

MEMORANDUM

November 6, 2009

TO: MFP Committee Meeting as the Audit Committee

FROM: Sue Richards, ^{SR} Senior Legislative Analyst
Leslie Rubin, Legislative Analyst ^{LR}
Office of Legislative Oversight

SUBJECT: **Briefing on DHHS Contract Monitoring Workgroup Meeting**

At its last meeting, Committee members received a briefing from Uma Ahluwalia, Director, Department of Health and Human Services, about DHHS' efforts to improve its contract administration and fiscal monitoring practices. Since that meeting, a joint HHS/MFP Committee forum was held with vendors; and, the Executive asked DHHS to establish a Working Group of vendors and County Government staff. The Working Group is tasked with developing recommendations to modify DHHS' requirements for supporting documentation for its invoices and to streamline DHHS' invoice review and approval process. The goal is for the Working Group to have a set of recommendations for the Director of DHHS' and County Leadership's review by December 2009.

At today's meeting, Ms. Ahluwalia will brief the Committee on the Working Group's first meeting, which was held last week.



WHAT NEXT?

STRATEGIES GOING FORWARD

- **PARTIAL PAYMENTS:** HHS fully recognizes the need to continuing making payments to vendors, to the extent possible, while issues are resolved. If items on the invoice require further discussion or documentation, the contract monitor can disallow part of the invoice while making payment on the remainder of the invoice. Utilizing partial payments will keep part (often, the majority) of the payments moving forward while issues are resolved.



WHAT NEXT?

STRATEGIES GOING FORWARD (cont)

- As noted earlier, the County's policy is that supporting documentation is submitted with invoices.
- DHHS is forming a working group to make recommendations with regard to modifying these requirements and to streamline the process. These recommendations will be presented by the Department Director to the County's leadership for approval.
- The working group will include vendor representation.
- Our goal is to have three organizations from our vendor community participate in the working group. One organization will represent small vendors ($\leq \$200,000$), the second will represent medium vendors ($> \$250,000 - \$750,000$) and the third organization will represent vendors ($> \$750,000$).

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WHAT NEXT?

STRATEGIES GOING FORWARD (cont)

Issue for workgroup discussion include:

- De minimus amounts (both dollar amounts and types of transactions)
- Alternative models, such as a tiered system that would include on-site review of documentation for some set of organizations. This includes developing criteria for assigning vendors to the various models or tiers for review of fiscal documentation.
- Resources
- Best practices in fiscal monitoring
- Training

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WHAT NEXT?

STRATEGIES GOING FORWARD (cont)

Timeline: The goal is for the working group to have a set of recommendations for the Director, HHS and County Leadership to review by December, 2009.

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