THE DEPARTMENT OF HEALTH AND HUMAN SERVICES'

CONTRACT EXECUTION AND MONITORING PROCESS

OFFICE OF LEGISLATIVE OVERSIGHT
REPORT NUMBER 2009-1

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Sue Richards
Kristen Latham

THE DEPARTMENT OF HEALTH AND HUMAN SERVICES' CONTRACT EXECUTION AND MONITORING PROCESS

OFFICE OF LEGISLATIVE OVERSIGHT REPORT 2009-1
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This OLO project describes the Department of Health and Human Services' (DHHS) procedures and practices for executing and monitoring contracts and presents data for FY08 contracts executed by DHHS' Children, Youth and Family Services (CYF) service area. The Council requested this study to enhance its understanding of how DHHS contracts are executed and monitored, and to identify changes to improve processing times and oversight practices.

THE LEGAL FRAMEWORK FOR PROCESSING COUNTY CONTRACTS

The County Charter requires the Council to establish in law a centralized procurement system. The intent of the County's procurement laws and regulations is to maximize competition, generate the receipt of responsive and responsible bids, and lead to the award of cost effective contracts.

Chapter 11B of the Montgomery County Code establishes the County Government's system for purchasing goods and services and Executive Regulations define the procedures that County staff must follow to procure virtually all goods and services.

The County's procurement law and regulations establish an array of methods to enter into competitive contracts - competitive sealed proposals, bridge contracts, and open solicitations - and two non-competitive methods - non-competitive contract awards and emergency procurements. With four exceptions, all purchases subject to procurement laws and regulations must have a written contract document that complies with the law's provisions.[1] Some of these provisions are designed to insure the integrity of the purchasing process; others to further public policies. For example, County law mandates:

- Review of a vendor's insurance certificate by the Division of Risk Management to make sure the vendor's insurance complies with the requirements established in the contract;
- Approval of the contract by the Office of the County Attorney to ensure the contract: defines the services being purchased, establishes how the County will know the services have been received, and identifies the basis for compensation;
- Enforcement of living wage requirements to ensure that all vendors pay each "covered employee" at least $12.40 per hour;
- Review of the local small business designation by the Using Department for compliance with the County's Local Small Business Reserve Program;
- Examination of a vendor's Minority, Female and Disability Program status by the Office of Procurement for Compliance with the County's MFD program; and
- Cost and price analysis by the Office of Procurement for competitive contracts over $100,000, non-competitive contracts over $50,000, or contract modifications of $50,000 or more.

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[1] Exceptions that do not require a written contract are: direct purchases (purchases for $5,000 or less); reimbursable purchases by Using Departments; credit and debit card purchases; and emergency procurements.

AN OVERVIEW OF THE PROCUREMENT SYSTEM'S ROLES AND RESPONSIBILTIES

The County Government operates a centralized procurement system that is supervised by the Chief Administrative Officer. The Director of the Department of General Services, designated in law as the County's "central procurement officer," is responsible for purchasing or supervising the purchase of all County goods, services, and construction. County Government departments, offices, and agencies – collectively referred to in the procurement regulations as "Using Departments" – are responsible for complying with the procurement laws and regulations when making purchases.

DHHS' RESOURCES, POLICIES AND PRACTICES FOR CONTRACT ADMINISTRATION

DHHS spends approximately 40% of all County Government procurement dollars. Seven DHHS organizational units share responsibility for the management of individual procurements as well as the development, execution, and administration of the resulting contracts.

- Five DHHS Service Areas have lead responsibility to decide purchasing methods, prepare solicitations to vendors, and draft contract documents. Once a contract award is made, service area staff initiate vendor negotiations to determine the explicit set of services, terms, and conditions. Because the process to finalize a contract is an interdepartmental effort, service area staff also work with the DHHS Contract Management Team, the Office of Procurement, the Office of the County Attorney, and the Department of Finance's Division of Risk Management.

- DHHS' Contract Management Team (13 WYs) and Fiscal Team (6WYs) support the operations of all five DHHS service areas. The Contract Management Team (CMT) provides technical contracting assistance to DHHS service area staff, manages the flow of documents for all DHHS contract actions, and serves as liaison to County Government offices outside of DHHS with contract processing responsibilities. The Fiscal Team provides budgetary and fiscal oversight for all DHHS contracts and vendor payments.

- Service Area staff also have lead responsibility for monitoring contracts, for inspecting and accepting goods and services prior to making payment, and for authorizing payments.

DATABASE AND TECHNOLOGY MANAGEMENT SUPPORT. The document management system that supports DHHS' contract administration activities is primarily a paper-based system. Examples of paper-based forms include contract action worksheets that DHHS uses to track all contract actions and the contract monitoring plan forms.

DHHS uses multiple database systems to track its contracts and contract actions. CMT currently uses a Microsoft Access database to track all DHHS contracts and contract actions, and CYF maintains a separate database to track its contract information. The CMT and CYF databases do not contain identical information about the contracts managed by CYF – some contracts are listed in one database but not the other and vice versa.

In 2006, DHHS established an online set of scanned contract files and key documents. DHHS acknowledges it faces an ongoing need to automate and/or upgrade the systems its uses to manage its business functions, including contract execution and monitoring.

DHHS' CONTRACT MONITORING PRACTICES. DHHS has established guidelines for contract monitoring practices. The Guidelines outline methods for monitoring contracts, discuss the use of performance measures for contract monitoring, and provide standard contract monitoring forms. In Children, Youth and Family Services, the use of and compliance with DHHS' program monitoring guidelines varies among contract monitors. Some of the factors that account for this variation include:

- The workload of a contract monitor;
- The history and reputation of a vendor;
- The type and complexity of a contract;
- The dollar value of a contract; and
- The community visibility of a service.

RECENT DHHS INITIATIVES TO ADDRESS CONTRACTING ISSUES. DHHS has taken proactive steps to improve the internal controls of its contract execution and monitoring processes. This year, given the volume of year-end contract transactions, the DHHS Director and Office of Procurement staff met to establish priorities and implement strategies to manage the end-of-year process more efficiently. DHHS also completed a Barrier Analysis that examined workload, training, technology, and procurement regulations. And, DHHS' Children, Youth and Families Service Area convened a workgroup of senior leadership and contract monitors to brainstorm process improvements.

RESOURCES AND DATA FOR CHILDREN, YOUTH AND FAMILIES' FY08 CONTRACTS. In FY08, 19 CYF staff across five program areas managed 110 contracts with a total value of $17.3 million. CYF's program areas use a variety of different source selection methods. As shown below, contracts developed through a Request for Proposal (RFP) process make up most of the Early Childhood Services' portfolio, whereas community grants make up most of Child and Adolescent Services' portfolio.

Program areas' staffing structures to carry out contract administration duties differ as well. For example, in Child Welfare Services and Income Support Services, staff serve as contract monitors and fiscal managers, whereas in Early Childhood Services, all fiscal duties are assigned to one fiscal manager and the monitoring duties are assigned to numerous contract monitors.[2] Across all program areas, only a few staff serve as dedicated fiscal managers or contract monitors. Instead, contract monitoring duties are assigned to staff with primary duties in program management and administrative program support.

Program Area	# Staff	Competitive Contracts			Non-Competitive Contracts			# Total Contracts
		# RFP	# Informal	# Open	# Community Grants	# Named in Grant	# Public Entity	
Child Welfare Services	2	4	1	10	4	1	0	20
Early Childhood Services	8	35	0	0	6	0	0	41
Income Support Services	2	3	0	0	0	0	0	3
Juvenile Justice Services	5*	5	0	0	2	2	0	9
Child and Adolescent Services	4*	9	0	0	27	0	1	37
Total	**19***	**56**	**1**	**10**	**19**	**3**	**1**	**110**

*Two staff administer contracts in both Juvenile Justice Services and Child and Adolescent Services. The table displays these positions in each program areas but displays the total staff as 19.

[2] Contract monitors are responsible for: defining service needs, developing the scope of services, assisting in the drafting of contracts, and monitoring contract performance. Fiscal managers are responsible for reviewing invoices and processing vendor payments, and initiating contract actions at the request of the contract monitor.

PROCESSING TIMES FOR EXECUTING CONTRACTS AND VENDOR PAYMENTS, FY08. OLO examined data for 29 CYF contracts awarded in FY08 to find out how long it took to produce a written contract document after completion of the source selection process. OLO grouped the contracts by source selection method and calculated the average processing times for each group. The results show that, on average, open solicitation contracts were processed more quickly than Request for Proposal or Community Grant contracts. Specifically, on average it took:

- 84 work days to produce an executed contract following an Open Solicitation;
- 93 work days to produce an executed contract following a Request for Proposal solicitation; and
- 114 work days to produce an executed contract following a Community Grant contract award.

See OLO Report 2009-1, page 41, for a description of OLO's methodology and more detailed results.

COUNTY STAFF FEEDBACK ON CONTRACT EXECUTION. OLO solicited observations from County staff about factors that influence the length of time to execute a contract. The factors County staff identified included:

- Increasing size and complexity of DHHS' contract workload;
- Lack of training for contract monitors;
- Lack of automation for contract execution and other business processes; and
- Lack of staffing across departments with a role in contract execution.

OLO also asked County staff also to identify factors that could explain why it takes longer to execute a contract following a community grant award. County staff identified the following factors:

- The development of community grant contracts occurs at the same time that Department staff are busy with end-of-year contract processing;
- In comparison to contracts awarded as a result of a competitive process, there is often less documentation available prior to the award of a non-competitive community grant; and
- The vendors who receive community grants are more likely to be unfamiliar with the County's procurement requirements and it may take them longer to generate the required documentation.

RECOMMENDATIONS

DHHS recognizes additional opportunities exist to improve the contracting process. OLO recommends the Council review and discuss the following recommendations with DHHS and other County departments that have contract execution and contract monitoring responsibilities.

#1. Consider changes to County law governing contracts to increase efficiency in the procurement process. Some ideas that merit review are: increasing the dollar threshold for purchases that require a written contract, expanding the list of purchases that are exempt from procurement regulations, and changing the implementation mechanism for non-competitive community grant awards.

#2. Update and formalize DHHS' contract monitoring guidelines.

#3. Assess the adequacy of DHHS training for contract monitors and consider implementation of a Children, Youth and Family Services' Workgroup recommendation to train vendors.

#4. Develop an interim technology and data management plan for DHHS' procurement process pending full implementation of the County's Enterprise Resource Planning (ERP) initiative.

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CHAPTER I: AUTHORITY, SCOPE, AND ORGANIZATION OF REPORT

A. Authority

Council Resolution 16-673, *FY 2009 Work Program for Office of Legislative Oversight*, adopted July 29, 2008.

B. Purpose and Scope

The approved FY09 Work Program for OLO included a follow-up assignment identified during the Council's review of OLO's report on internal service functions in the County Government. The findings for Phase 1 of this project were presented last fall in OLO Report 2007-10, *Inventory of Internal Service Functions Performed by Five Montgomery County Departments.* The County Council's Management and Fiscal Policy Committee requested a more detailed look at the Department of Health and Human Services' (DHHS) procurement policies and procedures as a follow-up Phase 2 project.

This OLO project examines DHHS' procedures and practices for executing and monitoring contracts. This study is limited to a review of contracts executed in FY08 by DHHS' Children, Youth and Family Services (CYF) service area.

Based on a review of CYF's FY08 newly executed contracts, the report:

- Classifies and summarizes the number and value of new contract actions by contract type, e.g., competitive, community grantee, grant-designated;
- Provides a set of process maps that shows the sequence of activities to execute a new contract, with an assessment of processing times for each phase; and
- Identifies factors that contribute to variations in contract execution practices or processing times.

In addition, the report:

- Summarizes how DHHS monitors contract performance;
- Describes the use of contract monitoring strategies, such as monitoring plans, site visits, and written monitoring reports; and
- Examines DHHS' practices to incorporate performance measures and collect performance outcome data.

The purpose of this project is to enhance the Council's understanding of how DHHS contracts are executed and monitored, and to identify potential improvements to processing times and oversight practices.

C. Organization of Report

Chapter II, Overview of the County Government Procurement System, provides an overview of procurement law in the County Charter, County Code, and County Regulations.

Chapter III, Overview of Contracting in DHHS' Children, Youth and Family Services, presents an overview of the Children, Youth and Family Services service area; provides a summary of the number, type, and value of contracts for CYF; and describes the contract administration practices of each CYF program area.

Chapters IV, Contracting and Information Management Support from Other County Departments, describes the institutional structure and information management systems that support CYF's contract administration activities, including DHHS' Office of the Chief Operating Officer; the Office of Procurement in the Department of General Services; the Division of Risk Management and Accounts Payable in the Department of Finance; the Office of the County Attorney; and the County Council and County Executive.

Chapter V, Contract Execution Process Maps and Processing Times, presents a set of process maps to show the sequence of transactions carried out by County staff to execute and make a payment on a contract. These maps are accompanied by a description of each process and responsibilities, and an assessment that examines elapsed time data for each process.

Chapter VI, Procedures for Monitoring DHHS Contracts, outlines the DHHS' Program Monitoring Guidelines, including roles and responsibilities of DHHS contract monitoring staff and tools used to monitor contracts. The chapter also describes specific contract monitoring practices in CYF's five program areas.

Chapter VII, Feedback from County Staff, summarizes observations by County staff from the Department of Health and Human Services, the Office of Procurement, and the Office of the County Attorney on the contract execution and monitoring processes.

Chapter VIII presents the Office of Legislative Oversight's **Findings;** and **Chapter IX** presents OLO's **Recommendations.**

The final chapter contains the Executive Branch's comments on a final draft of this report.

D. Methodology

Office of Legislative Oversight (OLO) staff members Sue Richards and Kristen Latham conducted this study, with assistance from Leslie Rubin. OLO gathered information through document reviews, data analysis, and interviews with staff of the Department of Health and Human Services, the Office of Procurement, and the Office of the County Attorney.

E. Acknowledgements

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- Pam Jones, Office of Procurement, Department of General Services.

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- Ron Rivlin, Juvenile Justice Services;
- Debbie Shepard, Early Childhood Services; and
- Pat Spann, Child Welfare Services.

In addition, OLO acknowledges the valuable assistance provided by OLO staff member Teri Busch.

F. Definitions

This section provides key definitions for contract administration in Montgomery County. These definitions are taken from the Montgomery County Office of Procurement's Online Glossary, available at http://www.montgomerycountymd.gov/content/DGS/pro/Glossary.asp.

AWARD: The release of a fully executed contract to an offeror. This release may be accomplished by a contracting officer by depositing the contract in the mail, with a common carrier, delivering it to the offeror, or notifying the contractor by phone, telegram or other means that communicates acceptance of the offer by the County.

COMPETITION: The process by which more than one valid source of supply for goods, services, or construction is solicited through the submission of offers that are to be evaluated in a comparative way for the purpose of selection of the source or sources most advantageous to the needs of the County.

CONTRACT: Any type of documented agreement or order for the procurement or disposal of goods, services, construction, or any other item that is binding on the contractor and the County.

CONTRACT ADMINISTRATOR: An authorized government official charged with responsibility for administering a contract with authority as provided in the contract document.

CONTRACTOR: Any individual or organization doing business with the County whether for services, construction or for the sale of goods or services pursuant to a contract.

COST ANALYSIS: The review and evaluation of the separate cost elements and proposed profit of an offeror's or contractor's cost or pricing data and an offeror's or contractor's assumptions and judgments in estimating costs from cost data.

DIRECT PURCHASE: An informal procurement of goods, services, or construction that is accomplished under the direct authority of the Using Department Head and not by the Director of the Office of Procurement.

FORMAL SOLICITATION: Invitation for Bids (IFB), Requests for Proposals (RFP), and Requests for Expressions of Interest (REOI).

GRANT: An action by a public or private entity that directs funds on a non-competitive basis to a specific entity. A grant must be implemented by a contract. This report refers to "**Community Grants**," which are grants where a proposed contractor has been identified in a grant or appropriation resolution approved by the Council, and "**Named In Grant**" awards, which are grants where a proposed contractor or subcontractor has been specifically identified in a grant accepted by the County.

INFORMAL SOLICITATION: A procurement not subject to formal notice that is accomplished without an invitation for bids, request for proposal, or request for expressions of interest.

NOTICE TO PROCEED: A written notice to the contractor issued by an authorized government official directing commencement of contract performance.

OFFEROR: A person or entity who makes an offer in response to a solicitation or makes an unsolicited offer.

OPEN SOLICITATION: A process by which the County accepts applications for a contract on a continuing basis and awards a contract to each applicant who meets pre-established objective qualifications.

REQUEST FOR PROPOSAL (RFP): A solicitation to prospective offerors, the response to which is analyzed in accordance with selection criteria set forth in the solicitation for the purpose of ranking the proposals received.

SCOPE (SCOPE OF CONTRACT): The entire subject matter of a contract in terms of goods to be delivered, services, or construction to be performed under the contract. Scope includes all contract terms, conditions, and specifications. Scope also includes "scope of services," if appropriate, which defines the work to be accomplished under the contract.

USING DEPARTMENT: Any County department, office, or agency subject to the procurement requirements imposed under Chapter 11B of the Montgomery County Code.

CHAPTER II: OVERVIEW OF THE COUNTY GOVERNMENT PROCUREMENT SYSTEM

This chapter describes the laws and regulations governing the County Government's purchase of goods, services and construction – its procurement laws and regulations. Montgomery County Government operates a procurement system with a centralized Office of Procurement (in the Department of General Services) and with substantial responsibilities delegated to the County departments.

- **Part A, Contracting in Montgomery County**, describes the County's contracting system; and
- **Part B, Additional Requirements**, describes several initiatives and requirements implemented through Montgomery County's procurement law and regulations.

A. Contracting in Montgomery County

The Montgomery County Charter requires the Council to establish in law a centralized procurement system – supervised by the County's Chief Administrative Officer (CAO) – for purchasing and contracting for all goods and services used by the County.[3] The Charter also requires that purchases by or contracts with the County for more than a dollar amount set in law must be "competitive."[4]

Chapter 11B of the Montgomery County Code contains the County's Procurement law, establishing a system for purchasing goods and services and authorizing the County Executive to adopt regulations[5] to implement the law. With some exceptions, the procurement law applies to every County Government purchase of goods, services, or construction.[6] Montgomery County's Contract Administration Manual indicates that the intent of these laws and regulations is to maximize competition, generate the receipt of responsive and responsible bids, and lead to the award of cost-effective contracts.

Roles and Responsibilities. Multiple County Government departments and staff share responsibility for implementing the County Government's procurement system. The CAO has primary responsibility for contracting in the County, which has been delegated to other County Government employees. Under the law, the Director of the Department of General Services is the County's "central procurement officer," responsible for purchasing or supervising the purchase of all County goods, services, and construction, and for disposing of surplus goods.[7]

The procurement regulations assign the Director of the Department of General Services several responsibilities, including:

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[3] Montgomery County Charter § 313.
[4] Montgomery County Charter § 314.
[5] See Code of Montgomery County Regulations §§ 11B.00.01.01 [hereinafter COMCOR].
[6] Montgomery County Code § 11B-3 [hereinafter "MCC"].
[7] MCC § 11B-6(a), (b).

- Advertising County needs to purchase goods, services, or construction;[8]
- Implementing a program to make purchases from minority-owned businesses;[9]
- Maintaining certain procurement records and documentation;[10]
- Making emergency procurements;[11]
- Issuing decisions about contract disputes.[12]

In turn, County Government departments, offices, and agencies – collectively referred to in the procurement regulations as "Using Departments" – are responsible for complying with the procurement laws and regulations when making purchases.[13] In practice, Using Departments oversee management of individual procurements and resulting contracts. These responsibilities include deciding on purchasing methods in accordance with the Procurement Law and regulations, preparing solicitations to vendors, drafting contract documents, requesting insurance requirements and legal review, inspecting and accepting goods and services prior to making payment, and authorizing payments.

Prior to finalizing contracts, the Office of the County Attorney is responsible for reviewing and approving contract documents for form and legality. The Department of Finance oversees contractor insurance requirements (Division of Risk Management) and payment of vendor invoices (Accounts Payable Section of the Controller Division).

Exemptions from Procurement Laws and Regulations. By law, some County Government purchases do not have to comply with the procurement laws and regulations. Purchases that are exempt from the law include[14]:

- Procurements for the employees' retirement system;
- Obtaining the services of special legal counsel authorized in the Charter;
- Hiring an independent auditor under the Charter;
- Hiring an impasse neutral, mediator, or fact finder under a County collective bargaining law, under procedures approved by the Chief Administrative Officer;
- Buying copyrighted material and information under procedures approved by the Chief Administrative Officer for use by a public library;
- Buying electricity, natural gas, and compressed natural gas, under Executive Regulation;
- Buying goods or services for County-sponsored recreational activities in situations where the purchase is made on behalf of a group of people who contributed funds to participate in the activity;
- Obtaining entertainment services; and
- Any other procurement exempted from the procurement laws by another law.[15]

[8] See, e.g., COMCOR §§ 11B.00.01.04.4.1.1.4 (for IFBs); 11B.00.01.04.4.1.2.4 (for RFPs).
[9] COMCOR §§ 11B.00.01.07.7.2.1.
[10] COMCOR §§ 11B.00.01.03.3.4.
[11] COMCOR §§ 11B.00.01.04.4.1.11.1.
[12] COMCOR §§ 11B.00.01.14.14.1.2.7.
[13] COMCOR § 11B.00.01.05.5.1.
[14] See Appendix A for PMMD-148, which includes exemptions to Procurement regulation.
[15] MCC § 11B-4(a).

Methods for Purchasing Goods and Services. The Procurement law and regulations establish numerous methods for County purchases, referred to in the law as "source selection" methods.[16] Some source selection methods involve competition – where the County solicits goods, services, or construction from more than one source – and some do not.[17] Table 2-1 summarizes these methods. Revisions to these thresholds are currently being prepared and will be sent to the Council for review in the next few months.

Table 2-1. Overview of Montgomery County Source Selection Methods

Source Selection Method	Dollar Threshold Requirements	Description
Competitive Source Selection Methods		
Petty Cash	$100 or less	Petty cash is used for informal purchases of goods or services by employees and authorized by a Using Department Head.
Direct Purchase	$101 - $5,000	The Heads of Using Departments can authorize direct purchases for goods, construction, or services.
Mini-Contract	$5,001 - $24,999	A mini-contract is used to obtain professional services (and non-professional services under special circumstances) via an informal solicitation process.
Small Purchase	$5,001 - $24,999	A small purchase is an informal solicitation for goods, construction or services initiated by a Using Department. The County must contact at least five randomly selected potential offerors and at least one of the potential offerors should be a minority owned business. Contract award must be based on price, responsiveness and responsibility.
Competitive Sealed Bidding (IFB)	$25,000 or more	IFBs request bids from vendors for construction, goods and non-professional services to provide the County an item or service identified in the IFB. IFBs must include specifications for items being purchased, criteria to evaluate bids, and all contractual provisions applicable to the purchase. Contract award must be made to the lowest responsible and responsive bidder.
Competitive Sealed Proposals (RFP)	$25,000 or more	RFPs request proposals from vendors to provide the County a specific service identified in the RFP. The RFP process balances quality and price to obtain the best value for the County. RFPs must contain factors for evaluation of the proposal and an explanation of the ranking of vendors. Evaluation factors must include factors related to the technical quality of the proposal or the ability of the vendor, or both, and includes price. At least 10% of the total points for all evaluation criteria must be assigned to price.
Abbreviated Formal Solicitation	Less than $100,000	A method for obtaining competitive sealed bids or competitive sealed proposals by using an abbreviated formal solicitation process, when determined by the Director, Department of General Services, to be in the best interests of the County.
Bridge Contract	No specific limit	A bridge contract is a procurement for goods, services, or construction using an existing competitive contract with another public entity when the Director, Department of General Services determines that a bridge contract is in the best interests of the County. The contract must be for the same goods, services, or construction being provided the other public entity at the same prices being charged the other public entity. The Contract with the other public entity must have been awarded as a result of adequate competition as determined by the Director, Department of General Services.

[16] MCC §§ 11B-9 to 11B-16; COMCOR § 11B.00.01.1.04..
[17] See COMCOR § 11B.00.01.02.2.4.15

Table 2-1. Overview of Montgomery County Source Selection Methods (Continued)

Source Selection Method	Dollar Threshold Requirements	Description
Competitive Negotiations	No specific limit	The County may use competitive negotiations if no bid or proposal is received or only one bid is received in response to an IFB or RFP; no bids or proposals received are acceptable; no bids or proposals received meet County price or budget limitations; or no vendors are responsible, and the Director, Department of General Services finds that further competitive bidding would be impractical or not in the best interest of the County.
Open Solicitation	No specific limit	Under an open solicitation, the County accepts applications for a contract on a continuing basis and awards a contract to each applicant who meets pre-established objective qualifications. An open solicitation allows the County to receive and act on an application for a contract award on a continuing basis.
Public Entity Procurement	No specific limit	A public entity procurement is an agreement to acquire or use any goods, services, or construction with a public entity upon terms and conditions considered to be in the best interest of the County as determined by the Director. A public entity procurement does not require public solicitation, nor does it require justification as a non-competitive procurement.
Request for Expressions of Interest (REOI)	No specific limit	An REOI is a formal solicitation for competitive sealed responses containing qualifications and other requested information from prospective vendors of the County's requirements. An REOI is initiated to obtain essential procurement information needed to prepare a subsequent solicitation.
Standardized Procurement	No specific limit	A standardized procurement is a purchase of goods determined by the County's Contract Review Committee to be equipment for which standardization and interchangeability of parts is necessary or is otherwise in the public interest.
Non-Competitive Source Selection Methods		
Non-Competitive Contract	No specific limits	The County may award a contract without competition if the CAO determines that contract award serves a public purpose and: 1. Only one source exists that can meet County needs for the required goods, service, or construction ("sole source"); 2. The good or service required is in connection with potential or pending litigation, condemnation, or collective bargaining; 3. A proposed contractor or subcontractor has been specifically identified in a grant accepted by the County ("named in grant"); or 4. A proposed contractor has been identified in a grant or appropriation resolution approved by the Council ("community grant").
Emergency Procurement	No specific limits	An emergency procurement is an informal procurement of goods, services, or construction necessitated by a threatened dangerous condition or a threatened imminent or unforeseen curtailment of an essential service or supply that will endanger or damage health, life or property and cannot be remedied through a normal procurement.

Source: MCC §§ 11B-9 to 11B-16, COMCOR § 11B.00.01.04.1

Requirement to Have Contracts. With four exceptions, all purchases in Montgomery County subject to the procurement laws and regulations require a written contract document (see page 7 above for a list of purchases that do not have to comply with procurement laws and regulations).[18] The four exceptions that do not require a written contract are:

- Direct purchases (purchases for $5,000 or less);
- Reimbursable purchases by Using Departments;
- Credit and debit card purchases; and
- Emergency procurements.[19]

Table 2-2 summarizes the types of contracts authorized in the procurement regulations.

Table 2-2. Summary of Types of Contracts Authorized in the Montgomery County Procurement Regulations[20]

Contract Type	Description
Fixed Price Contract	County regulations deem this as the County's preferred contract method. A fixed price contract establishes a firm price for goods or services. All costs involved are firmly established, in writing, but may be subject to certain adjustments such as escalator clauses or incentive clauses.
Cost Reimbursement Contract	Cost reimbursement contracts provide for reimbursement of a contractor's costs to perform specified contract requirements plus a fee, if any. Costs may include hourly rates associated with personnel, overhead, out-of-pocket costs, and other costs specified in the contract. A time and materials contract is a cost reimbursement contract. The Contract must provide a means to insure that the costs are fair and reasonable. A Contract must not provide for compensation on a cost plus percentage of cost basis.
Requirements Contract	A requirements contract is for an indefinite quantity of goods, construction, or services to be furnished at specific times, or as ordered, at fixed unit prices. Whenever practical a requirements contract should include a maximum compensation amount.
Definite Quantity Contract	A definite quantity contract provides delivery of a specified quantity of goods, construction, or services either at specified times or when ordered.
Multiple Award Contract	A multiple award contract is one where more than one contractor is awarded a contract for specified goods, construction, or services.
Multi-Year or Term Contract	Multi-year or term contracts are used to purchase services over more than one year or contract term, when the performance of services involves high start-up costs, when a continuous source of supply over a multi-year or term period is required, or when a change-over of services involves high phase-in/phase-out costs during a transition period.
Incentive Contract	Incentive contracts relate the amount payable under the contract to the contractor's performance. Incentive contracts are appropriate when the required goods, services or construction can be acquired at lower costs or with improved delivery or technical performance, by relating the amount payable under the contract to the contractor's performance.

Source: Montgomery County Procurement Regulations

[18] COMCOR § 11B.00.01.03.3.
[19] Ibid. Note that whenever practical, the Department making the Emergency Procurement should use contract documentation required for a mini-contract or small purchase.
[20] See COMCOR § 11B.00.01.04.4.2.

B. Additional Requirements

Certain County contracts must comply with additional requirements set out in the procurement laws and regulations. Several of these requirements represent policy choices that are implemented through the County's procurement system. Using Departments must comply with these requirements when developing and executing contracts. This section briefly summarizes some of these requirements, including:

- Minimum wage requirements for contract employees;
- Conducting cost/price analyses for County contracts;
- County Attorney review of contract documents;
- Requirements to make purchases from minority, female, and disabled contractors; and
- Requirements to make purchases from local small businesses.

Wage Requirements. The County procurement law requires contractors and subcontractors to pay their employees at least $12.40 per hour for employees providing services to the County.[21] The law exempts certain contractors and certain types of contracts from this requirement, including nonprofit organizations, public entity contracts, and non-competitive contracts.[22] County contracts contain provisions mandating these wage requirements.

Cost and Price Analysis. The Director of the Department of General Services must determine that the price paid under a contract is "fair and reasonable."[23] Before a Using Department recommends an award to a vendor, the Using Department must conduct a price analysis to determine that the price is "fair and reasonable."[24] Additionally, vendors must submit cost and/or pricing data for analysis prior to contract approval for competitively-negotiated contracts over $100,000 and for non-competitively-negotiated contracts over $50,000.

County Attorney Review. The procurement regulations require Using Departments to submit most contracts to the Office of the County Attorney for review and approval prior to executing the contract.[25] The regulation exempts the following purchases from this review:

- Direct purchases;
- Petty cash purchases;
- Emergency purchases;
- Credit and debit card purchases;
- Small purchases; and
- Delivery orders against existing contracts.

Purchases from Minority-Owned Businesses. Montgomery County law also addresses purchases from minority-owned businesses. Commonly referred to as the MFD law (Minority, Female and Disabled), the procurement laws and regulations require the County Government to purchase a percentage of its goods, services, and construction for contracts over $5,000 from minority-owned

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[21] MCC § 11B-33A(e). Wage effective July 1, 2008 through June 30, 2009.
[22] MCC § 11B-33A(b).
[23] COMCOR § 11B.00.01.10.10.1.
[24] COMCOR § 11B.00.01.10.10.1.1.
[25] COMCOR § 11B.00.01.03.3.3.1.

businesses.[26] The Office of Procurement's website explains that minority-owned businesses are at least 51% owned and managed by minority persons, including African American, Hispanic American, Asian American, Native American, Persons with Disabilities, and Women.

The MFD law and regulations establish procedures for implementing the MFD program, including requirements for Using Departments and contract monitors.[27] The MFD program currently has a sunset date of December 31, 2009.[28]

Local Small Business Reserve Program. Montgomery County's Local Small Business Reserve Program (LSBRP) requires Using Departments to award at least 10 percent of their procurements to local small businesses.[29] The LSBRP law and regulations establish procedures and requirements for Using Departments to help implement the program. Like the MFD program, the LSBRP has a sunset date of December 31, 2009.

[26] MCC §§ 11B-57 to 11B-64; COMCOR §§ 11B.00.01.07.7.1 to 11B.00.01.07.7.10.
[27] See MCC § 11B-60(j); COMCOR § 11B.00.01.07.7.5.2.
[28] MCC § 11B-64.
[29] MCC § 11B-66.

CHAPTER III: OVERVIEW OF CONTRACTING IN DHHS' CHILDREN, YOUTH AND FAMILY SERVICES

The Department of Health and Human Services' Children, Youth and Family (CYF) Services service area provides an array of prevention, intervention, rehabilitative and after-care services to Montgomery County children and their families. CYF provides many of these services through contracts with community organizations.

This chapter outlines CYF's contracting process, describes the administration of contracts within CYF program areas, and provides an overview of CYF's FY08 contracts. The chapter is organized as follows:

- **Part A, Mission and Organizational Structure of Children, Youth and Family Service Area**, provides a brief overview of the CYF service area;

- **Part B, Number and Type of Contracts in Children, Youth and Family Services,** summarizes the number, type of, and funding for contracts managed by the six program areas in Children, Youth and Family Services; and

- **Part C, A Review of CYF's Service Contracts and Contract Administration Practices,** summarizes the administration practices of each CYF program area, and includes an overview of the contracts administered in FY08.

A. Mission and Organizational Structure of the Children Youth and Family (CYF) Service Area

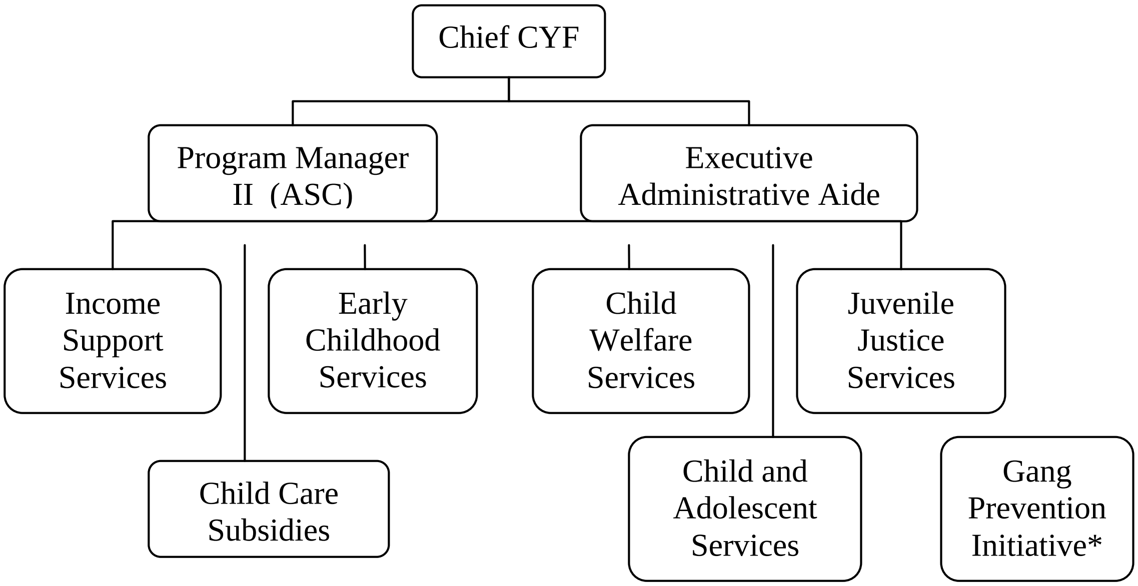
The mission of Children, Youth and Family (CYF) Services is to promote opportunities for children to grow up safe and healthy and for families and individuals to be self-sufficient. CYF provides protective, prevention, intervention, and treatment services for children and their families; and education, support and financial assistance for parents, caretakers and individuals.

In FY08, CYF's approved budget totaled $65.5 million and 456 workyears. These resources fund personnel and service delivery across six different program areas plus the Gang Prevention Initiative. The program areas are:

- Income Support Services;
- Early Childhood Services;
- Child Welfare Services;
- Juvenile Justice Services;
- Child Care Subsidies; and
- Child and Adolescent Services.

The chart on the next page, provided by CYF, displays the organizational structure for the service area. This chart does not depict organizational changes the service area plans to make in FY09.

Exhibit 3-1. Children, Youth and Family Services Organizational Chart



*The Gang Prevention Initiative was previously under Juvenile Justice Services and, as of FY09, is an independent initiative program in CYF.
Source: DHHS, Children Youth and Family Services

Only five of CYF's six program areas administered contracts in FY08. The Child Care Subsidies program did not administer any contracts in FY08 and contracts under the Gang Prevention Initiative were administered as part of Juvenile Justice Services in FY08.

Contract Administration in Children, Youth and Family Services. Currently, 19 staff in the six program areas function as contract monitors and/or fiscal managers. The contract monitors typically have the following responsibilities: defining service needs; determining the type of procurement method for a contract; defining the scope of services, including contract payment terms and conditions; and establishing and maintaining a working relationship with the vendor throughout the contract term.

Additional CYF staff serve as fiscal managers, providing administrative assistance to the contract monitors and serving as the contact points for the CYF Administrative Service Coordinator. Typically, these staff review invoices and process vendor payments, and initiate contract actions at the request of the contract monitor. They may also provide on-going monitoring of contracts.

Drafting Contracts in Children, Youth and Family Services. After a vendor has been selected to provide services, the contract monitor in a program area contacts the vendor and works directly with them to:

- Determine the scope of services;
- Negotiate the budget and ensure accurate budget detail; and
- Develop performance measures to incorporate into the contract.

CYF's process for developing a contract involves the following steps:

1. **Contract Monitor**: Prepares an internal DHHS Contract Action Worksheet (CAW), which summarizes contract actions, and obtains the approval and signature of his/her direct supervisor.
2. **Contract Monitor**: Prepares a monitoring plan describing the timing and scope of contract monitoring and submits this paperwork in hard copy to the program area's fiscal manager.
3. **Program Area Fiscal Manager**: Reviews the packet of contract documents for completeness and accuracy, verifies the availability of funds, and checks the accuracy of account coding.
4. **Program Area Fiscal Manager**: Approves the CAW and forwards a hard copy to the service area's Administrative Services Coordinator (ASC).
5. **ASC**: Reviews the packet and enters information into a CYF contract spreadsheet of all contract actions maintained by the ASC.
6. **ASC**: Approves the CAW and forwards it to the Service Chief for approval.
7. **Service Chief**: Approves the CAW then submits it to DHHS' Contract Management Team (CMT).

Chapter IV provides a detailed description of DHHS' Contract Management Team. Chapter V provides a detailed description of the procedures for executing a contract.

Training of Contract Staff. Until recently, there was no mandatory training of CYF contract staff. Contract monitors were encouraged, but not required to take the Office of Human Resources' Contract Administration Course offered to all County employees. As of the time of this report, the Department of Health and Human Services has instituted a policy requiring all contract monitors to attend the County Contract Administration Course. Additionally, beginning in September 2008, DHHS and Procurement staff will begin a series of monthly mandatory hour long training session for all contract monitors on topics such as contract payments, monitoring, and contract amendments.

B. Number and Type of Contracts in Children, Youth and Family Services

This section summarizes the number, type of, and funding for contracts managed by five CYF program areas. Table 3-1 (on the next page) summarizes information about the 110 contracts administered by CYF in FY08. In sum, the data show:

- CYF administered 67 competitive contracts and 43 non-competitive contracts;
- The Early Childhood Services Program administered 41 contracts, the most of any program area;
- Community grants and RFPs together account for 86% of all contracts in CYF;
- Community grants account for 35% of all contracts in CYF, with Child and Adolescent Services administering 27 of the 37 total community grants;
- Only one program area, Child Welfare Services, used open solicitations and informal contracts; and
- RFPs are the most prevalent type of contract solicitation (51%), with Early Childhood Services administering the most RFPs (35).

Table 3-1. Number of CYF Contracts by Type and Program Area, FY08

	Child Welfare Services	Early Childhood Services	Income Support Services	Juvenile Justice Services	Child and Adolescent Services	Total	% of Total
Non-Competitive Contracts							
Community Grants	4	6	--	2	27	39	35%
Named In Grant	1	--	--	2	--	3	3%
Public Entity	--	--	--	--	1	1	1%
Subtotal Non-Competitive	*5*	*5*	*0*	*4*	*28*	*43*	*39%*
Competitive Contracts							
RFP	4	35	3	5	9	56	51%
Informal	1	--	--	--	--	1	1%
Open Solicitations	10	--	--	--	--	10	9%
Subtotal Competitive	*15*	*35*	*3*	*5*	*9*	*67*	*61%*
Total	**20**	**41**	**3**	**9**	**37**	**110**	**100%**

Source: DHHS, Children Youth and Family Services

Table 3-2 (on the next page) summarizes the FY08 contract funding for the CYF program areas. In FY08, the service area administered approximately $17.3 million in contracts. In sum, the data show:

- 36% of contract value was awarded non-competitively and 64% of contract value was awarded through a competitive process;
- RFPs constituted the largest funding total at $11.0 million (63%);
- Child and Adolescent Services had the highest level of contract funding with $8.4 million; and
- Child and Adolescent Services also had the highest level of community grant funding at $2.5 million, or over half of the funding for CYF community grants.

Table 3-2. Funding Value of CYF Contracts by Type and Program Area, FY08

	Child Welfare Services	Early Childhood Services	Income Support Services	Juvenile Justice Services	Child and Adolescent Services	Total	% of Total
Non-Competitive Contracts							
Community Grants	$712,370	$1,085,725	0	$306,600	$2,488,014	$4,592,709	27%
Named In Grant	$882,500	0	0	$530,413	0	$1,412,913	8%
Public Entity	0	0	0	0	$185,000	$185,000	1%
Subtotal Non-Competitive	*$1,594,870*	*$1,085,725*	*$0*	*$837,013*	*$2,673,014*	*$6,190,622*	*36%*
Competitive Contracts							
RFP	$399,684	$1,756,495	$1,745,848	$1,327,975	$5,745,825	$10,925,827	63%
Informal	$24,500	0	0	0	0	$24,500	0%
Open Solicitations	$180,850	0	0	0	0	$180,850	1%
Subtotal Competitive	*$605,034*	$1,756,495	*$1,745,848*	*$1,327,975*	*$5,745,825*	*$11,131,177*	*64%*
Total	**$2,199,904**	**$2,842,220**	**$1,745,848**	**$2,164,988**	**$8,418,839**	**$17,321,799**	**100%**

Source: DHHS, Children Youth and Family Services

C. A Review of CYF's Service Contracts and Contract Administration Practices by Program Area

At OLO's request, CYF provided an overview of its programs and services. This section describes the five CYF programs that administer contracts and the services they provide. It also describes the individual contracting practices in each CYF program area.

1. Child Welfare Services (CWS)

Child Welfare Services provides state- and federally-mandated programs for children who have been abused or neglected and also provides services to their families. In FY08, CWS's approved budget was $19.2 million with 205.3 workyears. CWS provides the following services:

- Protective Services;
- Family Preservation Services;
- In-home services;
- Foster Care;
- Foster and Adoptive Parent Services;
- Adoption; and
- Child Assessment Center.

Inventory of Service Contracts. In FY08, CWS managed all or parts of 20 contracts valued at $2.2 million, representing approximately 11.5% of the approved CWS budget. See Appendix B for a summary chart of CWS' contracts administered during FY08.

CWS's contracts address a variety of separate needs. Some service contracts retain licensed health professionals or health care providers to provide counseling and medical services to the children or family members seen by CWS social workers. Some contracts provide training or technical advice and support for CWS staff. Other contracts provide one-time services, such as a home study for an adoptive family.

Source Selection Methods. CWS used a variety of source selection and contract award methods to identify vendors. Specifically:

- Ten vendors received contracts through open solicitations ($180,850);
- Four vendors received contracts through community grants ($712,370);
- Four vendors received contracts through formal competitive solicitations ($399,684);
- One vendor received a contract through an informal solicitation ($24,500); and
- One vendor was named in a grant ($882,500).

Contract Values. The contracts in CWS range in value from $2,000 to $882,500. The median value for all contracts is $24,750. The median for non-competitively bid contracts is $75,000 and the median for competitively bid contracts is $22,606. The median value of the community grants is $63,050.

Competitive and Non-Competitive Contract Awards. Seventy-five percent of CWS' FY08 contracts were competitively awarded, but represented only 28% of CWS' total contract funding ($605,034). The remaining 25% of CWS' contracts were non-competitively awarded, representing 72% of CWS' total contract funding ($1.6 million). In compliance with County regulations, the Office of Procurement conducted a cost price review for two of the five competitively awarded contracts; these contracts had values of $168,900 and $200,000 respectively.

Contract Administration Practices. CWS' Resource Section provides personnel and procurement administrative service supports for all CWS programs. Two positions in the Resource Section primarily oversee CWS' contract administration responsibilities – the Section Administrator and the Administrative Specialist:

- The Administrator manages contract acquisition planning; defines service needs and contract scope; manages the contractor selection processes, contract drafting, vendor negotiations, and contract award processes. The position also supervises the Administrative Specialist.

- The Administrative Specialist serves as the Contract Monitor for CWS. The position is also the fiscal manager and the contact point for all vendors. The Administrative Specialist processes all contract action worksheets, receives and reviews invoices, processes payments, and conducts contract monitoring site visits.

- CWS Program staff are responsible for requesting vendor services, processing client referrals, and notifying the Resource Section of vendor concerns.

According to the Administrator, three individuals in CWS must approve each contract action initiated by the Contract Monitor: the Administrative Specialist, the Administrator, and the Division Chief.

2. Early Childhood Services (ECS)

Early Childhood Services provides leadership for public and private programs serving young children and their families in Montgomery County. Its mission is to ensure that all children before birth to age five attain their full potential through quality early child care and nurturance, and participation in appropriate programs. In FY08, ECS' approved budget was $4.8 million and 23.4 workyears. The ECS Program Area provides the following programs and services:

- The Infants and Toddlers Program;
- Child Care Resource and Referral Center;
- Parent Support Services;
- Public Engagement Campaign; and
- Child Care Quality Enhancement.

Inventory of Service Contracts. In FY08, ECS managed 41 contracts valued at $2.8 million, representing approximately 55% of ECS' approved budget. See Appendix B for a summary chart of ECS' contracts administered during FY08.

The services provided by ECS contracts vary widely. Many of the contracts provide consulting services for the Infants and Toddler's Program. Some provide services for child care providers, early intervention services, and children's books.

Program Needs Assessment and Acquisition Planning. In 2000, the Council endorsed an itemized plan of action and spending to improve the County's early childhood system of services. This plan included program money, but did not include additional staff. The focus on Early Childhood issues coupled with the dynamic nature and ongoing research in ECS creates a set of service needs that are continually emerging or being redefined in response to new research findings.

More recently, public and private agency staff convened an Early Childhood Congress. This umbrella organization developed an Action Agenda as the next step in planning for a coordinated system of services. Among other Congress activities, an integrated budget workgroup will develop a proposed budget in an effort to align public and private priorities and identify gaps in services.

Source Selection Methods. The inventory shows vendors were identified through two procurement methods. Specifically:

- 22 vendors (35 contracts) received contracts through a formal RFP solicitation process ($1.8 million); and
- Six vendors received contracts through community grants ($1,085,725).

Contract Values. The contracts in ECS range in value from $1,000 to $507,014. The median value for all contracts was $25,000. The median value of the RFPs was $13,000 and the median value for community grants was $124,910.

Competitive and Non-Competitive Contract Awards. Six contracts valued at $1,085,725 were awarded non-competitively and 35 contracts, totaling $1.8 million, were awarded competitively. In FY08, the median value for all contracts was $31,250. The median value for competitively bid contracts was $25,000 and the median value for non-competitive contracts was $98,934. In compliance with County regulations, the Office of Procurement conducted a cost/price review for the eight competitively awarded contracts valued at over $100,000.

Resources and Contract Administration. Eight people carry out various ECS contract management responsibilities. These responsibilities include market and procurement research, contract development, contract monitoring and fiscal activities such as reviewing and approving budgets and signing off on invoices.

The ECS Administrator reports that assignment of contract monitors is based on factors such as experience, current workload, and program expertise. Under the current arrangement, two people share the frontline technical and fiscal contract administration responsibilities for every contract ECS manages (a contract monitor and a fiscal manager). The contract development, vendor relations, contract monitoring and invoice review responsibilities are allocated among six program staff. All of the staff who serve as contract monitors carry out other substantial program responsibilities.

The allocation of program staff resources and service contracts is as follows:

- Three staff (a Manager III, an Administrative Specialist II, and one Program Manager II) administer the contracts for the Infants and Toddlers program;
- One Program Manager II manages 17 contracts for home visiting, parental support, early childhood mental health services, community-based prekindergarten services, and books;
- One Program Manager I manages the contracts for monitoring and maintenance of playground equipment, and after school programs; and
- One Program Specialist II, the child care Training Director, is responsible for assessing training outcomes and planning training for child care providers to meet licensing requirements for the State. Currently, she allocates a limited amount of time to managing the training contracts.

One staff person (Program Manager I) provides fiscal and administrative support to all of the program staff, including initiating contract action worksheets, checking invoices that have been reviewed by program staff, ensuring the availability of budgeted funds, and maintaining a database to track some payments associated with contracts. The ECS Administrator conducts a final review of all contract actions.

3. Income Support Services

The Income Support Services program in CYF determines low-income families' eligibility for various welfare programs, e.g., Temporary Cash Assistance, Food Stamps, and manages a required employment program for those who receive this assistance. The list of the federal and state funded programs and services that this program area provides includes:

- Employment Services – provides pre-employment and post-employment services to Temporary Cash Assistance customers determined work ready under Welfare Reform rules;
- Temporary Cash Assistance (TCA) – a federally funded program of time-limited cash benefits that promote self-sufficiency;
- Food Stamp Program – a federally funded program providing monthly benefits to eligible households to supplement their food budget;
- Maryland Medical Assistance or Medicaid (MA) – provides health care benefits to County residents;
- Temporary Disability Assistance Program (TDAP) – assists single adult residents who are temporarily disabled and cannot work due to either a physical or mental impairment; and
- Refugee Cash/Medical Assistance Program – provides benefits for financially needy refugees for the first eight months in the United States.

The FY08 Approved Budget for this program area is $13.0 million with 134.5 work years.

Inventory of Service Contracts. Income Support Services manages one contract with Arbor Education, Inc. valued at $1.6 million to provide pre- and post-employment services. As part of this contract, Income Support Services also provides funding for contracts with other vendors to provide supplemental services. These contracts are managed by the Special Needs Housing program area of DHHS. Currently, Income Support Services funds two additional contracts. See Appendix B for a summary of Income Support Services' contracts administered during FY08.

Program Needs Assessment and Acquisition Planning. In 2006, the Federal Deficit Reduction Act of 2005[30] was signed and put into law. The law included provisions to reauthorize Temporary Assistance to Needy Families (TANF). Montgomery County and its Department of Health and Human Services are required by the Deficit Reduction Act to provide ongoing Employment and Support Services. The County decided to continue to contract out these services.

Source Selection Methods. All vendors were identified through the RFP process.

Contract Values. The contract data show that the service contracts that Income Support Services administers display a range in contract values. The two contracts administered by Special Needs Housing are $45,000 and $69,491 and the largest contract in Income Support Services is over $1.6 million.

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[30] Public Law 109-171.

Competitive and Non-Competitive Contract Awards. The data shows all three contracts were awarded competitively. In compliance with County regulations, the Office of Procurement conducted a cost price review for the largest contract valued at over $1.6 million.

Resources and Contract Administration. Currently, two staff – a Program Manager who was hired in November of 2007 and a MLS III – jointly carry out the program and fiscal contract management responsibilities. Previously, the MLS III was the primary contract manger for Income Support Services. The Program Manager reports that the current staffing pattern is a short-term arrangement to fully train her in all aspects of the contract. Eventually, all of the contract management responsibilities will be transferred to the Program Manager.

SPECIAL NOTE: The two remaining program areas – Juvenile Justice Services and Child and Adolescent Services – have a unique association; the program areas administer and monitor contracts with overlapping staff. There is one Program Manager III and one Administrative Specialist II who provide contract administration and monitoring services to both program areas. This will be described in more detail in the summary of each program area.

4. Juvenile Justice Services (JJS)

Juvenile Justice Services integrates the delivery of screening, assessment, case management, community services, and treatment services with the juvenile justice legal process. These services are targeted to youth who need services for substance abuse, youth who are in the juvenile justice system, and other at-risk youth. In FY08, Juvenile Justice Services had an approved budget of $5.6 million and 39.5 workyears. In FY08, Juvenile Justice Services included:

- Gang Prevention Initiative (now an independent initiative);
- Juvenile Assessment Center;
- Screening and Assessment for Children and Adolescents; and
- Conservation Corps.

Inventory of Service Contracts. In FY08, Juvenile Justice Services managed all or parts of nine contracts valued at $2.2 million, representing approximately 39% of JJS' approved FY08 budget. See Appendix B for a summary chart of JJS' contracts administered during FY08.

Juvenile Justice Services' contracts provide a variety of services, including substance abuse treatment services, mentoring services, and youth development programs.

Source Selection Methods. A variety of source selection and contract award methods were used to identify the vendors. Specifically:

- Five vendors received contracts through formal competitive solicitations ($1.3 million);
- Two vendors were named in a grant ($837,013); and
- Two vendors received contracts through community grants ($306,600).

Contract Values. JJS' contracts range in value from \$54,450 to \$541,750. The median value for all contracts is \$225,232. The median for non-competitively bid contracts is \$306,600 and the median for competitively bid contracts is \$123,060.

Competitive and Non-Competitive Contract Awards. Five contracts valued at \$1.3 million (61%) were competitively awarded in FY08 through the RFP process. Four contracts valued at \$837,013 (39%) were non-competitively awarded. In compliance with County regulations, the Office of Procurement conducted a cost price review for the three competitively awarded contracts with a value of over \$100,000.

Contract Administration Practices. Currently, five CYF staff jointly carry out the program and fiscal contract management responsibilities for the Juvenile Justice program area. The following is a breakdown of responsibilities for contract monitoring in JJS:

- A Program Manager I serves as the contract monitor for most JJS' contracts;
- A Manager III supports contract operations, specifically providing subject matter expertise for certain contracts;
- A second Manager III serves as contract monitor for all contracts for the Gang Prevention Initiative;[31]
- A Therapist II monitors some contracts associated with adolescent sex offenders; and
- An Administrative Specialist II oversees the fiscal monitoring of all contracts in JJS, including tracking expenditures and encumbrances.

5. Child and Adolescent Services (CAS)

Child and Adolescent Services (CAS) provides services for single-parent families, fosters community empowerment, and provides family outreach to address the needs of children, youth, and their families. CAS also is responsible for the Linkages to Learning program, which is a partnership with MCPS and various private agencies to provide an array of integrated health, mental health, social, and education services at 29 MCPS elementary and middle school sites. Child and Adolescent Services also includes Regional Youth Service Centers. In FY08, CAS had an approved budget of \$8.8 million and 10.8 workyears.

Inventory of Service Contracts. In FY08, CAS managed all or parts of 37 contracts valued at \$8.4 million, representing about 95% of the approved CAS budget. See Appendix B for a summary chart of CAS' contracts administered during FY08.

The contracts under the Child and Adolescent Services program area provide a wide array of services. These services include after school programs, mentoring, mental health services, and wraparound services.

[31] As of FY09, the Gang Prevention Initiative is an independent program in Children, Youth and Family Services and no longer under Juvenile Justice Services.

Source Selection Methods. A variety of source selection and contract award methods were used to identify CAS contract vendors. Specifically:

- 23 vendors (27 contracts) received contracts through community grants ($2.5 million);
- Four vendors (nine contracts) were identified through a formal competitive solicitation ($5.7 million); and
- One vendor received a public entity contract ($185,000).

Contract Values. The contracts in CAS range in value from $4,999 to $800,000. The median value for all contracts is $50,000. The median for non-competitively bid contracts is $49,941 and the median for competitively bid contracts is $99,663.

Competitive and Non-Competitive Contract Awards. In FY08, the nine competitively bid contracts were awarded through the RFP process. In compliance with County regulations, the Office of Procurement conducted a cost price review for the one competitively awarded contract with a value over $100,000.

Contract Administration Practices. Currently, four Child and Adolescent Services staff administer and monitor contracts. Two of these staff members – a Program Manager I and an Administrative Specialist II – also undertake contract administration duties for the Juvenile Justice Services program area:

- The Administrative Specialist II provides fiscal monitoring for all CAS contracts.
- The Program Manager I serves as contract monitor for all contracts in Child and Adolescent Services, with the exception of contracts associated with the Linkages to Learning Program.
- Two part-time Program Manager I positions monitor and administer contracts for the Linkages to Learning Program.

CHAPTER IV: CONTRACTING AND INFORMATION MANAGEMENT SUPPORT FROM OTHER COUNTY DEPARTMENTS

This Chapter describes the County Government institutional structure and information management systems that support Children, Youth and Family Services' contract monitors' and fiscal managers' activities to execute contracts and pay vendors (described in Chapter III). CYF's contract monitoring and fiscal duties are part of an interdepartmental sequence of administrative actions that ensure that CYF's purchasing and payment actions:

- Comply with the County's procurement regulations;
- Comply with internal controls designed to ensure the quality and integrity of the County's purchasing, contracting, and payment activities; and
- Align with the County's budgeting and financial management and reporting functions.

The chapter is organized as follows:

- **Part A, County Government Contracting and Payment Activities**, provides an overview of other County Government entities that have a role in contract execution and payment including:
  - Contract Management Team (DHHS' Office of the Chief Operating Officer);
  - Fiscal Team (DHHS' Office of the Chief Operating Officer);
  - Office of Procurement (Department of General Services);
  - Division of Risk Management (Department of Finance);
  - Office of the County Attorney;
  - Accounts Payable (Department of Finance); and
  - County Executive and County Council.
- **Part B, DHHS' Information Management Systems**, provides an overview of DHHS' technology management.

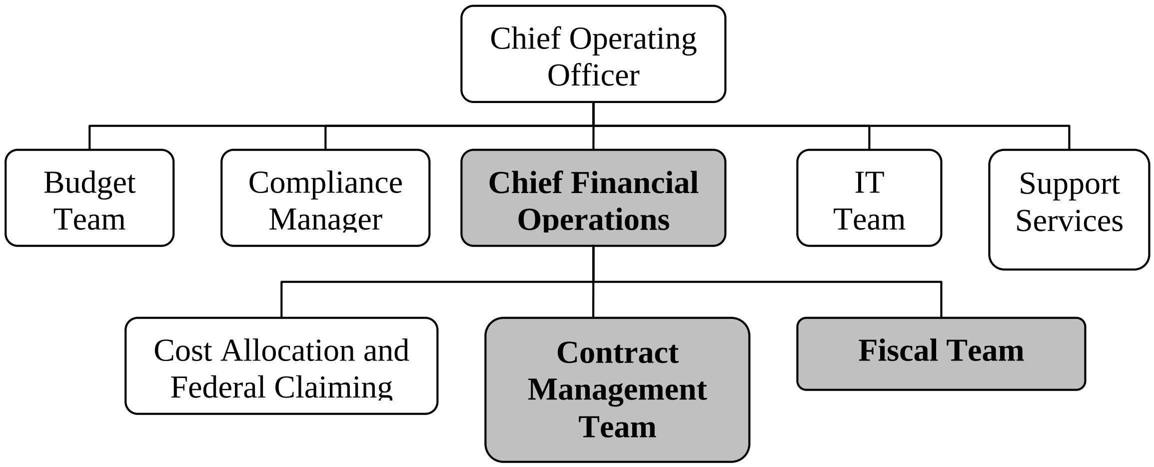
A. County Government Contracting and Payment Activities

The countywide institutional structure that supports CYF's purchasing and payment activities consists of seven organizational units spread across four departments and the Executive and Legislative branches of government. Two of these units – the Contract Management Team and the Fiscal Team – are located within DHHS, and five of these units are located in departments outside of DHHS.

1. Department of Health and Human Services

DHHS' Contract Management Team (CMT) and the Fiscal Team provide contract and payment services to support the operations of all five DHHS service areas. The exhibit below shows the location of these units within the Office of the Chief Operating Officer. Both of these units are located in the Office's Financial Operations section.

Exhibit 4-1. Organizational Chart of the Office of the Chief Operating Officer, DHHS



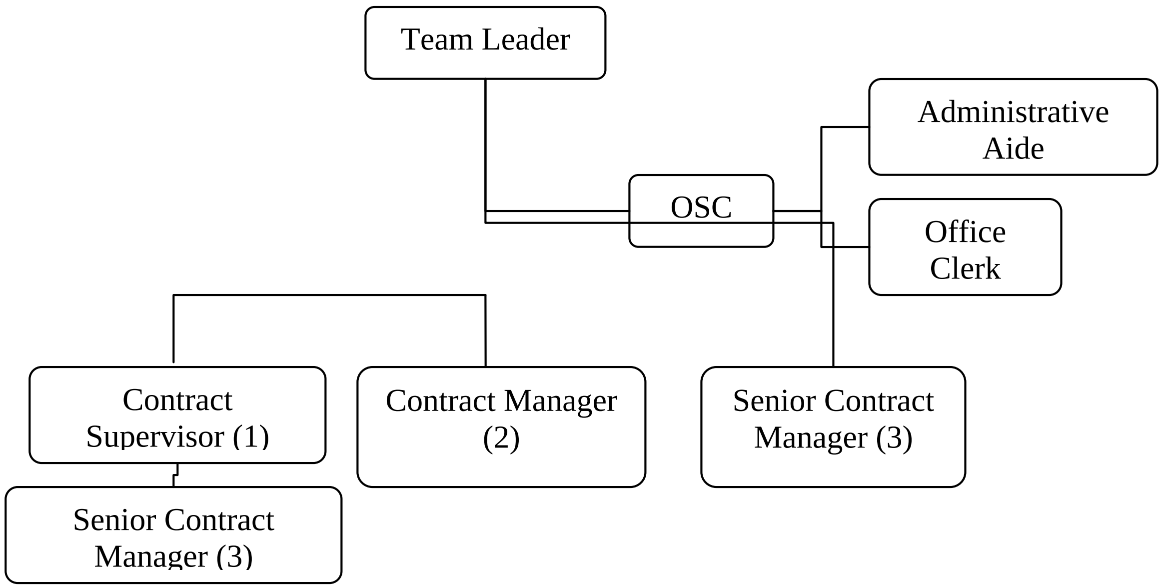
Source: Department of Health and Human Services

a. DHHS Contract Management Team (CMT)

The Contract Management Team provides technical assistance and manages document packaging and work flow for all of DHHS' contract documents and related contract actions. The CMT staff's two core responsibilities are to simultaneously provide technical advice to service area staff about the contracting process and to serve as DHHS' primary liaison to the County Government's procurement and payment network outside of DHHS – including the Office of Procurement, the Office of the County Attorney, and the Division of Risk Management in the Department of Finance. The CMT currently has 11 merit staff (Team Leader, Contract Supervisor, six Senior Contract Managers, two Contract Managers, and Office Services Coordinator) directly involved in the contracting process. One of these Senior Contract Managers has the primary responsibility for monitoring related activities. In addition, there is an Administrative Aide and an Office Clerk assigned to CMT. These individuals do not provide direct contract related support to CMT but do provide general administrative support to CMT and the Fiscal Team. CMT also utilizes the services of 2-3 contract personnel (brokers) for contract related activities.

The exhibit on the next page displays CMT's current organizational structure. Two of the Senior Contract Managers retired at the end of FY08; both of these positions are expected to be advertised and filled in FY09. The Council approved funding for one new position in FY09, an Administrative Specialist II position. The OSC position was not filled until Spring of 2008. The Team Leader provided (and continues) to provide direct supervision to the Administrative Aide and the Office Clerk. As these two positions do not provide direct contract related support, effective September 2nd supervision for the Administrative Aide and the Office clerk will be assigned to the Chief, Financial Operations.

Exhibit 4-2. Organizational Chart of the Contract Management Team, DHHS, FY08



Source: Department of Health and Human Services

CMT Workload. CMT's workload is generated in response to external demands for procurement and contracting actions. The primary drivers of CMT's workload are:

- Formal solicitations initiated by service area staff, County Executive and Council initiatives;
- Non-competitive contracts generated by County Executive and County Council non-competitive grant awards (community grants), and
- Actions to keep existing contracts current and in force, from both anticipated and unplanned contract modifications or amendments.

In addition, staff provide advice and technical assistance to service area staff and compile DHHS' reports for the Local Small Business Reserve Program.

CMT Recordkeeping. CMT maintains an official set of contract document files and a set of unofficial working files and tracks the status of contract documents with an Access database. In the summer of 2006, CMT established an online set of scanned contract files and documents that makes key contract documents more easily available to both service area and CMT staff.

For each contract, DHHS maintains a Contract Action Worksheet (CAW) to document and track all contract actions for that particular contract. When a contract is awarded, the program area contract monitor completes a CAW and forwards it to the CMT to begin the contract execution process. During the past year, the CMT has updated the CAW form. A sample of the new Contract Action Worksheet is in Appendix C.

Institutional Support. The Office of Procurement provides standard documentation paperwork for numerous contract actions on the County Intranet System – referred to as PMMDs.[32] PMMD documents can be found on the DGS website and they provide guidance and templates for many contract actions, including checklists for various source selection methods, general conditions of contract between County and contractor, and price and wage information. CMT staff report that they frequently use the following PMMDs:

- PMMD 77, Increase in Maximum Compensation;
- PMMD 71, Option Contract Extension;
- PMMD 78, Contract Term Extension with No Additional Compensation;
- PMMD 160, Inflationary Adjustment; and
- PMMD 129 Option Contract Extension without Maximum Compensation.

Contract Volume in Contract Management Team. According to the Local Small Business Reserve Program Report, DHHS executed 1,016 procurement transactions valued at $5,000 or more in FY07. The total value of these actions was $105.1 million. Table 4-1 summarizes data from DHHS' LSBRP reports, including the number and value of DHHS procurement transactions for FY07. The FY08 data was not available as of this writing.

Table 4-1. Summary of DHHS Procurement Transactions, FY07

Type of Transaction	FY07		
	# of Transactions	**Value (000s)**	**% of Total**
Procurement with a registered LSBRP vendor	28	$636	1%
Procurement for a public entity or emergency	46	$2,418	2%
Procurement with a non-registered LSBRP vendor	59	$3,678	4%
Procurement without a qualified LSBRP vendor	26	$5,860	6%
Procurement that conflicts with a law or a grant requirement	198	$11,494	11%
Procurement with a pre-existing contract	206	$15,011	14%
Procurement with a non-competitive contract	453	$65,981	63%
Total	**1,016**	**$105,077**	**100%**

Source: DHHS Local Small Business Reserve Program Reports, FY07

[32] PMMD stands for "Purchasing and Materials Management Division" and refers to the time when the Office of Procurement was a division of the Office of Management and Budget.

b. DHHS Fiscal Team

The DHHS Fiscal Team provides budgetary and fiscal oversight for vendor payment requests generated by contract monitors in all DHHS service areas. DHHS' Fiscal Team's core responsibilities are to review requisitions generated by CMT to create pre-encumbrances and to review/process vendor invoices submitted for payment. Two merit staff positions have primary responsibility for these duties although several other fiscal staff are trained in various functions relating to pre-encumbrances and vendor payments. These individuals are assigned to contracting related duties during peak workload times, such as renewals or to act as back-ups when staff are out of the office. The fiscal team also has 1-2 contractors involved in the contract payment process.

Requisition Review. CMT staff fill out a requisition checklist form to capture the data that the Fiscal Team needs to create a pre-encumbrance before a contract is executed. The requisition checklist identifies whether the request is for a new contract, a delivery order or a contract amendment. If the request is an amendment, the requisition checklist identifies the contract change – either in compensation, term, or scope of services.

For every requisition, DHHS' Fiscal Team staff verifies that the budget codes are accurate and that the amount of the requisition matches the amount of the budget. After approving the requisition and pre-encumbering funds, the Fiscal Team notifies CMT so that CMT can forward the appropriate paperwork to the Office of Procurement and obtain a purchase order. A purchase order must be in place before the vendor begins service delivery.

The Fiscal Team staff identified the following as common sources for errors: errors due to mixed sources of funding, a mismatch between the loaded budget amount and the requisition, and problems created when a grant has not been loaded or has been loaded to the wrong index code.

Review of Vendor Invoices. The DHHS Fiscal Team reviews vendor invoices submitted for payments. County regulations require that each vendor invoice have an address that matches the address in the vendor database, a contract number and a purchase order number. After vendor invoices are submitted and reviewed by DHHS service area contract monitors and fiscal managers, they are forwarded to the DHHS Fiscal Team for review. Fiscal Team staff verify that the contract number and purchase order numbers are valid, that the charges add up, and that the invoice has staff and vendor signatures. The DHHS Fiscal Team leader estimates the error rate for vendor invoices ranges from 8 to 10%.

DHHS Fiscal Team staff, with approval authority, are authorized to approve payments up to $5,000 without review. Invoices over $5,000 are forwarded to the Department of Finance for review and payment. County contracts require payment in 30 days. DHHS' Fiscal Team's target for forwarding invoices to the Department of Finance for payment is five days from receipt of an invoice.

2. Other County Offices and Departments

Numerous other County departments and offices have significant roles in the contracting process. This section describes these roles and responsibilities.

a. Office of Procurement (Department of General Services)

The Office of Procurement ensures that Using Departments comply with the County's procurement regulations that govern solicitation, contract development, contract terms and conditions, and contract modifications and amendments.

Procurement staff are organized into two sections: Procurement Operations and Procurement Services. The Procurement Operations section has two program teams: one specializes in professional services contracts and the other specializes in commodity contracts. Within each team specialists work directly with Using Department staff to assist in and coordinate procurement activities. The Procurement Services section provides IT support, cost/price analysis, and oversees MFD compliance.

Council approved the creation of a Department of General Services (DGS) beginning in FY09. As a result of this reorganization, the Office of Procurement has maintained its name but is no longer a separate Office within the Executive branch. Instead, it is one of five sections within the DGS. The Director of the new DGS is the previous Director of the Office of Procurement.

In FY08, the Office of Procurement had 29.9 workyears: 3.0 workyears in Administration; 2.0 workyears in the Minority, Female, and Disabled Persons Procurement; 2.0 workyears in Automation and Records Management; and 22.9 workyears in Procurement of Goods and Services. Until recently, two specialists in the Procurement Operations section were assigned to oversee DHHS contracts. One specialist subsequently transferred to the DHHS Contract Management Team.

Workload. Like DHHS' Contract Management Team, the Office of Procurement's workload is generated by externally-created demands for procurement and contracting actions. The primary drivers of the Office's workload are:

- Formal solicitations initiated by service area staff and County Executive and Council initiatives;
- Non-competitive contracts generated by County Executive and County Council non-competitive grant awards; and
- Actions to keep existing contracts current and in force.

The core responsibilities of staff in procurement are to advertise solicitations, post notices of intent for contract awards, manage the protest process, ensure compliance with MFD requirements, and perform cost/price analysis. The responsibilities relevant to this report are described below.

Maintenance of Records. The Procurement law requires the Office of Procurement to maintain a record for five years of any:

- Non-competitive contract award;
- Emergency procurement;
- Contract modification exceeding $25,000;
- Public entity contract; or
- Bridge contract.[33]

The records must include the contractor's name; the amount of each contract or contract modification; and a listing of the goods, services, or construction procured under each contract or each contract modification. A copy of these records must be submitted annually to the County Council. The Office of Procurement also maintains the RAPID system – a fee-based web application that enables subscribers to review, access, and download up-to date-procurement information.

Certification of Vendors as Responsive and Responsible. During the contracting process, the Director of Procurement must determine whether the vendor is responsive and responsible. "Responsiveness" is the determination of whether a vendor's bid or proposal matches all material parts of a solicitation. "Responsibility" involves a review of different characteristics of a specific vendor, including reputation, past performance, and business and financial capability.

Compliance with the County's Minority, Female and Disabled Persons Program (MFD) requirements. The Procurement Regulations require the Director of Procurement "to actively and aggressively recruit certified MFD owned businesses to provide goods, construction, and services, including professional services."[34] County regulations set a goal of 20 percent MFD participation for all contracts valued over $5,000 for the term of the contract.

After the Office of Procurement has posted a contract award, the Procurement specialist transmits the compliance detail sheet with the proposed awardee to the MFD administrator in the Office of Procurement, who mails out a package of information to the proposed awardee, including an MFD Subcontractor Performance Plan. The Plan gives a primary contractor three options for complying with the County's MFD requirement. Specifically, a primary contractor can elect to:

- Identify the MFD businesses that will be used and specify the services, dollar amounts and percent of the contract cost,
- Request a partial waiver, or
- Request a full waiver.

The MFD administrator works with a vendor and the Using Department to complete the plan during the contract negotiation phase.

[33] MCC § 11B-32.
[34] COMCOR § 11B.00.01.07.2.1.

Cost Price Analysis. When entering into a contract, the Procurement Regulations require the Director of Procurement to determine that the price paid for goods and services by the County are fair and reasonable.[35] The Director of Procurement may require a Using Department to follow contract cost and pricing principles and, for any competitively-negotiated contract that exceeds $100,000 for the term of the contract, vendors must submit cost and pricing data.[36]

A Using Department must conduct a price analysis before recommending a contract award to determine whether the price is fair and reasonable using one or more of the following factors:

- The prior award price for the goods and services being purchased;
- Prices from other offerors who responded to the solicitation;
- Cost estimates received before the solicitation responses;
- Commercial market prices and costs;
- Prices paid by other public entities for similar goods and services; and
- The results of a cost analysis that identifies separate components of the offer and allocates costs among those components.[37]

A Procurement cost/price specialist reviews the proposals of the three highest ranked vendors, looks at the proposed services and the proposed costs, and makes a determination to accept or reject the cost/price data provided by the vendor.

Alternative Certification Procedure for County Council Non-Competitive Contract Awards. The Procurement Regulations exempt non-competitive contracts awarded through a Council grant from the requirement for a cost/price analysis if a Using Department follows an alternative certification method established in the Procurement Regulations.[38] The Using Department must certify to the County Council, the Office of Management and Budget, and the Director that:

- The proposed grantee would qualify as a responsible offeror;
- The grant amount is fair and reasonable after making a price analysis; and
- The services, goods, and construction funded by the grant award are in the public interest.[39]

For County Council grants, DHHS provides a statement for County Council resolution that non-competitive award prices are fair and reasonable. DHHS may base this statement on (1) what DHHS is paying for similar services or (2) based on knowledge of the industry, what the services should cost. All Council grant contracts contain the following statement: "In light of the Council Grants review process, we consider the vendor to be responsible."

[35] COMCOR §§ 11B.00.01.10.1.
[36] COMCOR §§ 11B.00.01.10.1; 11B.00.01.10.3.1.
[37] COMCOR § 11B.00.01.10.1.1.
[38] See COMCOR §§ 11B.00.01.10.3.5.4; 11B.00.01.17.3.2.
[39] COMCOR § 11B.00.01.17.3.2.

Local Small Business Reserve Program. The Local Small Business Reserve Program (LSBRP) was created to ensures that all County departments set aside (with specified exceptions), a minimum of 10 percent of procurements for local small businesses.

The 10 percent LSBRP requirement does not apply to:

- Contracts to which the Procurement Regulation do not apply because of a conflict with a State, federal, or local law or a grant requirement;
- Preexisting contracts or extension(s) of a preexisting, multi-year, contract executed by the County;
- Non-competitive contracts;
- Public entity or emergency procurements;
- Any waiver made under law by the Chief Administrative Officer;
- Any procurement where no Local Small Business is deemed qualified or able to perform the contract as determined by the head of the Using Department; or
- Any single procurement that is estimated to exceed $10 million.[40]

Each Using Department is responsible for ensuring compliance with program regulations and meeting its 10 percent LSBRP requirement. The Office of Procurement took over administration of the LSBRP from the Department of Economic Development in January 2008.

Review and Execution of Contracts and Notices to Proceed. After a contract has been signed by the Using Department, the County Attorney, and the vendor; the Office of Procurement reviews the contract. Procurement then executes the contract and notifies DHHS' Contract Management Team to issue a Notice to Proceed. The authority required to approve a contract and issue a Notice to Proceed varies by type and value of the contract.

Contract Amendments, Modifications, and Extensions. The Office of Procurement is responsible for administering changes to current contracts. Contract modifications may be initiated by the contractor, the contracting officer, or the contract administrator. The Director of Procurement reviews proposed contract modifications. If the value of a proposed contract modification exceeds the threshold for an IFB or RFP, the Director must refer the contract modification to the Contract Review Committee.

b. Division of Risk Management (Department of Finance)

The Division of Risk Management in the Department of Finance administers the County's Self-Insurance Fund. All County contracts include insurance requirements to transfer risk to the vendor and to provide security to back up the indemnification clause included in the general terms and conditions of the contract. The Division of Risk Management in the Department of Finance reviews all contracts for insurance provisions.

[40] COMCOR § 11B.65.01.04(c).

Risk Management staff advise Using Department staff about insurance requirements at two points in a procurement process. During the solicitation development phase, Risk Management advises Using Departments about requirements to include in the bid packages. During the contract negotiation phase, Risk Management reviews certificates of insurance provided by contractors.

Insurance Requirements in DHHS Contracts. In DHHS, a contract manager from the Contract Management Team submits contract information to the Division of Risk Management, including proposed scopes of service, specific information about services, estimated contract amounts, the length of proposed contracts, and RFP numbers. In response, Risk Management provides the Using Department and the Office of Procurement written memoranda with mandatory insurance requirements and dollar limits. The Using Department incorporates these mandatory insurance requirements into proposed contracts as exhibits or attachments.

Certificate of Insurance Review. During the contract negotiation process, the Using Department requests a certificate of insurance from the vendor and forwards it to the Division of Risk Management. The Division of Risk Management reviews the certificate to make sure the vendor's insurance complies with the requirements established in the solicitation. Risk Management reviews certificates of insurance within 24 hours of submission by the Using Department.

c. Office of the County Attorney

During the contract negotiation and execution phase, the Office of the County Attorney reviews contracts drafted by Using Departments for form and legality. The Office of the County Attorney also advises the Using Department or the Office of Procurement during other phases of the process on an as-needed basis. The Office of the County Attorney periodically offers training sessions for Using Departments about contract drafting.

Contract Review. The Office of the County Attorney has a written commitment to review draft contracts from Using Departments within 10 calendar days. The Office tracks its review times and reports that, in practice, its review time averages three or four days.

A paralegal in the Office conducts an initial review of a contract and then forwards it to an attorney for final review and approval. The focus of the County Attorney's review is to ensure the contract defines the services being purchased, establishes how the County will know the services have been received, identifies the basis for compensation, and defines the amount and payment schedule.

d. Accounts Payable (Department of Finance)

The Accounts Payable Section of the Controller Division in the Department of Finance is responsible for the payment of vendor invoices. Under County law, it is County policy to make a payment under a contract within 30 days after payment is due under a contract or after the contract administrator receives a proper invoice.[41]

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[41] MCC § 11B-34(b).

The County uses the Advanced Purchasing and Inventory Control System (ADPICS) and the Financial Administration and Management Information System (FAMIS), which are an online, integrated financial management system. ADPICS is a purchasing and accounts payable system used to create requisitions, purchase orders, and issue vouchers for payments. FAMIS maintains accounting information, including department budgets, fund balances, and department expenditures and is the system responsible for "cutting the checks." Using Departments cannot directly post to FAMIS.

Invoice Payment Process – Purchase Orders. Processing invoices with purchase orders for payment requires both the ADPICS and FAMIS systems. To begin the process, a vendor sends an invoice to its DHHS contract monitor. The contract monitor reviews the invoice for accuracy and (1) if the invoice is correct, sends it to DHHS' Fiscal Team; or (2) if the invoice is incorrect, resolves any issues, requests an updated invoice from the vendor, and sends it to the Fiscal Team. A Fiscal Team member enters and posts the invoice into the ADPICS system. There are two paths the invoice can follow.

Invoices for $5,000 or Less. If an invoice is for $5,000 or less, only DHHS Fiscal team approval is needed to pay the invoice. The Fiscal Team enter numerous points of invoice data into ADPICS, including the purchase order number, invoice number, vendor address, amount of invoice and due date. The due date is the date the department requests as the date of payment.

Once the invoice is posted on ADPICS, ADPICS automatically generates a voucher based on the purchase order number and posts it into FAMIS. Using Department staff and Accounts Payable staff then review the vouchers in FAMIS. The FAMIS system will generate a payment on the date requested by DHHS (the due date in the system).

Invoices Greater than $5,000. If an invoice is for an amount greater than $5,000, the DHHS Fiscal Team sends a hard copy of the invoice to Accounts Payable and enters and posts the invoice into ADPICS. If an invoice is for less than $25,000, an Accounts Payable clerk reviews and approves the invoice. If an invoice is for $25,000 or more, an Accounts Payable manager reviews and approves the invoice. An Accounts Payable clerk posts approved invoices for payment on the due date identified by a department. If an Accounts Payable clerk or manager rejects an invoice for any reason, the invoice is returned to the initiator.

Direct Vouchers. Departments can also request payment through the use of direct vouchers. A direct voucher is a "request to pay" entered and posted in ADPICS by a Using Department. Direct vouchers are used for purchases approved outside the ADPICS procurement process and usually include:

- Small one time purchases;
- Organizations that have authority to bypass the purchase order process; and
- Expenditures exempt by law from the purchase order process.

A direct voucher is not the result of an established purchase order or direct purchase order and does not require an invoice submission.

Using Departments can approve direct vouchers for $5,000 or less in ADPICS, which then post directly to FAMIS. Direct Vouchers for more than $5,000 require approval by Accounts Payable prior to posting in FAMIS.

3. The County Executive and County Council

County law authorizes the County Council to make non-competitive grant awards.[42] In practice, the County Council administers an annual community grants program that is funded as part of the non-competitive contract award list. The vehicle for appropriating the funding for these awards is the Non-Competitive Award Designation List ("Designation List"), which is an itemized list of organizations, services, and award amounts grouped by the County Government department that will administer the contract. The Council adopts the Designation List as an attachment to the Operating Budget Resolution.

County Council. The Council action of "identifying a vendor in a resolution approved by the Council" accomplishes two things:

- It allows each vendor to satisfy one of the specific circumstances that justifies the award of a contract without prior notice and without competition; and
- It initiates the process to award a non-competitive contract to each vendor on the list.

The grant awards assigned to DHHS for contract development and execution routinely represent a disproportionate number of the total number and value of all non-competitive contract awards.

Timing of Contract Development. The Council identifies organizations that will receive grants when it approves budget resolutions at the end of May. The Council funds the contracts on the Designation List for the next fiscal year beginning the following July 1. This creates a period of five or six weeks, from the end of May through June 30, for development and execution of contracts, and which coincides with the end–of-year processing and renewal activities for existing contracts.

County Executive. The County Executive establishes the parameters for soliciting and nominating recipients for Executive community grants. The process generally occurs during the County's annual budget development and often, the Executive will include community grant awardees in the Recommended Budget.

B. DHHS' Information Management Systems

Different DHHS sections maintain numerous databases and filing systems. This section describes the Departments' contract data management.

[42] MCC § 11B-14(a).

Data Management. The Contract Management Team maintains the official set of contract document files and a set of unofficial working files with hard copies of contract documents. CMT uses a Microsoft Access database to track the status of contract documents and in 2006, the CMT established an online set of scanned contract files and key documents.

Hard copies of contract documents are never moved out of the official filing system; CMT staff use documents from the unofficial files to process contract actions. CMT maintain contract monitoring plans and reports in files that are separate from the official files.

DHHS documents and tracks work requests for contract actions from service area staff on contract action worksheets. In addition to the CMT official files, contract monitors in each of the program areas maintain individual contract files, including contract solicitation, execution, and monitoring information.

Information Technology. For several years prior to 2006 years, DHHS used a Microsoft Access database to track contracts and contract actions. In 2002, a DHHS Fiscal Team employee procured a J.D. Edwards Financial System to track fiscal actions within DHHS. The J.D. Edwards system was intended to replace a DHHS fiscal management system that connected to a State system. Among numerous other functions, the system was designed to allow tracking of contracting actions, and in 2006, the JDE system replaced the Access data base used to track contract actions,

The DHHS system administrator subsequently wrote custom code for approximately 90% of the J.D. Edwards system but produced no documentation on the custom coding. The few DHHS staff with knowledge of the coding have since left the department. Consequently, no current DHHS staff in Fiscal, CMT or IT have full knowledge of the system.

DHHS staff report that the system currently is unstable and incomplete. Staff report that the system has very little flexibility. For example, data input errors cannot be corrected in the middle of a process, but require staff to input corrected data from the beginning of a sequence. The module put in place to track contract actions was never fully implemented and required many manual work-arounds to complete tasks. The system was also limited in its capacity to include budget and other critical review steps as part of the approval path. In the spring of 2008, DHHS made the decision to discontinue the use of the JDE system and return to a paper process for contract action worksheets and reactivated the Access data base previously used to track actions.

Current Information Technology Practices. DHHS is currently deconstructing the J.D. Edwards system and scaling use of the system down to core functions that cannot be performed by another system. The Department has returned to the use of Microsoft Access for many business functions, including the database of contracting actions. The CMT and DHHS program areas have developed a number of hard copy tracking worksheets and DHHS' Information Technology Team is working to improve the different databases. DHHS' Financial Operations Team is also working to convert DHHS' current scanning technology to the County standard technology.

Future Information Technology Practices. DHHS acknowledges a need for automation of many of its business functions, including contract execution and monitoring. DHHS is very active in the County's development of the Enterprise Resources Planning (ERP) initiative to integrate Countywide business practices. The first phase of ERP implementation is scheduled for January 2009. The e-Procurement portion of the ERP is tentatively scheduled for the second phase of implementation, with a timeframe still to be determined.

CHAPTER V: CONTRACT EXECUTION PROCESS MAPS AND PROCESSING TIMES

This chapter examines Children, Youth and Family Services' processes for and timing of two contract administration tasks – contract executions and vendor payments – in order to show the numerous steps, staff effort, and time involved in performing these tasks. For each task, this chapter presents a set of process maps showing the sequence of transactions carried out by County Government staff involved in the process. These maps are accompanied by a description of each process and an analysis of data on the time taken to perform each process.

This chapter is organized as follows:

- **Part A, Sample Dataset and Methodology**, explains the methodology of data collection that OLO used throughout the course of the study;
- **Part B, Process Maps and Elapsed Time Results**, describes the processing steps in the execution of a contract for open solicitations, requests for proposal, and community grants; displays process maps for the execution of those types of contracts; and analyzes the processing times for FY08 new contracts in Children, Youth and Family Services; and
- **Part C, Other Source Selection Methods**, provides a brief overview of other types of contracts, including informal solicitations, public entity contracts, emergency contracts, and named-in-a-grant.

A. Sample Dataset and Methodology

For the elapsed time analysis, OLO examined data for the 29 *new* contracts that CYF executed in FY08 and included contracts from both competitive and non-competitive solicitations. Specifically:

- CYF executed 18 contracts through competitive solicitations process – 13 contracts based on a formal RFP and five contracts based on open solicitations.
- CYF executed 11 contracts that were awarded non-competitively – ten contracts based on non-competitive community grant awards and one contract from a named-in-a-grant award.

OLO assembled data from multiple sources. At OLO's request, the CMT Team Leader provided the list of contracts and vendors with new contracts executed in FY08. For RFPs and open solicitations, OLO reviewed scanned contracts and supporting documents for relevant process dates and the Contract Management Team provided any outstanding dates. For RFPs, the Office of Procurement provided dates for the Notice of Intent to Award. For community grants, OLO used a database of processing dates maintained by the CMT Team Leader.

Contract Processing Data Overview. Table 5-1 summarizes CYF data for the 28[43] new contracts awarded in FY08. It is important to note that OLO used different sets of dates for different types of contracts. On the next page, the note below the table explains the dates that were used to calculate elapsed time. The data show that:

- The average number of workdays to execute a contract was 93 days for a RFP, 84 days for an open solicitation, and 114 days for a community grant;
- The timeframe to execute a contract ranged from 46 to 137 days for RFPs; 60 to 115 days for open solicitations; and 87 to 167 days for community grants;
- The average number of workdays to make a payment on a contract was 45 days for RFPs, 47 days for open solicitations, and 82 days for community grants; and
- The timeframe to make a payment ranged from 13 to 94 days for RFPs; 17 to 88 days for open solicitations; and 38 to 130 days for community grants.

Table 5-1. Summary of Elapsed Time Data for New FY08 Children, Youth and Family Services Contracts

Contract	Dollar Value	Elapsed Time for Contract Execution (Days)*	Elapsed Time for Vendor Payments (Days)**
Request for Proposal			
Arbor Education and Training, LLC	$1,631,357	137	53
Banks, Cheryl L.	$20,000	46	49
Booksource, Inc., The	TBD	79	No Payment
Borders Group, Inc.	TBD	79	No Payment
Community Services for Autistic Adults and Children, Inc.	$100,000	57	51
Hanek, Diane	$12,000	108	13
JEFCO Sales, Inc. d/b/a Apple Books	TBD	79	No Payment
Lakeshore Equipment Company, Inc.	TBD	79	No Payment
List, Lynne	$8,840	106	18
Lourie Center for Infants & Young Children	$100,000	64	59
Lourie Center for Infants & Young Children	$38,760	106	No Payment
Mobile Medical Care, Inc.	$173,000	130	94
Norwood Enterprises, LLC.	$8,992	139	23
Average		**93**	**45**

[43] OLO did not evaluate the process times for the named-in-a-grant contract.

Table 5-1. Summary of Elapsed Time Data for New FY08 Children, Youth and Family Services Contracts (Continued)

Contract	Dollar Value	Elapsed Time for Contract Execution (Days)*	Elapsed Time for Vendor Payments (Days)**
Open Solicitations			
Casper, Jane	$10,080	60	17
Holley & Associates, Inc.	$5,000	80	88
McLinden, Lisa LGSW/MSW	$12,750	NA	NA
Reid, LaVoyce Brice	$7,000	115	43
Vera j. Hilliard Associates	$106,000	79	40
Average		**83.5**	**47**
Community Grants			
CentroNia, Inc.	$250,000	106	77
Galway Elementary PTA, Inc.	$8,890	109	No Payment
Housing Opportunities Community Partners, Inc.	$46,000	112	115
Institute for Family Development, Inc. dba Centro Familia	$70,000	94	40
Latin American Youth Center, Inc.	$15,000	87	99
Metropolitan Center for Assault Prevention	$75,000	94	No Payment
Montgomery County Collaboration Council for Children, Youth and Families	$100,000	124	130
Montgomery County Community Partnership, Inc.	$38,420	167	80
Thor Teams, Inc.	$30,000	138	38
Washington Youth Foundation, Inc.	$45,000	112	73
Average		**114.3**	**81.5**

* The following dates were used to calculate the execution timeframe:
RFPs – Number of workdays from Notice of Intent to Award until Notice to Proceed Issued
Open Solicitations – Number of workdays from date contract signed by Vendor until Notice to Proceed Issued
Community Grants – Number of workdays from date of award to Notice to Proceed Issued
** The following dates were used to calculate the payment timeframe:
RFPs – Number of workdays from Notice to Proceed Issued until First Payment
Open Solicitations – Number of workdays from date contract signed by Vendor until First Payment
Community Grants – Number of workdays from date Notice to Proceed issued until First Payment
Source: Contract Management Team, June 2008

B. Process Maps and Elapsed Time Results

This section presents three process maps showing the sequence of activities required to produce legally valid contracts. Legally valid contracts bind a vendor to an explicit set of services, terms and conditions; set cost and payment terms and invoicing frequency; and establish reporting requirements and/or performance measures. OLO developed three separate maps to show the differences among awards resulting from an open solicitation, a formal RFP, and a non-competitive community grant award.

1. Open Solicitations

An open solicitation is a procurement method designed to attract pools of vendors willing to sign contracts with a uniform set of rates and terms. The open solicitation process allows CYF to execute multiple contracts with multiple contractors on a continuing basis. Each contractor must meet or exceed pre-established minimum qualifications.

Documentation and Standards. Open solicitation contracts require vendors to submit all required documentation and paperwork – such as insurance requirements and budgets – with the vendor's signed contract.

Staff Tasks and Process Phases. DHHS staff in the CMT, the Fiscal Team, staff in Division of Risk Management, and staff in the Office of Procurement carry out the process to execute a contract and process vendor payments based on an open solicitation. The tasks and responsibilities can be grouped into four phases, as follows.

- **Phase I – CYF Service Area Tasks**. In this phase, the CYF program monitor receives a pre-approved contract form signed by the vendor. The program monitor reviews the contract package for accuracy and completeness and verifies that the vendor meets the minimum qualifications established in the pre-approved solicitation package. The program monitor forwards the package to the ASC for review. Following review, the ASC forwards the package and a Contract Action Worksheet to the CMT.

- **Phase II – CMT, Fiscal Team and Risk Management Tasks**. In this phase, DHHS' Fiscal Team prepares the requisition, the CMT approves the contract documentation, and Risk Management obtains and approves the certificate of insurance from the vendor. The CMT also reviews FAMIS for the last 12 months to check data for compliance with the County's wage requirement. When these tasks are complete, CMT recommends approval and sends the package to the Office of Procurement.

- **`Phase III – Office of Procurement Tasks**. Staff in the Office of Procurement verify that the documentation is complete. Typically, documentation must include the signed transmittal letter, the vendor application, signature page, any attachments, a copy of the open solicitation, a dummy requisition and a money requisition, if applicable, and the vendor's approved insurance certificate. After Procurement notifies the CMT that the contract has been executed and a purchase order has been issued, the CMT sends the vendor a Notice to Proceed with a copy of the contract and the purchase order. The CMT also files the contract documents in the CMT's contract files and sends a copy to CYF program staff.

Phase IV – CYF, and Fiscal Team Vendor Payment Tasks. Once a contract has been executed and the Notice to Proceed issued, the vendor is permitted to begin service delivery. Once services are completed, the vendor submits an invoice to the CYF contract monitor for payment. The CYF contract monitor reviews the invoice for compliance with the terms and conditions of the contract, approves the invoice, and sends it to the DHHS Fiscal Team for payment. If an invoice is for $5,000 or less, only DHHS Fiscal team approval is needed to pay the invoice. The Fiscal Team enter numerous points of invoice data into ADPICS, including the purchase order number, invoice number, vendor address, amount of invoice and due date. The due date is the date the department requests as the date of payment.

Once the invoice is posted on ADPICS, ADPICS automatically generates a voucher based on the purchase order number and posts it into FAMIS. Using Department staff and Accounts Payable staff then review the vouchers in FAMIS. The FAMIS system will generate a payment on the date requested by DHHS (the due date in the system).

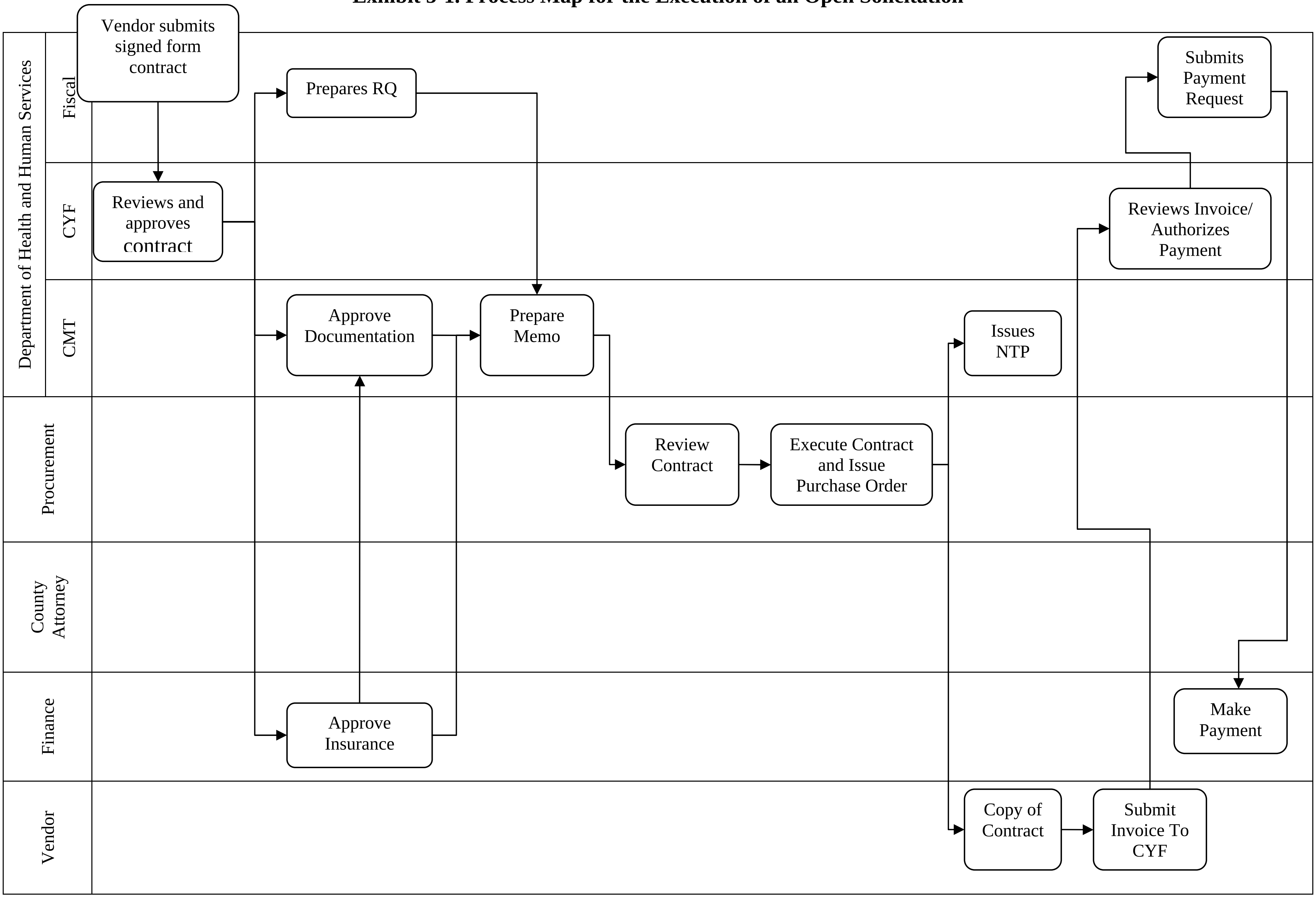
Invoices Greater than $5,000. If an invoice is for an amount greater than $5,000, the DHHS Fiscal Team sends a hard copy of the invoice to Accounts Payable and enters and posts the invoice into ADPICS. If an invoice is for less than $25,000, an Accounts Payable clerk reviews and approves the invoice. If an invoice is for $25,000 or more, an Accounts Payable manager reviews and approves the invoice. An Accounts Payable clerk posts approved invoices for payment on the due date identified by a department. If an Accounts Payable clerk or manager rejects an invoice for any reason, the invoice is returned to the initiator.

D**ata on Elapsed Time for Open Solicitations**. In FY08, CYF programs finalized five contracts based on open solicitations. For complete tables of the processing dates for these contracts, see Appendix D. OLO's analysis of the elapsed time for this sample found:

- On average, staff executed the contract process in 84 days – from the date the vendor signed the pre-approved contract until the date the CMT issued a Notice to Proceed. Execution times for open solicitations ranged from 60 to 115 days. (Phases I – III)
- On average, the CMT issued a Notice to Proceed in 14 days after DHHS forwarded a contract package and a recommendation of approval. The process ranged from 9 to 22 days.
- On average, it took DHHS service area staff, the Fiscal Team and CMT 70 days to complete their tasks – from the date the vendor signed the pre-approved contract until the date of the DHHS recommendation to Procurement. The process ranged from 48 to 103 days. (Phases I – II)
- OLO was unable to obtain the date invoices were submitted by the vendor, but was able to find the average time between the CYF contract monitor approval of an invoice and payment to vendor, which was seven days.
- Data was not available to measure the elapsed times for service area staff or CMT staff to carry out their tasks separately.

Exhibit 5-1 (on the next page) shows the process to produce an executed contract based on an open solicitation.

Exhibit 5-1. Process Map for the Execution of an Open Solicitation



2. Request for Proposal

The competitive formal Request for Proposal (RFP) process is the most common process for procuring professional services or goods. An RFP is a formal request for competitive sealed proposals from vendors for professional services, or for a system of professional services plus construction, goods, or non-professional services. The County uses this process when:

- A procurement is valued at $25,000 or more;
- A department formulates the scope of services/specifications to be acquired;
- Generally known sources of supply and competition exist; and
- Technical considerations and cost are valid criteria for evaluating offers.

Documentation and Standards. The contract for a Request for Proposal is predominantly based on the solicitation created for that contract. A solicitation for an RFP will often include a scope of services, performance measures, and insurance requirements. This documentation serves as background for the draft contract.

Staff Tasks and Process Phases. DHHS staff in the CMT, DHHS' Fiscal Team, staff in Division of Risk Management, and staff in the Office of Procurement carry out the process to execute a contract and process vendor payments based on an RFP solicitation. The tasks and responsibilities can be grouped into five phases.

- **Phase I – CYF Tasks re: Budgeting and Fiscal Management**. Once a Notice of Intent to Award is issued, the CYF contract monitor prepares a contract package based on information in the RFP solicitation. The package is approved by the program area supervisor, the service area ASC, and the Service Chief. Once the package is completed, the CYF service provides the following to CMT:

  - Request for Proposal (RFP) Checklist;
  - Completed and approved CAW;
  - Scope of services;
  - Program budget or Unit Price detail; and
  - Contract monitoring plan.

- **Phase II – CYF and CMT Tasks re: Contract Development and Vendor Negotiation**. The CMT then drafts a contract and gives it to service area staff for negotiations with the vendor. The contract negotiation phase produces a contract that clearly defines the services, terms, and conditions and sets cost and payment terms.

  Using Departments are responsible for negotiating the contract terms with the vendor, working with Risk Management to approve the insurance requirements, drafting a contract that reflects these items, and forwarding a contract to the Office of the County Attorney for legal review.

- **Phase III – CMT, Procurement, County Attorney and Risk Management Tasks re: Contract Documentation and Regulatory Compliance**. During Phases I and II, the Office of Procurement, the County Attorney, and Office of Risk Management complete contract execution tasks. For contracts that meet certain dollar thresholds, the Office of Procurement is responsible for ensuring compliance with the County's MFD regulations and completing a cost price analysis. Specifically:

  - For contracts over $5,000, the MFD officer in the Office of Procurement informs the vendor of County MFD goals and requests an MFD plan. The MFD officer will provide a list of MFD firms and work to facilitate a sub-contract between a vendor and an MFD firm.
  - For contracts over $100,000, the cost pricing specialist in the Office of Procurement conducts a cost/price analysis. The specialist will compare the costs and services of the top three vendors and make a recommendation to accept or reject a proposed awardee. The cost pricing specialist forwards the analysis to the Procurement Specialist assigned to the contract. In some cases, the specialist provides findings to the Using Department for use in cost negotiations.
  - The County Attorney reviews and approves all drafted contracts for legality and compliance with County laws and regulations. The Office of Risk Management reviews insurance certificates for compliance with County requirements.

- **Phase IV – Office of Procurement Tasks**. Staff in the Office of Procurement verify that contract documentation is complete and accurate and then execute the contract and issue a purchase order. Procurement staff then notify the CMT, which sends the vendor a Notice to Proceed with a copy of the contract and the purchase order. CMT files the contract documents in its contract files and sends a copy to CYF program staff.

- **Phase V – CYF, and Fiscal Team Vendor Payment Tasks**. Once a contract has been executed and the Notice to Proceed issued, the vendor is permitted to begin service delivery. Once services are completed, the vendor submits an invoice to the CYF contract monitor for payment. The CYF contract monitor reviews the invoice for compliance with the terms and conditions of the contract, approves the invoice, and sends it to DHHS' Fiscal Team for payment. After review, a Fiscal Team staff member (processor) enters the information into ADPICS and a Fiscal Team staff member (approver) reviews and/or approves the invoice. Payments beyond the delegated authority are forwarded to the Department of Finance for approval. All payments are made through the FAMIS system.

Data on Elapsed Time for Requests for Proposals. In FY08, CYF programs finalized 13 contracts based on requests for proposals. For complete tables of the processing dates for requests for proposal, see Appendix D. OLO's analysis of the elapsed time for this sample found:

- On average, staff executed the contract process in 93 days – from the date the Notice of Intent to Award was posted until the date the CMT issued a Notice to Proceed. Execution time for RFPs ranged from 57 to 139 days. (Phases I – IV)

- On average, DHHS submitted draft contracts to the Office of Procurement in 45 days – from the date the Notice of Intent to Reward was posted until the date the contract was recommended by DHHS. The processing times for this step ranged from 15 to 68 days.

- On average, the Office of Procurement issued a Notice to Proceed in 26 days after DHHS forwarded a contract package and a recommendation of approval. The process ranged from 7 to 79 days.

- On average, it took the vendor approximately seven days to sign the contract – from the day DHHS sent the signature letter to the vendor until the day the contract was signed by the vendor.

- OLO was unable to obtain the date invoices were submitted by the vendor, but was able to find the average time between the CYF contract monitor approval of an invoice and payment to vendor, which was ten days.

Exhibit 5-2 on the next page shows the process to produce an executed contract based on a request for proposal.

Exhibit 5-2. Process Map for the Execution of a Request for Proposal

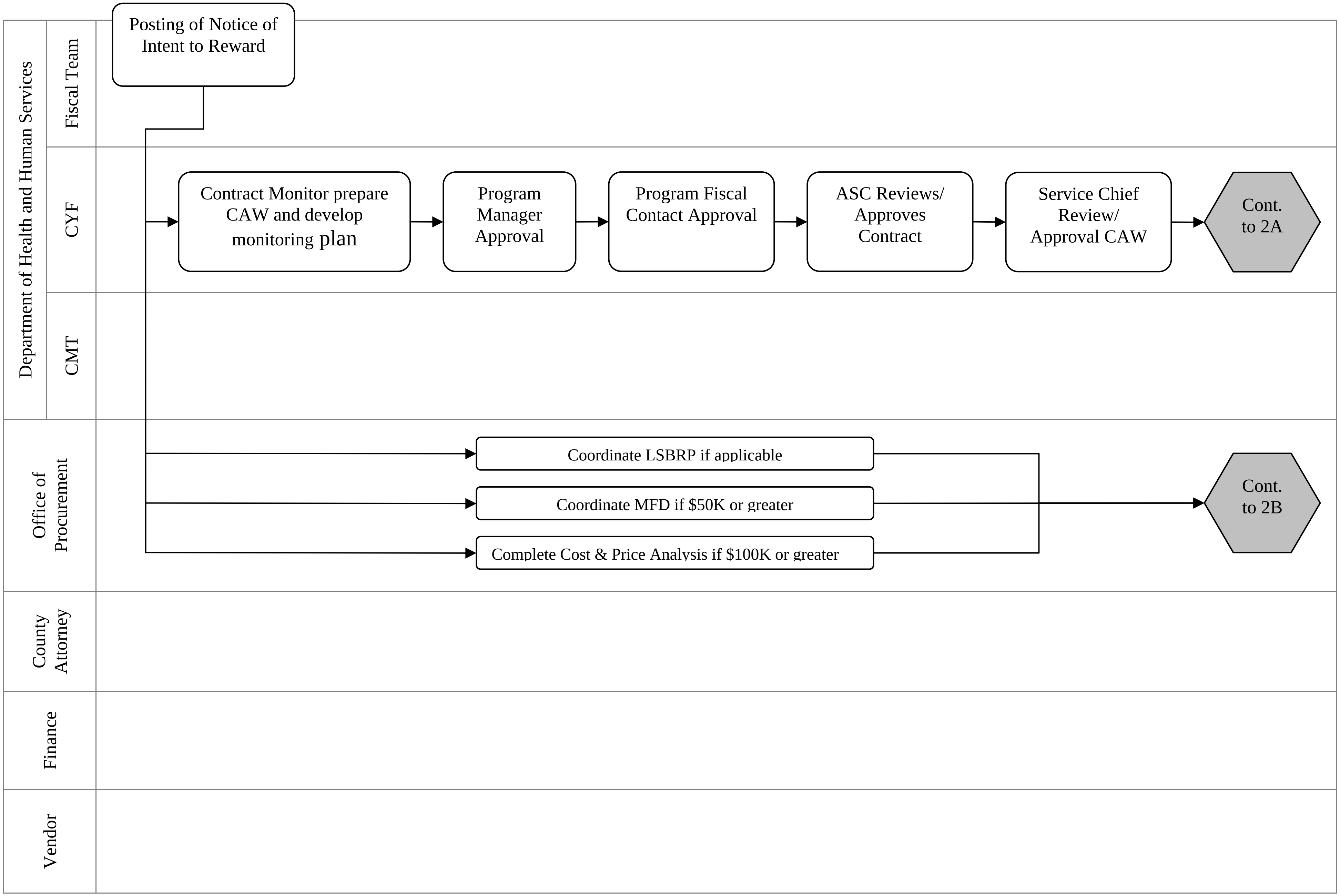


Exhibit 5-2. Process Map for the Execution of a Request for Proposal (Continued)

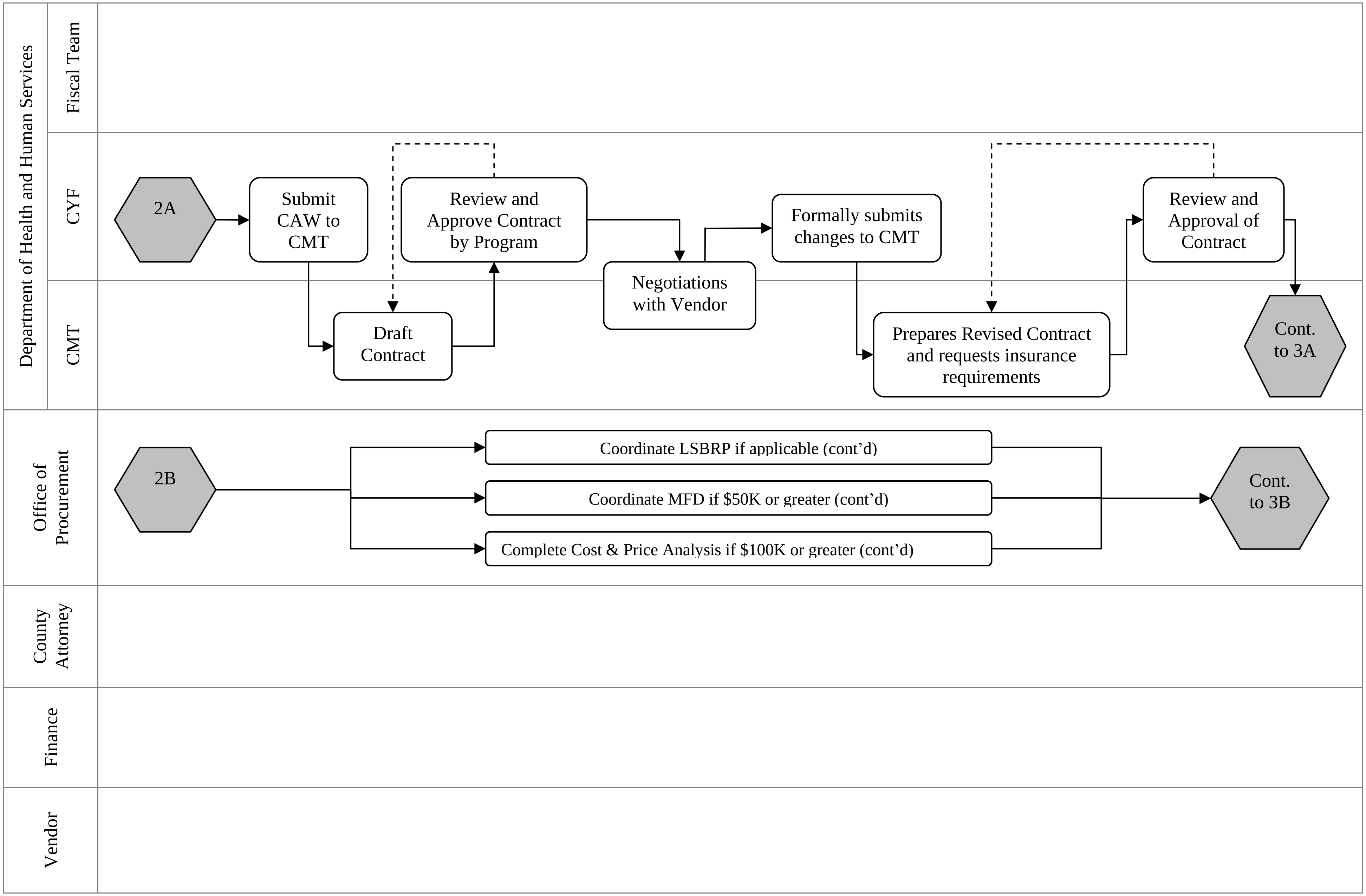


Exhibit 5-2. Process Map for the Execution of a Request for Proposal (Continued)

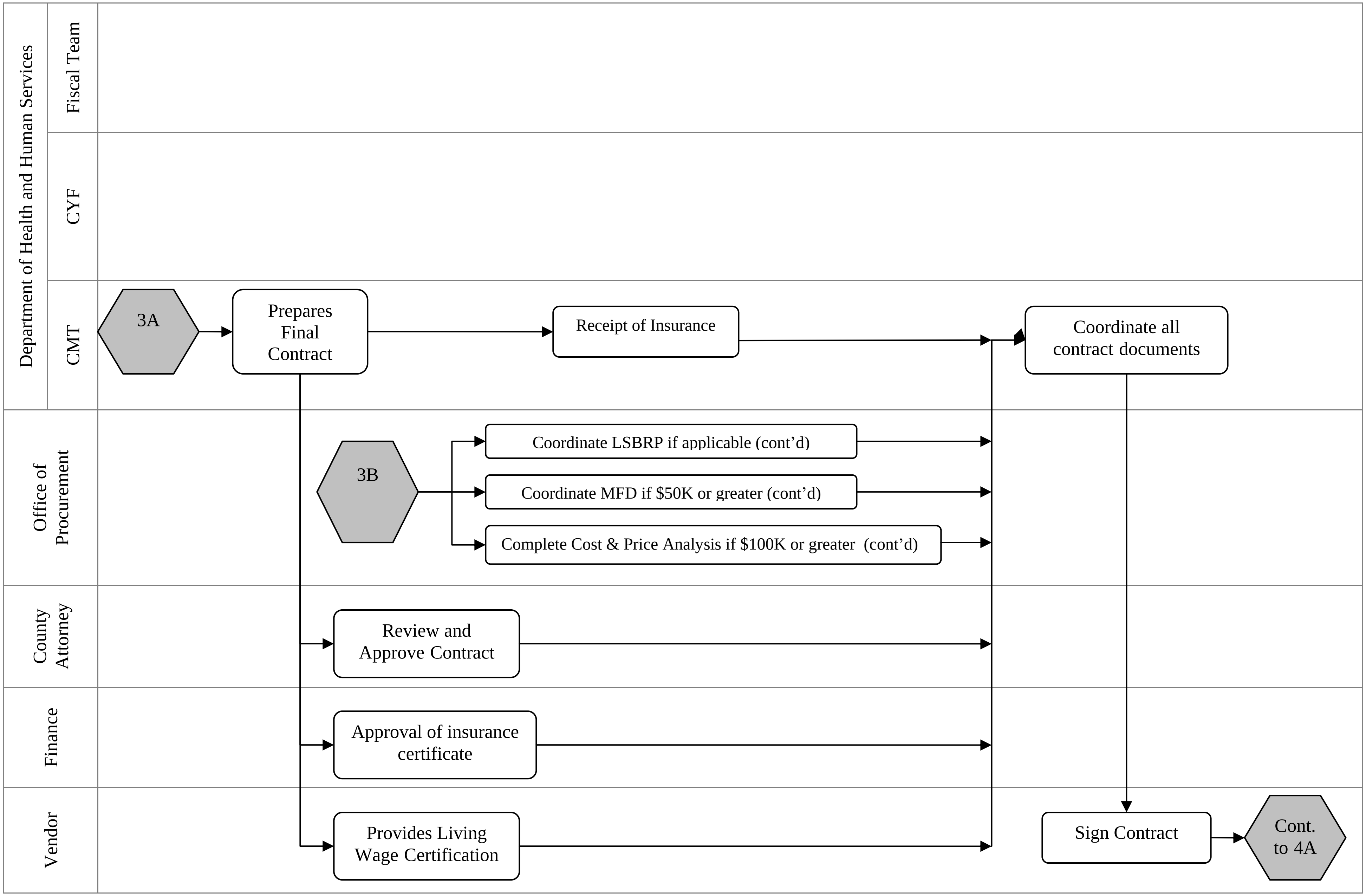
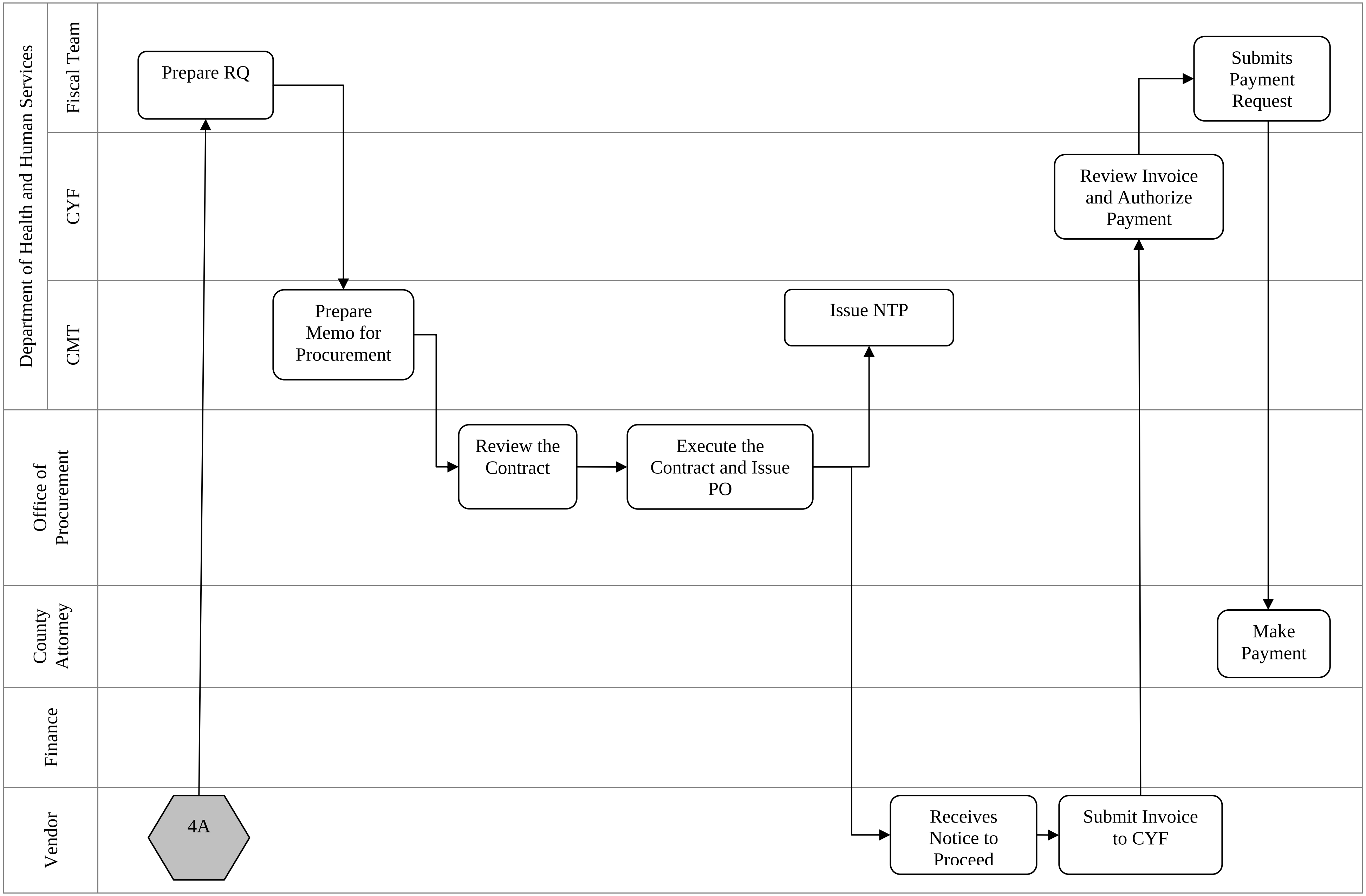


Exhibit 5-2. Process Map for the Execution of a Request for Proposal (Continued)



3. Non-Competitive Awards

Each year, the County Executive and County Council designate numerous for-profit and non-profit organizations as non-competitive award recipients ("community grants"). The Council appropriates funds for these awards to a Community Grants Non-Departmental Account (NDA) during the budget process. These grants are one-time awards with a term of one year. In practice, after the first year, funding for grant services may be incorporated in a department's base budget request or an organization may be designated for an award for one-time funding for the identical services delivered the previous year.

Every non-competitive award listed on the Non-Competitive Contract List is assigned to a department for administrative purposes. Within DHHS, the Director and the Chief Operating Officer assign DHHS' contracts to a specific service area or program.

Historically, DHHS has been responsible for the majority of awards on the list. In FY08, DHHS was assigned administrative responsibility for 228 contracts totaling $41.4 million, representing 76% of all contracts and 78% of the total contract value of all contracts on the Non-Competitive Award List.

The cumulative effect of this practice is that budgeting for the non-competitive award grants that DHHS manages is carried out in two places: in the Community Grants NDA and in the DHHS service area budget.

Documentation and Standards. Council staff oversee a grant application process implemented by the Council. Very limited documentation for community grants exists prior to the award of the contract because, unlike open solicitations and RFPs, community grants have no pre-determined scope of services or performance measure requirements. The following is a timeline of the grant application process:

Time Period	Action
On or about December 15	Council Grant application available on Council web site
On or about February 1	Deadline for applications
February-March	Grants Advisory Group reviews and evaluates applications
Late April	Grants Advisory Group issues report
Late May	County Council makes funding decisions on grants as part of County Operating Budget. Proposals selected for funding are effective July 1.

Applicants must submit the following information with a grant application:

1. Proof of applicant's not-for-profit and/or incorporation status.
2. Financial statement for applicant's last complete fiscal year.
3. Complete budget for applicant's current fiscal year (total organization budget).
4. Current list of applicant's Board of Directors.
5. Lease or letter from facility owner if proposal is for a renovation project.

See Appendix E for a copy of the FY08 Council Grant Application.

Staff Tasks and Process Phases. DHHS staff in CYF, the CMT, and the Fiscal Team, staff in Division of Risk Management, Office of Procurement, and the Office of the County Attorney carry out the process to execute a contract and process vendor payments for community grants. The tasks for County departments are similar to the RFP process, with the exception of some initial responsibilities. The tasks and responsibilities can be grouped into five phases, as follows.

- **Phase I – CYF Service Area Tasks**. In this phase, the CYF contract monitor receives a vendor name, award value, and a general summary of the services to be provided. The contract monitor must create a scope of services and work with the vendor to establish a program budget, if one does not exist. In addition, as required by the County's Procurement Regulations, DHHS conducts a cost/price analysis for grants for $50,000 or more. Once these steps are complete, the program monitor forwards the package to the ASC and Service Chief for review. Following this review, the ASC forwards the package and a Contract Action Worksheet to the CMT.

- **Phase II – CMT, Fiscal and Risk Management Tasks**. In this phase, CMT works with the Division of Risk Management to establish insurance requirements for the vendor, reviews and revises the draft contract and sends it to the County Attorney's Office, obtains vendor signature on documents, and prepares the transmittal memorandum to Procurement. The Fiscal Team prepares the requisition, the CMT approves the contract documentation, and Risk Management approves the certificate of insurance from the vendor. The CMT also reviews FAMIS for the last 12 months to check data for compliance with the County's wage requirement.

- **Phase III – CMT, Procurement, County Attorney and Risk Management Tasks re Contract Documentation and Regulatory Compliance**. During the course of Phases I and II, the Office of Procurement, the County Attorney, and Office of Risk Management are completing contract execution tasks. The County Attorney reviews and approves all drafted contracts for form and legality and for compliance with County laws and regulations. The Division of Risk Management reviews insurance certificates for compliance with County requirements.

- **Phase IV – Office of Procurement Tasks**. Staff in the Office of Procurement verify that the documentation is complete. Typically, it must include the signed transmittal letter, the vendor application, signature page, any attachments, a copy of the contract , a dummy requisition and a money requisition, if applicable, and the vendor's approved insurance certificate. After Procurement notifies the CMT that the contract has been executed and a purchase order has been issued, the CMT sends the vendor a Notice to Proceed with a copy of the contract and the purchase order. The CMT also files the contract documents in its contract files and sends a copy to CYF program staff.

- **Phase V - CYF, and Fiscal Team Vendor Payment Tasks.** Once a contract has been executed and the Notice to Proceed issued, the vendor is permitted to begin service delivery. After performing services, the vendor submits an invoice to the CYF contract monitor for payment. The CYF contract monitor reviews the invoice for compliance with the terms and conditions of the contract, approves the invoice, and sends it to the DHHS Fiscal Team for payment. After review, a Fiscal Team staff member (processor) enters the information into ADPICS and a Fiscal Team staff member (approver) reviews and/or approves the invoice. Payments beyond the delegated authority are forwarded to the Department of Finance for approval. All payments are made through the FAMIS system.

- **Data on Elapsed Time for Community Grants**. In FY08, CYF programs finalized ten contracts based on community grants. For complete tables of the processing dates for requests for proposal, see Appendix D. OLO's analysis of the elapsed time for this sample found:

    - On average, staff overall executed the contract process in 114 days – from the date the Council passed the budget until the date the CMT issued a Notice to Proceed. Execution time for community grants ranged from 87 to 167 days.
    - On average, CYF submitted a draft contract to the service area administrative services coordinator in 96 days – from the date the Council passed the budget until the date the contract was submitted to the CMT. The process ranged from 37 to 166 days.
    - On average, the Office of Procurement issued a Notice to Proceed in 11 days after DHHS forwarded a contract package and a recommendation of approval. The process ranged from 2 to 22 days.
    - OLO was unable to obtain the date invoices were submitted by the vendor, but was able to find the average time between the CYF contract monitor approval of an invoice and payment to vendor, which was ten days.

In addition, the available data also show that:

- The Division of Risk Management took an average of six days to provide insurance requirements;
- The Office of the County Attorney took an average of four days to review and approve a contract;
- The vendor took an average of ten days to provide insurance and eight days to sign a contract.

Exhibit 5-3 on the next page shows the process to produce an executed contract that results from a community grant.

Exhibit 5-3. Process Map for the Execution of a Community Grant

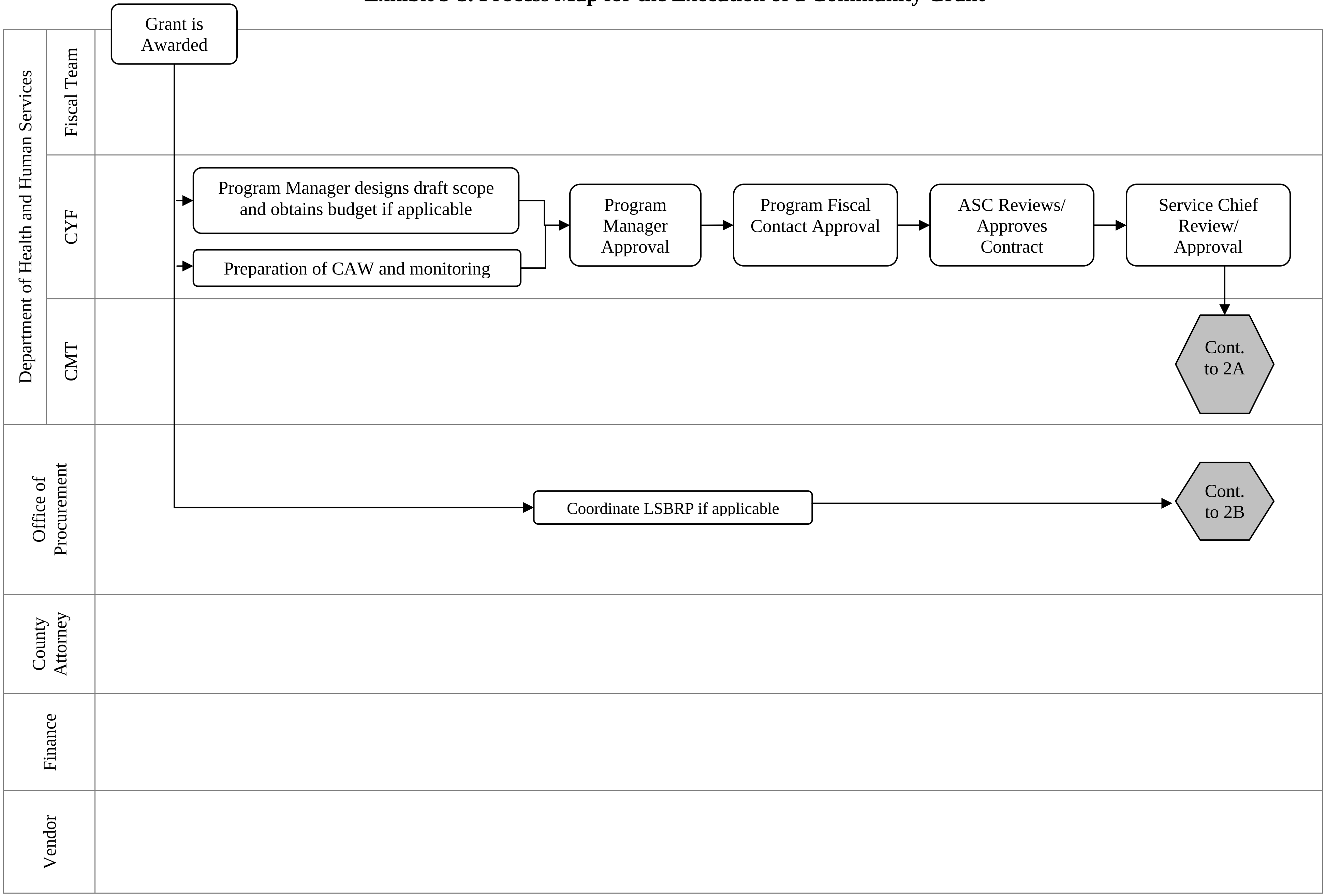


Exhibit 5-3. Process Map for the Execution of a Community Grant (Continued)

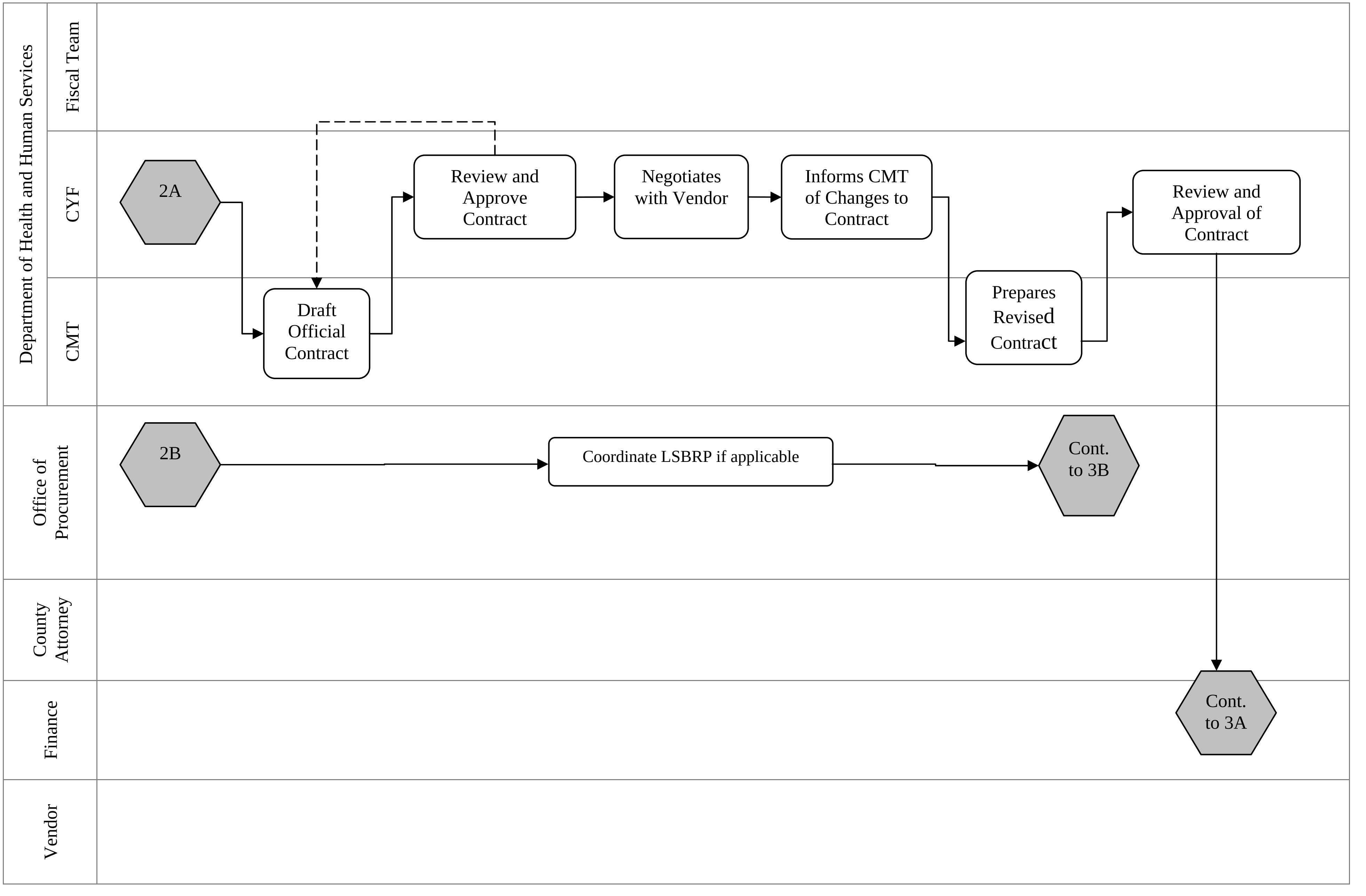


Exhibit 5-3. Process Map for the Execution of a Community Grant (Continued)

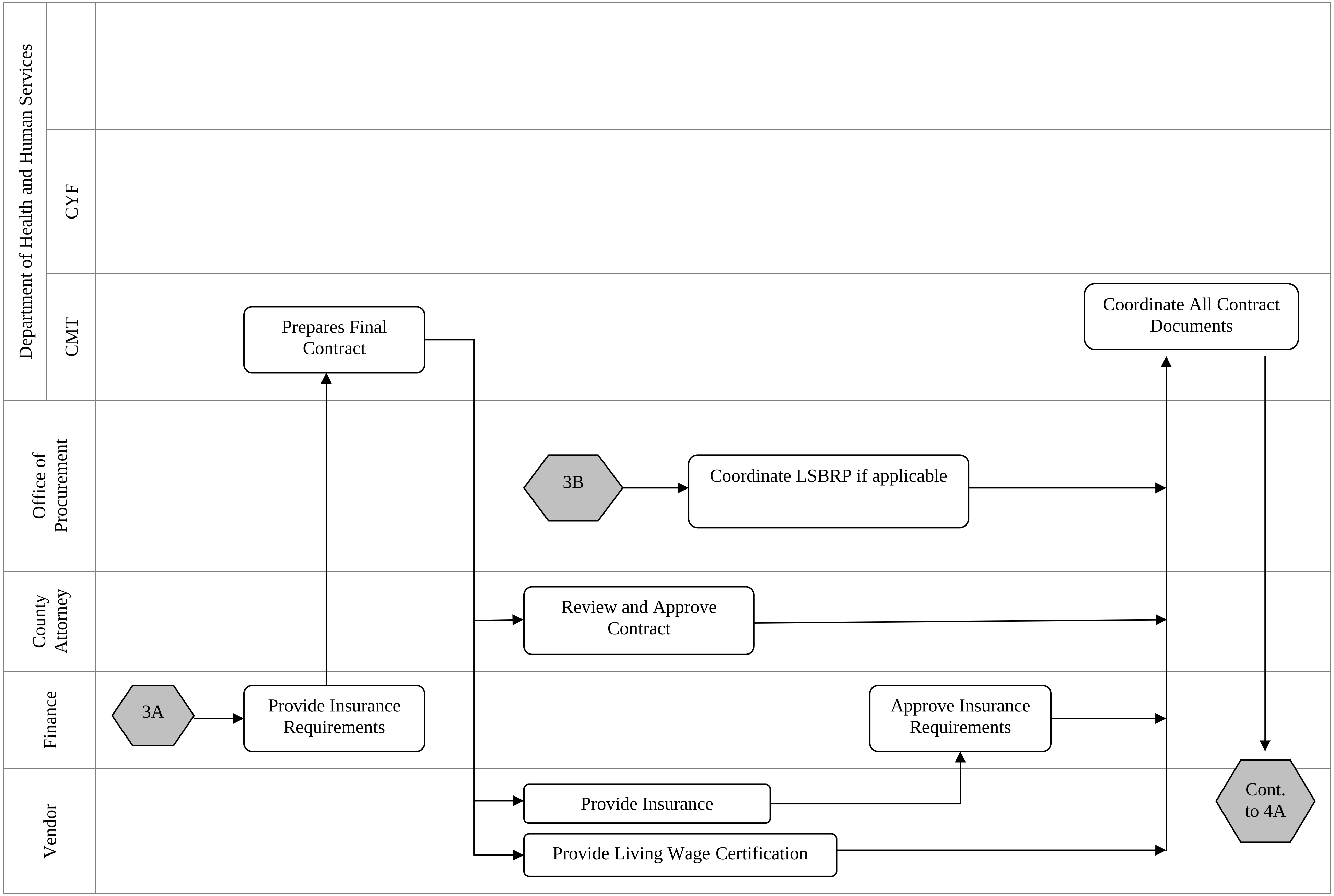
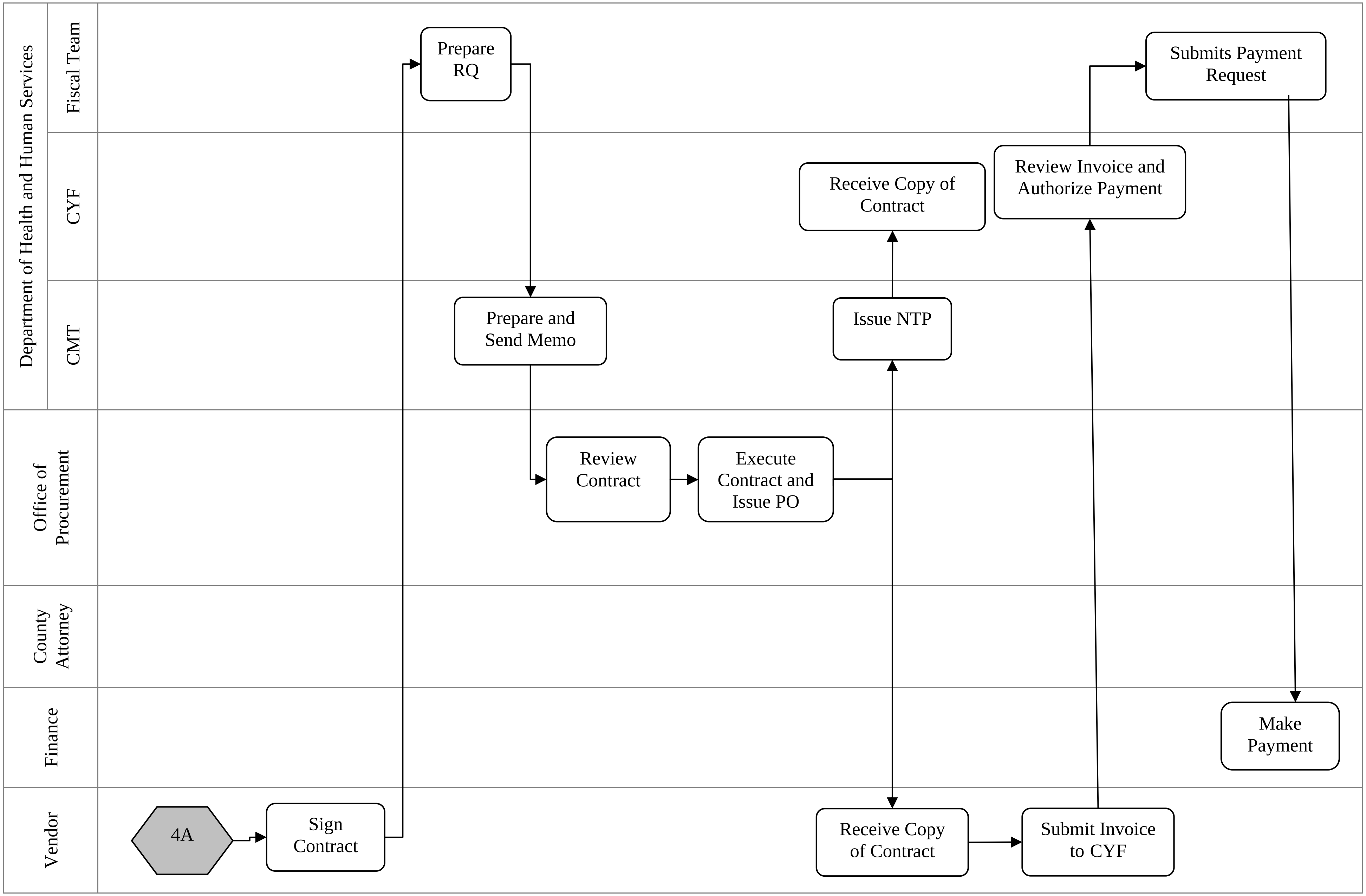


Exhibit 5-3. Process Map for the Execution of a Community Grant (Continued)



C. Other Source Selection Methods

At times, DHHS may use other types of source selection methods. In FY08, DHHS had one informal solicitation and one named-in-a-grant contract. This section briefly describes these and other types of procurements.

Informal Solicitation. An informal solicitation is used for a small purchase of goods, services or construction – for more than $5,000 but less than $25,000. For informal solicitations, the DHHS service area prepares specifications and quote sheets, followed by the CMT preparing a bid document. The service area then prepares a requisition. In the last steps, the Office of Procurement executes a contract and purchase order. Once an invoice is received and approved by CYF, the DHHS Fiscal Team makes the payment.

Named-in-Grant. A named-in-grant contract is a result of the grant awarded to the County, most often from the State of Maryland or the federal government. The grant specifically names a vendor to deliver the services, and the Using Department is responsible for drafting and executing a contract based on the grant. The Director of Procurement may enter into a non-competitive contract if the person was named or designated in a grant accepted by the County.[44]

Public Entity. A public entity procurement is an agreement with a public entity to acquire or use goods, services, or construction. It does not require public notice or non-competitive justification. It is used when another public entity provides goods, services, or construction for the County and the agreement serves the best interest of the County.

To execute a public entity contract, the DHHS CMT:

- Prepares contract and forwards to County Attorney for review;
- Obtains all signatures on the contract;
- Prepares a requisition request for the Fiscal Team;
- Obtains mandatory insurance requirements from Risk Management, gets insurance certificates from the vendor, and obtains Risk Management approval of the insurance certificates.

Following these steps, the Office of Procurement:

- Reviews the contract document;
- Creates a purchase order; and
- Executes the contract.

[44] COMCOR 11B.00.01.17.

Emergency Solicitation. An emergency procurement is a procurement of goods, services, or construction necessitated by:

- A threatened dangerous condition; or
- A threatened imminent or unforeseen curtailment of an essential service or supply that will endanger or damage health, life or property and cannot be remedied through a normal procurement.

A Using Department first determines the need for an emergency good or service then seeks approval from the Director of Procurement. If the Director of Procurement is unavailable, the Using Department Director may give approval. Following approval, the vendor issues a quote for the goods or services and the Departments issues a direct purchase order. The Office of Procurement approves the purchase order, and payment is issued for the goods or services and finally, the Using Departments forwards a memorandum detailing the emergency purchase to the Director of DGS within five days of the purchase.

CHAPTER VI: PROCEDURES FOR MONITORING DHHS CONTRACTS

This chapter details DHHS' policies and procedures for monitoring contracts. Contract monitoring allows DHHS staff to determine that all DHHS contracts are rendering services at an acceptable level and in compliance with the contract scope of services. It is a continuous system of oversight and support to the vendor and ensures that:

- Services are delivered in accordance with the contract terms;
- Services are delivered in accordance with law and regulations;
- Inefficiencies and problems are identified and corrected;
- Services are efficiently and effectively delivered;
- High quality services are delivered;
- Problematic spending patterns are identified and modified; and
- The County is using appropriate programmatic and fiduciary responsibility.

This chapter is organized as follows:

- **Part A, DHHS Program Monitoring Guidelines**, describes DHHS' guidelines for contract monitoring created in 2003;
- **Part B, Contract Monitoring in Children, Youth and Family Services**, describes the organizational structure and monitoring practices in CYF; and
- **Part C, Contract Monitoring Workgroup Summary**, provides an overview of a CYF workgroup on contract monitoring practices.

A. DHHS Program Monitoring Guidelines

DHHS has Program Monitoring Guidelines. In 2003, DHHS' Contract Management Team hired consultant Walter Wolfe, a former DHHS employee, to evaluate DHHS' contract monitoring function. In conjunction with the CMT, Wolfe established the DHHS Program Monitoring Guidelines, which currently serve as standards for contract monitoring in DHHS. These Guidelines are mandatory. In March 2004, an amendment (#1-05) outlining guidelines for Contractor Corrective Action was issued. See Appendix F for a copy of the Program Monitoring Guidelines. The monitoring guidelines are currently being updated to include an expanded role for the Chief Operating Officer, the Chief, Financial Operations and the Service Chiefs. These expanded roles reflect a greater involvement of senior level management in problem resolution and departmental prioritization.

1. Roles and Responsibilities for Contract Monitoring

Numerous DHHS offices share contract monitoring services. According to the Program Monitoring Guidelines, the Chief Operating Officer and Service Area chiefs provide oversight and approval functions for the contracting process. The Guidelines assign contract monitors and the Contract Management Team primary responsibility for contract monitoring. Contract monitors are responsible for ensuring that the service delivery according to all applicable laws and regulations and in agreement with the scope of services in a contract.

The following table provides a brief overview of the roles of various actors in the contract monitoring process.

Table 6-1. DHHS Contract Monitoring Roles and Responsibilities

Role	Duties Include
Chief Operating Officer	• Monitors implementation of contract processes and practices • Approves procurement actions forwarded from CMT
Contract Management Team (CMT)	• Collaborates with Procurement and OCA to issue solicitations • Submits draft solicitations, new contracts, contract renewals, and other procurement actions • Collaborates with Procurement and OCA to develop and execute contracts • Provides technical assistance to service areas • Seeks solutions with Procurement for non/poor vendor performance • Issues Notice to Proceed • Maintains solicitation and contract records, including executed contracts, amendments, insurance, and monitoring plans • Prepares and processes change orders, amendments, and renewals
Service Area Chiefs	• Ensure preparation and submission of procurement action requests • Ensure adherence to regulations and processes • Ensure collaboration with other services areas, as needed
Contract Monitors (in Program Areas)	• Submit scope of services and CAW • Prepare and submit contract monitoring plans • Monitor performance of contractors • Review/approve contractor reports and invoices • Monitor expenses; submit requests for delivery orders, change orders, increases/reductions

Source: DHHS Contract Monitoring Guidelines, 2003

Contract Monitors. The contract monitor is the person primarily responsible for the contract monitoring function. Contract monitors' daily functions can include:

- Reviewing and completing the contract monitoring plans;
- Making on-site visits (up to four times per year);
- Reviewing contractor reports;
- Reviewing and approving contract invoices;
- Sending notices to contractors; and
- Communicating with the contractor.

Invoices and Payments. The contract monitor is the gatekeeper for the timely flow of invoicing and contract payments. The contract monitor must:

- Consider all actions pending that may impact payments;
- Monitor expenses and adjust encumbrances as needed;
- Ensure availability of funding before approving invoice; and
- Submit approved invoices.

Records Management. While the official contract file is maintained by the CMT, contract monitors may keep records that include:

- Signed copies of contracts;
- Contract Monitoring Plans;
- Record/report logs;
- Copies of purchase orders;
- Copies of Notices to Proceed
- Copies of CAWs;
- Notices of adverse action;
- Copies of invoices; and
- Copies of correspondence.

Contract Management Team. The CMT works with administrative service coordinators, contract monitors, and service area chiefs to ensure each contract is appropriately monitored. The CMT primarily oversees administrative monitoring of contracts, including:

- Issuing Notices to Proceed or Notices of Termination;
- Notifying vendors of non-compliance and of expired insurance;
- Transmitting paperwork to Procurement;
- Providing technical assistance to contract monitors; and
- Developing and maintaining contract databases.

The CMT also receives the contract monitoring reports annually from contract monitors during the last quarter of the fiscal year. The contract monitoring reports are required for the renewal of all contracts. Contract monitoring files are filed separately from the official contract files kept by the CMT.

The CMT has one position dedicated to contract monitoring and is in the process of developing the position's roles and responsibilities. Currently, the position's primary responsibilities include:

- Coordinating and reviewing contract monitoring tasks of program area staff, including maintaining a department wide database that tracks when the last site visit was conducted for a particular contract;
- Reviewing contract monitor plans for compliance with a contract's scope of services; and,
- Managing the LSBRP Program for DHHS.

Contract monitors are required to submit contract monitoring plans to the CMT. A CMT case manager reviews plans for formality and the CMT monitoring reviews plans for compliance. If an issue arises with contract monitoring, the program area contract monitor then will notify the CMT if necessary.

2. Tools for Contract Monitoring

The Monitoring Guidelines outline numerous methods for contract monitoring and the use of performance measures in the monitoring process. The Guidelines briefly mention the use of performance measures while monitoring contracts:

> Contract monitors should be knowledgeable of their Service Area's broad performance measures that apply to contracts they oversee and use these measures to gauge the impact of the contractor's delivery of services . . . .

The remainder of this section outlines contract monitoring methods recommended by the Monitoring Guidelines.

Correspondence. The Guidelines recommend that contract monitors routinely correspond with vendors for oversight purposes. The Guidelines recommend the following types of communication: report forms; e-mails; telephone discussions; and reminder letters.

Site Visits. Site visits are a key monitoring tool for DHHS contract monitors. The Program Guidelines recommend that contract monitors review all relevant documents before making site visits, including the prior and present Contract Monitoring Plans, scope of services, contractor reports, performance measures, and applicable regulations. The Guidelines also recommend arranging a site visit shortly after the execution of a new contract to introduce the contract monitor and discuss DHHS' service expectations.

Ideally, the Guidelines suggest that DHHS staff visit contractors quarterly. However, if budget reductions or staff workload demand, contact monitors should prioritize vendors for site visits. Some factors impacting vendor priority include:

- Type of services provided;
- Level of funding;
- Complexity of scope of services;
- High political or community visibility;
- Past performance problems;
- New vendor; and
- Whether the vendor is a Council Grantee.

The Guidelines recommend the following frequency of site visits based on priority level:

- High priority – quarterly visits;
- Medium priority – bi-annual visits;
- Low priority – annual visit.

Team Monitoring. Some vendors have two or more contracts within DHHS' that may cross service areas. For these contracts, the Guidelines recommend that monitors coordinate team site visits. If applicable, the Guidelines also recommend that contract monitors coordinate monitoring efforts with state or other public entities funding the same vendor or same services.

Contract Monitoring Plans. According to the Guidelines, contract monitors should submit Contract Monitoring Plans to the CMT for all new contracts within 60 days of contract execution. For contract monitoring, DHHS uses two basic types of monitoring plans and one financial monitoring form – the *Program Monitoring Review Form*, the *Program Monitoring Review Short Form: for Delivery Order/Task Orders and Open Solicitations*, and the *Contractor Financial Management Monitoring Form* – described below. Both CMT staff and program area staff report that contract monitors do not submit monitoring plans within the recommended timeframe. Copies of the monitoring forms are available in Appendix G.

These forms allow contract monitors to rank how well vendors provide each item in a contract's scope of service. Vendors can be in:

- **Full compliance** – contractor is in full compliance with contract item under review;
- **Partial compliance** – contractor needs to improve on the item under review; or
- **Non-compliance** – contractor is significantly out of compliance and needs to submit corrective action plan on item under review.

Program Monitoring Review Form. The five-page *Program Monitoring Review Form* allows contract monitors to record findings from monitoring activities, primarily from site visits. The form allows contract monitors to record information about:

- Contractor service delivery;
- Client groups served;
- Program staffing;
- Administrative management;
- Client files management;
- Facilities;
- Adherence to applicable federal and state laws;
- Customer satisfaction; and
- Financial management.

Program Monitoring Review Short Form.: For Delivery Order/Task Orders and Open Solicitations. The two-page *Program Monitoring Review Short Form* is designed for less complex oversight than the five-page form. Contract monitors can review whether goods or services meet contractual specifications, whether the contract should be renewed and can include an explanation if the goods or services were not delivered according to the scope of services.

Contractor Financial Management Monitoring Form. Contract monitors use the *Contractor Financial Management Monitoring Form* to perform a more detailed examination of a vendor's financial management system. The form helps monitors perform a more thorough assessment of a vendor's financial integrity than the financial-related questions in the *Program Monitoring Review Form*.

Contractor Reports and Invoices. For most contracts, the vendor must submit to the contract monitor a monthly report with a monthly invoice that reflects the services provided.

Corrective Action for Poor Contract Performance. Contract monitors are responsible for determining the nature and severity of poor performance under a contract and providing contractors with written notice of problems and recommendations and timelines for corrective action. The contractor is required to respond in writing with a corrective action plan, which the contract monitor reviews and uses to monitor corrective action. Contract monitors may use unscheduled site visits for poorly performing contractors who do not respond to corrective action requests.

B. Contract Monitoring in Children, Youth and Family Services

Children, Youth and Family Services' program areas use a variety of methods to monitor contracts. DHHS staff report significant variance in the level and degree of contract monitoring among contracts and cite the following factors:

- Contract administration workload of a contract monitor;
- Direct service workload of a contract monitor;
- History and reputation with a vendor;
- Type and complexity of a contract;
- Value of a contract; and
- Community visibility of contract services.

The following section describes each program area's contract monitoring function.

1. Child Welfare Services

Child Welfare Services' (CWS) Resource Section performs contract monitoring functions for the program area. Previously, one administrator was primarily responsible for all contracting functions, including monitoring. Child Welfare Services is currently transitioning these tasks to a new contract monitor – an administrative specialist – and the administrator now serves as a "mentor" for the new CWS contract monitor.

Child Welfare Services staff identified the following as key aspects of contract monitoring for the program area:

- Establishing a vendor filing system to maintain contract documentation;
- Communicating with vendors (phone, email, letter) about issues, deadlines, requirements, and responsibilities;
- Communicating with the CMT and Procurement; and
- Tracking financial data.

CWS reports that the contract monitor performs the following functions:

- Reviewing monthly invoices to tract fiscal accountability and compliance with budget approval;
- Reviewing monthly/quarterly reports to ensure compliance with contract;
- Providing technical assistance to vendors (templates, data collection);
- Performing site visits and phone check-ins;
- Ensuring HIPAA compliance;
- Reviewing on-site files and case records, such as employee files, criminal background check files, driver's license records; and
- Reviewing customer/consumer surveys and feedback from staff.

2. Early Childhood Services

Currently, seven positions in Early Childhood Services (ECS) are responsible for monitoring contracts. Contract administration assignments are based on personnel availability, workload level, and expertise. Variations exist in the frequency and type of monitoring for ECS contracts and are based on the contract monitor, vendor, services provided, and time and budget constraints. Examples of variations include:

- Staff may monitor new vendors more than established vendors; and
- Vendors providing certain types of services may receive more monitoring, i.e., vendors who provide professional services may require more monitoring than a vendor who provided a commodity.

ECS contract monitors vary the methods used to monitor contracts. ECS contract monitors use a combination of the following monitoring techniques:

- Review of vendor performance reports;
- Technical review of vendor paperwork;
- Site visits and phone check-ins;
- Review of on-site vendors files and case records, such as employee files, criminal background check files, driver's licenses records; and
- Review of customer/consumer surveys and feedback from staff.

3. Income Support Services

CYF's Income Support Services monitors one contract to help implement the work support system in the County. The program area currently has two contract monitors for the single contract. Currently, the program area is transitioning contract administration functions to a newly-hired program manager. The program manager will have the primary responsibility for the contract administration, including the contract monitoring function.

Income Support Services' contract is with Arbor Education, Inc. (Arbor) and is one of the County Government's first performance-based contracts. The contract provides that the County will pay the contractor up to a specified amount in accordance with Performance Based Payment Points. Payment is contingent upon the contractor's accurate and satisfactory completion of all data-entry requirements regarding work activity and/or placement data. Table 6-2 outlines the contract's payment points and volume for FY08. The payment points have various payment rates for each point.

Table 6-2. Summary of Payment Points for Performance-Based Contract with Arbor Education

Payment Point	Description	Volume in FY08
Orientation and Assessment	Number of assessments performed based on customer signatures in sign-in logs	1,246
Monthly Participation - Countable	Paid for "countable" customers who are enrolled in State-defined activities and participating 40 hours a week in those activities	339
Monthly Participation	Paid for non-countable program participants	3,634
Placement (Temporary Cash Assistance (TCA)	Paid for program participant "placements" who were employed at least 30 hours a week	219
Retention	Paid for participants who remain at employment	55 (30 Day) 12 (180 Day)
Medical Benefits Bonus	Paid if participant is eligible to receive medical benefits	152
Child Care Voucher	May be paid for each correct child care voucher issued by contractor	1,026

Source: Income Support Services, June 2008

Data Tracking. The contract monitor extensively tracks data for the contract because contract payment is based on performance measures. In addition, numerous federal and state laws and goals require data reporting about the County's work support system and both the state and County have established related performance measures.

The State's Department of Human Resources established the following State Performance Goals for work support programs, as shown in the table. The table also shows Montgomery County's performance in FY08.

Table 6-3. Maryland State Performance Goals and Montgomery County Performance for Work Support Programs

Indicator	State Performance Goal	Montgomery County
Earnings Gain Rate	40%	45%
Job Retention Rate	70%	80%
Work Participation Rate	50%	52%
Placements	410	411
Universal Engagement	100%	100%
% Placed Who Are Offered Health Insurance	40%	43%
Average Hourly Wage	$8.60	$11.07

Source: Income Support Services, June 2008

To monitor the progress of the contract with Arbor, the County has established the following County Performance Measures:

- Percentage of Temporary Cash Assistance (TCA) recipients who become employed;
- Percentage of TCA recipients who remained employed after one year;
- Number of TCA recipients placed in jobs;
- Number of adult TCA recipients served.

The program area also produces three monitoring reports that detail data about a recipient's participation in TCA, a recipient's activities, and a recipient's attendance.

4. Juvenile Justice Services and Child and Adolescent Services

As stated in Chapter III, Juvenile Justice Services and Child and Adolescent Services have overlapping staff that monitor contracts.

Juvenile Justice Services. Currently, three Children, Youth and Family Services staff monitor contracts for the Juvenile Justice Services program area:

- A Program Manager I monitors most Juvenile Justice Services contracts;
- A Manager III monitors all Gang Prevention Initiative contracts;[45] and
- A Therapist II does some contract monitoring for contracts associated with adolescent sex offenders.

In addition to the above DHHS staff, other County employees help monitor High School Wellness Center contracts administered by Juvenile Justice Services.

Child and Adolescent Services. Currently, three CYF staff monitor Child and Adolescent Services' (CAS) contracts. One of theses staff members – a Program Manager I – also provide contract administration for the Juvenile Justice Services program area. The Program Manager I monitors all CAS contracts, with the exception of contracts for the Linkages to Learning Program. Linkages to Learning Program contracts are administered and monitored by two part-time Program Manager I.

Contract Monitoring. The level and type of contract monitoring varies with each contract. The monitors use a variety of methods to determine if service delivery is consistent with contract provisions and submitted reports. Contract monitoring may include any or all of the following:

- Communicating through phone and email;
- Reviewing contractors' reports and other materials to evaluate services provided; and
- Conducting on-site reviews, when appropriate, to assess the nature and quality of the services provided.

[45] As of FY09, the Gang Prevention Initiative is no longer under Juvenile Justice Services but is now an independent program in Children, Youth and Family Services.

C. Children, Youth and Family Services Contract Monitoring Workgroup

On October 31, 2007 the Children, Youth and Family Services' Service Chief convened a meeting with Senior Leadership and Contract Monitors in CYF. The purpose of the meeting was to discuss contract monitoring within the service area. Based on this discussion, a small Contract Monitoring Workgroup was appointed to develop recommendations to improve contract monitoring in CYF.

The Workgroup summary is a work in progress within the Department. The Workgroup findings and recommendations are only applicable to Children, Youth and Family Services currently. The Department is working to align the report across service areas and create greater internal consistency.

Methodology. The Workgroup met numerous times to discuss contract monitoring issues within CYF. The Workgroup examined contract-related documents, including the Program Monitoring Guidelines, the program monitoring review forms, and guidelines for corrective action. The Workgroup also reviewed best practices for contract monitoring.[46]

The Workgroup also discussed the results of two surveys – one distributed to CYF contract monitors in October 2007 and one sent to contractors in November 2007. CYF summarized the results of these surveys.

Contract Monitor Survey. Ten contract monitors returned the survey; two monitors are half time and were counted as one bringing the final number to nine. The following highlight the results:

- On average, each contract monitor oversaw 12 contracts and providers.
- When contract monitors visit sites, all look for:
  - Program and/or financial compliance;
  - Quality of work; and
  - Quantity of referrals as appropriate to their contract.
- If a contractor is not in compliance in an area, monitors generally discuss this with the contractor and, as a last resort, will put the contractor on a compliance plan.
- Most of the monitors, 9 out of the 12, have other program responsibilities in addition to contract monitoring.

Contractor Survey. CYF distributed surveys to numerous vendors with the County: eighteen surveys were returned.

[46] From IBM publication, *Effectively Managing Professional Service Contracts: 12 Best Practices*, 2006

Most contractors reported good relationships with their contract monitors. Some key survey results include:

- All contractors viewed the contract monitor as a compliance officer;
- Although most contract monitors visited sites yearly, contractors who seldom saw their contract monitor asked for more site visits. Most contractors were able to speak to the contract monitors whenever needed, but stated a desire for more face-to-face meetings; and
- Contractors reported improved communication with contract monitors as the primary issue for improved effectiveness.

Workgroup Recommendations. The Contract Monitoring Workgroup developed the following recommendations to improve the contract monitoring process:

1. CYF contract monitors should meet regularly with contractors for improved communication, consistency, fairness, and standard practices across CYF.
2. The Workgroup requested that CMT review and update the following documents:
   - Contract Monitor Guide;
   - Corrective Action Plan (CAP);
   - Program Monitoring Review Form; and
   - Contract Monitoring Plan.
3. The Workgroup recommended that contract monitoring be recognized as a part of an employee's job description.
4. The Workgroup recommended guidelines on consistency of preparation and usage of The Contractor Monitoring and Review Form.
5. The Workgroup recommended establishing standard procedures to ensure fiscal accountability for approving contract budgets and invoices.
6. The Workgroup recommended that the CMT assign responsibilities to CMT Contract Managers by an approach other than alphabetical, by contractor name.
7. The Workgroup recommended that CYF contract monitors should be trained on numerous functions including expectations, development of the different types of solicitations and contracts, contract monitoring practices (e.g., site visits), and the financial aspects of contract monitoring.
8. The Workgroup recommended that all contractors be trained on various aspects of contracting, including County law and regulations, budgeting, and the contract execution process.
9. The Workgroup recommended the development of specific technical assistance tools, such as a standardized tracking system, standardized letters to vendors, and a template library for contract processing.

A full copy of this Workgroup Report is available in Appendix H.

CHAPTER VII: FEEDBACK FROM COUNTY STAFF

During the course of this study, OLO interviewed staff from numerous County Government departments and offices, including:

- The Office of Procurement;
- The Office of the County Attorney; and
- DHHS offices and teams, including
  - The Office of the Chief Operating Officer,
  - Children, Youth and Family Services,
  - The Contract Management Team, and
  - The Fiscal Team.

This chapter summarizes some common themes reported by County Government staff.

Theme #1: All departments involved in the County's procurement processes lack adequate staffing and high staff turnover has resulted in new staff in key contracting positions.

County Government staff report that staff implementing the County's procurement process are struggling to keep pace with increasing procurement demands**.** County staff report shortfalls in staffing across all relevant areas – DHHS' program areas, the Contract Management Team, and the Fiscal Team, and the Office of Procurement.

Over the past few years, numerous retirements or resignations of knowledgeable staff have left new staff or vacant positions to oversee increasing numbers of contracts. Additionally, numerous key contracting positions have scheduled their retirement in response to current County retirement incentives.

Some DHHS staff report a lack of knowledge and understanding by new staff in key contracting positions about the general procurement process. Many new DHHS staff do not know the roles and responsibilities of other programs/offices in DHHS' procurement system and lack training on procurement laws and regulations.

In addition to a reported lack of staffing, the Office of Procurement is undergoing a lengthy reorganization into the new Department of General Services, impacting the workload of remaining contracting positions.

Theme #2: Many Children, Youth and Family Services contract monitors are program staff performing contracting duties.

DHHS staff report that many CYF staff with both contracting and direct service/policy duties are stretched thin between the combination of duties. CYF program staff do not receive training on contract administration, the contract cycle, or contract history. DHHS staff report difficulty training new contract monitors, especially new staff not specifically hired as contract monitors. Many DHHS staff recommend more training on contract administration and monitoring.

The Contract Management Team currently has weekly "check in" meetings with all CMT staff, but hopes to expand these meetings into a Brown Bag Lunch series for all DHHS staff. The CMT would also like to expand the training opportunities for all DHHS contract monitors. Many DHHS staff would like to require all DHHS contract monitors to take the Office of Human Resources' contract administration class.

Theme #3: The size and complexity of DHHS contract workload impacts execution of DHHS contracts.

DHHS spends approximately 40% of all County Government procurement dollars. DHHS staff report that DHHS' contract volume has certain consequences. For example, contract "slippage" often occurs – extending a contract past its end date so that services are not stopped – because of the volume of contract renewals.

DHHS staff report that the nature of DHHS contracts and services provided can lead to delays in the execution of contracts. Examples include:

- The Department must be responsive to changing Department priorities and changing state and federal guidelines;
- State and federal grant funding schedules often differ from County fiscal schedules;
- A single RFP will often result in multiple contracts; and
- DHHS has to be responsive to "hot button" issues and public outcry.

Theme #4: Department of Health and Human Services staff have begun to prioritize contract administration based on Department priorities.

DHHS staff report that Department senior management have become more involved in the contracting process and that communication between senior management and program staff has improved. Coupled with increased communication about DHHS' overall goals and priorities, DHHS staff report an increased ability to administer contracts more quickly and in line with DHHS goals.

Theme #5: The timing of the community grant award process can lead to delays in the execution of community grant contract awards.

DHHS staff report timing difficulties for drafting contracts for community grant contract awards. Staff report that they cannot draft contracts until after the Council finalizes its annual operating budget and announces community grant awards in late May. Staff report that many vendors expect to begin delivering services on July 1. Often, the time period between late May and July 1st is insufficient for DHHS staff to draft the new contracts (DHHS administered 204 community grants in FY08) while finalizing renewal of DHHS' existing contracts. For example, in May-June of FY 2008 over 450 contract actions, exclusive of FY09 community grants, were sent to Procurement.

Theme #6: DHHS staff report a need for automation of many of its business functions, including contract execution and monitoring.

For many years, DHHS used a Microsoft Access database to track contracts and contract actions. Since 2000, the Department has attempted to replace the Access database with numerous other data management systems, all of which have not worked for various reasons. In 2008, the Department returned to using the Access database for contract administration functions. Staff use paper copies of documents for many contracting functions. Staff report that using paper is time-consuming, but still necessary to receive the proper signatures and approval. Staff would like the County's ERP system to provide the needed automation of contracting functions.

Theme #7: Some vendors are unaware of County procurement requirements, which can lead to delays in contract execution.

DHHS staff report that some vendors are unaware of the County's extensive procurement requirements and of the magnitude of DHHS' contract workload during the end of the fiscal year. Staff report that some vendors have an inaccurate expectation that funding will be available on the first day of a new fiscal year.

Staff also report that new vendors may have difficulty meeting County contracting requirements. Staff report that two common vendor-oriented delays in the execution of a contract include:

- A vendor is not a legal entity registered with the Maryland State Department of Assessments and Taxation and, therefore, cannot contract with the County; and
- A vendor does not have the appropriate insurance required for all County vendors.

Theme #8: Vendors have responded well to increased outreach and education on the procurement process and to the inclusion of performance measures in contracts.

Child Welfare Services held a Vendor Resource Fair in April 2008 to encourage networking among vendors and is planning a Brown Bag Series for vendors in 2008 to facilitate outreach, dialogue, and understanding of vendor resources between staff and vendors. Staff report that these events have begun to foster increased communication and partnerships between vendors and DHHS staff. Additionally, contract monitors report that vendors have responded positively to County Government staff requests for performance measures in the contract scope of services.

Theme #9: The procurement process is necessary to help ensure fairness, equity, and outcomes in all government procurements.

The County's procurement process reflects the County's policy goals to guarantee competitiveness, ensure procurement efficiency, and avoid corruption or the appearance of impropriety. Staff from departments across the County affirmed the need for the multiple steps in the procurement process in order to meet the County's policy goals.

Theme #10: There are mixed views on the communication between DHHS program staff and CMT staff about the contract monitoring process within DHHS.

DHHS program staff and CMT staff provided mixed feedback about current communication between these two groups. Some staff report generally an insufficient understanding of how the contracting process works across all programs, offices, and departments involved. Specific examples cited by staff include:

- Program staff do not factor in enough time for CMT to complete their steps;
- There are no consequences for late or incomplete work from program staff;
- Program staff would like more information from CMT and the Office of Procurement on status of contracts, deadlines, and procurement regulations and violations; and
- CMT is not aware of the program area budgets.

Some staff recommend increased communication to improve the process. Others suggested quarterly meetings and additional trainings between the CMT and program area staff. CMT staff reports that it plans to re-establish a CMT newsletter, to educate new staff and bolster the knowledge of long-time staff.

Theme #11: DHHS does not have standardized contract monitoring policies; the quality of contract monitoring varies between contract monitors.

DHHS does not currently have formal mandatory contract monitoring rules and procedures. DHHS' Program Monitoring Guidelines provides some guidance for contract monitors, but senior CMT staff report that the Department would like to create a formal contract monitoring policy. A lack of standard policies contributes to variations in the quality of contract monitoring among program staff.

CMT senior staff are planning meetings with program area contract monitors and administrative service coordinators to discuss training on current monitoring guidelines, as well as possible changes and enhancements. Staff cite competing responsibilities and time constraints that hinder policy development.

DHHS staff report concerns that impact the quality of contract monitoring, including:

- Due dates for monitoring reports that coincide and compete with the contract renewal period;
- Length of the contract monitoring report form;
- Standard monitoring report forms that cannot adequately accommodate evaluation of all types of vendor services; and
- Paper contract monitoring forms take time to fill out by hand.

Theme #12: The County needs to review and update procurement laws and regulations.

Numerous staff recommended a review of the County's procurement laws and regulations to allow changes to improve the efficiency of the contract execution process. DHHS staff suggested the following ideas:

- Exempt additional commodities from the procurement laws;
- Require contract renewal every other year instead of annually or allow for automatic renewal; and
- Review whether to require contracts for the community grants process.

Many staff also recommended increasing the dollar threshold for transactions requiring contracts. Under the current system, staff must spend the same amount of time developing a contract valued at $5,001 as a contract valued at $1 million.

Theme #13: DHHS has undertaken numerous efforts to examine and improve the contracting process.

DHHS staff report that they have taken proactive steps to improve the internal controls for contract execution and monitoring. Staff report that prior to the FY08 end-of-year contract processing, the Director, Chief Operating Officer and Chief of Financial Operations of DHHS met on numerous occasions with Office of Procurement staff to plan and establish strategies to efficiently complete end-of-year processing.

In addition, various DHHS working groups have identified and addressed DHHS contracting issues and concerns. DHHS completed the following:

- DHHS senior management completed a DHHS Barrier Analysis[47] that reviewed barriers and strategies for the Contract Management Team, program area staff, and non-competitive awardees. The report specifically looked at workload, training, technology, and procurement regulations.
- Children, Youth and Families organized a workgroup with CYF senior leadership and contract monitors to share ideas about the contract monitoring process and brainstorm improvements. The workgroup reviewed contract documents used by the Department and a contract monitor survey.

[47] See Appendix I for a copy of this Barrier Analysis

CHAPTER VIII: FINDINGS

The Children, Youth and Family Services (CYF) service area of the Department of Health and Human Services provides an array of prevention, intervention, rehabilitative, and after-care services to children and their families. CYF contracts with community-based providers to deliver a portion of its services to the community, and the administration of these contracts requires substantial staff time and resources.

DHHS has taken proactive steps to improve the internal controls of the Department's contract execution and monitoring processes. This past year, the Director, Chief Operating Officer and Chief of Financial Operations of DHHS met on numerous occasions with Office of Procurement staff to plan and establish strategies to increase the efficiency of contract processing.

In addition, two working groups in the Department have begun to identify and address DHHS contracting issues and concerns. Specifically:

- DHHS senior management completed a DHHS Barrier Analysis that reviewed barriers and strategies for the Contract Management Team, program area staff, and non-competitive awardees. This analysis examined workload, training, technology, and procurement regulations.
- Children, Youth and Families organized a workgroup with CYF senior leadership and contract monitors to discuss the contract monitoring process and brainstorm improvements. The workgroup reviewed contract documents used by the Department and results of a contract monitor survey. The Department is in the process of completing this report and is looking into aligning recommendations across service areas.

The remainder of this chapter presents OLO's findings on the contract execution and monitoring within Children, Youth and Family Services. For definitions of procurement related terms, see the glossary included in Chapter I (beginning page 3).

PROCUREMENT LAW AND REGULATIONS

Finding #1: The County Government operates a centralized procurement system with substantial responsibilities delegated to the Using Departments.

The County Charter, County Code, and Executive Regulation outline the roles and responsibilities of County Government departments in the procurement of goods and services.

- *County Charter*. Sections 313, Purchasing, and 314, Competitive Procurement, of the County Charter provide for the establishment of a centralized, professionally administered purchasing system that uses competitive procurement methods to purchase and contract for goods and services.
- *County Procurement Law*. Chapter 11B of the County Code, establishes the authority and responsibility for a purchasing system for goods and services and authorizes the County Executive to adopt regulations to implement the law.

- *County Procurement Regulations*. The Procurement Regulations implement the Procurement law. The regulations specify the duties and responsibilities of the Chief Administrative Officer, the Director of the Office of Procurement, the Using Departments, and the Contract Review Committee. The regulations also outline the administrative process for procurement, establish the division of procurement authority and responsibilities between the Office of Procurement and the Using Departments; and define the conditions that must be met for competitive and non-competitive procurements.

Finding #2: County law requires a contract for all procurements over $5,000.

The County's procurement law require all procurements over $5,000 to be executed through a contract. The same process applies to all contracts, regardless of amount.

In sum, once a contract is awarded, the Using Department begins negotiations with the vendor to determine an explicit set of services, terms, and conditions. While this is occurring, the Using Department works with Office of Procurement, the County Attorney, and the Department of Finance's Division of Risk Management to complete required reviews prior to final contract execution.

Office of Procurement staff then verify that contract documentation is complete and accurate and execute the contract and issue a purchase order. Once a contract has been executed and the Notice to Proceed issued, the vendor is permitted to begin service delivery. In order to receive payment, the vendor must submit invoices for services rendered; most vendors submit invoices for payment on a monthly basis.

Finding #3: County law authorizes a non-competitive contract if the Chief Administrative Officer determines that the contract award meets one of several legally-specified criteria.

County law provides that a contract may be awarded without competition if the Chief Administrative Officer determines that the contract award serves a public purpose and:

(1) there is only one source for the required goods, service, or construction which can meet the minimum valid needs of the County, including timeliness of performance;

(2) the contract is in connection with potential or pending litigation, condemnation, or collective bargaining;

(3) a proposed contractor or subcontractor has been specifically identified in a grant accepted by the County; or

(4) a proposed contractor has been identified in a grant or appropriation resolution approved by the Council.[48]

[48] Montgomery County Code § 11B-14.

The CAO's recommendations for non-competitive awards requires Council approval, which is provided in a resolution, entitled the "Non-Competitive Award Designation List." Each year, as part of annual appropriation decisions, the Council incorporate its own recommendations for non-competitive awards into this resolution.

Like other County procurements over $5,000, all non-competitive contract awards require a contract.

Finding #4: County law requires all contracts to be reviewed for compliance with numerous legal requirements.

County law – which is designed to ensure the integrity of the public procurement process – requires all contracts be reviewed to ensure that they meet certain legal requirements. The mandatory reviews of County contracts include:

- *Review of the insurance certificate* by the Division of Risk Management to make sure the vendor's insurance complies with the requirements established in the contract;
- *Approval of the contract* by the Office of the County Attorney to ensure the contract defines the services being purchased, establishes how the County will know the services have been received, and identifies the basis for compensation;
- *Enforcement of living wage requirements* to ensure that all vendors pay each "covered employee" at least $12.40 per hour during the time the employee provides services to the County;
- *Review of the local small business designation* by the Using Department for compliance with the County's Local Small Business Reserve Program;
- *Examination of Minority, Female and Disability Program status* by the Office of Procurement for compliance with the County's MFD program; and
- *Cost and price analysis* by the Office of Procurement for competitive contracts over $100,000, non-competitive contracts over $50,000, or contract modifications of $50,000 or more.

AGENCY ROLES AND RESPONSIBILITIES IN CONTRACT ADMINISTRATION

Finding #5: Numerous County departments assist with the execution of DHHS contracts.

The County process to finalize contracts is an interdepartmental effort between DHHS and three other County departments or offices – the Office of Procurement, the Department of Finance, and the Office of the County Attorney.

- *Office of Procurement.* The Office of Procurement (recently reorganized into the Department of General Services) oversees certain tasks in the procurement process and helps ensure that DHHS complies with the County's Procurement Regulations. Some of the Office of Procurement's responsibilities include advertising solicitations, posting notices of intent for contract awards, ensuring compliance with MFD requirements, administering the Local Small Business Reserve Program, and conducting cost/price analyses.

- *Department of Finance.* The Division of Risk Management in the Department of Finance establishes insurance requirements and reviews certificates of insurance for County contracts. The Accounts Payable Section reviews vendor invoices and processes the payment of vendor invoices.

- *Office of the County Attorney.* The Office of the County Attorney reviews contracts drafted by DHHS during the contract negotiation and execution phase for form and legality.

Finding #6: DHHS' Contract Management Team and Fiscal Team provide support and technical assistance for the execution of all DHHS contracts.

Two teams in DHHS' Office of the Chief Operating Officer – the Contract Management Team and the Fiscal Team – provide administrative and technical support for contract execution and monitoring for all DHHS contracts.

The Contract Management Team provides technical contracting assistance to DHSS service area staff, maintains official contract document files, and manages the flow of documents for all DHHS contract actions. The CMT also serves as DHHS' primary liaison to the County Government's contract processing offices outside of DHHS.

DHHS' Fiscal Team provides budgetary and fiscal oversight for all DHSS contracts and vendor payments. The Fiscal Team reviews contract requisitions generated by the CMT to create pre-encumbrances and reviews vendor invoices submitted for payment.

CONTRACT ADMINISTRATION IN CHILDREN, YOUTH AND FAMILY SERVICES

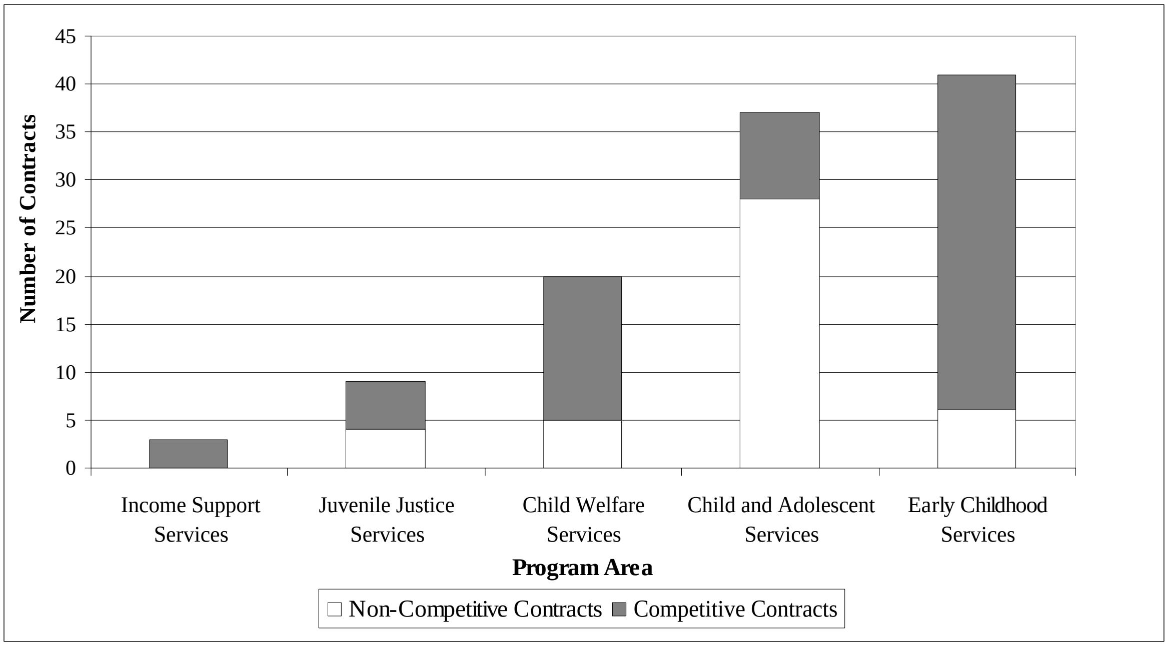
Finding #7: During FY08, Children, Youth and Family Services staff administered 110 contracts with a value of $17.3 million.

Of the 110 contracts administered by Children, Youth and Family Services (CYF) during FY08, 67 (63% of total contract funding) were awarded as the result of a competitive procurement process. The other 43 contracts (36% of total contract funding) were awarded non-competitively.

In FY08, 56 contracts (63% of total contract funding) resulted from Requests for Proposals; 39 contracts (27% of total contract funding) originated from non-competitive community grants. The tables on the next page summarize CYF's FY08 contracts.

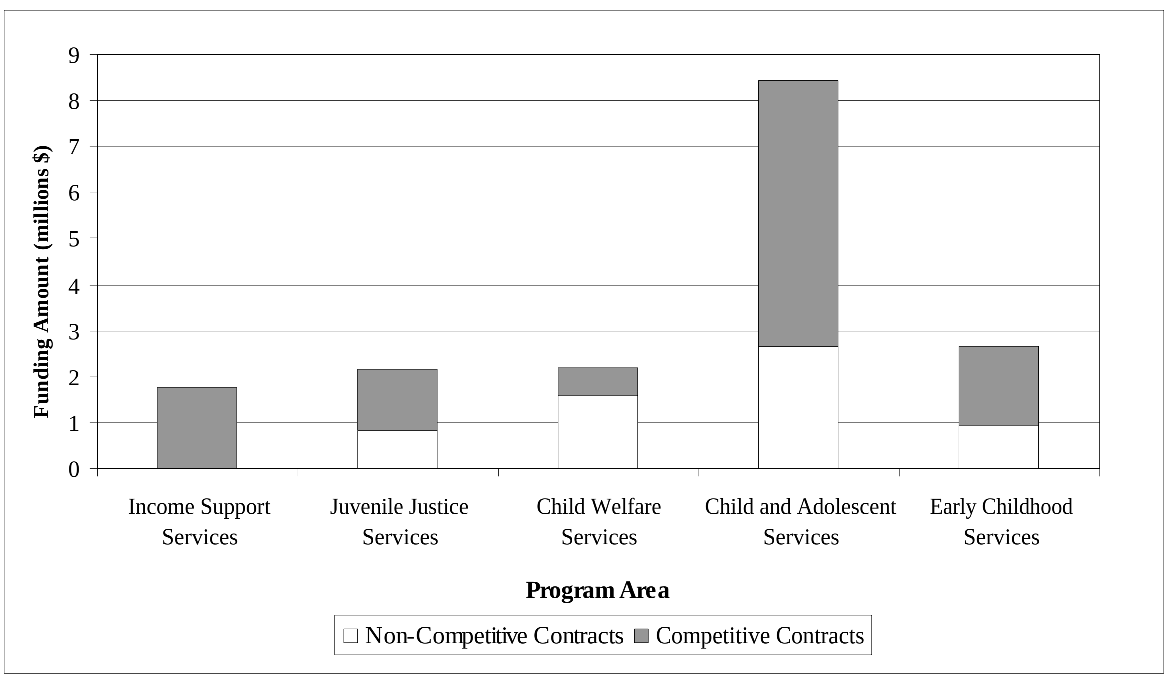
The first table on the next page shows the number of contracts administered by each program area in CYF. The second table shows the funding amounts for the contracts administered for each program. The data show that the Early Childhood Services Program administered the largest number of contracts (41 contracts) and Child and Adolescent Services had the most number of community grants (27).

Exhibit 8-1. Number of Children, Youth and Family Services Contracts by Type and Program Area, FY08



Source: Children, Youth and Families Program Areas

Exhibit 8-2. Funding Value of Children, Youth and Family Services Contracts by Type and Program Area, FY08



Source: Children, Youth and Families Program Areas

Finding #8: Children, Youth and Family Services' five program areas have different organizational structures for contract administration functions.

Children, Youth and Family Services staff involved in contract administration function either as "contract monitors" and/or "fiscal managers:"

- Contract monitors have the primary responsibility for contract administration and typically have the following responsibilities: defining service needs; determining the type of procurement method for a contract; defining the scope of services, and establishing and maintaining a working relationship with the vendor throughout the contract term.

- Fiscal managers principally review invoices and process vendor payments, and initiate contract actions at the request of the contract monitor. They may also assist with the on-going monitoring of the contract.

Currently, 19 staff across the five program areas serve as contract monitors and/or fiscal managers. Each program area has a different combination of contract monitors and fiscal managers. In Child Welfare Service and Income Support Services, the contract monitors also serve as the fiscal managers. Early Childhood Services has a fiscal manager and numerous contract monitors who manage multiple contracts for a particular type of service. Juvenile Justice Services and Child and Adolescent Services share a common fiscal manager and have contract monitors who manage different numbers of contracts.

The table below lists the number of program staff (for each program area) who assist with the administration of contracts.

Table 8-1. Summary of CYF Contract Staff and Contract Data

Children, Youth and Families Program Area	Number of Staff Administering Contracts	Number of FY08 Contracts	Value of FY08 Contracts Administered ($ in 000s)
Child Welfare Services	2	20	$2,200
Early Childhood Services	8	41	$2,842
Income Support Services	2	3	$1,746
Juvenile Justice Services	5*	9	$2,165
Child and Adolescent Services	4*	37	$8,419

* Two staff administer contracts in both Juvenile Justice Services and Child and Adolescent Services. These positions are counted in both program area totals.

Source: Children, Youth and Families Program Areas

Finding #9: Children, Youth and Family Services contract monitors are responsible for numerous tasks in the contract administration process. Many CYF contract monitors are program or administrative staff who also perform contract administration duties.

Once a contract is awarded, CYF contract monitors work directly with vendors to create a contract package. The tasks involved in this process include:

- Determining the scope of services;
- Negotiating the budget and accuracy of budget details; and
- Developing contract performance measures.

Contract monitors prepare internal DHHS Contract Action Worksheets (CAWs), which summarize contract actions, and obtain supervisory approval. Contract monitors also prepare monitoring plans that describe the nature and frequency of contract monitoring.

Once a contract package is prepared by the contract monitor, the contract package is reviewed and approved by three additional senior Children, Youth and Family Services staff (CYF Fiscal Manager, CYF Administrative Services Coordinator, and CYF Service Chief). Following this review, the contract package is sent to DHHS' Contract Management Team.

Finding #10: Beginning this year, all contract monitors must attend a Contract Administration Class.

Starting in FY09, Children, Youth and Family Services contract monitors are required to take the Office of Human Resources' Contract Administration Training class. Until this year, CYF contract administration staff were encouraged, but not required, to enroll in formal contract administration training. In addition to formal training, CYF staff report that contract monitors learn about contract administration on the job and through interaction with other DHHS contract monitors.

DATABASE AND TECHNOLOGY MANAGEMENT IN CHILDREN, YOUTH AND FAMILY SERVICES

Finding #11: DHHS' current database and technology management do not meet the Department's contract administration needs.

While there is some use of automation, the contract administration function in Children, Youth and Family Services remains primarily a paper-based system. There are numerous levels of contract document filing:

- The Contract Management Team maintains DHHS' official set of contract document files;

- The Contract Management Team maintains an unofficial set of working files used by CMT staff to process contracts;
- The contract monitoring plans or reports are maintained in the CMT, in a separate file from the official contract file; and
- Many program area contract monitors maintain their own contract files.

Database Technology. The Contract Management Team currently uses a Microsoft Access database to track contracts and contract actions. Staff report that while the Access database is adequate for many purposes, it lacks the capacity for the volume of contract actions the Department wants to track.

In 2006, the Department attempted to transition its procurement process to a fiscal management system designed by J.D. Edwards (a software company). As part of this process, the database system administrator wrote custom code for approximately 90% of the J.D. Edwards system, but produced no documentation of the custom coding. The few DHHS staff with knowledge of the coding have since left the department.

DHHS staff report numerous problems with the J.D. Edwards system. DHHS is currently deconstructing the system and scaling its use down to core functions that cannot be performed by another system. As a result, the Department returned to the use of Microsoft Access for many business functions, including the database of contracting actions.

In addition, the CMT and the CYF program areas maintain separate databases to track contract information, based on their needs. These two databases do not contain identical information about the contracts managed by CYF – some contracts are listed in one database but not the other and vice versa.

CONTRACT EXECUTION OF CHILDREN, YOUTH AND FAMILY SERVICES CONTRACTS

Finding #12: A review of CYF's processing of new contracts during FY08 showed substantial differences in the length of time for contract execution and vendor payments across all types of contracts.

Children, Youth and Family Services executes contracts based primarily on three different procurement methods: requests for proposals, open solicitations, and community grants. Requests for proposals and open solicitations are two methods of developing contracts through competitive competition. In addition, each year, the County Executive and County Council designate numerous for-profit and non-profit organizations as non-competitive award recipients who receive community grants.

The table below shows the average and range of elapsed times for CYF's contract execution and vendor payments for new FY08 contracts, based on each of these procurement methods. (Because the procurement methods are different, the dates tracked are described below the table.) The data examined showed that, during FY08, the average elapsed time for contract execution and vendor payment was longer for community grants than for open solicitations and requests for proposals. In particular, the average elapsed time for community grant execution was 114 days, compared with 93 days and 84 days for RFPs and open solicitations respectively.

Table 8-2. Average Elapsed Time and Range of Time for New Contracts in Children, Youth and Family Services in FY08

Contract Based On…	Contract Execution		Vendor Payments	
	Average Elapsed Time (days)	Range of Time (days)	Average Elapsed Time (days)	Range of Time (days)
Request for Proposal (N=13)	93	46-139	45	13-94
Open Solicitation (N=5)	84	60-115	47	17-88
Community Grant (N=10)	114	94-167	82	38-130

Source: DHHS Contract Management Team

The calculation of elapsed time for contract execution and vendor payments for the three different types of procurements are as follows:

	Contract Execution Start Date	*Contract Execution End Date*
RFP	Notice of Intent to Award	Notice to Proceed Issued
Open Solicitation	Date contract signed by vendor	Notice to Proceed Issued
Community Grant	Date of award	Notice to Proceed Issued

	Vendor Payment Start Date	*Vendor Payment End Date*
RFP	Notice to Proceed Issued	First Payment
Open Solicitation	Date contract signed by vendor	First Payment
Community Grant	Notice to Proceed Issued	First Payment

Finding #13: Department staff identified numerous factors that may delay the execution of a contract.

During the course of gathering information for this report, OLO talked with County staff about what factors delay the execution of a contract. The general consensus of those interviewed was that there can be various reasons that a contract does not proceed in a "timely" way. The most often cited reasons are listed below.

- The increasing size and complexity of DHHS' contract workload leads to delays in the execution of DHHS contracts. Specifically, the number of renewals has increased significantly;
- There is a lack of automation for contract execution and other business processes; and
- There is a lack of staffing across departments with a role in contract execution.

County staff also report that numerous factors may have more of an impact on the contract execution timeframe for community grants compared with other contracts. County staff identified the following factors:

- The development of community grant contracts occurs at the same time that Department staff are busy with all other end-of-year contract processing;
- In comparison to contracts awarded as a result of a competitive process, there is often less documentation available prior to award; and
- The vendors are more likely to be unfamiliar with the County's procurement requirements and it takes longer for the vendors to generate the required documentation.

CONTRACT MONITORING IN CHILDREN, YOUTH AND FAMILY SERVICES

Finding #14: The Department of Health and Human Services has established guidelines for contract monitoring practices. The use of the program monitoring guidelines varies among contract monitors in Children, Youth and Family Services.

In 2003, DHHS created Program Monitoring Guidelines. These Guidelines serve as best practices for contract monitoring in DHHS.

According to the Guidelines, the responsibilities for contract monitoring are shared between the Contract Management Team staff and the program area contract monitors. The Guidelines outline methods for monitoring contracts, discuss the use of performance measures for contract monitoring, and provide standard contract monitoring forms. The Guidelines recommend that contract monitors develop Contract Monitoring Plans within 60 days of contract execution, but CMT and program area staff report that, in general, plans are not submitted in this timeframe.

DHHS staff report significant variance in the level and degree of contract monitoring among contracts and cite the following factors for this variation:

- Contract administration workload of a contract monitor;
- Direct service workload of a contract monitor;
- History and reputation of a vendor;
- Type and complexity of a contract;
- Dollar value of a contract; and
- Community visibility of a service.

CHAPTER IX: RECOMMENDATIONS

This chapter outlines the Office of Legislative Oversight's recommendations for Council action. The first recommendation identifies potential changes to County law and regulations with the goal of increasing efficiency of the procurement process while preserving accountability. The other three recommendations seek to improve the general effectiveness of the Department of Health and Human Services' (DHHS) procurement management and practices.

Recommendation #1. Consider amending County law governing contracts in order to increase efficiency in the procurement process.

The County's procurement law requires procurements over $5,000 to be executed through a contract. And once a procurement is subject to a contract, the same process applies for executing that contract, regardless of the amount or type of award.

OLO recommends that the Council discuss ways the County can responsibly change the parameters concerning which purchases must go through the comprehensive contract execution process, and entertain a new approach for implementing non-competitively awarded community grants.

First, to reduce the number of contracts that County staff need to process for relatively small amounts or certain types of purchases, OLO recommends the Council considering:

- Increasing the dollar threshold for purchases that require a contract; and
- Adding additional items to the list of purchases that are exempt from the County's routine procurement process.

OLO recommends the Council consider increasing the threshold for direct pay procurements, which eight years ago was set at $5,000. Increasing the dollar threshold of purchases that require a contract would enable staff to focus more time and attention on contract execution and monitoring of higher value procurements. For example, five of the 25 new FY08 contracts in Children, Youth and Family Services (CYF) were for amounts between $5,000 and $10,000; if the threshold had been $10,000, these five purchases could have been accomplished simply as direct pay purchases.

The County's procurement law already exempts certain types of purchases from the procurement regulations, e.g., mileage reimbursement, membership dues, and utilities.[49] The Council should consider whether additional items, such as certain medications and vaccinations, similarly should be placed on the exemption list.

Second, OLO recommends the Council consider changing the law to create a different mechanism for implementing non-competitive community grant awards. In particular, OLO recommends the Council discuss with Executive Branch the feasibility of changing the procurement law to provide Departments an alternative to executing comprehensive contracts for

[49] Appendix A lists all of the items that the law currently exempts from procurement regulations.

all vendors named on the Non-Competitive Contract List. Alternatives that were suggested during the course of this study include making direct grants to vendors for amounts under a specified amount or developing a hybrid grant/contract system with fewer contract development and execution requirements.

Recommendation #2. Update and formalize DHHS' contract monitoring guidelines.

In 2003, the Department of Health and Human Services established Program Monitoring Guidelines for contract monitoring practices; there is currently uneven use of these Guidelines among DHHS' staff contract monitors.

OLO recommends the Guidelines be updated and deemed required for use by all DHHS staff who monitor contracts. This could enhance DHHS' efforts to implement performance-based contracting and could create more consistent contract monitoring in Children, Youth and Family Services and across DHHS' service areas.

OLO recommends that the Council ask the Chief Administrative Officer to update and formalize DHHS' Contract Monitoring Guidelines, and provide a progress report back to the Council by January 15, 2009.

Recommendation #3. Assess adequacy of DHHS training for contract monitors and consider implementation of a Children, Youth and Family Services Workgroup recommendation to train vendors.

Many Children, Youth and Family Services contract monitors are program staff who also have been assigned contract monitoring responsibilities. Until recently, CYF contract monitors were not required to attend formal contract administration training. Beginning in FY09, all DHHS staff who serve as contract monitors must take a Contract Administration Training class.

In addition to DHHS' staff needs for training, many vendors with County contracts are not familiar with the County's procurement policies and processes. This can contribute to delays in contract administration, and unrealistic vendor expectations about the length of time it takes for contract execution and payment processing. To help remedy this situation, a CYF Workgroup recommended the County provide training for all vendors on:

- The contract execution and monitoring process;
- Budgeting and invoicing; and
- The County's overall procurement and payment process.

OLO recommends that the Council ask the Chief Administrative Officer to report back by January 15, 2009 on whether DHHS training for contract administration staff is sufficient, and on the feasibility of implementing the CYF's staff recommendation to provide training for vendors.

Recommendation #4. Develop an interim technology and data management plan for DHHS' procurement process pending full implementation of the County's ERP system.

As discussed earlier in this report, DHHS' current database technology and management do not meet the Department's contract administration needs. The Executive Branch Enterprise Resource Planning (ERP) initiative is expected to provide major improvements to Countywide technology use, including a new procurement application. However, it will be a number of years before the ERP procurement application is available for use by DHHS staff.

DHHS currently relies on a system to develop, execute, and monitor contracts that is still primarily paper-based. DHHS' efforts to implement a new fiscal management system that would also track contracting actions were recently halted due to problems with the system; as a result, the Department has now returned to its prior use of a Microsoft Access database to track contract actions.

Given how much DHHS relies on contracting to deliver services, OLO recommends that the Council ask the Chief Administrative Officer (CAO) to consider implementing an interim technology solution to better meet DHHS' contract administration needs. OLO recommends that the Council ask the CAO to report back on this issue by January 15, 2009.

CHAPTER X: AGENCY COMMENTS

The Office of Legislative Oversight circulated a draft of this report to the Department of Finance, Department of General Services, Department of Health and Human Services, and the Office of the County Attorney.

Written comments from the Chief Administrative Officer are included in their entirety beginning on the following page. OLO greatly appreciates the time taken by everyone who reviewed the draft report.

MONTGOMERY COUNTY MARYLAND 1776

OFFICES OF THE COUNTY EXECUTIVE

Isiah Leggett
County Executive

Timothy L. Firestine
Chief Administrative Officer

MEMORANDUM

September 9, 2008

TO: Kristen Latham, Legislative Analyst
Office Legislative Oversight

FROM: Timothy L. Firestine
Chief Administrative Officer

SUBJECT: **OLO's Draft Report on DHHS' Contract Execution and Monitoring Process**

Thank you for the thoughtful and comprehensive work you have done in summarizing and analyzing the procedures and practices for executing and monitoring contracts in the Department of Health and Human Services (DHHS). We know that you worked cooperatively and collaboratively with County staff to gather the extensive information needed for this report and appreciate the opportunity to comment on its content.

All departments involved in the activities that are the subject of OLO's draft report, namely DHHS, Department of General Services, Department of Finance, and the Office of the County Attorney, have already submitted to OLO (through DHHS) technical and factual corrections to the draft report. In terms of the substance of the draft report, we largely concur with the themes and findings cited in the report. We believe that the report is consistent with our understanding of the challenges confronted by all departments and offices in the Executive Branch that participate in the complex tasks required to assure appropriate levels of quality service delivery, oversight, and monitoring of the County's procurement system.

The report clearly identifies resource, business process, and regulatory challenges with contracting processes. In addition, it highlights the need to enhance staff competencies and standardize monitoring expectations. The report focuses attention on the trend that there is an ever increasing volume and complexity to the contracts administered by the DHHS and supported by other County departments. It is necessary to focus our collective efforts on resolving these challenges in order to accomplish the work required, the training needed by staff, and the appropriate efficiencies to improve the overall system involving the many departments within County government.

101 Monroe Street • Rockville, Maryland 20850
240-777-2500 • 240-777-2544 TTY • 240-777-2518 FAX
www.montgomerycountymd.gov

As the report indicates, DHHS, with support from its partner departments, has already begun to move forward in a number of areas, including increased and mandatory training for monitoring staff, updating and standardizing monitoring practices, and proactive steps to improve internal controls for contract execution and monitoring. We welcome the opportunity for further discussion about possible amendments to County law governing contracts in order to increase efficiency.

We appreciate being able to respond to this draft report and look forward to working to address the issues that OLO has raised. If you have questions or need further information, please contact DHHS' Director Uma S. Ahluwalia or DHHS' Chief Operating Officer Corinne Stevens.

TLF:jgs

cc: Uma Ahlawalia, Director, Department of Health and Human Services
David Dise, Director, Department of General Services
Leon Rodriguez, County Attorney
Jennifer Barrett, Director, Department of Finance

THE DEPARTMENT OF HEALTH AND HUMAN SERVICES' CONTRACT EXECUTION AND MONITORING PROCESS

APPENDIX

OFFICE OF LEGISLATIVE OVERSIGHT
REPORT NUMBER 2009-1

SEPTEMBER 23, 2008

Sue Richards
Kristen Latham

LIST OF APPENDICES

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PAYMENT METHOD FOR SELECTED PROCUREMENTS — Revised 05/27/08

Description of Purchases	Authority	Authorized Departments	Code (old)	Code (new)	Payment Method
Accruals	Not Subject to Procurement	All Departments	0823999	999001	DV
Advertising Services	CAO Waiver of 4.1.9 Direct Purchase Threshold	All Departments	N/A	999002	DV
Agriculture Land Easement	Procurement Regs. Section: 1.2.3	Office of Economic Development (78)	0654999	999003	DV
Auditors	County Code Section: 11B-4	Office of Legislative Oversight (03) County Council	0893999	999004	DV
Background Investigations	Not Subject to Procurement	Police Department (47)	0894001	999005	DPO/DV
Bethesda Urban District Services	CAO Annual Agreement County Code: 68A-1:68A-12	Bethesda Urban District	N/A	999067	DV
Circuit Court Library Materials	County Code Section: 11B-4	Circuit Court	N/A	999069	DV
Clean Energy Reward Program	Code 18A-11 Executive Regulation 2.06 AM	Department of Environmental Protection	N/A	999059	DPO/DV
Collective Bargaining (Arbitrators, mediators, factfinders)	County Code Section: 11B-4	Office of Human Resources	0736999	999007	DPO/DV
Comcast Franchise Payment	Franchise Agreement	Department of Technology Services	N/A	999063	DPO/DV
Court Ordered Payments (Request for payment must be accompanied by a signed Court Order)	Court	All Departments	N/A	999058	DPO/DV
Debt Service: Debt Underwriting Activities	County Code 20-13	Finance	N/A	999068	DV
Disc Jockey Services	Open Solicitation	Recreation	N/A	999065	DPO/DV
Economic Development Fund	Not Subject to Procurement	Office of Economic Development (78)	0742999	999008	DPO/DV
Economic Development Partnership	Not Subject to Procurement	Office of Economic Development (78)	0741999	999009	DV
Electricity/Natural	Executive Regulation 5-04T	DPWT	N/A	999057	DV
Executive Orders	Not Subject to Procurement		0495999	999010	DV
Franchise Fee Payment	Not Subject to Procurement	Department of Housing & Community Affairs	0739999	999049	DV
Furniture (under contract) (For orders under $5,000 only)	Procurement Regs. Section 1.4.1	*All Departments*	N/A	999070	DPO
Hauling of Redistributed Assets	On-Line Surplus Program	All Departments	N/A	999054	DV
Hearing Examiner/Services	Not Subject to Procurement County Code, Ch. 1A (4) B	Department of Zoning & Administrative Hearings (0510)	N/A	999056	DV
Housing Opportunities Commission Payments	Not Subject to Procurement	Department of Housing & Community Affairs (77)	0161999	999011	DV
Inmate Worker Pay	County Code Section: 13-7	Department of Correction & Rehabilitation (4220)	0813999	999012	DV
Insurance General Liability	Not Subject to Procurement	Risk Management (32) Fire & Rescue (45)	0633999	999013	DPO/DV
Insurance Reimbursement	Approval of Finance	OHR (33)	0632999	999048	DV
Interpreter Registry	COMAR	Circuit Court		999053	DV
Investment Board	County Code Section: 11B-4	Non-departmental Accounts	0921999	999014	DV
Jury Pay	County Code Section: 12-3 & 12-4 Procurement Regs.Section: 1.2.1	Circuit Court (1110)	0812999	999015	DV
Legal Services	County Code Section: 11B-4	County Council (01) County Attorney (30)	0811999	999016	DV
Library Materials	County Code Section: 11B-4	Department of Public Libraries (71)	9700999	999017	DV
Liquor	State Annotated Code	Liquor Control Board (85)	8970999	999018	DV
Loan Disbursement	Not Subject to Procurement	Department of Housing & Community Affairs (77) (76)	0603999	999019	DV
Maintenance Reimbursement	Not Subject to Procurement	Community Use of Schools	0769999	999045	DV
Membership Dues	Not Subject to Procurement	All Departments	0739086	999020	DV
Memorandum of Understanding (MOU)	MOUs	All Departments	N/A	999073	DPO/DV
Merit Board Settlement Payments	County Code Section: 33-14 & County Code Section: 20-2	All Departments	N/A	999071	DV
Mileage Reimbursement	Not Subject to Procurement	All Departments	0900999	999021	DV

PAYMENT METHOD FOR SELECTED PROCUREMENTS

Revised 05/27/08

Description of Purchases	Authority	Authorized Departments	Code (old)	Code (new)	Payment Method
Municipality Tax Duplication	Not Subject to Procurement	OMB	0493999	999047	DV
Neighborhood Improvement Program	Not Subject to Procurement	DPW&T(50)	0899999	999022	DV
Office Supplies Office Depot Contract	Procurement Regs. Section: 1.4.1	All Departments	7510999	999023	DPO/DV
Overnight Parcel	Procurement	DPW&T/DF&S	0751999	999024	DPO
Paraprofessional Support Services	Procurement Regs. Section: 1.4.1	HHS/Homes Services (64) Vouchers	0839999	999025	DV
Paraprofessional Support Services	Procurement Regs. Section: 1.4.1	HHS/Homes Services (64) Home Care	0840999	999026	DV
Paraprofessional Support Services	Procurement Regs. Section: 1.4.1	HHS/GH Subsidies (64)	0841999	999027	DV
Participation Project	Procurement Regs. Section: 1.2.2	DPW&T (50) All Agencies involved with Public Entity Contracts	0162999	999028	DPO/DV
Participation Agreement/MOU	County Code 49-6	DPW&T, DHCA	N/A	999052	DV
Participation Project Railway	Procurement Regs. Section: 1.2.2	DPW&T	0162999	999030	DPO/DV
Petty Cash	Administrative Procedures	All Departments	0602999	999031	DV
Plants and Landscaping Supplies	CAO Waiver; Dated 10/29/1999	Montgomey County Conservation Corps	999061		DPO
Postage	Procurement Regs. Section: 1.4.1	All Departments	0814999	999032	DV
Real Property	County Code Section: 11B-46 Procurement Regs. Section: 1.2.3	DPW&T(50) HCA(77)	0653999	999033	DV
Recreation	Bill #25-06; County Council	Recreation	N/A	999060	DPO/DV
Reimbursement to MCPS Personnel	County Code 44-5A	CUS (70)	N/A	999062	DV
Rental Assistance Program	County Code Ch. 41A-12	DHHS	N/A	999055	DV
Rent/Leases	County Code Section: 11B-46 Procurement Regs. Section: 1.2.3	All Departments	0734999	999034	DV
Retirement Fund	County Code Section: 11B-4	All Departments	0637999	999035	DV
Stenographic Services	Procurement Regs. Section: 1.4.1	All Departments	0733999	999029	DV
Storm Water Management Participation	Procurement Regs. Section: 1.4.1	Department of Permitting Services	0154999	999038	DV
Swim Coach Reimbursables	Open Solicitation	Recreation	N/A	999064	DPO/DV
Temporary Clerical/Under Contract	Procurement Regs. Section: 1.4.1	All Departments	0738999	999039	DV
Travel Reimbursement/Advance	Administrative Procedures	All Departments	0740999	999040	DV
Tuition Payment	Not Subject to Procurement	All Departments	0833999	999041	DV
Utilities (except Long Distance Telephone Service), Cellular Phone, Electricity	Not Subject to Procurement	All Departments	0491999	999042	DV
Utility Payment MCPS/BOE	County Code 44-5A	Community Use of Schools (70)	0491999	999043	DV
Utility Relocation	Contract Review Committee Approved 8/17/95	DIST, DPW&T (50)	0492999	999044	DPO/DV

These codes have been assigned specifically for the purchases listed above and are to be used only by authorized departments . Improper use of these codes may result in disciplinary action.

APPENDIX: List of Contracts Administered by Children, Youth and Families in FY08, by Program Area

Exhibit: Inventory of FY08 Active Contracts for Child Welfare Services

	Contractor/Vendor Name	FY'08 Contract Amount	% of Total	Service Description
	Community Grants			
1	CASE RESEARCH STUDY	$50,000	2%	Measure the implementation & overall impact of CASE's therapeutic adoption program.
2	Reginald S. Lourie Center	$51,100	2%	Therapeutic Nursery Contract (CWS piggybacks Behavioral Health's contract)
3	METROCAP	$75,000	3%	Deliver violence prevention classes in 20 schools for children, parents, staff
4	Primary Care Coalition	$536,270	24%	CWS manages the Child Assessment Center (The Tree House) portion and "piggybacks" Public Health Services' Care for Kids contract.
	Subtotal for Community Grants	*$712,370*	32%	
	Named in a Grant			
5	Interagency Family Preservation Services (Collaboration Council)	$882,500	40%	Coordinate IFPS to provide smarter choices & better options to CYF in need of family preservation services.
	Subtotal for Noncompetitively Awarded Contracts	*$1,594,870*	72%	
	Informal Solicitation			
6	Brief Strategic Family Therapy Training – University of Miami	$24,500	1%	Conduct interactive BFST trainings at CWS for staff
	Open Solicitations			
7	CASE PRE-ADOPTION	$25,000	1%	Outpatient Behavioral Health Services - Counseling
8	Center for Therapeutic Concepts	$2,000	<1%	Outpatient Behavioral Health Services - Mentoring
9	Holley Associates	$33,000	2%	Weekend and holiday protective services coverage
10	Institute for Family-Centered Services	$25,000	1%	Outpatient Behavioral Health Services – Crisis Stabilization
11	Lee, James (Jim)	$10,000	<1%	Foster and Adoptive Home Studies
12	McLinden, Lisa	$12,750	1%	Foster and Adoptive Home Studies
13	Reid, LaVoyce Brice	$23,000	1%	Weekend and holiday protective services coverage
14	Ruth, Richard	$22,000	1%	Outpatient Behavioral Health Services - Psychiatric Evaluations
15	Sachs, Jane	$13,100	1%	Outpatient Behavioral Health Services - Psychiatric Evaluations
16	Schwartz, Marie	$15,000	1%	Foster and Adoptive Home Studies
	Subtotal for Open Solicitations	*$180,850*	8%	

Contractor/Vendor Name	FY'08 Contract Amount	% of Total	Service Description	Contractor/Vendor Name
	RFPs			
17	Banks, Cheryl	$22,606	1%	Education and training on child welfare, abuse and neglect
18	CASE POST ADOPTION	$200,000	9%	Post-Adoption Services
19	Frameworks for Families: Family Services Agency	$172,278	8%	Home and community-based program of family-focused, culturally-appropriate service coordination, I&R, and parenting skills training
20	Friedman, Roger S. – Ph.D.	$4,800	<1%	Clinical Consultation and Training (for Families Now Program)
	Subtotal for RFPs	*$399,684*	18%	
	Subtotal for Competitively Awarded Contracts	*$605,034*	28%	
	GRAND TOTAL	*$2,199,904*	100%	

Source: DHHS Child Welfare Services, May 2008

Exhibit: Inventory of FY08 *Active Contracts for* Early Childhood Services

	Contractor/Vendor Name	FY08 Contract Amount	% of Contract Funding	Services Description
Community Grants				
1	Centro Familia	$70,000	2%	Provides training and technical assistance to family child care providers with limited English proficiency.
2	CentroNia	150,885	5%	Provide services to for low-income, culturally or linguistically isolated families
3	CentroNia	$250,000	8%	Pre-school Program and Family Support for low-income, culturally or linguistically isolated families
4	FSA	$507,014	17%	Early intervention services for first-time parents at risk for engaging in child abuse.
5	Galway Elementary	$8,892	0%	Provides multicultural forums for parents to assist them in navigating the school system.
6	Mental Health Association	$98,934	3%	Provides Families Foremost support center and MOMs mentoring
	Subtotals for Community Grants	*$1,085,725*	37%	
	Total for Noncompetitive Awards	**$1,085,725**	**37%**	

Exhibit: Inventory of FY08 Active Contracts for Early Childhood Services (Cont.)

	Contractor/Vendor Name	FY08 Contract Amount	% of Contract Funding	Services Description
Requests for Proposals				
7	ARC	$51,000	2%	Consulting services for Infants and Toddlers program
8	ARC	$325,000	11%	Early intervention services
9	The Booksource	TBD	NA	Provides children's books
10	Borders Group	TBD	NA	Provides children's books
11	Care Resources	$10,000	0%	Early intervention for Infants and Toddlers Program
12	Care Resources	$15,000	1%	Services for the Early Childhood Services Program
13	Care Resources	.01	0%	Provides support to Early Childhood Services
14	CSAAC	$30,000	1%	Consulting services for Infants and Toddlers program
15	CSAAC	$100,000	3%	Provides Early Intervention Services
16	Centro Familia	$255,000	9%	Provides community based pre-kindergarten services
17	Centro Familia	$108,480	4%	Services to enhance child care and early childhood services to persons with limited English skills
18	Childhood Development Services	.01	0%	Provides support to Early Childhood Services
19	Clark, Louise	$1,000	0%	Provides training services for child care providers
20	Early Intervention	$25,000	1%	Consulting services for Infants and Toddlers program
21	Easter Seals of Greater Washington-Baltimore	$1,000	0%	Provides training for child care providers
22	Family Services Agency	$52,500	2%	Provides early childhood services/staff support
23	FSA	$0	0%	Consulting services for Infants and Toddlers program
24	FSA	$119,173	4%	Broker Contract
25	Hanek, Diane	$12,000	0%	Mental health consultation for early childhood child care providers
26	Jefco Sales	TBD	NA	Provides children's books
27	JSSA	$109,250	4%	Consulting services for Infants and Toddlers program

Exhibit: Inventory of FY08 Active Contracts for Early Childhood Services (Cont.)

	Contractor/Vendor Name	FY08 Contract Amount	% of Contract Funding	Services Description
Requests for Proposals (Cont.)				
28	JSSA	$32,500	1%	Mental health consultation services
29	Lakeshore	TBD	NA	Provides children's books
30	List, Lynne	$8,840	0%	Mental health consultation for early childhood child care providers
31	Lourie Center	$5,000	0%	Early intervention and support services to the Infants and Toddlers Program
32	Lourie Center	$1,000	0%	Specialized consultation services for the Infants and Toddlers Program
33	Lourie Center	$38,760	1%	Mental health consultation for early childhood child care providers
34	Lourie Center	$1,000	0%	Consulting services for Infants and Toddlers
35	Lourie Center	$296,000	10%	Consulting services for Infants and Toddlers
36	Mental Health Association	$1,000	0%	Training, assessment for child care providers
37	Mental Health Association	$1,000	0%	Consulting services for Infants and Toddlers program
38	Norwood	$8,992	0%	Provides a variety of children's books
39	Ornberg, Beverly	$10,000	0%	Psychological services for Infants and Toddlers Program
40	Peyser, Sandra	$13,000	0%	Mentoring and training services for Early Childhood Services
41	Pediatric Therapy	$125,000	4%	Consulting services for Infants and Toddlers program
	Subtotal for RFPs	*$1,756,495*	*60%*	
	Total for Competitive Contracts	**$1,756,495**	**60%**	
Other				
42	Advanced Communication and Translation, Inc. (Bridge Contract)	$5,000	0%	Translation services to Infants and Toddlers Program
43	No. Virginia Area Health Education Center (Bridge Contract)	$5,000	0%	Translation services to Infants and Toddlers Program
44	Montgomery College Foundation (Sole Source)	$56,000	2%	Scholarships for child care providers
45	McGraw Hill	$40,838	1%	Purchase of proprietary math kits
	Subtotal for Other	***$106,838***	***4%***	
	GRAND TOTAL	**$2,949,058**		

Source: Early Childhood Services, July 2008

Exhibit: Inventory of FY08 Active Contracts for Income Supports

	Contractor	FY'08 Contract Amount	%	Service Description
	RFPs			
1	Arbor Education, Inc.	$1,631,357	93%	Employment Training and Services
2	Mt. Calvary Helping Hands	$45,000	3%	Provides shelter and supports to TCA families
3	Greentree Shelter	$69,491	4%	Provides shelter and supports to TCA families
	Total Competitively Bid Contracts	$1,745,848	100%	
	Total Contracts	$1,745,848	100%	

Source: Income Support Services

Exhibit: Inventory of FY08 Active Contracts for Juvenile Justice Services

	Contractor	FY08 Contract Amount	% of Contracts	Service Description
Community Grants				
1	Identity, Inc.	$306,600	14%	After school youth development
2	KHI Services, Inc.	Space	NA	Space only - Karma House
	Subtotal for Community Grants	$306,600	14%	
Grant Designated				
3	Bureau of Rehabilitation (Grant Designated)	$143,863	7%	Community supervision program
4	Maryland Treatment Center (Grant Designated)	$386,550	18%	Day treatment program
	Subtotal for Grant Designated	*$530,413*	*24%*	
	Subtotal for Non-competitive Awards	***$837,013***	***39%***	
Requests for Proposal				
5	Family Trauma Services	$54,450	3%	Substance Abuse Treatment
6	Identity, Inc.	$541,750	25%	YOC services
7	*Identity, Inc.*	$541,750	25%	HS Wellness Center
8	KHI Services, Inc.	$123,060	6%	Outpatient substance abuse services
9	Pride Youth Services, Inc.	$66,965	3%	Mentoring program at YOC
	Subtotal for RFPs	*$1,327,975*	*61%*	
	Subtotal for Competitive Awards	**$1,327,975**	**61%**	
	GRAND TOTAL	**$2,164,988**	**100%**	

Source: Juvenile Justice Services, June 2008

Exhibit: Inventory of FY08 Active Contracts for Child and Adolescent Services

	Contractor	FY08 Contract Amount	% of Contracts	Service Description
Community Grants				
1	African Immigrant & Refugee Foundation, Inc.	$20,604	<1%	Mentoring services
2	Alpha Phi Alpha Fraternity, Inc.	$4,999	<1%	Youth Development
3	Asian American LEAD	$125,000	1%	Tutoring and mentoring
4	Aunt Hattie's Place, Inc.	$350,000	4%	CIP Project
5	Big Brothers Big Sisters	$40,000	<1%	Mentor development center
6	Boys & Girls Clubs	$15,000	<1%	Project Learn
7	Collaboration Council	$100,000	1%	Youth Investment Director
8	Collaboration Council	$800,000	10%	Wrap Around
9	Community Bridges	$49,881	1%	Empowerment services
10	Court Appointed Special Advocate	$104,138	1%	Court advocacy for child welfare system
11	Family Learning Solutions	$52,025	1%	Mentoring and tutorial services
12	Gapbuster Learning Center, Inc.	$105,000	1%	Academic enrichment
13	George B. Thomas	$38,633	<1%	Ruth Rales
14	Hearts & Homes for Youth	$36,047	<1%	Runaway Prevention Program
15	Interages	$38,633	<1%	Intergenerational services
16	Jewish Social Services Agency	$50,445	1%	Mental health services
17	Latin American Youth Center	$125,000	1%	Multi-cultural program
18	Latin American Youth Center	$75,000	1%	Security in Silver Spring
19	Latin American Youth Center	$15,000	<1%	Tanglewood
20	Lt. Joseph P. Kennedy Institute	$66,954	1%	After school care for children w/disabilites
21	Maryland Vietnamese Mutual Association	$50,000	1%	Educational program
22	Mental Health Association of MC Md., Inc.	$62,235	1%	Bridges to Pals Program
23	Montgomery County Community Partnership	$38,420	<1%	G-SHARP
24	Southern Chrisitian Leadership Conference	$25,000	<1%	Kingian Leadership Training Program - youth development
25	Thor Teams, Inc.	$30,000	<1%	After school services

Exhibit: Inventory of FY08 Active Contracts for Child and Adolescent Services (Continued)

	Contractor	FY08 Contract Amount	%	*Service Description*
Community Grants (Continued)				
26	Washington Youth Foundation	$45,000	1%	After school services
27	Washington Youth Foundation	$25,000	<1%	Mentoring program
	Subtotal for Community Grants	***$2,488,014***	30%	
Public Entity				
28	Montgomery County Public Schools	$185,000	2%	Alternative education
	Subtotal for Public Entity	$185,000	2%	
	Subtotal for Non-Competitive	***$2,673,014***	32%	
RFPs				
29	Catalyst Health Concepts	$99,663	1%	Kennedy Cluster Project
30	City of Rockville	$246,953	3%	Linkages to Learning
31	GUIDE	$1,386,552	16%	Linkages to Learning
32	Guide Program, Inc.	$455,357	5%	SHARP Street
33	Hearts & Homes for Youth	Space	NA	Space only - Therapeutic Group Home for Adolescent Girls
34	MHA	$1,994,903.	24%	Linkages to Learning
35	Passion for Learning	$24,537	<1%	After school tutoring
36	YMCA	$147,207	2%	Linkages to Learning
37	YMCA	$1,390,653	17%	Linkages to Learning
	Subtotal for RFPs	*$5,745,825*	*68%*	
	Subtotal for Competitive Contracts	***$5,745,825***	***68%***	
	GRAND TOTAL	**$8,418,839**	100%	

Source: Child and Adolescent Services, July 2008

DHHS CONTRACT ACTION WORKSHEET	CAW#:	RQ#:

SERVICE AREA INFORMATION (Please check all that apply)							
☐ 6410: Director	☐ 6420: COO	☐ 6435: CA	☐ 6440: CYF	☐ 6450: A&D	☐ 6460: PH	☐ 6480: BHCS	☐ 6490:SNH

VENDOR INFORMATION (* Please give complete details)	CONTRACT NUMBER:
* Vendor Name:	*Fax #:
* Contact Person Name and Title:	* Phone #:
* Email address:	
* Address for Contract Correspondence:	
* Address for mailing payments to vendor:	

ACTION (Please check all that apply)

SOLICITATION	NEW CONTRACT / OTHER	EXISTING CONTRACT: AMENDMENT	EXISTING CONTRACT: DELIVERY ORDER	DOCUMENTS ATTACHED
				☐ Agreement with other entity
☐ Abbreviated RFP	☐ County Council Grantee	Compensation Change:	☐ Add funds	☐ Contract to be bridged
☐ RFP ²	☐ Grant Designated	☐ Inflationary Adjustment	☐ Reduce funds	☐ Budget
☐ Informal	☐ Emergency ¹, ²	☐ CPI Adjustment	☐ Task Order	☐ Contract
☐ Open	☐ From Solicitation	☐ Increase/Decrease		☐ Grant letters (from state / fed)
☐ IFB	☐ Public Entity	☐ Scope Change	OTHER ACTIONS	☐ Justification letter
	☐ Sole Source ¹, ²	☐ Renewal ²	☐ Termination²	☐ Scope of Services
	☐ Bridge contract	☐ First Extension²	☐ Claim²	☐ Monitoring Report ²
	☐ MOU (Financial)	☐ Second Extension²	☐ Other	☐ Other
		☐ Assignment		

¹Requires justification ***² Must be signed by Service Area Chief-cannot be designee***

DESCRIPTION OF REQUEST

FUNDING INFORMATION

Index Code	Sub-Object Code	Grant Code	Grant detail	Project Code	Project Location	Fiscal Year	Amount
							$0.00
							$0.00
							$0.00
							$0.00

REQUESTED DATE OF CONTRACT EXECUTION or PO: **FUNDING TOTAL: $ 0.00**

FUNDING SOURCES (Please check all that apply)

☐ HHS Base Budget	☐ Non-departmental Account	☐ Federal Grant	☐ State Grant	☐ Private	☐ Other

APPROVALS

SUBMITTED BY: Contract Monitor	Program Name:	Program Number:
Name:	Signature:	Date:
FUNDS AVAILABLE TO ENCUMBER (Must be certified by Admin Services Coordinator)		
ASC Name:	Signature:	Date:
ACTION REVIEWED AND AUTHORIZED BY: SERVICE AREA CHIEF or DESIGNEE (see ² above)		
SAC Name:	Signature:	Date:

CMT USE ONLY

CAW Assigned by: Jeri Cauthorn		Assigned to:	Date:
☐ ACCEPT	☐ REJECT	REASON?	

APPENDIX – Processing Time Tables for new FY08 Children, Youth and Families Contracts

Table A: Processing Times for Open Solicitations

Vendor	Contract #	Approx. Amount	Date Services awarded to Vendor (	Date Contract Monitor Sent to ASC	Date Contract Manager Accepted CAW	Date HHS Signed/ Recommend	Date OCA signed	Memo to Procurement	Date of Purchase Order	NTP	Payment
Casper, Jane - Registered Dental Hygienist	6646050110-18	$10,080	8/1/2007	8/28/2007	Not Listed	10/4/2007	NA	10/5/2007	10/18/2007	10/23/2007	11/14/2007
Holley & Associates, Inc.	7644120180-01	$5,000	7/12/2007	10/1/2007	Not Listed	10/19/2007	NA	10/19/2007	10/25/2007	10/31/2007	2/29/2008
McLinden, Lisa LGSW/MSW	6644120180-03	$12,750	3/28/2007	5/21/2007	6/4/2007	6/26/2007	NA		7/1/2007		10/10/2007
Reid, LaVoyce Brice	7644120180-02	$7,000	7/6/2007	10/1/2007	10/29/2007	11/27/2007	NA	11/27/2007	12/6/2007	12/13/2007	2/11/2008
Vera j. Hilliard Associates	9644026042-19	$106,000	7/9/2007	10/4/2007	10/10/2007	9/25/2007	NA	9/26/2007	10/24/2007	10/25/2007	12/19/2007

Appendix D

Table B: Processing Times for Community Grants

Vendor	Contract #	Value of Contract	Date Services awarded to Vendor (Budget Passed)	CMT provides draft contract to Program	Insurance Requirements from Risk Management		Insurance from Vendor		OCA review & Approval.	
					Requested	Received	Requested	Received	Requested	Received
CentroNia, Inc.	8644320015-AA	$250,000	5/24/2007	7/17/2007	8/20/2007	8/27/2007	8/28/2007	8/29/2007	8/27/2007	8/30/2007
Galway Elementary PTA, Inc.	8644320014-AA	$8,890	5/24/2007	7/10/2007	8/20/2007	8/27/2007	9/4/2007	10/2/2007	8/21/2007	8/27/2007
Housing Opportunities Community Partners, Inc.	8644260136-AA	$46,000	5/24/2007	8/7/2007	9/10/2007	9/13/2007	8/2/2007	9/17/2007	9/13/2007	9/14/2007
Institute for Family Development, Inc. dba Centro Familia	8644320016-AA	$70,000	5/24/2007	9/17/2007	8/20/2007	8/27/2007	N/A used cert	N/A	8/20/2007	8/21/2007
Latin American Youth Center, Inc.	8644260132-AA (133#)	$15,000	5/24/2007	7/17/2007	7/23/2007	7/30/2007	8/20/2007	8/23/2007	7/31/2007	8/6/2007
Metropolitan Center for Assault Prevention	8644120178-AA	$75,000	5/24/2007	8/7/2007	9/13/2007	9/27/2007	9/21/2007	9/25/2007	9/12/2007	9/14/2007
Montgomery County Collaboration Council for Children, Youth and Families	8642060010-AA	$100,000	5/24/2007	11/6/2007						
Montgomery County Community Partnership, Inc.	8644260164-AA	$38,420	5/24/2007	12/12/2007			11/19/2007	11/21/2007	12/13/2007	12/18/2007
Thor Teams, Inc.	8644260151-AA	$30,000	5/24/2007	10/10/2007			10/17/2007	10/24/2007	10/18/2007	10/22/2007
Washington Youth Foundation, Inc.	8644260135-AA	$45,000	5/24/2007	7/19/2007	8/29/2007	9/5/2008	9/13/2007	9/27/2007	9/7/2007	9/12/2007

Table B: Processing Times for Community Grants (continued)

Vendor	Vendor Signature		RQ from Fiscal Team		Memo to Procurement	Execution date	NTP	Date of Purchase Order	Payment
	Requested	Received	Requested	Received					
CentroNia, Inc.	9/7/2007	9/18/2007	9/7/2007	9/10/2007	9/20/07	10/15/07	10/18/07	10/15/2007	2/1/2008
Galway Elementary PTA, Inc.	9/4/2007	10/2/2007	10/4/2007	10/9/2007	10/11/07	10/18/07	10/23/07	10/18/2007	none
Housing Opportunities Community Partners, Inc. (COMMISSION MATCHES #)	9/18/2007	10/3/2007	10/4/2007	10/9/2007	10/11/07	10/23/07	10/26/07	10/23/2007	4/3/2008
Institute for Family Development, Inc. dba Centro Familia	8/27/2007	9/4/2007	9/17/2007	9/19/2007	9/20/07	10/1/07	10/2/07	9/22/2007	11/26/2007
Latin American Youth Center, Inc.	8/13/2007	8/27/2007	8/30/2007	9/5/2007	9/10/07	9/19/07	9/21/07	9/25/2007	2/6/2008
Metropolitan Center for Assault Prevention	9/28/2007	9/28/2007	9/27/2007	9/29/2007	9/28/07	10/1/07	10/2/07	10/1/2007	none
Montgomery County Collaboration Council for Children, Youth and Families							11/13/2007	11/6/2007	5/12/2008
Montgomery County Community Partnership, Inc.	12/20/2007	12/21/2007	12/19/2007	12/26/2007	1/10/08	1/10/08	1/11/08	1/10/2008	5/1/2008
Thor Teams, Inc.	10/22/2007	10/25/2007	10/23/2007	10/31/2007	11/2/07	12/3/07	12/3/07	12/3/2007	1/23/2008
Washington Youth Foundation, Inc.	9/13/2007	9/25/2007	10/4/2007	10/12/2007	10/15/07	10/23/07	10/26/07	10/23/2007	2/5/2008

Table C: Processing Times for Request for Proposals

Vendor	Contract #	Value of Contract	Date Services awarded to Vendor	Date Contract Monitor Sent to ASC	Date Contract Manager Accepted CAW	Date HHS Signed/ Recommend	Date Letter Sent to Vendor	Date Vendor Signed
Arbor Education and Training, LLC	6644360007-AA	$1,631,357	3/1/07			6/3/2007		7/18/2007
Banks, Cheryl L.	7644120173-AA	????	5/8/07	5/7/07			5/7/07	5/25/07
Booksource, Inc., The	7644320005-AE	TBD	5/24/07	5/30/07	6/13/07	6/13/07	7/19/07	7/24/07
Borders Group, Inc.	7644320005-CE	TBD	5/24/07	5/30/07	6/13/07	6/13/07	7/19/07	7/30/07
Community Services for Autistic Adults and Children, Inc.	7644320004-DJ	$100,000	11/7/07	12/21/2007	12/26/2007	12/24/2007	12/21/2007	1/2/2008
Hanek, Diane LCSW-C	7644320008-GM	$12,000	9/27/07	12/4/2008	12/6/2008	12/14/2007	12/12/2007	1/4/2008
JEFCO Sales, Inc. d/b/a Apple Books	7644320005-DE	TBD	5/24/07	6/5/2007	6/13/2007	7/13/2007	7/19/2007	7/25/2007
Lakeshore Equipment Company, Inc. d/b/a Lakeshore Learning Materials	7644320005-EE	TBD	5/24/07	6/5/2007	6/13/2007	7/13/2007	7/23/2007	7/27/2007
List, Lynne LCSW-C	7644320008-FM	$8,840	9/27/07	12/4/2007	12/6/2007	12/14/2007	12/18/2007	12/28/070
Lourie Center For Infants & Young Children, Inc., Reginald S.	7644320004-CJ	$100,000	11/7/07	12/21/2007	12/26/2007	1/18/2008	1/24/2008	1/24/2008
Lourie Center For Infants & Young Children, Inc., Reginald S.	7644320008-CM	$38,760	9/27/07	12/12/2007	12/013/07	12/14/2007	12/18/2007	12/20/2007
Mobile Medical Care, Inc.	7644330010-AA	$173,000	12/22/06	3/7/2007	3/9/2007	3/27/2007	3/29/2007	3/29/2007
Norwood Enterprises, LLC.	7644320005-BE	$8,992	5/24/07	6/5/2007	6/13/2007	7/13/2007	7/24/2007	7/25/2007

Table C: Processing Times for Request for Proposals (continued)

Vendor	Date OCA signed	Memo to Procurement	Execution date	Date of Purchase Order	NTP	Payment
Arbor Education and Training, LLC	7/13/2007		9/3/2007		9/7/2007	11/20/2007
Banks, Cheryl L.	5/16/07	6/7/07	7/1/07	7/1/07	7/10/07	9/14/2007
Booksource, Inc., The	7/13/07	8/16/07	8/29/07	8/29/07	9/11/07	none
Borders Group, Inc.	7/13/07	9/4/07	9/10/07	9/10/07	9/11/07	none
Community Services for Autistic Adults and Children, Inc.	12/28/2007	1/4/2008	1/18/2008	1/18/2008	1/24/2008	4/3/2008
Hanek, Diane LCSW-C	12/17/2007	1/23/2008	2/13/2008	2/13/2008	2/25/2008	3/12/2008
JEFCO Sales, Inc. d/b/a Apple Books	7/13/2007	8/16/2007		8/30/2007	9/11/2007	none
Lakeshore *Equipment Company*, Inc. d/b/a Lakeshore Learning Materials	7/13/2007	8/16/2007		8/30/2007	9/11/2007	none
List, Lynne LCSW-C	12/17/2007	1/24/2008	2/11/2008	2/11/2008	2/21/2008	3/17/2008
Lourie Center For Infants & Young Children, Inc., Reginald S.	1/18/2008	1/25/2008	1/31/2008	1/31/2008	2/4/2008	4/24/2008
Lourie Center For Infants & Young Children, Inc., Reginald S.	12/17/2007	1/23/2008	2/11/2008	2/11/2008	2/21/2008	none
Mobile Medical Care, Inc.	3/28/2007	4/4/2007		6/28/2007	6/21/2007	10/30/2007
Norwood Enterprises, LLC.	7/20/2007	8/16/07		8/30/2007	12/4/2007	1/3/2008

MONTGOMERY COUNTY COUNCIL
FY 2008 Council Grant Application

The Montgomery County Council believes that a strong partnership with non-profit organizations is critical to meeting County objectives. Each organization must complete and submit one of the following for each funding request:

- County Council's application form;
- a copy of the FY08 Community Services Grant;
- a copy of the FY08 Community Empowerment Grant; or
- a copy of the FY08 Community Development Block Grant application.

I. PURPOSE

The Council will fund projects that advance the County's services, goals and objectives in areas such as the following: community development, economic development, education, health and human services, and recreation.

If you are interested in applying for an arts and humanities grant, please contact Ms. Fran Abrams of the Arts and Humanities Council at 301 565-3805 or grants@creativemoco.com

If you are interested in applying for an adult literacy or ESOL grant, please contact Ms. Laura Lester of McCALESOL at 301-562-5517.

II. ELIGIBILITY

Any organization, institution or association incorporated as a private, not-for-profit organization designated under 501 (c)(3) of the Internal Revenue Service that provides services or activities in Montgomery County is eligible to apply.

An organization may seek funding from the Council regardless of whether it has previously applied for County grant funds from programs such as the Community Development Block Grant or Community Services Grant programs.

All funded projects must begin and be completed between July 1, 2007 and June 30, 2008. Grant funds are allocated to an organization through a sole-source contract in the form of a reimbursement, only after the organization provides documentation verifying that it has purchased the items or provided the services delineated in the grant award. The goods should not be purchased or services provided prior to the execution of the contract with the County even if this is after July 1, 2007.

Funds to apply to prior year deficits will not be considered eligible under this grants program.

III. DEADLINE AND CALENDAR

A. **Deadline for application is 4:00 p.m. Thursday, February 1, 2007.**

B. **Applications may be hand-delivered or sent by postal mail.** Hand-deliver or mail applications to the Legislative Information Services Office of the Montgomery County Council, 100 Maryland Avenue, 5th floor, Rockville, Maryland 20850. **Organizations must submit five complete copies of each application**. Applications should be stapled or clipped but not bound.

IV. APPLICATION and FUNDING

A. Applications must be typed and submitted on the appropriate forms with the required attachments.

B. Inclusion of in-kind services and or matching funds from other non-County sources are encouraged, but not required. These services or matching funds may be defined as any resources that expand the impact of the grant funds.

C. Required information includes:

1. Proof of applicant's not-for-profit and incorporation status.
2. Financial statement for applicant's last complete fiscal year.
3. Complete budget for applicant's current fiscal year (total organization budget).
4. Current list of applicant's Board of Directors.
5. Lease or letter from facility owner if proposal is for a renovation project.

D. For capital items, narrative should clearly list all proposed items/services to be purchased, explain nature and purpose of items/services, and provide brief explanation of how purchase will contribute to County objectives.

V. SUPPORT RESTRICTIONS

Grants will be awarded for projects in Montgomery County only. Organizations must provide service or activities for Montgomery County residents. Organization headquarters can be outside of Montgomery County as long as the organization demonstrates that the activities and services supported by grant funds benefit Montgomery County residents.

VI. REVIEW PROCESS

Applications will be reviewed by Council staff for any missing information. Applications will also be reviewed by a Grants Advisory Group appointed by the County Council. Applicants will be asked to respond to any questions from the Grants Advisory Group and allow site visits, if requested. The Grants Advisory Group will provide the County Council with a report by April 25 that will include comments on all grant applications. Grant proposals may be reviewed individually at Council or Council Committee worksessions.

Evaluation criteria may include, but are not limited to the following: cost-benefit ratio; degree and extent of public benefit; strength of organization and strength of proposal.

The Council is scheduled to provide additional guidance to the Grants Advisory Group prior to the grant review process.

VII. GRANT CONTRACT

A. **Grantees will be required to:**

1. Sign a contract detailing terms with Montgomery County.

2. Assure the County that they intend to comply with Title VII of the Civil Rights Act of 1964, indicating that no person will be excluded from participation or be denied the benefits of any program, activity or service on the basis of race, sex, sexual preference, color, religion, ancestry, age, national origin or handicap.

3. Acknowledgement must be given to Montgomery County Government in all publicity and in all promotional or informational materials used in connection with the funded project, i.e., programs, handbills, posters, radio and TV spots.

4. Submit to the County within 30 days of the completion of the project, a brief one-page summary of how the grant monies were used and how their use by the organization has contributed to community outcomes.

5. If grant is awarded for the purchase of an item(s), the organization must assure item(s) will be used solely for purpose outlined in application for a period up to two years after grant. If the organization does not comply, all items will be returned to Montgomery County.

B. The County must be made aware of outstanding grant applications currently under consideration or recent awards in connection with the same or similar project.

VIII. OTHER INFORMATION

A. Questions concerning grant applications should be directed to the Council Grants Coordinator at 240-777-7924 or council.grants@montgomerycountymd.gov

B. Grant applications will be reviewed and grants announced by June 30, 2007.

C. Grant funds will be disseminated consistent with the terms of the contract. No funds will be available prior to July 1, 2007. If your agency is funded, you are not permitted to be reimbursed for purchases made prior to July 1, 2007, even if those items are consistent with requests made in your organization's grant application.

MONTGOMERY COUNTY COUNCIL
FY 2008 Council Grant Application

APPLICANT/AGENCY INFORMATION:

A. Organization/Agency Name:____________________________________
Street Address: ____
City, State, Zip: ____
Telephone Number(s): ______________________________________
Fax Number(s):____
Executive Director/CEO: ____________________________________
Contact person if different from Executive Director:__________________
Email address for Director and/or Contact: _________________________
Website address (URL) for organization: __________________________

B. Amount Requested: ____

C. Please check one of the following in each of the 3 categories below: Your response to these questions is for information and categorization purposes only.

Non-Profit agency:
______Non-profit agency in existence 5 or more years
______Non-profit agency in existence fewer than 5 years

Purpose of funding request:
______Requesting operating funds
______Requesting capital funds

Type of activity to be funded:
______Community Development
______Economic Development
______Education
______Health and Human Services
______Recreation
______Other: Please specify__________________________________

D. Give a brief summary of your application in the space below:

___________________________ ____________________
Signature Date

APPLICATION NARRATIVE

Please answer in no more than 5 single-spaced, typed pages using 12 point font. If any questions do not apply to your proposal, *indicate not* applicable.

Agency information

1. What is the mission of your agency? Please describe the programs and service of your agency which support this mission statement. Please describe how your agency and services fit into the overall priorities for Montgomery County. (Please do not include attachments, annual reports or other supplemental documents.)
2. Describe how these grant funds will be used in collaboration with other agencies, if appropriate.

Project Description

3. Specifically describe the project for which these grant funds will be used. Clearly list *all proposed items*/services to be purchased, explain nature and purpose of items/services. Provide a timeline for when services will be provided.
4. Describe how this proposal improves or creates access for the population you wish to serve. Include any barriers to service delivery and how you propose to overcome them.
5. Provide information about the number of proposed staff and volunteers and their qualifications.
6. What innovative features, if any, are associated with the use of these funds?

Outcome Measurement

7. Specifically describe the outcomes that will result from the expenditure of these grant funds. Please include information on the numbers of persons to be served and any characteristics of the targeted population (e.g. low-income, frail elderly)
8. Describe the internal mechanisms for measuring outcomes.

Project Budget

9. How does this grant request fit into your overall agency budget? If your grant request is decreased how will you accommodate this decrease to accomplish what you intend to do as described in Question 3? What is the per unit cost of the service or activity?
10. If this is not a new project, how long you have received County funding for this project? Please indicate the amount of funding in each prior year.
11. List all County funding awarded to your agency within the past five years. Please indicate the amount of funding in each prior year.
12. Will this project be completed by the end of FY 08 or is it expected to continue into future years? If the project is expected to continue, what is the plan to sustain the effort?

PROJECT BUDGET

The following budget information pertains to only the project for which you are requesting funds. This should not be your organization's *total operational* budget. Personnel should have a per hour cost. Operating and capital items should be listed by the number, type and unit cost. Renovation plans should be separately attached.

Items	Requested Grant Funds for this Item	Organization's Funds for this Item (If Applicable)	Total
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

Total Amount Requested: $_______

ATTACHMENTS – ORGANIZATIONS

1. Proof of applicant's incorporation status issued by the State Department of Assessment and Taxation.

2. Proof of applicant's not-for-profit status issued by the Internal Revenue Service, Department of the Treasury.

3. Financial statement for applicant's last complete fiscal year.

4. Complete budget for applicant's current fiscal year (total organization budget).

5. Current list of applicant's Officers and Board.

6. Copy of the lease or letter from the owner of the facility approving any renovation project (if applicable).

ASSURANCES

If the grant is awarded, the applicant assures that:

1. The applicant will administer funds.

3. Funds received will be used solely for the documented activities and that those activities are of a one-time-only nature.

4. The applicant has read and will conform to the program guidelines and any other conditions imposed by the County in connection with the grant.

5. The applicant organization intends to comply with the Title VII of the Civil Rights Act of 1964, indicating that no person will be excluded from participation or be denied the benefits of any program, activity or service on the basis of race, sex, sexual preference, color, religion, ancestry, age, national origin, or handicap. The applicant further agrees to make every attempt to ensure that the program is accessible to persons with disabilities.

6. The filing of this application is made by the undersigned individual, officially authorized to represent the applicant organization by its governing board.

Signature of Person Completing Application:

____

__________________ ____

Date Typed Name and Title

DHHS PROGRAM MONITORING GUIDELINES

Developed by the DHHS Contract Management Team

Joseph N. Sparacino, Acting Team Leader
Walter Wolfe, Consultant

March 2004 Edition

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1. Why Monitor?

Monitoring contracts is a critical component of the Department of Health and Human Services' smooth and efficient delivery of services. Examples of benefits from program monitoring can include: 1. making certain that the contractor is providing all of the services contained in the contract, 2. ensuring high quality services, 3. guiding contractors to act in concert to HHS shared values and performance goals and 4. keeping residents healthy and safe. Without careful oversight, DHHS Service Areas run the risk of a number of problems arising, some of which could be quite serious and could include:

- Contractor not delivering all of the services contained in the Scope of Services
- Contractor overspending
- Contractor out of compliance with federal, state and county regulations
- Contractor charging for services not contained in the Scope of Services
- A poor performing vendor's contract is unnecessarily renewed
- A contractor is engaged in fraudulent practices

However, contract monitoring shouldn't be viewed as preventing the negative, but rather contract monitoring should be seen through a positive lens. The basic purpose of contract monitoring is to determine that all DHHS contractors are rendering services at an acceptable level and in conformance with the contract scope of services provisions. Important contract items that should be evaluated through monitoring can include *timeliness*, *service quality*, *spending patterns*, *customer satisfaction* and attaining *HHS performance measures.* Additionally, contractors that receive federal or state pass-through funds will have specific monitoring requirements and should be screened for compliance with government regulations pertaining to the area of customer services delivered.

2. What is Program Monitoring?

Program monitoring is not a one-time event. Rather it is a planned, coordinated, continuous system of oversight and assistance to a contractor to ensure the appropriate delivery of services. Program monitoring is not intended to be a punitive activity, but rather is a pro-active process involving diligent supervision and oversight. Program monitoring, therefore, is conducted to ENSURE that:

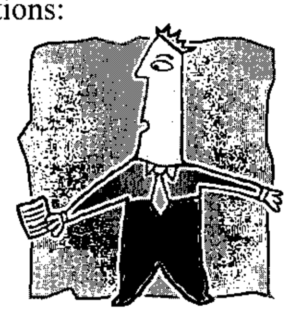
- Services are delivered per the scope of services defined in the contract
- Services are delivered in accordance with applicable laws and regulations
- Strengths/weaknesses are identified followed by technical assistance to vendors so inefficiencies and problems can be corrected
- Current services delivery is working, and if not, program modifications are made
- Services of the highest quality are delivered to residents of Montgomery County
- Problematic spending patterns are identified early, which allow the Department to redirect funding from under-performing organizations to other critical programs.
- The Department is exercising appropriate programmatic and fiduciary responsibility for contracted services.

Day-to-day contract monitoring functions such as receipt of reports and invoices and maintaining a business relationship with the contractor is performed by the contract monitor. The typical tools used by the contract monitor to perform on-going contractor performance evaluation can include:

- Reviewing the Contract Monitoring Plan
- Performing RFP, contract document review
- Making on-site visit(s)
- Reviewing contractor reports
- Reviewing/approving contractor invoices
- Maintaining sufficient correspondence with the contractor (may include corrective action plan(s)
- Conducting telephone and/or e-mail communications
- Interfacing with the contractor through regularly scheduled interagency meetings

3. What is <u>Contract</u> Monitoring?

Contract monitoring is the process of examining a vendor's compliance with the administrative requirements of a contract with the County. Administrative monitoring is usually performed by the CMT staff and includes the following functions:



- Notice to proceed and Notice of termination
- Notification of non-compliance and of expired insurance
- Transmittal of paperwork to the Office of Procurement
- Oversight of Departmental contract monitoring protocols
- Provide technical assistance to program monitors
- Develop and maintain contract information data base

The CMT is responsible for implementation and management of the Department's procurement system which is comprised of <u>issuing/processing solicitations</u>, <u>contract development and maintenance</u> and <u>contract monitoring</u>. In an effort to assure improved oversight of contracted services, the Department initiated a contract monitoring system in January, 2003. The CMT was assigned the role of monitoring system development, implementation and training of the Department's monitoring protocols, and maintenance oversight of the system. In this capacity, the CMT works with administrative service coordinators, contract monitors, and service area chiefs to assure that each contract is appropriately monitored, and to provide assistance to these partners in identifying technical assistance and other resources that may be required by service providers. As a component of these responsibilities, the CMT oversees the submission of annual contract monitoring plans, and monitoring report forms. The CMT also, upon request, provides data on the HHS monitoring system to the Director and HHS senior management.

4. Monitoring Roles

The HHS enters into 500 plus contracts per year requiring each Service Area to play a vital function in the monitoring process and to assist the Contract Management Team to fulfill its role. The foremost goal is to work collaboratively to ensure proper and ongoing management of contracts and contractual relationships in the Department regarding the delivery of services to County residents. Let's look at the various roles involved in the process.

a. Director

<u>Mission</u>: *To assure the integrity of contract management in the Department of Health and Human Services.*

b. Chief Operating Officer

<u>Mission</u>: *To provide oversight of the Department's procurement management process.*

Including:

1. Monitor implementation of contractual processes and innovations.
2. Approve procurements actions forwarded for signature from the Contract Management Team.
3. Assure quality, accuracy and integrity of work products coming from the Contract Management Team.
4. Assure development and distribution of impactful contractual management processes and procedures for the Department.
5. Monitor the contract management and accountability practices in HHS service areas.

c. Contract Management Team

<u>Mission</u>: *To effectively manage the procurement process in the Department by assuring adherence to the County's established procurement regulations and policies.*

Services include:

1. Collaborate with the Offices of Procurement and County Attorney in issuing solicitations governing services required by the Department.
2. Collaborate with the Offices of Procurement and County Attorney in developing and executing contractual documents resulting from solicitations, Council resolutions, grant competition, and other funding mechanisms.
3. Provide technical assistance to service areas, including program staff and administrative coordinators, with regard to procurement processes and issues. Of particular note would be issues related to non-performance, termination of contracts, amendment requirements and the like.
4. Seek "cures" in coordination with the Office of Procurement related to vendor non-performance/poor-performance.
5. Issue "notice – to – proceed" letters to providers, upon execution of contracts.

6. Maintain solicitation and contract records, including fully executed documents and subsequent amendments, risk management certifications, monitoring plans and monitoring reports, etc.
7. Prepare and process contract Change Orders, Amendments, Task/Delivery Orders and contract renewals.
8. Perform contract actions resulting in receipt of an approved contract and purchase order.
9. Publish annually timetables for solicitation and contract actions.
10. Develop and maintain oversight of the Department's monitoring system.

d. Service Area Chiefs
Mission: Oversee procurement submissions as well as assure appropriate levels of contract monitoring, management and control within respective service area.

Including:
1. Ensure preparation and submission of accurate, complete and timely procurement action requests.
2. Ensure adherence to procurement processes.
3. Ensure collaboration with other service areas in the development of solicitations, contract actions and team monitoring site visits where appropriate.
4. Ensure adherence to program monitoring policies and requirements.
5. Respond to inquiries related to contractual violations in a timely manner.

e. Contract Monitors (Program Staff)
<u>Mission</u>: To assure contractual accountability and oversight for all individual program services.

Services include:

1. Submit draft solicitations (such as an RFP), new contracts, contract renewals and other procurement actions (always submit procurement action request with a Contract Action Worksheet – CAW)
2. Submit to the CMT monitoring plans for new contracts and monitoring reports
3. Monitor performance of services specified in the contract's scope of work.
4. Review and request amendments to the terms of the contract, should changes to the service mix be required.

5. Review/approve that contractor reports and invoices are submitted in accordance with the terms of the contract.
6. Monitor expenses; also, submit requests for delivery orders, change orders and increases/reductions to purchase orders to the CMT as a matter of routine and in accordance with established deadlines.
7. Advise contractors not to begin services prior to execution of an agreement.
8. Provide technical assistance and support to contractors to improve performance.

9. Notify and consult with the CMT to resolve contractual disputes, and to advise of potential problems.
10. Participate in program monitoring training.

f. Administrative Service Coordinators
Mission: *To coordinate procurement action requests to the CMT and disseminate information related to contractual and monitoring processes from the Contract Management Team to contract monitors.*

Including:
1. Participate in contract management training.
2. Maintain an understanding of the procurement process.
3. Provide oversight to all contractual processes in the service area.
4. Maintain liaison between the Service Area and the Contract Management Team.
5. Review/transmit procurement actions to the CMT submitted by program staff.
6. Coordinate encumbrance modifications (increases/reductions) in a timely manner.
7. Ensure compliance with established processes and deadlines.
8. Facilitate compliance with Departmental contract monitoring protocols.

5. Preparing for the Site Visit

The Department has built a reflective capacity into its contract monitoring system whereby program monitors should consider the following questions before conducting a site visit and generate ideas about how they might address them prior to the site visit:

- Are program services effective and does it represent the best value for the money?
- Have you reviewed the scope of services and contractor monthly reports recently?
- Are there unresolved compliance issues from the last visit?
- Is the contractor meeting performance goals?
- What administrative and/or programmatic improvements can be made?
- Are the contractor's expenditures appropriate?
- If grant funded, will the state provide monitoring, and if so, how will the coordination of respective monitoring responsibilities be able to reduce multiple site visits.
- Is the contractor's administrative and financial management capacity strong?
- Is the contractor being given adequate notice prior to an on-site visit?

6. Conducting the On-Site Visit

It is particularly important to arrange a site visit shortly after the execution of a new contract, especially with a new vendor. The contract monitor should conduct an initial site visit and, among other things, discuss the Department's expectations for services (in accordance with the scope of services) and introduce themselves to contractor's program staff. Regardless of when site visits are scheduled, the contract monitor is advised to conduct a review of all relevant documents before visiting the contractor. Such a review can include, but not be limited to: the annual Contract Monitoring Plan, as well as the contract scope of services, contractor reports, applicable DHHS performance measures, manner and method of payments, applicable government regulations, past corrective action plans and prior monitoring reports.

a. What to look at – There are a number of areas that should be reviewed or considered when conducting a site visit such as:

REVIEW AREA	LOOK AT
▪ Contractor services delivery and client group served	contractor proposal, scope of services, monthly reports, etc.
▪ Meeting program goals	past contractor monthly reports and HHS monitoring reports
▪ Program staffing	funded slots are filled, vacancies are advertised and promptly filled
▪ Administrative/management effectiveness	agency organizational chart, line of communication, meeting deadlines
▪ Meeting enrollment goals	client referrals/recruitment & intake system
▪ Client files management	file organization, individual file completeness
▪ Adherence to applicable federal and state regulations and protocols	COMAR, grant regulations, medical protocol, environmental laws
▪ Facilities	safety plan, ADA compliance, OSHA posters
▪ Client demographics and tracking	client data base reliability; level of customer follow-up contacts/services
▪ Contractor operating procedures	personnel, finance, customer services
▪ Customer satisfaction	HHS Customer Survey cards
▪ Customer privacy	access compliance with HIPAA and other privacy regulations

▪ Applicable HHS performance measures	Montgomery Measures Up!
▪ Financial management	Use HHS Contractor Financial Management Form

Remember put everything in writing – reports, memos, observations, e-mails, etc. Abundant documentation makes for a good review source before the site visit. Also, a well documented contractor file will be essential if the monitoring duties are transferred to another HHS staff-person. Finally, by diligent documentation, contract monitors will avoid a vendor crisis situation where insufficient proof of non-compliance exist or time is wasted scrambling to put together a documented case for corrective action or contract termination.

b. Team Monitoring – for vendors having two or more contracts with the Department and perhaps involving overlap of HHS Services Areas, it is recommended that contract monitors coordinate a team visit. Team monitoring is more efficient than individual monitoring and reduces the number of visits to the contractor's site of operations - which, of course, will make the vendor happier. Team visits also may be helpful for a contractor who is out of compliance with the contract terms, is under spending, or are may be experiencing financial difficulties. A monitoring team for an underperforming contractor should include a staff person from the DHHS contract and fiscal teams. The findings of the team visit may reveal problems, sometimes severe enough to require corrective action, withdrawal of funding, some other remedial action or a combination of these responses.

Additionally, where applicable, contract monitors should seek to coordinate monitoring functions with State or other public entities funding the same vendor for the same or similar services including conducting team site visits. If this is not possible, then it is suggested to attach State monitoring and related reports to DHHS contract monitoring reports.

c. Monitoring Advisory Team (MAT)

Each HHS Service Area will be represented on a CMT Monitoring Advisory Team (MAT) that will meet at least annually and a MAT member may be able to assist in coordinating team visits involving program monitors among different Service Areas. The CMT also will provide an annual list of the MAT members as well as provide a list of all HHS contract monitors and the contracts they oversee.

d. Site Visit Schedule Priority Rating Guide – Under perfect conditions, many contractors should be visited quarterly by HHS staff. However, the reality of budget reductions, position freezes and increasing staff workload means that some contractors will be visited significantly less frequently than others over the course of a year. But how should the decision to schedule the number of on-site visits be made and what factors should be considered?

First, with regard to making the decision about the number of program monitoring visits planned in a fiscal year - this is recorded on the Contract Monitoring Plan - contractors may be rated in terms of priority based on the following three suggested customer risk factors:

1. High priority – visited at least quarterly
2. Medium priority – visited at least two times per year
3. Low priority – visited at least once per year

Determining a range of risk-factors to establish the highest monitoring priority, while imprecise, can be based on the following considerations:

1. Direct care:
    a. Delivery of medical or mental health services
    b. Services provided to high risk clients, i.e., substance abusers, inmates, battered women, etc.
    c. Vulnerability level of clients served, i.e., children, frail elderly, people with severe disabilities, etc.
2. Level of contract funding, i.e., a contract above $200,000 probably should be monitored more often
3. Complexity of the scope of services and method of payment
4. High political and or community interest and visibility
5. Past performance problems
6. New contractor
7. Council grantee contractor

The above priority rating scheme can be employed to determine the schedule of team monitoring visits as well. Contract monitors are encouraged to use other risk factors that are not referenced above.

7. Monitoring Reports and Forms

Contract Monitoring Plan – The contract monitor will submit a **Contract Monitoring Plan** to the CMT on all new contracts within 60 days of the execution of the contract; this plan will be in effect for the duration of the contract. The type of monitoring, the amount of on-site visits, the number of times the **Program Monitoring Review Form** is submitted to the CMT and the contractor invoicing and monitoring schedule will guide the contract monitor as stated in the plan. In other words, the annual monitoring schedule process will be driven by the contract monitor. The CMT will evaluate the overall effectiveness of the HHS monitoring process by observing how accurately contract monitors follow the requirements and schedule set forth in the **Contract Monitoring Plans** on file with the CMT.

It is recommended that a copy of the annual **Contract Monitoring Plan** be forwarded to each contractor. The plan, among other things, will serve to notify the contractor of the number of scheduled site visits during the coming fiscal year as well as the schedule of reports and invoices. However, an unscheduled monitoring visit may be appropriate for a poorly performing contractor that is not responding to corrective action request(s).

Monitoring Reports - The Department has two basic types of contract monitoring report forms: a.) Program Monitoring Review Form and the b). Program Monitoring Review SHORT Form**:** For Delivery Orders/Task Orders and Open Solicitations. The Department also has the c.)Contractor Financial Management Monitoring Form**,** a one page form that may be used when conducting a more thorough review of a contractor's financial integrity.

a. Program Monitoring Review Form – This form is designed to aid the contract monitor to record findings resulting from monitoring activities, primarily the site visit. While the form covers many areas involved in an on-site visit, the contract monitor can expand the report form for example by adding monitoring findings not addressed in the Program Monitoring Review Form or by attaching state or other relevant monitoring documents. Contract monitors also can customize the five-page Program Monitoring Review Form report to include "cut and pasting" specific requirements from the scope of services and/or to reflect any unique qualities about the services delivery.

b. Program Monitoring Review Short Form (for Delivery and Task Orders and Open Solicitations) – Since Delivery Orders, Task Orders and Open Solicitations contracts demand less complex oversight than contracts resulting from a solicitation, contract monitors will employ the Program Monitoring Review Short Form**,** a separate two-page form to submit to the CMT. For the purpose of clarification, this form has a definition of a Delivery Order and a Task Order at the bottom of the second page. Complete either the section on the form for **Delivery and/or Task Orders (**at the bottom of the first page) or for contracts under an **Open Solicitation** on the second page of the form. Be aware, however, that this form doesn't have to be submitted to the CMT on any contract resulting from an Open Solicitation that is not funded. Also, the Program Monitoring Review Short Form may or may not need to be completely filled out for all Open Solicitation agreements. This decision is up to the program monitor. For example, if a HHS case manager monitors a therapist who is counseling individuals according to a case management plan, then written monitoring reports from the HHS case manager to the contract monitor can be attached to the Program Monitoring Review Short Form in lieu of filling out the second page of the form.

c. Contractor Financial Management Monitoring Form – Monitoring the financial integrity of a vendor, which begins with certifying the accuracy of vendor invoices, is as important as evaluating the contractor's efficient delivery of customer services. While there are six basic questions under Section E, Contractor Payments and Financial Monitoring, of the **Program Monitoring Review Form**, for those contract monitors that want to perform a more detailed examination of a contractor's financial management system there is the **Contractor Financial Management Monitoring Form** which will be attached to the **Program Monitoring Review Form** .

The **Program Monitoring Review Forms** will be completed and sent to the CMT by the contract monitor as specified in the annual **Contract Monitoring Plan** and will be distributed, along with all attachments, by the 15th of the month following the site visit as follows:

- Copy to the program manager's supervisor,
- Copy submitted to the Contract Management Team (CMT),
- Copy placed in the program monitor's contract file, and
- Copy to the contractor.

It is important to note that no contract renewals will be processed by the CMT without the submission of a Program Monitoring Review Form.

8. Compliance Levels

It is unlikely for a contractor to be in full compliance for each and every line item of the scope of services and other provisions of the contract. Even a top performing vendor probably will have some areas that would benefit from improvement and in those areas the contractor may be evaluated by the contract monitor as in "**partial**" compliance with specific scope of services items. Taking this into consideration, the **Program Monitoring Review Form** provides three rating categories for evaluating the contractor for each scope of service item and related programmatic and administrative functions which are:

- Full compliance – contractor is in full compliance with the contract item under review.
- Partial Compliance – contractor needs to improve on the item under review.
- Noncompliance – contractor is significantly out of compliance and needs to submit a corrective action plan on the item under review.

For example, below is an excerpted cell in the **Program Monitoring Review Form.**

C. Statistics and Reports	F	P	N	N/A
1. Is the contractor providing reports at the intervals specified in the contract?	X			
2. If applicable, do statistical report data match the information provided in the invoice?		X		

The opportunity to render an overall contract compliance level as well as state corrective action issues will be recorded on the bottom of page four (4) of the **Program Monitoring Review Form** - see the following excerpt:

Overall Compliance Rating
1. a. Is the contractor generally in full or substantial compliance with provisions of the scope of services? Yes ☐ No ☐ b. State any areas where the contractor made improvements in program administration or services delivery.
2. a. If the contractor is not generally in full or substantial compliance, what are the program monitor's corrective action recommendations? b. When will the contractor submit a corrective action plan(s)?

If the contractor is performing well overall (maybe has some areas rated as **"partial"** compliance) then the program monitor may deem the contractor to be in **"substantial"** rather in "**full"** compliance. This is a judgment call. In any event, a contractor assessed to be in substantial compliance may or may not require a corrective action plan as does the contractor who receives a noncompliance rating in one or more areas or has too many items rated with partial compliance. Again, this is a judgment call.

9. Performance Measures

Performance measures, as reported annually in the "**Montgomery Measures Up**" have become an important element in how the County evaluates the effectiveness of each County department in fulfilling their missions. All DHHS Service Areas are measured annually on their performance in delivering health and human services to County residents which includes the organizations that contract with the Department. Therefore, contract monitors should be knowledgeable of their Service Area's broad performance measures that apply to contracts they oversee and use these measures to gauge the impact of the contractor's delivery of services on the lives of its customers. In fact, incorporating relevant performance measures into every solicitation and new contract is the best way to go.

10. Correspondence

Contract monitors should routinely correspond with contractors to promote mutual understanding using such means to include, but not limited to:

- report forms, etc.
- follow-up to site visit with a written summary of all findings including notice of documented deficiencies and those areas requiring corrective action including target dates for rectifying all noted deficiencies
- e-mails
- record of telephone discussions
- reminder letter for late reports
- reminder letter for corrective action plan

As mentioned earlier, maintaining written documents like those mentioned above is a fundamental monitoring function and can become particularly critical for service providers not performing at acceptable levels. If ever needed, this documentation most likely will become a source of justification to terminate an agreement or to renew/continue the contractual relationship.

11. Finding Unacceptable Performance

When a contractor's performance is found to be unacceptable, the contract monitor should determine the nature and severity of the poor performance and provide the contractor with a written notice of the problems observed to include corrective action recommendations and timeframes for resolution. Subsequently, the contractor should respond in writing by submitting a corrective active plan for approval by the contract monitor. The contract monitor then can review and approve the plan and follow up on the contractor's improvement of the deficient areas to assure that the problems are resolved in a timely manner. NOTE: any failure by the contractor to address corrective actions in an acceptable and timely manner is to be noted the next time the Program Monitoring Review Form is submitted to the CMT – at the bottom of page one.

12. Dealing with Disputes

Differences of opinion arise in any relationship. Dealing constructively with such differences of opinion is a feature of maintaining a professional relationship. The advantage that a consistent and well-planned monitoring relationship with a contractor provides is the likely-hood of:

- Clearly communicating/recording expectations that each party has of the other,
- Developing a favorable environment to deal with any areas of disagreement,
- Greater willingness and ability to make adjustments [amendments] to the terms of the contract,
- Good documentation of contract implementation leading to greater ease in making changes, if necessary; and
- If an impasse is ever reached and the contract history is well documented, seeking help from the CMT or higher County authority will be easier and more efficient.

The best approach to addressing contract monitor/contractor differences is to deal with them promptly. In some circumstances, additional help from the Department or from other County departments [i.e., Office of the County Attorney or Office of Procurement] may be required to deal with any dispute that the contract monitor and vendor cannot resolve alone. Although both parties are likely to regard formal legal remedies a last resort, government agencies should not shrink from making use of formal remedies if necessary. Also, remember that the County reserves the sole right for termination of the contract as stated in the contract General Conditions. The contract monitor must recognize his/her role in maintaining adequate records and documentation to support termination. As has been stated before, consult the Contract Management Team early and often if there are performance issues.

13. Things Change

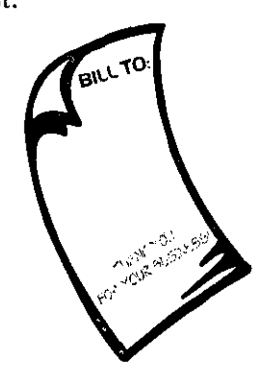
Service Areas may need to consider changing the terms of the contract, due to change in service mix, population to be served, budget reductions, economic conditions, changes in grantor programmatic requirements, etc. A recommendation for change or amendment could be initiated by either the contract monitor or the contractor, and will be a subject for negotiation between the two parties. In considering possible changes, contract monitors should think about:

- The likelihood that proposed changes will improve services delivery.
- The views of the provider.
- The impact on the users of the service.
- The change is realistic and consistent with original intent of contract.
- The budget implications are considered.

14. Contractor Reports and Invoices

a. Reports - In most cases the contractor is to submit a monthly report along with a monthly invoice that reflects the provision of services as well as infers contract compliance. Devising a meaningful, thorough report form for the contractor to submit each month will significantly improve overall program monitoring as well as reduce the number of on-site monitoring visits needed. Distribution of contractor reports will follow Quarterly Reports file maintenance referenced below.

b. Invoices - All vendor payments resulting from contracts are processed by the HHS Fiscal Team, Accounts Payable Unit. The contractor invoice should be identified by the *current fiscal year purchase order number* and clearly show itemized expenses incurred for the reporting period; also, there should be appropriate back-up to justify invoice charges. Moreover, the contract monitor is the gatekeeper for the timely flow of invoicing and contract payments. In this role, the contract monitor must:

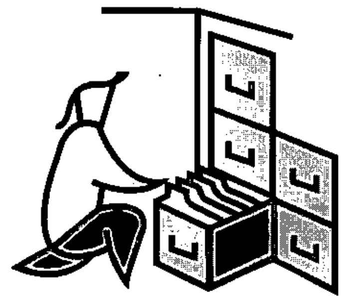


1. Advise contractors that no work is to be performed prior to receipt of a Notice to Proceed.
2. Consider all actions pending (requested in process) that may impact payments ,e.g. delivery orders or change orders and allow for sufficient processing time.
3. Monitor expenses, and adjust encumbrances as needed to ensure timely payments to vendors.
4. Ensure the availability of funding before approving an invoice submitted for payment
5. Carefully review invoices since secondary review of invoices does not occur outside of the Service Areas.
6. Submit approved invoices, which include: the contract number, purchase order number and the monitor's signature (payment processed by the Fiscal Team).
7. The program monitor's signature indicates that the contractor has delivered the required services in accordance to the contract scope of services. The monitor's

signature further indicates that expenses billed have appropriate back-up documentation and are in accordance with the contract's budget or other contract compensation provisions.

15. Records Management

A complete contract file will be maintained by the CMT provided that all required elements are submitted to the CMT. The program monitor should keep records as well which will include among other things:



a. A signed copy of the contract/agreement and future amendments
b. Annual Contract Monitoring Plan
c. Program monitoring forms
d. Records/report log
e. Copies of all purchase orders
f. Copies of all notices to proceed
g. Copies of all Contract Action Worksheets
h. Notice of deficiency or adverse action and any contractor corrective action plan
i. Copies of all correspondence
j Any progress notes and correspondence
k. Copies of invoices

16. Follow-up and Control

Ensuring proficient services delivery is a hands-on process requiring contract monitors to be aware of what's going on resulting in pro-action, not reaction. This can be accomplished by:

a. Conducting monitoring visits per the annual **Contract Monitoring Plan**
b. Generating reminder notices to contractors that do not submit reports, invoices and/or other materials in accordance with establish deadlines
c. Maintaining appropriate records and actively monitor expenses including reviewing appropriate index and sub-object codes
d. Timely forwarding of reports and documents to the CMT; notifying the CMT of performance issues.
e. Conferring with other HHS staff or State officials having shared oversight over contractor services
f. Pursuing corrective actions from contractors in areas of non-compliance.

17. Signatures

Signatures are an important aspect of program monitoring. Signatures of the program monitor, contractor, HHS managers, etc., certify from each individual in the contract monitoring process that what they say or document is true and accurate.

Concerning contract compliance for example, signatures on the signature page of the **Program Monitoring Review Form** attest to the level of compliance and performance of the contractor being reviewed. While obtaining a signature from a contractor is optional, it is highly recommended to do so. For one thing, a signature from the contractor signifies that the vendor has reviewed and understands the completed **Program Monitoring Review Form**. Obtaining a contractor's signature on the form would be especially desirable where corrective actions are required.

The **Program Monitoring Review Form** is to be signed by the following:

WHO	WHEN
• Program monitor	for every report
• Contractor	for every report
• Unit supervisor	for every report
• Service Area Chief	when there is a non-compliance issue or at least once per year

See excerpted signature page from the **Program Monitoring Review Form** next:

Signature Page of the Program Monitoring Review Form (page 5)

Contractor Representative Signature	**Name (Printed)**	**Date**
Completed by:	**Name (Printed)**	**Phone**
	Signature - Program Monitor	**Date**
	Signature – Program Unit Manager	**Date**
	Signature – Service Area Chief {signature only needed once annually or more often if there are serious compliance problems}	**Date**

NOTE: The Program Monitoring Review Short Form does not need the signature of the Service Area Chief

18. Customer Satisfaction

The Department values customer satisfaction. Therefore, the Department places a high priority in ascertaining customer satisfaction information and expects the contractor, in its role of providing public services, to have an on-going process that surveys their clients' feeling about the services received. At the least, the contractor is expected [if mandated by the scope of services] or encouraged [if is not in the scope of services] to use the HHS Customer Satisfaction Survey Card to gauge the level of service delivery quality and impact. The program monitor may want to go further in determining customer satisfaction by conducting a random sample of the contractor's customers or have the contractor provide customers with an expanded satisfaction survey instrument.

Monitor.doc;12/26/01;lastrev03/17/04

Program Monitoring Review SHORT Form: For Delivery Orders/Task Orders and Open Solicitations

Contract Management Team

Montgomery County Department of Health & Human Services

Enter text in the shaded portion of each cell. For Yes or No response cells, simply click on the appropriate box.

Contractor Name:	**Contractor Contact Person:**

Contractor Address:	**Tel. #:**

Date of last review:	**Date of this review:**	**Contract #:**	**Contract Amount $**

For Delivery Orders and/or Task Orders Only

Delivery Order - a document or other action which initiates a delivery of goods, services, or construction authorized by a contracting officer or authorized government official, under an existing contract which establishes terms, price and source of supply.

Task Order - a process in which an RFP is bid out on the basis of tasks or deliverables. Contracts are awarded to X number of vendors; then only those vendors can bid on Task Orders [considered a short-list under the Procurement Regulations] that are issued by the Department under that contract. A Task Order is issued usually to cover a short period of time, say two or three weeks, and then responses are due and evaluated. The highest scoring offeror receives the Task Order and a Purchase Order or Delivery Order is issued for that Task only.

Specify the goods or services purchased and the time period of delivery:

Did the goods or services meet contractual specifications? Yes ☐ No ☐ If not, state problem(s):

Will the Delivery/Task Order be renewed next year? Yes ☐ No ☐

For Open Solicitations Only	
Open Solicitation Name:	Funded? No ☐ Yes ☐ If yes, continue to complete the form
Case Manager Review – if another staff has monitored this vendor's performance, attach their monitoring findings to this form then complete the signature section below. Otherwise continue to the next section.	

Open Solicitation Contract Scope of Services
1. Contract Requirement(s)
2. Compliance and Comments Was the contractor in compliance with provisions of the scope of services? Yes ☐ No ☐ If you answered no, what were the problems in the delivering of goods or services? What corrective action(s) did you request and was the corrective action(s) addressed by the contractor? Do you plan to use this contractor in the future? Yes ☐ No ☐

SIGNATURES

Program Monitor	**Printed Name**	**Date**
Program Monitor	**Signature**	**Date**
Program Unit Manager	**Signature**	**Date**

Send Original to: * CMT * Copy to Contractor * Copy to Unit Manager * Retain Copy

INSTRUCTIONS
for Program Monitoring Review SHORT Form
For Delivery Orders/Task Orders and Open Solicitations Only

Introduction

This two-page form is shorter than the five-page **Program Monitoring Review Form** and is designed to provide HHS contract monitors an efficient way to carry out the monitoring of Task Orders, Delivery Orders and contracts from an Open Solicitation.

Page 1 of the Form

The first page of this form is a record about the vendor, the nature and cost of goods or services and dates of prior and current review. Complete each of the eight cells on page one of the form which include:

* Contractor name	* Contractor contact person	* Contact address
* Contact person's telephone number	* Date of last review	* Date of this review
* Contract number for current fiscal year	* Contract funding amount	

Delivery Orders and Task Orders Only:

To alleviate any confusion about the difference between a Delivery Order and Task Order see the following definitions next:

Delivery Order - a document or other action which initiates a delivery of goods, services, or construction authorized by a contracting officer or authorized government official, under an existing contract which establishes terms, price and source of supply.

Task Order - a process in which an RFP is bid out on the basis of tasks or deliverables. Contracts are awarded to X number of vendors; then only those vendors can bid on Task Orders [considered a short-list under the Procurement Regulations] that are issued by the Department under that contract. A Task Order is issued usually to cover a short period of time, say two or three weeks, and then responses are due and evaluated. The highest scoring offeror receives the Task Order and a Purchase Order or Delivery Order is issued for that Task only.

This section shows that a vendor has provided a discrete, time specific goods or service(s). First, specify the type of goods and services(s) provided and the time period of delivery. Then answer in the next cell Yes or No if the goods or services met contractual specifications. If you answer no, state the problem(s). Next, indicate whether Delivery Order and Task Order contract may be renewed in the next fiscal year.

Page 2 of the Form

For Open Solicitations Only:

In this cell, write the name or title of the Open Solicitation. Next, indicate whether the Open Solicitation contractor was funded this fiscal year. If the contractor was not funded during the fiscal year, then go no further on this form other than to sign your name on the bottom of the signature page. If you answer yes, then proceed to the next cell. In some instances, contractors under an Open Solicitation may be monitored by other staff in the Department or from the State of Maryland; *the contract monitor doesn't have to conduct a separate monitoring visit of the same vendor.* If this is the situation, then obtain a copy of their monitoring findings and attach to this form, complete the signatures at the bottom of the signature page and send to the CMT.

Contract Requirements Compliance and Comments:

1. **Contract Requirements** – you may "cut" the contract scope of services from the electronic version of the contract and "paste" into the Contract Requirements Cell of this form.

2. **Compliance and Comments** – in this cell enter either Yes or No whether the contractor provided the good(s) or services in compliance with the terms of the contract. If no, then indicate the problem(s) with the delivery of good(s) or services and state what corrective action you requested and if the corrective action was addressed by the contractor. Finally, answer either Yes or No if you plan to use this contractor in the future.

Signatures – print your name then sign and date the form. Also, obtain the signature of your Unit/Team Manager.

NOTE: Form distribution:

* Original to CMT
* Copy to Contractor – optional
* Copy to Unit Manger
* Retain a copy for your records

Program Monitoring Review Form

Contract Management Team

Montgomery County Department of Health & Human Services

Using the RFP, the contract, and a site visit, complete this form and distribute. A contract review should be conducted at least annually, and more frequently, if necessary. Also, complete only those sections of this form that are appropriate.

Enter text in the shaded portion of each cell. For Yes or No and compliance response cells, simply click on the appropriate cell box. If the form will not let you enter a response in the response cell than: click on the VIEW icon in upper left hand corner of your screen; click on TOOLBARS; click on forms; a row of 10 options will appear on your screen; click on the PROTECT FORM lock icon

Contractor Name:	**Contractor Contact Person:**

Contractor Address:	**Tel. #:**

Program Name:	**Contract Funding Amount:**
Brief Description of Services:	

Date of last review:	**Date of this review:**	**Contract #:**

Report any unresolved monitoring issues and corrective actions from the last site visit or report submission; give the date of last monitoring visit; explain contractor's failure to comply with corrective action requests.

ASSESSMENT OF PERFORMANCE PER CONTRACT SCOPE OF SERVICES

NOTE: Specific contract scope of services may be cut and pasted into the Contract Requirements Column below.

Contract Requirements (Scope of service requirements from contract)	**Item(s) Reviewed**	**Compliance** * Full * Partial * Not * N/A	**Supporting Comments**
Examples **1.) The contractor will deliver services to 10 individuals each month**	**Review of intake records; client charts; invoices**	**Partial**	**Intake records and counseling logs indicate that the provider served 5 during the last reporting period**

Contract Checklist - Legend: **F** = Full Compliance; **P** = Partial Compliance; **N** = Not in Compliance; **NA** = Not Applicable

A. Contractor Staff	**F**	**P**	**N**	**NA**
1. There are appropriate and sufficient staff to meet requirements of Scope of Services (Including bilingual staff where applicable.) *EXAMPLES*: review of timesheets, position descriptions, etc.	☐	☐	☐	☐
2. Contractor has handled staff vacancies promptly? *EXAMPLE: recruitment ads.*	☐	☐	☐	☐
3. If required, each staff member is appropriately licensed or certified to perform duties as required by Scope of Services. *EXAMPLE: review credentials.*	☐	☐	☐	☐
4. Contractor keeps appropriate documents on file for employees? (EEO declarations, criminal background checks, etc.) *EXAMPLE: review sample of personnel records or ask for copies of pertinent documents.*	☐	☐	☐	☐
5. Contractor has a customer grievance policy.	☐	☐	☐	☐

B. Statistics and Reports	**F**	**P**	**N**	**NA**
1. Is the contractor providing reports at the intervals specified in the contract?	☐	☐	☐	☐
2. If applicable, does statistical report data match the information provided in the invoice?	☐	☐	☐	☐

C. Client Case or Medical Files (Review the contract for the specific requirements for developing and maintaining client/patient records.)	**F**	**P**	**N**	**NA**
1. Are service or treatment plans current and on file?	☐	☐	☐	☐
2. Does the appropriate staff assign and supervise all cases?	☐	☐	☐	☐
3. Are administrative, professional *and/or medical* protocols in place to ensure that quality service standards are met?	☐	☐	☐	☐
4. Is the Contractor in compliance with HIPAA Standards for Privacy of Individually Identifiable Health Information (the Privacy Rule)?	☐	☐	☐	☐

D. Questions for the Contract Monitor	**Yes**	**No**	**N/A**
1. Are any changes (amendments) pending to the Scope of Services?	☐	☐	☐
2. To your knowledge, is the contractor in violation of any federal, state, or local laws, regulations or policies regarding the delivery of services? *Explain.*	☐	☐	☐
3. Are there indications that customers are satisfied with services? *Example: Client satisfaction surveys*	☐	☐	☐
4. Is the contractor substantially meeting all of the contractual outcome and service quality performance measures?	☐	☐	☐

E. Contractor Payments and Financial Monitoring NOTE: Use the <u>Contractor Financial Management Monitoring Form</u> for more detailed review of contractor's financial management and attach it to the <u>Program Monitoring Review Form</u>	Yes	No	N/A
1. Are invoices reviewed for content and accuracy? By whom?	☐	☐	☐
2. Are invoices submitted in accordance with the provisions of the contract and is supporting documentation (such as time sheets) attached to invoices?	☐	☐	☐
3. Have payments been made against the correct purchase order? Are the budget appropriations recorded in the appropriate expenditure account and are the expenditures charged against the correct account?	☐	☐	☐
4. Are expenditures in line with approved budget? (Any variance over 10% requires a budget modification.)	☐	☐	☐
5. Is the contract's expenditure pattern sufficient to insure utilization of all contract funds? If not, how much lapse funding is anticipated? Conversely, is the contractor overspending? How much and why?	☐	☐	☐
6. If the budget has changed, has County received and approved an amended budget?	☐	☐	☐

Overall Compliance Rating
1. a. Is the contractor generally in <u>full</u> or <u>substantial</u> compliance with provisions of the scope of services? Yes ☐ No ☐ b. State any areas where the contractor made improvements in program administration or services delivery.
2. a. If the contractor is not generally in full or substantial compliance, what are the program monitor's corrective action recommendations? b. When will the contractor submit a corrective action plan(s)? NOTE: Forward copies of all written corrective actions to the CMT which will be placed in the original contractor's file

The vendor should be directed to submit a Corrective Action Plan addressing each deficiency. Consult the CMT for assistance in developing recommendations to resolve disputes or determine contract termination/modification options. Please remember that any changes in scope, terms or conditions require contractual amendments.

SIGNATURES

Contractor Representative (optional)	Printed Name	Date
Program Monitor	Printed Name	Phone
Program Monitor	Signature	Date
Program Unit Manager	Signature	Date
Service Area Chief	Signature	Date

{Service Area Chief signature required once annually or more often if there are serious compliance problems}

Send Original to: * CMT * Copy to Contractor * Copy to Unit Manager * Retain Copy

INSTRUCTIONS
FOR
Program Monitoring Review Form

INTRODUCTION

The Program Monitoring Review Form is intended to provide you with a standardized, yet flexible tool to assess how well a contractor is delivering health and human services to County residents while concurrently providing you and the Department a monitoring record. You also may want to give a copy of the Program Monitoring Review Form to the contractor. This form is to be completed by HHS contract monitors and submitted to the CMT within 30 days after a site visit or other type of thorough contract services review. The submission of the annual Contract Monitoring Plan form to the CMT at the beginning of each fiscal year will specify how often the Program Monitoring Review Form will be submitted to the CMT within the fiscal year.

For those contract monitors who want to perform a more detailed review of a contractor's financial integrity, use the 10 question Contractor Financial Management Monitoring Form.

You may submit The Program Monitoring Review Form to the CMT: 1. as a hard copy to be hand written at the site visit, or 2. complete on the computer and e-mail to the CMT as an attachment (only the signature page sent to the CMT must be original).

NOTE: If the form will not let you enter a response in the response cell: click on the VIEW icon in upper left hand corner of your computer screen; click on TOOLBARS; click on forms; a row of 10 options will appear on your screen; click on the PROTECT FORM lock icon.

Page 1 of the Form

The first page of this form records general information about the vendor, the nature and cost of services, contract number and dates of prior and current review. Complete the first ten fields on page one of the form which include:

* Contractor's name
* Contractor contact person
* Contactor's address
* Contact person's telephone number
* Program name
* Contract funding amount
* Brief description of services
* Date of last monitoring visit or thorough review
* Date of this monitoring visit or thorough review
* Contract number for <u>current</u> fiscal year

Unresolved Non-Compliance Issues - complete this section for any unresolved noncompliance issues from the previous monitoring visit, include the date of the last monitoring visit, the date of your corrective action letter and explain the problems including why the contractor has not completed the necessary corrective measures.

Page 2 of the Form, Assessment of Performance per Contract Scope of Services

1. **Contract Requirements** – you may "cut" the contract scope of services from the electronic version of the contract and "paste" into the Contract Requirements Cell of this form.

2. **Item(s) Reviewed** – this cell may be filled in with the documents and related materials required for your review or site visit to include any interview questions to be asked at the site visit.

3. **Compliance** – enter in this cell the compliance level [**F**=Full Compliance; **P**=Partial Compliance; **N**=Not in Compliance; **NA**= Not Applicable] for each scope of service line item entered in the Contract Requirement Cell.

4. **Supporting Comments** – write in any comments supporting the compliance rating level from the adjacent cell to include any appropriate corrective action recommendation(s).

The four cells from the form just described are shown next with examples:

Contract Requirements (Scope of service requirements from contract)	**Item(s) Reviewed**	**Compliance** * Full * Partial * Not * N/A	**Supporting Comments**
Examples **1.) The contractor will deliver services to 10 individuals each month**	**Review of intake records; client charts; invoices**	**Partial**	**Intake records and counseling logs indicate that the provider served 5 during the last reporting period**

Contract Monitoring Performance Rating Checklist Legend shown again:

F=Full Compliance; **P**=Partial Compliance; **N**=Not in Compliance; **NA**= Not Applicable

Page 2 of the Form: Continued

Example of a completed cell:

A. Contractor Staff	F	P	N	NA
1. There are appropriate and sufficient staff to meet requirements of Scope of Services (Including bilingual staff where applicable.) *EXAMPLES*: review of timesheets, position descriptions, etc.	☐	☒	☐	☐

NOTE: you may not need to complete every cell or a particular section of the form if you already have addressed the line-item in the above Contract Requirement Table or if the cell or section is not applicable.

Section A, Contractor Staff – seek responses to the next five questions for organizations with staff delivering services under the terms of the contract as deemed appropriate. Check the appropriate cell: F, P, N or NA and write any supporting comments.

Page 3 of the Form:

Section B, Statistics and Reports – when appropriate, complete the two questions in this subsection regarding any statistical or monthly reports. Check the appropriate cell: F, P, N or NA and write any supporting comments.

Section C, Client Case or Medical Files – complete this section only if the contractor is providing direct human or medical services to County residents. Check the appropriate cell: F, P, N or NA and write any relevant comments.

Section D, Questions for the Contract Monitor – the four questions are not intended for a vendor response, but rather are to be reflected on and answered by you. Therefore, answer either Yes, No or N/A in the cells at the fare right hand corner of each question.

Page 4 of the Form:

Section E, **Contractor Payments and Financial Monitoring** – this subsection has six questions that need to be rated in terms of compliance. Check the appropriate cell: Yes, No or N/A and write any supporting comments. In case you don't process contractor invoices, refer these questions to the appropriate staff in your service area. For those contract monitors who want to perform a more detailed review of a contractor's financial integrity, see the **Contractor Financial Management Monitoring Form**.

Section F, Overall Compliance Rating

1. a. Provide the overall contractor performance rating (indicate Yes or No whether the contractor is in full or substantial compliance with the scope of services). In most cases, it may be unrealistic for a contractor to be in full compliance for every line-item of the scope of services and other provisions of the contract. Even a top performing vendor probably will have some areas that would benefit from improvement, so in those specific line-item areas the contractor may be evaluated by the program monitor as in "**partial**" compliance.

1. b. Report any areas where the contractor rated as substantially compliant may have made administrative or programmatic improvements from the last monitoring report submission and/or may be in the process of making improvements via your written recommendations.

Examples: 1. if you feel that a contractor is performing exceptionally well and has one or two areas that need minor improvement, than you could give a full compliance rating; 2. if you feel a contractor is performing well overall, but has several or more areas that need moderate improvement, you could give a substantial compliance rating; 3. however, if you feel a contractor is seriously deficient in a number of areas and is not following through on your written corrective action recommendations, you could rate the contractor as being in non-compliance. Of course, a rating of non-compliance could place the contractor in jeopardy of not being renewed or worse, loosing their contract. Also, a contractor assessed to be in full compliance will not require a corrective action plan as does the contractor who receives a noncompliance rating in one or more areas.

Contractor Areas of Substantial Noncompliance

2. a. Cite each area of contractor noncompliance explaining in sufficient detail the problem(s) and specify your recommended corrective action for each noncompliant item; attaching corrective action correspondence to this from would be useful. *Consult the CMT for assistance in developing recommendations to resolve disputes or determine contract termination/modification options. Please remember that any changes in scope, terms or conditions require contractual amendments.*

2. b. Indicate the date the Contractor is to Submit the Corrective Action Plan. You should negotiate with the contractor for a reasonable date to receive the corrective action plan and then follow-up to ensure that they fully implement each corrective action recommendation in the timeframes mutually agreed on.

Page 5 of the Form:

<u>Section 2</u>, Signatures and Dates:

Contractor representative – <u>optional</u>; most contract monitors feel obtaining the contractor's signature on this form strengthens expectations and communication between themselves and the contractor
Your printed name and Signature – required
Program Unit Manager – required
Service Area Chief – required if the contractor is in noncompliance on one or more scope of services line items or at least once a year for renewable contracts and contracts resulting from an RFP or any contract over $100,000.

NOTE: Program Monitoring Review Form distribution:

* Original to CMT
* Copy to Contractor - optional
* Copy to Unit/Team Manger
* Retain a copy for your records

CONTRACTOR FINANCIAL MANAGEMENT MONITORING FORM

Montgomery County Department of Health & Human Services, Contract Management Team

Contractor Name:	**Contract #:**
Contract Monitor's Name:	**Date This Form Completed:**

Contract Checklist - Legend: **F**= Full Compliance; **P** = Partial Compliance; **N** = Not in Compliance; **NA** = Not Applicable

Fiscal Monitoring	**F**	**P**	**N**	**NA**
1. Is there a segregation of duties i.e. duties are divided among different people with responsibility for handling transactions and making payments (*reduces opportunity for embezzlement*)?	☐	☐	☐	☐
2. Does the contractor have a business plan/budget that they follow?	☐	☐	☐	☐
3. Does the contractor have written fiscal policies and procedures, and accounting policies?	☐	☐	☐	☐
4. Is a delegation of signature authority on file and appropriate limits have been established?	☐	☐	☐	☐
5. Has the contractor submitted accurate, timely financial reports and estimates?	☐	☐	☐	☐
6. Are fiscal transactions like deposits and billing performed in a timely manner?	☐	☐	☐	☐
7. Does the contractor have a comprehensive annual financial statement or audit by an independent accountant for the previous year on hand?	☐	☐	☐	☐
8. Is there a process in place for managing and monitoring risk (*example – does the contractor have a system for ensuring collection of user fees or can they raise matching funds as stated in the budget)*?	☐	☐	☐	☐
9. Is software and electronic system access appropriately maintained and secured; i.e., is the system maintained and in a secure environment, and is the data controlled?	☐	☐	☐	☐
10. Are the contractor's employee time sheets/records consistent with the approved budget or billable units of service?	☐	☐	☐	☐

NOTE: Attach this form to the Program Monitoring Review Form

Instructions
For Contractor Financial Management Monitoring Form

Introduction

The 10 questions in this form, which were developed with the assistance of the HHS Fiscal Team, are intended for contract monitors who wish to conduct a more thorough assessment of a contractor's fiscal integrity beyond the six financial management and related questions contained in the Program Monitoring Review Form. Examples of when the Contractor Financial Management Form might be used are:

- The vendor is a new contractor
- The vendor is a small non-profit organization where staff has multiple responsibilities
- The vendor is a fairly new business or non-profit organization
- The contractor has shown past financial management problems such as:
    - not sending invoices in a timely manner
    - program reports don't always match invoices
    - doesn't collect customer fees in a timely manner
- The contractor has promised a sizable non-County funding match

There may be other reasons why this form may be used as a monitoring tool, but ultimately, it is your decision to use it. Also, it is important to be aware that all contractors, regardless of size and sophistication, for-profit or non-profit, must manage their organizations' finances according to generally accepted international accounting procedures.

Question 1. A fundamental accounting procedure for any organization is the segregation of duties handling budget and financial transactions from duties involving making payments (accounts payable) to duties handling corporate income (accounts receivable). For example, the person handling payment of bills should not be making bank deposits. Failure to adhere to this accounting protocol promotes the opportunity for fraud or embezzlement.

Question 2. All vendors should have a business plan that forms the basis of the organization's management and operating systems and that projects the organizations' future sustainability. An annual budget would be one component of a sound business plan. Projections for future sustainability or growth, i.e., grants, user fees, etc., could also be an element in a business plan.

Question 3. A "no" answer to this question may be a sign that the contractor is financially unstable or at best disorganized.

Question 4. Delegation of signature authority is necessary for any organization to maintain appropriate legal and financial authority in a number of areas including contracts, liability issues and fiscal management. Appropriate delegation of signature authority also protects an organization form improper representation by unauthorized employees.

Question 5. A "no" answer to this question may be a sign of potential financial problems. For example, chronically late billing may be a sign of insufficient staffing to conduct financial matters or staff may not be properly trained or experienced to handle these accounting functions.

Question 6. A "no" answer to this question also may be a sign of deeper financial problems such as the contractor having a long-term cash flow problem.

Question 7. An annual financial statement at least or, better yet, an annual audit by an independent accountant for the previous year is a fundamental financial management tool. A review of these accounting tools will indicate the contractors' overall financial health. A financial statement should reflect that the vendor has a positive net income at the end of the operating or fiscal year. An annual audit will come with a cover letter certifying to the vendor 's financial integrity.

Questions 8. A number of contracts in HHS contain contractor commitments to either collect user fees or raise matching funds as a percentage of the total county funded budget. For example, you may want to review that the contractor has a system for ensuring collection of user fees. Another example, you may want to evaluate whether a contractor can raise matching funds - that they committed in the budget to - in a timely manner?"

Question 9. Lack of adequate financial electronic systems security can expose the contractor to fraud and abuse. These electronic financial records should be accessible only to those employees who have a need to know.

Question 10. Reviewing a sample of employee time sheets, say twice a year, to see that they match the terms of the contract and the approved budget or billable units of service is an important function of contract monitoring. For example, with vendors having more than one contract with the County with possible multiple funding streams, errors in charging the right staff to the appropriate contract and funding stream is not uncommon.

Department of Health and Human Services
Contract Monitoring Plan

Contract Number:	Vendor:
Monitor:	Service Area:6410-Director's Office
Description of Services:	

Executive Director	
Phone	
Address	
City, State, Zip	
Contact Person	
Phone	
Address	
City, State, Zip	
Fax	
E-Mail Address	

Payment Interval	Monthly
Invoice Due Date	other
Reports Due Date	1st

Monitoring Plan

Visit Type	Yes/No	Interval
Site Visits	Yes	Monthly
Telephone Check In	Yes	Monthly

Monitoring Form to CMT:

Monthly

Comments:

Contract Monitoring Workgroup Summary for
Children, Youth and Families of DHHS

Background

On October 31, 2007, Kate Garvey, Chief, Children, Youth and Family Services (CYF) convened a meeting with Senior Leadership and Contract Monitors in CYF. She asked those present to share ideas about the quality of Contract Monitoring in CYF, the role of the Contract Monitor, the use of Corrective Action Plan, and the time required for Contract Monitoring. The group also discussed successful strategies in Contract Monitoring, the tasks associated with Contract monitoring, and alternative designs for the Contract Monitoring process. Based on this discussion, Kate Garvey appointed a small Workgroup to develop recommendations for improving Contract Monitoring in CYF.

The Workgroup was led by Fran Brenneman and was composed of the following Contract Monitors: Teresa Blair, Beth Molesworth, Kathie Nevin, Pat Spann, and Bettie Sutphin. Brenda Brown was the note taker. (Attachment 1)

Methodology

The Contract Workgroup met five times and engaged in vigorous and spirited discussions. The Workgroup examined the following documents that had been distributed over the past several years, including:

- *DHHS Program Monitoring Guidelines, March 2004*
- *Program Monitoring Review Form, 2004*
- *Contractor Corrective Action Plan, a Guideline, March 2004*
- *DHHS Contract Management Duties Survey: Procurement and Monitoring, 2006*
- *FY08 Contract Renewal Instructions*

Also reviewed was the IBM publication, *Effectively Managing Professional Services Contracts: 12 Best Practices*, 2006

The Workgroup discussed the results of two surveys: one distributed to CYF Contract Monitors in October 2007 and one sent to Contractors in November 2007. Summaries of the survey results are as follows:

Contract Monitor Survey

Summary: Ten contract monitors returned the survey; two monitors are half time and were counted as one bringing the final number to nine.

1. Of the nine monitors:
    - Each averaged 12 contracts and providers.

- Each averaged 26 sites. We recognize that this number is a bit skewed because some contracts, like Linkages have multiple sites to visit, while others have none.
- A small majority visited sites yearly.
- Five monitors received monthly written reports, four received quarterly reports and the rest received reports at a variety of times.

2. When contract monitors visit sites, all look for:
   - Program and/or financial compliance.
   - Quality of work.
   - Quantity of referrals as appropriate to their contract.

3. If something is not in compliance, monitors generally discuss this with the contractor and as a last resort will put the contractor on a compliance plan.

4. It should be noted that contract monitors handle many more job functions than just monitoring, which limits the amount of time each can spend with each contractor. Most of the monitors, 9 out of the 12, have other responsibilities in addition to contract monitoring. Examples include:
   - Prepare Requests For Proposals (RFPS).
   - Work with governing boards.
   - Organize trainings.
   - Supervise.
   - Do intake.
   - Review invoices.

(See Attachments 2a and 2b contract monitoring survey and results)

<u>Contractor Survey</u>

Summary: A survey was distributed to the following contractors: [redacted]. Eighteen surveys were returned. In addition, Fran Brenneman met with [redacted] Most contractors said they have good relationships with their contract monitors. Contractors generally want contract monitors who:

- Are knowledgeable about the programs.
- State consistent expectations early in the process.
- Communicate on a regular basis with more on-site visits.

1. All contractors viewed the contract monitor as a "compliance officer."

2. Although most contract monitors visited sites yearly, contractors who seldom saw their contract monitor asked for **"more site visits."** Most contractors were able to speak to the contract monitors whenever needed, but stated that they would like "**more face-to face meetings.**"

3. The majority of contractors had to turn in written reports on a quarterly basis.

4. Contractors said that contract monitors visit and assess:
    - Staffing.
    - Data documentation.
    - Relationships.
    - Status of goals and outcomes.
    - Problems and solutions.
    - Compliance requirement.

5. "Improved Communication," was the number one issue mentioned by contractors for improved effectiveness.
(See Attachment 3a and 3b vendor survey and results)

Over-Arching Assumptions

Based on the results of the surveys and review of HHS contract documents, the Workgroup agreed that the following over-arching assumptions would be the foundation of the recommendations:

1. Both Contractors and Contract Monitors want their jobs to be effective and take great pride in what they do.
2. Both Contractors and Contract Monitors value effective communication.
3. Both Contractors and Contract Monitors agree that the most effective Contract Monitoring takes place when there are Contract Monitors who have subject matter expertise. It is most efficient for someone to monitor who has subject matter expertise.
4. Both Contractors and Contract Monitors view contracts as a partnership in service delivery. When difficulties arise, Contract Monitors and Contractors work together. This acknowledgement strengthens the partnership through better collaboration and communication.
5. Both Contractors and Contract Monitors agree that Contract Monitors need to be approachable and responsive.
6. Whenever possible, Contract Monitors should be insulated from politics. As referenced in Best Practice 10 of the IBM resource *"Effectively Managing Professional Services Contracts: 12 Best Practices"*, government project managers and contractor project managers that were interviewed in the IBM study cited as an overarching recommendation the need to establish clear, honest, consistent, regular communication processes among Project Team Members as being central to developing strong partnerships and enhancing the success of contracting while minimizing conflicting direction involving multiple government team members.

Recommendations

The Contract Monitoring Workgroup makes the following recommendations based on the review and discussion of the cited reports, the analysis and discussion of the surveys from the contract monitors and vendors and from the discussions with vendors. All recommendations have unanimous approval by the Workgroup.

1. ***CYF Contract monitors should meet regularly for improved communication, consistency, fairness and standard practices across CYF.***
Regular monitoring meetings should be held (perhaps quarterly) with all CYF contract monitors to share experiences and to discuss problems and solutions.

2. ***The Workgroup requests that CMT review and update the following documents. The documents should be distributed to all department contract monitors and training should be provided on each document. The Workgroup recognizes the importance and value of these documents as contract monitoring tools.***
   - *Contract Monitor Guide* (Attachment 4)
   - *Corrective Action Plan (CAP)* (Attachment 5)
   - *Program Monitoring Review Form* (Attachment 6)
   - *Contract Monitoring Plan* (Attachment 7)

3. ***The Workgroup recommends that Contract Monitoring be recognized as a part (large or small) of a Contract Monitor's job.***
Standard language should be developed describing the specific duties associated with Contract Monitoring and the expectations for performance. Those duties and expectations should be incorporated into the job description and performance evaluation for every Contract Monitor.

4. ***The Workgroup recommends guidelines on consistency of preparation and usage of The Contractor Monitoring and Review Form.***

5. ***The Workgroup recommends establishing standard procedures for ensuring fiscal accountability for approving budgets and invoices.***
   - Guidelines should require that all invoices be accompanied with documentation backup, (e.g., timesheets, payroll ledgers, receipts, and utility bills, etc.).
   - Guidelines for a standardized list of elements and format that should be required on all invoices.
   - Consistent expectations for backup documentation to be required to support monthly invoices.
   - Clear understanding among contract monitors and contractors about cost reimbursements; contracts must include documentation of services provided for cost reimbursement

6. ***The Workgroup recommends that CMT consider using an approach other than alphabetical, by contractor name, for assigning contract responsibilities to CMT Contract Managers.***

Currently, the CMT uses an "alpha" assignment system to distribute contracts among Contract Managers. In the case of open solicitation contracts, task order contracts, and RFP's that result in multiple awards, this system of assigning contracts is confusing and inefficient for program staff monitoring these contracts, when they must coordinate, explain, or justify an action/issue with several different Contract Managers. This situation also puts CMT at a disadvantage because there is no Contract Manager with a thorough knowledge of the contract scope, service delivery issues, or other nuances of the particular contract which sometimes results in inconsistencies among amendments to the contracts. In addition, when assignments are changed during the contract term, there is a time consuming learning curve while the new Contract Manager becomes familiar with the contract which can result in delays in processing contract actions.

We recommend that all contracts resulting from a single solicitation be assigned to the same Contract Manager for the life of the contracts. Further, we recommend that, whatever system is used to assign contracts in CMT, the assignment remain the same for the life of the contract whenever possible.

7. The Workgroup recommends that CYF Contract Monitors should be trained on the following:

a. Expectations for contract monitors given the different types of contracts they monitor.
b. All types of procurements that are available to all programs within HHS to allow for the development of most efficient and effective contracting methods.
c. How to write an RFP (including but not limited to understanding results/outcomes based budgets, performance based/pay for performance contracts).
d. Using a corrective action or more progressive action in cases of non-compliance with contract terms - when to move to a Corrective Action Plan (CAP) and, ultimately, contract termination.
e. Handling a situation where the primary contractor has a dispute with the secondary or sub- contractor; this is not a compliance or corrective action issue, but it affects the contractor's ability to perform.
f. How to provide technical assistance to contractors if the contract monitor does not have expertise in certain areas such as contracting or procurement.
g. Understanding the financial aspects of the contract including reading and understanding budgets, reviewing invoices for completeness and compliance, relating invoices to budgets, tracking expenditures, (i.e., purchase order balances), and provided technical assistance to contractors in these areas.
h. Developing an RFP – including: developing a Scope of Services that meets the programmatic needs and legal requirements of the County, evaluation criteria, proposal submissions, and scoring guidelines, timelines and requirements, and realistic outcomes given limited funding, and to incorporate, using "boilerplate" text, the mission, goals, outcomes, etc. of HHS.
i. The RFP checklist.
j. Relating outcomes to HHS priorities (for an RFP) and for Contractors' proposals (for non-competitive contracts).
k. How to conduct a monitoring visit – written notice/agreement of items to be monitored, development of a standard letter to be sent to contractor, notifying all parties to be visited, e.g. on-site staff, executive director, CFO, of the scope of the review; how to offer technical assistance if the monitor does not have deep programmatic expertise.
l. Any new guidelines or policies related to contract management.

8. The Workgroup recommends that all Contractors should be trained on the following:

a. An Overview of the structure and language of Montgomery County Government, DHHS and Children, Youth and Families. Organizational charts, resources and any other pertinent information should be provided.

b. Information on the requirements and procedures to expect from contract monitors, the community grant process, general guidelines and business principles and best practices on contracting *(i.e. – The IBM Center for The Business of Government's 12 Best Practices for Effectively Managing Professional Services Contracts* (Attachment 8), a review of required timeframes, deadlines and documents required from contractors as indicated in the contract.
c. The contract monitoring process, expectations, forms, site visits, etc.
d. The basics of budgets and invoices. Provide contractors with an example of what their invoices should contain and the need for consistency with monthly invoice submission. This should include the components of the Contract Number, P.O. Number, Invoice Number, Service Dates, etc.
e. Backup documentation required for expenses claimed in the invoice, based on the contract type and compensation type (e.g., fee for service, cost reimbursement, etc.)
f. Expenditure tracking and report submission--it is imperative that contractors adhere to the terms of the contract with regard to submitting invoices and reports as stipulated in their contractual agreement.
g. The basics of the Procurement process and why the timeliness of their invoice submission can often impact remunerations.
h. Procedures to address problems or issues that may arise, including the corrective action plan process or more progressive action in cases of non-compliance with contract terms.

9. The Workgroup recommends the development of the following Technical Assistance Tools:

a. Establish a "Samples Library" with examples of sections of RFP's and contracts that have worked well in the past. Both programmatic and technical language should be included. The library would be most useful if both CMT and program staff contributed resources
b. Create a forum for discussion of how CMT should be involved in the monitoring process - *at what point does CMT participate in contract monitoring?*
c. Provide better tools for tracking the status of a contract action, new contracts and amendments; e.g., how can claims be avoided when it takes so long to get a purchase order through the process?
d. Develop a standard tracking system for monitors to better "organize" their tracking process (reports/invoices/stats)
e. Develop standardized letters to be sent to contractors notifying them of visits,
f. expectations, which will be visited, etc.

<u>Out-of-the-Box Ideas</u>

These ideas were generated after a brainstorming session among the contract monitors, responding to the question, "What if you could do anything?" What would you try? The following are the responses. These responses may reflect individual ideas and not necessarily the feelings of the entire group.

1. Raising small purchase amounts from \$4,999 to \$14,999.

Raise the dollar threshold on small purchases (which are paid by Direct Voucher) for human services contractors from the current $4,999 established @ 1994 to $14,999. Ideally, the threshold should be raised to $24,999, but even an additional $10,000 will be helpful. This higher threshold will allow HHS to meet needs that are identified on an ad hoc basis without involving the Office of Procurement. For example, more one-time-only services relevant to a particular population or newly identified need could be purchased very quickly.

In addition, very small Community Grants for services that are important and needed, but which consume an inordinate amount of time and effort in HHS, the Office of Procurement, and the County Attorney's Office, could be purchased without a contract.

2. Create a New Grants Process.

Create a true grants process for the County Council and Executive Community Grants. Similar to the way the State gives grants to DHHS and to private entities, develop a process that will grant funds to successful applicants in a lump sum without a contract. The grant application document will need revision to ensure that all of the fiscal and programmatic accountability and monitoring processes will remain the same as for the current contracts. The outcome will be that no processing of an additional contract document will be needed.

This idea was explored in the early 1990's when the Procurement Regulations were revised, but the section on grants was never expanded. Currently, there is a huge volume of contract actions, both in HHS and Procurement. This may be the best time to pursue the idea of a true grants process for our NDA contracts.

3. Ensure that County Council and County Executive grantees are aware that they must meet the requirements of the County contract.

Revise the application process for all of the County Council and Executive Community Grants to include the fact that successful applicants must meet all the requirements of a contract.
Often in processing a contract with a new NDA contractor, we learn that the contractor has no fiscal identity, is unable to obtain insurance, and/or is not a registered entity with the State of Maryland Taxation and assessment Bureau for business purposes. Knowing these requirements in advance will allow contractors who have problems with these requirements to begin to solve them or to partner with a more established non-profit when submitting their applications.

4. Look at a forum for discussion for issues – a Contract Management Resource Team

Representatives from the Contract Management Team (CMT), Office of Procurement (OP), the Fiscal Team, Accountability and Customer Services, Contract Monitors, would form a Contract Monitoring Resource Team that meets regularly. The increased collaboration amongst all representatives of this Resource Team would result in improved communication for everyone - including contractors. In addition, this group should be responsible for establishing mandatory trainings for Contract Monitors and Contractors.

5. Suggestion for a solution to contracting problems

Create a two or three person "contract team" for Children, Youth and Families who would report directly to the Chief to ensure that the contract priorities of the group fit the mission and goals of HHS. This CYF team would be the liaison with CMT. They would transmit to CMT the Chief's contract priorities and keep a running timeline on each contract action.
This would assist the efforts of CYF as a group in several ways:

- This small group of CYF employees could "bond" with their corresponding person in CMT. They would be our best and most knowledgeable contract people and be responsible for the stewarding of all our contract actions through the very complex HHS system.
- CYF would have a colleague who could help us develop the proper solicitations for what we need and really want. Although the Scope always has to come from the programs, the results of the RFPs, etc., are important. Programs cannot always tell what sort of contract they will actually get out of the process.
- Timelines have become necessary for a very busy department.
- Having core contract people would keep the Chief updated and informed.

6. A Moratorium on All RFP's

CMT will stop processing all RFP's (at a date to be determined) for contracts which are to be effective 7/07/08, except for those which have been submitted to the Office of Procurement. CMT will concentrate on outstanding FY08 contracts and amendments. The following process (five steps) will take place.

Step One: All programs in CYF will review their RFP's, those submitted to CMT and those still being worked on at the program level. Each RPF will be assigned to one of the following categories:

- RFP's that must have a new contract effective 7/01/08;
- contract extension beyond term for programmatic reasons
- contract extension beyond term due to volume of work; and
- non-competitive contracts (grantee list) that should be extended not RFP

(Examples of RFP's that are attached)

Step Two: When all RFP's have been identified and assigned a category, CYF Managers must consider the possible political and programmatic issues associated with delaying an RFP. Managers will finalize the assignments.

Step Three: CYF must meet with CMT to strategize on the proposed plan.

- What are the possible political and programmatic issues for HHS associated with delaying an RFP?
- How will we present the plan to Procurement and who should be a part of that meeting?
- How will CMT process necessary RFP's?
- How will CMT process necessary extensions beyond the term?
- What, if any, additional resources will CMT need to accomplish the proposed work and process renewals and regular contract amendments?

Step Four: CYF program staff will continue to work with CMT to complete outstanding FY08 contract actions and to respond to Procurement questions about RFP's currently in progress.

Step Five: CYF program staff will also continue to work on the RFP's that have been postponed so that they will be ready to submit to CMT and Procurement as soon as workload permits.

Contract Monitoring Sub-Committee

Members:

Teresa Blair, Administrative Specialist
CYF/Child Welfare Services
1301 Piccard Drive, Rm 4324
Rockville, MD 20850
Phone: 240-777-1713
Teresa.Blair@montgomerycountymd.gov

Beth Molesworth, Program Manager
CYF/Early Childhood Services
7300 Calhoun Place, Suite 700
Rockville, MD 20850
Phone: 240-777-1331
Beth.Molesworth@montgomerycountymd.gov

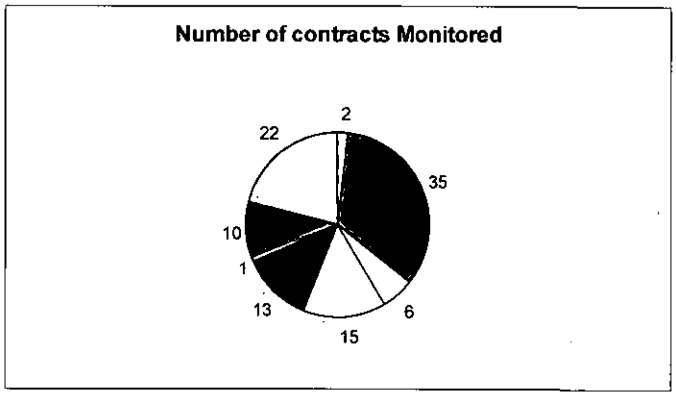
Kathleen Nevin, Program Manager
CYF/Child & Adolescent Services
51 Monroe Street, Suite 1700
Rockville, MD 20950
Phone: 240-777-1176
Kathleen.Nevin@montgomerycountymd.gov

Patricia Davis-Spann, Resource Administrator
CYF/Child Welfare Services
1301 Piccard Drive, 4th Floor
Rockville, MD 20850
Phone: 240-777-4442
Patricia.Spann@montgomerycountymd.gov

Bettie Sutphin, Program Manager
CYF/Early Childhood Services
7300 Calhoun Place, Suite 700
Rockville, MD 20850
Phone: 240-777-4377
Bettie.Sutphin@montgomerycountymd.gov

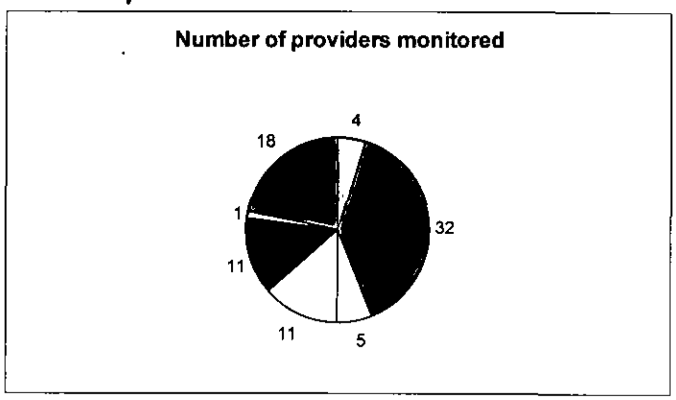
Contract Monitor Survey Results

1. How many contracts do you monitor?



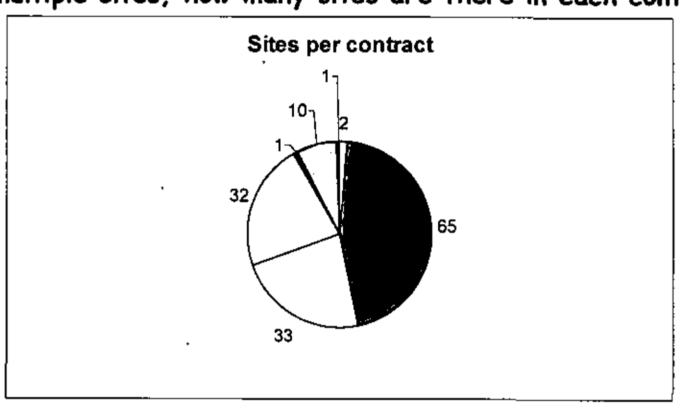
The high is 35 contracts monitored; the low is 1 with the average of 12.

2. How many providers do you monitor?



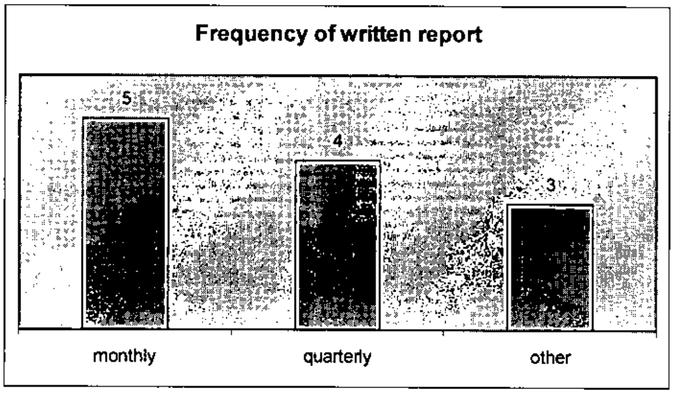
The high was 32; the low was 1 with different amounts of time spent on these - average 12 per person.

3. If there are multiple sites, how many sites are there in each contract?

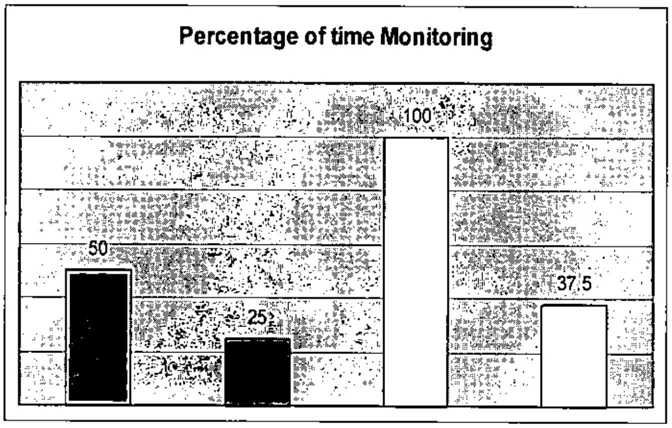


The high was 65; the low was 1 average of 26 per person.

4. How often do you receive a written report?



5. What percentage of your time is spent <u>just monitoring contracts</u>?



5 When you visit contractors, who do you talk to?

(4) Supervisor (5) Agency and/or program director (1) Office Staff

(4) Site Staff (1) Case Managers

(1) Mental Health Therapists

(1) Community Service Aides

6. What kinds of things are you looking for in your visits

1. Program compliance
2. Vacancy and staffing issues/ recruitment/retention plans
3. Budget status
4. Program plans
5. Client records
6. Agency policies/procedures
7. Service delivery space/facilities, etc
8. Observations, outcomes
9. Enrollment/attendance sheets, etc
10. Case loads for mental health and case management, productivity
11. Appropriate services and referrals
12. Quality of work with schools and local community
13. Quantity of referrals
14. Fiscal understanding of such things as po's assure they do not work when not authorized, also looking to see if their program staff are cooperating with fiscal department so we obtain back-up information etc.
15. Overall compliance with scope of services- review of treatment records
16. There are actually two types of visits, formal and informal. All look at customer flow, staff attitude, adherence to contract standards, i.e. Resource room functionality, number of computers working, professional environment, etc. The formal visits entail reviewing records, systems, and work environment adherence to the contract

7. Do you get a written report (other than the Program Monitoring Form from HHS) from each site and how often do you receive that?

Yes (8) No (2) weekly/monthly (5) quarterly _ (4) _ other _ (3) _

8. What if any of these things (site visits, reports, etc) are agreed to in the written contract?

1. Site visits are not explicitly mentioned in the contract
2. Site visits
3. Access to client records and contractor's personnel records (to verify evidence of criminal background checks, etc)
4. Types and frequency of reports
5. Correlation of county payments to contractor's submission of report
6. Maintaining a system of written records and reporting are stipulated in the contract; I currently received a formal report/invoice 2 or 3 weeks after the semester started containing a list of all those scholarship grantees for the starting semester also informal reporting is being done in a one to one basis in regards to gpa's or other student statuses that might affect the selection of the scholarship awards
7. There is also) a yearly (or as needed) report containing the number of awardees that have earned a degree, completed courses and matriculated to an accredited 4 year institution higher education institution

8. (Varies) depending on contract - may include results of observations, outcomes, enrollment/attendance sheets, etc.
9. Monthly reports
10. Reporting and invoice schedules are in the contracts
11. Reports on caseloads and productivity are definitely in the contracts
12. Everything
13. Primary one is non-payment. All Employment Service Contracts are Pay for Performance. Our federal, state and county outcomes are translated into pay-points. If the vendor does not achieve the goals, the vendor does not get paid. The vendor is required to follow all pertinent regulations as well as our Employment Services manual standard operating procedures. Because this is pay for performance, it's readily apparent to the contractor why we're making changes because it's beneficial to their bottom line

9. How do you deal with non-compliance in any issue?

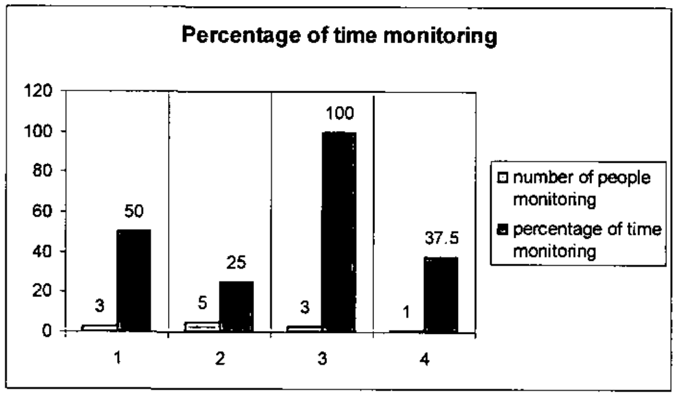
1. I use the standard 2005 "Corrective Action Guide
2. Attempt to address it early
3. We discuss issues at site visits and on the telephone - serious problems are noted in the (HHS) program
4. Depends on the issue - for problems with reporting and budget/invoicing, I offer technical assistance
5. If the contractor is not providing services according to the scope of services, we try together to figure out why
6. If the contractor is unable to comply with some of the contract provisions through no fault of his own, sometimes I amend the contract
7. In reality, because most of my contracts are on the grantee list and do not provide critical services, it often comes down to finding ways to make the program work and demonstrate good outcomes
8. Meet in-person or discuss non-compliance issue by phone
9. Request corrective action confirm expectation/agreement on correction action in writing w/ contractor monitor implementation/completion or corrective action; if non-compliance continues, report issue to (CMT) and request more formal and potentially severe action feedback to the vendor, follow-up with vendor, and documentation if required
10. Work on a corrective action form, talk with my supervisor at length, talk with the contractor supervisor at length, follow up later to ensure corrective action
11. First paperwork - a telephone call from the admin specialist 1 who reconciles the invoices followed up with an email - if they are still non-compliant I would write an email to both the fiscal and program staff and copy their company president or equivalent and our program director - this last usually brings the desired results as I inform them that they will not get paid until the required paperwork is received
12. Second program issues - inform program director of issues - a formal letter will be sent to the vendor to inform them that they are non-compliant - the letter will also explain the correct format as I use this as an education tool to inform the vendor - most issues we run into are ones of misunderstanding and or change of staff at their end and the new staff member not understanding
13. Talk with provider representative

10. What other job functions do you perform apart from contract monitoring?

1. Supervise
2. Intake
3. Training and staff
4. Public awareness
5. RFP preparation
6. AIF implementation
7. HHS performance measurement team
8. Reviewing invoices
9. Negotiating new contracts and amendments to current contracts
10. Coordinating RFP's
11. Developing new contract initiatives
12. Providing ta to other parts of HHS on contract issues
13. I represent CYF on the HIPPA and grants committees and the Montgomery County youth
14. Child support liaison; grant writing; and, special projects
15. Oversee day to day activities at the children's resource center, supervise locate child care counselors, and professional development coordinator
16. Grant writing
17. Federal program monitoring
18. Work with governing board of program
19. Conferences, liaison with federal grantors and state grantors, program planning and management
20. Organizing summer institute
21. Problem solving with contractors on non-contract issues...
22. Supervise corps members, manage operations, solicit new business
23. I am the budget and fiscal person I have 2 team members on the fiscal team who compete the day-day work such as purchasing and in putting payments into ADPICS which I approve I supervise a staff member I oversee the Medicaid revenues and the compliance issues associated with ma - I am responsible for the state yearly audit
24. Screen and schedule clients for SASCA - perform mental health assessments, attend interagency transition team meetings bi-monthly
25. This is a hand on job developing policy and procedure, managing the budget and all the related projects such as job skills enhancement. RFP's are written, contracts are written, monthly manager meetings are held, ICM and HTS meetings are held, meetings are held with partners, i.e. Substance abuse, child support, arbor management, dors, etc. Four reports are issued to staff, including vendors on a monthly basis that measure and clarify the tasks needed to be accomplished, the substance abuse caseload is managed, reports are issued for the department of human resources, participation rate meetings are attended, etc. Monthly invoices are completed; contract actions are completed as rules and regulations change, etc. Also complete the management duties related to income supports management team
26. I am also currently training the new employment services manger and am the new office manager for the silver spring regional center

10a. What percentage (estimate) of your time do you spend on contract monitoring?

100 % (3) 75 %() 50% (3) 37 % (1) 25% (1) less than 25% (4)



11. *What suggestions or changes would make this job more effective?*

1. Identify lead contract monitors
2. Better training for all CYF staff responsible for contracts
3. Better coordination and planning among the CYF programs to allow for setting internal priorities and determining timing for submission of contract actions to CMT
4. Better tools for tracking the status of a contract action
5. Establish a samples library with examples from contracts that worked programmatic language and technical language could be included this would work best if CMT staff and program staff both contributed
6. It is very important that both program people and contract team people work together
7. More staff assigned;
8. Clerical assistance
9. More division of labor in big contracts...maybe have a basic structure for contracts less than $100,000 that have universal reporting, invoicing, outcomes, budgeting, etc
10. I think we need to be out in the field more
11. We are given impossible deadlines but the return product such as purchase orders don't seem to be held to the same standard it takes months to get a purchase order back
12. (there's) <u>no clear guidance</u> from anyone in the department if you make a mistake like a claim situation it's regarded as something so "bad" rather than a learning tool yet you are expected to practice and not make the above type mistake
13. (there) seems to be no clear protocols written about contracts - who should oversee what grade - why is it that some people who are usually program managers - this is <u>all</u> they do, when others have to perform multiple major tasks and monitor?
14. Having only two contracts to monitor is difficult because I use the monitoring/evaluation process so minimally I do not remember how to use the (Jd Edwards) system; so I am always asking for help from someone
15. Better training for all CYF staff responsible for contracts
16. Better coordination and planning among the CYF programs to allow for setting internal priorities and determining timing for submission of contract actions to CMT
17. Better tools for tracking the status of a contract action
18. Doing away with JD Edwards

19. Establish a samples library with examples from contracts that worked Programmatic language and technical language could be included This would work best if CMT staff and program staff both contributed
20. Increase the number of staff at CMT to improve timeliness of actions and allow CMT staff to serve as a comprehensive resource for program staff
21. We are given IMPOSSIBLE DEADLINES but the return product such as purchase orders don't seem to be held to the same standard It takes months to get a purchase order back
22. Not having to report our program issues to 10 different people in CMT is NOT effective use of our time I have to report to about 5 different people because our contracts run a-z -- I say the same thing over & over again
23. More concrete help form CMT they are supposed to be the liaison between us and procurement - given that we in the program don't have access to procurement I feel that I can't get answers sometimes and or a clear idea of what I should do next (we have just experienced this in our program because of extensions to our contracts as our new RFP is not ready) I feel someone from CMT should have stepped forward and told us this is the way to handle this now - In other words I feel CMT needs to take a much more active role in the programs
24. Having only two contracts to monitor is difficult because I use the monitoring/evaluation process so minimally I do not remember how to use the (JD Edwards) system; so I am always asking for help from someone
25. Fully staff Contract Management and Procurement so an action is an action and everything doesn't have to be redone, recalculated, re-budgeted - although the person finally assigned to see our contract through was very competent

12. What frustrations are there in contract monitoring?

1. Lack of clarity roles responsible system that is overloaded
2. In many cases, contractors are struggling to provide a needed service without adequate funding their non-compliance issues are often a result of not being able to hire qualified staff at the rate they can afford to pay
3. In the case of many of the grantee contracts, it appears that the non-competitive designation is made for other than clear and objective reasons - it is difficult to monitor a service if I am convinced that performance does not really matter
4. For some contracts, we need the contractor more than they need us so sometimes having a service at all means settling for less than stellar performance
5. It's actually rewarding to see first hand what's going on
6. Scheduling and timing are always difficult given other responsibilities and coping with coordinating with others' schedules
7. Traveling around the large county takes quite a bit of time, impacting completion of workload
8. Being held to deadlines that rely on contractors to submit things on time...they often have problems on their end
9. Shoe string admin budgets on their end...
10. Very hard to plan because unexpected issues, problems pop up...hard or impossible to
11. Predict when

12. Sometimes it's difficult to strike a balance between being a monitor and also being an approachable consultant - you want the vendors to consult to you and ask questions but then the next day you have to act as the monitor and insist they will not get paid...
13. Plus, when I ask for assistance from higher ups in contract management they do not seem to know what they are doing either
14. When contractors are non-compliant
15. Another frustration with this contract has been the contractor's inability to retain a suitable level of
16. Staffing - because it's pay for performance, there's not really a stated level of staff
17. In the case of many of the grantee contracts, it appears that the non-competitive designation is made for other than clear and objective reasons - it is difficult to monitor a service if I am convinced that performance does not really matter
18. (there) are times when county attorney staff questions or challenges service delivery provisions or stipulations in rfp's and contracts that clearly do not present liability concerns - this unnecessarily slows down the contracting process
19. (there) needs to be regular training of program people on contract procedures as well as newsletters and updates from cmt, as there has been in the past
20. For the last several contracts I have written, the longest delays have been at procurement
21. Our procurement and contract teams. The vast majority of my time last year was spent trying to get a contract awarded as a result of an rfp - although I did everything way ahead of time, it did not get through the process at procurement, I had to all the budget and contract work to extend the contract and the end result was that we had to go to our 2nd choice in the rfp process - this was incredibly frustrating.
22. Another frustration with this contract has been the contractor's inability to retain a suitable level of
23. Staffing - because it's pay for performance, there's not really a stated level of staff
24. Response time too long

13. *What works well, for example: a best practice that would be helpful to share with everyone else?*

1. Regular information sharing/training sessions with CMT In days past, representatives from the service areas regularly met with CMT staff learn about new Procurement or County Attorney requirements -we were introduced to new staff and encouraged to share issues of concern
2. Regular meetings of CYF monitoring staff to share information
3. For me having a very large number of different kinds of contracts in my WORD files makes it much easier to write a new contract
4. For new NDA contracts, I always ask the contractor to send me an electronic copy of the proposal submitted to the Council so I can cut and paste the proposal into the contract Scope
5. Open communication, create rapport with front line personnel and contractor key personnel, comply with all that's needed to get expected results
6. The work done by Walter Wolf in FY06 is a good
7. Using a large county map to schedule visits and minimize zig zag driving around the county
8. Critical aspects are observed

9. Automated output collection ("Peggy reports") using Excel
10. Good focus on relationship building along with monitoring / accountability - I think being seen as someone who can help to solve problems is important I think the relationship needs to go both ways ...I think we need to support them with more than funding - keeping a collaborative mindset improves programming (I think)...
11. We try to set up a yearly minimum meeting with our vendors Ideally this would be quarterly but with other pressing time constraints it's not always possible
12. Insisting on what paperwork you need from the word go and making sure that you follow up at invoice time and don't pay the invoice unless all pieces are there
13. Be approachable
14. Dedicated contract monitors in the programs
15. Ongoing and open communication with contractor
16. (having) a Performance based contract is important and establishing a partnership
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29. Be approachable
30. Dedicated contract monitors in the programs
31. Ongoing and open communication with contractor
32. (having) a Performance based contract is important and establishing a partnership with the vendor.

OVERVIEW OF CONTRACT MONITORING FROM THE VIEW OF CONTRACTORS

This survey was given to [redacted]

Numbers of surveys returned were (18)

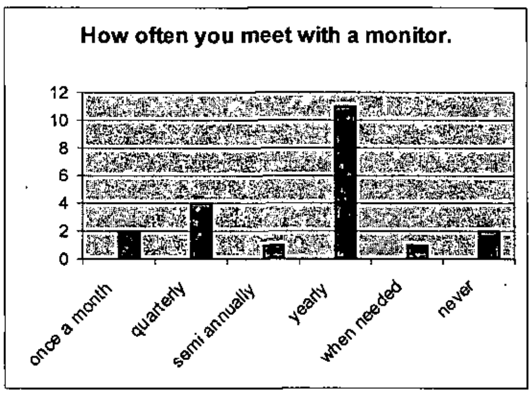
Executive Summary

Overall, most contractors believe they have good relationships with their contract monitors. However, contractors generally want contract monitors who:

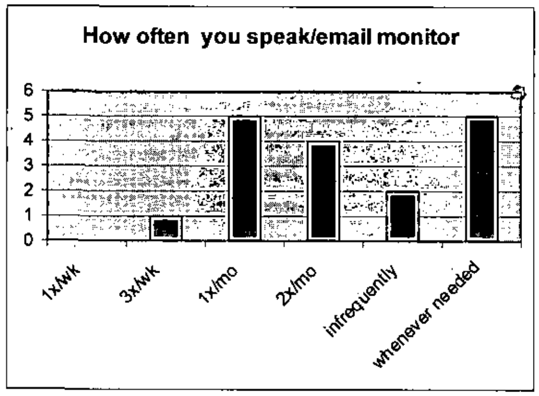
- *State consistent expectations early in the process*
- *Communicate on a regular basis with more on-site visits*
- *Are knowledgeable about the programs.*

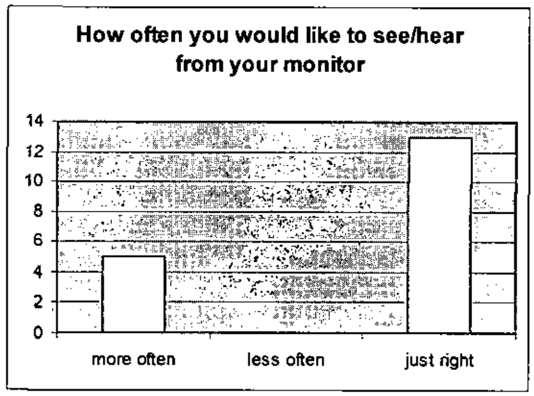
1. **Definition of Contract Monitor:** *everyone viewed the contract monitor as a compliance officer.*

2. **Frequency of Visitation:** *most contract monitors visited sites yearly, with a few quarterly and a few less often. Contractors who seldom saw their monitor asked for more site visits.*

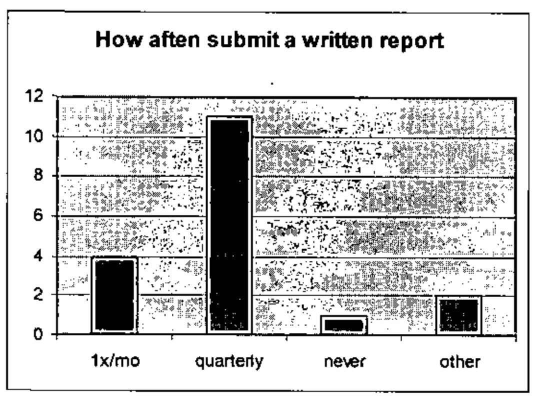


3. **Frequency of phone/email communication:** *most contractors spoke to the contract monitors whenever needed and the rest of the respondents were divided between a high of many times per week to a low of once a year.*
    a. *Amount of communication: Most said that their communication with their contract monitors was the right amount but a third said they would like to see them more often.*





4. **Frequency of written reports:** ***most said quarterly, about a third said monthly and one said never.***



5. **Report Requested:** ***nearly everyone found that was not a problem, though the two that had a problem said it occurred at the end of the fiscal year.***

6. ***Not in compliance: all*** **said that their monitor is helpful and works on a plan to help them comply.**

7. **Contract Monitors look to: assess** ***staffing, data documentation, relationships, status of goals, problems and solutions, and compliance requirement(s)***

8. **The key things that contractors found would make contract monitors more effective are:**

a. *knowledge of the program they were reviewing*
b. *timely and consistent communication*
c. *communication more often*
d. *a written agreement of what is to be evaluated*
e. *faster processing of work by the county*
f. *reduced paperwork*

9. Contractors were most frustrated by:
    a. *lack of knowledge of contract monitor about the program*
    b. *inconsistency of what one monitor looks at compared to another*

10. Stated Best practices:
    a. *communication- talking often with monitor*
    b. *be a liaison for the county*
    c. *be knowledgeable*
    d. *make expectations clear*
    e. *constructive feedback*
    f. *provide any new research on programming if aware.*

DHHS Barrier Analysis

Note: Bold, italicized indicates that work has begun in these areas

Contracts Management Team (CMT)

Barriers

- Workload
    - CMT has been understaffed for the past several years and the workload has continued to increase. For example, in FY07 only 2 RFPs were completed. In FY08, 21 RFPs were completed and another 17 were in various stages of completion at the end of FY08. From a total of 37 FY08 RFPs (RFPs needing contracts by June 30, 2008), DHHS submitted 31 (~84%) to Procurement by Procurement's January 31, 2008 deadline for submission of RFP's.

    - In addition to RFPs, CMT also processed over ~1,600 contract actions during FY08. During the last quarter of FY08 ~450 contract actions, including renewals, some with inflationary adjustments, delivery orders and 17 new contracts were processed.

    - Workload issues are likely to increase as we continue to feel a negative impact from the county's economic situation. CMT was approved an additional position in the FY09 budget; however, two senior staff retired 7/1/08 as part of the retirement incentive program (RIP) and another is out on extended medical leave.

- Training
    - Program staff have very different levels of skill and experience with regard to contracting, budget management, and fiscal type duties.

    - Managers who supervise contract monitors may not be familiar with the County's Procurement regulations and procedures. Many individuals involved in the contract process as monitors also have significant program responsibilities.

- Complexity
    - DHHS has complex contracts. Many of our RFPs result in multiple contracts.

- County Procurement Regulations
    - The dollar value for transactions requiring contracts is $5,000. This dollar limit has not been changed for more than 10 years and has not been

adjusted for inflation. Thus, purchasing power has declined over time, resulting in significant investments of staff time and for relatively low return on goods and services procured.

- The complexity of the County's contracting process and the amount of staff time required for sometimes relatively low dollar contracts may not provide an adequate Return on Investment for Montgomery County, when staff and other costs are considered.

Strategies

- Evaluate the organizational structure that supports contracting at the program level to determine if a more centralized approach might be beneficial. OLO is currently conducting an analysis of DHHS' contracting process and it is expected that this study will provide recommendations on a number of issues such as this.

- Provide additional training and mentoring to CMT staff.
  - CMT staff are best positioned to serve as project managers. ***Active and effective communication with Program Staff and Procurement will be part of their FY09 performance plans.***

  - On complex RFP's and contracts, establish regular meetings between CMT staff and program staff to resolve issues. ***Using this methodology has resulted in more effective problem resolution and adherence to agreed upon timelines.***

- Communication
  - ***Greater involvement by senior management in departmental prioritization of contract related issues has been very helpful.***

  - ***Daily conversations with Procurement staff have also proved very beneficial for resolving issues in a timely manner.***

- Technology
  - ***CMT has developed a number of tracking worksheets. In March, CMT established a shared drive to give Procurement access to DHHS tracking spreadsheets.***
  - ***CMT/DHHS IT have also developed a tracking database. This will allow us to track actions, establish milestones, and run various reports.***
  - ***Financial Operations has begun work to convert our current scanning technology to County standard, ZyWeb. It is our understanding that Procurement is/will be utilizing this scanning technology (or some equivalent technology identified as part of ERP) for scanning of contracts and associated documents. By utilizing the County's electronic record management system, DHHS can eliminate significant duplication of effort.***

- Business process reengineering
    - Review and document business practices and procedures. ***As an example, during March of 2008, DHHS and Procurement worked out a procedure to allow inflationary adjustments to be processed concurrently with extensions/renewals. This change should result in a decrease of approximately 100 contract actions.***
    - Review the County's Procurement regulations, especially with regards to dollar thresholds, exception codes for commodity type purchases (such as medications, vaccines, and certain types of training), and designated vendors.
    - Consider streamlining the requirements for County Council and County Executive noncompetitive awards and state (or other funding source) designated vendors. In FY08, Procurement and HHS processed 80 new grantees as new contracts.

Program Staff

Barriers

- Workload
    - Program staff often have operational responsibilities for program functions.
    - Workload issues are likely to increase as we continue to feel a negative impact from the county's economic situation.
- Training
    - Program staff have very different levels of skill and experience with regard to contracting, budget management, and fiscal type duties.
    - Managers who supervise contract monitors may not be familiar with the County's Procurement regulations and procedures.
    - Many individuals involved in the contract process as monitors also have significant program responsibilities.
- Complexity
    - DHHS has complex contracts. Many of our RFPs result in multiple contracts.

Strategies

- Organizational structure
  - Evaluate the organizational structure that supports contracting at the program level to determine if a more centralized approach might be beneficial.

  - OLO is currently conducting an analysis of DHHS' contracting process and it is expected that this study will provide recommendations on a number of issues such as this.

- Training
  - Providing additional training to contract monitors and other program staff would be beneficial. For example:
    - ***Develop a series of Brown Bag seminars to provide on-going training on contract-related issues. The first of these sessions will be scheduled for September 2008.***
    - ***Beginning in September 2008, require all contract managers who have not taken the county's 40 hour contract administration course within the last three (3) years to take the class.***

- Communication
  - ***On complex RFP's and contracts, establish regular meetings between CMT staff and program staff to resolve issues.***

  - ***Using this methodology has resulted in more effective problem resolution and adherence to agreed upon timelines.***

- Performance
  - ***Continue DHHS' work in developing performance measures and standards.***

Non-competitive Awardees

Barriers

- Many DHHS grantees are relatively small with little depth in the areas of contracting and financial management.

- Inflationary adjustments are not keeping pace with expenses so contractors may not wish to renew/extend.

- Due to the lack of understanding by the vendors of the County's Procurement process, many expect that a contract will be in place shortly after awards are made at the conclusion of the annual budget process in May.

- Obtaining budget information and insurance certificates is often a lengthy process.

- The complexity of the County's contracting process and the amount of staff time required for sometimes relatively low dollar contracts may prevent competition.

Strategies

- Communicate the County's procurement process in a more effective ways and establish reasonable vendor expectations with regard to the timeline from award to notice-to-proceed.

- Clearly convey the awardee's responsibilities for providing budgets, insurance certificates and other information necessary to complete the contracting process.

- ***Upon award, send letter from the vendor signed jointly by David Dise and Uma Uhluwalia .***

- Develop brochure outlining important facts about the County's procurement process.

- ***Enforce internal HHS deadlines, set by CMT, for Program Staff to submit the necessary budgets and scopes so that Grantee contracts can be processed in a timely manner.***

- Review the County's Procurement regulations, especially with regards to dollar thresholds, exception codes for commodity type purchases, and designated vendors.