

## Executive Summary

In early 2012, Secretary Benjamin Barnes of the Office of Policy and Management established the Health and Human Services Purchase of Service (POS) Project Efficiency Office (Project Efficiency Office/PEO). The Project Efficiency Office was created in response to POS health and human services contracting issues and opportunities raised and identified by non-profit providers, the Nonprofit Liaison to the Governor and State agencies. The PEO was established to identify, recommend and initiate business process and organizational changes related to POS contracting that would streamline, standardize, automate and reduce costs and paperwork for both state agencies and providers. The changes were to result in improved timeliness of contract executions and payment, administrative efficiency and savings and a stronger focus on service and client outcomes and less on contract processes.

State agency contracting staff members were assigned to the OPM PEO from Departments of Children and Families, Correction, Mental Health and Addiction Services, Public Health and Social Services. The Project Efficiency Office also received assistance from staff at the Department of Developmental Services and direction from the OPM Office of Finance.

In approaching its work, the Project Office reviewed agency procedures, organizational structures, reporting requirements, forms and other information. The Project Office conducted an extensive site visit at each agency, encompassing structured interviews with contract, fiscal, quality assurance, program and administrative staff. These site visits examined current procedures/ practices and evaluated the efficiency of contracting processes within the agency. From these site visits, the Project Office compiled complex agency-specific data, aggregated data regarding the POS contracting process, and compiled comprehensive agency-specific reports. The Project Office also participated in vendor demonstrations of automated contract/grants management systems, and researched best practices in the area of health and human service contracting.

### Agency Business Process Reviews

The PEO completed a Business Process Review (BPR) for each POS agency, in which the staffing levels, organizational structures and business practices were identified and analyzed. These BPR's are included as appendixes to this report. Within this report, the strengths, weaknesses and recommendations to improve current business practices are outlined for each agency. The agency specific recommendations, different from the overarching or cross-agency recommendations described below, are intended as actions individual agencies can implement immediately or in the shorter-term to make their processes more efficient, both for themselves and for providers.

### Overarching or Cross-Agency Recommendations

The Project Efficiency Office also developed recommendations regarding best-practice or model standards or systems to be applied across-agencies. These recommendations reflect a number of best practices currently in place, at some level, in one or more of the POS agencies. They include those involving:

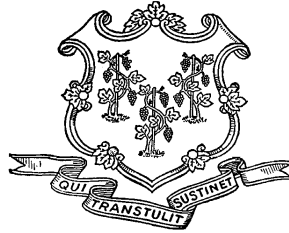
- 1) **Agency POS Contracting Hub.** Organizing a "model" contracts unit for each agency that is accountable and a focal point for the handling of all administrative, financial and contracting functions in a timely, effective and efficient manner while maintaining strong working relationships with agency program and fiscal staff, providers, the Office of the Attorney General and other entities involved in the process.
- 2) **Standardized Budgets & Financial Reporting.** Developing a Uniform Chart of Accounts and standardized budget and financial reporting system to reduce the multiple formats now used by state agencies..
- 3) **Contract Management System.** Implementing an Enterprise Web-based Contract Management System.
- 4) **Timely Contract Executions.** Streamlining and automating systems related to contract approval, development, execution, and management processes. Establishing timeframes regarding POS contract approvals and execution in order to ensure timeliness of contract executions and providing for accountability and transparency around agency performance regarding timeliness measures.
- 5) **Training.** Increasing training for agency staff and providers related to POS contracting issues.

- 6) **Contract Consolidation.** Decreasing the number of contracts per provider by increasing the number of provider programs under one consolidated contract with a State agency.
- 7) **Longer Term Contracts.** Increasing the term of contracts instead of the typical 2 to 3 year current terms.
- 8) **Increase Use of "Part I" Templates.** Increasing the use of Part I Office of Attorney General approved program templates.
- 9) **Streamline Payment Processes.** Streamlining the payment processes and changing the basis for payments in order to improve timeliness of payments to providers.
- 10) **Data Collection and Programmatic Outcomes.** Strengthening protocols and systems for collecting, evaluating and reporting on fiscal, programmatic and outcome data related to POS contracts.

### **Next Steps/Implementation Plan**

Some implementation steps have already been taken with respect to the findings and recommendations in this report. OPM will be developing, in consultation with members of the PEO, POS agencies and providers, an implementation plan, which shall: prioritize the recommendations; outline actions steps and timelines; assign responsibility for action steps; identify any resources needed for implementation; and outline a method of measuring agency and state-wide progress with implementing the recommendations.

Implementing the recommendations included in this report will result in improved timeliness and efficiencies associated with POS human services contracting processes for both State agencies and providers. Realizing these improvements will, however, require continuing commitment and efforts from all involved, including OPM, state agencies, providers and others involved in these processes.



## **Health and Human Service Contracting**

Process Review and Recommendations

for the Secretary of the Office of Policy and Management

**Submitted by:**

the Office of Policy and Management's Office of Finance, and  
the Purchase of Service Contracting Efficiency Project Office

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## INTRODUCTION

A Purchase of Service (POS) contract is a contract between a State agency and a private provider organization, municipality or another state agency for the purpose of obtaining direct health and human services for agency clients. A POS contract generally is not used for the sole purpose of purchasing administrative or clerical services, material goods, training and consulting services, and cannot be used to contract with individuals.

There are six major human service agencies in the current human service system: Department of Children and Families (DCF), Department of Correction (DOC), Department of Developmental Services (DDS), Department of Mental Health and Addiction Services (DMHAS), Department of Public Health (DPH), and Department of Social Services (DSS). With recent agency consolidations, the Department of Rehabilitative Services, Aging, Education and Housing will be administering POS contracts, most of which, to date, have been administered by DSS.

In early 2012, Secretary Benjamin Barnes of the Office of Policy and Management established the Health and Human Services POS Contracting Efficiency Project Office (Project Office). The Project Office was created in response to POS contracting issues and opportunities raised and identified by non-profit providers, the Non-Profit Liaison to the Governor and State agencies. The Project Office was established to identify, recommend and initiate business process and organizational changes related to POS contracting that would streamline, standardize, automate and reduce costs and paperwork for both state agencies and providers. The changes were to result in improved timeliness of contract executions and payment, administrative efficiency and savings and a stronger focus on service and client outcomes and less on contract processes.

The Project Office was also created to assist the Secretary with implementation of C.G.S. 4-70b, which requires the Secretary of the Office of Policy and Management to “establish uniform policies and procedures for obtaining, managing and evaluating the quality and cost effectiveness of human services purchased from private providers”. Further, the Secretary is required to “ensure all state agencies which purchase human services comply with such policies and procedures”.

The Project Office was comprised of contracting staff from the state’s Human Service agencies, who were assigned to the office, three days per week. Staff were assigned to the Project Office from DCF, DOC, DMHAS, DPH and DSS. The Project Office also received assistance from staff at the Department of Developmental Services and direction from the OPM Office of Finance.

In approaching its work, the Project Office reviewed agency procedures, organizational structures, reporting requirements, forms and other information. All data reviewed by the Project Office was consolidated from State Fiscal Year 2012. The Project Office conducted an extensive site visit at each agency, encompassing structured interviews with contract, fiscal, quality assurance, program and administrative staff. These site visits examined current procedures/practices and evaluated the efficiency of contracting processes within the agency. From these site visits, the Project Office compiled complex agency-specific data, aggregated data regarding the POS contracting process, and compiled comprehensive agency-specific reports. The Project Office also participated in vendor demonstrations of automated contract/grants management systems, and researched best practices in the area of health and human service contracting.

**I. BACKGROUND RE: POS HEALTH AND HUMAN SERVICE CONTRACTS**

**A. POS Contracts: Number of and Annual Expenditures**

There are approximately 1,500 POS contracts statewide, involving approximately \$1.6 billion in expenditures annually. The total dollar amount of POS contracts statewide is in the range of \$5.5 billion since contracts are typically implemented with terms of three years or more. While most funding for POS contracts is provided by the State, \$200 million or more of the POS expenditures are allocated from federal funds (with DSS and DPH having the highest proportion of their contracts being federally funded). Some POS contracts are a combination of state and federal funding. Most POS contracts follow the State fiscal year, which starts July 1, while those involving federal funds are dependent on the receipt date of federal awards. Delineated below are the State Fiscal Year 2012 POS contract statistics for each human service agency:

**SFY 2012 Agency POS Contract Statistics**

	<u>DCF</u>	<u>DOC</u>	<u>DDS</u>	<u>DPH</u>	<u>DMHAS</u>	<u>DSS</u>
# of POS Contracts	147	33	192	281	205	1101
# of POS Program Types	97	13	42	31	70	68
# of POS Programs	515	80	594	309	850	797
# of Providers	146	30	186	147	159	143
<b>Total Contract Funding</b>	\$203,000,000	\$43,656,786	\$625,318,798	\$47,997,022	\$250,347,783	\$718,000,000
<b>State Funding</b>	\$190,000,000	\$43,161,786	\$614,841,838	\$24,062,651	\$223,486,215	\$421,000,000
<b>Federal Funding</b>	\$13,000,000	\$495,000	\$10,476,960	\$23,934,371	\$26,860,940	\$297,000,000

**NOTE:**

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

**B. Form, Length, Consolidation and Use of Pre-Approved Part I Scopes of Service**

**1. Form and Length**

A POS contract is comprised of:

- Contract Face Sheet: includes the names and addresses of the parties, the contract number, amount and term, the provider’s FEIN number, and provider contact information;
- “Part I”: developed by each state agency, outlines the program’s scope of services, outcome measures and other program and agency specific requirements.
- Part 2: contains OPM’s statewide wide terms and conditions.
- Budgets and Payment Schedules: negotiated for each program and included in the contract.

An agency may enter into a POS contract for a single year or for multiple years. The following chart illustrates the contract terms for the human service agencies during State Fiscal Year 2012.

**Length of Agency POS Contracts**

<u>Length</u>	<u>DCF</u>	<u>DOC</u>	<u>DDS</u>	<u>DPH</u>	<u>DMHAS</u>	<u>DSS</u>
<b>up to 1 Year</b>	1%	3%	4%	16%	0%	9%
<b>2 years</b>	0%	0%	64%	0%	100%	30%
<b>3 Years</b>	99%	6%	25%	49%	0%	54%
<b>4 years</b>	0%	33%	3%	12%	0%	5%
<b>5 or more years</b>	0%	61%	4%	23%	0%	2%

Source: FY2012 Contract unit data

**2. Contract Consolidation**

POS contracts with non-profit providers may include only one program per contract, but may also consolidate multiple programs operated by the same provider into one contract. Consolidation results in fewer contracts, having a higher dollar value.

Consolidated contracts can reduce the need to submit duplicate paperwork than is required of a provider having multiple contracts with an agency. The issues cited by DSS and DPH for a low level of consolidated contracts include aligning funding periods for programs, especially with respect to federally funded programs, and the complications of managing consolidated contracts among various program units within their agencies. This report will look at ways to address these issues. The following chart illustrates the number of contractors holding more than one contract during SFY 2012.

**POS Contracts per Provider**

	<u>DCF</u>	<u>DOC</u>	<u>DDS</u>	<u>DPH</u>	<u>DMHAS</u>	<u>DSS</u>
<b># of Providers</b>	146	30	186	147	159	330
<b># with 1 Contract</b>	145	27	170	81	128	155
<b># with more than 1 contract</b>	1	3	16	66	31	175
<b>Avg. Per Provider</b>	1	1.1	1.1	1.9	1.29	2.35

**3. Part I Scopes of Service**

With respect to Part I of POS contracts, some human service agencies have reached agreement on standard scope of service language with the Office of the Attorney General (OAG) for many contracted programs. Contracts containing Part I approved language do not require additional OAG approval prior to full execution. This reduces contract assembly and execution processes. The following chart illustrates the percentage of OAG pre-approved Scopes of Services for each human service agency:

**Part I Pre-Approved Scope of Services**

	<u>DCF</u>	<u>DOC</u>	<u>DDS</u>	<u>DPH</u>	<u>DMHAS</u>	<u>DSS</u>
<b>% Contracts with OAG Pre-Approved Scopes of Service</b>	100%	0%	86%	36%	100%	40%

With respect to the lower percentage of standard scope of service language for DPH and DSS, a reported issue for these agencies is the number of program areas for which there are few contracts, which negates the efficiency associated with OAG pre-approval of language. Additionally, given the specificity required when purchasing human services for a criminal population, OAG pre-approved standard language would negatively impact the ability of DOC to tailor services to effectively meet the needs and legal release stipulations of its offenders.

**C. POS Contracting and Contract Management Processes**

POS contracting requires complex business processes involving multiple agency units, provider entities and inter-agency collaborations. These processes include:

**Contract Development, Approval and Execution**

- Planning in regard to service needs and determination of service delivery methods
- Funding and contracting approvals within an agency
- Seeking and receiving approval by OPM for the method of procurement (e.g., sole source or competitively procure), and/or the approval to enter into the contract



- Negotiating with providers regarding the scope of service, outcome measures and budgets for each contracted program
- Working within the agency, with the provider and with the Office of the Attorney General to assemble the contract, gather required documentation, obtain contract signatures, and disseminate the fully executed contract

### Contract Administration

- Entering Contract into Core-CT, Establish Purchase Orders, Payment Vouchers, etc
- Making payments to providers
- Receiving and reviewing programmatic and financial reports from providers
- Monitoring the contract for compliance, efficacy and adherence
- Amending contracts as needed
- Reviewing and acting upon requests for budget revisions
- Determining any refund amounts at the end of the fiscal year
- Reviewing and acting upon State Single Audits

This report will describe and compare these processes among human service agencies, identify issues and best practices and make recommendations and plans for improvements.

### 1. Contract Development, Approval and Execution

#### i. Funding Approval and Method of Procurement

The contracting process can commence after funding has been identified and approved for a service by the agency's fiscal/budget office and approval has been received from OPM. OPM, through an electronic request and approval system, must provide approval before the agency can proceed with contracting for a service. If the agency intends to procure non-competitively, that must also be approved by OPM. Identified funding may be used to issue a new contract or to extend/revise an existing contract.

Most of the human service agencies have spending plans that are used for allocating, tracking and monitoring funding for POS contracts. For some agencies, funding decisions are delayed until approval of the Governor's budget. Other agencies allocate funding based upon assumption of level funding. It has been identified that funding approvals, in some agencies, involve complex review and approval processes requiring multiple approvals. Late internal approval can delay request for external (OPM) approvals and contribute to late contract execution. Late OPM approvals also delay contract development and execution. Another major factor delaying contract development and execution is late notification of federal funding availability.

#### ii. Scope of Services and Outcome Measure Negotiations

Development of Part I scope of service language includes identification of service need, delivery model and outcomes. For some Human Service agencies, the scopes of services use pre-developed standard language and require no further negotiation with the provider. For development of new scopes of service or changes to existing scopes of service, negotiations may be conducted with the provider. This negotiation can involve staff from the agency program, contract, and/or legal units as well as the provider.

#### iii. Program Budgets

Each human service agency has its own budget and report format. An individual agency may use a detailed budget as a mechanism for collection of adequate monitoring information to measure a

provider’s adherence with contract financial requirements, and adequacy of service delivery. Agencies also utilize performance measures and outcomes to monitor provider performance.

The budget process can be complex and can contribute to a delay in execution of a final contract. Standardization of budget formats, and related financial reports would streamline state agency and provider processes. In addition standardized budget/report formats would facilitate receipt of accurate provider financial information across multiple funding agencies.

**iv. Contract Assembly and Execution**

Human Service contracts are comprised of:

- Contract Face Sheet
- Part I—Scope of Service, Contract Performance, Budget Reports, payment schedules, Program Specific and Agency Specific sections-
- Part II—OAG standard terms and conditions
- Signature Page—Provider, State Agency Head, and Attorney General
- Forms—see Chart below (required by OAG, OPM, and awarding agency)

Part I and Part II involve a high level of standardized language, particularly for those programs for which scopes of service have been pre-approved by the Attorney General’s Office. Some human service agencies use software programs (Hot Docs in DMHAS and DPH, and a customized system at DSS) which facilitate the assembly of contracts, while in other agencies, the contract assembly process is manual.

The submittal of required forms by providers (see Forms chart below), and the business process of obtaining signatures is accomplished through hard copy mailing or e-mail. Contracts having scopes of service that are not pre-approved must be sent to the Attorney General’s Office with supporting documentation for approval. These pre- and post- contract execution processes can be streamlined using software programs and web-based tools.

Providers with human Service contracts and amendments initiated on or after July 1, 2012, are required to register as providers on the Department of Administrative Services’ (DAS) BizNet system. Providers are required to upload the forms outlined in the Schedule below (except the Board Resolution, which must be submitted hard-copy with each new contract or amendment). Providers are required to update the forms in accordance with the requirements listed in the attached Schedule. Human Service agencies download the applicable forms from the BizNet system, for contract execution. This process is intended to eliminate the need for providers to submit these forms to multiple state agencies each time an agency initiates a new contract or amendment. The following table contains a listing of the forms maintained in Biznet:

**Contract Forms Submitted via Biznet**

FORM INFORMATION	Submittal/Update Requirements
<p><b>1. OPM Ethics Form 1 – Gift &amp; Campaign Contributions</b></p> <p><i>Reason:</i> Required by statute. Applies to contracts having a value of \$50,000 or more in a calendar or fiscal year.</p>	<ul style="list-style-type: none"> <li>• at time of contract execution</li> <li>• If after the initial submission there is any change in the information contained in the most recently filed certification an updated certification must be submitted not later than 30 days after the effective date of the change or upon submittal of a new bid or proposal whichever is earlier.</li> <li>• must be updated within 14 days of the 12 month anniversary of the most recently filed certification</li> </ul>
<p><b>2. OPM Ethics Form 5– Consulting Agreement Affidavit</b></p> <p><i>Reason:</i> Required by statute. Applies to contracts having a value</p>	<ul style="list-style-type: none"> <li>• Accompanies a bid or proposal</li> <li>• After the initial submission if there is any change in the information contained in the most recently filed certification an</li> </ul>

FORM INFORMATION	Submittal/Update Requirements
of \$50,000 or more in a calendar or fiscal year.	updated certification must be submitted not later than 30 days after the effective date of the change or upon submittal of a new bid or proposal whichever is earlier.
<b>3. OPM Form – Nondiscrimination Certification (less than \$50,000)</b> <b>4. OPM Form – Nondiscrimination Certification (\$50,000 or more)</b> <i>Reason:</i> Required by statute. Provider must submit one or other form (not both), depending on the value of the contract award.	<ul style="list-style-type: none"> <li>• prior to the award of a contract</li> <li>• If after the initial submission there is any change in the information contained in the most recently filed certification an updated certification must be submitted not later than 30 days after the effective date of the change or upon submittal of a new bid or proposal whichever is earlier.</li> <li>• Must also certify no later than fourteen (14) days after the 12 month anniversary of the most recently filed certification that the representation on file is current and accurate.</li> </ul>
<b>5. Board of Directors (List of Members)</b> <i>Reason:</i> Due diligence. Agencies request this information from providers only “as needed.”	If requested: <ul style="list-style-type: none"> <li>• proposal (if competitive) <u>or</u></li> <li>• original contract</li> </ul>
<b>6. DAS R50 Workforce Analysis</b> <i>Reason:</i> Used to collect workforce data for the Commission on Human Rights and Opportunities. Some agencies use the federal form to make it easier on their providers, who must report to the feds using form EEO-1	<ul style="list-style-type: none"> <li>• Submitted with requisite contract documents.</li> </ul>
<b>7. Board Resolution</b> <i>Reason:</i> To ensure signatory for provider has the authority to sign the contract.	<ul style="list-style-type: none"> <li>• Submitted with requisite contract documents.</li> </ul>

## 2. Contract Process Timeframes

The following table summarizes the typical timeframes for start and completion of various contract processes within each of the human service agencies for contracts having a July 1<sup>st</sup> start date:

Process	Typical Start Date	Typical Completion Date	Explanation
<b>Department of Children and Families</b>			
<b>Internal Funding Approval/Approval to Commence Contracting Processes</b>	March 1 <sup>st</sup>	April 1 <sup>st</sup>	<i>DCM is not involved in funding notification, allocation or approval and is not aware of need for contract until a request is received. Considering the listed dates DCM would not receive the request for contract until April 1st and would have all internal approvals by the date listed, June 15th. All activities prior to April 1st are carried out by the BU and Program Units. DCM is notified of a contract request and then verifies funding approval.</i>
<b>Seeking and Receiving Approval from POM</b>	April 1 <sup>st</sup>	April 12 <sup>th</sup>	<i>DCM initiates the OPM request immediately following the receipt of internal approvals. The initiated request is then completed (Program Need, Procurement Justification, etc.) by the Program Units. Considering the listed dates, DCM would receive notification that the request is ready for review and submission to OPM on or about April 12<sup>st</sup>.</i>
<b>Negotiating Scope of Services</b>	April 12 <sup>th</sup>	May 30 <sup>th</sup>	<i>Timeframe inclusive of drafting and scope review and revision by PGR Units, DCM PGR, AAG review/approval.</i>
<b>Negotiating Budget</b>	April 12 <sup>th</sup>	May 12 <sup>th</sup>	<i>This activity is conducted solely by Program Units during the RFP developmental process. Program Units and RFP Awardees review and agree on final budget line items. DCM reviews final budget forms for accuracy.</i>
<b>Contract Assembly and Execution (including signatures)</b>	May 12 <sup>th</sup>	June 15 <sup>th</sup>	<i>The contract assembly process is done primarily manually with the hardcopy contracts being mailed out hardcopy signature requirements.</i>
<b>Department of Correction</b>			

<b>Process</b>	<b>Typical Start Date</b>	<b>Typical Completion Date</b>	<b>Explanation</b>
<b>Internal Funding Approval/Approval to Commence Contracting Processes</b>	<b>January 1</b>	<b>February 1</b>	<i>Timeframe inclusive of service need determination and annual prioritization process</i>
<b>Seeking and Receiving Approval from OPM</b>	<b>February 1</b>	<b>February 15</b>	<i>If OPM decision not rendered in 15 business days, DOC proceeds as if approved (per statute)</i>
<b>Negotiating Scope of Services</b>	<b>February 15</b>	<b>March 15</b>	<i>Timeframe inclusive of negotiating contract specifics as well as writing and obtaining approval of scope</i>
<b>Negotiating Budget</b>	<b>February 15</b>	<b>April 15</b>	<i>Timeframe inclusive of negotiating budget as well as budget package completion, review and approval</i>
<b>Contract Assembly and Execution (including signatures)</b>	<b>April 15</b>	<b>June 30</b>	<i>If scope and/or budget development is not completed by this date, DOC frequently assembles contract and has provider begin signatures concurrent to finalization of scope/budget. Additionally, if provider returns signed contract with incorrect/missing forms, DOC proceeds with internal signatures while provider correct necessary forms.</i>
<b>Department of Developmental Services</b>			
<b>Internal Funding Approval/Approval to Commence Contracting Processes</b>	<b>April 1st</b>	<b>April 30th</b>	<i>DDS provides long term supports to individuals with intellectual disabilities. Supports must continue to be provided to individuals within the charge of the Department. Contracts are renewed at the end of the contract period.</i>
<b>Seeking and Receiving Approval from OPM</b>	<b>April 15</b>	<b>May 1st</b>	<i>The POS request completed (Program Need, Procurement Justification, etc.) by the Operations Center Unit. A blanket POS is submitted for all contracts renewals.</i>
<b>Negotiating Scope of Services</b>	<b>N/A</b>	<b>N/A</b>	<i>DDS utilizes an OAG approved scope of service. There is no negotiating the scope of services.</i>
<b>Negotiating Budget</b>	<b>May 1st</b>	<b>May 15st</b>	<i>Budget development is between the regional resource administration and provider.</i>
<b>Contract Assembly and Execution (including signatures)</b>	<b>May 15</b>	<b>June 15</b>	<i>Contract assembly and execution is conducted electronically. Providers are given a 2 week turnaround timeframe. If provider returns signed contract with incorrect/missing required forms, DDS does not proceed until provider submits the corrected forms.</i>
<b>Department of Mental Health and Addiction Services</b>			
<b>Internal Funding Approval/Approval to Commence Contracting Processes</b>	<b>January 1</b>	<b>February 1</b>	<i>Based on anticipated funding levels. We proceed with level funding assumption in the absence of an approved state budget.</i>
<b>Seeking and Receiving Approval from OPM</b>	<b>February 1</b>	<b>February 15</b>	
<b>Negotiating Scope of Services</b>	<b>February 15</b>	<b>April 15</b>	<i>Includes review of provider's proposed levels of care / service levels submitted per application</i>
<b>Negotiating Budget</b>	<b>February 15</b>	<b>April 15</b>	<i>Includes review of provider's proposed budget submitted per application</i>
<b>Contract Assembly and Execution (including signatures)</b>	<b>April 15</b>	<b>June 30</b>	
<b>Department of Public Health</b>			
<b>Internal Funding Approval/Approval to Commence Contracting Processes</b>	<b>April 15<sup>th</sup></b>	<b>May 10<sup>th</sup></b>	<i>CGMS is not involved in funding notification, allocation or approval and is not aware of need for contract until a request is received. Considering the listed dates CGMS would not receive the request for contract until May 5<sup>th</sup> and would have all internal approvals by the date listed, May 10<sup>th</sup>. All activities prior to May 5<sup>th</sup> are carried out solely by the Program Units</i>
<b>Seeking and Receiving Approval from OPM</b>	<b>May 11<sup>th</sup></b>	<b>June 1<sup>st</sup></b>	<i>CGMS initiates the OPM request immediately following the receipt of internal approvals. The initiated request is then completed (Program Need, Procurement Justification, etc.) by the Program Units. Considering the listed dates, CGMS would receive notification that the request is ready for review and submission to OPM on or about May 23<sup>rd</sup>.</i>
<b>Negotiating Scope of Services</b>	<b>May 1<sup>st</sup></b>	<b>June 10<sup>th</sup></b>	<i>This activity is conducted solely by Program Units and the Proposed Scope of Service is not available for CGMS review until completion date.</i>

<u>Process</u>	<u>Typical Start Date</u>	<u>Typical Completion Date</u>	<u>Explanation</u>
Negotiating Budget	May 1 <sup>st</sup>	June 10 <sup>th</sup>	<i>This activity is conducted solely by Program Units and the Proposed budget is not available for CGMS review until completion date.</i>
Contract Assembly and Execution (including signatures)	June 11 <sup>th</sup>	July 30 <sup>th</sup>	<i>It is typical for CGMS to spend a minimum of ten days re-writing and/or reformatting submitted Scopes of Service and budgets. Once complete, contract assembly and distribution is accomplished in a day. The majority of the additional time consumed is awaiting return of the signed documents from the provider and the OAG.</i>
<b>Department of Social Services</b>			
Internal Funding Approval/Approval to Commence Contracting Processes	April 1 <sup>st</sup>	May 31 <sup>st</sup>	<i>Fiscal notifies programs of funding allotments. Programs allocate funding to provider and returns to fiscal for approval. Programs must then complete a DFMA form for each contract request.</i>
Seeking and Receiving Approval from OPM	May 31 <sup>st</sup>	June 15 <sup>th</sup>	<i>If OPM decision not rendered in 15 business days, DSS proceeds as if approved (per statute)</i>
Negotiating Scope of Services	May 31 <sup>st</sup>	June 30 <sup>th</sup>	<i>Scope of Service development is between program and provider. Once complete, scope of service is sent to Contracts for review.</i>
Negotiating Budget	June 15 <sup>th</sup>	July 15 <sup>th</sup>	<i>Budget development is between program and provider. Once complete, budget is sent to Contracts for mathematical review.</i>
Contract Assembly and Execution (including signatures)	July 15 <sup>th</sup>	August 15 <sup>th</sup>	<i>Contract assembly and execution is conducted electronically. Providers are given a 2 week turnaround timeframe. If provider returns signed contract with incorrect/missing forms, DSS proceeds with internal signatures while provider correct necessary forms.</i>

#### **D. Contract Administration**

##### **1. Financial Reporting**

Providers are required to follow a contractual schedule for submission of programmatic and financial reports. For contracts having a July 1 start date, financial reports for programs operated with state funding must be submitted in accordance with the following schedule. It should be noted that programs operated with federal funding may require separate reporting schedules:

##### **Financial Report Due Dates**

	<u>DCF</u>	<u>DOC</u>	<u>DDS</u>	<u>DPH</u>	<u>DMHAS</u>	<u>DSS</u>	<u>OPM Standard*</u>
<b>3 Month Interim Report</b>	NA	NA	NA	NA	NA	10/31	No
<b>4 Month Interim Report</b>	NA	NA	NA	11/30	NA	NA	Agency Option
<b>6 Month Interim Report</b>	NA	NA	NA	NA	NA	1/31	No
<b>8 Month Interim Report</b>	3/31	3/31	3/31	3/31	3/31	NA	Yes
<b>9 Month Interim Report</b>	NA	NA	NA	NA	NA	3/31	No
<b>12 Month Final Report</b>	9/30	9/30	10/31	9/30	9/30	8/31	Yes

\* On July 18, 2011, OPM Secretary Benjamin Barnes issued new POS standards regarding: Program Budget Variance and Revisions as well as Financial Reporting Dates. These standards can be found on OPM's web-site at <http://www.ct.gov/opm/lib/opm/secretary/pospolicyandprocedurehhs071811.pdf>.

Agency financial reporting requirements, formats, level of detail and method of submittal (e.g. e-mail vs. hard-copy) are varied across the six human service agencies. These reports, like the original budget, lend themselves to standardization, automation and, submittal via a web-based approach.

## 2. Contract Payments

Most human service contracts are paid on a prospective basis. Approximately 87% of contracted providers are established to receive electronic payments, with the choice of electronic or paper payment at the discretion of the provider. A human service agency payment process chart is included below.

Timeliness of payments is dependent on a number of factors, including: funding allotments released by OPM; contract execution dates; payment criteria and state human service agency business payment processes. In some agencies, payments are made automatically following receipt of agency funding allotments, while in others, payment is tied to receipt and review of financial and/or programmatic reports and complex payment business processes. The various human service agency payment terms, conditions, and process are summarized in the following table:

**Human Service Agency Payment Processes**

	<b><u>Amount and # of Payments</u></b>	<b><u>Payment Conditions</u></b>	<b><u>Process</u></b>
<b>DOC</b>	4 - quarterly payments	Auto, once allotment is received	Contracts Unit reviews all financials, handles creation and maintenance of CORE Contracts and Purchase Orders, and authorizes Fiscal Accounts Payable to release quarterly payments.
<b>DMHAS</b>	4 - 3 quarterly with 4 <sup>th</sup> in late May/early June 1. 4 mos. state \$ 3 mos. fed \$ 2. 3 mos. state \$ 3 mos. fed \$ 3. 3 mos. state \$ 3 mos. of fed \$ 4. 2 mos. state \$ 3 mos. fed \$	Auto, once allotment is received for first 3 payments.  End of March provider must submit report on 1 <sup>st</sup> 8 mos. of the contract. By late April/early May the last payment will be made if no unexpended funds have been reported.	If a surplus of greater than 20% of DMHAS funding is noted at 8 months, payment is held until review is completed. DMHAS reviews total contract cost vs. unexpended funds amount, and may ask provider for narrative if provider reports substantial end of year surplus.  Payments on fee for service contracts can be made as frequently as once per month. Provider must submit an invoice. Program staff validate attendance/usage and authorize payment.
<b>DSS</b>	4 - equal	Request for payment and invoice from provider.  Quarterly financial and program reports must be submitted, reviewed and accepted prior to payment release.	The contract is entered into CORE by Contracts staff when the contract has been fully executed and approved.  Provider must request payment via a DSS form W-1270 submitted to program staff.  PO is established by Fiscal for the amount of the first payment when the first W1270 is submitted by program staff. When the PO is approved, the W-1270 is forwarded to Accounts Payable for payment. Subsequent W-1270's are routed to Fiscal for PO amendment, and then forwarded to AP.
<b>DPH</b>	4 - equal with some exceptions if provider has justifiable upfront costs. Contracts > \$200,000 with fed \$ are paid every 2 mos.	First payment is up front with subsequent payments issued when provider meets conditions of contract (i.e., reports, etc).	DPH uses a \$200,000 threshold on federal \$ contracts to trigger the every 2 month payment process to comply with the federal Cash Management Act. Auditors would like DPH to implement a lower threshold or none at all.  Program staff oversee spending then transmit a form to contracts staff with ok to make payment. Contracts staff do a 2 <sup>nd</sup> review to make sure provider is in compliance with contract then send to internal audit staff. They review payment and if ok send back to contracts staff to process the paperwork in DPH Contracts Management System before sending to accounts payable. Accounts payable sends to purchasing to create the PO and back to accounts payable to

	<b>Amount and # of Payments</b>	<b>Payment Conditions</b>	<b>Process</b>
			enter into CORE.
<b>DCF</b>	4 - equal	Receipt of allotment and required reports and audits.	Contracts staff handle creation and maintenance of CORE Contracts and Purchase Orders, and authorize Fiscal Accounts Payable to release quarterly payments.
<b>DDS</b>	Monthly based on utilization and receipt of deliverables	Payment is based on submission of attendance on the DDS web-based program.	Contract is entered into CORE by the Operations Center fiscal staff. PO is developed for the full contract amount. Vouchers are based on an estimated amount for the current month, the actual amount based on the previous months attendance and a credit for the previous months estimated payment.

### 3. Budget Variances and Budget Revisions

According to the budget revision standards issued by Secretary Barnes on July 18, 2011, a provider may incur expenses that vary up to 20% for any approved program operating expense without requesting prior approval from the human service agency. If a provider intends to incur expenses greater than 20% of the approved cost, a budget revision including justification must be submitted for prior approval to the human service agency in order to avoid disallowance of the intended expense. In reference to established budget variances, it should be noted that definitions as to how the variances are applied (cumulative cost categories versus individual line-items) exist across the agencies. With respect to salary and wage variances, providers, (with the exception of those under contract with DDS), must request prior approval for any individual salary variance greater than 15%.

Not more than 45 days prior to the close of the state fiscal year, providers are required to submit budget revisions for any variance in excess of the terms described above to avoid disallowed expenditures at year-end. Standardization and automation across human service agencies would improve this process.

### 4. End of Year Audit; OPM Cost Standards

After the close of a funding period, state agencies are required to perform a year-end reconciliation to identify any unexpended funds. If unexpended funds, are identified, they must be recouped from the provider. The process utilized by each of the agencies for this reconciliation is highlighted below.

Cost settlement and the ability for providers to keep a portion of any remaining funds as a result of efficiencies or savings has been a subject of discussion among state agencies and providers. Among the concerns raised by state staff in this regard has been the need to ensure the efficiency of use of state funds and the ability to measure or ensure that savings are not at the expense of client service or program quality. Providers have indicated that the current procedures can result in insufficient reserves, an inability to reinvest in programs and less incentive to achieve efficiencies. Current human service agency year-end reconciliation procedures are summarized in the following table:

<b>Agency</b>	<b>Year-End Reconciliation Procedures</b>
<b>DCF</b>	If 8 month report identifies projected year-end unexpended funds, final payment is adjusted to account for the funds. Final determination of unexpended funds is determined through review of final year-end report (9/30) and audit review (12/31). After audit review, if unexpended funds have been identified, current year payments are reduced to reflect the amount of funding unexpended from the prior funding period.
<b>DDS</b>	DDS has a 100% cost settlement process that is calculated using the annual cost report. Cost settlement is calculated based on the difference between the total revenue and expenses for the day, residential and CTH programs. The Residential Cost Settlement is mandated through regulation and the Day cost settlement is through contractual language. Cost settlement letters usually are sent to the providers the following Spring.
<b>DOC</b>	Upon review and acceptance of Final Expenditure Report (9/30) and correlating State Single Audit (12/31), DOC Contracts staff determine unexpended funding amount and request return of funds from provider.

Agency	Year-End Reconciliation Procedures
<b>DMHAS</b>	Projected year-end unexpended funds identified in 8 month report may be recouped through a reduced final payment. Upon review and acceptance of Final Expenditure Report (9/30) and State Single Audit (12/31), Contracts staff determine unexpended funds and current year payments are reduced by that amount.
<b>DPH</b>	Upon review of Final Expenditure Report, DPH Audit Section calculates unexpended funds taking into consideration any disallowed items. Demand letter is sent to provider. The State Single Audit is also reconciled against final expenditure report and CORE-CT payment information, upon receipt of Audit, and any additional disallowed or unexpended funds are recovered in the same manner.
<b>DSS</b>	Projected YE unexpended funds identified in any financial report the Department may, with advance notice to the Contractor, adjust the payment schedule for the balance of the contract. Program staff reviews Final Expenditure Report (9/30). If report shows unexpended funds, program staff recoups within 30 days; <u>OR</u> at the discretion of the Commissioner, funds may be carried over to a new similar contract.

## 5. State Single-Audit and OPM Cost Standards

C.G.S. 4-230 through 4-236 requires a nonprofit organization that expends \$300,000 or more in state funds within its fiscal year to submit to a uniform audit by an independent agency, within six months of the close of the provider’s fiscal year. The Office of Policy and Management facilitates the process for receipt of the State Single Audit. Human service agencies are required to perform their own Grantor Agency Desk Review of each state single audit, as part of the year-end reconciliation process. Additionally, the Secretary of OPM is required to “adopt regulations establishing uniform standards which prescribe the cost accounting principles to be used in the administration of state financial assistance by the recipients of such assistance”. The Cost Standards and additional information is available at [http://www.ct.gov/opm/cwp/view.asp?a=2981&q=382994&opmNav\\_GID=1806](http://www.ct.gov/opm/cwp/view.asp?a=2981&q=382994&opmNav_GID=1806).

### ***E. Organization and Staffing of POS Contracting Functions***

The agency units typically involved in the activities associated with contract approval, development, execution and management processes may include:

- Fiscal units involved with the agency’s budget and spending plans as well as other fiscal management and payment functions.
- Program units involved in developing and overseeing the programmatic aspects of health and human service POS contracts. The number of programmatic units range from one in DOC (Parole) to multiple in the other POS agencies.
- Contracts units involved with contract development, execution, monitoring, compliance and management of POS and Personal Service Agreements, as well as the agency’s other contractual agreements (e.g. MOU’s)

#### 1. Organizational Assignment of Contracting Functions

How well an agency aligns and manages contracting activities across these units contributes to how effectively their contracting processes operate. The best organizational structures and systems have strong communications within and outside the agency; assign accountability to those units or individuals handling designated functions; minimize unnecessary redundancies; and ensure that work is performed by those possessing the necessary skills and training expertise. Problems or delays occur when: programmatic units are asked to manage financial oversight of human service contracts; there is no delineation as to which unit is responsible for a specific contracting function; or multiple units are performing the same contracting tasks.

The Departments of Children and Families, Correction and Mental Health and Addiction Services, centralize the fiscal, administrative and programmatic functions related to POS contracting. This is the ideal organizational structure being recommended by this report. DDS, DSS and DPH contracting functions, are typically handled by the 3 separate units with duplicative or redundant processes.



## 2. Contracts Staffing and Workload Metrics

Listed in the chart below are the positions included in the Contracts Units in each of the six human service agencies, as well as FTE allocations for each position. As can be seen in the chart, various position classifications and staffing allocations are utilized across the six agencies.

### Contracts Unit Organization Location and Staffing

<u>DCF</u>	<u>DOC</u>	<u>DDS</u>	<u>DMHAS</u>	<u>DPH</u>	<u>DSS*</u>
<b>Bureau Located:</b> <i>Fiscal</i>	<b>Bureau Located:</b> <i>Fiscal</i>	<b>Bureau Located:</b> <i>Operations, B-3</i>	<b>Bureau Located:</b> <i>Business Admin</i>	<b>Bureau Located:</b> <i>Admin</i>	<b>Bureau Located:</b> <i>Admin</i>
<b>POS Fiscal/ Admin Contracting Functions:</b> <i>Centralized</i>	<b>POS Fiscal/ Admin Contracting Functions:</b> <i>Centralized</i>	<b>POS Fiscal/ Admin Contracting Functions:</b> <i>Partially Centralized</i>	<b>POS Fiscal/ Admin Contracting Functions:</b> <i>Centralized</i>	<b>POS Fiscal/ Admin Contracting Functions:</b> <i>Partially Centralized</i>	<b>POS Fiscal/ Admin Contracting Functions:</b> <i>Partially Centralized</i>
<b># POS Contracts:</b> 147	<b># POS Contracts:</b> 33	<b># POS Contracts:</b> 192	<b># POS Contract:s</b> 205	<b># POS Contracts:</b> 281	<b># POS Contracts:</b> 1101
<b># POS Programs:</b> 515	<b># POS Programs:</b> 80	<b># POS Programs:</b> 594	<b># POS Programs:</b> 850	<b># POS Programs:</b> 309	<b># POS Programs:</b> 797
<b>FY12 POS Expends:</b> <b>\$203,000,000</b>	<b>FY12 POS Expends:</b> <b>\$43,656,786</b>	<b>FY12 POS Expends:</b> <b>\$625,381,796</b>	<b>FY12 POS Expends:</b> <b>\$250,347,783</b>	<b>FY12 POS Expends:</b> <b>\$47,997,022</b>	<b>FY12 POS Expends:</b> <b>\$718,000,000</b>
<ul style="list-style-type: none"> <li>• (1) Fiscal Admin Mgr 2</li> <li>• (1) Fiscal Admin Spvrs</li> <li>• (1) Ass. Accountant</li> <li>• (1) Ass. Acct Examiner</li> <li>• (1) Accts Examiner</li> <li>• (1) Accountant</li> <li>• (4) Fiscal Admin Off.</li> <li>• (1) Processing Tech</li> <li>• (1) Secretary 2</li> <li>• (1) Clin/Fam BH Mgr.</li> <li>• (2) Program Mgr.</li> </ul>	<ul style="list-style-type: none"> <li>• (.1) Fiscal Admin Mgr I</li> <li>• (1) Fiscal Admin Off.</li> <li>• (.5) Fin Clerk</li> </ul>	<ul style="list-style-type: none"> <li>• (.75) Assist Reg Dir.</li> <li>• (1)Program Mgr</li> <li>• Assoc FAO</li> <li>• (.8)Assoc Acct (B-3)</li> <li>• (3)Resource Mgr. 2</li> <li>• (1)Resource Mgr 1</li> <li>• (6)Fiscal Adm. Officer</li> <li>• (.8) FAO (B-3)</li> <li>• (1)Asst Reg. Resid. Mgr</li> <li>• (1)Office Assistant</li> <li>• (.25) Accounts Examiner</li> <li>• (.1)FAS (Reg)</li> <li>• (.25) FAO(Reg)</li> <li>• (.4) FAA (Reg)</li> </ul>	<ul style="list-style-type: none"> <li>• (.25) Fiscal Admin Mgr 2</li> <li>• (1) Fiscal Admin Mgr 1</li> <li>• (1) Sup Acct Examiner</li> <li>• (4) Ass. Acct Examiner</li> <li>• (.25) Admin Assist</li> <li>• (2) Processing Tech</li> </ul>	<ul style="list-style-type: none"> <li>• (1) Director Prog Mon/Fiscal Review</li> <li>• (3) Fiscal Admin Off.</li> <li>• (1) Fiscal Admin Ass.</li> <li>• (1) Personnel Off.</li> <li>• (1) Health Prog Ass.istant 1</li> <li>• (1) Health Prog Assistant 2</li> <li>• (3) Health Prog Associate</li> <li>• (1) Admin Assistant</li> <li>• (1) Office Assistant</li> </ul>	<ul style="list-style-type: none"> <li>• (1) Ass/Fiscal Admin Off.</li> <li>• (1) Grant/Contracts Mgr</li> <li>• (1) Soc/Service Program Specialist</li> <li>• (2) Fiscal Admin Off</li> <li>• (1) Secretary 1</li> </ul>
<b>Total:</b> 15 Staff / 15 FTE	<b>Total:</b> 3 Staff / 1.6 FTE	<b>Total:</b> 25 Staff / 17.35 FTE	<b>Total:</b> 10 Staff / 8.5 FTE	<b>Total:</b> 13 Staff / 13 FTE	<b>Total:</b> 6 Staff / 6 FTE

#### **NOTE:**

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

Many of the agency contract units/staff delineated above, also bear responsibility for development, execution and management of Personal Service Agreements (PSAs), Memorandums of Understanding (MOUs) and various other contract types, as delineated below:

### SFY 2012 Miscellaneous Contract Information

	<u>DCF</u>	<u>DOC</u>	<u>DDS</u>	<u>DMHAS</u>	<u>DPH</u>	<u>DSS</u>
<b># of PSAs</b>	73	23	40	131	276	124

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

**NOTES:**

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

**F. Contract Execution Timeliness Metrics**

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

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

**Timeliness of Contract Execution**

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

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

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

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

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## II. FINDINGS AND RECOMMENDATIONS

### A. Agency POS Contracting Organizational & Business Processes

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

#### 1. Department of Children and Families

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

### Recommendations

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

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## 2. Department of Correction

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

determining other state agency funding contributions.

**Recommendations**

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

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### 3. Department of Developmental Services

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

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4. Department of Mental Health and Addiction Services

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

**cross-training** of staff.

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

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5. Department of Public Health

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

ledgers, and is redundant.

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

### **Recommendations**

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

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6. Department of Social Services

<b><u>Metrics</u></b>			
<b>Human Service Contracting</b>		<b>Contract Unit Workload &amp; Performance</b>	
<i>Number of human service contracts:</i>	777	<i>Total number of agreements managed:</i>	1,101*
<i>Number of human service programs contracted:</i>	797	<i>Number of contracting unit FTEs:</i>	6
<i>Number of human service providers:</i>	143	<i>Estimated external FTEs supporting contract activities:</i>	35.5
<i>Fiscal Year 2012 State funds committed:</i>	\$421,000,000	<i>Fiscal Year 2011 % of contracts executed prior to start date:</i>	1%
<i>Fiscal Year Federal funds committed:</i>	\$297,000,000	<i>Fiscal Year 2012 % of contracts executed prior to start date:</i>	12%
<i>Average number of contracts held per provider:</i>	2.35	<i>Percent of contracts having terms of 2 years or less:</i>	39%
<i>Percent of OAG pre-approved scopes-of-service:</i>	40%	<i>Percent of contracts having terms of 3 years or more:</i>	61%
<b><u>Agency Strengths and Weaknesses</u></b>			
<b><u>Strengths</u></b>		<b><u>Weaknesses</u></b>	
<ol style="list-style-type: none"> <li>1. Contracts are a unit dedicated to contract processing and is neither tasked with unrelated activities and duties nor subject to external unrelated priorities.</li> <li>2. Contract Unit maintains formal and informal training tools on Contract procedures and provides targeted conference-style training to internal staff and providers.</li> <li>3. Contract Unit has already established a culture that identifies areas of improvement and is supportive of agency change.</li> <li>4. No contract functions are performed at the regional level.</li> <li>5. Contract Staff has established and maintained excellent communication with program staff, providers, and OAG to ensure accurate administrative processing of contracts.</li> <li>6. DSS has begun exploring a team approach to contracting by embedding fiscal staff within some of the program units to oversee contract budgets and fiscal reports.</li> <li>7. DSS has invested in development of an agency-specific, personalized contracts management system which includes automated document creation and contract management statistical data reporting capabilities.</li> <li>8. Contracts Unit utilizes an electronic submission process for OAG contract signature.</li> </ol>		<ol style="list-style-type: none"> <li>1. Current Contracts Unit staffing structure is insufficient in FTEs and classification to ensure the programmatic, financial and administrative efficacy of 1101 contracts totaling \$718,000,000 in contracted human services.</li> <li>2. Fiscal office policies and procedures prevent efficient contract activity distribution among and between agency sections and staff.</li> <li>3. CORE-CT access rights are controlled by Fiscal. Contracts and Program staff do not have appropriate CORE-CT privileges to complete or review work efficiently.</li> <li>4. Contract spending plan development, contract approval and contract payment process between Programs and Fiscal is cumbersome, redundant, and time-consuming causing untimely delays.</li> <li>5. Contracts staff do not receive formal training on contract development, administration and oversight, legal sufficiency of contracts, or oversight of non-profit entity budgets.</li> <li>6. Program staff with no financial background or training is solely involved in financial aspects of the contract including review and approval of budget development, budget revisions, and financial reports.</li> <li>7. Contract Unit has not maximized consolidation of contract programs.</li> <li>8. A significant number of contracts are not executed prior to their start dates.</li> <li>9. Completion of OPM requests requires data entry by both Programs and Contract Unit.</li> <li>10. Contract Unit staff has no involvement in contractual financial matters including financial report review and budgeting.</li> <li>11. Hard-copy, original financial reports signed by the contractor are required for payment.</li> </ol>	
<b><u>Recommendations</u></b>			
<ol style="list-style-type: none"> <li>1. Restructure contracting functions to give Contract Unit staff the responsibility of financial development/monitoring and Program staff responsibility for Scope of Service development and program monitoring.</li> <li>2. Explore cross training within Contract Unit staff between the Procurement side and Contract side.</li> <li>3. Implement required training for Contracts staff in collaboration with the Office of State Ethics, the Freedom of Information Commission, the State Elections Enforcement Commission, the Commission on Human Rights and Opportunities, the Office of the Attorney General, the Department of Administrative Services and any other state agency involved with Contracting functions. Such training curriculums should be</li> </ol>			

- developed in accordance with OPM Procurement Standard requirements (Section I H.3) and Connecticut General Statutes (Chapter 62, 4e-5).
4. Modify Fiscal's role in Funding Determination. Fiscal should share Spending Plan information with Programs and Contract Unit. Programs should make the determination as to how to allocate those dollars (spending plan development), submit to Contracts Unit, and Contract Unit should ensure that the dollars are utilized in accordance with the figures provided by Fiscal.
  5. Completely restructure payment process and eliminate contractual language that ties payments to report submission. Part II language in the POS contract allows for payment withholding if reports are late. DSS should explore implementation of quarterly/prospective payments wherever possible.
  6. Modify Contract request document to include all information required for Contract staff to solely complete OPM requests.
  7. Eliminate hard-copy, signed submission of all reports. Electronic submission is auditor tested and accepted at other agencies.
  8. Implement an electronic library maintained by the Contracts unit of active contracts to be made available to all DSS staff.

**NOTE:**

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

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## **B. System-Wide Contract Unit Organizational & Business Processes**

### **1. Office of Policy and Management (OPM) Recommendations**

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

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

### **2. Human Service Agency Recommendations**

#### **i. Organizational/Cultural & Staffing Structure**

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

- a.** Organizational Responsibilities: Following funding approval by an agency's budgetary unit and OPM, contract units working in consultation with program units shall be responsible for all

contracting functions in accordance with the standards established by OPM. Redundant and inefficient requirements or involvement by other units should be eliminated. Additionally, human service agency contract units should be responsible for development and administration of all contract types administered by the agency i.e., POS, PSA, MOU, etc.

- b. **Balancing Accountability and Collaboration:** Human service agencies shall cultivate an attitude towards contracted service providers that effectively balances programmatic and fiscal requirements and accountability. Human service agencies will also foster a non-punitive and mutually beneficial relationship with all stakeholders.

## ii. Training

*Training for contract unit staff is a mandatory requirement per OPM Procurement Standards (Section I H.3) and Connecticut General Statutes (Chapter 62, 4e-5). Additionally, training for agency staff responsible for ancillary contracting functions (i.e., program staff), and training for provider staff enhances the efficiency and efficacy of the contracting process.*

- a. **Contract Unit Staff Professional Development:** Agencies shall provide professional development opportunities to enhance Contracts staff skill-sets (i.e., basic writing skills, English composition skills, contract writing).
- b. **Agency Cross Training:** Agencies shall develop inter-unit cross-training opportunities to increase staff knowledge pertaining to contract development/oversight and programs.
- c. **Provider Training:** Agencies shall develop collaborative training opportunities for provider staff to cover topics such as competitive procurement, contract development, and financial and programmatic report submission, etc.

## iii. Funding & Contract Request Approvals

*An identified source of delays in contract development at a majority of human service agencies involves funding identification/allocation, and contract request/approval processes.*

- a. **Contract Funding Approval:** The agency's budget unit shall be responsible for verifying availability of contract funds and notification to program and contract units of overall funding amounts. Program units in coordination with the contract units shall be responsible for funding allocation to specific contracts and/or providers.
- b. **Post Approval Contract Activities:** Following funding identification and approval, oversight of contract development and management, including budgetary and financial, shall be the responsibility of the contracts unit. Inter-unit pre-approval of the contract will be limited to staff/units directly involved in the contract process or contract oversight (i.e., program unit, contracts unit, agency heads).
- c. **Electronic Routing and Approvals:** Intra-unit agency approval process shall rely on electronic routing and approvals eliminating manual, paper-based processes.

## iv. Contract Processing

*Development of standardized, automated processes to streamline administrative functions associated with contract assembly, signature, execution and management is essential to contract staff efficiency and the timeliness of contract execution and payment.*

- a. **Scopes of Service (human service contracts):** Agencies shall develop and implement OAG pre-approved scopes of service in cases where such use improves timeliness of contract execution and programmatic oversight.



- b. **Contract Consolidation:** Agencies shall implement consolidated contracts to maximize efficiency for both state agencies and provider entities. Agencies utilizing more than 3 separate contracts with the same provider shall analyze those contracts for consolidation and shall submit their findings/level of adherence to OPM with their annual consolidation report. Increasing the contract period of performance (see c. below) and allowing different periods of performance for programs within the consolidated contract would help enable greater consolidation of contracts. There are issues that need to be addressed as part of implementing such changes.
  - c. **Contract Period of Performance:** Where possible agencies shall implement contracts with contract terms of up 8 years.
  - d. **Electronic Contract Assembly:** Agencies shall implement electronic contract assembly software (i.e., HotDocs) to assist with contract execution process and ensure consistency in contract assembly.
  - e. **Electronic Contract Submittals:** Agencies shall implement electronic processes for contract transmittal to and receipt from providers during signature/execution process (i.e., PDF contracts emailed to providers with instructions for return).
  - f. **Reduced Number of Hard Copy Contracts:** Agencies shall eliminate hard-copy storage of contracts in multiple locations/units. The contract unit maintains one original, hard-copy master file for as long as original, hard-copy signatures are a requirement by the Office of the Attorney General.
  - g. **Electronic Contracts Library:** Agencies shall implement an electronic contracts library that all agency staff can access to view active, executed contracts.
- v. **Financial Management**
- Human service contracts account for \$1.6 billion annually in state and federal funds. Due diligence is required to ensure the proper utilization and expenditure of these funds.*
- a. **Contract Budgets:** Contracts and Program staff will collaboratively oversee development of contract/provider budgets.
  - b. **One Budget per Program:** Provider contract budgets will be consolidated to ensure that each funded program contains only one budget per funding period except where otherwise required by federal funding authorities.
  - c. **Electronic Reports, Absent Signature:** Contract periodic reports will be accepted electronically, absent signature, eliminating requirements for submission of hard-copy, original, signed financial reports/budget revisions.
  - d. **Review and Approval of Financial Reports/Budget Revisions:** Contract unit staff shall be responsible for approval of financial reports and budget revision in consultation with Program staff.
  - e. **Streamlined Payment Processes:** Human service agencies will decouple payment releases from receipt and acceptance of financial and/or programmatic reports. Any requirement for submission of invoices or documentation from the provider prior to payment shall be eliminated.
  - f. **Basis for Payments:** Payment shall be made to providers quarterly, prospectively; based solely on receipt of state agency allotments.

g. Authorizing Payments: Payment authorization shall be the responsibility of the contract unit. Human service agencies shall eliminate Program/Fiscal review and/or approval of payment requests.

h. Payment Standards:

1) A single CORE Purchase Order shall be created and tied to the CORE Contract, for the life of the contract. Contract unit staff shall, upon receipt of quarterly OPM allotment and availability of funding in each Account/SID, provide pertinent payment information (either electronically or hardcopy) to fiscal Accounts Payable unit.

2) Agencies and OPM shall identify and/or implement a process to categorize CORE-CT payment information by contract type to improve correlation of CORE-CT report output.

i. Responsibility for Year-End Reconciliation: Contract unit staff shall be responsible for oversight of Fiscal Year-End reconciliation and State Single Audit review.

**vi. Contract Monitoring/Oversight/Outcomes**

*As required by state statute, and as promulgated by OPM, agency staff must ensure the programmatic and financial efficacy of contracted programs. Agency contract processes should support an emphasis on programmatic outcomes.*

a. Financial and Programmatic Reporting and Data Analysis: Agencies shall develop a coordinated administrative and programmatic oversight component that includes administrative oversight, fiscal/programmatic reporting, and data analysis performed collaboratively by Program and Contracts staff.

b. Management of Service Level Data: Agencies shall develop and implement protocols for the compilation, aggregation and electronic storage of financial, statistical and programmatic data to measure the provider's ability to meet contractual obligations.

c. Programmatic Outcomes: Commissioners shall review and approve outcome measures to be included in POS contracts and submit these measures to OPM. Agencies shall take into account how these measures within and across programs contribute to the applicable cross-agency results and indicators developed by the Governor's Cabinet for Non-Profit Health and Human Services.

d. Reporting on Outcomes: In a format and timeframe identified by OPM, State agencies shall submit a report to OPM listing performance outcome results for each program category involving \$1.0 million or more in annualized expenditures and for each contract within that category. These reports shall be posted on OPM's and the agency's web-site.

**3. Office of the Attorney General (OAG) Recommendations**

**Operational/Organizational**

*As legal counsel for the human service agencies, the OAG is responsible for representing agencies in any contractual dispute. As such, the OAG has a need for input into how contracts are developed. That involvement should not unduly hinder or slow the contract process.*

i. Electronic Signatures – The OAG in conjunction with OPM shall identify and evaluate the legal requirements for, and possible ramifications of, electronic contract signatures.

- ii. Standardized Protocols for Reviews - The OAG shall develop standardized protocols for review and approval of human service contracts to ensure that contracts and scope of service pre-approvals from each agency are reviewed and processed in accordance with the same requirements and standards.
- iii. Streamlined Processes - The OAG shall identify streamlined and efficient agency processes to avoid redundancies and promote timely execution of all contracts.

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## **C. Model Contract Unit Staffing Considerations and Recommendations**

### **1. Overview and Assumptions**

Ongoing analysis of human service agency contract activities has identified common activities, or functions, that are performed within a contracting unit. To quantify staffing requirements for human service contracting units, the Project Office team analyzed each of the activities and, based on well-established knowledge of the requirements and conditions necessary to conduct each activity, assigned a time allotment and percentage required to conduct the activity. This information was adjusted to represent base information for a unit with a workload of one-hundred (100) contracts. To identify the type of staff needed to perform each required activity, it was necessary to classify each activity in accordance with the type of work involved. The PEO Team identified five (5) major activities, or functional categories:

- **Administrative Functions:** These functions within a Contracts Unit are clerical or administrative in nature i.e., Unit telephone answering, correspondence, mail distribution, data tracking, staff management, planning, quality control/improvement, etc.
- **Financial-Related Functions:** These functions within a Contracts Unit are related to financial development, oversight and management of provider non-profit contract budgets, financial reports, budget revisions, State Single Audits and year-end reconciliation. These functions include negotiation of funding, budget review and approval, financial report review and approval, budget revision review and approval, and payment review and approval.
- **Contract Professional Functions:** These functions within a Contracts Unit are specific to contract negotiation, development, writing, oversight and monitoring. These functions include negotiation contracts, writing contracts, assuring legal sufficiency of contracts, monitoring contracts for compliance and assurance of contract fiscal and programmatic efficacy.
- **Contract Processing Functions:** These functions within a Contracts Unit are largely clerical in nature, but require specialized knowledge of contract, state and federal requirements for assembly and required forms and attachments. These functions are largely responsible for assembling a contract for signature, processing through necessary entities and notification to related parties upon execution.
- **Program-Related Contract Functions:** These functions within a Contracts Unit are largely focused on ensuring the efficacy of the individual programs under contract. These functions assist in service need determinations, development of scope of services, technical assistance on budget revisions, program monitoring and performance outcome measure adherence.

The analysis results are presented in the following table, which indicates the number of contracting activities that fall within each of the categories, the percentage of that number to the total number of activities, the FTEs required to perform those activities in managing one-hundred contracts annually. Because the information is based on a unitary measure of one-hundred contracts it is scalable up or down as needed. It is important to note that there is variability in the composition of contract types and/or activities performed within each human service agency. Therefore the numbers represented herein may be subject to adjustment based on specific or unusual work requirements.

Functional Category	# of Type	% of Type	FTE per 100 Contracts
			Managed
Administrative Functions	6	15.79	.34
Fiscal Related Functions	17	44.74	1.1
Contract Professional Functions	6	15.79	.34
Contract Processing Functions	8	21.05	.51
Program Related Functions	1	2.63	.11
<b>Total</b>	<b>38</b>	<b>100.00</b>	<b>2.40</b>

Classification as illustrated supports determination of the relative staffing needs of administrative, fiscal, professional, processing, and program-knowledgeable employees. In certain categories there is no exact correlation between the functional requirements of a human service contracting unit and job duties associated with existing job classes within the state employment classification system. In such cases, new job classes should be created by appropriately modifying existing classes that encompass a significant number of the required job-skills. Existing classes can be used without modification where appropriate classes currently exist.

The list below is segregated into those categories with job classes that match the job requirements and those categories with job classes that do not match. **In order to encompass the unique skill-sets necessary for successful human service contract unit functioning, the job classes in the second category are suggested as the basis for modification and development of job-classes specific to human service contracting.**

2. Closely Correlated Job Classes Within Categories

**i. Fiscal Related Functions**

- a. Associate Accountant
- b. Associate Accounts Examiner

**ii. Contract Processing Functions**

- a. Administrative Assistant
- b. Processing Technician

3. Non-Correlated Job Classes Within Categories

**i. Administrative Functions**

- a. Manager of Procurement Programs and Services
- b. Contract Team Leader

**ii. Contract Professional Functions**

Grants and Contracts Specialist

**iii. Program Related Contract Functions**

Health Program Associate (titles would vary based on agency)

Staffing Recommendation Disclaimer: *The information assembled and presented in this document does not result from a detailed time-study. The Project Office team applied its considerable knowledge of contracting processes, activities, and functions to derive the information contained herein, and included data collected from analysis of current human service contracting activities. Due, however, to the multitude of unknowns when embarking on a project of this nature and scale, and due to the lack of scientifically acquired time-study*

*data, no warrantee or claim of accuracy accompanies the information contained herein. The presented information only represents the results of estimations and assumptions derived by a team of highly experienced human service contracting professionals.*

**D. Uniform Chart of Accounts/Standardized Budgetary Systems**

Currently each human service agency determines the format and detail required for budget development within its contracts. Such determination supports administration of the contractual relationship and management of funds awarded to the provider. Multiple human service agencies often contract with the same provider creating disparate reporting requirements for such a provider. Examples of the various human service agency specific requirements are illustrated in the following chart:

Agency	Cost Center / Program Budget Format	Personnel Detail	Income & Expense Detail	Admin & General Detail
DMHAS	Budget by program / cost center. 6 line items of expense (Salary, Fringe, Direct Operating, A & G, Capital Exp and Other)	Staff specific FTEs / salaries including A & G staff. <b><u>Not included in contract document.</u></b>	Detailed breakdown / narrative for each line item. <b><u>Not included in contract document.</u></b>	Detailed breakdown / narrative. Not included in contract document.
DCF	Detailed budget by program / cost center. 8 sections for expense: Salary, Fringe, Consulting/Contractual, Travel, Program supplies/Consumables, Rent/Mortgage, Capital, Other.	Staff specific FTEs / salaries	Detailed breakdown / narrative for each line item.	Itemized A&G cost pool by category
DPH	Budget by SID, program/component. The budget lists a single Salary line item. Fringe Benefits are listed separately and are not included in A&G. Ten additional standard line items, one being Other Expenses. If used this line is expended to itemize each "Other" expense.	Staff detail includes personnel names, hours and rates of pay as well as Fringe Benefit amounts. <b><u>Not required to be included in the contract but maintained in the file for final reconciliation.</u></b>	Budget justification includes detail describing how the funds will be used and forms the basis for approval. <b><u>This information is not included in the contract.</u></b>	Breakdown and justification included in the budget request but not included in the contract. A&G is listed as a single line item.
DOC	Whole agency consolidated budget, supplemented by individual budget pages by program (or program type if multiple programs of same type), for each program covered under the contract.	Number of positions by type and FTE's for each funded position with associated dollars.	Detailed breakdown of each expense incurred in the program with an associated narrative for each line item.	Detailed breakdown of each expense incurred for the agency, with a specific narrative for each line item funded in whole or in part by CTDOC.
DDS	Budget is broken down by day, residential and CTH categories and into individual cost centers for each program.	Direct Staff specific FTEs / salaries. Benefits are detailed in a separate spreadsheet by line item.	5 line items of expenses (Salary, Benefits, Non-Operating, A & G, and any revenue offsets) for each cost center. Revenue offset is any income generated by the program in terms of sales revenue, private pay or LEA funds.	Detailed breakdown of salary, FTE and non-salary expenses.
DSS	Program Budget 6 Line Items - Unit Rate, Contractual Services, Admin, Direct Program Staff, Other, Equipment	Minimal detail included in contract language	Program income listed on financial summary. Expense listed on Budget back-up.	Detail in contract

**1. Uniform Chart of Accounts**

The Project Office team recommends that, in consultation with State agencies and provider representatives, a uniform chart of accounts (UCOA) be developed for human service contracting. Work on developing the UCOA this recommendation is already underway. Standardization of expense and revenue accounts across the agencies will lend the opportunity to analyze human service contracting on a statewide basis. A uniform chart of accounts will also streamline the budgeting and reporting processes for both State agencies and the provider community. The goal of this initiative is to improve the timeliness of contract execution, budget development and report preparation and to reduce the administrative burdens and paperwork associated with contracting and contract management processes.

**2. Standard Budget Format**

The Project Office team recommends that a standard budget for human service contracts shall be based on the uniform chart of accounts. The budget will contain sections for revenues, expenses, and detail schedules for each program funded in the contract.

**3. Standard Financial Reports**

The Project Office team recommends that a standard financial report format based on the standard budget be developed and used by all human service agencies. A standard financial report format will provide efficiencies and streamline the reporting process.

***E. Development of Automated/Web-Based Contract Management Systems***

The approval, development, execution and administration of human service contracts involve business processes and the sharing of information between various state agencies and providers. Some of these processes have been automated however, none of these systems or processes are interconnected, share data, or make it accessible to providers.

One of the functions performed by the Project Office Team included analyzing the capabilities of DAS's BizNet system. This system was then added to the contract processing functions of all human service agencies and is now utilized to reduce the flow of paperwork between the agency and the provider. The PEO Team also attended numerous demonstrations by vendors offering grant management software systems. The systems demonstrated are capable of handling a range of business functions, including selection, award, contract development, execution, administration, and closeout of grants and can be easily adapted to meet contracting needs.

OPM is in the process of allocating funds to allow OPM Criminal Justice's grants/contracts management system be made available to other State agencies. After a standard POS contracting process and related business requirements are developed, OPM will work with the contracted software vendor and POS agencies, perhaps starting with one or two agencies, in order to commence the implementation of a POS contract management enterprise system.

***F. Human Service Agency Reorganizations and/or Consolidations of Contracting Activities***

The recommendations and other information presented in this document can be of special use and consideration for the following two currently existing situations:

1. Information contained within this report results from contract specific data for the 2012 State Fiscal Year and processes as they existed, and were documented at that time. Since that time, some human service agencies have moved forward with reorganization of some contract processes independently and others will embark on such initiatives as a result of this process.

2. Due to agency consolidations and reorganizations, a large number of contracts and agreements, which are currently administered by DSS, will be administered by new agencies. These new agencies include the Departments of Rehabilitation Services, Aging, and Housing. Final determinations have not been made regarding which contracts will move or the best approach to managing those contracts. An approach being considered is to manage the contracts for these new entities through a single shared service approach.

**G. Next Steps / Implementation Plan**

OPM, in consultation with the members of the PEO and POS agencies, will develop an implementation plan with respect to the recommendations included in this report. This implementation plan will :

- Prioritize recommendations;
- Outline specific action steps in regard to implementing recommendations ,and development of associated timelines;
- Assign responsibility for these action steps;
- Identify resources needed for implementation; and
- Develop a method of measuring agency progress in terms of the implementation of the recommendations

Implementing the recommendations included in this report is intended to improve timeliness and efficiency associated with contracting processes for both human service state agencies and their contracted providers. Realizing these improvements will require a continuing commitment and effort from OPM, state agencies, providers and others involved in these processes.

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### **III. APPENDIX – DEPARTMENT OF CORRECTION BUSINESS PROCESS REVIEW**

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

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DRAFT



Department of Correction

STATE OF CONNECTICUT

PURCHASE OF SERVICE CONTRACTING Business Process Review

POS

Prepared by the Office of Policy and Management ■ Office of Finance

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Table with 2 columns: Section Title and Page. Includes sections I through VI with sub-sections A through I.

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## I. Contract Data

Data Element	SFY 2012	
	Number/Dollars	Percent of Total
Contracts Managed by Agency Contracts Unit:	<b>331</b>	
- POS contracts	<b>33</b>	<b>10%</b>
- PSA contracts	<b>23</b>	<b>6.9%</b>
- MOU/Other contracts	<b>275</b>	<b>83.1%</b>
Number of POS contractors	<b>30</b>	
Number POS contracts utilizing Scope of Service Templates	<b>0</b>	
Consolidated POS Contracts:		
- Consolidated Contracts	<b>27</b>	<b>81.8%</b>
- Providers with More than 1 Contract	<b>3</b>	<b>19.2%</b>
- Total # of Providers	<b>30</b>	-
- Average # Contracts per Provider	<b>1</b>	-
- Total # of Individual Programs Under Contract	<b>80</b>	-
Timeliness of Contract Execution <sup>1</sup> :		
- More than 15 Days Prior to Start	<b>22</b>	<b>73.4%</b>
- Less than 15 Days Prior to Start	<b>1</b>	<b>3.3%</b>
- After Start	<b>6</b>	<b>20%</b>
- More than 30 Days After Start	<b>1</b>	<b>3.3%</b>
Total dollar amount of POS contracts: <sup>2</sup>	<b>\$43,656,786</b>	
- State dollars	\$43,161,786	<b>98.9%</b>
- Federal dollars	\$495,000	<b>1.1%</b>
- Other dollars	NA	NA
Total agency budget: <sup>3</sup>	<b>\$702,925,079</b>	<b>6.2%</b> <sup>4</sup>
Number & percent of:		
- one-year contracts	<b>1</b>	<b>3%</b>
- three-year contracts	<b>2</b>	<b>6%</b>
- four-year contracts	<b>11</b>	<b>33.3%</b>
- five-year contracts	<b>13</b>	<b>39.4%</b>
- six-year contracts	<b>5</b>	<b>15.3%</b>
- eight-year contracts	<b>1</b>	<b>3%</b>
Number & percent of POS amendments: <sup>5</sup>	<b>28</b>	<b>84.8%</b>
Number & percent of joint POS contracts: <sup>6</sup>	<b>5</b>	<b>15.3%</b>

<sup>1</sup> Based on 30 original and/or amendment contracts processed in SFY 2012

<sup>2</sup> Source: CTDOC Contracts Administration Spending Plan

<sup>3</sup> Source: SFY2012 Governor's Budget Summary

<sup>4</sup> Total Human Service budget in relation to agency budget

<sup>5</sup> Total number of amendments processed in relation to total # of original contracts executed. May include more than 1 amendment per contract.

<sup>6</sup> A joint contract is one funded by two or more agencies and under collaborative contract. CTDOC funds these programs, but does not hold a contract for them (Contracts are held by either DMHAS or CSSD).

## II. Agency Description

*\* It should be noted that the information contained in this report was based on historic CTDOC Contract Unit functionality. Since March 2012, the CTDOC Contracts Unit has undergone a significant reorganization to include elimination of a standalone Unit and absorption into the Fiscal Service Procurement/Purchasing Unit. As such, many parts of the following report are no longer accurate/applicable.*

### A. Contracted POS Services

CTDOC utilizes Purchase of Service (POS) contracts to procure a variety of residential and nonresidential programs operated by private, nonprofit providers. These programs are designed to serve offenders released from prison prior to completion of their criminal sentence and assist them with successful reintegration into the community. Participation in such programs is most often a stipulated condition of an offender's release to the community, which means that the offender is legally obligated to participate in the program, or risk being returned to prison. While the majority of CTDOC POS contracts are implemented for residential/nonresidential community services, CTDOC also uses POS contracts as the modality to provide incarcerated inmates with access to legal assistance and representation, as well as to provide limited pre-release programming to inmates who are still incarcerated.

Contracted community programs serve male and female offenders who remain under the care, custody and/or supervision of the Commissioner of Correction, but who are releasing to the community prior to completion of their criminal sentence. There are a variety of mechanisms for an offender's early release that include Community Release, Transitional Supervision, Transitional Placement and Parole. It is important to understand that while CTDOC Parole Officers supervise all offenders residing in the community, regardless of release status, any offender released to Parole is actually under the care and supervision of the Commissioner of Correction, but the custody of the Board of Pardons and Paroles (BOPP). Because BOPP is administratively supported by CTDOC, and does not maintain its own supervising officers, CTDOC provides supervision and programming for offenders released to Parole, although once released, they are no longer under the custody of the Commissioner of Correction. This distinction, as well as the distinction that CTDOC's community programs serve convicted offenders who have not completed their criminal sentences is significant, as it imposes many legalities and regulations on non-profit providers that other human service agencies do not encounter.

Contracted community programs are developed based on release trends, Parole stipulation trends, identified areas of offender need, and statewide caseloads within each CTDOC Parole District. Residential programs are available to male and female offenders who remain under the care, custody and/or supervision of the Commissioner of Correction, but who are releasing to the community prior to completion of their criminal sentence. These programs provide offenders with an opportunity to begin reintegration in a structured residential setting that is staffed and operational 24 hours per day. The majority of the offenders residing in contracted residential programs are legally stipulated to live in the program, with their only other option being return to prison. CTDOC's complement of residential programming totals 49 individual programs, 1,187 beds and includes:

- i. Work Release Programs (employment-based programming components)
- ii. Substance Abuse Programs (in-patient treatment)
- iii. Mental Health Programs (in-patient treatment)

- iv. Women and Children Programs (employment-based programming components with a focus on parenting skills, and the option to provide on-site living arrangements for the offender’s child)
- v. Sex Offender Treatment Programs (in-patient treatment)
- vi. Scattered-Site Supportive Housing Programs (independent apartment-style living)
- vii. Temporary Supportive Housing Programs (independent, congregate living)

Nonresidential programs are also available to male and female offenders releasing to the community under CTDOC supervision, both those residing independently under the supervision of a Parole Officer and those residing in one of the contracted residential programs described above. Nonresidential programs provide offenders with day and/or evening services designed to assist them in identified areas of need. CTDOC-contracted nonresidential programs are categorized into four (4) service areas with each of the five (5) CTDOC Parole Districts established to include at least one (1) of each type of service:

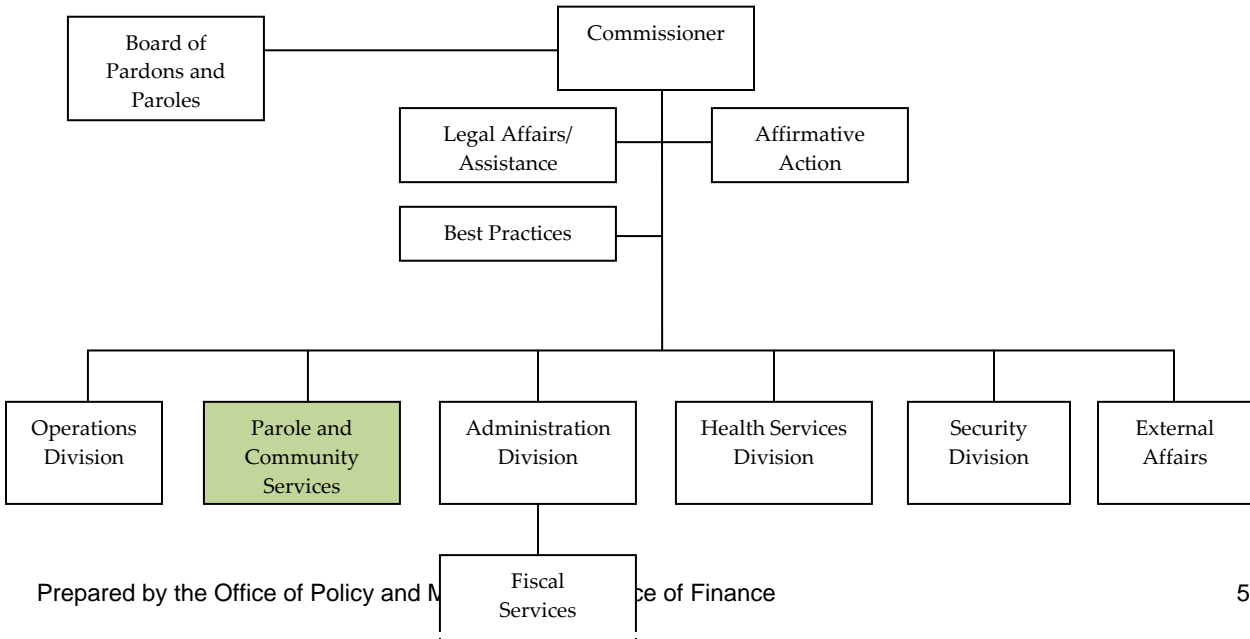
- i. Behavioral Health (substance abuse, mental health and anger management treatment)
- ii. Employment (job development, job readiness, and job retention)
- iii. Social Reunification (domestic violence treatment and family counseling)
- iv. Support Services (lifeskills, benefits assistance, identification procurement, food vouchers, transportation assistance, etc.)

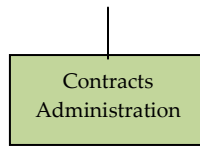
**B. Purchasing Authority**

TITLE 4	MANAGEMENT OF STATE AGENCIES
C.G.S. § 4-8	Qualifications, powers and duties of department heads
TITLE 18	CORRECTIONAL INSTITUTIONS AND DEPARTMENT OF CORRECTION
C.G.S. § 18-81	Duties of commissioner
C.G.S. § 18-101i	Community-based service programs established

**C. Organizational Structure**

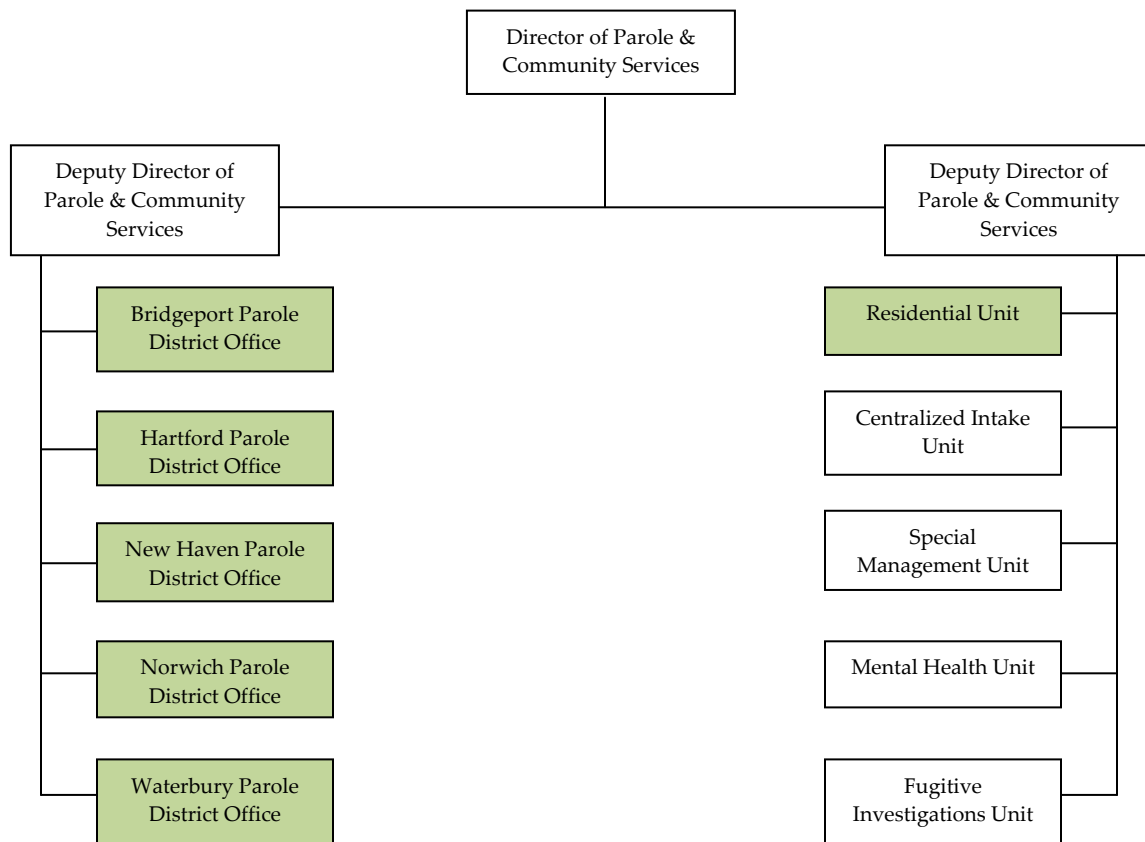
CTDOC has six (6) major divisions, all reporting directly to the Commissioner. The agency’s contracting functions are performed by the Contracts Administration Unit, which is organizationally located under Fiscal Services, within the Administration Division.





POS contracting functions are managed collaboratively by the Contracts Unit and the Parole and Community Services Division. Contracts is directly responsible for administrative and fiscal oversight of each contract, Parole and Community Services is directly responsible for oversight of each offender accessing the programs under contract, and programmatic oversight of each program is dually managed by both units.

Parole staff have legal responsibility for supervision of each offender residing in the community. Parole and Community Services is comprised of a centralized residential unit (programmatically overseeing all residential programs) and five (5) District offices located in Bridgeport, Hartford, New Haven, Norwich and Waterbury (programmatically overseeing all nonresidential programs within their District).



\* Additionally, the payment process for POS contracts is dually managed by the Contracts Unit and the Fiscal Services Purchasing and Accounts Payable Units.

The table below delineates the CTDOC Units with responsibility for specific contract functions:

<b>Legend:</b>	
6	

- Contracts:** The CTDOC Contracts Administration Unit
- Parole:** The CTDOC Parole and Community Services Unit
- Fiscal Purch:** The Fiscal Services Purchasing Unit
- Fiscal AP:** The Fiscal Services Accounts Payable Unit
- X:** Unit with primary or collaborative responsibility for the contract function
- NA:** Indicates a process that CTDOC does not utilize



<b>ACTIVITY</b>	<b>CONTRACTS</b>	<b>PAROLE</b>	<b>FISCAL- PURCH</b>	<b>FISCAL- AP</b>
Development and Submission of Federal Grant Applications	NA	NA	NA	NA
Approval of Federal Grant Applications	NA	NA	NA	NA
State Agency Notification of Funding Availability	X			
Spending Plan Development and Monitoring (State/Federal)	X			
Spending Plan Approval	NA	NA	NA	NA
Spending Plan Submission to OPM	NA	NA	NA	NA
Allocation of Contract Funding	X	X		
Liaison with External DAS, OPM, and/or OAG Concerning Contract Approvals	X			
Liaison with Provider Concerning Contract Fiscal and/or Programmatic Issues	X	X		
Entry/Update of Contract, Tracking, and Monitoring Information into Data System	X			
Provision of Internal RFP Guidance, Support, and Maintenance of Template Documents	X			
RFP Issuance, Evaluation, and Award	X	X		
Determination of Program Type and Scope	X	X		
Scope of Services Negotiation and Initial Development	X			
Scope of Service Review/Finalization	X	X		
Budget Negotiation and Initial Development	X			
Budget Review/Finalization	X			
Receipt and Review of Budget Revision Requests	X			
Review and Approve Budget Revision Requests	X			
Initiation of Request for Contract	NA	NA	NA	NA
Review/Approval of Request for Contract	NA	NA	NA	NA
Creation of OPM Request for Contract	X			
Review/Approval/Submission of OPM Request	X			
Assignment of Contract/RFP Number	X			
Assignment of Contract Staff	NA	NA	NA	NA
Contract Assembly, Including Certifications, etc.	X			
Final Review of Assembled Contract	NA	NA	NA	NA
Distribution and Facilitation of Contract for Provider Signature	X			
Distribution and Facilitation of Contract for Agency Signature	X			
Distribution and Facilitation of Contract for OAG Signature	X			
Notification to Providers, Programs, and Fiscal of Contract Execution	X			
CORE-CT Contract Creation and Maintenance	X			
CORE-CT Contract Approval	X			
CORE-CT Purchase Order Creation and Maintenance	X			
CORE-CT Purchase Order Approval			X	
CORE-CT Payment Voucher Creation/Release				X
Receipt Review and Approval of Programmatic Reports	X			
Program Site Monitoring	X	X		
Receipt and Review of Financial Reports	X			
Review and Approval of Financial Reports	X			
Receipt of Provider Payment Requests	NA	NA	NA	NA
Process and Approve Payment Requests	NA	NA	NA	NA
Determination of Refund Amounts	X			
Refund Collection and Processing	X			
Provision of Contract Data for Independent Auditors	X			
Receipt and Review of State and Federal Single Audits	X			
Approval of State and Federal Single Audit Findings or Resolution of Audit Findings	NA	NA	NA	NA

### III. Staffing Resources and Responsibilities

## A. Structure and Roles

### 1. Contracts Unit Staff

#### i. Overview

The CTDOC Contracts Unit currently employs three (3) staff, equivalent to 2.1 FTE's. Prior to 2010, the Unit was staffed with four (4) full-time employees, but the addition of management responsibilities and lack of refills for vacant positions have reduced staffing to the following:

- a. Fiscal Administrative Manager I (0.1 FTE)
- b. Fiscal Administrative Officer (1 FTE)
- c. Financial Clerk (1 FTE)

In addition to responsibility for development, implementation and oversight of POS contracts, the Unit also manages agency competitive procurement processes, and development/implementation/oversight of all agency Personal Service Agreements (23) and Memorandums of Understanding/Miscellaneous Contracts (275).

#### ii. Length of Time in Service

Employee	Length of Time Contracts Unit	Length of Time CTDOC	Length of Time State Service
Fiscal Administrative Manager I (FAM)	30 Years	30 Years	30 Years
Fiscal Administrative Officer (FAO)	9 Years	12 Years	12 Years
Financial Clerk	6 Years	6 Years	6 Years

#### iii. Functional Responsibilities

- a. The FAM I oversees the Unit, in conjunction with oversight of 3 other units within Fiscal Services, and allocates approximately 10% of his time to Contract Unit functions. His duties are primarily related to POS contracts and staff management.
- b. The FAO reports to the FAM I and oversees daily operation of the Unit. In addition to the duties associated with POS service planning, development, implementation and oversight, the FAO also:
  - Supervises the Financial Clerk
  - Develops all contract language for Personal Service Agreements (PSA), Memorandums of Understanding (MOU) and miscellaneous agency contracts
  - Sits on various internal and external committees
  - Oversees spending plan development for four (4) other agency spending plans
  - Coordinates agency provision of inmate work crews to outside entities
  - Monitors CTDOC staff federal task force overtime costs
- c. The Financial Clerk reports to the FAO. In addition the duties associated with POS implementation and oversight, the Financial Clerk also:
  - Manages contract assembly for all PSA's, MOU's and miscellaneous contracts
  - Facilitates contract signatures for all PSA's, MOU's and miscellaneous contracts
  - Provides notification to all parties at contract execution
  - Manages payment processes for all PSA's, MOU's and miscellaneous contracts
  - Maintains the Unit's electronic and hardcopy files
  - Prepares and submits various monthly reports

The Contracts Unit has divided the responsibilities of POS contracting functions as delineated in the chart below. It is important to note that because of the limited staffing in the Unit, these functions frequently overlap as staff are out of the office or otherwise engaged.

<b>ACTIVITY</b>	<b>FAM I</b>	<b>FAO</b>	<b>FINANCIAL CLERK</b>
State Agency Notification of Funding Availability		X	
Spending Plan Development and Monitoring (State/Federal)	X	X	
Allocation of Contract Funding		X	
Liaison with External DAS, OPM, and/or OAG Concerning Contract Approvals		X	
Liaison with Provider Concerning Contract Fiscal and/or Programmatic Issues		X	X
Entry/Update of Contract, Tracking, and Monitoring Information into Data System			X
Provision of Internal RFP Guidance, Support, and Maintenance of Template Documents		X	
RFP Issuance, Evaluation, and Award		X	
Determination of Program Type and Scope		X	
Scope of Services Negotiation and Initial Development		X	
Scope of Service Review/Finalization		X	
Budget Negotiation and Initial Development		X	
Budget Review/Finalization		X	X
Receipt and Review of Budget Revision Requests		X	X
Review and Approve Budget Revision Requests	X		
Creation of OPM Request for Contract			X
Review/Approval/Submission of OPM Request	X	X	
Assignment of Contract/RFP Number			X
Contract Assembly, Including Certifications, etc.			X
Distribution and Facilitation of Contract for Provider Signature			X
Distribution and Facilitation of Contract for Agency Signature			X
Distribution and Facilitation of Contract for OAG Signature			X
Notification to Providers, Programs, and Fiscal of Contract Execution			X
CORE-CT Contract Creation and Maintenance			X
CORE-CT Contract Approval		X	
CORE-CT Purchase Order Creation and Maintenance			X
Receipt Review and Approval of Programmatic Reports		X	
Program Site Monitoring		X	
Receipt and Review of Financial Reports			X
Review and Approval of Financial Reports		X	
Determination of Refund Amounts			X
Refund Collection and Processing			X
Provision of Contract Data for Independent Auditors			X
Receipt and Review of State and Federal Single Audits			X

## 2. Program Unit Staff

Parole and Community Service staff provide programmatic oversight of contracted POS services, in collaboration with Contracts Unit staff. Parole Officers in Parole and Community Services Unit are assigned to directly manage and supervise all offenders released to the community prior to completion of their criminal sentences. These offenders access the programs under contract with CTDOC, and the Parole Officers have frequent interaction with each of the providers as a result. While the interaction is most often offender-specific, it also lends an oversight component to the program which often leads to identification of problems/concerns that are then passed on to Parole Managers and the Contracts Unit for joint resolution.

Parole and Community services has a centralized Residential Unit and 5 District offices. The Residential Unit Manager allocates approximately 5% of his time to direct programmatic oversight of POS-contracted residential services. This time is dedicated to resolution of program issues, site visits, program audits and working with the Contracts Unit to determine service needs and facilitate provider meetings and trainings. Managers in each of the 5 Parole Districts act in this same capacity for contracted nonresidential services in their District, and allocate approximately 1% of their time to oversight of POS nonresidential services.

**3. Fiscal Unit Staff**

Staff from the CTDOC Fiscal Purchasing and Accounts Payable Units are allocated to approve Contracts-issued Purchase Orders and process payments generated by the Contracts Unit (for all contracts, including POS, PSA and MOU). This is equivalent to approximately .02 FTE's per quarter, as Contracts staff are responsible for creation and maintenance of their own CORE contracts and Purchase Orders. Fiscal staff in Purchasing and Accounts Payable are only responsible for approving new and changed Purchase Orders created by Contracts staff and processing payment vouchers authorized by Contracts staff.

Fiscal Unit staff are not involved in budgeting functions, spending plan development, financial report review or audit reconciliation of POS contracts; these functions reside solely in the Contracts Unit.

**4. Office of Policy and Management**

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

**5. Office of Attorney General**

The OAG has final approval authority of all contracts, as to form and legal sufficiency, but involvement in contract development (substance, validity and appropriateness of programming) is the responsibility of CTDOC. CTDOC does not utilize templated Scopes of Service, which means that each original POS contract must include OAG signature prior to execution of the contract. CTDOC does maintain a Memorandum of Understanding with the OAG to detail terms and conditions which preclude OAG signature on amendments to POS contracts for certain services.

**B. Professional Development/Guidance**

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**1. Internal Staff Training**

All CTDOC staff are required to participate in a mandatory forty (40) hours of in-service training (IST) each year. While Contracts staff complete their forty hours of IST each year, topics covered do not correlate to anything related to contract development, implementation or oversight.

Contracts specific training is provided to staff in the Contracts Unit as necessary, based on implementation of new initiatives, changes to internal/external policy, etc. The Unit strives to ensure that staff are provided with as many opportunities to learn all aspects of contract management as possible. To that end, duties are as interchangeable as possible, and not

quantitatively limited to job class. When at all possible, if a staff member wishes to learn a specific function of contracting, that staff member is afforded the opportunity to do so. All Contract staff have received extensive CORE training in Purchasing, Accounts Payable, Commitment Control and EPM Query modules and use these tools on a daily basis. The Contracts Unit maintains various training tools for staff use to include current, highly detailed desk procedures, checklists, cheat sheets and flowcharts- all of which are available electronically to Contracts and Agency staff.

The Unit does not participate in formal cross-training with other units impacting Contracts. Because Contracts falls under the auspices of Fiscal Services, Contracts staff are afforded the same training as Fiscal staff. The Unit does participate in monthly meetings with the various Parole and Community Services units to ensure that Parole staff are aware of current contracts and program policies and Contracts staff are aware of on-going issues/concerns within contracted programs. Contracts relationship with Parole and Community Services is highly evolved to the point of being seamless in terms of communication and knowledge of how each unit impacts contractual processes and functions.

## **2. External Provider Training**

All provider training is collaboratively hosted by the Contracts Unit and the Parole and Community Services Unit. Training is provided prior to implementation of any new initiatives, as well as bi-annually for provider staff responsible for complete budgets, financial reports, budget revisions, statistical reports and outcome measure reports.

Additionally, Contracts and Parole jointly host at least two provider meetings per year for all contracted providers to include provider administrative, fiscal and program staff. These meetings serve as a forum to discuss on-going state-wide issues, new initiatives, etc. and serve to strengthen collaborative relationships between CTDOC and its providers as well as relationships among the providers themselves.

## IV. Contracting Process

### A. Service Need Determination

#### 1. Agency Process

Service needs are determined collaboratively between the Contracts Unit and Parole and Community Services. On a daily basis, Parole staff track service stipulations for releasing offenders and review program waiting lists, while Contracts staff track cumulative utilization of contracted programs, and statistical, outcome and performance data, while also reviewing emerging nationwide service trends and evidence-based program models.

Twice yearly, Contracts and Parole meet to discuss this data and prioritize a list of outstanding service needs in the community. One of these meetings also involves the review of annual performance and utilization data consolidated by the Contracts Unit. This data is reviewed to determine where excess capacity lies and whether or not contractual adjustments are necessary.

While this 'service planning process' is the primary modality for determination of service needs, occasionally services may be purchased as a direct result of legislative mandate or agency administrative initiative. In all cases, services are prioritized based on the identified reentry needs of the offender population.

### B. Funding Allotments

#### 1. Agency Process

Funding for POS services is primarily allocated from one (1) legislative budget line item-Community Support Services. This line item translates to one (1) CTDOC Special ID (SID) utilized to fund POS contracts. Federal funding sources are rarely utilized for services purchased through POS contracts, and CTDOC does not utilize bond funds for provider capital expenditures. The Contracts Unit monitors the development of the state budget to ensure that they are aware of any proposed changes to this line. Additionally, the CTDOC Fiscal Budget Unit and the CTDOC Legislative Liaison ensure that any proposed legislation to increase or decrease the Community Support Services line is relayed to the Contracts Unit immediately. Beyond notification of overall funding amounts, the CTDOC Fiscal Budget Unit has no involvement in the allocation of POS funds.

Decisions regarding the allocation of funding to specific services/providers are a collaborative effort between the Contracts Unit and the Parole and Community Services Unit. Contracts staff begin conversations with Parole staff well in advance of contract expiration to determine the viability of renewal or the necessity of reallocation of funding, and ensure that if additional funding is proposed, there is a comprehensive plan, based on the Service Planning Process, for the use of the funding. Once the Contracts and Parole Units have determined how to allocate the funding, no other internal CTDOC approval is necessary prior to beginning the contracting process.

The Community Support Services Spending Plan is developed and maintained by the Contracts Unit via Excel, based on determinations from the Service Planning Process completed by Contracts and Parole staff. While the spending plan is contingent on approval of a state budget, unless otherwise delineated, it is assumed that the Community Support Services line will be flat-funded. This assumption allows CTDOC to develop its annual spending plan without delay, ensuring that process planning is complete and contracts are executed in a timely manner. The

Contracts Unit is the sole proprietor of the Community Support Service Spending Plan. No other internal or external unit reviews, approves or updates the document.

### **C. Contract Approval/Initiation**

#### **1. Agency Process**

- i. Internal Approval to Develop Contract: CTDOC does not utilize an internal pre-approval process for development of POS contracts. Renewal or reallocation of existing contract funds, as well as determination of new contract allocations is part of the Contracts/Parole Service Planning Process. As such, once this determination is made, no other internal unit is required to authorize the Contracts Unit to proceed with contract development. While Contracts utilizes a Request for Contractual Services for non-POS contracts, because the Unit is so intricately involved in service need determination, requiring completion of this form for POS services would be redundant, as Contracts staff already know what the contract will entail.

Contracts/Parole staff begin working six (6) months prior to a contract's expiration to determine the viability of either renewal or reallocation of funds to more accurately meet the needs of CTDOC's offenders. Once Contracts/Parole staff have made these decisions and are reasonably certain of on-going availability of funding, the Contracts Unit can begin the process of either renewing/amending contract or contracting for new services.

- ii. OPM Approval to Develop Contract: OPM approval is required prior to beginning any contract process. The OPM approval process is entirely self-contained within the Contracts Unit. Utilizing OPM's online request system, requests are created by the Financial Clerk, reviewed by the FAO and submitted to OPM by the FAM I. In accordance with general statute, if OPM has not rendered a decision on the submitted request within fourteen (14) business days, CTDOC considers the request approved and proceeds with the contracting process. It should be noted that OPM generally provides a decision on any submitted CTDOC request within seven (7) business days. CTDOC does not take any additional steps in the contracting process until OPM has either approved the request, or fourteen (14) business days have passed since the request's submission.
- iii. RFP Process: CTDOC almost always utilizes a competitive procurement process for new funding allocated to the Community Support Service line of its budget. Additionally, as contract terms culminate, CTDOC evaluates the services within the contract to determine their viability in deference to its on-going list of current needs. If it is determined that the services contained in the expiring contract are extraneous, a competitive procurement process is utilized to reallocate the funding to more accurately meet the needs of the Department. CTDOC does not utilize competitive procurements when it is determined that the services that are expiring are still necessary. Because of the inherent difficulties with obtaining zoning for new programs, if CTDOC determines that an existing program remains necessary and the provider is satisfactorily performing the required services, CTDOC seeks permission from OPM to renew the contract for that program absent a competitive procurement process.

## **D. Human Service Budget Development**

### **1. Agency Process**

CTDOC requires submission of a whole agency budget for its contracted POS providers. This means that the provider is required to submit a line item budget that details each line allocation for expenses incurred under CTDOC's contracted programs, while also accounting for high level expenses totaling all income/expenses of the agency as a whole. CTDOC also requires submission of a budget narrative for each CTDOC contracted program, and allows for the consolidation of programs of 'Like Type' (i.e. a 10 bed Work Release program in Bridgeport and a 15 bed Work Release program in Hartford) into one (1) budget page at the provider's discretion for greater efficiencies and flexibility of allocations.

- i. Initial Contract Budget Submission: The process of developing budgets for POS contracts is the sole responsibility of staff in the CTDOC Contracts Unit. Upon completion of a competitive procurement or when a contract renewal is being processed, the Contracts FAO and Parole staff meet with the provider to negotiate specific contract amounts. Negotiations are usually completed within one (1) meeting, at which time, the FAO emails CTDOC's blank Funding Package to the provider for completion. Accompanying the Funding Package are a sample Budget and detailed instructions for completion.

Once completed, the provider emails the Funding Package to the Contracts Financial Clerk for review. The Financial Clerk works with the provider to correct any errors or update missing information, and forwards the Funding Package to the FAO for final approval. Once the FAO approves the Funding Package, it is inserted into the contract that is being developed as the provider's Final Budget. The process of developing a Budget can take up to three (3) months.

- ii. Annual Budget Updates: Because CTDOC utilizes multi-year contracts, budgets are initially only completed to detail annual funding. While the contract is implemented to include flat-funding for the entire contract term, the contract includes a clause that requires the provider to submit an updated budget on an annual basis, at the beginning of each state fiscal year.

To accomplish this, in July of each year, the provider's budget from the previous fiscal year is emailed to them by the Contracts Financial Clerk. The provider is instructed to update the budget with current allocations, and return to the Financial Clerk (via email) for review. The Financial Clerk works with the provider to correct any errors or update missing information, and forwards to the FAO for final approval. Once the FAO approves, the Budget is saved electronically and in the Master Contract File as the current Fiscal Year Operating Budget.

- iii. Budget Revisions: Providers are allowed to submit Budget Revision Requests at any point throughout the fiscal year prior to May 15<sup>th</sup>. Absent exigent circumstances, any Budget Revision Request submitted after May 15<sup>th</sup> is denied. Budget Revision Requests are submitted via email to the Contracts Financial Clerk. The Financial Clerk reviews the Requests, ensures that they are accurate and complete and forwards to the FAM I with recommendation for approval/denial. If the Budget Revision contains a request that seems outside of the normal parameters for Budget Revisions, or reallocates large sums of money, the Financial Clerk will forward to the FAO for review and discussions with the provider prior to the FAM's approval. If the FAM approves the Request, it is signed, returned to the Financial Clerk, scanned and saved electronically and emailed to the provider for their records. If the FAM denies the Request, it is returned to the FAO to be negotiated with the provider.



In an effort to realize administrative efficiencies on the part of the Agency and the provider, Contracts has implemented a system that allows providers to request a budget revision absent completion of a Budget Revision Request. This system is utilized throughout the year to avoid multiple submissions of Budget Revisions for minor issues, and expedites provider requests while reducing administrative burden on both agencies. If the provider has a request that meets the thresholds for budget revision (as promulgated by OPM), the provider has the opportunity to email that request to the Contracts FAO. The FAO makes the determination as to whether or not the request is viable. If it is acceptable, the FAO notes the specifics of the request on the contract's 'Face Sheet' (maintained electronically to record significant notes/conversations with each provider), and emails approval to the provider with instructions to ensure that the request is detailed on the provider's May 15<sup>th</sup> Budget Revision Request.

## **E. Scope of Services Development**

### **1. Agency Process**

#### **i. Organizational Responsibilities and Process:**

The development of a scope of service for a POS contract is most often the result of a competitive procurement process. Once the competitive procurement process is complete, Contracts and Parole staff meet with the provider to discuss the specific terms of the contract and negotiate any outstanding issues. Once all terms have been agreed to, the Contracts FAO sends the provider a Scope of Service outline for completion. All of CTDOC's Scopes are written using the same basic outline, although the information contained in each varies. The provider returns the completed Scope to the Contracts FAO who reviews it and works with the provider to ensure that all required areas have been addressed and described. Once the Contracts FAO is satisfied with the Scope, it is emailed to the Director of Parole and Community Services for approval. Once the Director approves, the Scope is considered final and is inserted into the contract. The development of a new Scope of Services is accomplished in approximately one (1) month.

For renewal contracts, the existing Scope of Services is reviewed by the FAO to determine whether or not any modifications are necessary- whether they be updates, additional information or modified services. If modification is necessary, the FAO notes what requires change and emails the Scope to the provider for update. Once satisfied with the changes, the FAO sends the Scope to the Director of Parole and Community Services for final approval before inserting into the new contract. If the existing Scope does not require modification, it is utilized 'as is' in the new (renewed) contract.

#### **ii. Consolidated Contracts:**

CTDOC has utilized a consolidated, multi-year contracting process for almost ten (10) years. Providers who operate multiple programs for the Department do so under the umbrella of one (1) contract. The only instance that would necessitate a provider holding multiple contracts with CTDOC would be in the case of non-recurring services or services of a specific, finite nature that do not lend themselves to consolidation within a master contract.

Additionally, CTDOC allows providers the option of financial consolidation of programs of like type. In such cases, if a provider operates two (2) or more separate programs that fall into the same program category (i.e. a work release program in Bridgeport and a work release program in Hartford), the provider can choose to consolidate the funding and expenses for

those programs within their budget. This allows the provider a greater flexibility in allocations, as well as providing cost-saving/sharing measures. This is only allowable for programs of like program type.

iii. Standard Contract Templates:

CTDOC does not utilize Scope of Service templates. Each of the eighty (80) individual programs under POS contract with CTDOC correlate to a program-specific scope of services developed to detail the specific nuances of that program. CTDOC maintains a standard outline for the development of Scopes of Services, and requires each provider to adhere to that outline when developing their Scope. CTDOC also maintains an independent checklist for each of its eleven (11) program types to ensure that each Scope of like type addresses the same components. But, in order to maintain the individuality of each of its contracted programs, as well as to ensure that the program is being accurately described in totality, CTDOC does not utilize OAG-templated Scopes of Service.

CTDOC does maintain a Memorandum of Understanding with the OAG to detail specific instances when a contract amendment does not require the review and signature of the OAG. In these cases, CTDOC does maintain templated amendment documents to eliminate the need to submit the amendment to the OAG prior to full execution.

## **F. Contract Assembly**

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### **1. Agency Process**

- i. Assembly Process: Once a budget and scope of services have been agreed upon, the Contracts Financial Clerk assembles the POS contract for signature. All of the contract components are inserted into one (1) Word document and are then PDF'd. The final PDF'd version of the contract does not require any other internal approval prior to beginning the signature process.
- ii. Contract Components: POS contracts are comprised of a Part I, an OPM-mandated Part II and a section for Attachments. Part II of the POS template cannot be changed by any state human service agency.

CTDOC's Part I contains the following:

- Scope of Service for each program operated under the contract
- Performance Outcome Measures for each program operated under the contract
- Payment Schedules
- Reporting Schedules
- Provider Line Item Budget
- CTDOC Agency Terms and Conditions

CTDOC's Attachment A contains the following:

<b>FORM</b>	<b>JUSTIFICATION</b>	<b>INSTRUCTIONS</b>
<b>OPM Form I (Gift Affidavit)</b>	Required by OPM for any contract exceeding \$50,000 in a fiscal year.	For completion by provider. Submission upon initial contract execution, execution of any amendment and annually for term of contract.
<b>OPM Form 3 (Agency Certification)</b>	Required by OPM for any contract exceeding \$50,000 in a fiscal year.	For completion by Agency signatory. Submission upon initial contract execution and execution of any amendment.
<b>OPM Form 5 (Consulting Affidavit)</b>	Required by OPM for any contract exceeding \$50,000 in a fiscal year.	For completion by provider. Submission upon initial contract execution and execution of any amendment.
<b>OPM Form C (Nondiscrimination Certification)</b>	Required by OPM for inclusion in all POS contracts regardless of term or cost.	For signature by provider. Submission upon initial contract execution and execution of any amendment.
<b>EEO Form EEO-1 (Notification to Contractors)</b>	Required by EEO for inclusion in all POS contracts regardless of term or cost.	For signature by provider. Submission upon initial contract execution and execution of any amendment.
<b>Minority Business Certification</b>	Required by DAS for inclusion in all POS contracts, if the provider is not certified as an MBE.	For completion by provider. Submission upon initial contract execution and execution of any amendment.
<b>Workforce Analysis</b>	Required by CHRO for inclusion in all POS contracts regardless of term or cost.	For completion by provider. Submission upon initial contract execution and execution of any amendment.
<b>Affirmative Action Policy Statement</b>	Required by OAG for inclusion in all POS contracts regardless of term or cost.	For completion by provider. Submission upon initial contract execution and execution of any amendment.
<b>Corporate Resolution Certification</b>	Required by OAG for inclusion in all POS contracts regardless of term or cost.	For completion by provider. Submission upon initial contract execution and execution of any amendment.
<b>CHRO Compliance Statement</b>	Required by CHRO as backup to Workforce Analysis. For inclusion in all POS contracts regardless of term or cost.	Statement only. No completion/signature required.
<b>Drug Free Workplace Statement</b>	Required by CTDOC for inclusion in all POS contracts regardless of term or cost.	Statement only. No completion/signature required.
<b>Contractors in a Correctional Environment</b>	Required by CTDOC for inclusion in all POS contracts regardless of term or cost.	Statement only. No completion/signature required.
<b>Deficit Reduction Act Statement</b>	Required by OPM/OAG for inclusion in all POS contracts regardless of term or cost.	Statement only. No completion/signature required.
<b>OPM Contract Approval</b>	Required by OAG for inclusion in all POS contracts that required prior OPM approval.	Copy of OPM approval only. To verify that appropriate OPM permission was given to enter into the contract.
<b>Certificate of Insurance</b>	Required per Part II of the POS contract.	Copy of insurance policy submitted to CTDOC at time of contract execution and annually for term of contract.
<b>IRS Form 990</b>	Required per Part II of the POS contract.	Copy of IRS Form 990 submitted to CTDOC at time of contract execution and annually for term of contract.
<b>Proof of Zoning</b>	Required by CTDOC for each physical program operated under a POS contract regardless of term or cost.	Copy of Zoning Authorization submitted to CTDOC at time of contract execution.
<b>Certificate of Occupancy</b>	Required by CTDOC for each physical program operated under a POS contract regardless of term or cost.	Copy of CO submitted to CTDOC at time of contract execution.

## G. Contract Signatures/Execution

### 1. Agency Process

Once a contract is assembled, the Contracts Unit is free to begin the signature process. No other agency unit is required to review the contract before signatures are obtained. The timeframes for contract signature usually fall within a maximum of two (2) months, as delineated below:

Process	Timeframe
Provider Signature	3-4 weeks
CTDOC Signature	2 days
OAG Signature	4 weeks

- i. External Signature (Provider): The signature process begins with the provider. After ensuring that all pieces of the contract are correctly assembled and included, the Contracts Financial Clerk PDF's the document and emails it to the provider with explicit instructions for signature, completion of all applicable forms and return to CTDOC.

The provider is instructed to return only those pages of the contract which require signature or completion. These pieces of the contract are returned to the Contracts Financial Clerk in original, hardcopy via mail. The Contracts Financial Clerk reviews the documents to ensure that all applicable contract forms have been returned and are completed accurately, and works with the provider to obtain corrected forms if necessary. *\*If forms are missing or require correction, CTDOC will proceed with internal signature but hold OAG signature pending receipt of the corrected forms. This greatly reduces potential delays in contract execution.*

- ii. Internal Signature (Agency): Once the provider has returned the contract documents, the Contracts Financial Clerk prepares the contract for internal signature. A routing package is assembled to include a routing slip (with a summary of the contract details), the contract face sheet (page 1 of the POS contract), the contract signature page and OPM Form 3 (Agency Certification). Once assembled, this package is forwarded directly to the Deputy Commissioner's office for signature. Once signed, the Deputy Commissioner (as the Agency authorized signatory) returns the contract to the Contracts Financial Clerk. No other internal unit within the agency reviews or signs off on the routing package.
- iii. External Signature (OAG): Because the OAG requires original, hardcopy submission of all contracts, once the contract has been signed by both the provider and CTDOC, the Contracts Financial Clerk must print the entire contract. Any pages that required signature or completion by either the provider or CTDOC are then inserted into the contract (as originals), the OAG mandatory checklist is completed and the entire package is hand carried via courier to the OAG for review and signature.

Because CTDOC does not utilize Scope of Service Templates approved by the OAG, all original contracts require OAG signature prior to full execution. The same is not true for the majority of CTDOC POS amendments. CTDOC maintains a Memorandum of Understanding with the OAG that allows for the execution of POS contract amendments without OAG review/approval as long as such amendments are within certain parameters.

CTDOC's relationship with its AAG's is very good. CTDOC has traditionally maintained the stance that the OAG approves contracts as to form and legal sufficiency which precludes OAG involvement regarding substance, validity and appropriateness of programming. It is

rare that contracts are returned to CTDOC for revision, and timeframes for OAG review/signature are generally quite manageable.

- iv. Execution Processes: Once the OAG has signed and returned the contract, the Contracts Financial Clerk scans any contract pages that required completion/signature by the provider, CTDOC or the OAG, inserts them into the Word version of the contract and PDF's the entire contract as one (1) document. This document is then emailed to the provider, Parole and Community Services and the Contracts FAO to notify them of contract execution.

Hardcopies of the contract are maintained in Contracts' Master Files, while electronic copies are maintained on Contracts' drives. Contracts also maintains a 'Contracts Library' on an agency-accessible drive. This enables any CTDOC staff member to access entire contracts at any time. The Contracts Library is maintained by Contracts staff and is indexed alphabetically, by service region (Parole District) and by service type.

Additionally, Contracts staff maintain a Directory of Contracted Community Services on the CTDOC website. The Directory allows anyone with internet access to view a consolidated document describing the structure of CTDOC's community service network, a listing of every community program under contract with CTDOC and a brief description of each program's services along with provider contact information. This Directory is updated by Contracts staff on an annual basis to ensure its accuracy.

- v. Timeliness of Contract Execution: At the direction of OPM, in State Fiscal Year 2010, CTDOC began monitoring the timeliness of its POS contract executions in relation to their start dates. The goal was to ensure that all contracts (new, renewal or amendment) were executed at least fifteen (15) days prior to their contractual start dates. The tables delineated below demonstrate CTDOC's metrics for execution of original (new/renewal) POS contracts (Table 1) and amended POS contracts (Table 2) for state fiscal years 2010, 2011 and 2012:

ExecutionTimeframes <u>NEW/RENEWED</u> POS Contracts	SFY 2010		SFY 2011		SFY 2012	
	Number	% of Total	Number	% of Total	Number	% of Total
<b>Total # POS Contracts Executed (New/Renewed)</b>	<b>32</b>		<b>10</b>		<b>2</b>	
# Contracts Executed >15 Days Prior to Start Date	0	0%	0	0%	0	0%
# Contracts Executed < 15 Days Prior to Start Date	0	0%	5	50%	0	0%
# Contracts Executed After Start Date	19	59.4%	4	40%	2	100%
# Contracts Executed > 30 Days After Start Date	13	40.6%	1	10%	0	0%

\* Note: Any contract executed after or more than 30 days after its start date was submitted to the OAG for review/signature prior to its start date.

ExecutionTimeframes <u>AMENDED</u> POS Contracts	SFY 2010		SFY 2011		SFY 2012	
	Number	% of Total	Number	% of Total	Number	% of Total
<b>Total # POS Amendments Issued</b>	<b>0</b>		<b>7</b>		<b>28</b>	
# Contracts Executed >15 Days Prior to Start Date	0	0%	0	0%	22	78.6%
# Contracts Executed < 15 Days Prior to Start Date	0	0%	1	14.3%	1	3.6%
# Contracts Executed After Start Date	0	0%	5	71.4%	4	14.2%
# Contracts Executed > 30 Days After Start Date	0	0%	1	14.3%	1	3.6%

As a matter of practice, CTDOC begins contract development processes four-six (4-6) months in advance of the contract's start date. Based on the data above, CTDOC has determined that the longest delay in contract execution is provider submission of accurate budgets, scopes of service and contract forms. Contracts staff are frequently required to return documents to the provider more than five (5) times before the documents are returned accurately and correctly. To address this, Contracts staff began providing explicit instruction packages that accompany blank contract budgets, scope of service outlines and the contract itself, but providers continued to return incorrect forms, inaccurate forms and incomplete contracts (missing documentation). The Contracts Unit took the additional step of implementing annual training to its community service providers regarding proper completion of budgets, scopes of service and contract forms, but this has seemed to have minimal impact on the ability of the providers to return contract documents accurately and in a timely manner.

## **H. Contract Service Implementation**

### **1. Agency Process**

If a contract is being implemented for a new program, it is the responsibility of both the Contracts Unit and Parole and Community Services to ensure that the program is operational and ready to serve offenders by the contract's start date. Prior to beginning the contract development and signature process, Contracts and Parole conduct a site visit to ensure that the program location is viable. If it is determined that the site is a viable option for the proposed services, contract development will begin. During contract development, Contracts staff monitor the provider's efforts in obtaining appropriate zoning approval and certificates of occupancy, while Parole staff begin developing a waiting list of appropriate offenders to be placed in the program. Additionally, Contracts staff monitor the provider's efforts in hiring staff and readying the program for operation.

Offenders are not placed in the program until the contract is fully executed and CTDOC has done a final walk-through of the program to ensure that it is operationally sound. Once these steps have occurred, Parole and the provider work to develop a plan to fill the program. (i.e. a 40 bed residential program may have a plan that spans 4 weeks, filling the program with 10 offenders per week). Contracts staff monitor the plan to bring the program on-line until such time as the program is filled and fully functional.

## **I. Contract Payment Processing**

### **1. Agency Process**

- i. Payment Terms: Almost without exception, all of CTDOC's POS contracts are established to provide payment on a quarterly, prospective basis. This means that, upon receipt of OPM's quarterly allotment, payment to POS community providers is made for the succeeding three (3) months. Payment is contingent solely on receipt of OPM allotment; CTDOC contracts do not require submission of any report or form from the provider prior to payment. CTDOC does reserve the right to withhold a payment if the provider owes the Department money from a prior year, and reserves the right to withhold the last quarterly payment of the Eight (8) Month Financial Expenditure Reports and/or Budget Revisions have not been submitted and approved.

- ii. CORE Contract and Purchase Order: Upon execution of a POS contract, Contracts staff is responsible for creating a CORE contract and purchase order for that contract. At the direction of OPM, a single CORE contract and purchase order are created for each POS contract, and are implemented for the life of the POS contract.
- iii. Payment Process:
- At the beginning of each quarter, the Contracts FAO begins checking CORE to determine if allotments have been received. When the allotments become available, the Contracts FAO notifies the Contracts Financial Clerk to begin preparing payment for POS providers.
  - The Contracts Financial Clerk creates a change order to the purchase order to add funding sufficient to pay CTDOC's obligations for that quarter, and creates a one (1) page payment authorization to advise the Fiscal Accounts Payable Unit on how to apply the payment.
  - Once the change orders are complete, the Contracts Financial Clerk emails a list of the purchase order numbers to a Fiscal Administrative Supervisor in the Fiscal Purchasing Unit. Purchasing then approves the purchase orders in CORE.
  - Once the payment authorizations are complete, the Contracts Financial Clerk submits them to the Contracts FAO for signature and verification.
  - The Contracts Financial Clerk continually checks CORE to ascertain when the purchase orders have been dispatched and are valid. Once they are, the Contracts Financial Clerk hand-carries the payment authorizations to a designated Financial Clerk in the Fiscal Accounts Payable Unit for payment.
  - The Fiscal Accounts Payable Unit creates the payment voucher in CORE and releases the payment.

This process, beginning with receipt of OPM's quarterly allotment and culminating with release of payment to the provider, is accomplished within three (3) business days. The table below delineates the distribution of POS payment responsibilities within CTDOC:

Payment Function	Contracts Financial Clerk	Contracts FAO	Fiscal Purchasing FAS	Fiscal Accounts Payable Financial Clerk	Fiscal Accounts Payable AFAO
Create CORE Contract	X				
Update CORE Contract	X				
Approve CORE Contract		X			
Create Purchase Order	X				
Update Purchase Order	X				
Approve Purchase Order			X		
Check Quarterly Allotments		X			
Create Payment Authorizations	X				
Review/Approve Payment Authorizations		X			
Create CORE Payment Voucher				X	
Approve/Release CORE Payment Voucher					X

- iv. Payment Package: The POS payment process is entirely self-contained within CTDOC and almost entirely self-contained within Contracts. The provider is not obligated to submit anything prior to payment. The payment package is comprised of one (1) piece of paper created to provide the Fiscal Accounts Payable Unit with information required to create a payment voucher. This piece of paper is created by the Contracts Financial Clerk, signed by the Contracts FAO and submitted to the Fiscal Accounts Payable Unit for processing.
- v. Miscellaneous: While Contracts staff promulgate the efficiency of electronic fund transfers, at this time, only 70% of CTDOC POS providers are established to receive their payments electronically. Via email each year, and any time a new contract is implemented, CTDOC reminds non-EFT providers of the efficiencies of receiving their payments electronically, and provides instructions for switching to EFT payments.

CTDOC rarely receives payment inquiries from its POS providers. On occasion, Contracts staff are asked how to apply a specific payment, and providers almost always ask if initial payments for first quarter services will be delayed or revised in any way based on implementation of a state budget. To this end, at the beginning of each fiscal year, Contracts staff send a mass email to all POS providers notifying them of any anticipated changes, revisions or hold backs in first quarter payments. Additionally, if a state budget has not been passed and OPM is disbursing allotments on a monthly basis, Contracts staff notify POS providers each month with an update on the status of the state budget, and what their anticipated payment will be.



## V. Contract Monitoring and Evaluation

### A. Administrative Contract Monitoring

*\*See Section V.B of this report. CTDOC does not recognize a distinction between Administrative and Programmatic monitoring.*

### B. Financial Contract Monitoring

#### 1. Agency Process

- i. Required Financial Reports: In addition to the annual submission of whole agency, line-item budgets, CTDOC requires all POS providers to adhere to the same schedule of financial report submission:

REPORT	DUE DATE	SUBMISSION REQUIREMENTS
<b>8 Month Expenditure</b>	March 31 <sup>st</sup> (to cover periods of July 1-February 28)	To be submitted via email for each program operated under the current contract.
<b>Budget Revision</b>	No later than May 15 <sup>th</sup>	To be submitted via email for each program operated under the current contract, if expenditures meet/will meet budget revision requirements promulgated by OPM.
<b>12 Month Expenditure</b>	September 30 <sup>th</sup> (to cover periods of July 1- June 30)	To be submitted via email for each program operated under the current contract.
<b>State Single Audit</b>	6 months after end of provider's fiscal year	To be submitted electronically or hard-copy to OPM and forwarded to CTDOC for any agency meeting the OPM-established criteria.

Budget Revision Requests and the 8 Month and 12 Month Expenditure Reports are submitted via email to the Contracts Financial Clerk. CTDOC does not require submission of hard-copy reports, nor does it require signature on the reports. One (1) month prior to each report's due date, a mass email is generated to the Executive Director and Chief Fiscal Officer of each provider agency reminding them of the due date and providing them with guidelines and parameters for completion.

The Contracts Financial Clerk maintains a Master Financial Report Tracking database to track the submission, resolution and acceptance of financial reports. This database is also utilized to determine administrative deficiencies (habitual lateness or inaccuracy of reports) when CTDOC prepares its annual report to each of its contracted providers. If a provider fails to submit their financial reports within the specified timeframes, the Financial Clerk generates an email reminder to the provider's Chief Fiscal Officer. If reports are more than two (2) weeks late, the Contracts FAO generates an email to the provider's Executive Director, followed by a phone call to the provider. If that fails, CTDOC notifies the provider that payment will be withheld until the reports are not only received, but reviewed and accepted as valid as well. It should be noted that this process is rarely utilized. The majority of CTDOC's providers submit their reports in a timely manner, or contact the Contracts Unit to request an extension to the due date for submission.

- ii. Financial Report Review: The 8 Month Expenditure Report is submitted via email to the Contracts Financial Clerk and reviewed against the current, authorized budget to ensure that expenditures are within line item allocations. If line item expenditures are nearing, have exceeded or look to be significantly less than the authorized allocation, these lines are noted and an email is generated to the provider to remind them that a Budget Revision is/may be

necessary, or to notify them that the report has been accepted as submitted. The 8 Month Expenditure Report is then saved electronically and the Master Financial Tracking Database may be updated with a reminder that the 8 Month Expenditure Report showed that a Budget Revision was required. As Budget Revisions are submitted, they are compared to the 8 Month Expenditure Report to determine inaccuracies (see Section IV.D (1.iii) of this report). Review, resolution and approval of 8 Month Expenditure Reports is the sole responsibility of the Contracts Financial Clerk. If significant discrepancies or concerns are present in the report, the Financial Clerk will bring them to the attention of the Contracts FAO, at which time the FAO will work with the provider to determine why the discrepancies exist or to address the concerns that have been identified.

The 12 Month Expenditure Reports are submitted via email to the Contracts Financial Clerk and reviewed in the same manner as the 8 Month Expenditure Reports, with the only difference being that if a Budget Revision was submitted for the program, the report is compared to the Budget Revision and not the contract budget. The 12 Month Expenditure Report is also held pending receipt of the State Single Audit, as it is used in CTDOC's Year End Reconciliation Process. It should be noted that CTDOC does not require its providers to submit an additional Budget Revision if the 12 Month Expenditure Report shows expenditures in excess or less than authorized tolerances. CTDOC takes the stance that submission of a Budget Revision after the budget period has closed is superfluous and inefficient. The onus is on the provider to ensure necessary Budget Revisions are submitted within the deadlines established by OPM. If, between May 15<sup>th</sup> and June 30<sup>th</sup>, the provider exceeds or varies from their approved Budget Revision, it is their responsibility to either email the Contracts FAO asking for permission to reallocate the money (see Section IV.D (1.iii)), or risk CTDOC disallowing the expenditures in the 12 Month Expenditure Report and requiring the return of unused funds. CTDOC POS providers appreciate this process as it reduces redundancy and allows them to more efficiently manage their time, while also providing a somewhat less formal modality for reallocation of funding within each contracted program.

The entire process of review, resolution and approval/acceptance of financial reports is self-contained in the Contracts Unit. The reports are submitted to Contracts staff, and Contracts maintains the accepted reports once finalized. The reports are not provided as backup for provider payments, and CTDOC Parole and Fiscal Unit staff are not required to review them.

- iii. State Single Audit Review: The Contracts Unit monitors submission of State Single Audits to ensure that an Audit is submitted for any contracted provider meeting the state requirements for submission. CTDOC does not perform a comprehensive reconciliation of the Audit, but does perform a desk review of the Audit's Schedule of Expenditures in comparison to the 12 Month Expenditure Report submitted by the provider, the contract payment schedules and a CORE report of assistance provided during the prior fiscal year. This review is performed by the Contracts Financial Clerk.

If discrepancies between any of these four (4) records are identified, the Financial Clerk details them in an email to the provider. It is the responsibility of the provider to explain the discrepancy and work with the independent auditor to resolve. CTDOC requires that all records correlate with one another before the State Single Audit is accepted as final.

The Financial Clerk also reviews any relative findings identified by OPM as the cognizant agency. If OPM findings identify CTDOC as the agency of record, the Financial Clerk forwards the Audit to the Contracts FAO for reconciliation. The Contracts FAO then works with the provider to correct any deficiencies. Corrective measures may include submission of a Corrective Action Plan or enhanced financial monitoring for the following fiscal year. Responsibility for review of the State Single Audit rests solely with the CTDOC Contracts Unit. No other agency unit is involved in this process.

- iv. Year End Reconciliation: Year-end reconciliation is a culmination of review of expenditure reports, budget revisions, the State Single Audit, contract payment schedules and CORE reports. The process is completed in conjunction with the Contract Financial Clerk's review of the State Single Audit, although certain pieces are completed concurrent to approval of Budget Revisions and the 12 Month Expenditure Report.

If, through review of the 8 Month Expenditure Report and Budget Revision, it is determined that the provider will not expend all of the annual funding, a payment adjustment is made to the provider's last quarter payment to correlate to the Budget Revision. If, through review of the 12 Month Expenditure Report, it is determined that the provider did not expend all funding provided by CTDOC, the Contracts Financial Clerk notifies the provider that their Expenditure Report shows a surplus of unexpended funding, and that CTDOC will require the return of the unexpended funds. The email is provided as notification only, CTDOC does not accept return of prior year unexpended funding until after the provider has submitted their State Single Audit.

If it is determined that the provider still has a surplus of unexpended prior year funding as a result of the State Single Audit review, the Contracts Financial Clerk generates an email to the provider's Chief Fiscal Officer providing details as to the funding owed and instructions for return of the funds. CTDOC does not allow providers the option of reduction in current year payments, the funds must be returned via check made payable to the CT State Treasurer. The check is returned to the Financial Clerk, logged in the Contracts Master Financial Report Tracking database and forwarded to the CTDOC Accounting Unit for deposit. Responsibility for year-end reconciliation rests solely with the CTDOC Contracts Unit. No other agency unit is involved in this process.

### **C. Programmatic Contract Monitoring**

#### **1. Agency Process**

CTDOC does not distinguish between administrative, programmatic and contract compliance monitoring. The monitoring functions for contracts, providers and programs under contract with CTDOC are a collaborative effort between the Contracts Unit and the Parole and Community Service Unit. These functions are accomplished through collection of offender-specific reports, program-specific cumulative reports and physical monitoring of contracted programs. The results of CTDOC's monitoring efforts are utilized in the CTDOC Service Planning Process (see Section IV.A (1) of this report).

- i. Report/Statistical Monitoring: CTDOC-contracted providers are required to submit a myriad of reports both to the CTDOC Contracts Unit and the CTDOC Parole and Community Services Unit. Offender-specific reports, such as offender work hours, disciplinary reports, drug testing reports, discharge summaries, etc. are submitted by each provider, for each offender, to the offender's assigned Parole Officer. The Parole Officer reviews these reports to ensure that the offender's treatment/case management is in compliance with the offender's terms and conditions of release. If the reports show cumulative discrepancies or areas of concern related to the entire program, the Parole Officer notifies the Parole Manager. If the Parole Manager feels it necessary, he/she notifies the Contracts FAO and the two (2) meet with the provider to address the concerns. If the reports show discrepancies or areas of concern related to an individual offender, the Parole Officer addresses those concerns directly with the program, in conjunction with the Parole Manager. Offender-specific reports are submitted via email or fax and maintained in the offender's master file at the appropriate Parole office.

Program-Specific reports such as utilization, length of stay, discharge status, dates of hire, hourly wage and savings balance at discharge are submitted by each provider for each contracted program, to the Contracts FAO. These reports are cumulative for the fiscal year, meaning that they are established on July 1<sup>st</sup> and updated monthly until June 30<sup>th</sup>. This enables CTDOC to analyze each program on an annual basis to determine service needs and adherence to established goals, while also providing a history of annual program performance from year to year. Reports are emailed on a monthly basis to the Contracts FAO. The FAO reviews each report for accuracy, ensures that the reports do not contain duplications and verifies the entries on the report in correlation to CTDOC's Inmate Tracking System. Discrepancies are returned to the provider for revision in the next month's report submission. After the submission and review of program reports for the month of December, the FAO compiles information on program utilization for the first six (6) months of the fiscal year, and projects that utilization out for the full twelve (12) month period in comparison to contracted capacity rates (see Section IV.A (1) of this report). These reports are reviewed and analyzed solely by staff in the Contracts Unit. No other agency unit reviews the reports.

- ii. Physical Monitoring: An annual, scheduled, whole facility, physical audit is conducted for every individual program under contract with CTDOC. This audit is performed by staff from the Parole and Community Services Unit utilizing a twenty (20) page audit tool that encompasses physical plant, programming-specific and offender-specific measures. The results of each audit are forwarded to the Contracts Unit to maintain in the provider's Master Contract File, and are incorporated into the provider's annual report.

CTDOC also ensures that at least one (1) unannounced audit/site visit is conducted for each contracted program annually. This audit is conducted by the Contracts FAO and a Parole Manager, and occasionally includes the Contracts FAM I and Financial Clerk. These audits include a physical review of the building, a house meeting or brief interview with the offenders residing in/utilizing the program and a sample review of three (3) to five (5) offender files.

It should also be noted that as part of the supervision requirements for offenders released to the community prior to completion of their criminal sentences, the offender's Parole Officer is physically present in the contracted programs at least once per week. This oversight component, while focused mainly on supervision of the individual offender, also tends to

provide insight into programmatic or contractual issues, as the Officer notes the problem and conveys it to his/her Parole Manager for resolution in collaboration with the Contracts Unit.

- iii. Resolution of Conflict/Deficiencies: Deficiencies, conflicts or concerns identified within CTDOC-contracted community programs are resolved in a myriad of different modalities. The method of resolution is wholly dependent on the immediate issue and can involve simple correspondence to the provider, face-to-face meetings with the provider, unannounced site visits to the program, submission of corrective action plans or enhanced monitoring. In all cases, the Contracts and Parole Units have developed an integrated approach that ensures that both Units are aware of and involved in the resolution of the issue. CTDOC puts forth its best efforts to ensure every possible attempt is made to assist providers with resolution of contractual, programmatic and/or financial issues. While rare, if the issue has been on-going, the Contracts Unit will impose financial penalties on the provider until such time as the issue has been successfully resolved.

It should be noted that the Contracts FAO tracks any problem, issue, report discrepancy, audit deficiency or failure to adhere to established performance goals. These issues, as well as any significant achievement accomplished by a program are detailed in an annual report that is compiled by the Contracts FAO for each contracted program. Each report is sent once per year to the provider, with the results of each report being monitored annually to ensure that on-going issues are addressed.

#### **D. Performance Outcome/Measures**

##### **1. Agency Process**

Approximately two (2) years ago, CTDOC organized a committee to review and establish comprehensive, reasonable and measurable performance outcomes. This committee included the CTDOC Contracts FAM I and FAO, a CTDOC Parole Manager and a quorum of contracted providers representing each of CTDOC's contracted program types. The process culminated with the implementation of performance outcome measures for each contracted community program. The measures are standardized by program type to allow CTDOC the added benefit of comparing the outcomes of each program against programs of like type.

To ensure adherence to the established performance measures, providers are required to submit a Performance Outcome Measure Report for each program operated under their contract. The reports are standardized by program type to ensure that providers are submitting the same information for each program. Reports are submitted via email to the Contracts FAO twice yearly, once in January for the first six (6) months of the fiscal year and once in July for the entire prior fiscal year.

The Contracts FAO reviews each report for accuracy, utilizing the year's programmatic reports, and calculates the outcome for each established measure. Once all reports have been submitted and reviewed and outcomes have been calculated, the FAO compiles the data into a spreadsheet broken down by contracted program type to determine the high, low and average outcomes for each measure. This information is transposed into the annual report that is sent to each provider for each contracted program, and is utilized as a contract monitoring tool as well as in CTDOC's service planning process. No other agency unit is involved in the review of Performance Outcome Measures. This function is solely the responsibility of the Contracts Unit, although Parole staff receive copies of the annual report that is released to each provider.

## VI. Agency Recommendations

### A. Agency Strengths/Weaknesses

#### 1. Agency Strengths

- i. Authority and responsibility for all contracting activities and functions is centralized within the Contracts Unit.
- ii. All contracting functions (POS/PSA/MOU/Other) are performed within the Contracts Unit.
- iii. The highly developed knowledge, experience, longevity and cohesiveness of staff in the Contracts Unit is a significant contributing factor in the agency's ability to meet its benchmarks and state contracting requirements.
- iv. The Contracts Unit maintains formal and informal training tools for contracts staff to utilize and provides targeted training to internal staff.
- v. The level of collaboration and communication among providers, Contracts staff and Parole staff enhances CTDOC's relationship with the non-profit community, increases the efficiency of contract and program administration and improves the quality of programming components offered to offenders.
- vi. A Strategic Planning Process is utilized biannually to evaluate the community service needs of CTDOC offenders.
- vii. Contracts are sent electronically to providers for review and signatures.
- viii. All provider payments are based solely on receipt of OPM allotment, allowing for issuance of payments within 2-3 days.
- ix. Electronic submission of programmatic and financial reports is a requirement. CTDOC does not require hard-copy or signed submission of reports.
- x. Contracts staff maintain an electronic library of active contracts available to all CTDOC staff, and also catalog available services in a Directory of Contracted Services, available to the public on CTDOC's website.
- xi. Provider performance is evaluated annually in comparison to programs of like type and the results of that evaluation are communicated to the provider in an annual report.
- xii. Data from prior fiscal years supports CTDOC's continued achievement and ability to improve its timely contract execution rates.
- xiii. CTDOC has maximized utilization of consolidated contracts.
- xiv. CTDOC requires providers to submit a whole-agency budget which allows Contracts staff to evaluate the efficacy and financial stability/makeup of the entire provider agency, while also determining other state agency funding contributions.

**2. Agency Weaknesses**

- i. The Contracts Unit and its staff are not solely dedicated to contract functions, and are tasked with unrelated activities and duties and subject to external, unrelated priorities.
- ii. Current Contracts Unit staffing structure is insufficient in FTEs and classification to ensure the programmatic, financial and administrative efficacy of \$44,000,000 in contracted human services, and presents significant concerns as to the ability of the agency to continue contract functions should existing staff vacate their current assignment.
- iii. Contracts staff do not receive formal training on contract development, administration and oversight; legal sufficiency of contracts or oversight of non-profit entity budgets.
- iv. CTDOC experiences significant delays in contract processing related to the requirement for submission of excessively detailed provider budgets and narratives
- v. CTDOC manually tracks and compiles provider utilization, statistical and performance data.

**B. Recommendations for Change**

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