 percent share and the POS agency receives a 60 percent share. It is assumed that each year, POS agencies would become better at MA billing and more knowledgeable about the population they serve, thereby reducing the need for DCDHS to cover the majority share of an agency's deficits. It is anticipated that by year 3 POS agencies should be earning surpluses and will need greater incentives for their efforts. Since this group has a moderate number of consumers that are eligible for MA, then POS agencies will need to work harder to bill for MA.

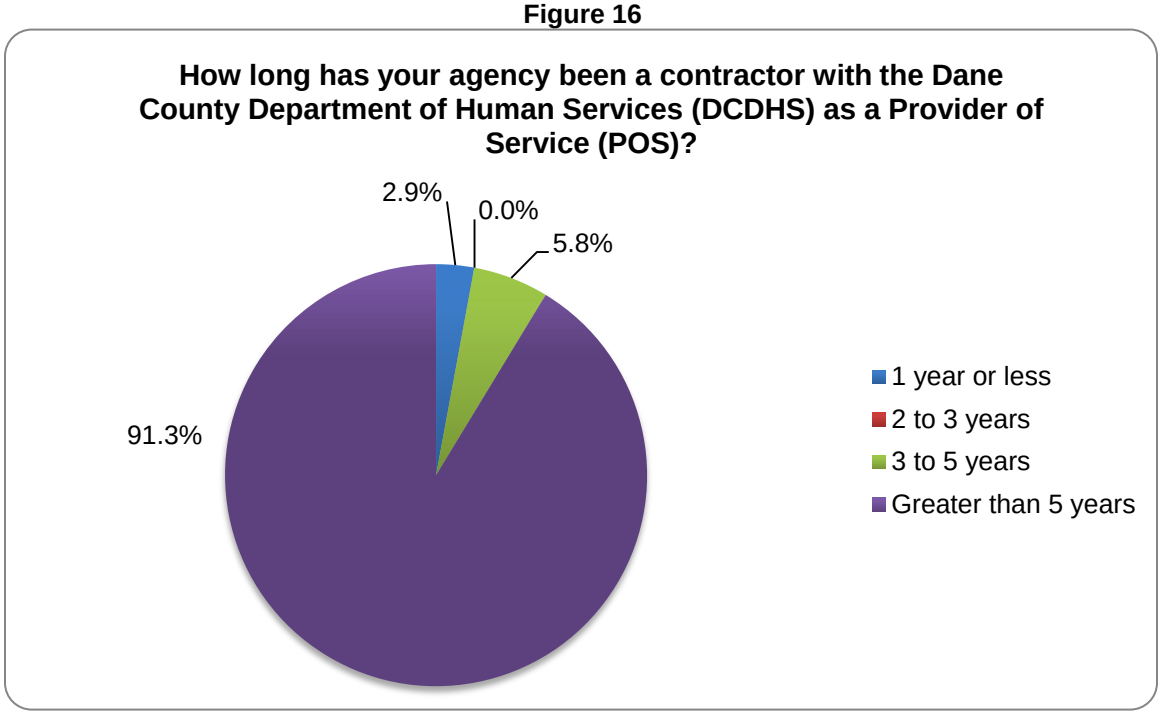
Sufficiently Funded Program with a High Percentage of MA Consumers

- Programs that are sufficiently funded and have a high percentage of MA consumers should have revenue percentage requirements in the contracts. The sliding scale for this group is more drastic where DCDHS shares any deficits on a 25/75 split with the POS agency for year 1. Under this arrangement, DCDHS would receive a 25 percent share and the POS agency would receive a 75 percent share of billing revenue. This will allow new agencies to become accustomed to performing MA billing. After year 1, DCDHS should not cover any deficits.
- In all years, the revenues should be shared with DCDHS on a 50/50 basis.

Recommendation 4b	
A tiered scale recognizes that all contracts are not the same and allows for risk to be appropriately distributed between DCDHS and POS agencies. In the long term, there can be a significant positive revenue impact to DCDHS because as more POS agencies are able to generate revenues, the percentage DCDHS is able to collect will increase.	
Comparable Jurisdiction Data (if applicable)	
1. Milwaukee County, WI allows POS agencies in the "Birth to 3 Program" to keep all revenues generated. The county has identified this as a federally mandated program that does not have sufficient funding to fund the program, but believes it is an important program for the community. In order to develop capacity for the program, POS agencies are allowed to keep 100% of their revenues. 2. La Crosse County, WI splits revenues/deficits up to 50% for their "Community Support Program".	
Industry Best Practice Research	
N/A	
Risk Assessment Summary	**Implementation Time Frame**
High – Failure to implement this recommendation will result in DCDHS continuing to fund deficits. Currently, DCDHS does not have sufficient funding to do this.	Two years is needed to determine which contracts can be grouped into each tier, develop the policy guidelines and train POS agencies and Program Managers on the new process.
Resources Needed to Implement	
A workgroup consisting of the Deputy Director, Fiscal Services Administrator, Budget, Contracts and Operations Manager and four Division Administrators will need to each devote 60 hours of time to review and identify contracts that can be grouped in each of the three MA billing tiers, write policies and procedures on how to administer the MA billing guidelines, and train DCDHS staff and POS agencies on the policy. This is a total investment of 420 hours. Additionally, Contract Compliance Monitors will need to audit contracts on a quarterly basis to ensure that POS agencies are complying with the MA billing requirements in their contracts.	

Finding 4c: Paying POS agencies in advance of services being provided is a risk to both DCDHS and POS agencies. Currently, 122 out of 268 agencies receive one-twelfth payments. In many instances, payments are initiated in advance of services being performed. This practice was initiated years ago when many of the providers were start-up nonprofits and needed the upfront funding for initial capital investments in equipment, lease down payments, etc. However, in a survey of POS agencies, 91.3 percent stated that they have been a provider for greater than 5 years, which signals that most agencies are running established organizations. The chart below depicts the number of years that survey respondents stated they have been doing business with DCDHS.

Figure 16



Currently, the risk to DCDHS is that at times POS agencies have been paid in advance only to go out of business, leaving DCDHS without a means to recoup dollars paid for services that were not provided. Conversely, the POS agencies indicated during focus group sessions that the one-twelfth payment allows them to keep their doors open and run their agencies because the fees they are paid do not cover the total cost of services they provide. Without this monthly payment, many stated that they would not be able to remain in business. Some indicated they may consider not providing services on behalf of the County once their monthly caseload expectations have been met. Additionally, the agencies indicated that if DCDHS were to move to a reimbursement basis that they would stop servicing participants once they met their revenue targets because there is no incentive to do MA billing if they cannot benefit from performing the activity.

Recommendation 4c	
Recommendation	**Cost Impact/Barriers**
Begin to transition POS agencies into contracts based on unit rates, and determine if there are some providers for which a one twelfth payment still makes sense due to the need for 24/7 service regardless of the units of service and/or the service requires high level of startup or resource investment prior to service.	Cost Impact: None. Barriers: POS agencies will need training and coaching on financial stability to transition from being paid on a 1/12th basis to a unit rate structure. Program Accountants will need training on how to enter requisitions into Munis.
Recommendation Details	
Although our research suggests that paying contractors based on unit rates is a best practice, we recognize that this recommendation will not be feasible until DCDHS has implemented some of the other recommendations surrounding Cost of Living Adjustments (COLA) and performance-based contracting practices for POS agencies. These measures will ensure that contracts are being funded at the appropriate levels and that POS agencies are meeting their performance goals. In talking to other agencies that have implemented performance-based contracting, we understand that it is a long and arduous process to implement performance-based contracting because it requires a lot of refinement to monitor the right outcome measures, nonprofits need substantial training and system investment are needed to track the outcomes. Once those recommendations have been implemented, the department should re-evaluate its program areas to determine which contracts are truly applicable to 1/12th payments. In instances were contractors are paid the same monthly fee regardless of usage, those contracts should remain as 1/12th payment system. However, contracts where the number of units of service provided can be quantified should then be transitioned to a unit rate system. A phased transition is recommended to help coach the POS agencies through the process changes. This model will allow DCDHS to better align the services it provides based on the cost of the service and the number of units provided. In the long run, DCDHS will have the potential to reduce the overall cost paid for services.	
Comparable Jurisdiction Data (if applicable)	
Currently, La Crosse and Waukesha Counties only use the 1/12th payment mechanism for contracts where the service is treated like a block grant and the contractor is paid a flat monthly fee to keep the services available 24/7. An example of this is a community based residential facility where a county wants the provider to keep all consumer beds open because they don't know when a child will be ordered to the facility by the court system.	
Industry Best Practice Research	
The County of Fairfax, VA Department of Health and Human Services hardly ever uses 1/12th payments. Two examples of when 1/12th payments are used include payments to homeless shelters where the payment is considered a small grant and contracts with entities that are kept on retainer (e.g., court order placements for foster care and collection assistance with Medicaid).	
Risk Assessment Summary	**Implementation Time Frame**
Medium – POS agencies currently provide their unit rates to DCDHS. Additionally, DCDHS stores this information in its information systems. The most significant change will be how payments are tracked in Munis versus on electronic spreadsheets. In addition, POS agencies will need to manage their cash flow so that they can cover their operational expenses since they will not be paid in advance.	Three years is needed to implement the initial recommendations regarding COLA increases and performance-based contracting and then begin phasing the POS agencies into a unit rate cost structure.

Recommendation 4c
Resources Needed to Implement
The Purchasing Module within Munis will need to be implemented to track payments based on unit costs. There will be no fee to DCDHS to add the additional licenses. Program Accountants will each need four hours of training from the Controller's Office to enter requisitions in Munis so that Purchase Orders can be created. Additionally, 40 hours of one staff member's time is needed develop the training materials for POS agencies and to deliver six two-hour training sessions explaining the procedural changes in moving toward a unit rate payment structure.

Issue 5: While the POS contracting process has been standardized, it is not consistently applied across DCDHS. This leads to the duplication of work and lack of clarity in the contracting process, as well as risk to the county.

Finding 5a: DCDHS has worked to define a standard contracting process and has developed manuals to outline the process. When looking at how these are applied, our interviews indicate that they vary. The RFP evaluation criteria and procedures the evaluation committee uses to select agencies are not always consistent and can impact the credibility of the process. While DCDHS does have an Application Review Process Guideline that outlines how proposals should be evaluated, Program Managers do not evaluate vendor's technical and pricing proposals in the same manner. Some Program Managers score the technical and pricing proposals together, while other Program Managers score them separately. Additionally, some Program Managers score the pricing according to the guidelines established by the Dane County Purchasing Department and others do not. Standardizing the process will help provide clarity around the process and remove the perceived lack of fairness some POS agencies have.

Lastly, there is some concern that the purchasing process does not reflect the standards and rigor of the County Purchasing Department. Other governments have grappled with this decision as it involves the expertise of purchasing and the specialized knowledge of service delivery. In the end, we would advocate for a process that is housed within DCDHS with input and training provided by the County's Purchasing Department.

Recommendation 5a	
Recommendation	**Cost Impact/Barriers**
Ensure execution of a standardized RFP evaluation and selection process.	Cost Impact: None. Barriers: Program Managers will need more time to document the RFP evaluation and selection process.

Recommendation Details

In order to ensure that all Program Managers are following consistent evaluation and selection procedures when they are evaluating proposals, a manual should be developed to document standard practices. The County's Purchasing Department should have input into the standardization of this process. All Program Managers should be trained in this process.

This manual should be created so that it can be tailored by Program Managers for each RFP process. It should include:

- The evaluation criteria outlined in the RFP
- Rules for responding to vendor questions and posting addenda
- A list of all voting and non-voting members
- Roles and responsibilities of the evaluation committee members
- A no conflict-of-interest form signed by all evaluation committee members
- A proposal responsiveness checklist
- Guidelines for evaluating proposals

Prior to distributing the proposals to evaluation committee members, the manual should be read and signed by all evaluation committee members for acknowledgement and compliance.

Once the evaluation and selection process is completed, the Program Manager should draft an executive summary documenting the RFP process followed and have it signed by all evaluation committee members. The executive summary should be kept in the procurement file in the event a proposer requests a debriefing with the Program Manager as to why they were not selected for a contract award. This will provide transparency in the process and serve as a reference in the event there are questions about the procurement process.

Comparable Jurisdiction Data (if applicable)

N/A

Industry Best Practice Research

1. The National Institute of Governmental Purchasing recommends having a well-defined evaluation process as a best practice[20].
2. The Cook County (IL) Office of the Chief Procurement Officer and the University of Illinois at Chicago Purchasing Division both utilize a RFP Evaluation and Selection Process Manual to document the steps in the RFP process. This document is maintained in the procurement file in the event there are questions or concerns regarding the procurement process. See Appendix J - Sample RFP Evaluation and Selection Process Manual.

[20] http://www.nigp.org/eweb/docs/Practices/TheEvaluationProcess.pdf

Recommendation 5a	
Risk Assessment Summary	**Implementation Time Frame**
Medium – A formal process is needed to document the RFP process to ensure that evaluation committee members agree with the process followed to select a vendor, as well as to document the process in the event there is a bid protest or questions regarding how the procurement was conducted. Without sufficient documentation, DCDHS leaves itself open to bid challenges.	6 months is needed to draft the evaluation and selection manual and train Program Managers.
Resources Needed to Implement	
A planning group consisting of the Deputy Director, Budget, Contracts and Operations Manager, two Division Administrators and two Program Managers will need to dedicate a total of 20 hours each to develop a RFP evaluation and selection manual and train Program Managers. This will be a total investment of 120 hours. Additionally, Program Managers will require 2 hours of training on the new process.	

Finding 5b: Evaluation committees are not staffed consistently for each RFP evaluation committee. Program Managers are required to have at least three voting members on their evaluation committee, including one outside panel member. Currently, there are no discrete guidelines as to how the panel members are selected.

Prior to January 2014, evaluation committee members were not required to sign a non-disclosure form or a no conflict-of-interest form. By allowing members from the community to serve as panelists on the evaluation committee, agencies have the perception that some panelists may have economic interests in the proposals they are evaluating and their competitors are able to score their proposals less favorably so that other proposals are selected. Additionally, Program Managers are voting members and chair the Evaluation Committees. This practice gives the impression that if a Program Manager does not like an agency, then the agency will not do well during the RFP process and will be penalized by either not being awarded a contract or by being awarded a contract for a lesser award amount.

Recommendation 5b	
Recommendation	**Cost Impact/Barriers**
Evaluation committees should be staffed consistently across all divisions.	Cost Impact: None. Barriers: Program Managers will need to be trained on how to select and manage an evaluation committee.
Recommendation Details	
Evaluation committees should consist of an odd number of evaluation committee members. Program Managers should serve as the evaluation committee chair and should act as a non-voting member. The role of Program Managers in the evaluation process is to lead the process and ensure the evaluation and selection procedures are followed. They should only vote in the event of a tie decision between the voting committee members. DCDHS should develop guidelines as to how members from the community are selected to serve as panelists on evaluation committees. Prior to an evaluation committee being convened, Program Managers should obtain approval from the Deputy Director on the make-up of the panel. This will provide more oversight and consistency across all divisions and promote transparency in the RFP selection process.	

Recommendation 5b	
Comparable Jurisdiction Data (if applicable)	
N/A	
Industry Best Practice Research	
The National Institute of Governmental Purchasing has identified having a well-defined evaluation process as a best practice where the evaluation of requested documentation from potential suppliers is carried out by a competent evaluation panel and in accordance with all applicable laws, as well as the principles of impartiality and transparency.	
Risk Assessment Summary	**Implementation Time Frame**
Medium – Failure to develop a formal policy on how evaluation committees are selected will continue to reduce the confidence POS agencies have in the RFP evaluation process.	Three months is needed to finalize the policy and distribute to Program Managers.
Resources Needed to Implement	
A planning group consisting of the DCDHS Deputy Director, Budget, Contracts and Operations Manager, two Division Administrators and two Program Managers will need to dedicate four hours each to develop a process for selecting community members to serve as evaluation committee members and to develop training on how Program Managers should compose and manage their evaluation committees. Two hours should be allotted for Program Manager training.	

Finding 5c: The RFP solicitation and contract award process does not have a single process owner, which makes understanding staff roles and responsibilities unclear and leads to a lack of accountability in the process. Currently, the process is divided between four units. The Planning and Evaluation Unit is responsible for posting RFPs to the DCDHS website, scheduling application workshops, posting addenda and receiving proposals. Program Managers are responsible for leading the evaluation committee meetings, determining contract award amounts/budgets, and drafting the program summary portion of the contract. Accountants draft the budget schedule and the Accounting Assistant and Clerk Typist IV staff within the Budgets, Contracts and Operations Unit route the contracts for signature and County Board approval.

The concern with this model is that the contracting process is not led by a single process owner, there is duplication of work between Accountants and Program Managers, and staff only understands their specific role in the process. They do not have a global understanding of the procurement process and cannot make decisions about areas that are outside of their purview. See Appendix G – Current State RFP Solicitation and Award Process Flowchart.

Recommendation 5c	
Recommendation	**Cost Impact/Barriers**
RFP solicitation and contract routing functions should be primary responsibility of the Budgets, Contracts and Operations Unit, while solicitation development and contract award are the responsibilities of the Program Managers.	Cost Impact: None. Barriers: Clerical staff within the Budgets, Contracts and Operations Unit will require 8 hours of training on how to post RFPs to the website, coordinate the Application Workshops and receive proposals from POS agencies.
Recommendation Details	
The Budgets, Contracts and Operations Unit should have the primary responsibility of: > Posting RFPs to the DCDHS website > Scheduling application workshops > Posting addenda > Receiving proposals > Routing contracts for signature Currently, staff within the Budget, Contracts and Operations unit already route contracts for signature during the award phase. This additional function will allow them to have the full tracking task for contracts from development to award. Program Managers should be responsible for developing the solicitation documents, evaluating proposals, negotiating contracts, preparing contracts, awarding contracts and serving as the primary contact for POS agencies. Program Managers should be assisted by Program Accountants in evaluating program budgets for overall reasonableness of price and compliance with DCDHS guidelines. A streamlined process will provide clear guidance to DCDHS staff and POS agencies about how the POS contracting process is handled and where to go for assistance. See Appendix L – Future State RFP Solicitation and Award Process Flowchart.	
Comparable Jurisdiction Data (if applicable)	
N/A	
Industry Best Practice Research	
N/A	
Risk Assessment Summary	**Implementation Time Frame**
Low – The responsibilities within the Planning and Evaluation Unit are being transferred to the Budgets, Contracts and Operations Unit. Contract routing functions are already performed by the Budgets, Contracts and Operations Unit.	6 months is needed to transition the function from the Planning and Evaluation Unit to the Budgets, Contracts and Operations Unit.
Resources Needed to Implement	
The Accounting Assistant and Clerk Typist IV within the Budgets, Contracts and Operations Unit will need to assume the responsibilities currently performed by the Planning and Evaluation Manager. These responsibilities are currently performed at the beginning of each year during the RFP initiation process. The Planning and Evaluation Manager will need to spend 8 hours training the Budgets, Contracts and Operations Unit staff on how to post RFPs to the website, schedule Application Workshops and receive proposals.	

Finding 5d: Performance indicators are not clearly written and defined within all contracts. While DCDHS has partnered with the County Corporation Counsel within the last year to standardize and improve the terms and conditions within contracts, as well as seek the advice from the Planning and Evaluation Unit to ensure meaningful performance measures are included in contracts, inconsistencies still exist that hinder establishing similar contract expectations for POS agencies that provide similar services. This makes measuring program effectiveness hard to evaluate. Without quantifiable performance indicators that agencies can report on, it is difficult to assess the overall program success and vendor performance. A review of a sampling of DCDHS contracts found the following examples of performance indicators:

- Children will show increased ability to express and identify their feelings and reduce self-blame
- Provider will participate as a member of this multi-agency project, in all TAP interdisciplinary meetings
- Provider's policies and procedures will ensure coordination with and responsiveness to the criminal justice system
- Number of participants served in each program area
- Number of new participants
- Maximized number of service units
- Minimized jail recidivism

In some instances, there is not a meaningful way to report on the performance indicators that are listed in the contracts. In other cases, agencies are merely expected to report on outputs. In order to obtain meaningful data that can be used for future planning purposes, it is important that contracts report on a mix of both performance outcomes and outputs. Additionally, POS agency requirements should be stated separately from the performance indicators.

Recommendation 5d-1	
Recommendation	**Cost Impact/Barriers**
RFP solicitation and contract documents should clearly define performance indicators separately from the scope of services.	Cost Impact: $38,612 for a full-time Program Analyst. Barriers: Program Managers require training in developing and evaluating performance indicators.
Recommendation Details	
Contracts should clearly differentiate the scope of services that are being requested of POS agencies from performance measures and indicators. The National Institute for Governmental Purchasing defines specifications as "a precise description of the physical or functional characteristics of a product, service or combination". In this respect, specifications detail what the Program Manager wishes to buy, while performance indicators are included in contracts to measure the contractor's performance or the program's effectiveness. It is understandable that developing meaningful performance indicators for human services contracts is difficult because: > The services are hard to define in advance > The people served have the most challenges > The results that government agencies expect are not always aligned with the service provider's definition of improvement Outcome measures help explain how programs are performing, facilitate discussions on whether or not resources are allocated in the right areas, detail the impacts programs have on the consumers served, and facilitate quality improvement.	

Recommendation 5d-1

Our research with comparable human services agencies revealed that many organizations struggle to develop and implement meaningful performance indicators in human services contracts. Those that have been successful, like Fairfax County, VA Department of Human Services, state that it has taken at least two years to get to a point where Program Managers and POS agencies understand how to develop and track performance outcomes. However, all of the agencies surveyed recognized the need to have performance outcomes in their contracts.

Therefore, it is important for DCDHS to track the outcomes it believes will provide the most value to residents of Dane County. In order to develop a plan to effectively measure outcomes, the following process should be followed:

1. **Create a baseline.** DCDHS should agree on which outcome measures will be tracked across similar program areas. In some instances, Program Managers can work with POS agencies to develop the outcome measures. Outcome measures for similar programs should be tracked in the same manner. This will serve as the baseline for future analysis.
2. **Measuring against the baseline.** As time progresses and more data is collected, future performance will be analyzed and measured against the baseline data.
3. **Use of performance metrics will help drive short-term and long-term decisions.** Additionally, as DCDHS prepares its strategic plan, the data will be useful in determining if programs are meeting the intended goals. Given that data collection may be difficult to collect in some areas at the beginning of the process, and because currently each Program Manager tracks outcomes differently, there may be some limitations as reporting procedures are developed and finalized.

A sample list of performance indicators are below:

Performance Indicators

1. Percentage of priority populations admitted to voluntary residential programs
2. Percentage of people being served in outpatient therapy
3. Percent decrease/increase in mental health commitments from previous year
4. Reduced evidence of harmful behaviors
5. Percent decrease/increase in recidivism from previous year
6. Percent of persons with developmental disabilities that are employed in the community from the previous year
7. Percent decrease/increase of long-term care clients living in residential care facilities
8. Percent decrease/increase of consumers agreeing to participate in treatment planning from previous year

Output Measures

1. Unduplicated count of consumers receiving Mental Health/Disability Services
2. Number of 48-hour holds
3. Number of therapists available (i.e., psychiatrist, psychologist, clinical social workers, psychiatric nurse or licensed professional counselor)
4. Number of incidents where assistance was used with local fire, police or hospitals

Financial Measures

1. Budget to actual expenditures
2. Annual general fund balance trends
3. Percent of invoices submitted electronically

Other Potential Indicators

1. Increase the percentage of youth who indicated satisfaction with their functioning as a result of the mental health services they received.
2. Increase in number of elderly adults able to live independently

Recommendation 5d-1	
Based on the current staffing levels within the Planning and Evaluation Unit, one additional Program Analyst is needed to help create and track performance measures in the existing contracts. Currently, the unit does not have sufficient staffing to take on the additional responsibilities.	
Comparable Jurisdiction Data (if applicable)	
The Fairfax County, VA Department of Human Services is implementing the *Results Based Accountability (RBA) Program* which was developed by author Mark Friedman. The premise behind the program is that data is used to drive the decision making process to help communities and governments move beyond discussing problems to solving the problems. Contractors and governments work together to define the most important performance measures on which to focus. Fairfax County, VA intends to use data from the RBA program to: > Standardize outcome measures for similar programs across various Human Services divisions. The intent is that this information can be used at a later date to possibly show justification for why consolidation of similar programs may be appropriate > Make funding decisions regarding contracts > Focus staff and contractor time reporting on things that really matter	
Industry Best Practice Research	
The National Institute of Governmental Purchasing recommends developing performance measures in contracts as a best practice.	
Risk Assessment Summary	**Implementation Time Frame**
Medium – In order to measure a vendor's performance, performance measures must be well defined and consistently reviewed.	One to two years is needed to hire a Program Analyst and ensure that all contracts have the appropriate performance measures.
Resources Needed to Implement	
One additional full-time employee serving as a Program Analyst is needed in the Planning and Evaluation Unit to assist Program Managers and POS agencies with developing performance outcomes. We understand that this is an investment; however, we feel that this investment will benefit the County in the long run because staff within the Program and Evaluation Unit will be able to develop effective performance indicators that will be used to track vendor performance and report on how well the DCDHS is doing overall. This information will be used in the annual report as well as in program evaluations to determine if DCDHS should continue to fund programs. As part of the Contract Compliance Monitors quarterly review, they will need to monitor contracts to ensure that Program Managers and POS agencies are held accountable for meeting the performance goals.	

Recommendation 5d-2	
Recommendation	**Cost Impact/Barriers**
Performance-Based Contracting (PBC) should be adopted by DCDHS for those services deemed appropriate.	Cost Impact: None. Barriers: POS agencies and Program Managers will require training in PBC. Training is needed for POS agencies and Program Managers. Currently, there is not an information technology system where outcome measures can be stored, manipulated and evaluated.

Recommendation Details

Performance-based contracting is a results-oriented contracting method that focuses on outputs, quality or outcomes that tie at least a portion of a contractor's payment or contract renewal to the achievement of a specific, measureable performance standard[21]. It has become increasing popular in the delivery of human services as public agencies try to make decisions about which services to fund and how to hold contractors accountable. An article published in Governing magazine noted that typically the human services sector has seen "public money going to historically influential providers rather than those with a proven track record". [22]

The goal of PBC is to develop a platform where contractor performance is adequately evaluated, service levels are improved, and costs are lowered. Characteristics of PBC contracts include:

- Intended results are defined as opposed to how the work will be accomplished
- Measurable performance standards are typically set in conjunction with the contractor
- An explanation of how the contractor's work will be evaluated and payments made is detailed
- Negative and positive incentives are defined

Research and interviews with public entities that currently have a PBC program found that:

- Human services for welfare-to-work and employment training programs are most effective with PBC. This is because a contractor's payment can be tied to milestone payments. An example of this is within a job placement and retention program where three milestone payments are given when: 1) a participant completes the required program training; 2) the participant is placed in a job; and 3) the participant remains in the job for six months. Because the milestones are discrete, it is easy to identify when payment should be made.
- Some services are not adaptable to PBC because contractors have to pay their staff for their time regardless of whether the patient improves or not. This is the case for services provided by therapists, psychologists and doctors.
- Training for Program Managers is critical because they are the front line staff that makes sure contractors are in compliance with the terms of their contracts.
- Prior to establishing a PBC contract, a baseline for how services will be measured must be established.

Although all of the services that DCDHS provides may not be applicable to PBC, the department should evaluate the services that may be appropriate for a pilot program, including those that relate to job placement and employment training because they have well-defined performance outcomes. The pilot program should be small enough so that it can be easily managed by DCDHS staff and not require a lot of effort to manage. Based on the success of the pilot program, DCDHS will be able to assess the necessary resources needed to manage and expand the program to other areas in the future.

[21] National Institute for Government Purchasing. "Public Procurement Practice: Performance Based Contracting". http://www.nigp.org/eweb/docs/Practices/PerformanceBased.pdf
[22] Walter, Jonathon. Governing. "Performance-Based Contracting Comes to Human Services". http://www.governing.com/topics/health-human-services/col-performance-based-contracting-comes-human-services.html

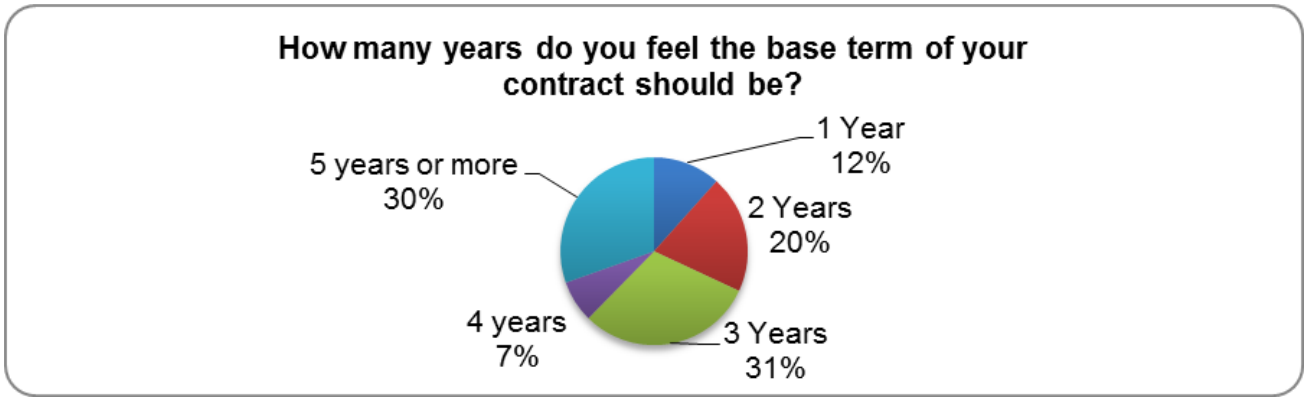
Recommendation 5d-2	
For service areas that not are applicable to a full performance-based contracting model, DCDHS should still include performance outcomes in contracts. However, instead of tying full payments to milestones accomplishments, DCDHS can consider paying 95 percent of the contract based on actual services provided and withholding the final 5 percent of the contract amount based on the vendor's ability to meet or exceed the performance outcomes established in the contract. This will help vendors become accustomed to being evaluated based on their performance. Additionally, this information can be used to determine if a vendor is eligible to contract with DCDHS in the future. See Appendix M – Elements of a PBC Contracting Model.	
Comparable Jurisdiction Data (if applicable)	
1. The City of New York Department of Social Services uses performance-based contracting to manage welfare-to-work contracts. Contractors are paid based on a series of milestones within their contract. It has taken the City of New York over 20 years to develop their PBC model. Some difficulties the city faced include reporting on the wrong metrics, not being able to evaluate performance over long periods of time and gaining POS agency and Program Manager buy-in with the process. Creating the Mayor's Office of Contract Services as a compliance unit has helped strengthen the program. 2. The State of North Carolina Department of Health and Human Services uses performance-based contracting to tie a portion of a vendor's payment to milestone deliverables in employee training and placement programs. Discussions with a Contract Compliance Officer revealed that it is sometimes challenging to tie outcomes to payments. Therefore, agencies must really consider services that are adaptable to performance-based contracting and have quantifiable outcomes such as employment and training programs, decree of adoption services and contractors remaining in compliance with state laws and regulations. 3. Sheboygan County, WI has contracted with Social Solutions for a $1M contract management system that will be used to track outcome measures and vendor performance.	
Industry Best Practice Research	
1. The National Institute of Governmental Purchasing recommends performance-based contracting as a best practice to lower costs and improve contractor performance. 2. The U.S. Department of Health and Human Services and the National Institute of Health follow the Federal Acquisition Regulation (FAR) administered by the Office of Federal Procurement. The Office of Federal Procurement recommends performance based-contracting as a method for tying contractor payments to vendor performance.	
Risk Assessment Summary	**Implementation Time Frame**
Low – Performance-based contracting is an additional tool DCDHS can implement to review contractor performance and outcome measures simultaneously.	Two to three years is needed to determine which contracts are ripe for PBC and begin piloting a program.
Resources Needed to Implement	
One additional full-time employee serving as a Program Analyst is needed in the Planning and Evaluation Unit to assist Program Managers with determining which services are most applicable for PBC contracting, as well as monitoring vendor performance against established outcome measures. Program Managers will need training and coaching on how to deliver and monitor PBC contracts.	

Issue 6: The contract term does not match the RFP solicitation term for which services are requested.

Finding 6: Issuing contracts for a period of one year is not effective and results in non-value added activities being performed by DCDHS staff. Proposals in program areas are solicited every five years; however, contracts with POS agencies are awarded on an annual basis. Each year DCDHS is required to issue and execute a new contract with a contractor that has already gone through the RFP selection and award process. The rationale behind this practice is that DCDHS can only guarantee funding for programs for one year. In order to not obligate funds for future years, DCDHS chooses to issue contracts on an annual basis. This process is costly for staff time and resources because additional effort is needed to draft annual contracts and ensure they are properly executed by the County and the contractor. The practice of issuing annual contracts takes the focus away from other more important tasks, including contract monitoring and program evaluations.

Based on feedback from POS agencies, only 12% of respondents felt that the base contract term should be for one year.

Figure 17



Recommendation 6	
Recommendation	**Cost Impact/Barriers**
Award contracts for the full RFP term.	Cost impact: None. Barriers: POS agencies will need to be trained on the new process.
Recommendation Details	
DCDHS should issue contracts for the full term stated in the RFP. In the event that there is a material change to the contract such as a rate change, then an amendment should be issued to document the changes. This practice will prevent DCDHS and POS agencies from having to renegotiate, review and sign contracts that have already been awarded. Additionally, non-appropriation language can be added to contracts, which states that in the event Dane County does not receive funding for a service or program the contract can be terminated with 30 days' notice to the POS agency. Contract amendments will allow Program Managers and POS agencies to focus only on new changes to contracts. Additional benefits include: > Reduced paperwork > Greater focus on long-term contract expectations > A more balanced contract management workload > Reduced administrative burden	
Comparable Jurisdiction Data (if applicable)	
1. La Crosse County, WI issues annual contract amendments for rate changes to contracts. In addition, non-appropriation language is included in all contracts that states that if funding for the fiscal year is not approved, the contractor shall be notified in writing and the contract shall terminate within 30 days of receiving notice. 2. The County of Fairfax, VA Department of Health and Human services issues multi-year contracts and annual amendments if there are funding changes.	
Industry Best Practice Research	
The National Institute of Governmental Purchasing recommends that contracts are awarded in a sustainable manner to promote economic efficiencies and cost savings throughout the life of the contract. Based on this standard, multi-year contracting is considered a sustainable practice to promote operational efficiencies.[23]	
Risk Assessment Summary	**Implementation Time Frame**
Medium - Program Managers already issue annual contracts. The process will change so that they only issue one-to-two page contract amendments.	Immediate.
Resources Needed to Implement	
A standard contract amendment form will need to be developed by Dane County's legal counsel, which should take approximately 10 hours.	

[23] http://www.nigp.org/eweb/docs/Practices/SOPSustainableProcurement.pdf

Issue 7: **The timeline compression of the contract award process can create difficulties and misunderstandings in the management of contracts.**

Finding 7: POS agencies have limited time to review, negotiate and execute their contracts. Based on the "2014 Contract Process Schedule", the target date to mail contracts to POS agencies was between November 1-5, 2013 and it was anticipated that the POS agencies would return the executed contracts by November 19, 2013 so that they could be approved by the Dane County Board of Supervisors by December 19, 2013. This timeline provided agencies with less than three weeks of review time. Many POS agencies indicated that the short timeframe they are given to review their contract does not provide adequate time for contract negotiation and that at times they agree to unrealistic contract requirements in order to meet the submission deadline. In addition, some agencies felt pressured to sign their contracts and did not feel that they had the option to negotiate key terms and conditions because of the compressed timeframe. Once the contracts are awarded, misunderstandings occur between the Program Managers and POS agencies because the agencies are being held accountable for requirements that they agreed to, but cannot meet. Additionally, DCDHS is under pressure to ensure that internal deadlines are met to place contracts on the board agenda in December for resolution and approval by the Board of Supervisors prior to January 1st.

Recommendation 7a	
Recommendation	**Cost Impact/Barriers**
Extend the time POS agencies have to review and negotiate contracts	Cost Impact: None. Barriers: Program Managers will need to document any requested contractual changes and have them approved by legal counsel earlier in the contracting process.
Recommendation Details	
Typically, Program Managers complete the RFP evaluation and selection process by June. At that time they have an understanding of which agencies will be advancing in the selection process. Instead of waiting until November to negotiate terms and conditions, Program Managers can begin negotiating the non-pricing terms and conditions with the POS agencies at that time once the apparent best-value POS agency has been selected in June. This will provide POS agencies with more time to review their contracts and make any applicable changes. It will also provide them with time to attend the public hearings and provide feedback to the County Board on any suggestions they have with the budget process.	
Comparable Jurisdiction Data (if applicable)	
N/A	
Industry Best Practice Research	
N/A	
Risk Assessment Summary	**Implementation Time Frame**
Low - Program Managers currently interact with POS agencies during the RFP evaluation and selection process. The only change in the process is that negotiations will occur in June as opposed to November.	Immediate.
Resources Needed to Implement	
None.	

Recommendation 7b	
Recommendation	**Cost Impact/Barriers**
Utilize electronic workflow tools.	Cost Impact: None. Barriers: Staff will need to be trained in using the Contract Management module in Munis.
Recommendation Details	
DCDHS should consider emailing contracts to POS agencies. This will reduce the amount of time it takes for contracts to travel through the mail and will provide more time for POS agencies to review their contracts. Additionally, it will reduce the administrative resources spent on mailing supplies and staff time. An electronic workflow process will provide more flexibility for contractors to review their contracts. DCDHS can use the Contract Management Module in Munis to track the routing of contracts for signature and can store the contract document in system. This will eliminate the need to distribute paper copies of the contracts.	
Comparable Jurisdiction Data (if applicable)	
1. La Crosse and Rock Counties have developed in-house programs to obtain electronic signatures from county officials and manage the contract routing process. Currently, La Crosse County is not equipped to receive electronic signatures from contractors; however, the system does allow agencies to return their contract via email as a pdf. 2. Milwaukee County uses DocuSign to obtain electronic signatures from county officials and POS agencies. Notifications are sent via email to all parties that are required to sign the contract. The contract administrator has the ability to request that the contracts are signed simultaneously or sequentially. Milwaukee County has found that this helps facilitate the contract review process for POS agencies as they are not waiting to receive their contract in the mail and they have immediate access to their contracts. Additionally, an audit trail is created with each contract in the system so Program Managers can quickly locate their contracts throughout the contract award process. 3. Rock County's system does not currently accept electronic documents, but accepting electronic forms from POS agencies is a planned future upgrade. 4. The City of New York Mayor's Office of Contract Services utilizes the Automated Procurement Tracking (APT) to manage the electronic storage of procurement forms and electronic signature process.	
Industry Best Practice Research	
N/A	
Risk Assessment Summary	**Implementation Time Frame**
Low – An electronic workflow for distributing and receiving documents from POS agencies will replace the current manual process.	One year is need to transition to the Contract Management module in Munis.
Resources Needed to Implement	
Approximately 100 hours of the IT Systems Coordinator's time is needed to work with the Controller's Office to implement the Contract Management module in Munis and train staff on the new process. The Controller's Office will need to dedicate 50 hours of time, in total, for helping DCDHS implement the module.	

Issue 8: The same strategy is used to procure services, regardless of the type of service needed.

Finding 8a: The RFP process is the same for all services regardless of whether there is sufficient competition in a particular area. For example, if there is an area that is not getting sufficient agency responses, DCDHS will continue to contract for that service in the same manner as it will for a service that has ample competition. The result of this practice is that if only one or two agencies respond to the solicitation, then the same vendors are awarded a contract from previous years or the department spends time issuing a RFP for services that agencies are not interested in providing and do not respond to.

Recommendation 8a	
Recommendation	**Cost Impact/Barriers**
Prior to initiating the RFP process, perform a risk assessment to determine the most effective method to procure services.	Cost Impact: None. Barriers: Program Managers will need to be trained on how to perform contract risk assessments.

Recommendation Details

In order to have an effective procurement process and increase competition for human services, different procurement methods must be used. Prior to initiating a RFP, DCDHS must assess the appropriate method to deliver the services. Options DCDHS should consider prior to contracting for services include a review of the services based on[24]:

- Contract risk
- Level and quality of services provided under the previous contract
- Ability to adequately monitor the services
- Understanding of true program objectives
- Specialized skills needed to provide the services
- Number of providers in the market willing to provide the services

Prior to initiating a contract, an agency must assess the level of contract risk. Contractual risk can be defined as the potential for financial loss, impact of consumers being improperly treated and impact to the organization if the service is not performed.

The table below outlines the strategy that DCDHS can begin to follow that outlines a method for determining which contracting method to use when contracting for human services.

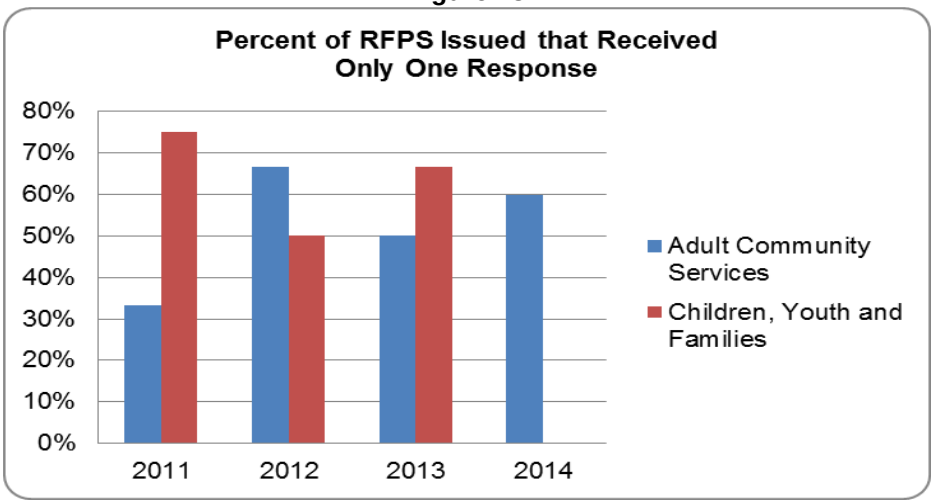
Strategy	Contract Risk Factor	Contract Value
Issue a formal RFP if market research determines that there is adequate competition in the marketplace and sufficient interest from the vendor community	Low to Medium	Large
Issue the request as a sole source because there is only one provider in the market that can provide the services	Low to Medium	Small to Medium
Issue the request as a small dollar purchase where informal proposals are solicited from vendors	Low	Small
In-source the services because DCDHS can provide the services more efficiently	Medium to High	Medium to High

[24] National Institute of Government Purchasing, "Public Procurement Practice: Outsourcing", http://www.nigp.org/eweb/docs/Practices/Outsourcing.pdf

Recommendation 8a	
The risk assessment forces Program Managers to analyze the manner in which services were previously provided and identify areas of improvement for future services. It also helps Program Managers quickly identify the appropriate contracting method and assess if services can be consolidated. See Appendix N - Risk Assessment Tools.	
Comparable Jurisdiction Data (if applicable)	
N/A	
Industry Best Practice Research	
Multnomah County, OR Department of Human Services requires that prior to contracting for services, a risk assessment form be completed to determine if services should be contracted out or provided directly by Multnomah County.	
Risk Assessment Summary	**Implementation Time Frame**
High – Failure to select the appropriate service delivery method can result in programs not being delivered effectively.	Six months is needed to develop a training program and train staff.
Resources Needed to Implement	
One Contract Compliance Monitor will need 20 hours to develop a training program to train Program Managers. Each Program Manager will need two hours of training on how to complete a contract risk assessment. Contract Compliance Monitors will need to ensure that contracts are being sourced through the most appropriate method during their quarterly reviews.	

Finding 8b: Over the last two years, 50% or more of the RFPs in the Adult Community Services and Children, Youth and Families Divisions that were released to the public only had one proposal submission. The current RFP process does not encourage competition and the submission of innovative programming ideas by vendors. Currently, all POS contracts are procured in the same manner, which leads to instances where there is little or no competition in some service areas. The graph below provides details on the percent of RFPs where only one proposal was received. It should be noted that the Employment and Work Services Division has not issued any RFPs between FY2011 and FY2014.

Figure 18



Recommendation 8b	
Recommendation	**Cost Impact/Barriers**
Conduct vendor outreach to garner interest in RFP solicitations.	Cost Impact: $3,000 should be allocated for attending outreach events. Barriers: Program Managers will need to serve as ambassadors for the procurement process and be well versed in understanding services provided to vendors to garner participation in the procurement process.
Recommendation Details	
Ensuring that there is adequate competition in the marketplace is important for managing tax dollars and promoting a fair and transparent procurement process.[25] Competition allows public agencies to receive the best value for services at a reasonable price. In areas where there is limited or no vendor participation, an outreach strategy should be developed to increase the number of vendors that compete for contracts. Strategies DCDHS can use to increase vendor participation, include: > Holding regular "Doing Business with DCDHS" meetings/open-houses to inform POS agencies about the contracting process and upcoming RFP opportunities > Attending local health fairs and events geared towards health and human services agencies to introduce DCDHS to new vendors > Partnering with "sister" agencies or other government agencies to publicize new RFPs that are being advertised > Consolidating new RFP requests that have had minimal vendor response in the past and have not been identified as a priority of the County	
Comparable Jurisdiction Data (if applicable)	
N/A	
Industry Best Practice Research	
The National Association of State Procurement Officials promotes attending industry or small business conferences, holding public hearings, and performing market research as strategies to increase the number of contractors that respond to a solicitation.[26]	
Risk Assessment Summary	**Implementation Time Frame**
High – Failure to perform vendor outreach will continue the current outcome of receiving minimal responses from POS agencies.	One year is needed to fully implement this program.
Resources Needed to Implement	
Ten Program Managers should each allocate 16 hours of time a year to either provide the "Doing Business with DCDHS" trainings or attend outreach events.	

[25] The National Association of State Procurement Professionals. "The Importance of Competition to the Public Procurement Process". http://www.naspo.org/userfiles/file/Importance%20of%20Competition.pdf
[26] The National Association of State Procurement Professionals. "Effective Communication between State Procurement and Industry". April 2012. http://www.naspo.org/documents/1.Final_NASPO_EffectiveCommunicationWhitepaper_040512.pdf

Issue 9: Currently, there does not appear to be a formalized process identified for determining fiscal priorities for program funding levels.

Finding 9a: Contract allocations for programs are not formally aligned with the department's strategy or highest community needs. Currently, DCDHS attempts to fund all of its programs every year, although there may not be adequate funding to cover the program costs. POS agencies feel that there is not transparency in the process for how program budgets are established. For example, there may be years when services need to be cut for budgetary reasons. An advisory board can assist the County Board and DCDHS with setting priorities and determining which services should be prioritized and which should be eliminated.

Recommendation 9a	
Recommendation	**Cost Impact/Barriers**
Review the current DCDHS advisory committees and determine which committee would be best suited to serve as an advisory board consisting of consumers and POS agencies that provide input on determining fiscal priorities and create a management plan that outlines a plan of reduction when there is not sufficient funding for programs. Additionally, during this process a plan for reduction can be set to address funding gaps.	Cost Impact: None. Barriers: Assess the staff resources that are needed to assist with this function. Based on the assessment, determine if additional staff members are needed to manage the selection of advisory board members and coordinate the quarterly meetings.
Recommendation Details	
DCDHS should reevaluate and prioritize its current advisory committees to determine which one would be most appropriate to incorporate the advisory board into. The assessment should include a review of the existing committees' mission, the decision making authority, and role. The advisory board will consist of consumers, family members of consumers, POS agencies and local citizens to provide advice and guidance to the Dane County Board of Supervisors for determining funding levels and fiscal priorities for programs offered. The role of the advisory board will be to: > Serve in an advisory capacity > Help set priorities for programs and services > Advise DCDHS on its strategic plan and budget > Provide advice on services needed within the community The Dane County Board of Supervisors can use the recommendations of the advisory committee to set funding priorities for DCDHS, which can then be published for the public's review. By incorporating the consumers and POS agencies into the process to set funding priorities, these interest groups are given a platform to add input in the process. Further, it serves an opportunity for collaboration between the County and the community. This committee should meet on a quarterly basis. Lastly, the impact of funding reductions should not rest solely within DCDHS. One best practice we have seen implemented is where a reduction is planned for and approved as part of the budget process. This plan is set in order to deal with any fiscal challenges that arise during the course of the year. The advisory board should assist DCDHS with drafting a management plan that will be used to define how services are provided and the manner in which service levels are reduced when there is not sufficient funding. This management plan will create a standardized process for service level reductions of core services and can also guide the prioritization process.	

Recommendation 9a	
Comparable Jurisdiction Data (if applicable)	
1. The following counties have advisory boards that consist of consumers, parents of consumers and County Board Supervisors: > County of Kenosha, WI > County of Milwaukee, WI > County of Rock, WI > County of Sheboygan, WI > County of Waukesha, WI 2. The Fairfax County, VA Department of Health and Human Services prioritizes services that are part of the Consolidated Community Funding Pool. The department publishes the "Priorities for the Consolidated Community Funding Pool for Fiscal Years 2015-2016"[27] on its website. The document describes how funding priorities were set based on feedback from community input sessions. Additionally, it lists the four targeted priority areas and the approximate target funding percentage that is allocated to each program. This process is transparent and is an example of how community input can be used to help set funding priorities.[28]	
Industry Best Practice Research	
1. The National Council of Nonprofits advocates that government-nonprofit task forces work together to develop and implement recommendations to reform contracting practices and procedures. 2. A group of Iowa counties implemented a budget reduction proposal as part of their annual budget process. This plan identifies how any fiscal challenges will be addressed throughout the year without placing this responsibility solely upon the department deploying the programs.	
Risk Assessment Summary	**Implementation Time Frame**
High – Failure to create an advisory board that offers strategies on how to prioritize funding for human services will continue the practice of making decisions in a vacuum, and POS agencies and consumers feeling as though they are not part of the process.	Six months is needed to develop a nomination process to select advisory board members and hold the first advisory board meeting.
Resources Needed to Implement	
DCDHS should assess the current staff resources to determine if this function can be managed based on current capacity. The review may determine that additional resources are needed at a later date.	

[27] http://www.fairfaxcounty.gov/ccfp/pdf/board_item_ccfp_priorities_fy2015_2016_attachment.pdf
[28] http://www.fairfaxcounty.gov/ccfp/#ConsolidatedCommunityFundingPool

Finding 9b: Funding levels for contracts have remained the same over the years. There has not been significant change in how contracts are funded. Therefore, agencies have not had a Cost of Living Adjustment (COLA) increase because DCDHS is trying to fund all of the requested services. This is not a sustainable model and several of the agencies have indicated that their operations are stretched beyond capacity.

Recommendation 9b	
Recommendation	**Cost Impact/Barriers**
Contracts should be fully funded to cover core services and existing service levels.	Cost Impact: None. Barriers: During the budgeting process, programs and services will need to be prioritized by the Dane County Board of Supervisors to determine funding levels.
Recommendation Details	
The Dane County Board of Supervisors should prioritize which programs and services will be funded each year. This should be based upon the identified service priorities in the area, including core services DCDHS is mandated to provide. Core services can either be mandated by the federal government or State of Wisconsin as part of a funding requirement to DCDHS. In addition, these priorities should be considered within the realistic scope of funding. Once it is determined how much money is needed to fund the core services and services based on existing service levels, then any money that is left over should be used to provide COLA increases to POS agencies. This practice will demonstrate the Dane County Board of Supervisors willingness to partner with POS agencies and acknowledge the meaningful services POS agencies provide to Dane County.	
Comparable Jurisdiction Data (if applicable)	
1. La Crosse County, WI budgets for annual contract increases based on the Consumer Price Index (CPI) listed within contracts. 2. Kenosha County, WI provided COLA increases based on available funding. 3. Rock County, WI approves COLA increases on a case-by-case basis. 4. Sheboygan County, WI budgets for a 2 percent COLA increase for contracts during the budgeting process. However, not all contracts receive a COLA. 5. Some existing service providers have contracts in areas where the state and federal government will pay additional money to the Department of Human Services for providing additional program reports. In these cases, Waukesha County, WI requires contractors that fall into this category to provide the additional reporting as part of their contractual obligation. The additional revenues generated from the additional reporting are pooled by the County to provide COLAs for all contractors.	
Industry Best Practice Research	
N/A	
Risk Assessment Summary	**Implementation Time Frame**
High – Over time, failure to provide COLA increases will result in reduced quality and service levels provided by POS agencies.	One year is needed to prioritize contracts and determine funding levels during the next contract award cycle.
Resources Needed to Implement	
No additional staff resources will be needed.	

Technology

Issue 10: Existing systems are not efficiently utilized.

Finding 10a: The reporting and payment process for vendors is primarily paper driven. The County does not currently have an automated and comprehensive contract management system, which results in less effective and efficient contract monitoring. Many of the providers indicated that they would prefer some sort of an electronic process.

Based on information provided by DCDHS staff during our fieldwork, it is estimated that only 50 to 60 agencies are submitting electronic invoices that are entered directly into the system for the Children Come First Program. For the majority of the agencies that submit hardcopy invoices and reports, that information has to be rekeyed by DCDHS staff. This takes staff time away from more meaningful tasks related to contract monitoring and the process is subject to clerical error.

Recommendation 10a	
Recommendation	**Cost Impact/Barriers**
Allow POS agencies to submit electronic documents (i.e., reports and invoices).	Cost Impact. None. Barriers: Program Accountants and Program Managers will need to manage their email accounts to verify that they have received electronic documents from POS agencies.
Recommendation Details	
During the focus group sessions, many POS agencies stated that they would like the flexibility to submit their reports and invoices electronically because it saves them time and provides an audit trail of when the request was sent. Additionally, they like the fact that they can verify that a document was received by the recipient and did not get lost in the mail. The benefit to DCDHS for accepting electronic documents is that it would reduce the amount of information that has to be rekeyed by staff. This also would reduce the possibility of clerical error. Additionally, some Program Managers stated that they prefer to receive the monthly reports electronically because it is easier to analyze program trends if they can manipulate the data. Currently, they are not provided this type of functionality with hard copy documents.	
Comparable Jurisdiction Data (if applicable)	
The City of New York utilizes the Health and Human Services (HHS) Accelerator to allow providers to upload frequently requested documents and submit reports.	
Industry Best Practice Research	
Reduction of redundant data entry.	
Risk Assessment Summary	**Implementation Time Frame**
Low – Some POS agencies are currently emailing their documents to DCDHS. This process will shorten the time it takes POS agencies to submit their documents.	Three months is needed to fully implement the program.
Resources Needed to Implement	
Staff will need to devote one hour a day to email management. Additionally, it may be effective for DCDHS to use a SharePoint site where POS agencies can upload documents. DCDHS can work with Information Technology to create a SharePoint site. This process should take approximately 10 hours of time for the County Information Technology Department to work with the DCDHS Systems Coordinator.	

Finding 10b: The DCDHS is not using the full functionality of its current Munis financial system. Currently, purchase orders are not issued and contractor expenditures and revenues are tracked on individual Microsoft Excel spreadsheets. Tracking vendor payments on spreadsheets makes it difficult to analyze large amounts of data for multiple agencies at one time to understand historical trends and past practices. Currently, the following information is tracked in various shadow systems:

- The status of payments being made
- Administrative percentages and compliance requirements
- Unit rates by program
- Status of contract addendums
- General notes from Program Accountants
- Status of budgets and program schedules

Much of the information that is tracked in the shadow systems are manually entered by staff, creating significant room for clerical error.

Recommendation 10b	
Recommendation	**Cost Impact/Barriers**
Utilize the Purchasing and Contract Management modules within Munis.	Cost Impact: None. Barriers: Program Accountants and Contract Mangers will need training on the Contract Management and Purchasing modules.
Recommendation Details	
The Munis purchasing and contract management modules have capabilities that staff at DCDHS can begin using to track fiscal progress. This will reduce the amount of information that staff are currently rekeying in their shadow systems and tracking on electronic spreadsheets. However, it will not eliminate the need for a separate system. DCDHS staff has indicated that their tracking needs are not fully met by Munis and as a result they will need to continue using separate systems. Our recommendation would be to minimize the data redundancies to the greatest extent possible. The purchasing module will allow DCDHS staff to create Purchase Orders (POs) where funds can be pre-encumbered and payments dispersed as needed. The POs can be established to issue payments based on the 1/12th method or unit rates. As invoices are paid, the PO number is referenced on the invoice. The POs can be established to track line item payments or lump sum payments. Issuing POs will allow DCDHS to review a vendor's contract encumbrance amount, payment history, and invoices. Additionally, Program Accountants will be able to run financial reports from one system comparing the contract award amounts to contract expenditures in real-time because it is reflected against the County's general ledger system. Currently, the contract management module is not tied to the purchasing module. However, the contract management module serves as an electronic repository for contracts to be easily stored, retrieved and reviewed. This is helpful for reducing the amount of paper contracts that DCDHS is required to keep. Further, this module would allow DCDHS to track where the contract is in the approval process and what steps are remaining. Lastly, it will allow all DCDHS staff members to have access to contracts without having to keep physical copies at their desks. It is recommended that DCDHS begin conversations with the Controller's Office to discuss the feasibility of implementing this recommendation. Although utilizing the purchasing and contract management modules will not reduce all of the shadow systems DCDHS uses, it will reduce some of the information that staff currently track on spreadsheets so that POs can be created by the Controller's Office. It is recommended that contracts be placed on POs at the beginning of the fiscal year so that vendor payments are not tracked in Munis and on spreadsheets.	

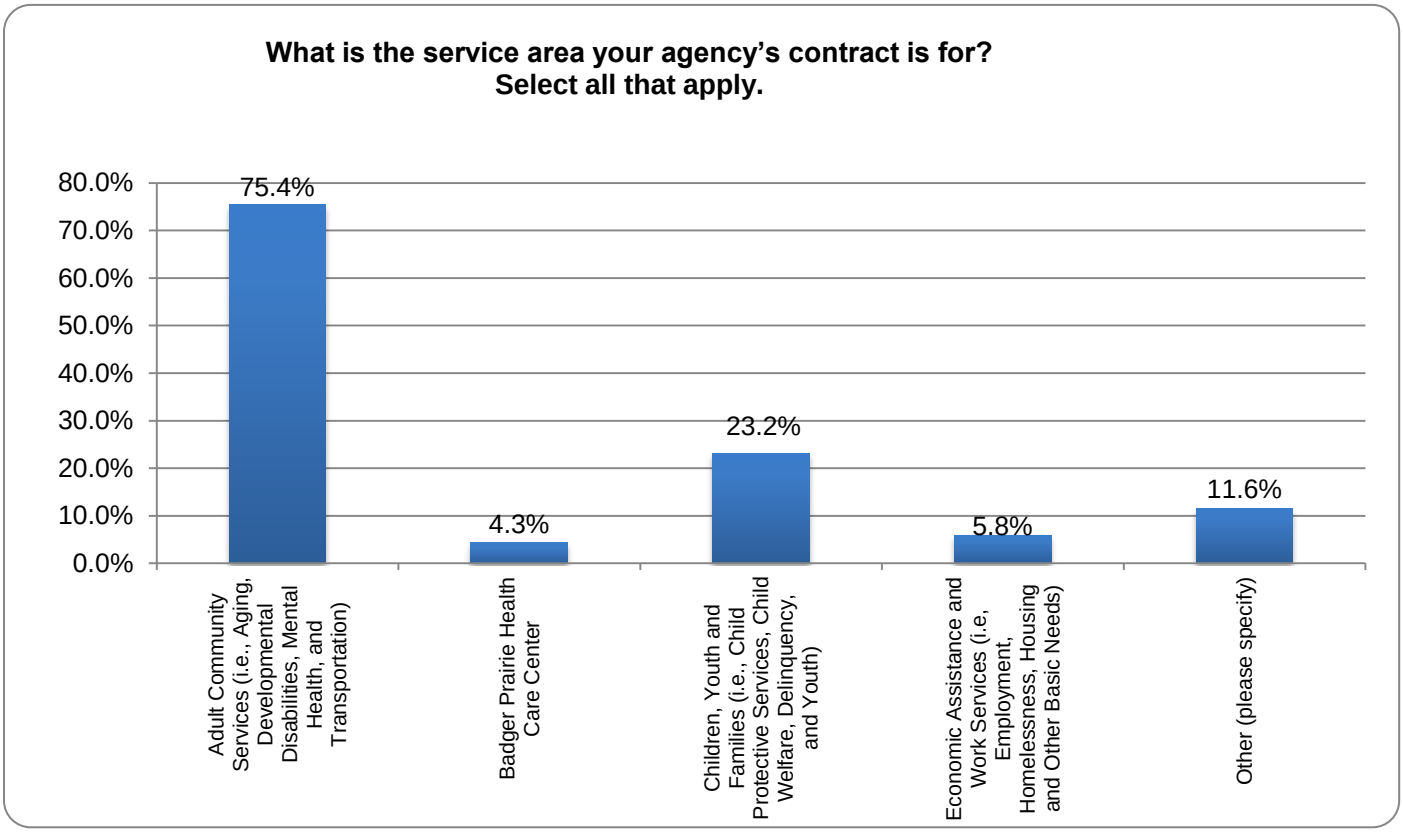
Recommendation 10b	
Comparable Jurisdiction Data (if applicable)	
N/A	
Industry Best Practice Research	
Government Finance Officers Association recommends that agencies collect complete and accurate data for reconciliations and adjustments.	
Risk Assessment Summary	**Implementation Time Frame**
Medium – Failure to track POS agency payments in the Munis Purchasing module will result in DCDHS not quickly reporting on POS agency payments without creating manual reports.	Twelve to 24 months is needed to transition to the current contracts to POs.
Resources Needed to Implement	
The Controller's Office will need to provide three hours of training to Program Accountants on entering requisitions. Program Accountants will need to shift their time from tracking payments on manual spreadsheets to Munis. Additionally, the Purchasing Division will need to provide four hours of training to Program Accountants and Program Managers on using the Contract Management module.	

Appendix A – POS Agency Survey Results

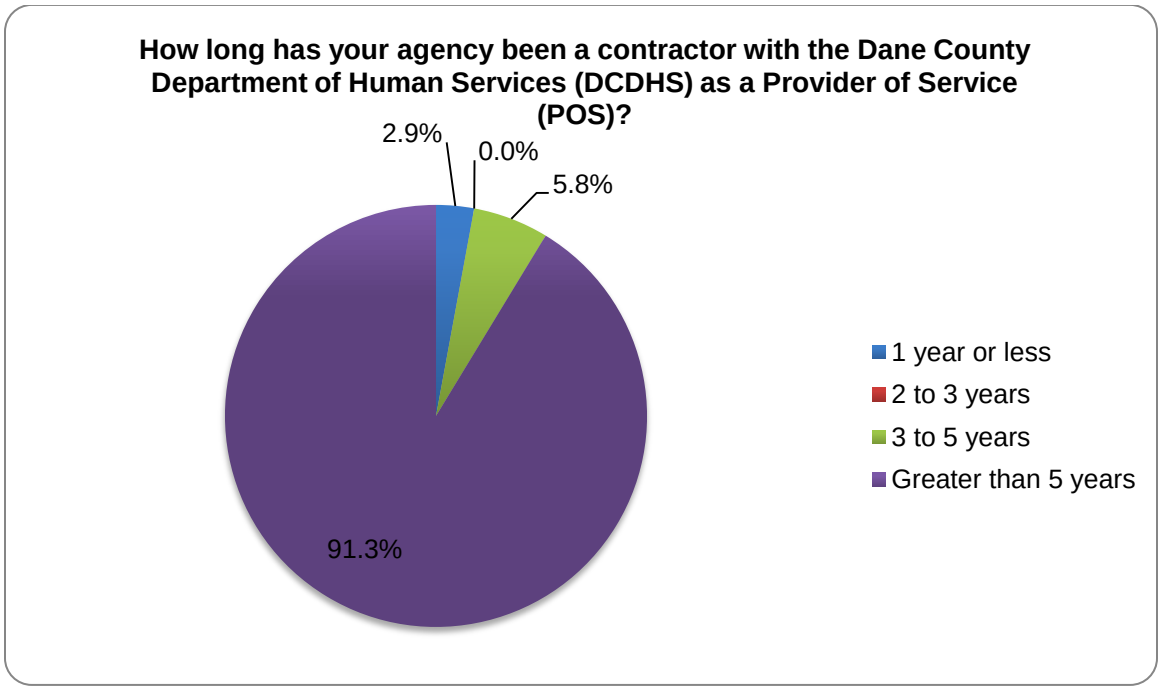
On November 10, 2013, Baker Tilly Virchow Krause, LLP distributed a survey to POS contractors to obtain feedback on satisfaction levels with the current contracting, performance management, and reimbursement process. The survey was distributed to 278 contractors. Sixty-nine vendors responded by the submission deadline of November 27, 2013.

Contractor Responses:

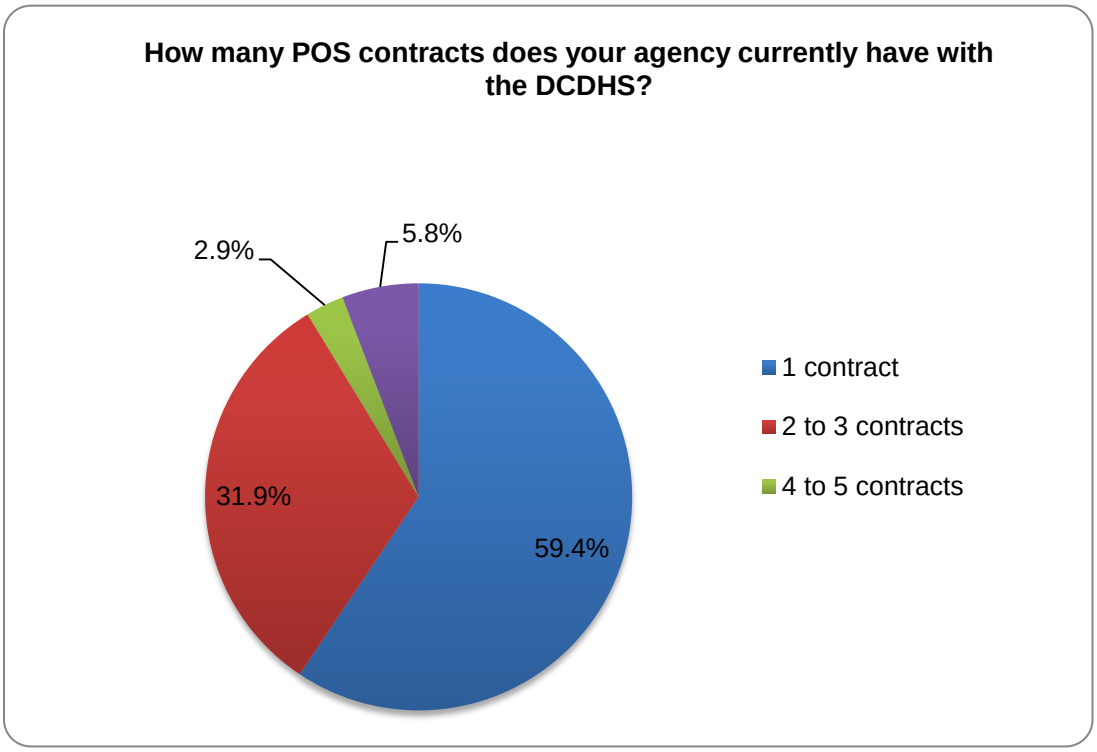
1. What is the service area your agency's contract is for? Select all that apply



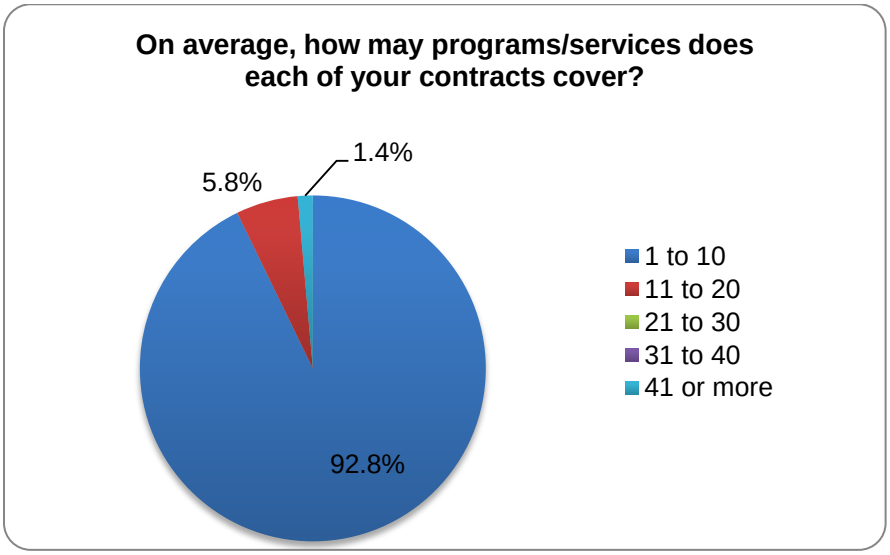
2. How long has your agency been a contractor with the Dane County Department of Human Services (DCDHS) as a Provider of Service (POS)?



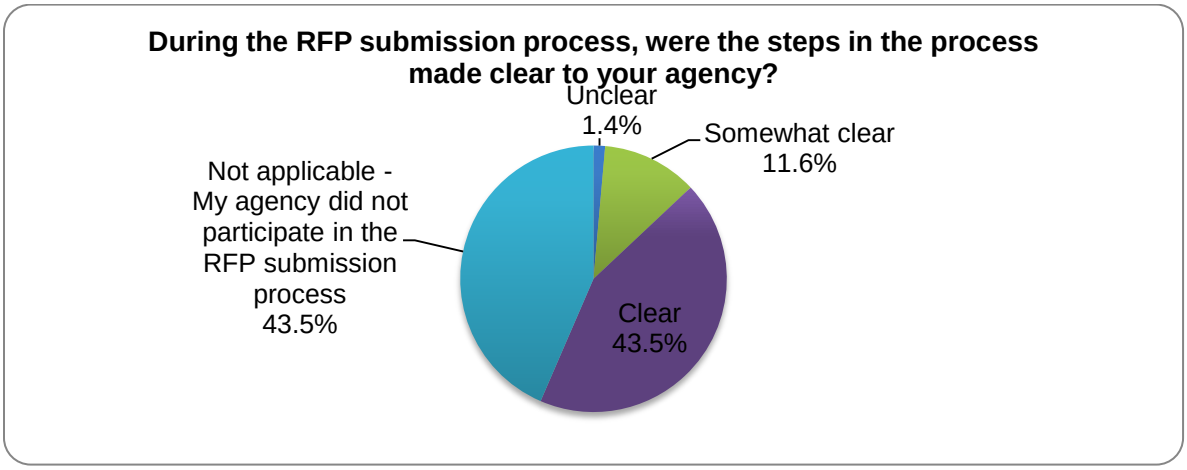
3. How many POS contracts does your agency currently have with DCDHS?



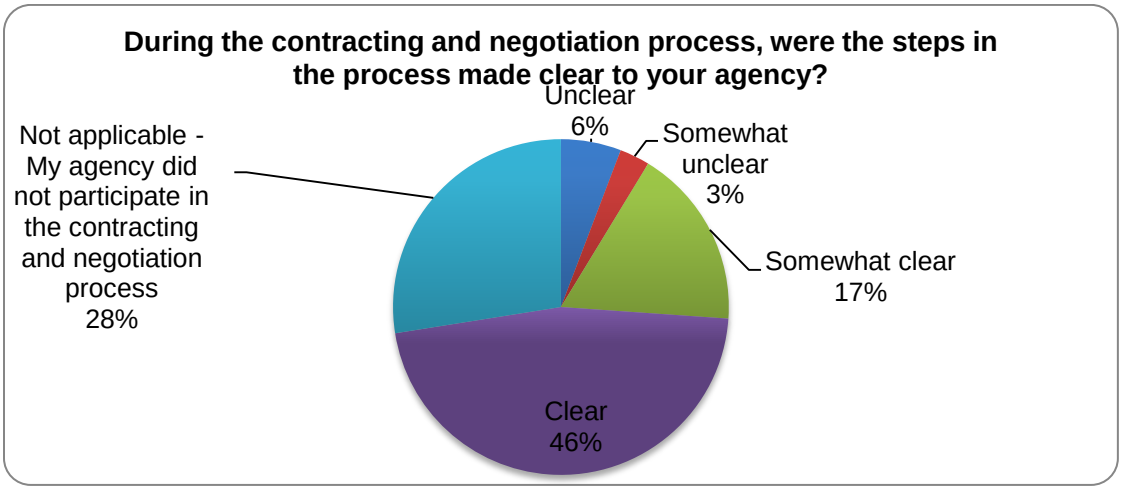
4. On average, how may programs/services does each of your contracts cover?



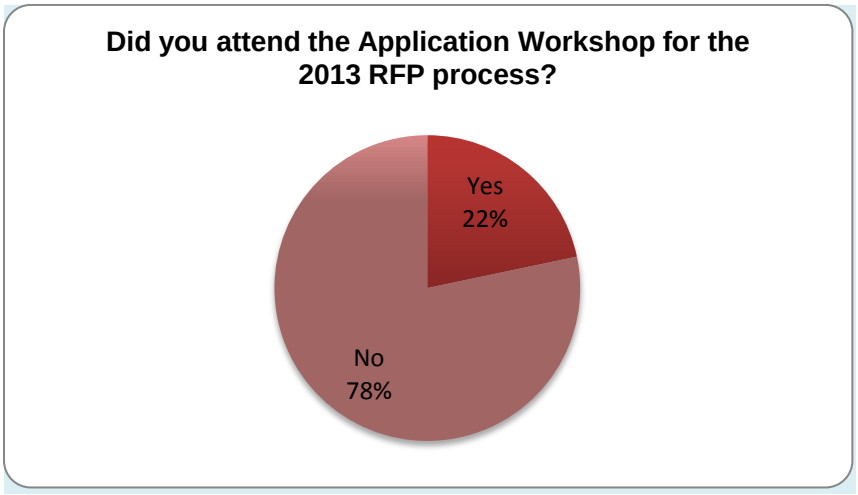
5. During the RFP submission process, were the steps in the process made clear to your agency?



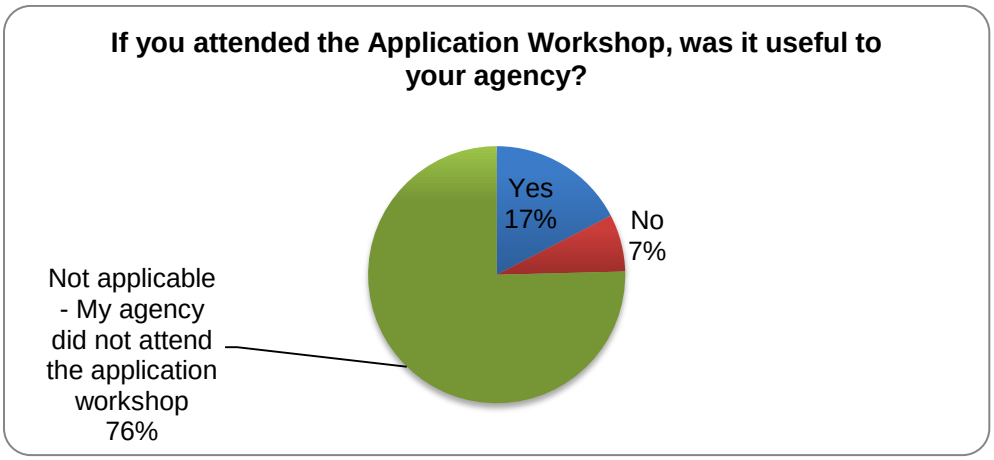
6. During the contracting and negotiation process, were the steps in the process made clear to your agency?



7. Did you attend the Application Workshop for the 2013 RFP process?

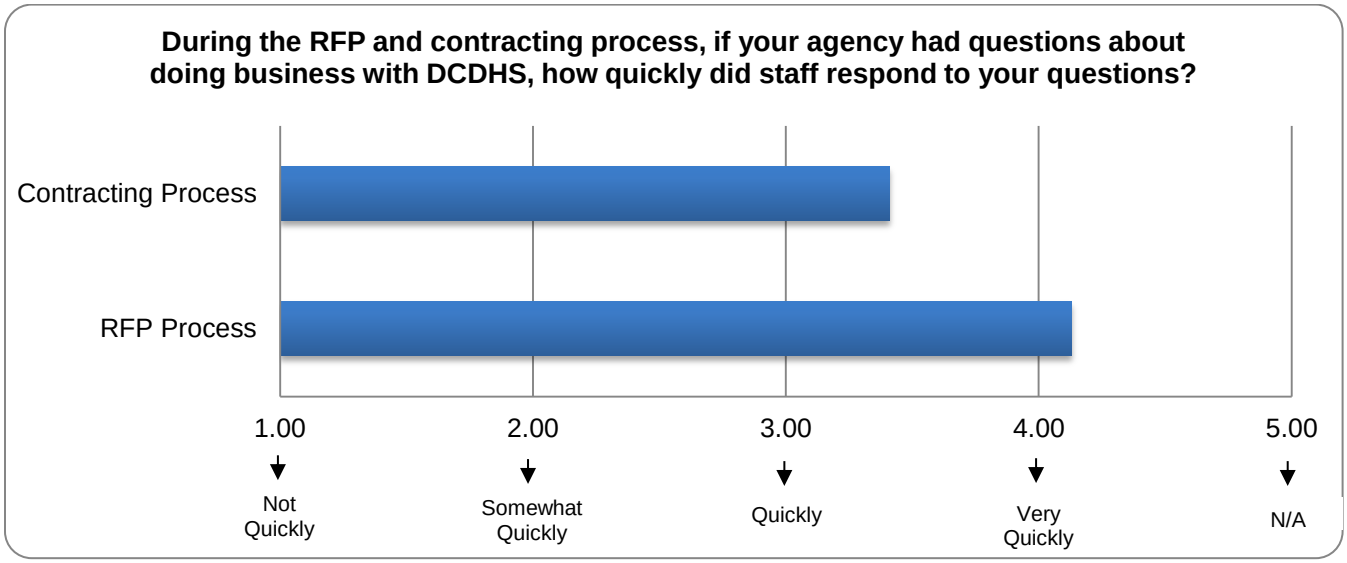


8. If you attended the Application Workshop, was it useful to your agency?



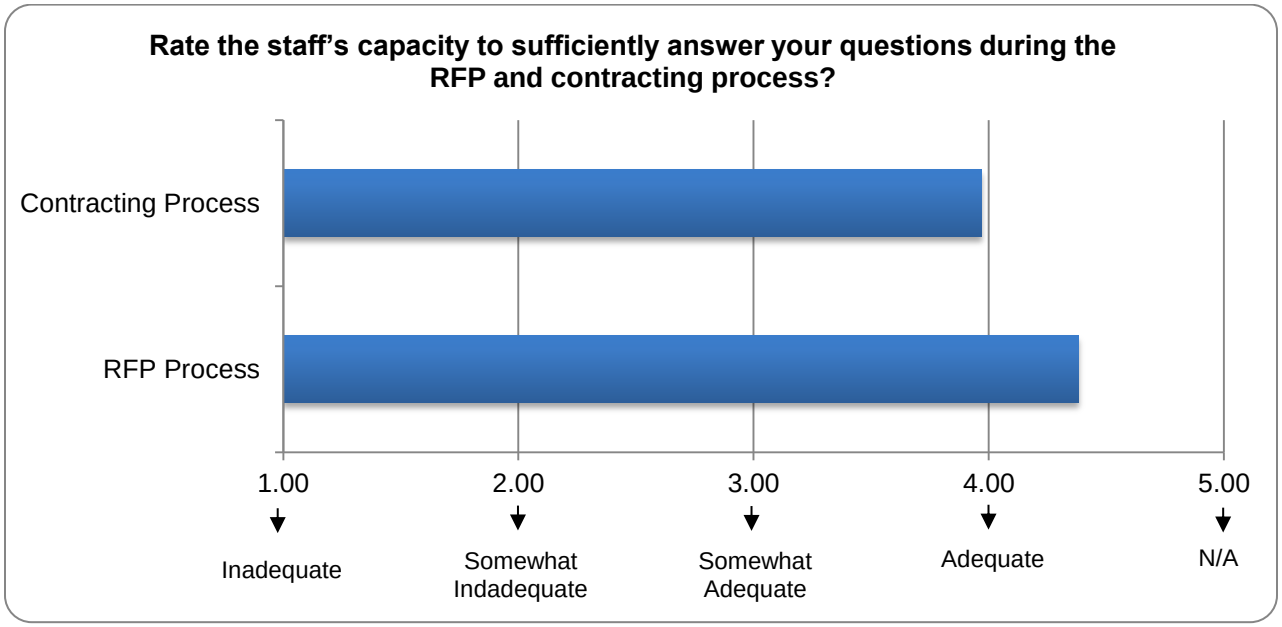
9. During the RFP and contracting process, if your agency had questions about doing business with DCDHS, how quickly did staff respond to your questions?

Answer Options:
1 – Not quickly (more than 2 business days)
2 – Somewhat quickly (within2 business days)
3 – Quickly (within 1 business day)
4 – Very quickly (same day)
5 – Not Applicable



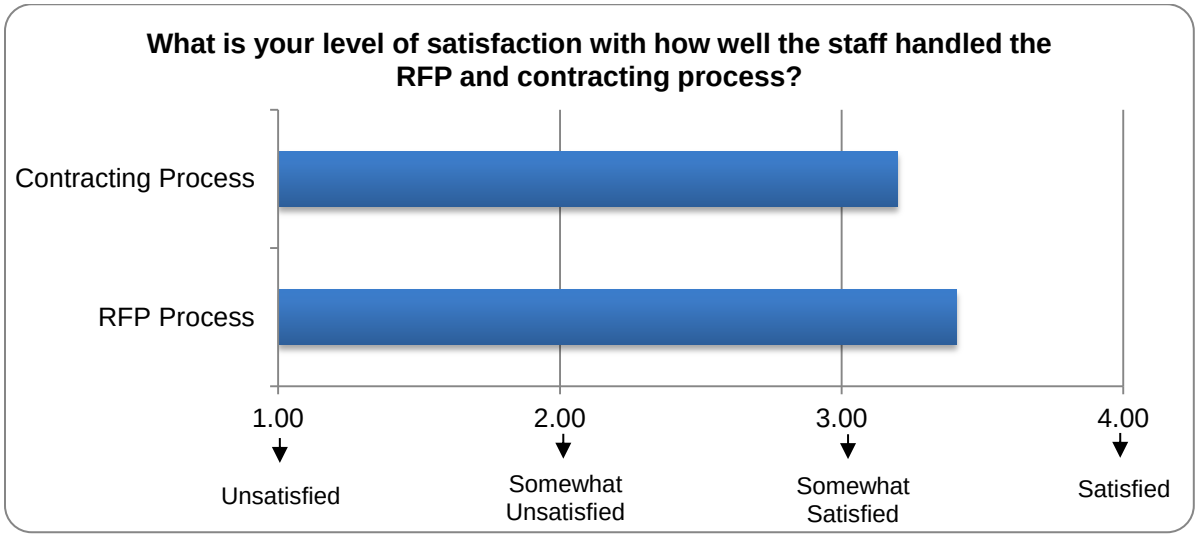
10. Rate the staff's capacity to sufficiently answer your questions during the RFP and contracting process?

Answer Options:
1 – Inadequate
2 – Somewhat inadequate
3 – Somewhat adequate
4 – Adequate
5 – Not Applicable

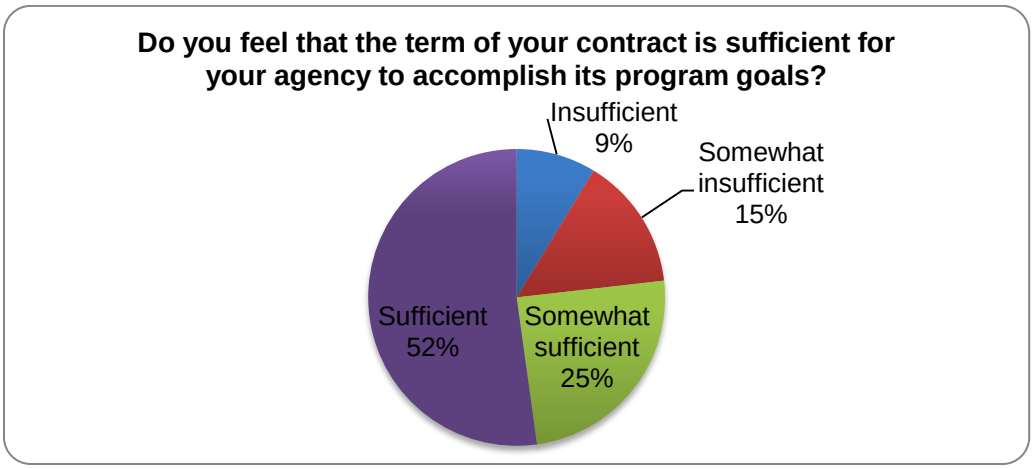


11. What is your level of satisfaction with how well the staff handled the RFP and contracting process?

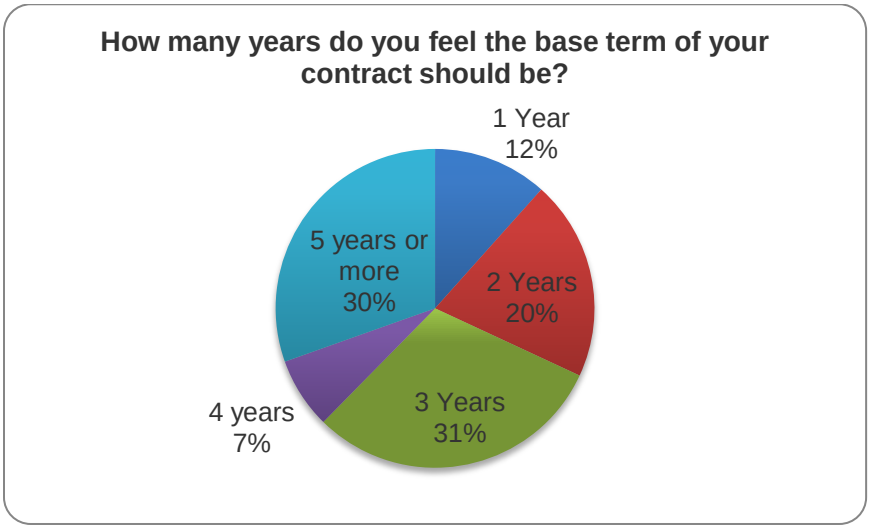
Answer Options:
1 – Unsatisfied
2 – Somewhat unsatisfied
3 – Somewhat satisfied
4 – Satisfied



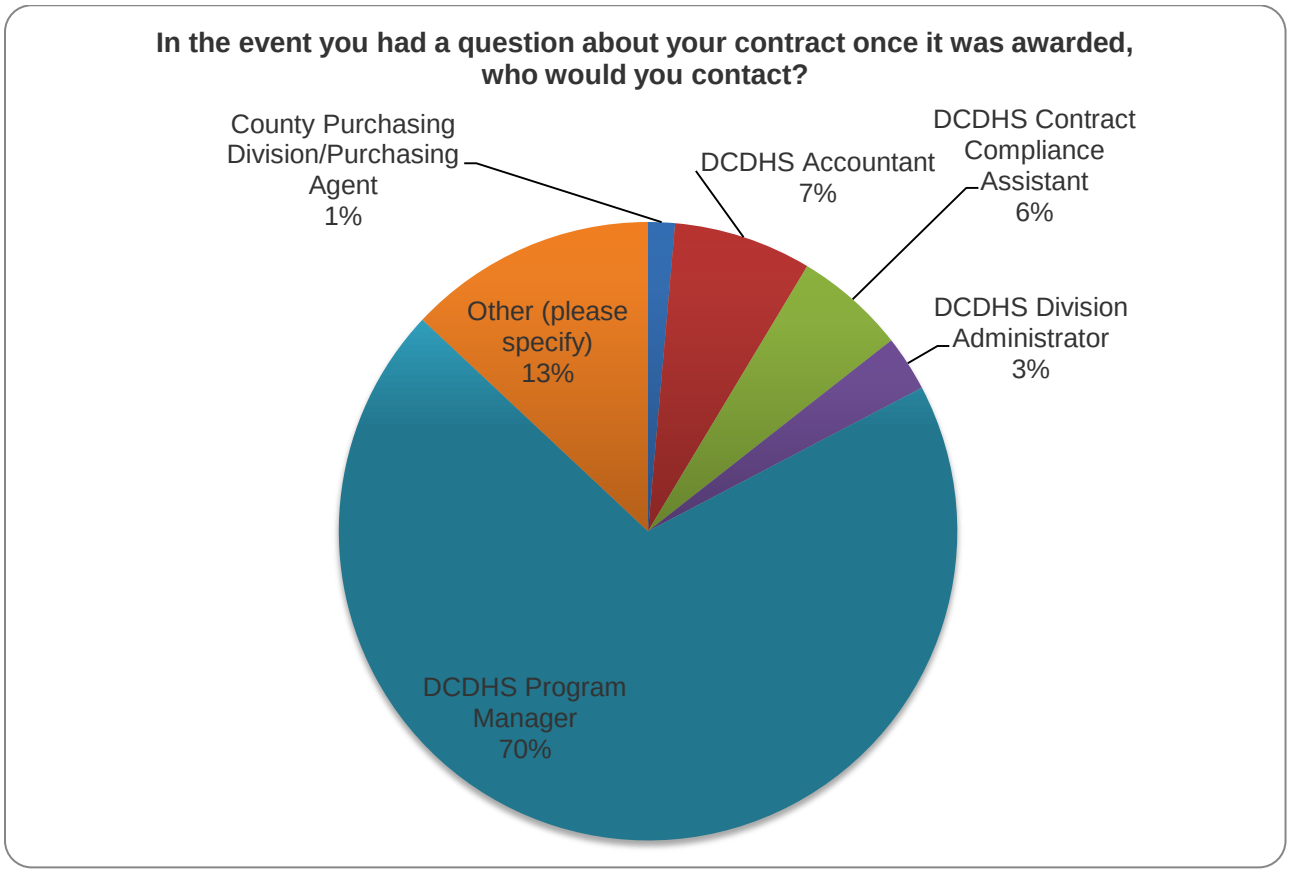
12. Do you feel that the term of your contract is sufficient for your agency to accomplish its program goals?



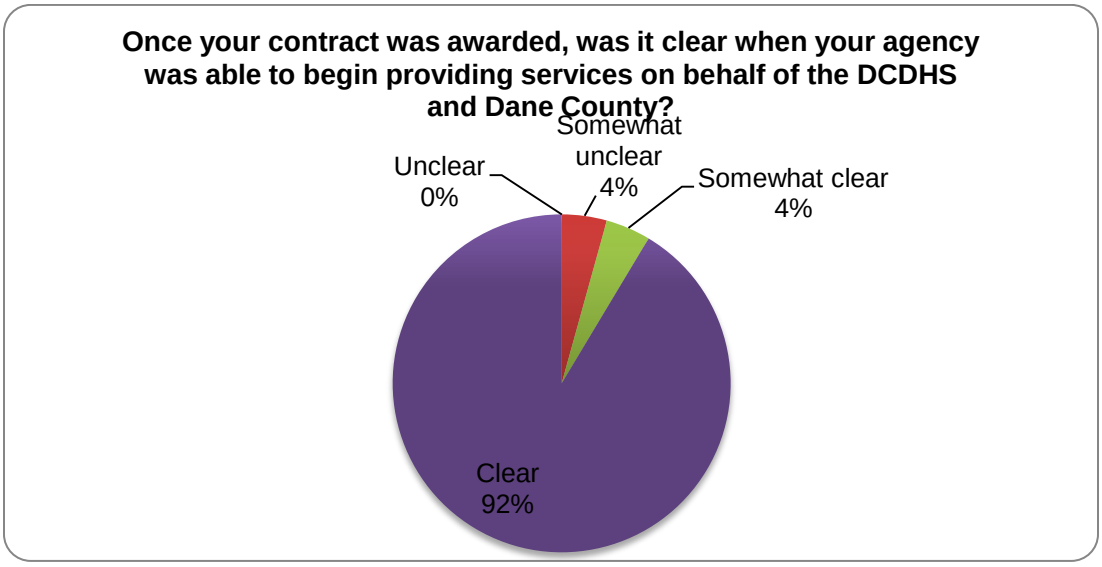
13. How many years do you feel the base term of your contract should be?



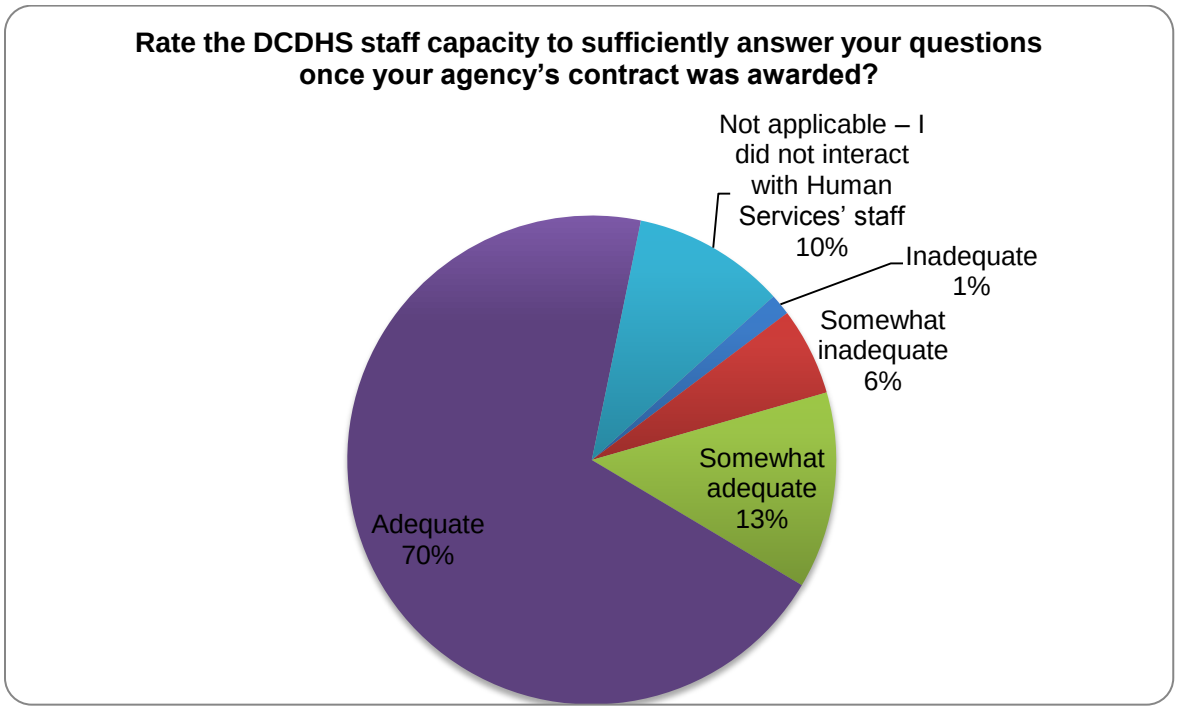
14. In the event you had a question about your contract once it was awarded, who would you contact?



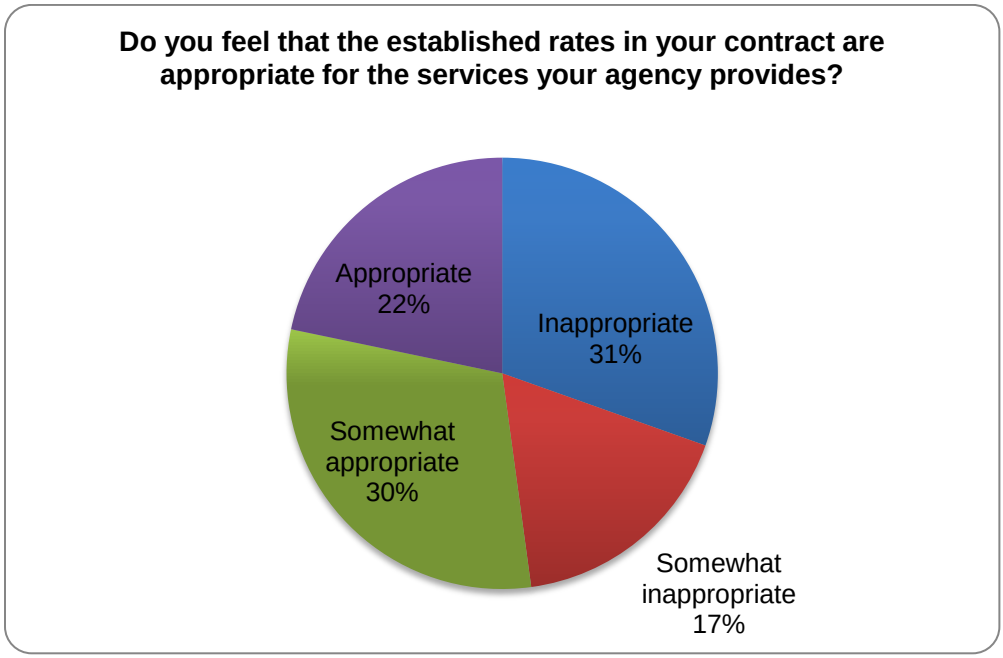
15. Once your contract was awarded, was it clear when your agency was able to begin providing services on behalf of the DCDHS and Dane County?



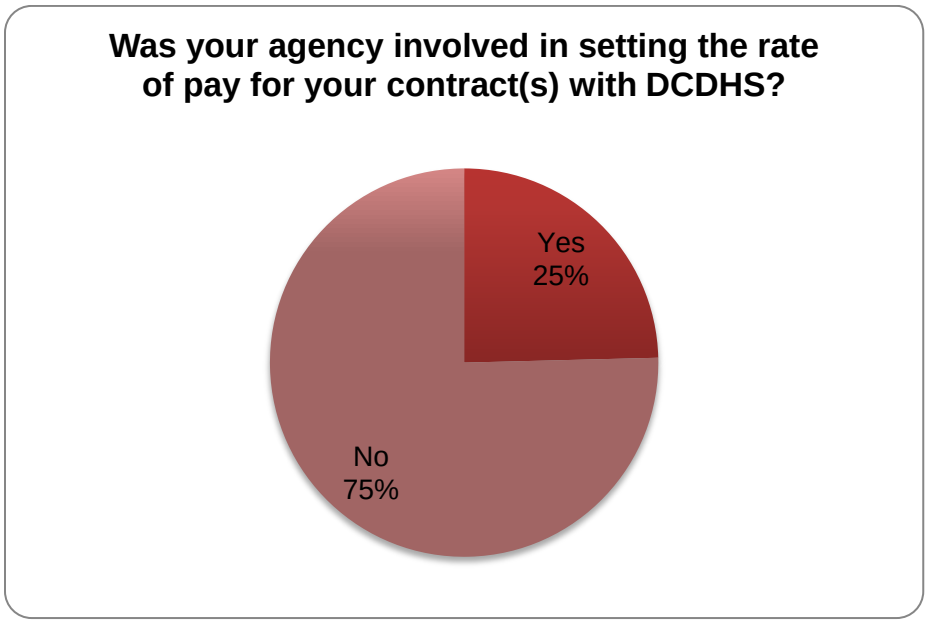
16. Rate the DCDHS staff capacity to sufficiently answer your questions once your agency's contract was awarded.



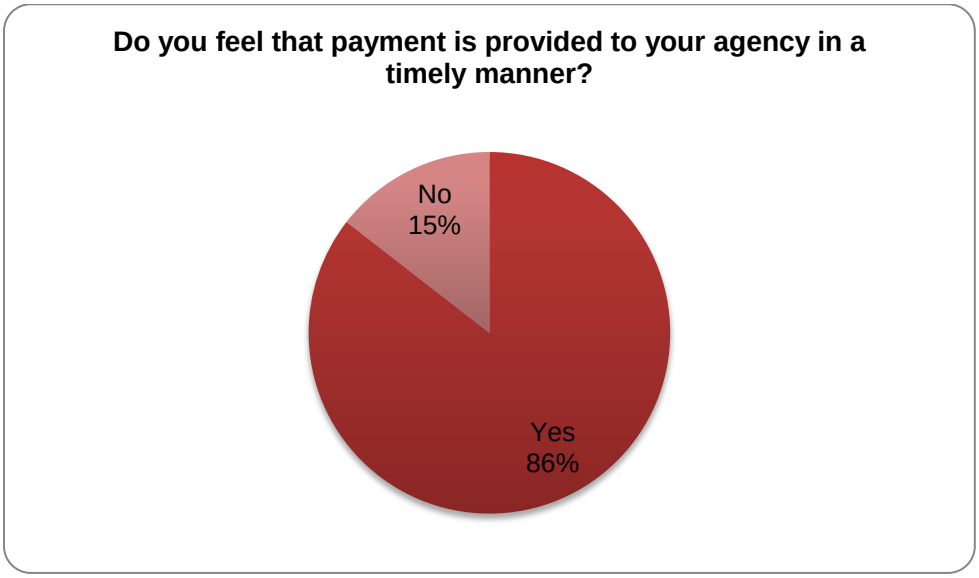
17. Do you feel that the established rates in your contract are appropriate for the services your agency provides?



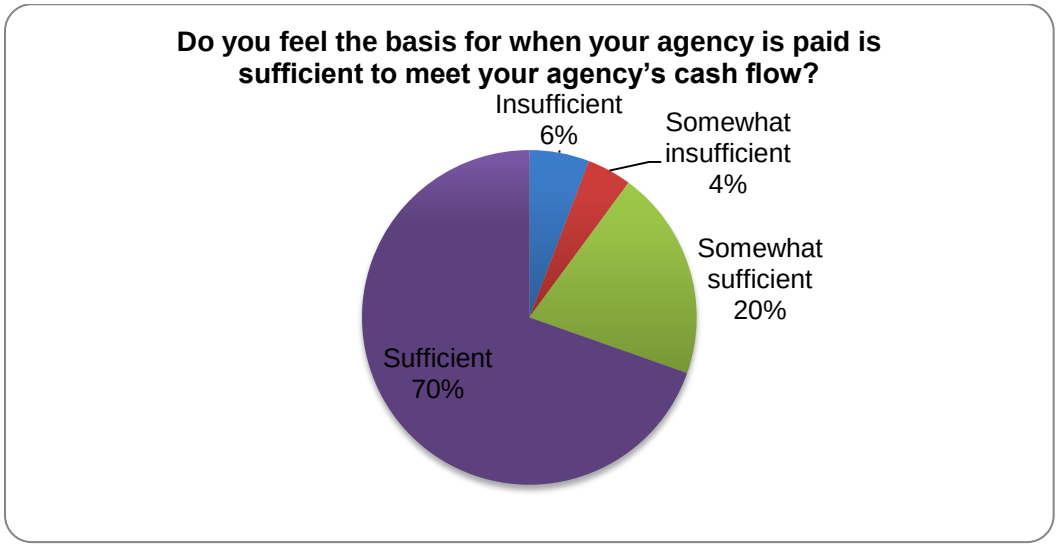
18. Was your agency involved in setting the rate of pay for your contract(s) with DCDHS?



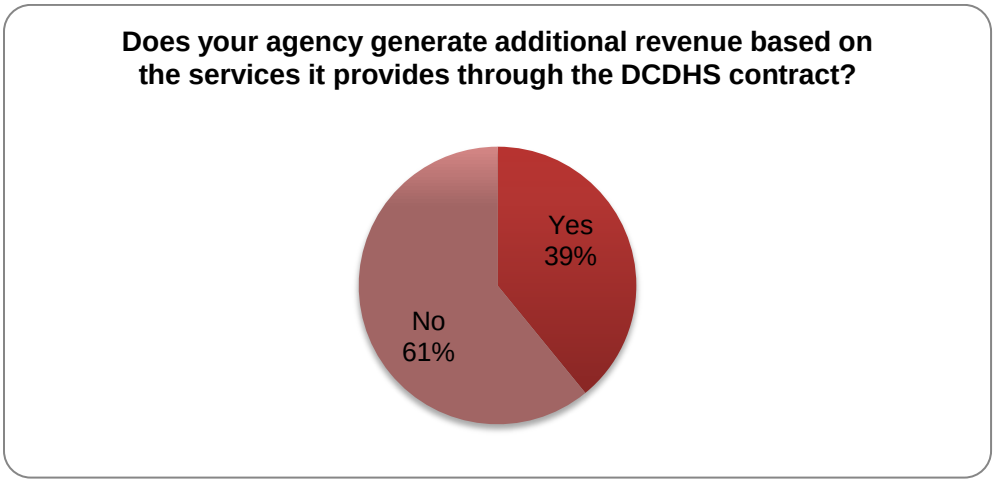
19. Do you feel that payment is provided to your agency in a timely manner?



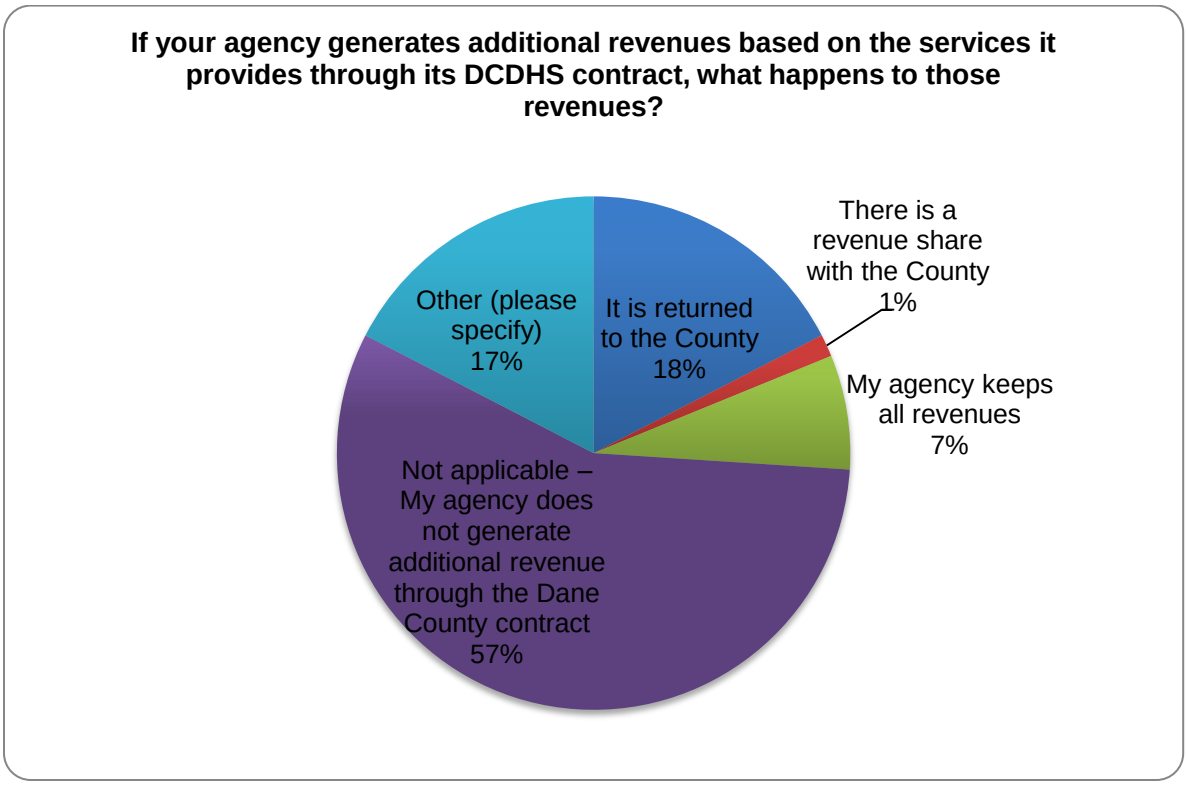
20. Do you feel the basis for when your agency is paid is sufficient to meet your agency's cash flow?



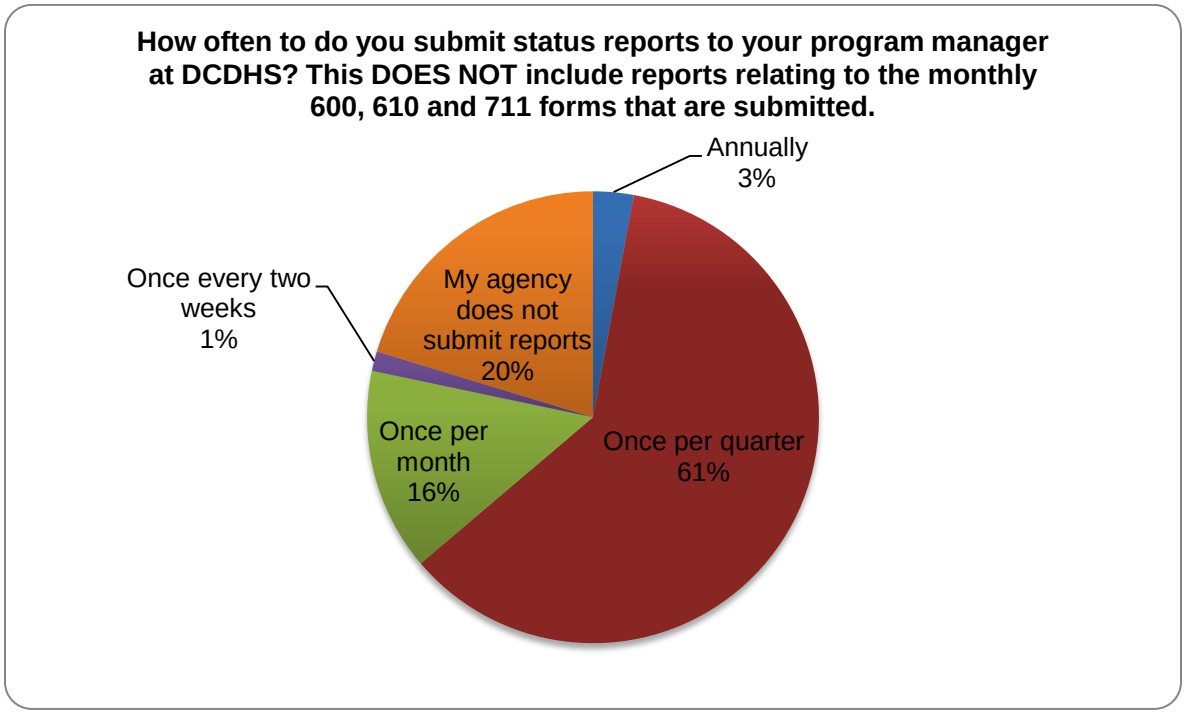
21. Does your agency generate additional revenue based on the services it provides through the DCDHS contract?



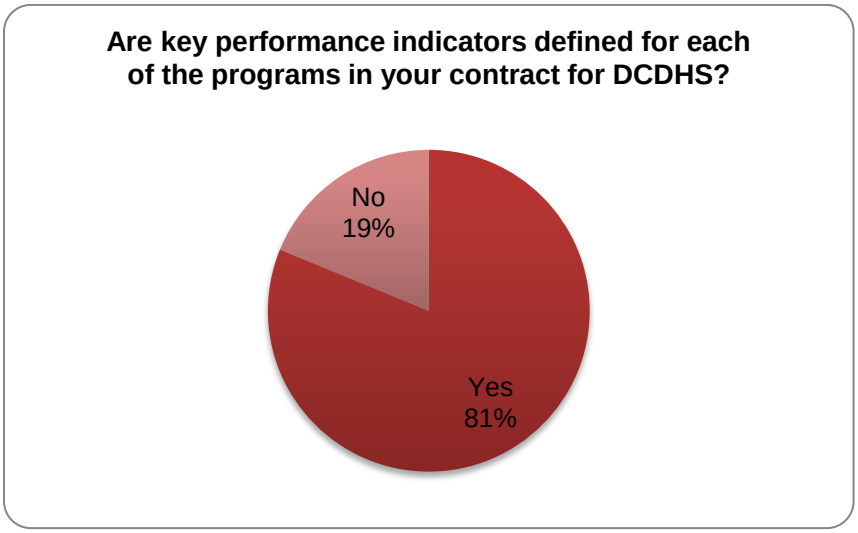
22. If your agency generates additional revenues based on the services it provides through its DCDHS contract, what happens to those revenues?



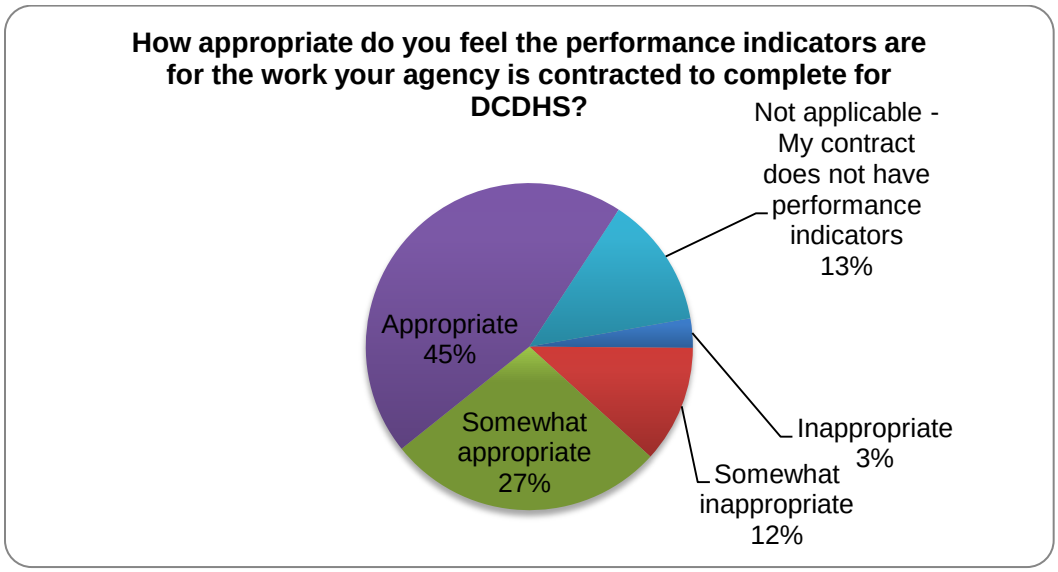
23. How often do you submit status reports to your program manager at DCDHS? This DOES NOT include reports relating to the monthly 600, 610 and 711 forms that are submitted.



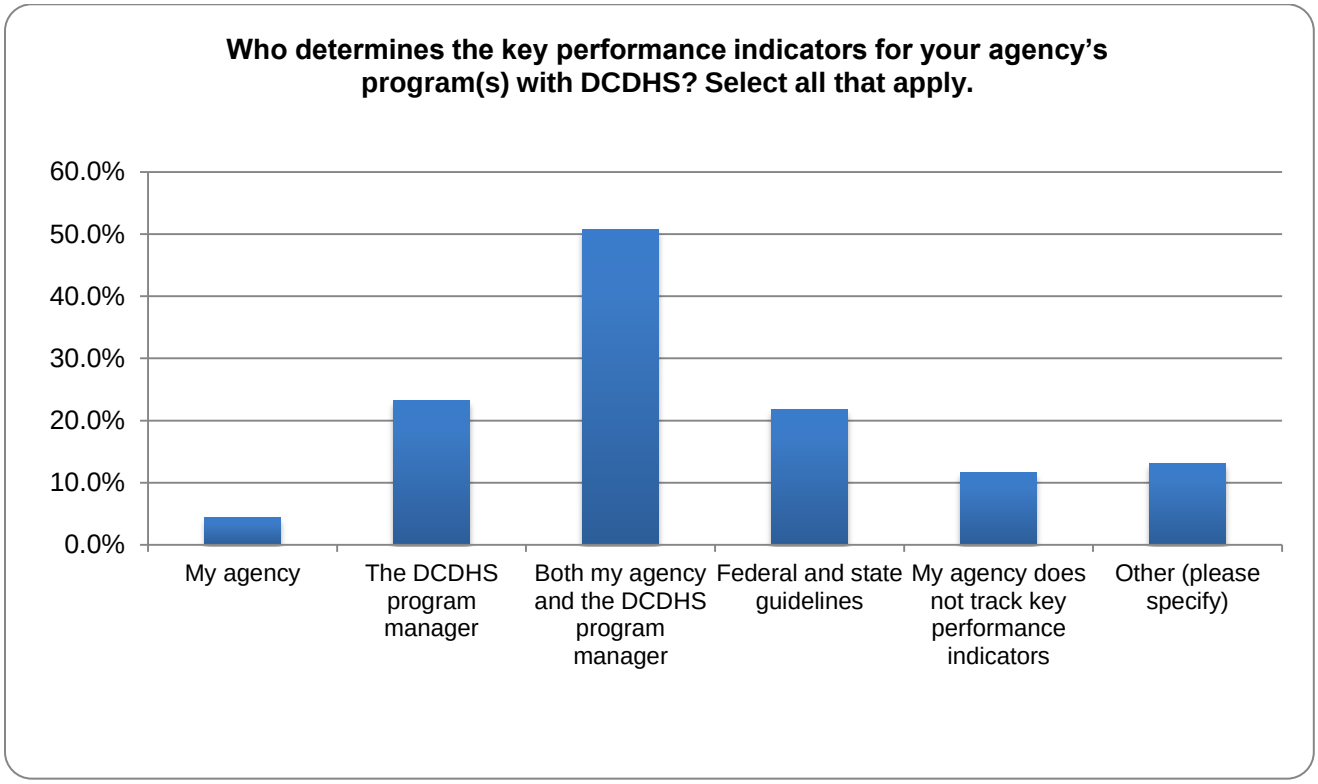
24. Are key performance indicators defined for each of the programs in your contract for DCDHS?



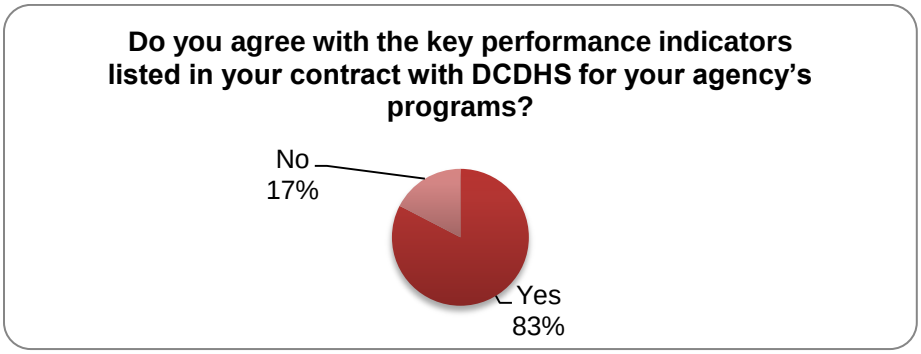
25. How appropriate do you feel the performance indicators are for the work your agency is contracted to complete for DCDHS?



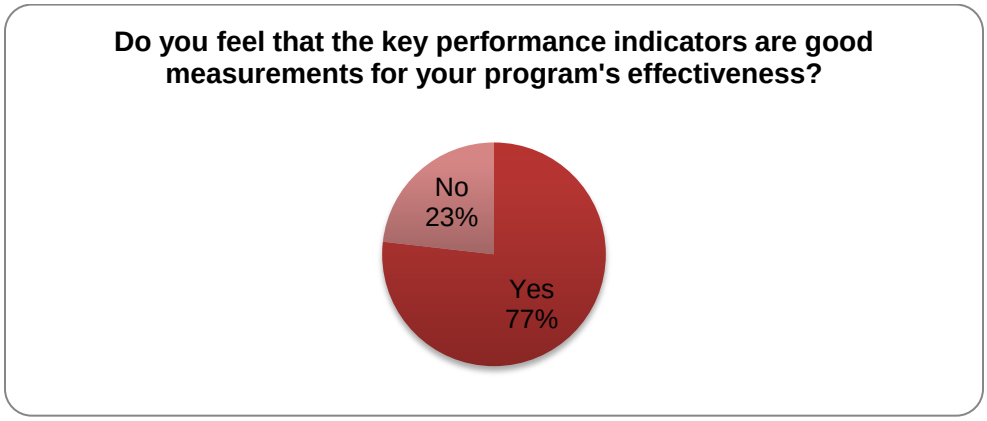
26. Who determines the key performance indicators for your agency's program(s) with DCDHS? Select all that apply.



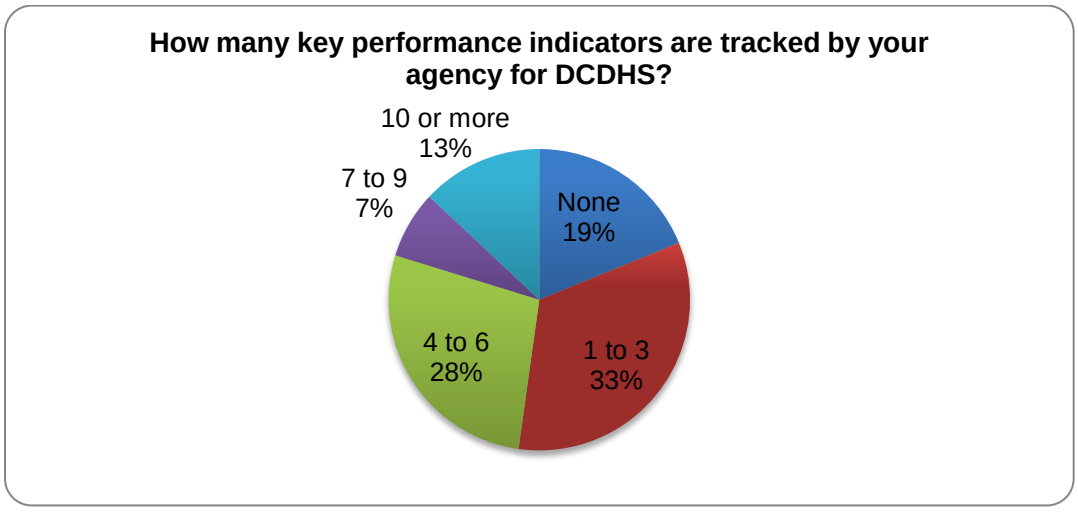
27. Do you agree with the key performance indicators listed in your contract with DCDHS for your agency's programs?



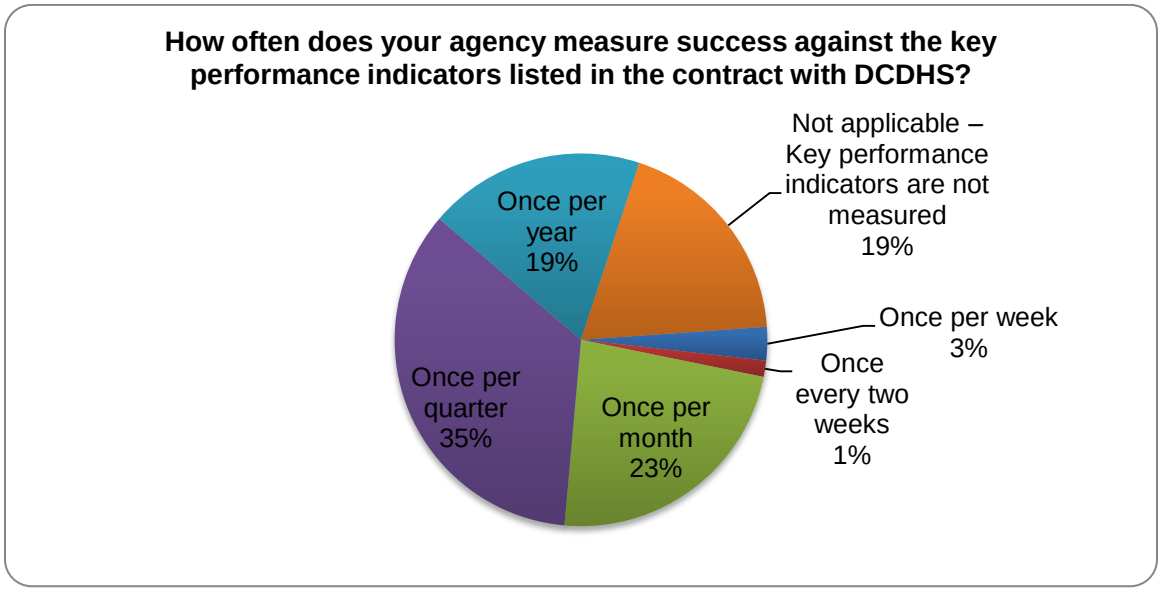
28. Do you feel that the key performance indicators are good measurements for your program's effectiveness?



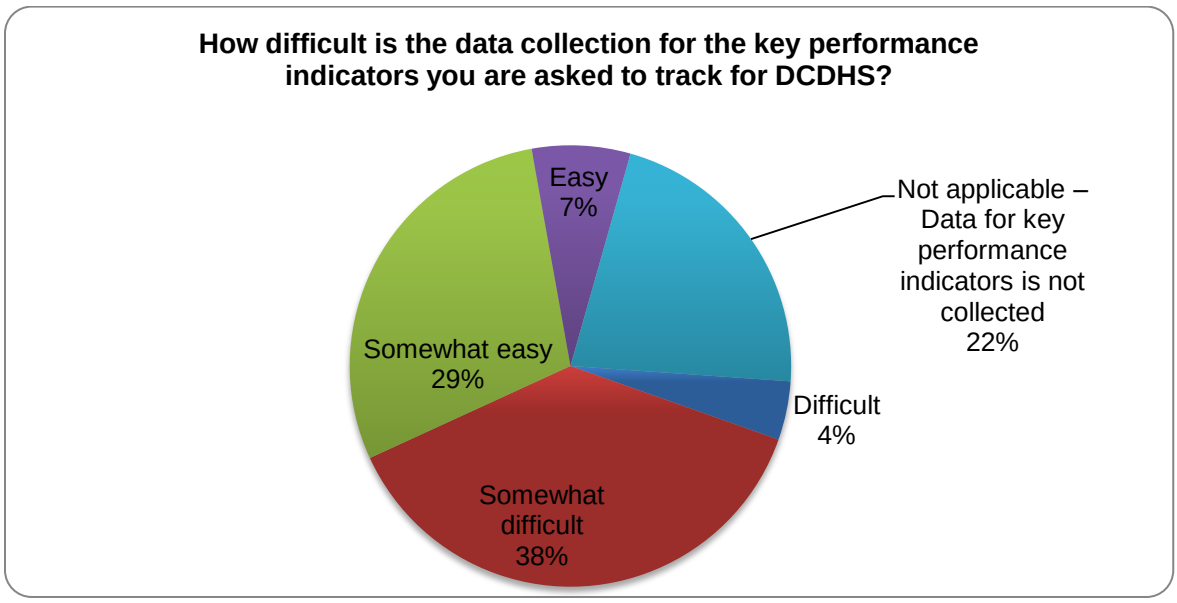
29. How many key performance indicators are tracked by your agency for DCDHS?



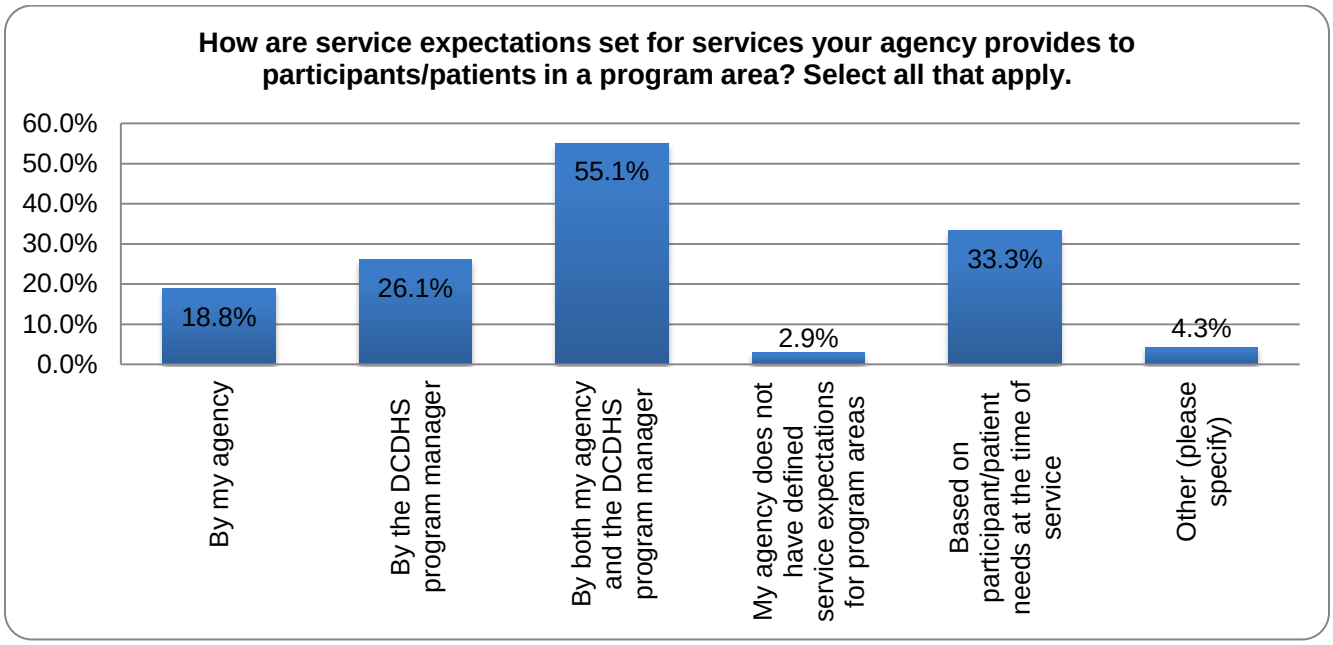
30. How often does your agency measure success against the key performance indicators listed in the contract with DCDHS?



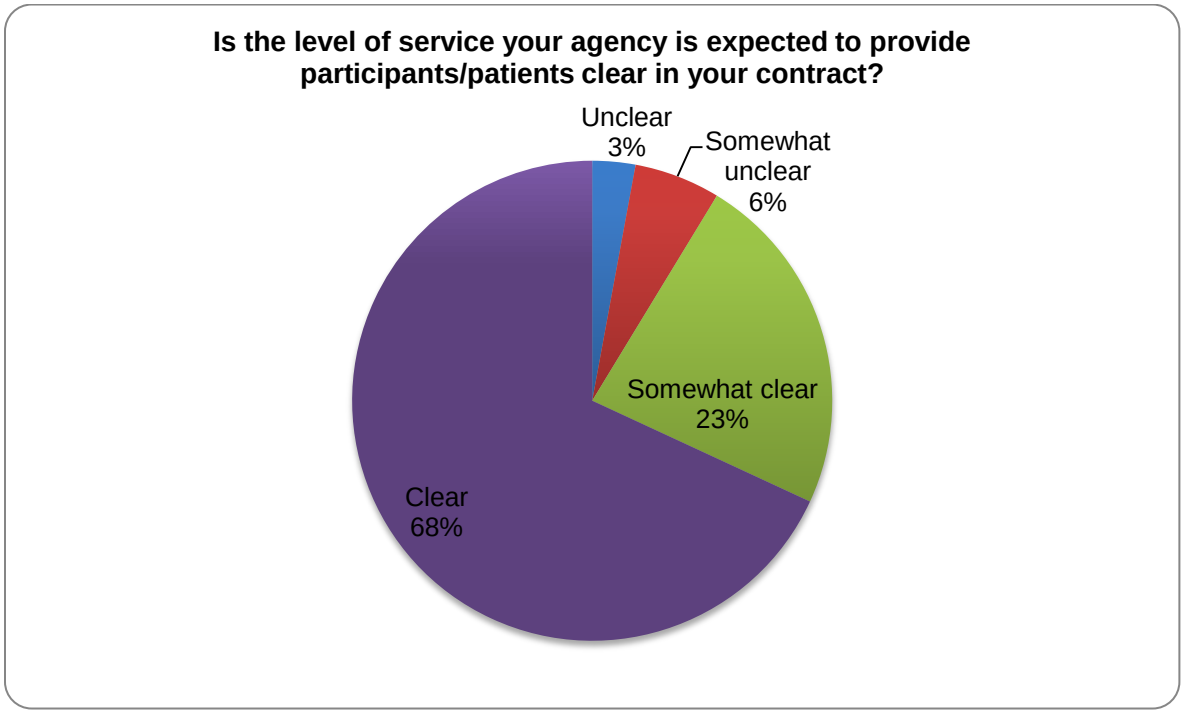
31. How difficult is the data collection for the key performance indicators you are asked to track for DCDHS?



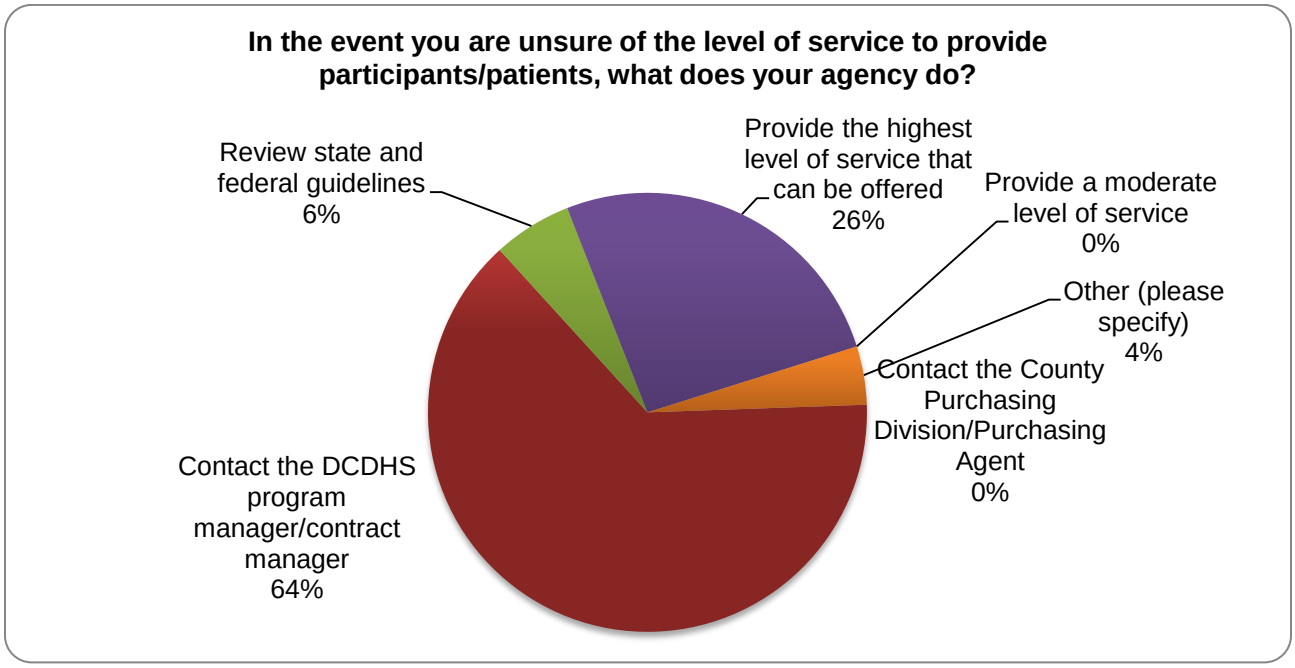
32. How are service expectations set for services your agency provides to participants/patients in a program area? Select all that apply.



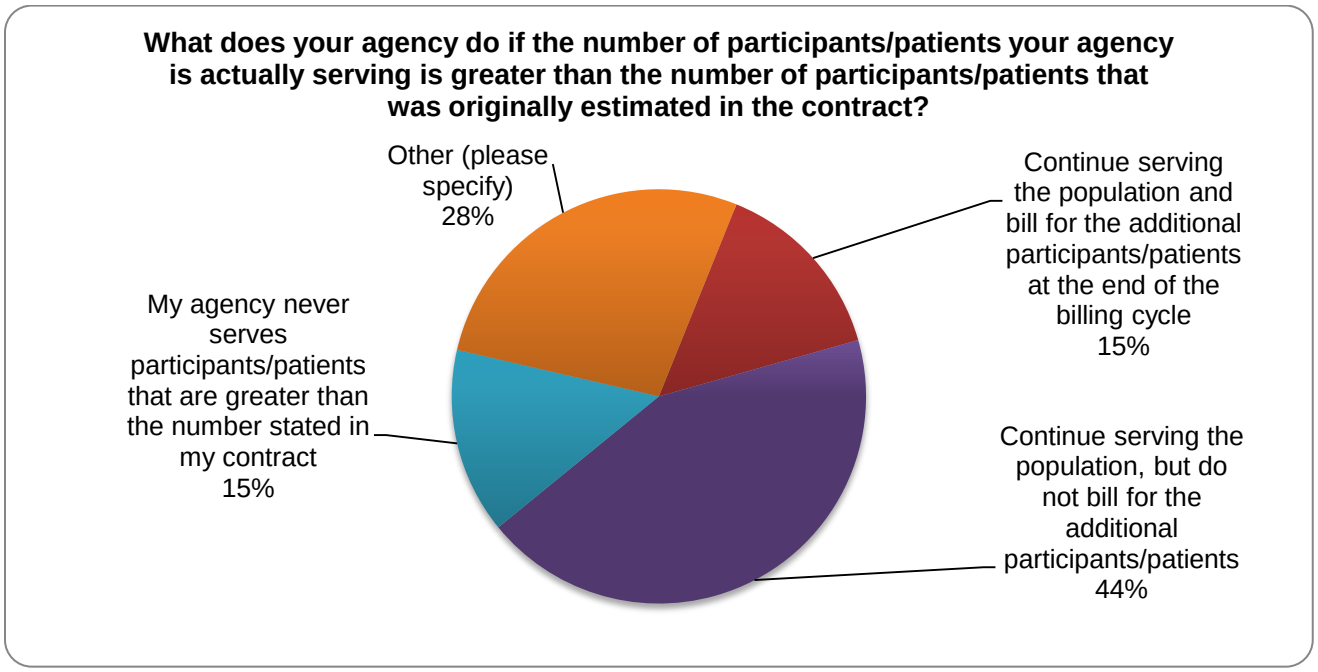
33. Is the level of service your agency is expected to provide participants/patients clear in your contract?



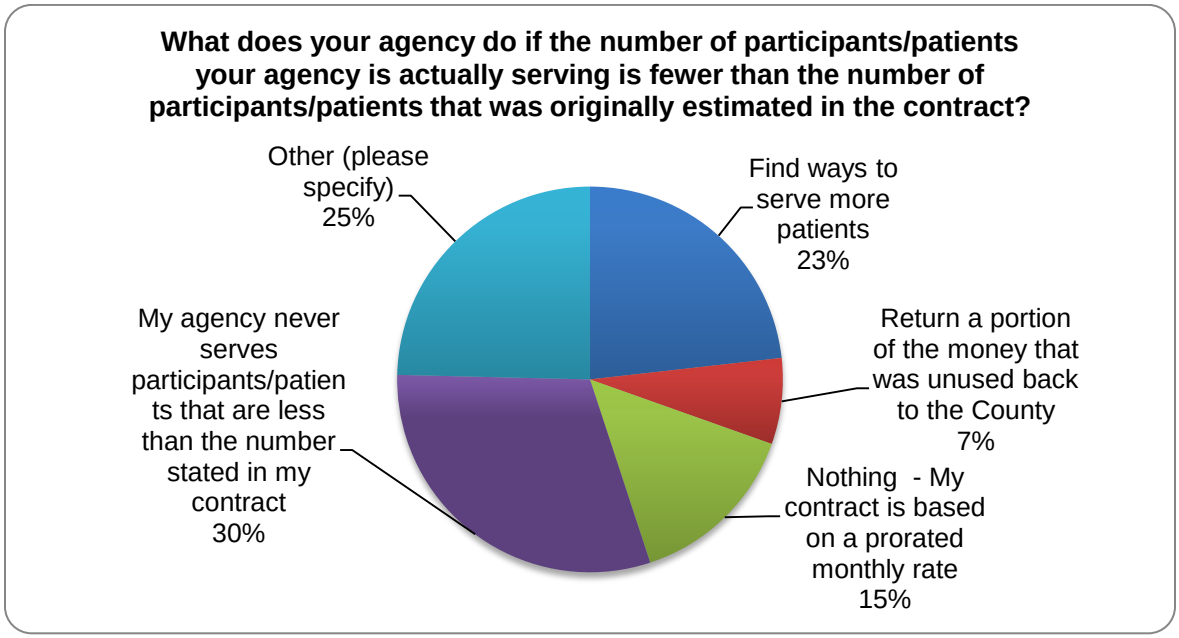
34. In the event you are unsure of the level of service to provide participants/patients, what does your agency do?



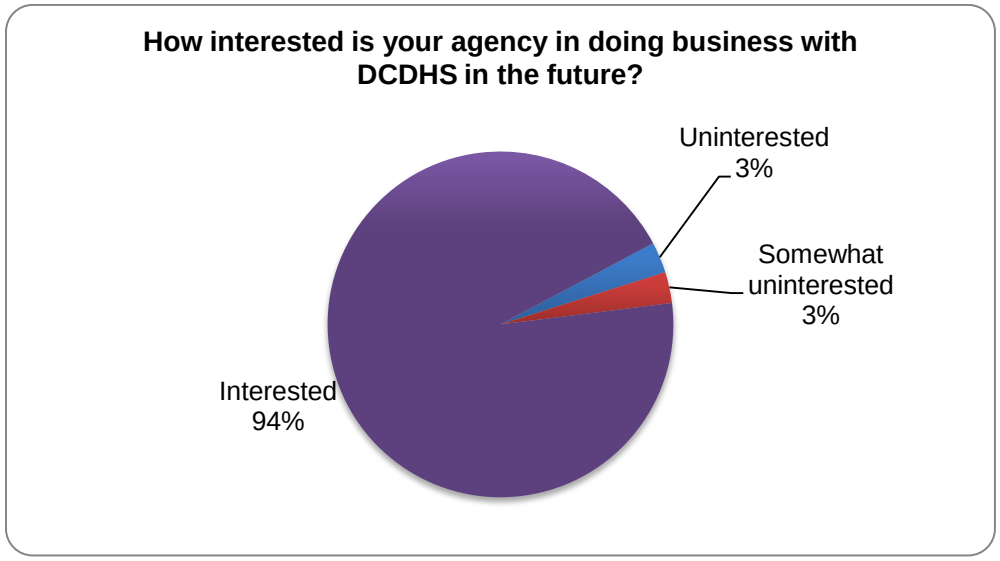
35. What does your agency do if the number of participants/patients your agency is actually serving is greater than the number of participants/patients that was originally estimated in the contract?



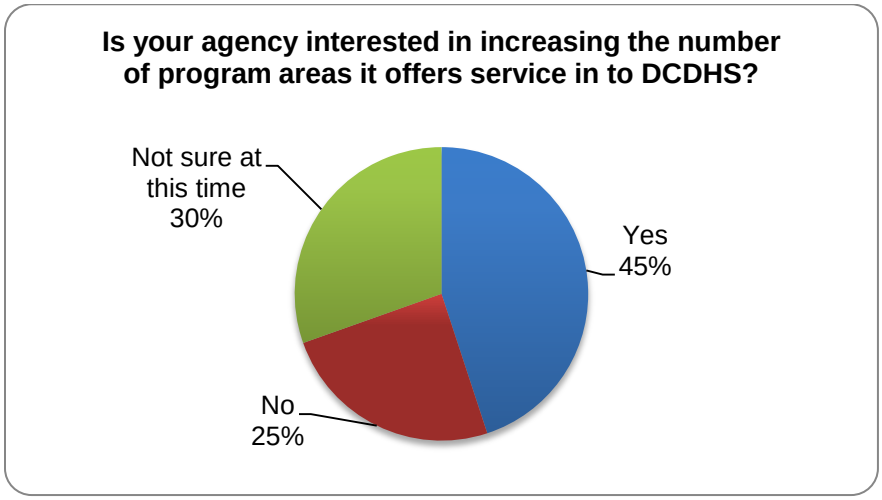
36. What does your agency do if the number of participants/patients your agency is actually serving is fewer than the number of participants/patients that was originally estimated in the contract?



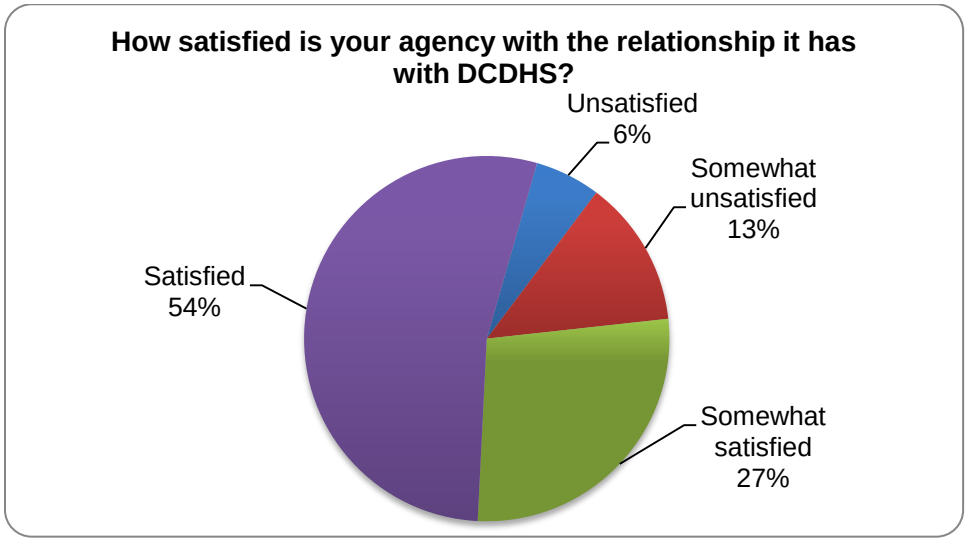
37. How interested is your agency in doing business with DCDHS in the future?



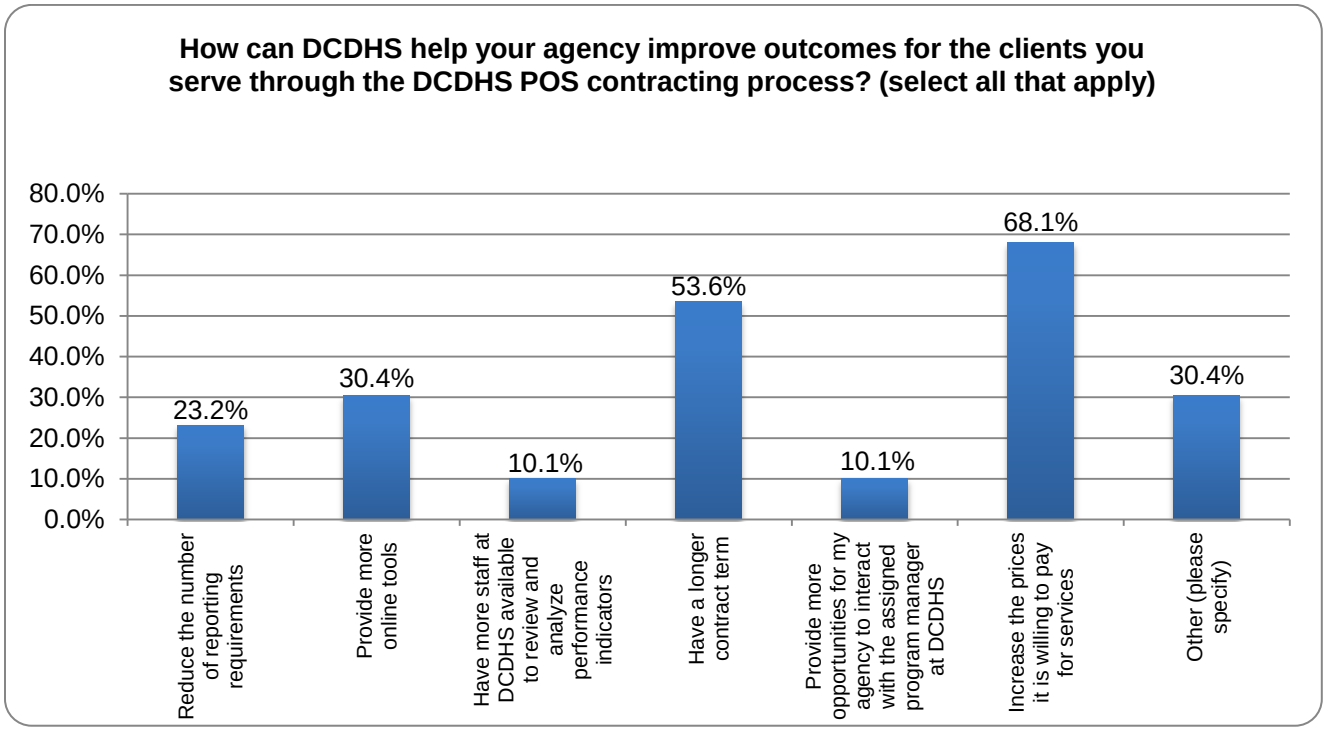
38. Is your agency interested in increasing the number of program areas it offers service in to DCDHS?



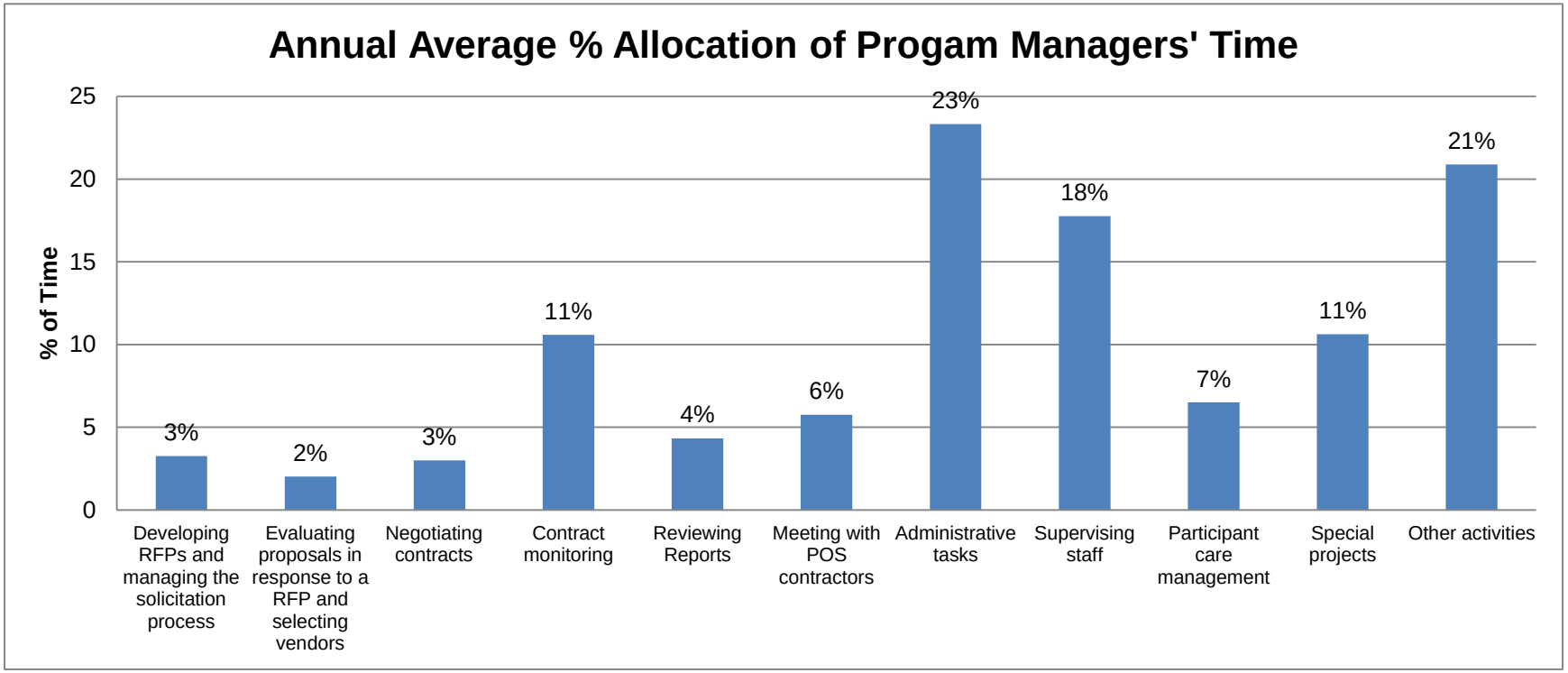
39. How satisfied is your agency with the relationship it has with DCDHS?



40. How can DCDHS help your agency improve outcomes for the clients you serve through the DCDHS POS contracting process? Select all that apply.



Appendix B –Annual Average Allocation of Program Managers' Time



Note: Due to how Program Managers categorized their time in the survey, the allocations will not add up to 100%. The allocation of time presented is an annual average for each activity based on responses from survey participants. Not all Program Managers responded to the survey. Additionally, there may be higher variance in reality than what is depicted in the figure above.

Appendix C – Benchmarking Results Summary

	La Crosse, County, WI	Milwaukee County, WI	Kenosha County, WI	Rock County, WI	Sheboygan County, WI	Waukesha County, WI	Fairfax County, VA	City of New York, NY	State of North Carolina
Administrative Cap Percentage	There is not a cap. Percentages typically range from 10% to 35%. Administrative percentages are negotiated.	Did not answer	Up to 10%	There is not a cap. Use the rate sheet from the Waiver Manual from the State of Wisconsin.	There is not a cap. Typically, 7% to 10% range.	There is not a cap. Each manager reviews budgets for direct costs.	Did not answer	Reviewed by Program Managers	Did not answer
Advisory Group Consisting of Consumers and/or POS agencies	No	Yes	Yes	Yes	Yes	Yes	Yes	No	No
Average Contract Term	3 year contracts with one year renewals	One year	One year	1 year with up to three renewal options. Amendments issued	One year	One Year	Some are one year, while others are multi-year	Varies	Varies
COLA Increases Granted	Use Consumer Price Index (CPI) to grant cost of living adjustments (COLA) increases. Max is 3%	No	Based upon available funding	Approved on a case-by-case basis	A 2% COLA is budgeted on average. However, the distribution may vary and not all contractors receive a COLA	Average 1%	Yes, if allowable per the contract	Did not answer	Did not answer

	La Crosse, County, WI	Milwaukee County, WI	Kenosha County, WI	Rock County, WI	Sheboygan County, WI	Waukesha County, WI	Fairfax County, VA	City of New York, NY	State of North Carolina
Electronic Contract Routing Process/Document Submission System	Yes.	Yes - DocuSign	Did not answer	Yes. Laserfiche	Did not answer	Did not answer	Did not answer	Yes - HHS Accelerator	Did not answer
MA Billing Requirements for Contractors	There are not a lot of contracts that contactors provide that are applicable to MA billing. However, where possible contractors are asked to do MA billing. Most MA billing performed by the County.	It is a variety. A. If a program is underfunded and is a required by the state, the agency can keep all the revenues. B. If the program is sufficiently funded, then the county keeps the revenues. C. Other contracts fall in between based on a case-by-case basis. D. In some programs, agencies set their targets and they are responsible for their revenues/deficits.	MA billing performed by the County	Require contractors to allocate a percentage of staff time to MA billing in contracts versus setting required MA percentages	Revenue percentage targets are included in contracts. However, any revenues generated from MA billing are retained by the County.	Most MA billing performed by the County	Contracts do not have revenue percentage requirement	Did not answer	Did not answer

	La Crosse, County, WI	Milwaukee County, WI	Kenosha County, WI	Rock County, WI	Sheboygan County, WI	Waukesha County, WI	Fairfax County, VA	City of New York, NY	State of North Carolina
Contract rate method	Typically, services are paid based on unit costs. Only one program uses 1/12th payment.	Majority of services paid based on fee for service	Unit rate and actual reimbursement - it is not policy to do 1/12th payment.	Primarily fee for service contracts	Various methods	1/12th payment used when purchasing an entire program (i.e., CBRF facilities) - otherwise unit based	Use 1/12th payment very seldom	Varies - may be lump sum, PBC, 1/12th payment or unit rate.	Did not answer
Performance-Based Contracting (PBC) Utilized	No. But we have had training on it. However, we do track outcomes.	Yes. For our job placement contract where contractor is paid based on training, placement, and retention for a trainee at a job site.	No. However, outcomes are measured.	In the process of implementing it. Currently, there are a lot of barriers as providers are not used to it and not all contracts are applicable to PBC.	No. However, the County is in the process of installing a $1M contract management system with Social Solutions that will be used to track performance measures.	No. However, outcomes are measured and included in contracts.	Implementing a "Results Based Accountability" program.	Yes. See article in Governing.com. As part of job requirements, all NYC procurement professionals are required to complete a five year training certification.	Yes. In order to ensure Contract Administrators comply with procurement policies and procedures, the State partners with the University of North Carolina Chapel Hill to deliver training.

Appendix D – Improvements Matrix

#	Type	Description	Supporting Evidence	Fieldwork / Session
1	People	Define clear roles and responsibilities	Program Managers devote a significant amount of time to non-contract management tasks, i.e., program management, administrative tasks, and special projects. Contract Management should be communicated as a priority and periodically audited for compliance.	Program Manager Interviews
2	People	Improve contract management competencies	Program Managers are required to monitor performance metrics, serve as the primary contact for contracts and monitor vendor compliance with the contract terms and conditions.	Division Administrator Interviews
3	People	Improve financial competencies	Program Managers are required to negotiate contracts, set contract rates and review vendor financial statements	Division Administrator Interviews
4	People	Streamline contract compliance and monitoring process	Contract management duties are performed by Program Managers, Program Accountants and the Budget, Contracts and Operations Unit. The current process creates a lack of consistent accountability and process inefficiencies.	RFP, Contract Award & Monitoring Process
5	People	Timely communication with POS agencies	Some POS agencies feel as though changes in policies and procedures are not always clearly communicated in a consistent and timely manner.	POS Agency Focus Groups
6	Process	Ability to modify procurement forms/templates from the system	This is currently maintained offline. DCDHS is working with the County's Legal Counsel to standardize contracts and forms.	Division Administrator Interviews

#	Type	Description	Supporting Evidence	Fieldwork / Session
7	Process	Adequate vendor competition	Over the last two years, 50 percent of RFPs that were advertised to the public in the Adult Community Services Division and Children, Youth and Families Division only received one proposal. Market research, outreach and program consolidation is needed to garner more vendor competition.	Division Administrator Interviews
8	Process	Contract negotiation	Currently, POS agencies have approximately two weeks to review their contracts and request any changes. Many have stated that they feel pressured to sign their contracts without any negotiations in order to have it awarded on time.	POS Agency Focus Groups
9	Process	Contract routing workflow	This is managed manually and through two internal systems that are not linked together (e.g., Compliance Database and Information System).	RFP, Contract Award & Monitoring Process
10	Process	Cost of Living Adjustments (COLA) adjustments are provided	POS agencies have not received COLA increases in approximately five years.	Division Administrator Interviews
11	Process	Evaluation committee members are required to sign non-disclosures and no conflict of interest forms	DCDHS has begun to implement this practice in FY2014.	Program Manager Interviews
12	Process	Evaluation committees are staffed consistently to evaluate proposals	Currently, Program Managers utilize varying methods to staff their evaluation committees, including how external committee members are selected.	Program Manager Interviews
13	Process	Formal process to request changes to administrative percentage	Currently, formal process does not exist for POS agencies to request modifications to their administrative overhead.	POS Agency Focus Groups
14	Process	Hold POS agencies accountable to meet their contract terms	POS agencies are not consistently held accountable to their contract terms and conditions. There is not a formal process to document vendors that consistently have poor performance or do not meet their contractual obligations.	Operations and Management Practices

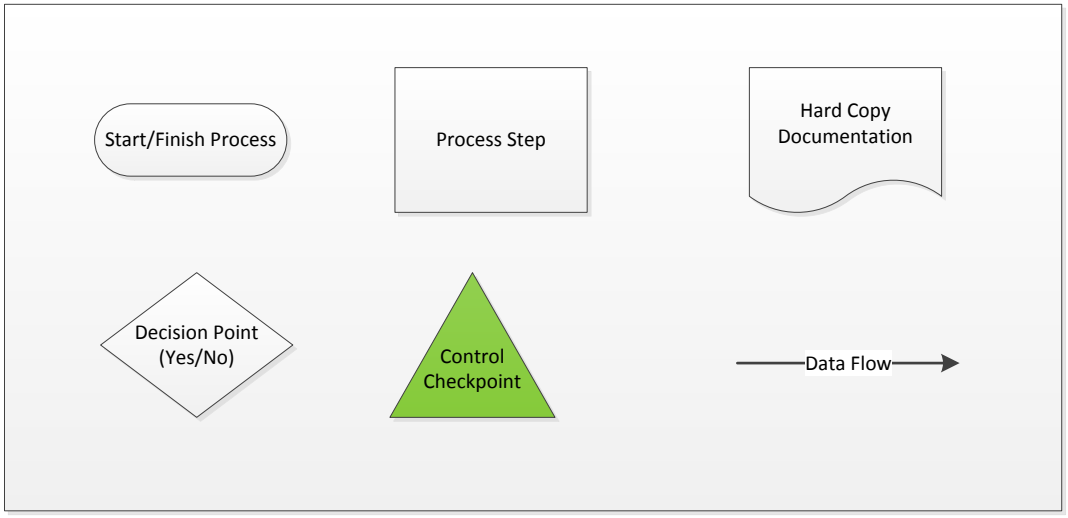
#	Type	Description	Supporting Evidence	Fieldwork / Session
15	Process	MA revenues/deficits are equitably shared with POS agencies	There is not a process to determine how MA revenues and deficits are shared by POS agencies and DCDHS. A tiered system based on risk, funding and number of applicable MA consumers can help ensure risk is shared equitably.	POS Agency Focus Groups
16	Process	Multi-year contracting	RFPs are issued for five years, but contracts are issued on an annual basis. Issuing multi-year contracts with the opportunity for amendments will reduce paperwork and administrative burden.	RFP, Contract Award & Monitoring Process
17	Process	Payments are made after services are performed	Approximately 122 of approximately 270 POS agencies are paid in advance of providing services on a 1/12th payment basis.	Grant Accounting and Budgeting
18	Process	Payments are withheld if POS agencies do not submit financial reports on time	Payments are not consistently withheld by Program Accountants.	Grant Accounting and Budgeting
19	Process	Performance-based contracting.	Performance-based contracting is not currently being used, but DCDHS has expressed interest in learning about how to implement such a program.	Operations and Management Practices
20	Process	Performance indicators are listed in contracts	Staff from the Planning and Evaluation Unit assists Program Managers with developing performance indicators. However, this was limited from 2008 to September 2013 because one staff member was reassigned to another department.	Program Manager Interviews
21	Process	Performance indicators are tracked in a procurement system	Currently, reports are submitted in hardcopy.	Program Manager Interviews
22	Process	POS agencies meet their Medical Assistance (MA) billing targets	POS agencies are not consistently held accountable to meet the MA billing targets in their contracts.	POS Agency Focus Groups

#	Type	Description	Supporting Evidence	Fieldwork / Session
23	Process	Prioritization of funding and services	Currently, DCDHS attempts to fund all of the requested services. This results in vendor complaints when contracts are not funded at the same levels as the previous year.	POS Agency Focus Groups
24	Process	Standardized RFP evaluation and selection process	Currently, Program Managers follow inconsistent practices for evaluating the technical and pricing proposals submitted by POS agencies. They do not always follow the established practices followed by the County Purchasing Division.	Program Manager Interviews
25	Process	Track vendor performance	Vendor performance is not consistently evaluated by Program Managers given that the reports are submitted in hardcopy. It is difficult to manipulate and analyze data that is submitted in hardcopy without having to recreate it for analysis. There is not a formal process to evaluate and monitor vendor performance.	Program Manager Interviews
26	Technology	Create a single budget to actuals report for staff to access	DCDHS maintains four standalone systems and manual reports to track budget to actuals. Real-time access to the data is needed to eliminate these systems.	IT Systems and Support
27	Technology	Create interfaces with remaining systems	Four shadow systems are used to track administrative percentages, payments and service authorization plans. Where possible, interfaces should be created to merge the databases.	IT Systems and Support
28	Technology	Electronic acceptance of items	POS agencies are asked to submit their forms in hardcopy. This results in multiple requests for outstanding documents if the hardcopies are lost or misplaced.	IT Systems and Support
29	Technology	Electronic invoicing	DCDHS only allows for the receipt of electronic invoices from approximately 50 to 60 vendors in the Children Come First Program.	IT Systems and Support

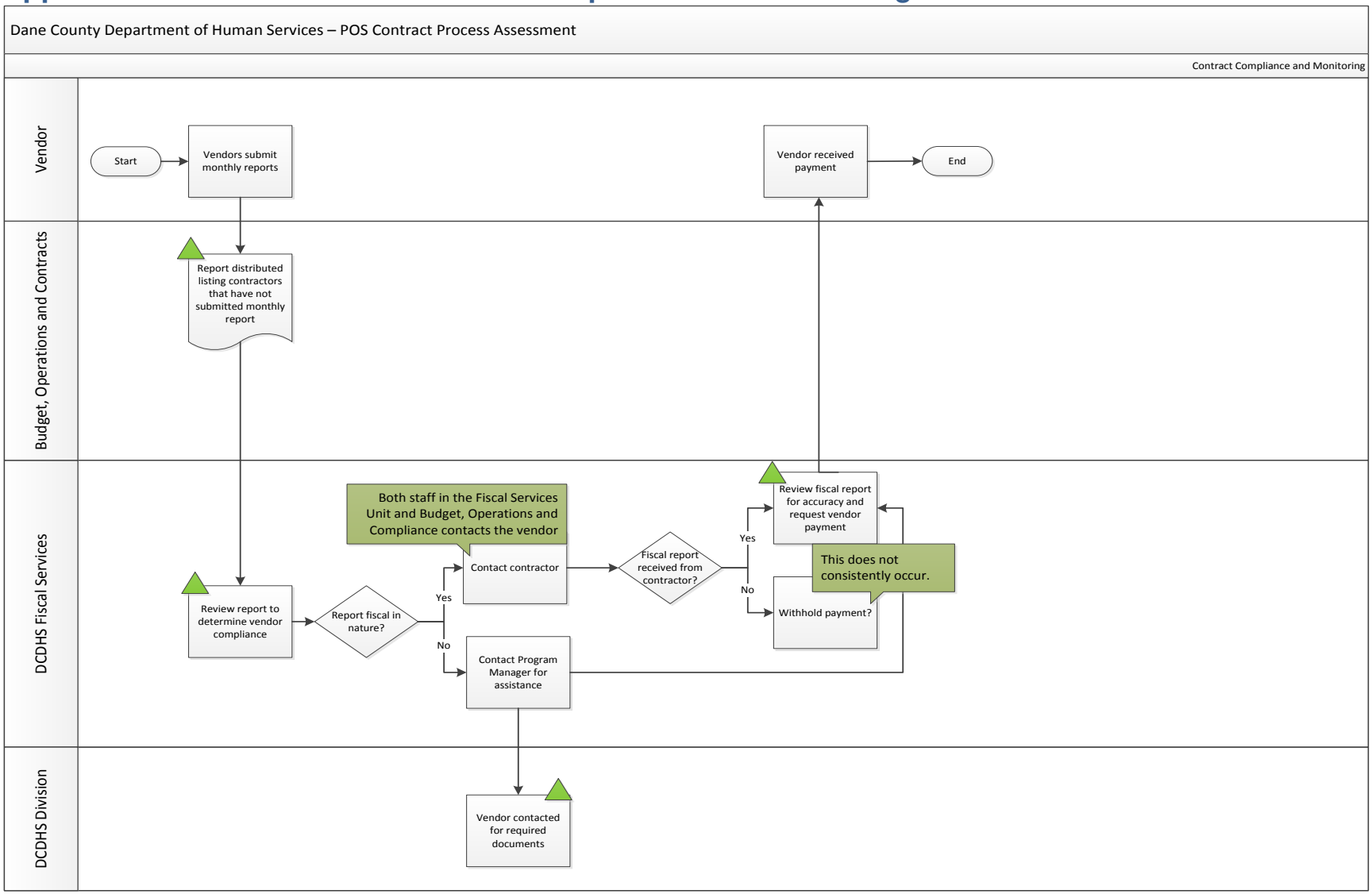
#	Type	Description	Supporting Evidence	Fieldwork / Session
30	Technology	Eliminate data redundancies	There are four independent systems that are used to track administrative percentages, payments and service authorization plans. Utilizing the Munis Purchasing and Contract Management systems can help reduce the amount of duplicate data entry in each system.	IT Systems and Support
31	Technology	Final Settlement Tracking	Program accountants track vendor payments and final settlements in MS Excel. By utilizing Munis to issue Purchase Orders, offline tracking can be eliminated.	Grant Accounting and Budgeting
32	Technology	Provide the ability to track project activity and costs over multiple years	This is managed offline and in MS Excel.	IT Systems and Support
33	Technology	Purchase Orders for encumbrance accounting (including pre-encumbrances)	Utilize Purchase Orders to track encumbrances & pre-encumbrances to more effectively track budget to actuals.	IT Systems and Support
34	Technology	Reduce the number of financial systems	Reduce the need for separate systems through a single integrated application.	IT Systems and Support

Appendix E – Process Flowchart Legend

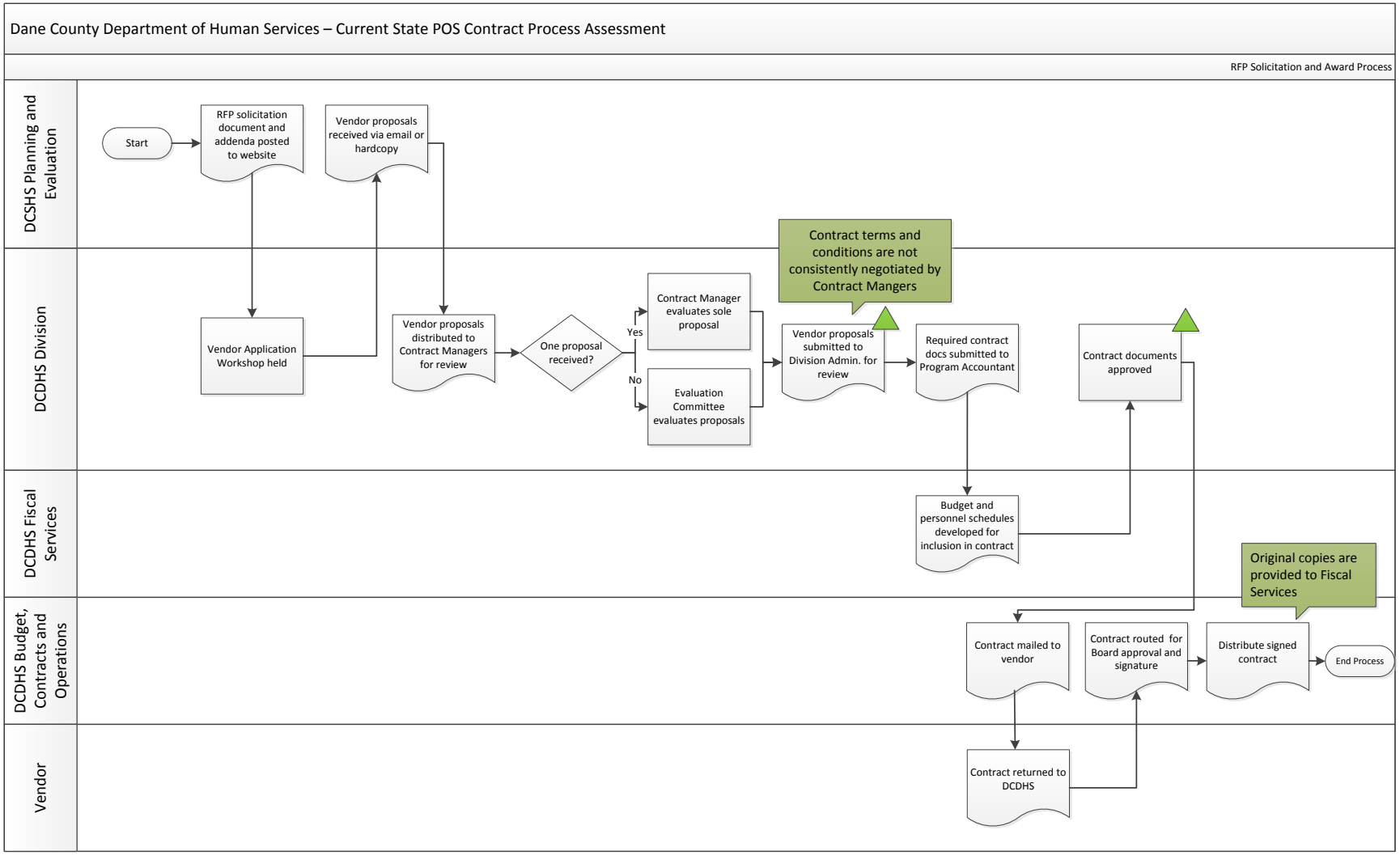
The following legend depicts all of the shapes used in the process flowcharts and lists what each step represents. They graphically depict each logical step, or action, in each of the areas.



Appendix F – Current State Contract Compliance and Monitoring Process Flowchart



Appendix G – Current State RFP Solicitation and Award Process Flowchart



Appendix H – U.S. Department of Health and Human Services Key Competencies and Aligned Skills for Contract Managers[29]

General Business Competencies	
• Attention to Detail • Decision-Making • Flexibility • Influencing/Negotiating • Integrity/Honesty • Interpersonal Skills • Oral Communication	• Planning and Evaluating • Problem Solving • Project Management • Reasoning • Self-Management/Initiative • Teamwork • Writing
Technical Competencies	**Aligned Skills**
Acquisition Planning	• Documenting the Source • Methods of Payment • Contract Financing • Unpriced Contracts • Recurring Requirements • Pricing Arrangements • Compliance to FAR Guidelines • Task and Delivery Order Contracting • Strategic Planning
Market Research	• Understanding the Marketplace / Market Research • Collect Source Information
Defining Government Requirements in Commercial/Non-Commercial Terms	• Writing Statements of Work • Conducting Needs Analysis and Preparing • Requirements Document • Assisting in the Development of Acquisition Strategy
Effective Pre-Award Communication	• Publicizing Proposed Acquisition • Subcontracting Requirements • Solicitation Preparation • Pre-Quote/Pre-Bid/Pre-Proposal Conferences • Amending/Canceling Solicitations

[29] U.S. Department of Health and Human Services, Federal Acquisition Certification for Contracting Officer's Representatives (FAC-COR) Handbook, http://www.hhs.gov/asfr/ogapa/acquisition/fac-cor-handbook.pdf

Technical Competencies	Aligned Skills
Technical Analysis of Proposals	• Evaluating Non-Price Factors • Pricing Information from Offerors • Evaluation Documentation
Negotiation	• Negotiation Strategy • Conducting Discussion/Negotiations Determining Capability
Effective Contract Management	• Contract Administration Planning and Orientations • Contract Modification and Adjustment • Work Order Management
Performance Management	• Performance Metrics • Performance Management • Financial Management • Contract Reporting • Inspection and Acceptance • Specialized Requirements

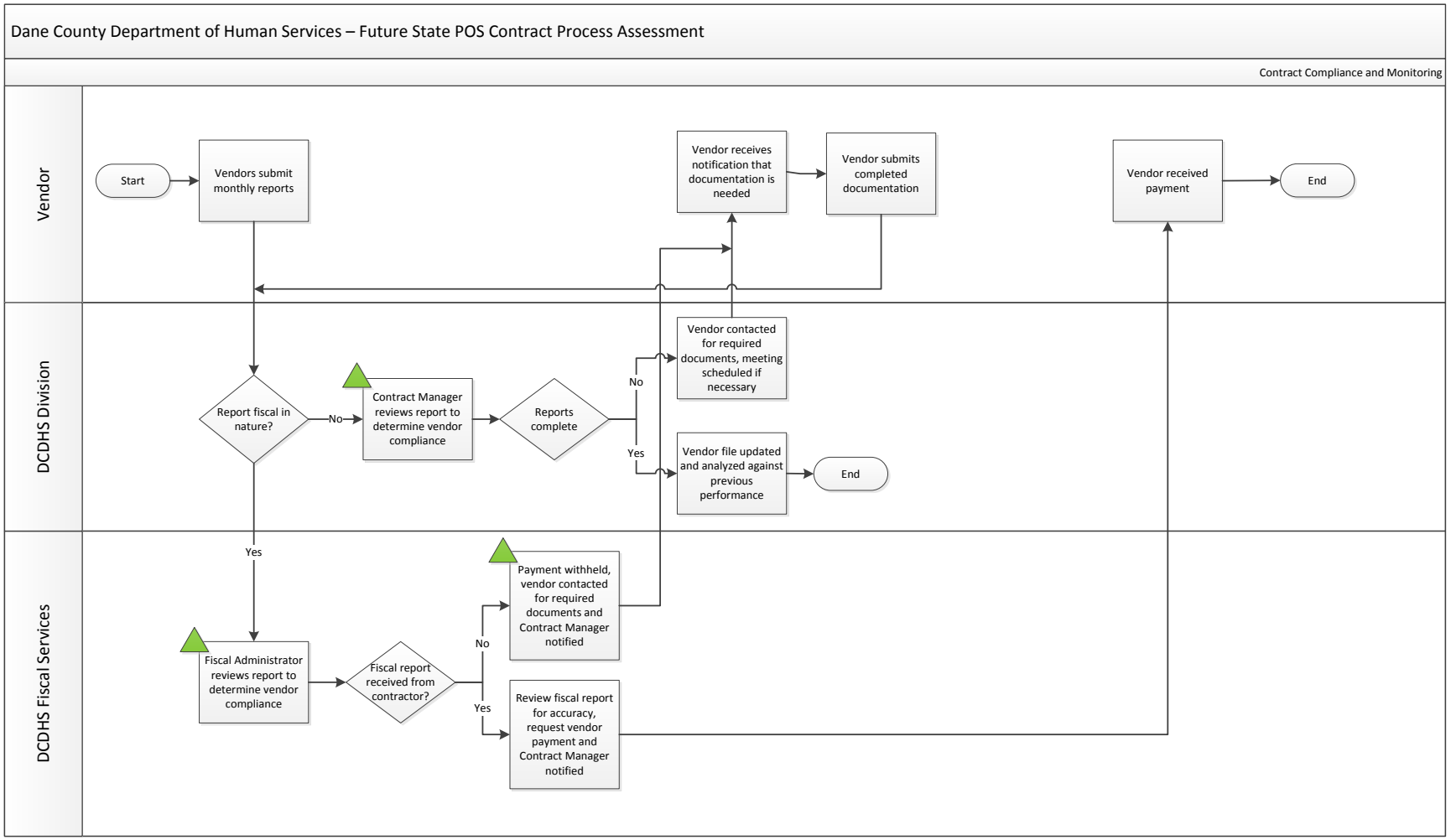
Appendix I – U.S. Department of Health and Human Services Job Responsibilities for Contract Managers[30]

CONTRACT PLANNING
1. Advise on, or determine, a need for a product or service 2. Analyze technical requirements of the product or service 3. Conduct market research to establish technical requirements or identify the marketplace for goods or services 4. Provide technical information to assist in determining type of contract and level of competition 5. Prepare the statement of work (SOW) and help establish the solicitation's technical terms and conditions 6. Plan the technical aspects of the proposal evaluation process
CONTRACT FORMATION
1. Serve on panels to evaluate bids and proposals 2. Help establish the contract's technical terms and conditions
CONTRACT MANAGEMENT
Administration: 1. Serve as agency's technical representative for contract administration 2. Represent agency in technical meetings, record important facts 3. Confer with program office and user groups on contract performance 4. Maintain contract file
Monitoring the technical work of the contractor, and performing quality assurance and inspection of deliverables: 1. Determine and list the deliverables required from the contractor, with due dates 2. Monitor the contractor's compliance with schedule (i.e., deliverables) 3. Review and approve, or reject, technical deliverables 4. Give technical direction to contractor 5. Ensure all work is in accordance with the contract requirements 6. Review and monitor progress reports and work plans 7. Ensure the contractor is complying with its quality control systems 8. Ensure the contractor properly corrects all defects and omissions
Changes and modifications: 1. Advise management of the need to issue change orders, develop estimates for equitable adjustments, and assist in evaluating contractor claims 2. Perform a technical review of contractor proposed changes

[30] U.S. Department of Health and Human Services, Federal Acquisition Certification for Contracting Officer's Representatives (FAC-COR) Handbook, http://www.hhs.gov/asfr/ogapa/acquisition/fac-cor-handbook.pdf

CONTRACT MANAGEMENT
Contractor human resources management and financial management issues: 1. Ensure contractor displays required materials for EEO, contract laws, and job safety 2. Report violations of labor standards to management 3. Monitor time worked and contractor record-keeping procedures 4. Ensure contractor enforces all health and safety requirements 5. Ensure contractor assigns employees with the necessary capabilities, qualifications, and experience 6. Review and quickly process contractor invoices 7. Determine if progress or advance payment requests should be processed
Contract closeout or termination: 1. Provide technical information for contract closeout and termination decisions

Appendix J – Future State Contract Compliance and Monitoring Process Flowchart



Appendix K –Sample RFP Evaluation and Selection Process Manual

EVALUATION AND SELECTION PROCESS
REQUEST FOR PROPOSALS
RFP#
RFP Name

I. Definitions

"Evaluation Committee" ("EC") means the evaluation committee formed for the sole purpose of reviewing and evaluating the proposals submitted to the Request for Proposals ("RFP"), and submitting a recommendation for approval of the Proposer whose proposal represents the best value for Cook County .
"Proposer" means a vendor or team of vendors submitting a proposal for this RFP.
"RFP" means the Request for Proposal for Strategic Sourcing Consulting Services.
"Representative" means a non-EC member designated by an EC member and authorized by the Purchasing Agent to represent the EC member in evaluation meetings.

II. Evaluation Committee

EC will consist of the following voting members:
1. Name
2. Name
3. Name

The following non-voting members:
1. Contract Manager Name**

And the following non-voting members serving in an advisory capacity only:

1. Name
2. Name
3. Name

** Chair of the Evaluation Committee
In the event that an EC member is unable to attend one or more meetings, a representative may attend in his/her stead if such representative signs a confidentially statement. Representatives will not be allowed to vote on overall ratings. Replacement of EC members is subject to approval by the Purchasing Agent.

III. Review of evaluation process and guidelines

EC voting members may be given the opportunity to review and comment on the evaluation guidelines prior to the opening of proposals.

An evaluation kick-off meeting may be held in order to clarify any procedural questions and to decide the order of evaluation of responses.

IV. Confidentiality and no conflict of interest

EC members and their representatives, if any, must sign a confidentially and no conflict of interest statement prior to being given access to proposals, included as Attachment C.

Each EC member and representative with an assigned set of copies or access to the proposals submitted to the County shall: 1) maintain strict confidentiality of qualifications, evaluation, and selection proceedings and all documents pertaining thereto; 2) not hold discussions nor divulge/ accept information on any aspect of the evaluation outside the authorized participants in the evaluation process; 3) divert all attempted communications by representatives of Proposers and proposed subconsultants on the subject of the response evaluation to the EC Chair.

V. Receipt and Security of Proposals

Once all proposals are received, purchasing representatives will open all proposals. The original copy will be retained for Purchasing. At the option of the EC each proposal may be numbered and assigned to an EC member so as to maintain an inventory of the copies distributed. Numerical identification will be used to identify responsibility over the set of copies. Numeric – alpha identification will be used for those persons sharing a set of the proposals. A set of the proposals will consist of one of each of the proposals by each Proposer.

Upon receipt of proposals or upon being given access to such document, the EC member must securely store each document and working materials so as to assure its confidentiality.

VI. Role of the Evaluation Committee (EC)

The Evaluation Committee will conduct evaluation of responses to the RFP with oversight by the Office of the Purchasing Agent. EC members and/or their representatives will attend meetings scheduled by EC.

A. Voting Members
Each EC voting member will have one vote. All voting EC members must review and evaluate proposals. Voting EC members may designate one or more Representatives to assist in his/her review and evaluation of the proposals. Voting EC members may consider recommendations from other non-voting EC members before submitting their vote. The EC will deliberate until a consensus is reached. Deliberation by voting members must be witnessed by the Purchasing Agent, or its authorized representative (EC Chair). The voting EC members shall prepare a summary of the evaluation indicating the strengths and weaknesses of each proposal in accordance with the specified evaluation criteria.

B. Non- Voting Member
Purchasing: The role of the Purchasing Agent or authorized representative is to oversee the entire evaluation process throughout the procurement in order to ascertain that proper procedures are followed, guidelines are adhered to, and that the evaluation is performed in a fair and equitable manner. The Purchasing Agent's representative will chair any and/ or all evaluation meetings. The Chair may have voting rights when consensus cannot be reached.

Legal: Purchasing representative may seek legal advice on any legal issues that may arise during the evaluation to ascertain adherence to applicable procurement laws and regulations.

Others: The role of other non-voting members is to provide advice regarding qualifications of firms and/or express concerns and/or comments.

C. Advisory Non-voting Members
The role of the members of the EC serving in an advisory capacity is to review and evaluate the responses based on the evaluation procedures detailed herein. Advisory non-voting members shall present and discuss with other EC members the results of their review and evaluation of the documents. Unless otherwise authorized by the Purchasing Agent, members shall serve only in an advisory capacity and shall not be present at the time of deliberation by the voting members. Advisory non-voting members may seek assistance from other technical specialists. Those specialists will be identified by the advisory non-voting members and will be required to follow all guidelines of this evaluation.

VII. Individual evaluation of proposals

On an individual basis or with the assistance of Representatives, each EC voting member must read each proposal, and evaluate the proposal in accordance with the evaluation criteria below and attached evaluation guidelines. Completeness of each response will be assessed collectively by the EC members. Each reviewer will conduct a fair, independent, and objective evaluation in accordance with the procedures and guidelines set forth herein. Reading each response more than once is recommended to avoid rating inconsistencies due to stress, or any other physical or circumstantial condition. Members may make personal notes for general discussion and justification of evaluation given to Proposers. Each evaluation team member whether voting member or advisory non-voting member, must come to evaluation meetings prepared to discuss his/her ratings. EC non-voting members are encouraged similarly to review and evaluate the proposals.

VIII. Group evaluation of responses

The EC shall meet as soon as practicable after all voting members have had the opportunity to review individually the proposals. During the meeting, EC members shall discuss their individual evaluations and develop, by consensus or majority rule, a draft EC group evaluation. General discussion will be carried out either by discussing each proposal or each criterion as applied to all proposals, depending on the preference of EC members. However, both methods should be employed in order to ascertain consistency in the evaluation. Information provided during reference checks will be considered.

After discussions, EC members with voting rights will have the opportunity to vote or reach consensus on preliminary ratings. A vote on the overall ratings will not be taken until all proposals have been discussed. EC members can change their assessment on any particular area of a response if deemed appropriate based on the arguments presented by other members of the EC or points of view not considered during the individual evaluation. Non-voting EC members can voice their opinions and/or concerns in the discussion in an advisory capacity.

The EC will determine a Preliminary Team Overall Rating based on the ratings obtained by each Proposer in each criterion and in accordance with the evaluation guidelines. References will be checked by members of the EC assigned to perform such reference checks following the questions outlined in the questionnaire. The results of the reference check will be distributed to EC members and will serve as a basis to validate the overall information provided by Proposer regarding experience and qualifications. A roster shall indicate in descending order the ranking of teams.

If appropriate, the EC may select a short-list of those Proposers with whom the County should meet or from whom the County should request presentations, seek clarifications, or obtain best and final offers.

The final evaluation will include a review of the price proposals submitted by each short-listed Proposer. The EC Chair will advise EC members when it is appropriate to review price proposals.

Following the presentations or meetings with short-listed Proposers, if any, and the price proposal evaluation including best and final offers, the EC shall meet to consider the draft EC group evaluation. The EC shall develop, by majority rule or consensus and in accordance with the evaluation criteria below, a final EC group evaluation recommendation and supporting narrative that shall be submitted to the Purchasing Agent.

When appropriate and before final selection, the EC will address any conflict of interest or apparent conflict of interest with the team (prime and subconsultants). If a conflict of interest exists with a subconsultant, the prime consultant will be requested to replace that proposed subconsultant within five (5) working days. Inability of the prime consultant of the team to find an acceptable replacement could lead to disqualification. Alternatively, the subconsultant may request withdrawal from the team already under contract with the County to resolve the conflict.

Such final evaluation must rank the Proposers. A final evaluation will be submitted by the EC to the Purchasing Agent. All necessary steps associated with the approval of the selected Proposer and contract award will be handled by the appropriate Purchasing personnel.

IX. Process Documentation

A. Preliminary Evaluation Report:

The EC shall prepare an evaluation report documenting strengths and weaknesses of all proposals according to the evaluation criteria. Additionally, it shall state what issues need to be clarified, if any, and discussed. It shall also identify the overall evaluation and evaluation rating received for each criterion.

In the event that a proposal was determined to be non-responsive, it shall be clearly stated and documented providing information of the reason for being non-responsive.

Each voting member must sign the evaluation report to certify that he/she agrees with its content and that it reflects agreement reached during evaluation meetings.

Attached to this report should be a matrix of ratings given to each proposal by criteria.

This document shall also contain a brief description of the evaluation process and the criteria by which each EC evaluated each proposal. It shall also indicate the Proposer recommended for short-list or contract award, including the rationale.

Finally, the preliminary evaluation reports shall be superseded by the final evaluation report.

B. Final Evaluation Report and Selection

The purpose of the final evaluation report is to update the preliminary report and state issues that were clarified and/or discussed. If there are no issues to clarify with Proposers, the preliminary and final report will be the same document.

This final evaluation report should be accompanied by a memorandum identifying the Proposer that is recommended for contract award, including an overall statement as to the rationale for being selected.

X. Protests

In the event that a protest or claim is filed with the County adversely affecting the evaluation process, EC members will be notified. Any action required by the EC will be communicated.

In order to avoid delays due to protests, if the EC or an EC member is requested to provide information, he/she must provide reasonable information within 24 to 48 hours of request.

Confidentiality is also required in any protest matters, as the results of a protest may affect negatively the evaluation process. Refer to “Protest Procedures”.

XI. Debriefing

If any Proposer requests a debriefing, it may be granted at the discretion of the Purchasing Agent after the contract has been awarded. No EC member shall individually debrief a Proposer at any time. Any request for debriefing must be referred to the EC Chair.

XII. Evaluation Criteria

Proposers shall be evaluated based on evaluation criteria contained in the RFP which are described below and in accordance with the guidelines attached. Each proposal shall be evaluated with the objective of arriving at an overall rating.

The County will review and evaluate the qualifications of all responsive Proposers in accordance with the following criteria:

1. Responsiveness of Proposal. Compliance with all the submission requirements of the RFP.

2. Technical Proposal
   2.1 List technical evaluation criteria identified in the RFP.

3. Price Proposal
   3.1. Reasonableness of the overall price.

In addition to the foregoing enumerated criteria, the County may take into consideration the effect of the Proposer’s compliance or non-compliance with requirements set forth in the RFP, including but not limited to any conflicts of interests resulting from team composition.

EVALUATION GUIDELINES

Level of Importance Description

(25) Critical: Criterion is essential to the quality of performance and successful completion of the project. Failure to meet this criterion is of serious concern and may jeopardize the successful completion of the project.

(15) Important: Criterion is not critical, but is important to the success of the project. Failure to meet this criterion may indicate the Proposer's inability to successfully perform the project or may require close supervision by the Office of the Purchasing Agent.

(5) Required: Criterion is a requirement. Failure to meet this criterion can be resolved administratively without affecting the performance of the project or may be cause for rejection of the Proposal.

Rating

(20) Excellent: The Proposal demonstrated the Proposer's ability to meet or exceed the County's requirement.

(15) Good: The Proposal demonstrated the Proposer's ability to meet the County's requirement.

(10) Fair: The Proposal is unclear as to the Proposer's ability to meet the County's requirements.

(5) Poor: The Proposal does not demonstrate the Proposer's ability to meet the University's requirements.

(0) Not Responsive: Proposal was not responsive to the criteria.

Evaluation Ranking Description

Highly Qualified/ Desirable: Proposal received a rating of "Excellent" for at least two criteria with a level of importance of "Critical" and a "Good" or better in all other criteria.

Qualified/ Acceptable: Proposal received a rating of "Good" or better for each criterion with a level of importance "Critical" and "Important" and "Fair" or higher for all other criterion.

Less Qualified: Proposal received a rating of "Fair" for one or more criterion with a level of importance of "Critical", or "Poor" or "Non-responsive" rating to any of the criteria.

Not Responsive: Proposal received a rating of not responsive in one or more criterion with a level of importance of Critical or Important or failed to meet a critical requirement to perform work.

Note:
Numeric values are provided only for the purpose of determining the percentage value of price against the technical criteria. The determination of a shortlist will be based on the qualitative evaluation. This will avoid short listing a firm whose numeric value is high based on requirements or criteria that is not as critical to the success of the project.

INSTRUCTIONS FOR EVALUATION FORMS

General: These instructions are for the Evaluation Committee (EC) for the preparation of the evaluation forms to be used by each EC member to record his/her findings. These forms are to be the **only** worksheets to be used for this evaluation. Each sheet must identify the Proposal evaluated and the EC member.

Voting EC member or their representatives **must** complete an Evaluation Form for each criterion for each Proposal received.

It is not required that each advisory non-voting EC member evaluates all criteria of a Proposal. However, if an advisory non-voting EC member is assigned to evaluate criteria, he/she **must** evaluate all Proposals for those criteria. A single advisory non-voting EC member review of a criterion is acceptable.

All completed forms may be submitted to Purchasing at the completion of the evaluation.

Instructions for Specific Forms:

1) **Proposal Requirements Checklist:** Purchasing representative will be responsible for conducting the initial inventory of each Proposal. The Proposal Requirements Checklist form will be used for this inventory. The form identifies each Proposal required by the RFP. The Purchasing representative (and others to be named) will clearly indicate on the forms whether or not the Proposer included the specific proposals required with its proposal.

2) **Evaluation Form:** These Evaluation Forms are to be used by each EC member. These forms are pre-printed for each criterion with the corresponding RFP Proposal requirements.

   The EC member will rate each criterion based upon its merits and in accordance with the rating grades established in Attachment A of the Evaluation Guidelines. The EC member will enter his/her determination (rating, yes/no, percentage, etc.) under the appropriate evaluation column. The “Comment” column is to be used by the EC member to justify his/her rating.

3) **Signature Page for Voting Members:** A signature Page is mandatory.

4) **EC Report to the Purchasing Agent:** This report will list by Proposal the ratings of the EC voting members and shall accompany the Preliminary Evaluation Report and Final Evaluation Report. Such reports will include justifications for those ratings, based upon the EC voting members’ independent evaluations of Proposals, the findings of the non- voting members (forms referenced above), and discussions with the non-voting members of the EC.

5) **Reference Questionnaire:** This form is to be used for the reference check interviews of past clients of the Proposers. Only those questions listed on the form may be asked, and all questions must be asked. The person being interviewed should be familiar with the reference project (preferably the stated contact person), but it is not mandatory that all questions be answered.

PROPOSAL RESPONSIVENESS CHECKLIST

Request for Proposals for _____

Name of Firm: _____ **Trade:** _____

Evaluator: _____

Proposal Requirement	**Responsive**		**Comments**
	Yes	**No**	
1. Cover letter			
2. Executive Summary			
3. Proposed Plan of Action/Program Plan			
4. Qualifications of the Proposer			
5. Key Personnel			
6. Financial Stability			
7. Exceptions to Standard Contract			
8. Contract			
9. Legal Actions			
10. Conflict of Interest			
11. Pricing Proposal			

AFFIDAVIT

Confidentiality and No Conflict of Interest

The undersigned having duly sworn under oath hereby acknowledges the receipt of or access to one complete copy of each of the proposals in response to the RFP.

I agree that none of the responses are to be photocopied without the consent of the Purchasing Agent, and that the submitted materials are to be maintained in such a way as to assure confidentiality. I also agree that I will not knowingly use confidential information for actual or anticipated personal gain, or for the actual or anticipated personal gain of any other person.

I also understand and agree that all evaluation material, information and discussions of the Evaluation Committee is to be kept confidential and not to be shared with non-evaluation team members or any individual who has not signed this confidentiality agreement. Further, I agree not to discuss with any other person evaluation materials or opinions other than during evaluation meetings.

Additionally, I certify that I have no conflict of interest that may prevent me from making an objective evaluation of documents submitted in relation to this solicitation.

_____
Signature

_____
Print Name

_____
Date

Subscribed and sworn to before me this

_____ day of _____ 20___

_____
Notary Public

Commission Expires: _____
Notary's Seal

EVALUATION FORM

RFP Name
RFP#

Name of Firm: _____

Evaluator: _____

CRITERIA	**WEIGHT**		**EVALUATION** E = Excellent G = Good F = Fair P = Poor NR = Not Responsive	**COMMENTS** **Strengths/ Weaknesses**
	Level of Importance C=Critical I=Important R=Requirement	**Weight per Criteria**		
Technical				
1 Qualifications and experience for the Proposer to successfully perform the services for the County, as evidenced by the successful implementation of similar programs in large complex public organizations preferably county government and municipalities.	**C**	**25**		
2. Qualifications and experience of the proposed key personnel as evidenced by relevant experience.	**C**	**25**		
3. Quality of the proposed program plan, including implementation schedule and understanding of the County's Strategic Sourcing goals.	**C**	**25**		
4. Level, quality, and relevancy of proposed participation by certified MBE/WBE firms.	**R**	**5**		
5. Financial stability of the Proposer	**R**	**5**		
Pricing				
1. Reasonableness of the overall price.	**I**	**15**		

Reference Questionnaire

Name of Project _____

Dollar value of work performed: $_____

Contact Person: _____

Title: _____

Organization: _____

Telephone Number: _____

1. Schedule:

   Was the project completed on time? Were other milestones met? _____

2. Cost:

   Were there many change orders or cost overruns? Were these costs due to the number contractor's claims? _____

3. Overall Management:

   Did contractor properly supervise the project? _____

   Was the project manager aware of issues at the project site? _____

   Were issues addressed promptly? _____

4. Would you hire them again? _____

5. Is there anything else that you would like to share regarding contractor performance? _____

   _____

   _____

   _____

   _____

REQUEST FOR PROPOSALS

RFP#

RFP Name

The following voting members of the Evaluation Committee (EC) concur with the contents and recommendations as detailed in the Evaluation Report.

Voting Member	Signature
1. Name	_____
2. Name	_____
3. Name	_____

Witnessed by:

_____
Contract Manager

EXECUTIVE SUMMARY
RFP#

RFP Name

The Evaluation Committee (EC) evaluated the qualification of proposals by four firms in response to the Request for Proposals ("RFP") for {Insert Name} in accordance with pre-established evaluation procedures. These firms are:

1. Respondent Name
2. Respondent Name
3. Respondent Name

Process Followed

The EC is composed of the following County voting members: {Insert Names of voting members, non-voting members and advisors) assisted in an advisory, non-voting capacity. The EC has reviewed and evaluated the qualifications of the firms that responded to the RFP in accordance with the Evaluation Documents, which defines policies and procedures to be followed in evaluating each proposal. The evaluation is based upon the following criteria:

A. Technical Proposal

1. List technical evaluation criteria.

B. Price Proposal

1. Reasonableness of the overall price.

SUMMARY OF FINDINGS
The evaluation resulted in the following ranking:

Rating for Technical Proposal:
Highly Qualified:
Qualified:
Qualified:

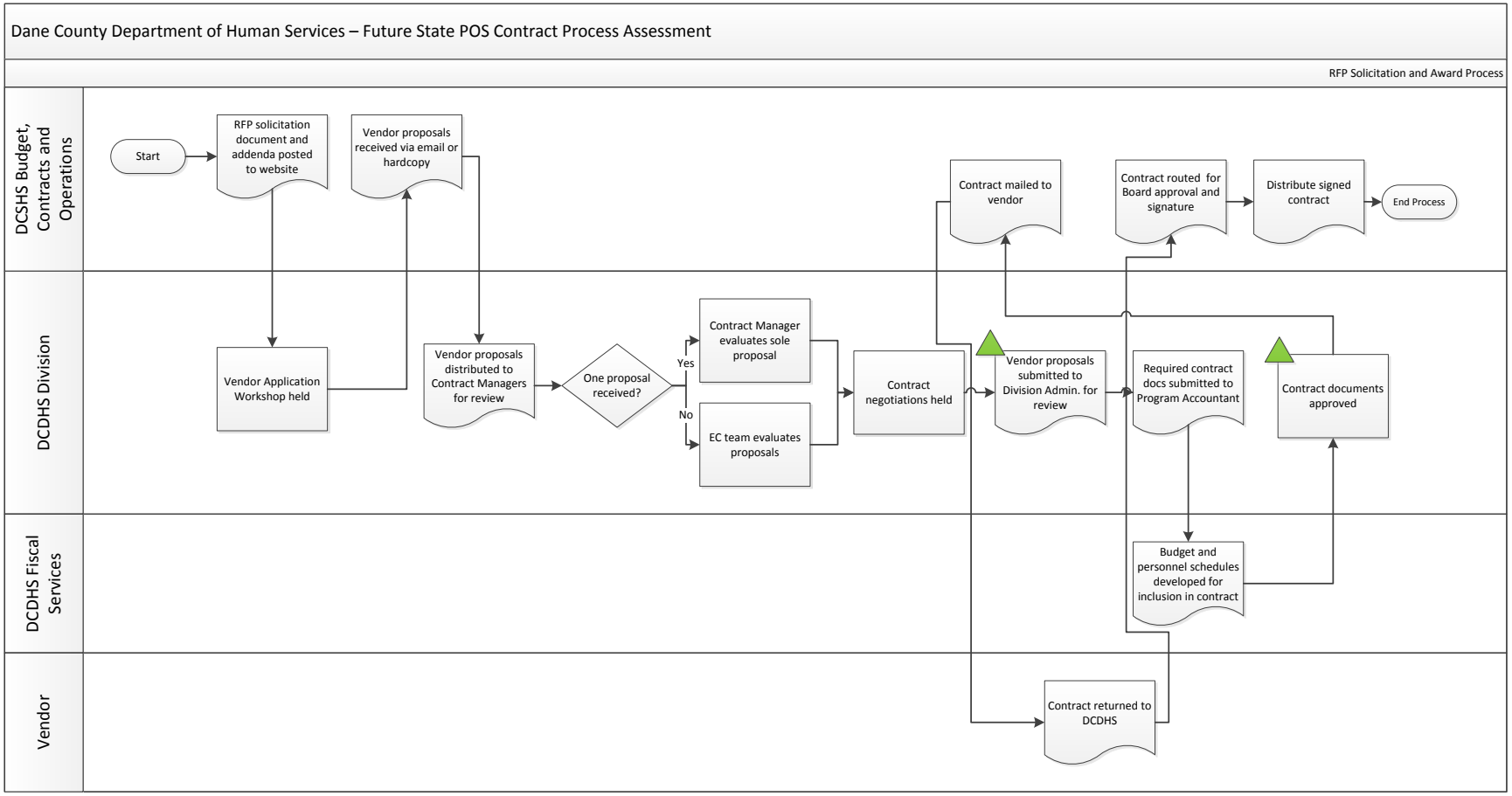
In the Technical Proposal, the Highly Qualified and Qualified firms met or exceeded the RFP requirements by demonstrating excellent to good qualifications and relevant experience in _____

Less Qualified:

Price Proposal: **Original** **BAFO**

Final Overall Ranking:
Highly Qualified & Best Value Proposal:

Appendix L – Future State RFP Solicitation and Award Process Flowchart



Appendix M –Elements of a PBC Contracting Model

Scope of Work Elements → *Measures*

1. Needs Assessment

The needs assessment is a key element of a contract. It should be a clear, concise, well-supported statement of what the problem is and why the proposed solution is needed. The needs assessment includes a narrative of factual data including statistical information to support what the need is and why the service is needed

2. Project Objectives

The project objectives clearly describe the goals of the project. Explain, in terms of results not outputs, the benefits of each objective. The objectives are to identify the changes/effects the project will have on people's lives (result) rather than the number of people served by this project (output).

3. Project Methods or Design

Project methods or design outline the activities (outputs) that will be accomplished with the available resources (inputs). Structure the project methods or design as a time-line and identify the target population (who receives/benefits from the service). List the tasks and deliverables that must be completed to meet the objectives of the project.

4. Project Evaluation

Develop evaluation criteria to evaluate the progress towards project objectives. It is important to define carefully and exactly how success will be determined. Describe performance measures that are specific, measurable, accountable, results-oriented and time-bound. Basic measures of time, dollars, units or stages of work can be supplied.

To be useful, the project evaluation should identify:

who (individual, agency)…
is doing what (change in condition, behavior)…
to whom (target population), and…
why (bottom-line of the project)?
when (change occurs by this specific date), and…
how that change is measured (what data shows changed condition or behavior)?

5. Reimbursement

Define the plan for reimbursement of services. Expenses are to be outlined in the budget narrative. The budget is to demonstrate consistency with project objectives. When possible, link the payment with meeting the performance measures.

1. Demand Measures

- Expressed as a number.
- States the number of units of the same service or product that is expected to be requested or required by customers.

2. Input Measures

- Measures of effort.
- Both financial and non-financial resources that go into providing services or operating programs.
- Includes administrative, capital and personnel costs.

3. Output Measures

- Expressed as a number.
- States the number of units of a service that is expected to be delivered to customers.
- Quantity of the service provided.

4. Outcome Measures

- Expressed as a % or rate.
- States the degree to which customers can be expected to experience a particular benefit as a consequence of having received the service.
- Are the results achieved from the outputs?
- Can include "initial", "interim", and "long-term"

5. Service Quality Measures

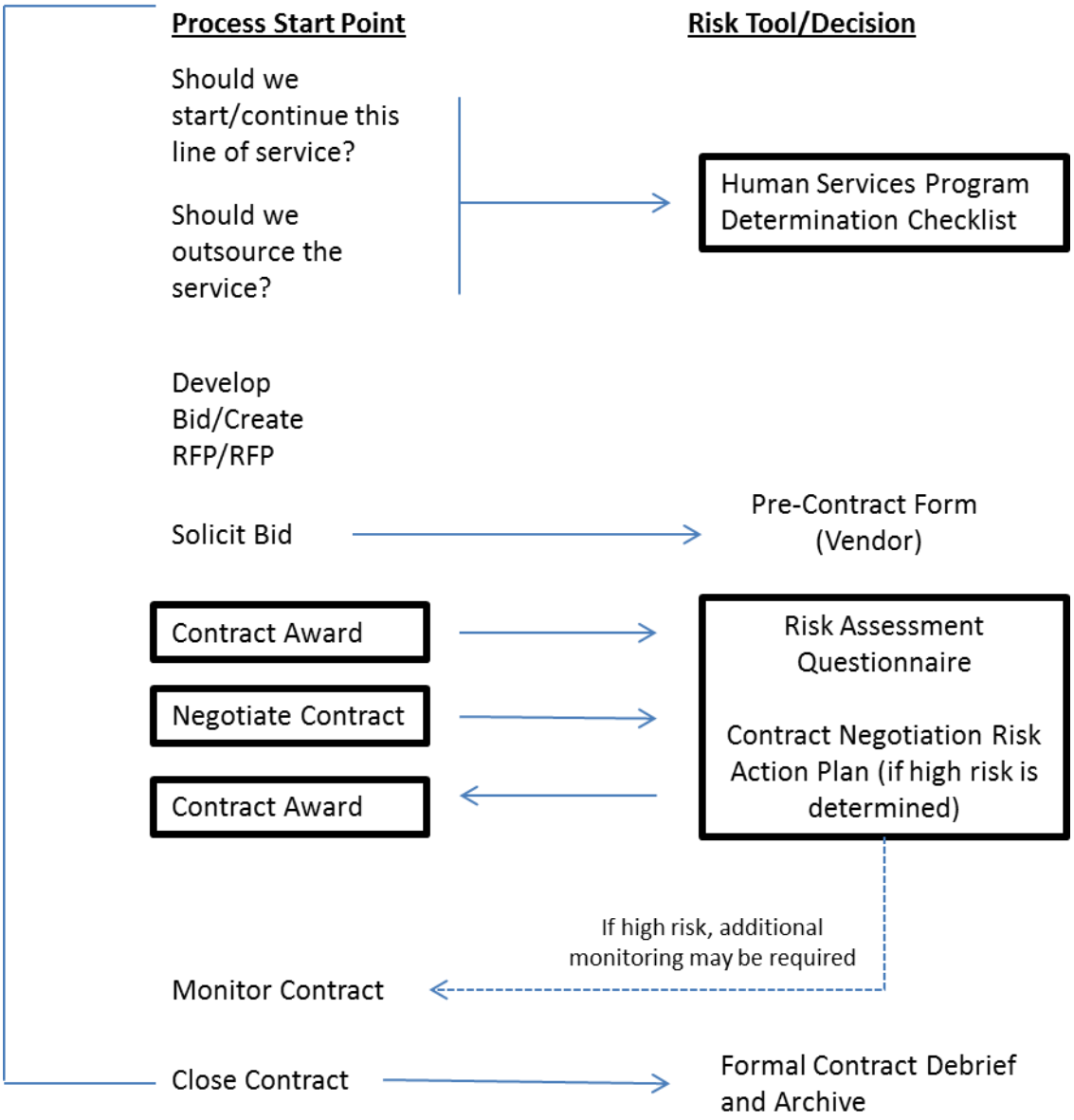
- Evaluation of the service
- Service was timely
- Solved the problem
- Customer is satisfied
- Service is evenly carried out
- Response or service was appropriate given the need or request

6. Output Measures

- Expressed as dollar expenditure.
- Cost per result or per output.
- Relationship of inputs to outputs to outcomes.

Appendix N –Risk Assessment Tools

Risk Assessment Plan



Risk Assessment Survey

Questions	Favorable to Contracting	Uncertain	Favorable to Direct Service	Don't Know	N/A
	Circle appropriate answer				
Service Provision Issues					
1. Does the County currently have the specialized skills needed to provide this service?	No	Both have	Yes		
2. If the answer to #1 is no, is it feasible for the County to develop the specialized skills needed?	No		Yes		
3. Does the County have the administrative/managerial infrastructure to provide this service?	No		Yes		
4. If the answer to #3 is no, is it feasible and/or desirable for the County to develop the necessary administrative/ managerial infrastructure?	No		Yes		
5. Are there contractors in the community to provide this service?	Yes		No		
6. Are we more likely to provide culturally competent services by contracting for this service?	Yes		No		
7. Do actual/potential contractors have the willingness and expertise to follow best practices/newer models of service	Yes		No		
8. Would contracting the service increase access to citizens needing the service (e.g., wider geographic availability)?	Yes		No		
9. Would County requirements create barriers in the provision of this service?	Yes		No		
10. Could the program be more quickly implemented and/or more quickly changed by a contractor to respond to community needs?	Yes		No		
11. Can a contractor better facilitate community input and involvement?	Yes		No		
12. Would provision of this service by a contractor help to strengthen a sense of neighborhood control and community?	Yes		No		
Policy and Coordination Issues					
13. Is there a State or Federal mandate not to contract for these services?	No		Yes		
14. Does this service involve granting or withholding basic rights and permissions to citizens (e.g. involuntary commitment, incarceration, or permits for land use)?	No		Yes		
15. Is there a high risk of harm to individuals receiving this service?	No		Yes		
16. Is there a need for the County to directly provide a high level of cost control?	No		Yes		
17. Is this a complex service that requires a high degree of integration with other County-provided services?	No		Yes		

18. Would contracting for the service increase fragmentation of services?	No		Yes		
19. Are we likely to have system accountability issues if we contract for these services?	No		Yes		
Financial Issues					
20. Is it cheaper to contract for this service?	Yes		No		
21. Would contracting result in workers being paid less than a living wage?	No		Yes		
22. Is reasonably priced liability insurance available to non-governmental providers of this service?	Yes		No		
23. Do actual/potential contractors have current resources that can leverage or supplement County funds for this service?	Yes		No		
24. Would a contract increase the likelihood that the contractor could leverage potential additional resources, e.g., obtain grants, for this service?	Yes		No		
25. Are there enough actual or potential contractors willing and capable of providing this service to ensure adequate competition?	Yes		No		
26. Would the County end up being the sole or major source of funds for contractors of this service?	No		Yes		