

Assessment of City of Austin Social Service Contracting Practices

by Laura Williamson

Applied Research Project

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Abstract

This Applied Research Project utilizes an extensive literature review to examine all facets of government social service contracting practices. A preliminary framework is developed and utilized as a tool to analyze the performance of the City of Austin's Health and Human Services Department's (HHSD) social service contracting processes. Interview questions are developed based on the preliminary framework, and in depth interviews conducted with high-level HHSD staff serve to illuminate the intricacies of contracting practices. City documents including staff manuals, contracts, and audits are used to verify and expand on information obtained through interviews.

Topics used for analysis include social service contracts and performance measurement practices, contract development, activities prior to contracting, competitive process, and contract monitoring. Based on the information collected through structured interviews and reviews of official documents, the City of Austin appears to have processes in place that enable the department to utilize best practices in almost all areas of social service contract management. Extensive documentation in staff manuals for operations, solicitation documents, and contracts provide clarity and consistency in the process. In addition, HHSD has extensive checks and balances included in the oversight of contract compliance practices while also operating with a very low overhead cost. During interviews, HHSD staff demonstrated a commitment to maintaining collaborative relationships with social service agencies while also conducting

monitoring processes designed to ensure protection of taxpayer investments in the community. Given that all documentation and interviews were obtained directly through the Health and Human Services Department through structured interviews and official documents, there is inherent bias in this study. Future research should incorporate the perspective of social service providers and clients of social services funded by the City of Austin.

About the Author

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Chapter I: Introduction

Contracts are widely used by every level of government to provide goods and services to the community without public entities having to supply them directly. Contracts are an effective tool to allow the government to continue to invest in critical goods and services for the public without being required to pay for and maintain the significant overhead costs that are often associated with providing services in house. Effective contracting practices require significant structure for contract monitoring and management to ensure protection of taxpayer investments and quality of goods and services required.

A contract is defined as “an agreement between two or more parties, especially one that is written and enforceable by law” (Cohen & Eimicke 2008, p. 3). Governmental bodies use third parties to provide goods and services through contracts to improve efficiency and effectiveness. The success of this practice depends on a variety of factors including the development of those contracts, using the appropriate contract structure, having a quality competitive process to achieve value in both quality and desirable cost, and including monitoring practices that protect against corruption, non-compliance, and inefficiency. As agencies approach contracting, they should ensure that best practices are incorporated into each step of the process to provide taxpayers with the best outcome for their public investment. This paper examines the challenges and practices related to government contracts, particularly in regards to social service contracts.

Many standard government contracts require competitive bidding processes and monitoring to ensure accountability. Social service contracts have many of these same requirements, with added complexities due to the nature of their work. Social services encompass a wide array of services to meet critical public needs and serve some of the most vulnerable in our population. For example, quality workforce development programs have the

potential to lift people out of poverty and greatly improve their quality of life. These programs also help individuals become contributing members of our society who lead stable lives and who benefit the economy.

Contracting for social services through nonprofits has been a practice throughout American history (Norris-Tirrell 2014, p. 305), but the expectations for services have shifted as the population has grown (Norris-Tirell 2014, p. 307). Certain social services including counseling, vocational rehabilitation, and home care are provided primarily by nonprofits, and tend to have added value because of strong volunteer forces aiding their efforts that is rarely calculated in benefits or cost effectiveness of utilizing these organizations for public services (Gronbjerg 2001, p. 283). In addition to a history of governmental partnerships with nonprofits for provision of social services, nonprofits are active in advocacy and public policy formation (Norris-Tirrell 2014, p. 305).

The prolific practice of “contracting with nonprofits, the costs associated with developing competition, and the complexity of social services” (van Slyke 2003, 296-297) are all contributing factors in the challenges to producing effective performance and accountability measures. As problems have been discovered with the process, in addition to the public sector using this form of contracting on an increasing basis, more studies have been conducted in recent years to bring “attention to their problems and unintended effects” (Heckman et al. 2011, p. 2). It is advisable for contract managers to monitor the outcomes of current and future studies closely to ensure the integrity of performance measure development.

When contracts are not thoroughly vetted, there can be difficult results to manage for government entities and residents that depend on critical services. For example, the Texas Health and Human Services Commission cancelled a large contract with Accenture in 2007 that

was intended to manage enrollment for the Children's Health Insurance Program, Medicaid, food stamps (renamed the Supplemental Nutrition Assistance Program in 2008), and other state benefits after significant issues arose associated with their performance and delivery of services (Garrett 2007). Given the challenges, complexities, and potential for significant benefits of contracting for social services, policymakers and public administrators should continually evaluate and improve practices to ensure that clients are receiving effective services and that funds from taxpayers are wisely invested. Ultimately, standards developed to evaluate programs should achieve goals including increasing accountability at a local level, encouraging efficiency, lowering investments per client without reducing quality of services, and facilitating meaningful measurement of program success (Heckman et al. 2011, p. 16).

The City of Austin invests heavily in social service contracts to provide essential service to residents. In Fiscal Year 2014-15, the City invested \$4 million in contracts for basic needs, \$2.4 million for behavioral health services, \$4.5 million for child and youth services, \$1.8 million for community planning, \$6.2 million for HIV services, \$6.2 million for homeless services, and \$3.5 million for workforce development (City of Austin 2014, p. 210-216). In this assessment, City of Austin contracting practices for social services are evaluated based on documentation of practices and interviews with City of Austin employees who oversee the contracting process for social services.

Research Purpose

This applied research project (ARP) uses a systematic approach to develop a preliminary framework¹ to assess social service contracting practices in local government. The framework will be used to assess City of Austin social service contracting practices, with results used to make recommendations to improve the contracting process.

Chapter II includes a review of the literature regarding aspects of government contracting practices. The information collected in the literature review is used to develop a conceptual framework that assesses City of Austin social service contracting practices. Chapter III conveys the research methodology used to collect and process data used in analysis of contracting practices utilized in the social service contracting process, which primarily consists of structured interviews and document analyses. Chapter IV provides the results of the analysis, including ratings for the City's performance in developing and administering social service contracts. Lastly, the conclusion in Chapter V includes final thoughts and recommendations for improving the contracting process.

¹ This research began with the purpose of developing a preliminary framework, but the final model follows closely to a practical ideal type framework defined by Shields and Rangarajan (2013) as a method to evaluate a program and develop recommendations for improvement, which has a more comprehensive scope than a preliminary framework.

Chapter II: Conceptual Framework

This chapter provides a literature review of the structure and practices around government contracting including a particular focus on social service contracts. This presents, describes, and defends the preliminary framework used to assess social service contracting practices in the City of Austin. The conceptual framework serves as a tool to organize the data and provide an approach needed to successfully meet research goals (Shields & Rangarajan 2013, p. 7). This chapter develops an assessment for a framework using the contracting literature. The framework is used to evaluate social service contracting practices used by the City of Austin. The framework describes five main categories of contracting topics including contract development, activities prior to outsourcing, competitive process, social service contracts and performance measurement practices, and contract monitoring.

1. Contract Development

Contract development is the first category in the conceptual framework and is a core function of an effective contracting process. Five key areas have been identified for evaluating contract development practices. First, legally binding contract language should be utilized in executed contracts. Given that lower quality services can result from poorly written specifications (Shields 1992, p. 7), this is a basic and critical requirement. Second, administrative competency should be adequate to effectively and efficiently handle the contract development process. Administrators fulfilling this role should have a clear understanding of the main concepts behind contract development (O’Looney 1998, p. 121-122) and must have developed the necessary skills to ensure a sound contract is developed (Cohen & Eimicke 2008, p. xi). Third, efficiency in contracting is necessary to effectively deal with the complexities of

the contracting process (DeHoog 1984, p. 31) and to manage costs while preserving the integrity of contract development (O’Looney 1998, p. 121). Fourth, flexibility in contract terms allow changes to language mid-contract that incorporates needed changes in performance requirements or other specifications to enhance the effectiveness of the contract (Cohen & Eimicke 2008, p. 16). Finally, regular reevaluation of terms and services are recommended to ensure changes in “technology, efficiency of organizations, and market competition” (Prager 1994, p. 178) can be incorporated to ensure the contract is up to date.

Contracts are legal instruments that provide a significant amount of discretion surrounding negotiation and terms of agreement by the two parties involved (Cohen & Eimicke 2008, p. 3). Problems associated with accountability are considered to be even more prevalent when private organizations are carrying out public tasks (DeHoog 1984, p. 12-13), which should create an atmosphere where public contract managers develop contracts carefully to protect the public’s interests and ensure transparency. Given that “society and political stability depend on public trust that the government serves the public interest” (DeHoog 1984, p. 13), accountability must be a top priority for public officials administering contracts. By ensuring that legal contract language, administrative competency, efficient contracting practices, flexibility in terms, and regular reevaluation of terms are all standard practices, administrators can help safeguard their contracting processes.

1.1 Legally Binding Contract Language

The success of a contract is commonly dependent on contract administration, and contracts with limited specifications have been known to lead to lower quality services (Shields 1992, p. 7). Differences between government and commercial contracts are included in the “statutory and regulatory framework, the types of contracts used, the authority of agents who

form the contracts, and the special clauses or requirements contained in most government contracts” (Lieberman & O’Brien 2004, p. 19). To ensure transparency, accountability, and protection of public investments, public administrators tasked with contract development should ensure that legally binding contract language is included in all official documents.

1.2 Administrative Competency

Public administrators responsible for managing contracts should develop necessary skills related to writing contracts and eliciting bids in a way that produces both high quality and low cost services (Cohen & Eimicke 2008, p. xi). Contract managers should familiarize themselves with regulations to enable them to conduct competitive processes in way that provides transparency and a level of predictability for contractors and the public. Any errors in contract language can come at a huge cost, particularly if the errors are discovered at the middle or end of the contract rather than before the services are provided (O’Looney 1998, p. 70), making diligence in contract development a critical component of protecting taxpayers’ investment in public goods.

For contract managers to effectively oversee the contracting process, they must employ a wide array of management tools (Cohen & Eimicke 2008, p. 16). In addition to having appropriate resources, competence plays a large role in the success of outsourcing services. Three categories of administrative competence that can make the difference in whether the government will be able to perform the necessary tasks involved in outsourcing include competence in how to manage services, negotiate contracts, and monitor performance and management of contracts (O’Looney 1998, p. 31).

When writing contracts, it is critical to understand four concepts: *mutual agreement*, where the government and the contractor both achieve what they want out of the contract, *competency*, which refers to the capacity to draft a legally binding contract, *consideration*, where both parties are giving something of measurable value, and *form*, which is the type of contract that is ultimately executed and are generally written contracts for public services rather than more informal oral or handwritten agreements (O’Looney 1998, p. 121-122).

Performance-based contracts present challenges for governmental entities responsible for contract development. Contract managers have expressed concerns about not having certainty about the most effective way to connect pay to performance, what measures should be used, or how to maintain low cost and efficient practices for contract monitoring. Contract managers also note that the evolution of performance-based contracting practices has been slow to develop (Aristigueta & Foote 2009, p. 10). There is little question that the information obtained through performance contracts can be valuable, but many government officials lack confidence in “their own abilities to develop and manage performance based contracts” (Aristigueta & Foote 2009, p. 11). For the most effective service delivery, contract managers should be diligent in understanding “special strengths and challenges” (Cooper 2003, p. 68) of nonprofit partners as they work to develop quality contracts.

1.3 Efficiency in Contracting

Optimal levels of efficiency in contracting require a substantive level of knowledge of providers and the services to be provided, including how they serve the needs of the public, potential strategies for service provision, and any potential costs associated with the services (DeHoog 1984, p. 19). Contract development may take place alongside contract negotiations, and requires public managers to make choices regarding “contract formats, the costs and benefits

of including particular clauses and conditions, and the exact language that is to be used in the final document” (O’Looney 1998, p. 121).

The complexity of contract development and negotiation increases as the number of organizations or levels of government involved in selection, administration, and oversight increases (DeHoog 1984, p. 31). The number of organizations integrated into the process often depends on the service or good provided. For example, agreements for health, welfare, defense, and transportation-related services often create “an array of vertical and horizontal connections as opposed to simple one-to-one relationships” (Cohen & Eimicke 2008, p. 5). As complexities increase, it becomes even more important that public administrators are able to effectively balance all components of the contracting process efficiently to avoid mistakes and keep costs for contract management at a minimum.

1.4 Flexibility in Terms

Effective public contracts will include clauses that provide for flexibility in defining the services to be provided, the ability to make changes during the course of the contract, tools for continual auditing of performance, predictable provisions for bonuses or penalties based on performance standards, and allowance for informal communication between management and contracting staff (Cohen & Eimicke 2008, p. 16). Some government contracting policies or procedures may be too “rigid or underdeveloped to provide for the most effective approaches to service outsourcing” (O’Looney 1998, p. 15), which should be given strong consideration before deciding to move forward with outsourcing or contract development. This is an area where administrative competence around knowing whether outsourcing or direct service provision would be more beneficial becomes particularly important (O’Looney 1998, p. 31).

Government contracts have greater flexibility than contracts between private entities with respect to the ability to make changes to requirements after an agreement has been reached as long as the changes are still within the original scope (Lieberman & Morgan 2007, p. 39). This flexibility provides an added safeguard for taxpayers, assuming that contracts are monitored closely enough to enable public administrators to make changes that will improve service delivery and public accountability. Even when terms change mid-contract, contractors are required to comply with all requirements, and therefore should be cautious in their approach to compliance to avoid any civil or criminal liabilities (Lieberman & Morgan 2007, p. 41).

When the government wants a particular type of performance from a contractor that varies slightly from the interpretation of the contract language, a “constructive change” can be issued without a written order; constructive changes are generally “fact-specific,” and can also be issued related to things such as timelines (Lieberman & Morgan 2007, p. 39). Boris et al. (2010) found that over 80 percent of nonprofit organizations identified challenges with the government making costly contract changes after the initial contract approval as a problem or a big problem when surveyed (14). These challenges should be considered when making mid-contract changes to ensure that contract amendments don’t hinder the ability of organizations to continue to provide services at the same level or challenge their ability to achieve contract compliance.

1.5 Regular Reevaluation of Terms and Services

Prager (1994) recommends that contracting out any particular service should be seen as an ongoing process that is reevaluated regularly as many factors may change quickly due to changes in technology, efficiency of organizations, and market competition (178).

Oversight, including when contract requirements are changed, is particularly important because in many cases the government is considered responsible for actions of service providers if the

services are publicly funded (Cohen & Eimicke 2008, p. 5). This level of accountability requires public managers to “ensure that contractors adhere to many of the same ethical standards that government officials follow” (Cohen & Eimicke 2008, p. 17).

2. Activities Prior to Contracting

Privatization can refer to two distinctly different things which can include the government opting to discontinue providing a service completely and allowing the market to provide those services without participation from the government; this is referred to as “load shedding,” or alternatively, “outsourcing” for a service that the government chooses to fund but not provide directly (O’Looney 1998, p. 12). Although outsourcing does not necessarily reduce government expenditures, it’s seen as beneficial by some policy makers because it “lowers the visibility of government expenditures,” while still allowing provision of services, and the practice of contracting out has “been a major vehicle for government growth in the last few decades” (O’Looney 1998, p. 23).

When governmental entities provide services through a third party, they generally use contracts to structure the agreements with different types of providers that can include nonprofit organizations, private firms, or other governmental bodies (O’Looney 1998, p. 10).

Contracting out for goods and services, or outsourcing, is a widespread practice used in every level of government that is generally based on three conditions including “competition, rational decision making, and adequate reviews” (DeHoog 1984, p. 113). The use of contracts as a method for providing public services is also often “referred to as a move to public/private partnerships” (Cooper 2003, p. 55). All factors applicable to contracting should be considered by local entities considering contracting out to determining and implement best practices.

There are several core steps that must occur prior to contracting. First, governmental entities should conduct a needs assessment to define terms, determine necessary qualifications of potential providers, assess internal capacity to provide services, evaluate ability to successfully conduct a competitive process, and ensure capacity for contract management (O’Looney 1998, p. 65). Second, provider qualifications and performance monitoring process should be outlined. Performance levels should cater to reasonable expectations depending on experience and past performance of the provider (Heckman et al. 2011, p. 107), and costs of performance management system should be considered (Heckman et al. 2011, p. 41). Third, organizational capacity for contract management must be determined to ensure that adequate resources are allocated to effectively manage the contract (van Slyke 2003, p. 296).

2.1 Conduct Needs Assessment

When public administrators are determining whether outsourcing is the best strategy for a particular service, O’Looney (1998) recommends they should conduct a “formal contract needs assessment” that includes defining the need in terms of how performance will be monitored, capacity of the government to provide the service directly, assessments of how outsourcing may impact other direct government services, necessary qualifications of potential providers, existing and past relationships with potential providers, capacity for contract management of the service, and whether there could be multiple bidders or if it could only be provided by one organization (65). Certain situations can create significant difficulties in contracting, where other situations “make contracting so easy and effecting that performing the work in-house would be bad management” (Cohen & Eimicke 2008, p. 17). Conducting a needs assessment prior to contracting out provides the context needed to decide whether it’s best to proceed or if it would be more beneficial to provide the service in house.

2.2 Define provider qualifications and performance monitoring process

Public administrators should learn to “work with, manage, and measure the performance” of organizations contracting to provide public goods and services (Cohen & Eimicke 2008, p. xi). Aspects of the contracting process are “dictated by statutes, regulations, or executive department directives,” but other decisions are left for public managers to determine based on what will help “develop an effective working relationship with the contractor” (Cooper 2003, p. 77). Part of effective monitoring is ensuring that practices are up to date. Improvements to performance measures may include changing the standard level since many first-time contracts start at a low performance level to allow contractors to gain experience, evaluating whether performance measures are accurately measuring effectiveness, and accounting for environmental or technological changes (Heckman et al. 2011, p. 107). “Costs matter, because an expensive performance management system, even if it accomplishes something, may not accomplish enough to justify the expense” (Heckman et al. 2011, p. 41).

2.3 Determine Organizational Capacity for Contract Management

When making the determination about whether sufficient organizational capacity exists to outsource a particular service, public administrators should give thought to the “strategic planning, leadership, human resource management, financial investment, financial allocation and control, work process analysis improvement, and performance measurement” (Cohen & Eimicke 2008, p. 17) required for a successful and effective contracting relationship. The use of government contracts comes with some challenges, in that as “government increases its use of contracting, it simultaneously reduces its own public-management capacity, imperiling its ability

to be a smart buyer of contracted goods and services” (van Slyke 2003, p. 296). This problem can be avoided if additional contract managers are hired in correlation with increases in funding for social service contracts.

3. Competitive Process

Competitive bidding processes are a core function of government contracting. The integrity of competitive processes is paramount to ensuring both quality of services and cost effective outcomes to taxpayers as the “lowest cost producer” can only be revealed through true competition (van Slyke 2003, p. 297). A minimum of two bids is required for a competitive process, and also provides “a basis for comparison” (Shields 1992, p. 7). “Competition cannot be taken for granted; in its absence, the gains from contracting will be diminished, if not dissipated entirely” (Prager 1994, p. 178). Two procurement methods provide an avenue for competitive processes: “sealed bidding using invitations for bids (IFBs) and negotiated procurement using requests for proposals (RFPs)” (Lieberman & Morgan 2007, p. 35).

Using RFPs, which allows for competition and discussion, is also referred to as negotiated procurement (Lieberman & Morgan 2007, p. 36). Negotiated procurement can seek “best value,” which includes price as a factor in the evaluation process but also considers other objective factors such as expertise, contractor’s history, technical abilities, and quality of goods or services (Lieberman & Morgan 2007, p. 35). While this process may lead to contract managers recommending a competitor that didn’t provide the lowest bid in a competitive process, it also may protect public resources by ultimately selecting a provider with a proven track record that is more likely to successfully fulfill all requirements of the contract at a caliber that the public has come to rightfully expect.

Through competition, greater savings are gained “through innovation or the discovery of new, more efficient means of achieving desired outcomes” (O’Looney 1998, p. 37). The federal Competition in Contracting Act of 1984 regulates the competitive process. Government contracts are required to provide the opportunity for competition with a few exceptions that include when the goods or services are only available from one or a limited number of providers, when an emergency situation precludes the time a normal competitive process would take, or when security could be threatened by implementing an open competition process (Lieberman & Morgan 2007, p. 35). Without adequate competition, it is more difficult to achieve high-quality services at low prices.

The contracting and bidding process can create challenges and burdens for social service organizations and public officials. Boris et al. (2010) found that over 33 percent of nonprofits report difficulty with application complexity (p. 14). Organizational problems that have been identified by public officials include “basic organizational problems faced by public bureaucracies; communication gaps between state program offices and contract management, lack of clarity about contract responsibilities, coordination problems, lack of acceptance of the contract management section, too much paperwork, not enough time for planning and programming, no advance information about budgets, no long-term, five-year plan for social services” (DeHoog 1984, p. 120). These challenges also translate into more difficulties for nonprofit organizations trying to navigate a system that often lacks the necessary clarity and organization for transparent contracting processes.

As with traditional government contracts, social service contracts are only able to achieve the promise of higher quality services for less funding when there is adequate “competition and government capacity” (van Slyke 2003, p. 296). Competitive processes, while good for overall

public outcomes, have created feuds between nonprofit organizations that can ultimately make coordination more difficult (Cooper 2003, p. 68) between organizations with similar goals, ultimately leading to less comprehensive services for the community. Before beginning a competitive process, government officials should consider ways to mitigate these potential challenges.

Conducting a successful competitive process is necessary to provide high-quality services at a low cost for taxpayers (van Slyke 2003, p. 296), which includes the following four areas. First, advertising and timing for RFPs are critical. True competition increases likelihood of successfully achieving desired outcomes at a value (O’Looney 1998, p. 37), and adequate time should be allowed for responses to the advertised RFP to be developed (O’Looney 1998, p. 158). Second, overhead costs should be vetted prior to developing the RFP (O’Looney 1998, p. 74). Third, mitigating anticompetitive behavior is a necessary component of ensuring value and integrity for the service to be contracted out (Donahue 1989, p. 219). Finally, the bid review process should be clearly defined prior to moving forward with advertising the RFP.

3.1 Advertising and Timing for Requests for Proposals

Extensive regulations apply to government contracting, including rules about how to publicize a competitive process, the bidding process itself, and how bids should be reviewed (Cohen & Eimicke 2008, p. 16). The federal law that governs contracting practices is the Competition in Contracting Act of 1984, which provides direction for publicizing contracting opportunities and the process for awarding contracts (Lieberman & Morgan 2007, p. 35). RFPs are most commonly used to advertise contracting opportunities for social services, but the processes for distribution of RFPs vary between different types of government agencies

(O’Looney 1998, p. 221). Developing RFPs for delivery of social services tends to be relatively complex, particularly in regards to determining costs.

Once the cost has been determined and the RFP has been developed, the contracting opportunity must be publicized fairly and transparently to attract the highest number of bidders possible. By promoting competition through wide advertising, governmental agencies are more likely to stimulate enough bids to ensure “that purchasing the services will ultimately benefit the service consumers and taxpayers” (DeHoog 1984, p. 19). According to O’Looney (1998), one important factor involved in the RFP process is *timing*, which refers to the time between first advertising the contracting opportunity and when the contract award is finalized (O’Looney 1998, p. 158). Given the complexity of putting together responsive bids, adequate time should be allowed for nonprofits to put together proposals in order to stimulate as much competition as possible.

3.2 Overhead Cost

Overhead cost is defined as all expenses related to the RFP process including “conducting needs assessments, preparing RFPs, advertising, and reviewing bids and proposals,” (O’Looney 1998, p. 158). One of the biggest challenges for public managers tasked with outsourcing a service is determining the cost, and highly skilled administrators must be able to identify the “tradeoff between price and quality” (O’Looney 1998, p. 73). The cost issue should be thoroughly vetted prior to developing the RFP or entering into negotiations with potential service providers (O’Looney 1998, p. 74).

3.3 Mitigate Anticompetitive Behavior

Anticompetitive behavior can include artificially low bids, unfair access to internal information, RFPs written too narrowly to fit specific contractors, too little time provided for proposals to be submitted, preference for local providers, and other noncompetitive practices (O’Looney 1998, p. 158). Competitive processes must be designed in a way that provides a high enough chance of winning the contract that companies will actively participate in the process to ensure real competition (Shields 1992, p. 8). Ensuring integrity in the competitive process is critical to providing services in a timely manner and avoiding court proceedings over a bidding process that can both tie up projects and be very costly to defend (Prager 1994, p. 181). A competitive process “does not guarantee competition or competitive results” (Prager 1994, p. 181), and can suffer from artificially low bids or other noncompetitive behavior.

Another area of serious concern is low-balling, which occurs when artificially low bids are submitted that often result in lower quality services (O’Looney 1998, p. 37). Debate exists around practices that require awarding contracts to the lowest bidder, as opposed to best value contracts where an “agency will award the contract on the basis of evaluation factors, including but not limited to price” (Lieberman & Morgan 2007, p. 34). This method is not always used when other considerations are incorporated into the contract awarding process such as “past record, reliability, and capacity” (Prager 1994, p. 178). Awarding contracts to the lowest-cost bidder provides an objective standard, but can also lead to companies undercutting the actual costs of the work entailed, resulting in reopened contracts in the middle of a project. Allowing consideration of other factors can help to avoid unrealistically low bids, but “flexibility also opens up the possibility of corrupting the bidding authority, a danger that cannot be easily

dismissed” (Prager 1994, p. 178). Bids that are “low-balled” are most easily avoided by implementing a process that awards contracts based on best value instead of lowest cost.

As governmental entities determine the most appropriate contracting practices in cases where the category of contract required is not already required by law of a higher authority, they should consider the benefits and pitfalls of every available avenue. When deciding which contract structure would best fit the proposed project, priority should be placed on meeting the ultimate goals of the contract at hand.

3.4 Bid Review Process

Contract management staff can also contribute to or hinder successful competitive processes. Competitive behavior is most likely when the person responsible for evaluating submitted bids is “both knowledgeable and disinterested,” which though ideal, is very rare to come by (O’Looney 1998, p. 159). It’s critical that a clear and documented review process is put together as part of the contract development process prior to releasing an RFP to the public to avoid bias, and to have checks and balances in place such as having several people review bids to avoid corruption or mistakes.

4. Social Service Contracts

Social services are a critical function of the government, and often provide the only safety net available for members of our community. While government agencies and many members of the public recognize the need to invest in these services, it is not necessary for the government to provide all of them directly. The government often contracts out these services to nonprofits. Many nonprofits can leverage resources like a strong volunteer base, donors, and other funding sources to help maximize public investment. In addition, employees of nonprofits

are dedicated to their mission and often have specialized skills, expertise, and resources that make them both more qualified and more affordable options for providing these services. Because of the complexity of these services, unique challenges exist for government agencies and nonprofits alike in navigating the process and developing meaningful performance measures.

Boris et al. found that nonprofits partner with every level of government from local to federal which helps enable them to deliver social services. Over 75% of nonprofits receive some level of funding from at least two governmental agencies and about half of organizations receive contracts or grants from local, state, and federal government (Boris et al. 2010, p. 5). For nonprofits that receive government funding, public money accounts for about 65% of their entire budgets; contract amounts vary depending on the source with local government contract awards averaging around \$80,000, state awards averaging \$200,000, and federal awards averaging \$208,000 (Boris et al. 2010, p. 5). In addition to becoming the leading resource for providing social services, nonprofits also make up a significant part of the national economy and are estimated to “contribute about 5 percent to the gross domestic product (GDP)” (Boris et al. 2010, p. 5).

As the role of nonprofits in social service delivery has expanded, so has the expectation for documented accountability (Boris et al. 2010, p. 13). Many contracts and grants for nonprofit services have trended more toward being based on performance over the last ten years, and “specify what type and level of performance the vendor is to achieve” (Aristigueta & Foote 2009, p. 5). As of 2006, about 89 percent of nonprofit agencies were required to “report to funding agencies the results, outcomes, and impact of programs and services” (Boris et al. 2010, p. 13) as part of their negotiated contracts.

While the government has heavy reliance on nonprofits to provide essential social services including child care, housing for the homeless, and workforce development, little attention has been given to studying the scope and nature of these partnerships or how successful those relationships are (Boris et al 2010, p. 1). Since the 1960s, there has been a significant increase in types of service providers, which includes nonprofits in addition to individual providers and for-profit entities, and this expansion contributes to the complication of “efforts to describe the scope and structure of human services” (Gronbjerg 2001, p. 279). Despite challenges, these partnerships have been indispensable in enabling the government to invest in essential services (Boris et al. 2010, p. 3) for many of the most vulnerable populations.

Effective nonprofit organizations that provide social services are established with a proven track record and knowledge of the local market, are dedicated to their mission, and are able to leverage funding from other sources such as the federal government or through donations (Cooper 2003, p. 1). These organizations can “range from formal, highly professional operations to small groups with cultures that stress informality and flexibility above professional managerial values,” and some may stretch their resources too thin due to their dedication to serve their clientele (Cooper 2003, p. 66). Outsourcing social services can reap great rewards for the public, but should be approached thoughtfully given the complexities of contracting for these types of services to ensure that public investments are made wisely and that the constituencies using the services provided have their needs addressed effectively.

There are many benefits to utilizing nonprofit organizations to provide publicly funded social services. These organizations often have an established partnership with other private organizations, nonprofits, governmental agencies, and individuals because of their efforts to work collaboratively to address some of the most pressing social issues in our communities

(Norris-Tirrell 2014, p. 305). Contracting advocates cite cost savings as the main benefit of outsourcing, though social services contracting has the additional benefit of being able to meet the needs of clients through contracting (DeHoog 1984, p. 114) with specialized service providers. State and local governments have used outsourcing for social services “in an effort to improve their cost effectiveness and quality” (van Slyke 2003, p. 296).

Increasing pressure and change in government culture has increased the practice of contracting out while broadening the role for nonprofits in the United States, which includes a reduction in direct services provided at every level of government (Aristigueta & Foote 2009, p. 3). Public investments in social services provided by nonprofits varies significantly by state with the average number of government contracts and grants averaging “3 per organization in South Carolina to 10 per organization in Arizona” (Boris et al. 2010, p. 8). The most common form of privatization of social services is contracting out, and has been expanding for over forty years (van Slyke 2003, p. 296).

The functions and services of the government are too expansive to be provided solely by public servants (Lieberman & O’Brien 2004, p. 1). Governmental entities at all levels rely on contracts for goods and services as a means of reducing costs and improving quality of services delivered to the public. Performance-based contracting (PBC) has been considered a successful tool for governments to ensure accountability for outcomes, and is defined as a contract that “focuses on the outputs and outcomes of service provision and may tie contractor payment, as well as contract extension, to their achievement” (Hannah et al. 2010, p. 1430). However, some criticisms of this type of contract include that outcomes cannot reasonably be measured, that use of performance measures can lead to boosting results in a way that shows up in reports but doesn’t translate to better services for clients (Hannah et al. 2010, p. 1430), and that “contract

managers are not sure precisely how to tie pay to performance, or which measures are best to use, while still cost efficient to track” (Aristigueta & Foote 2009, p. 10). While performance measures are believed by many in the field to have the potential to improve accountability for outcomes and can improve relationships between government and nonprofits, many questions regarding the effectiveness of this style of contracting remain without any definitive answers (Smith et al. 2012, p. 3).

Outsourcing in human services has been described as “perhaps one of the most complicated of all the areas in which outsourcing for contracting occurs” (O’Looney 1998, p. 219). According to O’Looney (1998), many of these challenges are due to factors such as lack of specific outcomes, lack of a single point of leadership in the program, the lengthy time period necessary for providing many services, turnover in clients, lack of adequate performance tracking systems, and development of appropriate goals that account for quality of services in addition to cost efficiency (219). Performance measures show a great deal of promise, but come with some significant challenges that must be overcome if this type of contracting has a chance at being as effective as its promise.

Evaluating programs at the end of their contracts is near impossible when “there have not been reliable, focused evaluation efforts throughout the life of the program complementary to routine program monitoring” (Sobelson & Young 2013, p. 56). Performance measures are used in contract evaluation, and have the potential to set expectations up front and give public administrators the necessary tools to analyze results (Heckman et al. 2011, p. 1). Performance measures have three main purposes: creating comparable data for customers, improving program management, and ensuring accountability for public investments (Heckman et al. 2011, p. 96). Proliferation of use of performance measurement is a consequence of performance management

reforms, and appears to be the primary basis for quality assurance for the foreseeable future (Heckman et al. 2011, p. 10-11). Because of the heavy reliance on performance measures for accountability and quality control, government agencies must be diligent in developing effective processes to evaluate performance. While use of performance measures is considered effective, this process alone is not enough to achieve ideal outcomes (Hannah 2010, p. 1435).

Contracting out for social services is a prolific practice, and can be successful when appropriate standards are developed, accountability and efficiency are ensured, cost per client can be reduced without compromising integrity of services, and meaningful performance measurements are employed (Heckman et al. 2011, p. 16). Four particular categories of interest have been identified and will be used in evaluating the City of Austin social service contracting practices.

First, goals and terms should be clearly defined to ensure delivery of desired services (Donahue 1989, p. 217). Second, output- and input-based performance measures should be utilized (Dickerson et al. 2014, p. 685), including the quantity and quality of work expected from the providers (Cohen & Eimicke 2008, p. 4). Third, adequate support should be provided for contract compliance. This can help foster a collaborative relationship between the government and provider (Aristigueta & Foote 2009, p. 6) which is ideal for effectively addressing any contract challenges. Lastly, funding increases and/or contract renewal tied to deliverables may be considered as part of the contract terms to serve as an incentive to meet or exceed contract goals (Heckman et al. 2011, p. 20).

4.1 Definition of Goals and Terms

In order for the government to receive the desired benefits for contracted services, it's critical that those needs are specified at the beginning of the process (Donahue 1989, p. 217). Effective contracts must be specific about the services being provided in addition to the “price, schedule, definition of the service or product being delivered, and the amount of service or good being provided” (Cohen & Eimicke 2008, p. 4). While social service contracts include many standard government contract components, they also frequently have additional “less common assurances that provide the state with some cover or that are used to promote desirable social goals” (O’Looney 1998, p. 222).

Successful contracts require a method for accurately and effectively measuring performance, which should be a high priority for any governmental agency using a third party for providing services to taxpayers. When performance-based contracts are developed, they should include a clear definition of the goals of the contract and how work should be performed including quantity and quality (Hannah 2010, p. 1431). During the development process, public administrators should take care to fulfill the “need for a consistent language for terms used in performance measurement and evaluation” (Aristigueta & Foote 2009, p. 7). Clarity in the process at the beginning sets up both the contractors and the government agencies for a higher level of success and more reliable ways to ensure accountability.

4.2 Output and Outcome-Based Performance Measures

Measuring benefits is another critical component of contracting, particularly for social service contracts. Benefit evaluation is defined as “the ability to monitor and evaluate the costs and benefits on an ongoing basis” (Dickerson 2014, p. 686). Aristigueta & Foote (2009) found

that both service providers and government agencies agree that use of performance measures in contracting is an effective way to help ensure production of “positive outcomes for clients” (12-13). Success is often measured on the basis of outputs including quality, timeliness of services, and whether services were delivered within the budget allotted (Dickerson 2014, p. 685).

Evaluation is a “learning and action-oriented management tool and organizational process for improving both current activities and future planning, programming, and decision making” (Dickerson 2014, p. 686), and “can be seen as something that needs to become part of management culture, influencing management thinking, decision making, and action” (Dickerson 2014, p. 689).

Complexities can be more significant for social service contracts than other types of government contracts. Unique challenges around measuring social services include that ideal outcomes “are not easily defined and measured, clients with varying degrees of tractable and intractable problems, and different levels of client motivation to receiving treatment” (van Slyke 2003, p. 297). Providers can prove to be an asset in development of performance measures given their higher level of knowledge of the services, and when allowed to give input, providers may perform better because they feel a level of ownership around the performance measures they’re held accountable for (Hannah 2010, p. 1435).

It’s common for program success to be measured in terms of outputs (Dickerson 2014, p. 685), which are defined as “measures of service volume, while outcomes are measures of improvements in people's lives” (Hannah 2010, p. 1430). The specifications written into the contract for performance measurement should be based on outputs rather than inputs; performance measurement based on inputs tends to be relatively obscure, where outputs take more discipline to develop but also provide more clarity and substance in reporting (Donahue

1989, p. 85). Potential problems that public officials face are inadequate development of performance measures and fear that public administrators monitoring performance may interrupt the services being provided (O’Looney 1998, p. 167).

Workforce development programs are an example of a social service that is often contracted out, and most commonly uses performance measures that consist of “employment rates in the period immediately following program participation” (Heckman et al. 2011, p. 41). Other frequently used performance measures can include factors not directly tied to outcomes in the labor market such as post-secondary education, acquiring a GED, client satisfaction, or measuring changes in earnings before and after completing the program (Heckman et al. 2011, pg. 41-42). The federal government has also developed “the basic structure of the performance standards system in public employment and training programs” which includes “defining mandatory performance measures to be used by states and local areas, setting state accounting and reporting rules, and monitoring, rewarding, and/or sanctioning job training center performance” (Heckman et al. 2011, p. 20).

When performance measures are developed effectively, measuring outcomes “becomes a routine data collection and processing exercise” (Heckman et al. 2011, p. 41), which is ideal given the impact of monitoring on administrative costs. Ensuring quality regarding contract outcomes and value in the development of contracts and performance measures at the front end can help serve as one integrity safe guard in the overall contracting process. As the practices of contract development evolve and improve, consideration should be given to whether desired outcomes are being achieved, and what improvements can be made during contract development and formation of performance measures to ensure the desired value and quality goals of the contract are being achieved.

4.3 Support Provided for Contract Compliance

Performance measurement presents challenges for some nonprofits, with about sixty five percent of organizations participating in a survey noting that they “disagree or strongly disagree with the statement that nonprofit service providers currently have adequate capacity to effectively measure and report performance outcomes” (Aristigueta & Foote 2009, p. 11). Another recent study found that 81 percent of nonprofit organizations struggled with the required format for reporting, 76 percent of nonprofits had issues with budget categories that lacked consistency, and 75 percent complained of varying requirements for outcome reporting (Boris et al. 2010, p. 13). In addition, performance tracking can be seen as an adversarial process rather than part of a cooperative partnership (Aristigueta & Foote 2009, p. 6), which is not an ideal culture to foster between the government and nonprofit service providers.

Effective “monitoring operations are critical for spotting potential problems, keeping contractors honest, and providing technical assistance to contractors when problems arise” (DeHoog 1984, 20-21). Contractors considering participating in a bidding process should take care to familiarize themselves with all written clauses because they’ll be expected to comply with each and every requirement stipulated in the contract (Lieberman & Morgan 2007, p. 35).

It’s critical that nonprofit organizations and government agencies partner to develop contracts that assure accountability and accurate performance measurement, but also avoid being so burdensome that they hinder the ability of nonprofits to operate efficiently. Regardless of what measures are used, public administrators should continue to monitor whether they’re effective in monitoring quality of services provided and that good value for public investments is being achieved.

While a lot of focus has been given to the challenges of social service contracting for government agencies, attention should also be aimed toward challenges nonprofits deal with in regards to public contracting practices. These issues are primarily related to lack of stable funding sources, late payments from the government, and the complexity and burden of applying for government contracts. Other complexities include complying with multiple sets of standards from different agencies for the same services, and burdens from the contracting processes impeding their ability to sufficiently focus on providing the services they're contracted to provide. By forging partnerships with nonprofits, government agencies have an opportunity to provide resources for agencies and foster relationships that may be effective at addressing these issues through creative and collaborative problem-solving.

4.4 Funding Increases and/or Contract Renewal Tied to Deliverables

As the practices of contracting for social services have evolved, nonprofit organizations have weighed in with their ideas for improvement and provided criticisms of some existing practices. Nonprofits have embraced the trend toward performance-based contracts over the previous practice of counting units of service (O'Looney 1998, p. 220). However, nonprofits have been increasingly vocal about their concerns regarding increased expectations in exchange for contracts without any significant increases in funding to account for the additional workload (Aristigueta & Foote 2009, p. 10).

It's common for social service contracts to run between two to four years in length to give the contractor time to make improvements as they gain experience before the contract is evaluated for renewal, and often includes a clause that increases payments annually consistent with the Consumer Price Index (CPI) to help keep up with inflation and increasing costs of

delivering services (O’Looney 1998, p. 222). For example, performance measures for workforce development programs can include financial incentives or other forms of recognition that are intended to encourage these programs to achieve their desired outcomes (Heckman et al. 2011, p. 20) or sanctions for not achieving specified goals; measures used are often numerically based (Heckman et al. 2011, p. 21).

5. Contract Monitoring

Successful contracts should include a clear plan for a monitoring process (Hannah 2010, p. 1431). The integrity and advantages of services are minimized or eliminated entirely when corruption or negligence exists, making the need to effectively monitor contracted services for accountability an essential part of the contracting process (Donahue 1989, p. 219). Monitoring contracts helps ensure transparency and accountability in the process, and can be a useful tool to safeguard taxpayers’ investments in provision of public goods and services. One of the most effective ways to ensure accountability, prevent fraud, and guarantee the delivery of expected performance is through contract monitoring.

Potential for corruption and theft “makes accountability and ethics a key dimension of government contract management” (Cohen & Eimicke 2008, p. 19). There are several reasons accountability is of particular importance when a public process is involved. The public regularly experience failures of the government to be responsive to their interests, and the government wields a great deal more power than any individual, which has shown through history to be a recipe for corruption (Donahue 1989, p. 11). Certain essential functions must be carried out collectively to mitigate these risk factors.

Ultimately, the benefits and protections of contract monitoring outweigh the costs if administered thoughtfully and effectively. “Many former government contractors and officials are today, on probation, or paying substantial fines for failing to deal honestly with the government” (Lieberman & O’Brien 2004, p. 14). Given the potential loss to taxpayers if adequate oversight is not present, careful monitoring processes should be implemented for all government contracts. In addition, it provides the government with an avenue to detect issues early on, with the potential to provide opportunities to correct those issues and improve service delivery. Finally, and arguably most important, effective contract monitoring is a critical component of maintaining public trust both for the government and the organizations that receive public funding.

Contract monitoring is considered an absolute necessity to ensure integrity and prevent corruption and theft (Cohen & Eimicke 2008, p. 19). Three areas regarding contract monitoring are considered as part of the conceptual framework. First, adequate resources should be allocated to contract monitoring. Inadequacies related to contract monitoring are often tied to inefficient practices (Prager 1994, p. 181) or insufficient funds allocated for this function. Given the importance of monitoring to ensure safeguards, public administrators should include consideration of cost and provide adequate funding for contract monitoring associated with any contract for outsourced services. Second, flexible and reasonable oversight should be utilized. Monitoring is more effective and better services are rendered when viewed as preventative and collaborative rather than punitive (Prager 1994, p. 179). Lastly, regular audits of internal contract monitoring staff and process should be implemented. This is often an overlooked or underfunded aspect of the contract monitoring process (O’Looney 1994, p. 167), but is critical to protect against fraud and error (Prager 1994, p. 179).

5.1 Adequate Resources Allocated to Contract Monitoring

Contract monitoring leads to additional costs in the overall contracting process, but “not monitoring can be even more expensive,” and contract managers should strive to strike a balance of effective contract monitoring with a process structure that does not in and of itself become cost prohibitive (Prager 1994, p. 179). Cost estimates for monitoring have been estimated anywhere between 3 to 25 percent of contracts which includes all associated administrative costs, and the Office of Management and Budget recommends “that contract managers add 10 percent to the estimated cost of a contract for monitoring” (O’Looney 1998, p. 169). Established programs with proven track records and positive histories for the given contract can be monitored at a lower level with a higher focus on whether the program is accurately following the contract design (O’Looney 1998, p. 169), which can help to reduce monitoring costs without compromising accountability.

Given the unlikelihood that the popularity of government contracting will diminish, governmental entities have a responsibility to ensure safeguards to protect public investments in services (Cohen & Eimicke 2008, p. 20). The insufficiency sometimes present in contract monitoring can often be tied to the costs associated with this activity, which is consistent with “general cost-inefficient government production” (Prager 1994, p. 181). The integrity and quality of the monitoring process ultimately determines the effectiveness of the contracted program, which is dependent on the level of resources allocated to monitoring. Monitoring lacking in adequate resources may depend substantially on contractors reporting their own progress through forms (DeHoog 1984, 103), which gives little opportunity for true oversight.

Additionally, contract monitoring is a complex process that requires specialized skills. Many administrators struggle with determining the appropriate level of monitoring, or may shy

away from monitoring because the process is often uncomfortable and costly to conduct (O’Looney 1998, p. 168). Other processes have found that “costs associated with gathering useful information about contract performance would prohibit thorough monitoring and evaluation procedures” (DeHoog 1984, p. 111), but inadequate monitoring has left some providers with the feeling that the government is “unconcerned about its performance and effectiveness” (DeHoog 1984, p. 111-112).

5.2 Flexible and Reasonable Oversight

An ideal contract monitoring system should be one that “conducts oversight activities effectively,” and “provides guidelines that are both reasonable and flexible” (Shields 1992, p. 9). Contract monitoring should be utilized as a preventative measure rather than a tool for penalizing contractors, with an ultimate goal of uncovering results that show consistency “between the contract provisions and the actual results” (Prager 1994, p. 179). Contract monitoring that is too stringent is inherently inefficient, while monitoring that is too relaxed easily results in abuse of the system. Effective public administrators should be able to find a balance of flexibility that still enforces terms and ensures accountability.

5.3 Regular Audits of Internal Contract Monitoring and Process

There are two functions in contract monitoring: *financial monitoring* to ensure that contractors are paid consistent with what is specified in the contract, and *auditing* which serves as a protection against “error and fraud” (Prager 1994, p. 179). For ideal monitoring that protects against corruption, contract monitors should themselves be monitored. However, this practice is not commonplace, and sufficient monitoring of contracts overall is not often achieved

(Prager 1994, p. 181) in a way that ensures services are delivered while avoiding fraud or unnecessary mistakes in contract awards. While contract monitoring is an essential part of contracting for public entities, it comes with its fair share of challenges. Though monitoring is arguably one of the most important components of outsourcing, it is also frequently one of the most neglected for several reasons including overemphasis on expenditure monitoring and lack of monitoring for government contract monitors (O’Looney 1994, p. 167).

Summary of the Conceptual Framework

The conceptual framework is summarized in Table 2.1. The five major categories and their elements are linked to supporting literature which is used as a basis for developing evaluation criteria for each category.

Table 2.1 Conceptual Framework

Title: Assessment of City of Austin Social Service Contracting Practices Purpose: Develop a preliminary framework to assess social service contracting practices in local government. The framework will be used to assess City of Austin social service contracting practices, with results used to make recommendations to improve the contracting process.	
Assessment Criteria Categories	Literature
1. Contract Development 1.1 Legally binding contract language 1.2 Administrative competency 1.3 Efficiency in contracting 1.4 Flexibility in terms 1.5 Regular reevaluation of terms and services	Aristigueta & Foote (2009), Boris et al. (2010), Cohen & Eimicke (2008), Cooper (2003), DeHoog (1984), Donahue (1989), Hannah (2010), Lieberman & O'Brien (2004), Lieberman & Morgan (2007), O'Looney (1998), Shields (1992), van Slyke (2003)
2. Activities prior to contracting 2.1 Conduct needs assessment 2.2 Define provider qualifications and performance monitoring process 2.3 Determine organizational capacity for contract management	Aristigueta & Foote (2009), Boris et al. (2010), Cohen & Eimicke (2008), Cooper (2003), DeHoog (1984), Donahue (1989), Gronbjerg (2001), Norris-Tirrell (2014), O'Looney (1998), Prager (1994), van Slyke (2003)
3. Competitive Process 3.1 Advertising & timing for requests for proposals 3.2 Overhead cost 3.3 Mitigate anticompetitive behavior 3.4 Bid review process	Cohen & Eimicke (2008), Cooper (2003), DeHoog (1984), Lieberman & Morgan (2007), O'Looney (1998), Prager (1994), Shields (1992), van Slyke (2003)
4. Social Service Contracts and Performance Measurement Practices 4.1 Definition of goals and terms 4.2 Output and input based performance measures 4.3 Support provided for contract compliance 4.4 Funding increases and/or contract renewal tied to deliverables	Aristigueta & Foote (2009), Boris et al. (2010), Business (2009), Dickerson (2014), Donahue (1989), Gronbjerg (2001), Hannah (2010), Heckman et al. (2011), Norris-Tirrell (2014), O'Looney (1998), Smith (2012), Sobelson & Young (2013), van Slyke (2003)
5. Contract Monitoring 5.1 Adequate resources allocated to contract monitoring 5.2 Flexible and reasonable oversight 5.3 Regular audits of internal contract monitoring staff and process	Boris et al. (2010), Cohen & Eimicke (2008), DeHoog (1984), Donahue (1989), Lieberman & O'Brien (2004), O'Looney (1998), Prager (1994), Shields (1992), Sobelson & Young (2013)

Chapter III: Research Methodology

Chapter Purpose

The purpose of this chapter is to outline the research methodology used in assessing City of Austin practices for social services contracting. The criteria for assessment are drawn from the conceptual framework. The research consists primarily of document analysis, direct observation, and structured interviews with City of Austin officials from the Health and Human Services Department who oversee the social service contracting process. The methodology is structured as a case study which allows for an in-depth and multifaceted review of the overall contracting process for social services.

Research Method

This paper utilizes a case study model, which is defined as using contemporary information “within its real life context” as a form of empirical inquiry (Woodside 2010, p. 1). Case study methodology has been used (Ruiz 2010, p. 38) effectively as a research tool to do in-depth analyses of program structures. The case study technique generally involves a much deeper process with a smaller number of subjects than some other methods of research, and emphasizes “acquiring data resulting in describing, understanding, predicting, and/or controlling the individual case” (Woodside 2010, p. 2). For the purposes of this research, the individual case examined is the “process” regarding social services contracting at the City of Austin.

The *Handbook of Research Methods in Public Administration* notes that “experimental designs offer researchers the format for inferring a relationship between a theory and the application of that theory” (Miller & Whicker 1999, p. 158). Case studies are one form of experimental design, and it has been argued by Robert E. Stake that this method is not a

“methodological choice, but a choice of object to be studied” (Stake 1994, p. 236). Stake further clarifies that case studies can be quantitative or qualitative. For the purposes of this study, qualitative case study methods are utilized. The *Handbook of Research Methods* expands on case studies and states that the primary focus is on observing the effect of an independent variable (Miller & Whicker 1999, p. 158). There are some risks with this research method, as it does not include controls in the process that could vet weaknesses in the research approach.

The Texas State University Institutional Review Board (IRB) conducts oversight for research and experiments involving subjects as a protection for research participants. An exemption from review from the IRB was granted on July 19, 2015 for this research. One requirement of this exemption includes conducting interviews in a way that “subjects are not identifiable and that no questions that could reasonably place the subjects at risk are asked during the study².” Interviewees signed consent forms that included information about the research purpose, foreseeable risks, benefits that others may gain from the research, confidentiality information, contact information for questions, and confirmation that participation is voluntary. To keep their identities anonymous as required by the IRB, these forms are not included in the appendixes, but are kept in the records of the researcher.

The primary source of information for this research is the City of Austin, which is the entity being evaluated by this research. This results in inherent bias in the results given that the information is obtained from one source and is based on viewpoints of the staff conducting the work. Future studies should do an in-depth analysis of the experience social services providers have in contracting with the City of Austin. Additional research could also incorporate input from clients who utilize services of social services providers that are funded by the City of

² See IRB Exemption in Appendix A

Austin. Using an approach that incorporates feedback outside City of Austin staff and documents would provide a good balance to verify whether the quality of the services and processes are consistent with the evidence found in this research.

Operationalization of the Conceptual Framework

Conceptual frameworks are defined as “the way ideas are organized to achieve a research project’s purpose” (Shields & Rangarajan 2013, p. 24). Utilizing a conceptual framework table provides a clear format for complex research projects that have many factors to consider, making both the purpose of the research and the research process itself more structured and effective. Operationalization tables expand on the conceptual framework by providing structure and meaning for criteria used as evaluation tools in research (Shields & Rangarajan 2013, p. 50). The assessment criteria categories included in the conceptual framework table in Chapter II are operationalized into questions that reflect the literature reviewed. Evidence is collected through structured interviews, direct observation, and document analysis. When both sources are available, interviews and official City of Austin documents will be compared to each other to verify the information collected.

The Operationalization Table (Table 3.1) details the methods that are used in collecting evidence for this ARP. The left column includes factors to be evaluated, the 2nd column includes the method for collecting evidence, the 3rd column includes the source of evidence collected, and the last column provides more information about how each factor is evaluated. For example, line 1.1 below indicates that presence of legally binding contract language is evaluated through document analysis, specifically from the *Social Service Base Contract Boiler* and *Social Service Contract Amendment Boiler* used by the City of Austin (see Table 3.1). If legally binding contract language is used in both evaluated documents, the City of Austin will have met the first evaluation criteria. This study triangulates evidence drawing from structural interviews and document analysis.

Table 3.1 Operationalization Table

Title: Assessment of City of Austin Social Service Contracting Practices Purpose: Develop a preliminary framework to assess social service contracting practices in local government. The framework will be used to assess City of Austin social service contracting practices, with results used to make recommendations to improve the contracting process.			
Assessment Criteria Categories	Method	Source	Evidence
1. Contract Development			
1.1 Legally binding contract language	Document Analysis	Social Service Base Contract Boiler, Social Service Contract Amendment Boiler	Identify whether legally binding language is used in the contract
1.2 Administrative Competency	Structured interview	City of Austin Health and Human Services Department staff	What training or certification is required for employees that develop contracts? If no formal training or certification is required, what steps are taken to ensure employees are able to competently develop contracts? What processes are in place to ensure that quality of contract development is maintained? What role does law staff play in contract development? <i>Follow up questions as merited</i>
	Document Analysis	Contract Compliance Manual, Contract Management Manual	What training requirements are defined in the manuals?
1.3 Efficiency in contracting	Structured interview	City of Austin Health and Human Services Department staff	What type of analysis is done regarding the cost of contract management compared to the benefits of the services being contracted for? What is the typical cost of administering contracts compared to the total cost of contracting for services as a percentage? Do contracts begin with a form/boilerplate version that is altered? What internal audits are conducted to ensure that the contract process is conducted both with efficiency and integrity? What are the frequency and structure of these audits? <i>Follow up questions as merited</i>
	Document Analysis	Contract Management Manual	Are processes for contract management staff clearly outlined?
1.4 Flexibility in terms	Document Analysis	Scope of Work for Career and Occupational Training, Social Service Base Contract Boiler	Identify whether clauses are built into social service contracts that allow flexibility in terms so that the City can ensure the best outcomes and value.
1.5 Regular reevaluation of terms and services	Structured interview	City of Austin Health and Human Services Department staff	How often does the City reevaluate contract terms for multi-year contracts? What is the process in place to gather feedback from social service providers about the process?

			<p>If feedback from social service providers is solicited, how is that documented and/or incorporated into future contract language?</p> <p><i>Follow up questions as merited</i></p>
2. Activities prior to contracting			
2.1 Conduct needs assessment	Structured interview	City of Austin Health and Human Services Department staff	<p>What process does Health and Human Services go through to determine needs for services prior to outsourcing?</p> <p>How are different needs prioritized?</p> <p><i>Follow up questions as merited</i></p>
2.2 Define provider qualifications and performance monitoring process	Structured interview	City of Austin Health and Human Services Department staff	<p>What contract monitoring processes are in place for social service contracts?</p> <p>Describe the similarities and differences in this process for different contracts.</p> <p>How are contract monitoring processes considered and defined prior to moving forward with outsourcing?</p> <p>How are specific qualifications defined prior to outsourcing a service?</p> <p>What are some typical qualifications the City looks for in service providers for social services?</p> <p><i>Follow up questions as merited</i></p>
	Document Analysis	Scope of Work for Career and Occupational Training	<p>Identify what organization qualifications are included as part of the request for application (RFA) and analyze clarity and specificity of requirements.</p>
2.3 Determine organizational capacity for contract management	Structured interview	City of Austin Health and Human Services Department staff	<p>How does the City ensure there will be adequate organizational capacity to manage contracts prior to deciding to outsource?</p> <p>How does organizational capacity for contract management factor into the decision about whether to outsource?</p> <p><i>Follow up questions as merited</i></p>
3. Competitive Process			
3.1 Advertising & timing for requests for proposals	Structured interview	City of Austin Health and Human Services Department staff	<p>How are requests for proposals for social service contracts advertised?</p> <p>What steps does the City take to ensure transparency and fairness in the advertising process?</p> <p>What is considered the optimum amount of time for social service providers to have to respond to a bid? Is that consistent with the time the City allows for responsive proposals?</p> <p><i>Follow up questions as merited</i></p>
3.2 Overhead cost	Structured interview	City of Austin Health and Human Services Department staff	<p>What is the typical overhead cost for putting a service out for bid?</p> <p>What practices does the City have in place to reduce overhead costs?</p> <p><i>Follow up questions as merited</i></p>
3.3 Mitigate anticompetitive behavior	Structured interview	City of Austin Health and Human Services Department staff	<p>What safeguards are in place to protect against corruption?</p> <p>Does the City have anything in place to identify artificially low bids?</p> <p><i>Follow up questions as merited</i></p>

3.4 Bid review process	Structured interview	City of Austin Health and Human Services Department staff	How are the parameters for bid reviewing defined before proposals are received? How are bids for best value contracts evaluated?
	Document Analysis	2014 Economic Development Workforce Contracts Reviewer Notes Worksheet, Program Budget and Narrative, Program Funding Summary	Are scoring criteria clearly defined? Are specific scoring categories present? Are performance measures included in the scoring criteria?
4. Social Service Contracts and Performance Measurement Practices			
4.1 Definition of goals and terms	Document Analysis	Scope of Work for Career and Occupational Training	Are goals and terms clearly defined? Is the language used consistent throughout the contract?
4.2 Output- and outcome-based performance measures	Document analysis	Social Service Base Contract Boiler, Contract Compliance Manual	Are there clearly defined performance measures in the contract? What output performance measures are included? What input measures are included? Identify whether the contract include a specific quantity of services required. What parameters does the contract include to ensure a level of quality for services provided?
4.3 Support provided for contract compliance	Structured interview	City of Austin Health and Human Services Department staff	What kind of support is available from the City for social service providers making a good faith effort to stay in compliance with their contracts? If a financial or service error is discovered during the life of the contract, what does the City do to help social service providers come into compliance? Are there any third party resources the City refers social service providers to for assistance in contract compliance? <i>Follow up questions as merited</i>
4.4 Funding increases and/or contract renewal tied to deliverables	Structured interview	City of Austin Health and Human Services Department staff	Are social service providers eligible for funding increases if they meet or exceed their goals? Are contract renewals contingent on meeting contract requirements? <i>Follow up questions as merited</i>
5. Contract Monitoring			
5.1 Adequate resources allocated to contract monitoring	Structured interview	City of Austin Health and Human Services Department staff	How are the necessary staff and funding resources for contract monitoring identified and secured for each social service contract? <i>Follow up questions as merited</i>
	Document analysis	Contract Compliance Manual	Is workload addressed in the contract compliance manual?
5.2 Flexible and reasonable oversight	Structured interview	City of Austin Health and Human Services Department staff	How much discretion do contract administrators have in the monitoring process to work with social service providers that may be out of compliance? What kind of feedback has the City received from social service providers regarding the monitoring

			<p>process being overbearing or unmanageable, and what steps were taken to address any identified issues?</p> <p>Please describe the steps taken for contracts that are out of compliance.</p> <p>What documentation is required to audit financial aspects of social service contracts?</p> <p>What documentation is required to document whether performance measures are being met?</p> <p>How often are reports required?</p> <p>Are site visits conducted for social service provided?</p> <p>If site visits occur, how frequently are they conducted and what type of information is collected?</p> <p><i>Follow up questions as merited</i></p>
	Document analysis	Social Service Base Contract Boiler, Contract Compliance Manual	<p>Do City contracts indicate resources available to help social service providers with contract compliance?</p> <p>Does the manual outline the processes allowed for providing support for social service providers?</p>
5.3 Regular audits of internal contract monitoring staff and process	Structured interview	City of Austin Health and Human Services Department staff	<p>Does the City have an internal auditing process to ensure integrity and effectiveness in the contract monitoring process?</p> <p>If so, are the audits conducted by Health and Human Services staff or by the Auditor's Office?</p> <p>What factors are considered when reviewing the City's contracting practices?</p> <p><i>Follow up questions as merited</i></p>
	Document analysis	Social Service Base Contract Boiler, Contract Compliance Manual, 2010 Performance Audit of Citywide Contract Management, 2014 Health and Human Services Department Contract Monitoring Follow-Up Audit	<p>Are regular reviews of internal staff included in employee manuals?</p> <p>If scheduled internal reviews exist, are they well scheduled and documented?</p> <p>What external audits, if any have been conducted?</p> <p>If recommendations were made by an external audit, were the recommendations successfully executed?</p>

See Shields & Rangarajan (2013) and Shields & Tajalli (2006) for more information on operationalization tables.

Rating System for Criteria in the Operationalization Table

Each category in the operationalization table will be rated based on performance. The basis for ratings that will be assigned to each category are included in Table 3.2 with an explanation of the meaning of each rating.

Table 3.2 Rating System

Rating	Justification for Rating
Strong	Evidence collected shows alignment with criteria in preliminary framework and the City of Austin Demonstrates strong performance in the area being reviewed
Good	Evidence collected may not align entirely with criteria in the preliminary framework, but sound practices are used and the same ideal goals are achieved with processes in place
Fair	Some criteria from the preliminary framework align with City of Austin processes, and performance for the area being reviewed is adequate
Poor	Little to none of the criteria in the preliminary framework is consistent with City of Austin practices, and performance in the area being reviewed is subpar
Inconclusive	Criteria in the preliminary framework does not apply and/or isn't relevant to the practices in the City of Austin

Document Analysis

Document analysis is prioritized as the primary research method to verify formal policies, practices, and procedures used in the social service contracting process of the City of Austin. Recent materials are available regarding employee training and contract practices, as well as documentation around the most recent extensive social service request for application process conducted in 2014. Documentation is supplemented with structured interviews to provide context for practices that may not be immediately apparent through document analysis alone. Table 3.3 includes a full list of all official documents included as part of this research including the corresponding categories of assessment criteria categories. All City of Austin documents reviewed for this research are included in the Appendixes.

Table 3.3 Document List

City of Austin Document List	Supported Assessment Criteria Category
Social Service Contract Amendment Boiler	1.1
Contract Management Manual	1.2, 1.3
Social Service Base Contract Boiler	1.1, 1.4, 4.2, 5.2, 5.3
Contract Compliance Manual	1.2, 4.2, 5.1, 5.2, 5.3
Scope of Work for Career and Occupational Training	1.4, 2.2, 4.1
2014 Economic Development Workforce Contracts Reviewer Notes Worksheet	3.4
Program Budget and Narrative	3.4
Program Funding Summary	3.4
2010 Performance Audit of Citywide Contract Management	5.3
2014 Health and Human Services Department Contract Monitoring Follow-Up Audit	5.3

Structured Interviews

Additional data collected for this research is obtained through structured interviews with top-level City of Austin officials in the Health and Human Services Department who directly oversee the contracting process for social services. The City of Austin enters into significant and comprehensive social service contracting processes spanning programs for early childhood, youth, adults and families, and seniors & people with intellectual and developmental disabilities (IDD). The most recent processes for multi-year contracts funded directly through City dollars were conducted in 2010 and 2014, and the staff interviewed were involved in both processes. In addition, the City conducts competitive contracting processes for specific services to be funded through state and federal grant funding provided to the City of Austin.

The officials interviewed for this research are intimately familiar with every part of the social service contracting process including development of RFPs, contract monitoring, staff training, and contract compliance. To ensure consistency, information provided through structured interviews will be verified with multiple staff members. A full list of interview

questions is provided in Appendix B. Five hour-long interviews were conducted. The interviews were transcribed and recorded, with recordings used to verify transcriptions of the meetings. It should be noted that structured interviews and document analysis has significant overlap for some categories analyzed. Documents were requested prior to and during interviews, and the results and analyses section uses both sources of information when available to verify results found.

Two of the key principles for using a case study model for research outlined by Woodside are ensuring data collection is “visual not just verbal data collection” and “utilizing multiple routes not one model only” (2010, p. 397). Both of these methods help to protect against bias and are more likely to result in a higher validity of data than relying solely on verbal interviews or only one form of data collection. Extensive documents are available regarding the social service contracting practices of the City of Austin, and are used to supplement and verify information collected by structured interviews. Structured interviews also enrich the information collected in these documents by providing context and history that are not readily apparent from documents alone.

Direct Observation

The author of this research has six years of experience working for Austin City Council Members, and was directly involved in the 2014 social service RFA process as a staffer for the Chair of the Council Public Health and Human Services Committee. This committee held multiple special called meetings dedicated to the RFA process and reviewing submitted bids for social service contracts. This committee made a recommendation for contract awards to the full Austin City Council which was adopted on November 20, 2014 without any changes to the

committee recommendation. This was a three-month process, direct observations are used to supplement presentations, documents, meeting minutes, and transcripts produced as part of this process.

Chapter Summary

By utilizing a case study model, this research allows for a deep analysis of City of Austin social service contracting practices through a structured review based on operationalization of the conceptual framework developed in Chapter II. Using a combination of document analysis, structured interviews, and direct observation for analysis of the assessment criteria categories provides an opportunity to ensure accuracy of data and integrity of results. The next chapter systematically evaluates each factor and provides an analysis of whether practices utilized by the City of Austin Health and Human Services Department are consistent with practices identified in the assessment criteria included as part of the preliminary framework. The assessment information is used to develop recommendations to improve the process.

There is inherent bias in this research given that all of the information gathered through interviews and document analysis came directly from the City of Austin. Future research could help balance this bias by interviewing social service providers, nonprofits that submitted unsuccessful bids for funding, and clients of social service providers funded by the City of Austin to incorporate an outside perspective as to how well the social service contracting process works.

Chapter IV: Results

Chapter Purpose

This ARP utilizes a preliminary framework to evaluate City of Austin social service contracting practices. Evidence is collected through extensive review of official City of Austin documents and interviews with Health and Human Services staff. Where official documentation is available, which was in most cases, the content of the structured interviews is verified. Each category begins with a table to provide a snapshot of the evidence used to evaluate each factor used to evaluate that category, how the City of Austin performed, and comments regarding the highlights of the analysis.

When categories include information from documents and structured interviews, the structured interviews are discussed first followed by expanded and confirmed information from documents. Following a summary of each source, a summary table of findings is provided that includes a list of the categories, the evidence used in the analysis, a rating of performance, and additional comments. The ratings provided in tables are described in Chapter III: Research Methodology.

Assessment Criteria Category 1: Contract Development

Quality contract development is the keystone of ensuring an effective contracting process overall. A well-written contract provides predictability and transparency for the government and the contractor, and serves as an accountability tool to ensure protection of taxpayer investments. In this section, the City of Austin's performance related to contract development will be evaluated based on five criteria. First, documents will be reviewed to confirm whether legally binding contract language is present. Next, administrative competency and efficiency in contracting will be reviewed. Finally, documents will be analyzed to determine whether flexible contract terms are present and if regular reevaluation of terms and services are conducted.

1.1 Legally binding contract language

Document Analysis

Poor specification has been tied to lower quality services (Shields 1992, p. 7). By incorporating legally binding language into social service contracts, the government can provide predictability for providers and transparency and accountability for the public and potential clients. The *Social Service Base Contract Boiler (Contract Boiler)*, which is the language used for every social service contract, contains extensive legally binding contract language. As noted in the structured interview in section 2.2 below, the Law Department works to draft and give final approval for the *Contract Boiler*. The contractors are contractually obligated to “fully and timely provide all services described in the attached Contract Exhibits in strict accordance with the terms, covenants, and conditions of the Contract and all applicable Federal, State, and local

laws, rules, and regulations.”³ The *Contract Boiler* also defines parameters around financial terms including reimbursement terms, the City’s obligation to pay contingent on requirements to be met by the contractor, and suspension terms for payments for contracts that are out of compliance (p. 4-5).

Additionally, termination terms, insurance requirements, equal opportunity policies, Americans with Disabilities Act compliance, confidentiality terms, prohibitions against personal conflicts, and policies around subcontractors are all clearly defined in the *Contract Boiler*. Both the City of Austin and the social service agency sign the contract, certifying agreement on all terms and that signatories are authorized representatives to execute the contracts. Similar legally binding terms are included in the *Social Service Contract Amendment Boiler* which formalizes any changes to contract terms and specifies that “All other Contract terms and conditions remain the same.”⁴ By signing the amended contract, amendments are “incorporated into and made a part of”⁵ the original contract.

Use of legally binding contract language is the criteria included in the preliminary framework for this category. Given the presence of legally binding language in the *Contract Boiler* which is used for all social service contracts, as well as the standard practice of utilizing staff from the Law Department to draft and approve *Contract Boiler* annually, the City of Austin is rated as having strong performance area in this area.

³ The Social Service Base Contract Boiler is provided in Appendix E

⁴ The Social Service Contract Amendment Boiler is provided in Appendix F

⁵ The Social Service Contract Amendment Boiler is provided in Appendix F

1.2 Administrative Competency

Structured Interview

Administrative competency is achieved when contract managers have the skills required to successfully write and manage contracts in a way that produces high quality services at a reasonable cost (Cohen & Eimicke 2008, p. xi). Achieving this requires adequate training as well as checks and balances to identify areas that need improvement. To ensure administrative competency, the Health and Human Services Department requires contract management staff to have forty hours of training annually that covers all components of the contract management process. While there is not a specific certification process, HHS staff noted that there is the minimum forty hour training requirement that employees are responsible for obtaining, and training completion is verified by their supervisors during their annual performance review. Health and Human Services also contracts with an expert from George Washington University to train the staff on developing and managing the scope of work component of contracts. This is particularly important since the scope of work sets the requirements and goals for the services that will be provided through the contract. In addition, there are other ad hoc trainings for staff and training dollars available for staff who are interested valuable training available provided by third parties.

In order to provide consistency and predictability in the contracting process, HHS indicated during the interview that care is taken to ensure documents and process requirements are identical across all social service contracts. HHS staff indicates this also ensures that any staff working in contract management can easily monitor contracts that may be in areas outside of their normal area of expertise (for example, if an employee generally covers contracts for

early childhood development but is asked to monitor a contract for mental health services). Standardized templates are used for finance forms and contracting steps, as well as a standard boiler plate contract for all social service contracts. Because of the consistency in documents and processes, as well as extensive checks and balances that are discussed in a later portion of this chapter, respondents maintain there isn't a high need for specialized certifications beyond the standard training hours required. Health and Human Services also conducts monthly meetings with all contract managers in addition to the other training requirements to ensure there are ongoing opportunities to discuss new training issues, hot topics, and current priorities.

The only variation between contracts are the exhibits related to scope of work and client eligibility. Scope of work is generally divided into five sections including overall population, demographics, and zip codes targeted for services as well as a description of program services to be provided through the contract. The fifth category is more open to allow flexibility to drill deep into the specifics of each individual contract. An example of variability is client eligibility. For most contracts, the City requires that clients be at or below 200% of the federal poverty guidelines. Staff also indicated some exceptions are made for programs implemented in schools that are able to participate in programs because a large percentage of their students qualify for free or reduced lunch. Rather than single out individual children, all children at those qualifying schools are eligible to participate in the programs provided.

The social services providers initially fill out the scope of work and then work with Health and Human Services staff to negotiate and finalize the terms. Before terms for the scope of work are finalized, a supervisor reviews and approves the language. The same supervisor approves all scopes of work, which helps to ensure consistency across all contracts and serves as

part of the checks and balances process by having a second set of eyes on the language before it's finalized.

Staff in the City of Austin's Law Department are utilized annually to review the standard boiler plate contract to identify any necessary changes. Any changes made in the contract are included in staff training to maintain administrative competency. Some amendments are made to accommodate changes in state and federal law and updates in local ordinances and policies. As the Health and Human Services Department works with social service providers, they gather input on contract terms that may be problematic or overly burdensome. Health and Human Services staff will collaborate with Law staff to determine if there is a way to move forward with the suggested changes that will still ensure the same level of protection of taxpayer investment.

The Health and Human Services Department explained that they have extensive processes in place to protect the integrity of each contract. For example, each social service contract is reviewed by multiple staff members before being sent to a supervisor for approval. The staff include a database administrator, a financial specialist who checks the budget section and scope of work to ensure consistency between the two documents, an internal supervisor, an assistant director of the department, and the City's Purchasing Department. By including such a wide range of staff in the contract reviewing process, every area of expertise is included which helps to catch any issues up front, and also greatly minimizes any opportunities for impropriety.

Document Analysis

Every required contract management process is defined in detail in a manual for HHS staff to provide a tool to support administrative competency. *The Contract Compliance Manual (Manual)* specifically outlines guidelines and frequency in regards in to training for Contract

Compliance Unit (CCU) staff. “CCU, in collaboration with contract management staff, has responsibility to provide annual training. The training will target selected topics determined by HHSD management. The training may involve policy and procedure changes, specific contract management functions, development of contract documents or portions of the contract, or a combination of all areas of contract management responsibilities.”⁶ The *Manual* further specifies that at least one formal training will be conducted with contract management staff annually. The development of the annual training plan includes input from Contract Management staff and recent contract monitoring results, which leads to a plan with four components including training opportunities, the source of upcoming trainings, timeframe, and required participants.

The *Manual* also outlines parameters for routine training given by the City of Austin Contract Department or a consultant for all CCU employees and Health and Human Services contract management that’s required within the first six months of the hiring date. Additionally, orientation for contract managers is required within thirty days of the hire date and includes “roles and responsibilities of contract managers,”⁷ information about the “interactive role”⁸ contract managers have with CCU, and a contract compliance overview including selection of contracts for CCU to monitor, CCU’s purpose in monitoring practices, methodology for monitoring, the role of contract managers and CCU in the monitoring process, and information regarding Corrective Action Plans issued by the CCU.

⁶ The Contract Compliance Unit Manual is provided in Appendix H

⁷ The Contract Compliance Unit Manual is provided in Appendix H

⁸ The Contract Compliance Unit Manual is provided in Appendix H

To ensure administrative competency, the *Manual* outlines specific goals for annual staff trainings which are held for contract managers and the CCU staff together during the last half of September. The “training is developed from contract monitoring results and new policies and procedures,”⁹ and includes issues such as problems identified during the contract monitoring process, new procedures and practices for contract management, revisions to the contract monitoring process, overview of contract management standards, and presentations of the Annual CCU Contract Monitoring Plan and Annual Contract Compliance and Management Training Plan.

In addition to extensive training, the Health and Human Services Department is able to achieve high levels of cultural competency through detailed and consistent requirements that are easy to follow for contract administrators. For example, the *Client Eligibility Requirements* give clear guidelines that “apply to all clients served with City Social Services funding.”¹⁰ These requirements include the required documentation and clarification for clients, residency requirements, family size, income requirements that the “family income must be 200% or less of current Federal Poverty Income Guidelines” and parameters around a host of types of income that are considered or excluded from consideration, and the recertification process for client eligibility. By providing clear written rules, the Health and Human Services Department empowers their contract managers to make data driven decisions rather than using discretion, which helps both with administrative competency and consistency in the process overall.

The criteria in the preliminary framework for this category included consideration about staff training requirements, processes in place to ensure to ensure quality control for contract management, and resources available to assist employees in their contract management duties. Health and Human

⁹ The Contract Compliance Unit Manual is provided in Appendix H

¹⁰ Client Eligibility Requirements are provided in the Social Service Base Contract Boiler in Appendix E

Services staff are required to take forty hours of annual training, with additional ad hoc trainings and funding for outside training available for staff. Documented practices for contract management are available to ensure clarity and consistency in the process across the department. The City of Austin rated as good in this category based on extensive training practices and clear and thorough materials for the entire contract management process. While the Health and Human Services Department requires significant training for their employees, training does not guarantee administrative competency. Direct evaluation of documentation regarding whether individual contract managers are fulfilling all requirements would need to be done to determine whether a strong rating is appropriate in this category.

1.3 Efficiency in contracting

Structured Interview

Contracting out can be a complex process, and efficiency in contracting is critical to ensure that processes are consistent and to minimize taxpayer dollars spent on overhead costs for contract monitoring. A balance must be struck, as processes should be efficient but still thorough enough to ensure integrity. According to the interviewee, many changes were made to the contracting process following a report by the Office of the City Auditor in 2010. The City Auditor faulted contracting efficiency by finding that the department didn't have a standard set of consistent contract management policies and procedures, and recommended that a clear written policy be developed and followed for each process associated with social service contracting. Prior to this review, many of the steps used today were being followed, but were not documented, which made it impossible for both the Auditor and internal Health and Human Services personnel to audit and track progress and any potential issues. When working to address this issue and develop a policy for contract management, the cost of administering

contracts was not considered. Instead, the primary focus was on ensuring consistency and reducing any opportunities for fraud, waste, and abuse.

Health and Human Services staff estimated that the average cost for administering social services contracts was less than three percent of the total dollars allocated to social service contracts. This was calculated based on the \$721,000 allocated for contract management, which oversees roughly \$27 million in contracts annually. O’Looney (1998) estimates that contract monitoring alone can run anywhere between three to twenty five percent of the total contract costs, and recommends a goal of ten percent for these costs (p. 169). Health and Human Services has been able to provide a thorough process at the lowest estimated cost in the industry. Contract managers for Health and Human Services are involved in every step of the contract management process. Staff estimated that about 10% of their time is dedicated to community planning activities around needs and priorities, 20% of their time is spent on developing contracts, and the remaining 70% of contract managers’ time is dedicated to contract management activities.

Health and Human Services has implemented an effective contracting efficiency practice through the Community Tech Knowledge (CTK) system. Health and Human Services is the only City department with an online contracting function, which was developed using an Austin-based firm and brought online in 2007. The CTK system is an outward facing and online computer system that allows Health and Human Services to interact with agencies to develop and monitor contracts. It enables online submittal of financial requests and performance tracking for social service providers, and serves as the sole storage area where all documentation is maintained through every step of the contracting process.

Another addition to the department following the 2010 audit was a separate Contract Compliance Unit (CCU) that adds an additional layer of oversight for social service contracts, as well as oversight for Health and Human Services staff to ensure that practices and procedures are being followed correctly. The CCU has a completely separate budget and office from the Health and Human Services Department, with an annual budget of approximately \$250,000. Their entire mission is to ensure contract compliance, which is accomplished with a four person team that includes a supervisor. Three of the employees focus on social service contracts while the fourth focuses on the Ryan White HIV Contracts, which are separate from social service contracts because they're funded through federal grants.

The work for the CCU includes both on-site reviews for social service providers as well as desk reviews. For internal review, the CCU does an annual file analysis by pulling contracts completed by each contract manager and ensuring that every requirement in the manual has been followed. For example, each contract requires one on-site review, monitoring of documents, and a desk review for every monthly financial request to ensure costs are allowable.

Document Analysis

One factor in achieving efficiency is having clear, straightforward, and predictable processes for social services agencies and Health and Human Services staff to follow throughout the contracting process. Processes involved in contract monitoring are clearly described including all requirements, which provides contract monitoring staff a blueprint so they can dive into their work rather than recreating the wheel for each contract they're tasked with reviewing. For example, the *Contract Compliance Manual (Manual)* provides clear guidelines for the contract desk review process to "assist staff in completing the Contract Desk Review form for

the applicable report being reviewed.”¹¹ These guidelines include specifications about the form to be used in the review, instructions for filling out the form, and deadlines for completing the review in the third quarter of the City’s fiscal year. The instructions also stipulate that a “face to face meeting, tour and brief review will be held at the organization regarding the annual desk review before the end of the 4th Quarter of the City’s Fiscal Year.”¹²

1.4 Flexibility in terms

Document Analysis

Contracts are considered more effective when flexible terms are included because it allows for changes to be made as needed in regards to performance measurement, contract auditing, communication between the provider and the government, and other contract components (Cohen & Eimicke 2008, p. 16). The *Scope of Work for Career and Occupational Training for Economic Development* states that “the City of Austin reserves the right to adjust the contract amount or scope of work over the contract period based on community needs, Applicant’s ability to expend funds in a timely manner, or any other factor,”¹³ and further clarifies that the City will notify the contractor at least ninety days before changes go into effect. This formal documentation is part of the binding terms included in the competitive process, which partially serves to notify agencies of the terms up front before they ever bid on a potential project. This term is standard and included in the *Scope of Work* for all competitive processes for social services.

Flexibility in terms for both the City and for social service providers is also built into the *Social Service Base Contract Boiler (Contract Boiler)*. For example, social service agencies can

¹¹ The Contract Compliance Unit Manual is provided in Appendix H

¹² The Contract Compliance Unit Manual is provided in Appendix H

¹³ The Scope of Work for Career and Occupational Training for Economic Development is provided in Appendix C

transfer available contract funds among approved categories with the contract manager's approval as long as the cumulative transfer doesn't exceed the lesser amount between 10% of the program period total or \$50,000, the transfer won't change to total financial obligation for the City, and the transfer won't "change the nature, performance level, or scope of the program funded"¹⁴ by the contract. The *Contract Boiler* also specifies that any contract "can be modified or amended only by a written, signed agreement by both parties," and that no "pre-printed or similar terms on any Contractor invoice, order, or other document shall have any force or effect to change the terms, covenants, and conditions of the Contract."

The preliminary framework defined criteria for this category as whether flexible clauses are built into contract terms to allow flexibility to ensure best outcomes and value. The City retains rights in contracts to adjust contract amount, terms, or scope of work and notifies agencies of the City's right to flexible terms as part of the competitive process. In addition, there is flexibility for social service agencies to transfer funds between different services within specified parameters and with City approval. Due to the consistency between the preliminary framework criteria and the City of Austin's performance, this category is rated as strong.

1.5 Regular reevaluation of terms and services

Structured Interview

Factors impacting contracted services can change quickly, necessitating regular reevaluation of terms and services (Prager 1994, p. 178). Health and Human Services reviews contract terms annually, which includes multi-year contracts. As discussed previously, the boiler plate contract is also examined each year to ensure that all state and federal laws are accounted

¹⁴ The Social Service Base Contract Boiler is provided in Appendix E

for and that best practices are implemented. For example, the minimum wage for home health care workers was recently increased at the federal level, so Law and Health and Human Services staff worked together to amend contract terms to ensure that minimum requirement was met. When considering potential changes to the boiler plate contract, Health and Human Services staff discussed during the structured interview how they work to strike a balance between ensuring funds are spent appropriately and avoiding excessive cost or administrative burdens for social service providers. Exhibits that accompany the boiler plate contracts are also reviewed and revised as needed annually. The primary exhibits include the scope of work, budget documents, and performance measures. Exhibits are opened up for negotiation annually and changes generally incorporate changes in programs, best practices, and accommodations for the structure of the given agency.

Health and Human Services staff indicate they work with social service agencies after every competitive process to evaluate what went well and areas that need improvement. Feedback is generally collected regarding the required solicitation documents, clarity of the overall process, whether any specific requirements were too burdensome, and if there are any requirements that were missing that should be incorporated into future processes. The annual training that was previously mentioned is used as an additional opportunity for gathering feedback from social service providers about desired changes or issues on the horizon. Unfunded agencies are also contacted to provide feedback.

A significant portion of the feedback from providers is obtained through online services distributed through Survey Monkey, which includes specific questions about the competitive process. City staff also conduct interviews with key agencies in a format similar to a focus group. When feedback is specific to contract terms, Health and Human Services staff look for

“critical mass” when determining whether the suggested change should be considered for implementation. If one agency struggles with a term that all other agencies are able to comply with, then staff will work with the agency having issues to help them come into compliance rather than changing that term for all other agencies.

When new contract terms are developed, Health and Human Services staff talk with agencies before implementation to get feedback on the front end. For example, when new client eligibility requirements were enacted in 2013, Health and Human Services staff held a training specifically on client eligibility requirements for agencies three months prior to implementation. This specialized training allowed staff to explain to social service agencies why the information was necessary and answer any questions agencies had about the requirements or the process. One year after the changes were made, Health and Human Services staff collected feedback from agencies again and made modifications to improve the process. For example, the documentation requirements were streamlined to still collect the same quality of information, but in a format that took significantly less time for agencies to put together. Requirements were also tiered based on the type of service. Agencies that provide direct payments to clients require more documentation and oversight than other types of services provided such as group counseling. By lessening the administrative burden where possible, the City freed up agency resources that could be better used for direct services.

The criteria in the preliminary framework for this category includes whether contracts are reviewed annually, processes in place to gather feedback from social service providers, and appropriate steps used to incorporate feedback and other necessary changes into future contract language. The City of Austin scored strong in this category because annual and multi-year contracts are reviewed annually. Additionally, edits to the boiler plate contract include changes

in state and federal law as well as feedback from social service agencies when the feedback is consistent and suggested changes are approved by the City's Law Department. Health and Human Services staff provide briefings and conducts discussions with social service agencies prior to implementing changes to get feedback on the front end and minimize any confusion.

Results Summary for Contract Development

Table 4.1 provides a summary of the findings for elements of contract development including the rating, evidence used, and additional comments about performance.

Table 4.1 Contract Development Summary of Findings

Summary of Findings			
Assessment Criteria Category	Evidence	Rating	Comments
1. Contract Development			
1.1 Legally binding contract language	Document Analysis <ul style="list-style-type: none"> • Social Service Base Contract Boiler • Social Service Contract Amendment Boiler 	Strong	<ul style="list-style-type: none"> • Legally binding language present in the Social Service Base Contract Boiler • Staff from the Law Department draft and approve Base Contract Boiler
1.2 Administrative Competency	Structured Interview Document Analysis <ul style="list-style-type: none"> • Contract Compliance Manual • Client Eligibility Requirements 	Good	<ul style="list-style-type: none"> • Forty hours annual training required for contract managers • Additional ad hoc trainings and funding for outside training available for staff • Documented practices for contract management to ensure clarity and consistency in the process
1.3 Efficiency in contracting	Structured Interview Document Analysis <ul style="list-style-type: none"> • Contract Compliance Manual 	Good	<ul style="list-style-type: none"> • Overhead costs for contract management including contract monitoring less than 3% of total funds spent on contracts • Two separate monitoring offices coordinate efforts to avoid duplication of work while protecting the integrity of the monitoring process • Regular audits of internal processes to identify issues early and promote ongoing process improvements • Health and Human Services utilizes an online system to store all documents related to contracts and allow for electronic report submission from agencies
1.4 Flexibility in terms	Document Analysis <ul style="list-style-type: none"> • Scope of Work for Career and Occupational Training • Social Service Base Contract Boiler 	Strong	<ul style="list-style-type: none"> • City retains rights in contracts to adjust contract amount, terms, or scope of work • City notifies agencies of City's right to flexible terms as part of competitive process • Flexibility for social service agencies to transfer funds between different services provided within specified parameters and with City approval
1.5 Regular reevaluation of terms and services	Structured Interview	Strong	<ul style="list-style-type: none"> • Contract terms are reviewed annually, which includes multi-year contracts • Edits to boiler plate include changes in state and federal law, and feedback from social service agencies which is reviewed by the Law Dept. • Briefings on potential changes discussed with social service agencies prior to implementation

Assessment Criteria Category 2: Activities Prior to Contracting

In order to ensure a successful competitive process as well as quality contracts and services once contracts are awarded, there are certain activities that must occur prior to contracting. This section reviews whether needs assessments are conducted and if provider qualifications and monitoring processes are clearly defined. Additionally, evaluation will determine whether organizational capacity for contract management is assessed as part of the contracting process.

2.1 Conduct needs assessment

Structured Interview

O’Looney (1998) recommends that a “formal contract needs assessment” should be conducted prior to contracting out any services to determine the process for measuring performance, evaluate how outsourcing could impact other government services, define qualifications of providers, and determine internal capacity for contract management (p. 65). Conducting a needs assessment also enables determination of whether services would be more effectively delivered if contracted or done in-house (Cohen & Eimicke 2008, p. 17). Health and Human Services staff said they review the American Survey annually, which includes the poverty rate and data on demographics, education attainment, and mental health issues, all of which is collected through the community dashboard. The City conducts comprehensive competitive process for a range of social services every few years. There was an extensive process conducted in 2010 and again in 2014, when contracts for up to six years were awarded (three year contracts with three one-year extension options).

When determining which areas of focus to dedicate funding toward, Health and Human Services staff stated during an interview that they give consideration to what is currently being funded through the City. During the 2014 process, staff made the decision to maintain 80% of the funding in each issue area to avoid destabilizing any systems that clients depended on. This still allowed for competition for all dollars, but ensured that a minimum of 80% was still allocated to general missions currently covered such as workforce development, early childhood development, and homeless services. The remaining 20% of available funding was free to be allocated to the areas of greatest need as community needs shift. For example, homeless needs may go down as housing units become available, but those same clients may have an increased need for workforce development services as they work to become more stable and independent.

Once bids have been received and reviewed by Health and Human Services staff, recommendations are brought to the Council for approval. With the most recent competitive process, the 20% of funding not allocated to any particular service area was allocated primarily based on how successful agencies were at responding to the RFP. There is a strain on staff to avoid playing favorites with agencies, which is why the emphasis for awards was based primarily on scores (80% for top scores in each issue area, then remaining 20% to remaining top scores overall). The last round of contracts resulted in a significant increase in investments in early childhood development and substance abuse, and was based almost entirely on how bids were scored. HHS staff explained that scores do incorporate demonstrated needs in the community as part of the process. For example, as poverty levels in the community shift, agencies with certain clientele and services will be able to demonstrate a higher level of community need for their services.

The criteria in the preliminary framework were based on what process is used to determine need for services prior to outsourcing and what methods are used to prioritize needs. The City reviews the American Survey to stay current on critical needs for particular service areas and demographics. While part of the scores in the competitive process are contingent on demonstrated community needs, funding allocation by service area is largely based on previously funded service areas and available grants. While the department does a good job of staying current on community needs for services, outsourcing of services is based primarily on funding approved by Council and allocated through state and federal grants for specific services. During interviews, staff indicated that the primary focus of the department is working with any funding they can identify to serve as many clients as possible. This approach serves the community well, but resulted in an inconclusive score for this category, since needs assessments are not significant factors for determining whether to contract out particular services.

2.2 Define provider qualifications and performance monitoring process

Structured Interview

Defining provider qualifications and the performance monitoring process prior to contracting out a service provides needed structure and transparency in the competitive process and helps contract monitoring staff effectively monitor services to ensure quality. The interviewee from Health and Human Services indicated that each contract has the same monitoring process and requirements regardless of scope or funding allocation. Performance measures are reported quarterly through forms submitted through the online CTK system. Annual site visits are conducted, at which time Health and Human Services staff confirm the information submitted through digital performance measure reports and monthly reimbursement

requests analyzed through in depth document analysis and interviews. While the process is the same for a \$50,000 contract versus a \$3 million contract, the agencies with higher levels of funding take more time to review because of the scope and number of documents to review and verify.

To confirm audit reports that show clients served, Health and Human Services staff will pull 10% of client files to ensure the services were actually provided. If discrepancies are identified, staff will review additional files from other months and take corrective action if necessary. All agencies are viewed as partners and the City wants to create efficient and effective monitoring processes to ensure agencies can primarily focus on providing services. However, the processes in place are thorough enough to ensure protection of taxpayer dollars, and above all the grantor/grantee relationship takes precedence and providers are expected to comply with all contract requirements.

Provider qualifications and the monitoring and reporting are clearly defined in writing both in the contracts and in the City's contracting manual. There is a standard "eligible applicants" section included in the scope of work section of the RFP. Before bids are evaluated, Health and Human Services staff ensure the applicants meet all eligibility criteria, which include parameters such as having a minimum number of meetings for the board of directors, at least two years of successful services provided over the last five years, etc.

There are other less formal qualifications the City prefers in potential providers, including whether the agency has a track record of successful work with the target population that will be served with the contract. In social service delivery, established relationships and trust with community members can play a big part in overall success, and enables agencies to be effective from the first day of the contract. If the agency already has a history of serving a

specific zip code or specific population, they won't have to spend resources and time during the contract to forge relationships. Health and Human Services staff emphasized the need for contracts to be impactful from the very first day. This is largely due to the high level of need in the community and limited funding available for services, leading to adversity to risk whether or not a program may be able to succeed.

Document Analysis

The City uses a scope of work form in all competitive processes to define performance measures that will be used as part of the contract monitoring process should the social service agency win the competitive bid, and also provides eligibility requirements for social service providers to qualify for the contract. The *Scope of Work for Career and Occupational Training for Economic Development (Scope of Work)* serves as an example of the language included in all scope of work language for competitive processes, which gives clear guidelines for eligibility requirements for agencies that seek contracts with the City of Austin.

First, there are prohibitions for agencies that currently owe the City of Austin taxes or are “currently suspended or debarred from doing business with the Federal Government.”¹⁵ Applicants must meet all insurance requirements of the City and provide information from two previous audit years that is unbiased and reflects no significant financial issues, unless issues have been corrected. There are also requirements for the agency's Board of Directors which include a minimum of three in-person meetings a year and a clearly defined process for reviewing program performance, budget approval, and financial performance. The agency must also be able to produce documented proof of a “minimum of two years of successful experience working with target populations and providing

¹⁵ The Scope of Work for Career and Occupational Training for Economic Development is included in Appendix C

proposed services to clients.”¹⁶ To verify this information, social service agencies must submit a complete Threshold Review Checklist which is a form provided by the City, the bylaws for the Board of Directors, recently filed tax forms (990 or 990-EZ), and audited financial statements spanning the previous two years.

The *Scope of Work* also specifies the monitoring process required for social service contracts with the City of Austin. A minimum of one on-site annual review is required and the review “may be formal in nature, as indicated by the contractor's overall compliance, or it may be less formal and conducted as a follow-up visit related to the annual desk review.” The *Scope of Work* specifies that site visits may be for a general review of performance or to address specific areas of noncompliance. The three potential goals identified for onsite reviews include assessing progress, reviewing activity changes, or working to resolve problems. Reviews during these visits may include topics pertaining to financial issues, program performance, administrative processes, or other needs of the program. Scheduled on-site reviews are set up at least two weeks in advance, but the City reserves the right to make site visits “with or without notice based on contract need.”¹⁷ Further expectations for applicants including what to expect during and after the site review are provided through detailed descriptions in the *Scope of Work*.

Criteria in the preliminary framework for this category included whether monitoring processes were defined for social service contracts, existence of defined qualifications for social service agencies competing for bids, and whether these components were clear in the in documents for the competitive RFP process. The interviews and document analysis revealed that the City of Austin includes detailed information for the monitoring process and provider qualifications in solicitation for services and in all contracts. In addition, the manuals for Health and Human Services

¹⁶ The Scope of Work for Career and Occupational Training for Economic Development is included in Appendix C

¹⁷ The Scope of Work for Career and Occupational Training for Economic Development is included in Appendix C

contract staff and the CCU include detailed requirements and instructions regarding the provider qualifications and performance monitoring process. When reviewing bids, Health and Human Services staff only consider agencies that meet all provider qualifications. Due to the consistency with the criteria, the City of Austin is rated strong in this category.

2.3 Determine organizational capacity for contract management

Structured Interview

Cohen & Eimicke (2008) recommend that organizations take a comprehensive approach in determining organizational capacity for contract management including consideration of planning, human resource management, financial allocation, work process analysis, and performance measurement (p.17). This recommendation is intended to ensure that organizations have enough resources available to effectively monitor contracts. Health and Human Services staff stated that organizational capacity to manage contracts is not a deciding factor in determining whether a services will be outsourced. The City does not currently have a formula in place to ensure that there will be adequate organizational capacity to manage contracts. Part of this is due to the fact that there is some work load variability associated with each contract. There is the same monitoring process in place regardless of the dollar amount of the contract, so funding levels can't be used as a reliable metric. The number of contracts is frequently in flux, and the number of hours for monitoring isn't completely predictable. The necessary workload depends on whether issues arise and the number of documents and interviews the City has to consider to meet standards in the monitoring process. For example, the City pulls ten percent of client files to verify services reported were provided, but if discrepancies are found there is another layer of added time and work in the process.

Funding for social service contracts is determined by the Council. If additional funding is approved without expanding staff capacity for the department, Health and Human Services staff shifts resources to ensure they're able to monitor contracts. The staff are dedicated to meeting the needs of as many community members as possible, so they're supportive of any additional funding and are willing to take on more responsibility and hours when needed to make it work. As part of the City's budget process, departments outline unmet needs each year for consideration. When contracts are expanded without added monitoring capacity, the department tracks the needs to request necessary staff during future budget cycles.

Health and Human Services received a good ranking in this category because the information gathered during structured interviews indicated that, while they don't follow the criteria included in the preliminary framework, they are still able to achieve the same goals. While organizational capacity is not a deciding factor when deciding to outsource, the department conducts ongoing monitoring of contract volume to ensure equitable distribution of work load across the department. Any shortages in staff capacity are monitored and documented so it can be submitted as a formal unmet need during the budget process. According to the recollection of the interviewees, staffing levels never resulted in any parts of the contract monitoring process being compromised. HHS staff demonstrated a genuine commitment to serving the highest need populations in the city. Because of this outlook on work goals, the department does turn down federal, state, or city funding that can provide services in high needs areas even if they already have a heavy workload. Instead, they work within their organizational structure to find ways to manage the contract load to ensure they're able to utilize every available dollar to serve the community.

Results Summary for Activities Prior to Contracting

Overall, Health and Human Services performed well in activities conducted prior to contracting. The summary of the results can be found in Table 4.2, which includes the categories evaluated, the evidence used for evaluation, the rating, and additional notes.

Table 4.2: Activities Prior to Contracting Summary of Findings

Summary of Findings			
Assessment Criteria Category	Evidence	Findings for the City of Austin	Comments
2. Activities prior to contracting			
2.1 Conduct needs assessment	Structured Interview	Inconclusive	<ul style="list-style-type: none"> • The City reviews the American Survey to stay current on critical needs for particular service areas and demographics • Part of scores during competitive process contingent on demonstrated community needs • Funding areas largely based more on previously funded service areas and available grants
2.2 Define provider qualifications and performance monitoring process	Structured Interview Document Analysis <ul style="list-style-type: none"> • Scope of Work for Career and Occupational Training • Contract Management Manual 	Strong	<ul style="list-style-type: none"> • Detailed information for the monitoring process and provider qualifications included in solicitation for services and in all contracts • Manuals for Health and Human Services Contract Staff and the Contract Compliance Unit include detailed requirements and instructions regarding the provider qualifications and performance monitoring process • Bids are only considered from agencies that meet all provider qualifications
2.3 Determine organizational capacity for contract management	Structured Interview	Good	<ul style="list-style-type: none"> • Not a deciding factor when deciding to outsource <ul style="list-style-type: none"> ◦ Department will not turn down federal, state, or city funding that can provide services in high needs areas • Ongoing monitoring of contract volume to ensure equitable distribution of work load across the department • Shortages in staff capacity monitored and documented so it can be submitted as a formal unmet need during the budget process

Assessment Criteria Category 3: Competitive Process

Competitive processes conducted with integrity and transparency are key to having successful contracts in the long term. Benefits are gained for the government in service quality when providers compete to deliver services. There are several components necessary for a successful competitive process. The City of Austin will be evaluated on their process for advertising and timing allowed for responsive bids, overhead cost for competitive processes, processes in place to mitigate anticompetitive behavior, and the bid review process utilized.

3.1 Advertising & timing for requests for proposals

Structured Interview

Competitive bidding processes are dependent on widespread knowledge that a contracting process is available. This is achieved in a variety of ways, particularly with advertising. In order to ensure consistency, fairness, and transparency, Health and Human Services follows the City's purchasing practices to the letter including regulations for advertising. Every solicitation follows the same process. Health and Human Services staff noted during interviews that they work with the Purchasing Department to implement a process for advertising. According to the interviewee, Health and Human Services uses the standard process for advertising in the local newspaper, the *Austin American Statesman*, which includes a generic, standard description of services to be purchased and the amount of funding. The department also maintains an internal distribution list which includes any agency ever funded by the department as well as agencies that work with 2-1-1, which is a community resource that helps users navigate health and human services available across the city. Groups that have expressed interest and are connected to providers including the Community Action Network, One Voice of

Central Texas, Green Lights, and different chambers of commerce are also contacted about contracting opportunities. The City works to utilize as many no-cost methods as possible to expand the reach of opportunities while keeping advertising costs at a minimum. Solicitations are posted to the City's website, and some advertisements are also purchased in minority publications.

The Health and Human Services Department aims to ensure adequate time for bids to be developed after a solicitation is released to the public. Grants through the federal and state government generally allow about a four-week period for bids, which is a short turnaround time for a process that requires a significant amount of staff time and resources for agencies that want to compete. During the most recent solicitation, the City allowed two months for responses to allow time to put out advertisements and conduct prebid meetings to answer questions from respondents about the process. A formal question and answer process with agencies was conducted, with every question and response received through meetings and email posted online so that all agencies would have access to the same information.

The criteria in the preliminary framework includes methods for advertising bidding opportunities, transparency and fairness in the process, and adequate time allowed for bids to be submitted. During the interviews, Health and Human Services staff said that the City is legally required to advertise in local papers. They also utilize free and targeted methods to reach as many potential bidders as possible, including posting on the City's website and outreach to an extensive list serve. Health and Human Services allows two months for bid submission after the solicitation is released, which is longer than the four week practice that is standard with many federal contracts. There is also significant outreach to agencies prior to the proposal being released so that they are aware well in advance of the process. Given the consistency with the

criteria in the preliminary framework and efforts by HHS to go beyond requirements for advertising, the score for this category is strong.

3.2 Overhead cost

Structured Interview

Overhead cost for a competitive process often include factors such as needs assessments, development of RFPs, advertising, and the bid review process (O’Looney 1998, p. 158). Determining the cost of competitive processes can be a challenge, and should be a factor of consideration for government entities that contract out. The most recent social service competitive process conducted by Health and Human Services was not typical because it was large, open-ended, and funded entirely by City of Austin dollars, where many of the other contracts the City manages are more specific and often tied to grant funding. The 2014 process was more efficient because the department was able to have one process for over \$16 million in annual contracts that were awarded for up to six years (including 3 years for the initial contracts with three one-year extension options). HHS staff said that the 2014 RFA process took two years from the planning for solicitation beginning in 2012 to final Council approval in November 2014. The process began with monthly staff meetings that evolved into weekly meetings once staff was closer to releasing the RFA.

The City has several practices to reduce overhead costs. As discussed in section 4.1, Health and Human Services staff utilize extensive free networks to reach potential competitors for bids without having to expend significant dollars on paid advertising. Staff also tap internal expertise from the Health and Human Services Department, Law Department, and Purchasing Department rather than hiring outside consultants to develop and conduct competitive processes

and write contract language. While it is common for the federal government to hire outside consultants, utilizing internal staff is a widely used practice for cost savings measures for most other levels of government. As long as enough expertise is available on-hand, this is an effective way to minimize costs while retaining integrity in the process.

The criteria used to evaluate overhead costs for competitive processes includes evaluation of the overall costs and existence of any practices in place to reduce overhead costs. The overall cost for contract management functions, which includes competitive processes, is equal to less than 3% of funding provided for social service contracts, which is at the very low end of what is standard for contracting costs. Health and Human Services staff indicated that they utilize extensive no-cost methods for reaching potential bidders. Interviewees also indicated that HHS utilizes internal staff with appropriate expertise rather than outside consultants to reduce overhead costs. Conducting a comprehensive competitive process for the majority of City-funded social services reduces required staff time and advertising costs since most services go through the same process at the same time rather than burdening staff with multiple smaller competitive processes.

3.3 Mitigate anticompetitive behavior

Structured Interview

Anticompetitive behavior is a challenge in competitive processes and can include artificially low bids, unfair access to information, narrowly written RFPs, inadequate time allowed for responses to an RFP, and preference for certain providers. The City of Austin has a no-contact period for open solicitations for other types of contracts, but these limitations do not apply for social service contracts. Health and Human Services staff said that was one of the most

significant process changes between the 2010 competitive process, which was conducted through releasing an RFP and the 2014 process. In 2014, HHS instead issued a request for applications (RFA) to allow for discussions between social service agencies and Council offices. This change came after significant feedback from providers that social services are categorically different than the other services and goods the City contracts for, which are much more straightforward.

Health and Human Services staff have significant training requirements and policies in place to ensure that the process is conducted fairly and that no agency is given an advantage over another by having inequitable access to information, which would constitute anticompetitive behavior. Part of the beginning of the RFA process included making staff very aware of policies and limitations regarding communications and protection of information at the front end through extensive training. This training includes presentations from the Purchasing Department regarding how to conduct transparent and sound competitive processes. All documents for the process are stored on a secure drive that only twenty staff members have access to. Employees with access are required to sign a confidentiality statement regarding the internal documents that are not allowed to be shared. The documents are only allowed to be on the stored drive, and cannot be saved onto individual computers or copied. Extensive oversight is conducted and internal consequences through disciplinary action are followed, consistent with existing city guidelines for unethical conduct if the guidelines are not followed. The only City employees not held to strict guidelines regarding communication during the competitive process are Council Members and their staff.

While artificially low bids can be a problem for some competitive processes, Health and Human Services Staff indicated that this risk is minimized for Austin's social service contracts because they are heavily based on the outcome goal. Cost only accounts for 20% of the total bid

score. With 70% of the score based on the quality of having an evidence-based program with proven positive outcomes, the best way to win the bid for contracts is to show the value of the services. In the 2010 process there was a reduction of funding allocation from the original recommended amounts across the board for all agencies. For the 2014 process, staff were more concerned about agencies overbidding as a way to absorb cuts from their proposals if the Council took the same approach with cuts to original bid amounts.

The concerns about overbidding were relayed to social service agencies before the RFA was released, and staff explained that inflated bids would not be accepted. Inflated costs would be considered in the scoring process, which had the potential to make bids noncompetitive and served as an incentive for agencies to be honest about pricing. The staff interviewed noted that when reviewing bids, they verify that proposed costs are in line with past service delivery and performance. This practice ensures pricing accuracy and that the basis for bids is sound. In addition, the RFA process allows for negotiation of prices, so staff have some flexibility to negotiate prices down when necessary. Out of the sixty three applications in the 2014 process, only three were identified as having inflated prices. None of those agencies were awarded contracts. Allowing staff the flexibility to talk to agencies through an RFA as compared to an RFP proved to be very helpful to fully vet whether requested costs were warranted.

The criteria in the preliminary framework includes safeguards in place to prevent corruption and processes to mitigate and identify artificially low bids. Health and Human Services awards contract based primarily on quality of services, which mitigates common problems with artificially low bids. Due to concerns for overbidding to pad payments, HHS verifies actual costs of providing services and disqualifies bidders with inflated costs; this information is relayed to providers prior to the competitive process. HHS staff undergo

extensive training to ensure fairness and integrity in the process, with any violations resulting in disciplinary action. Internal documents are protected by only being available on a limited access database, and City staff with access to those documents are required to sign confidentiality agreements. HHS staff have taken measures beyond what is commonly considered best practices, resulting in a strong rating in this category.

3.4 Bid review process

Structured Interview

A successful bid review process should be well documented and transparent to enable fair critiques of bids and protect against corruption. In order to ensure a competitive process, parameters for bid review are defined internally by Health and Human Services staff prior to releasing the RFA. The prioritized components of the solicitation are based on history, training, expertise, and other parameters based on guidance from the City's Purchasing Department. 20% of the score is based on the pricing, 10% of the score is for local preference as mandated by Council policy for all City contracts, and 70% is allocated for programmatic factors. The seventy percent for programming considers how the services align with Imagine Austin (the comprehensive plan for the City of Austin), existing community planning documents, whether proposed services were evidence based, description of target population(s), community planning involvement, and results from previously monitored contracts.

Health and Human Services staff noted that each of the parameters considered for scoring are described in the bid review documents and assigned a maximum allowable score based on importance. For example, the presence of evidence-based programming had twenty points available compared to five points allocated for alignment with Imagine Austin. For factors with

higher points available, more questions and scoring criteria were included. If all of the questions in each section were satisfied, full points were awarded. Each person who helped with bid evaluation went through an evaluator training, which included information about the scoring matrix and specific language included in each section of the bid scoring worksheet. This practice ensures consistency in bid rating and supports the goal of competitive bidding.

Approximately forty people reviewed bids in the comprehensive RFA process in 2014, which included external experts in addition to Health and Human Services staff. This ensured there was a high level of expertise available to review bids. Most outside staff utilized in the 2014 process were from other major funders such as the Early Childhood Council and United Way, Travis County staff, and City staff from other departments that work in related areas. Bid review teams were formed based on issue areas such as early childhood or elderly services. There was some level of discretion in the scoring process, but each proposal was reviewed by between four and six people to ensure fairness and impartiality. There was no way for any individual scorer to manipulate the process because if any scores were more than 10% different than scores from other reviewers, the conversation would be opened up to determine where the discrepancies were coming from and ensure that nothing was overlooked. Once the team had finalized their scores, the Contract Manager for Health and Human Services reviewed every single application to ensure that scores were justified by the content in the proposals.

Document Analysis

Worksheets are required for bid reviewers to utilize during the scoring process. As discussed during the structured interview, each section is attributed a maximum number of points and clearly written questions that accompany each section. Also consistent with the interview,

sections with a higher possible point total have a higher volume of questions used to assess that area. Table 3.41 below demonstrates the breakdown of points available within Programmatic Review and the number of questions per section included in a recent scoring sheet designed to support a competitive workforce development service bidding process.¹⁸

Table 3.41 Programmatic Overview and Strategy Scoring Categories

Programmatic Overview and Strategy Scoring Categories	Points available	Number of questions
Staffing Plan	5	3
Data Mgmt & Evaluation to Document Accomplished Goals	5	5
Target Populations for the Goals	8	5
Overall Evaluation Factors Regarding Applicants	10	5
Connection to Goals, Industry –based and/or Economic Development	10	7
Program Strategy to Accomplish the Goals	25	9

In addition to the increased number of questions, the complexity of the questions also increases for higher point categories. For the workforce development example used here, the highest points are available for the program strategy to accomplish goals, with twenty five total points available. Several of the questions in this section contain detailed sub-questions and clarification. Below is a sample question included in this section:

“Has the Applicant provide sufficient information that exhibits the organization’s ability to effectively engage with industry and address needs by developing and offering curriculum in short-term or long-term time intervals.

- a. For those applying under the Short-term Career and Occupational Training category, has the Applicant effectively described:*
 - i. Its ability to develop and offer short-term curriculum that delivers immediate labor needs within one to three months.*
 - ii. The Curriculum and training being proposed and the level of intensity.*

¹⁸ The 2014 Economic Development Workforce Contracts Reviewer Notes Worksheet is provided in Appendix G

- iii. *The Skills and certifications with which successful participants will exit.*
- iv. *The Soft skills that will be provided as part of the instruction.*
- v. *Its ability to place participants in careers and/or occupations that pay at least \$11 per hour”¹⁹*

In contrast, the scoring section for the staffing plan is worth five points. This section includes three questions which are all much more succinct than the previous example, demonstrated by this sample question:

“Has the Applicant listed the project staff by title and percentage of time to be spent on the program? Is this consistent with the overall staffing plan?”²⁰

This approach allows staff responsible for reviewing bids to examine every important aspect of the contract, while focusing the bulk of their attention and resources on the sections that are most important to the potential performance of the agency for the social services being contracted out. The reviewers are provided with supplemental documentation that verifies questions on the bid review sheet. For example, social service agencies are required to provide a *Program Funding Summary* that requires reporting of “other funding sources for this program, with their corresponding program periods and amounts²¹ in addition to what the total anticipated budget for the program would be if the agency were awarded to contract. This form includes clear instructions for the agencies regarding all of the parameters and requirements for the information requested.

The criteria in the preliminary framework for this category includes methods used for defining parameters for bid review before proposals are received and strategies used for evaluating best value contracts. Health and Human Services has substantial documentation

¹⁹ The 2014 Economic Development Workforce Contracts Reviewer Notes Worksheet is available in Appendix G

²⁰ The 2014 Economic Development Workforce Contracts Reviewer Notes Worksheet is available in Appendix G

²¹ Program Funding Summary is available in Appendix K

for both of these practices. Bid review processes are clearly defined at the beginning of the competitive process, which includes a bid review worksheet with potential scores for each category and questions to consider when determining the score for each section. HHS utilizes between four to six people with expertise in the given service area to evaluate each bid, which eliminates the possibility of contract award based on personal bias. Further checks and balances are in place to ensure scoring integrity, with additional bid review when any of the scores are more than 10% apart from each other. The majority of points available are allotted for the quality of the proposed program, which makes proposing artificially low bids unattractive for potential bidders. The processes in place for Austin's bid review process result in a strong score in this category.

Results Summary for Competitive Process

Table 4.3 includes a summary of the results for the City of Austin's performance related to competitive processes for social service contracts. The table includes each category, the evidence utilized in evaluating performance, the overall rating for each category, and additional comments regarding how the score was determined.

Table 4.3 Competitive Process Summary of Findings

Summary of Findings			
Assessment Criteria Category	Evidence	Rating	Comments
3. Competitive Process			
3.1 Advertising & timing for requests for proposals	Structured Interview Document Analysis <ul style="list-style-type: none"> • Scope of Work for Career and Occupational Training 	Strong	<ul style="list-style-type: none"> • Process legally required for advertising in local papers • Contracting opportunities posted on City website • City reaches out to extensive list serve to reach as many potential bidders as possible • Two months allowed for bid submission after solicitation is released <ul style="list-style-type: none"> ◦ Longer than the four week practice of the federal government • Extensive community engagement prior to releasing solicitation to prepare community and agencies for competitive process
3.2 Overhead cost	Structured Interview	Strong	<ul style="list-style-type: none"> • The overall cost for contract management functions which includes competitive processes is equal to less than 3% of funding provided for social service contracts • City utilizes extensive no-cost methods for reaching potential bidders • Conducting comprehensive competitive processes for the majority of City-funded social services reduces staff time spent on competitive processes • Utilize internal staff with appropriate expertise rather than outside consultants to reduce overhead costs
3.3 Mitigate anticompetitive behavior	Structured Interview	Strong	<ul style="list-style-type: none"> • Contract awards based primarily on quality of services <ul style="list-style-type: none"> ◦ Mitigates common problems with artificially low bids • City verifies actual costs of providing services <ul style="list-style-type: none"> ◦ Bidders with artificially inflated costs are disqualified • Extensive staff training to ensure integrity and fairness in process <ul style="list-style-type: none"> ◦ Violating policies around competitive processes results in disciplinary action • Documents related to open solicitations only available on limited access database <ul style="list-style-type: none"> ◦ City staff with access sign confidentiality agreements
3.4 Bid review process	Structured Interview Document Analysis <ul style="list-style-type: none"> • 2014 Economic Development Workforce Contracts Reviewer Notes Worksheet • Program Funding Summary 	Strong	<ul style="list-style-type: none"> • Parameters for bid reviews documented prior to release of solicitation • Primary score allotment for quality of programming • Bid reviewer worksheets utilized which provide detailed guidance and definitions of each scoring category • Bid reviewers required to have expertise in the service area they're reviewing • Each bid reviewed by 4-6 people and the Contract Manager for Health and Human Services <ul style="list-style-type: none"> ◦ Eliminates possibility of awards from personal bias ◦ Discrepancy of more than 10% between scores initiates further review

Assessment Criteria Category 4: Social Service Contracts

Public investment in social services is critical to protect our most vulnerable populations. Due to the nature of these services, the contracting process for social services can be more multifaceted than other areas of government contracting. Four criteria will be used to evaluate the City of Austin's performance in social service contracting. First, documents will be reviewed to see if goals and terms are clearly defined. Second, use of output and outcome performance measures will be reviewed. Third, Health and Human Services will be evaluated based on the level of support they provide to social service providers in regards to contract compliance. Lastly, practices will be examined to see if funding increases and/or contract renewals are tied to deliverables.

4.1 Definition of goals and terms

Document Analysis

Donahue found importance in specifying needs at the beginning of the contracting process to achieve desired benefits of the services being contracted out (Donahue 1989, p. 217). One critical component needed to achieve this is to incorporate clearly defined goals and terms in documents in the competitive process and in the contract itself. These defined goals and terms were included in contracts, RFA documents, and operational manuals for employees. To illustrate, a few examples including context are provided below.

The Health and Human Services Department administers the contracting process for both social service contracts as well as workforce development contracts funded through the Economic Development Department. The scope of work documents developed for each competitive bid process contains an overall goal for the outcomes of the contract. For example,

the *Scope of Work for Career and Occupational Training* defines the objective of the particular solicitation as, “to establish contracts with community-based organizations for short-term and long-term career and occupational training, based on the local needs for labor that are determined by industry growth and occupational demand,” and further that the “services shall target individuals who are residents of the City of Austin and/or Travis County with gross family income at or below 200% of federal poverty guidelines.”²² The performance for this category is rated as strong because the conducted review of City of Austin documents found clearly defined goals and contract terms were identified throughout the documents.

4.2 Output- and outcome-based performance measures

Document Analysis

Performance measures are a key part of social services contracts that help to ensure desired outcomes for prospective clients (Aristigueta & Foote 2009, p. 12-13). The *Contract Boiler*, which is used as the basis for all social service contracts, includes an exhibit regarding proposed program performance measures and goals.²³ For each of the required performance measures, the agency is required to fill in the annual goal to be reached with funding from the City of Austin, the annual goal for the same services that are funded through other sources, and the total annual goal for all funding combined.²⁴ Each form includes several specific performance measures to be estimated, as well as blank entries that the agency can fill in with additional proposed performance measures.

²² The Scope of Work for Career and Occupational Training for Economic Development is included in Appendix C

²³ The Social Service Base Contract Boiler is available in Appendix E

²⁴ The Program Performance Measures and Goals are available in Appendix D

The *Program Performance Measures and Goals* for a solicitation for workforce development services included both outcome and output performance measures. Output measures included the “number of unduplicated clients served per 12-month contract period, number of unduplicated clients served during the initial 36-month contract period, number of Employee Partners, and average hourly wage of recent graduates who became employed after training.”²⁵ A minimum of five outcome measures are required, but the agency is given latitude to propose specific language for the metrics, which also includes fields for proposed percentages for the performance measures.²⁶

During the bid review process, the City utilizes a reviewer notes worksheet that provides instructions to bid reviewers regarding what to look for and the potential points allocated for each category. The worksheet used for the same workforce development services solicitation mentioned above had specific guidance on performance measures and their impact on goals. The worksheet guides reviewers to judge outputs and outcomes based on the following questions:²⁷

- “Has the Applicant described how it will calculate the required outputs? If the Applicant has proposed other outputs, has the Applicant described how it will calculate those outputs? Do the outputs seem consistent and relevant to the program proposed and the goals of this solicitation?”
- Has the Applicant described how it will calculate the high level outcomes designed to demonstrate progress toward self-sufficiency? (Please note - there was an inconsistency between the 0500-Scope of Work and the 0600- Application Instructions, so the "Percent of Individuals that obtain employment" should be considered as optional for evaluation purposes)."
- “Overall, does the Applicant have a reasonable plan to meet the required outputs and outcomes?”

²⁵ The Program Performance Measures and Goals is available in Appendix D

²⁶ The Program Performance Measures and Goals is available in Appendix D

²⁷ The Program Performance Measures and Goals is available in Appendix D

Once an agency is recommended for a contract award, Health and Human Services staff works with social service agencies during contract negotiations to finalize performance measures that will be included as part of the contract terms. These goals are then monitored as part of the contract monitoring process to ensure that taxpayers are receiving the services agreed upon by the agency.

The City of Austin includes specific output and outcome measures required as part of competitive bidding process, includes scores on the proposed performance measures part of the scoring process for bid awards, and incorporates outcome and output measures in negotiated contracts and the contract monitoring process. The evidence supports the criteria defined in the preliminary framework, therefore the City of Austin's performance in this category is rated as strong.

4.3 Support provided for contract compliance

Structured Interview

Studies have found that 65% of nonprofits struggle with adequate administrative capacity for measuring reporting performance outcomes (Aristigueta & Foote 2009, p. 11) and 81% of nonprofits find the reporting format for contract requirements challenging (Boris et al. 2010, p. 13). To mitigate these challenges while still protecting the integrity of the contracting process, it's ideal for the government to provide adequate resources to help social services providers overcome these challenges.

During structured interviews with two top level staff members of the Health and Human Services Department, there was extensive discussion about the nature of the relationship between the City of Austin and social service providers that contract with the City. While there is a clear

grantor and grantee relationship, including all of the regulations and policies that go with it, ultimately the City approaches the relationship with social service contracts as a partnership. Contractors are obliged to fulfill contract terms, but the City doesn't approach these terms as tools to be used as punitive measures. As long as errors are not clearly an intentional violation, the City works with social services contractors to help rectify any issues.

Contract managers are able to provide assistance to agencies to come into compliance when terms are not met, which can include process analysis and site visits. Recommendations may result from good practices the City has seen used at other agencies or improvements to infrastructure for managing social services contracts. In addition, the City provides an annual training for agencies to cover terms and conditions to ensure that they strike the balance of what's needed to protect the City's investment while avoiding overly cumbersome requirements for agencies that add to administrative burden. The feedback received at these meetings is considered as the City annually reviews the boiler plate contract which is the basis for all social service contracts.

When financial or service errors are discovered during the life of the contract, the City steps in to help identify the process that led to the particular error. Health and Human Services staff said that simple billing errors are straightforward to fix, and other common errors are often attributable to a lack of awareness of certain terms. In these cases, the City helps to educate the agencies to ensure they'll be able to rectify the problem and be in compliance moving forward. When honest financial or service errors are made and are not due to poor business practices, the City does not require a repayment of funds. Instead, agencies are allowed to use those funds on costs and services allowed by the contract terms. For example, if the City is charged for an ineligible client who has a higher income than the 200% poverty guideline, the City requires that

social service providers reduce future billing for those costs but will leave the funding in the contract so the agency can spend that money on eligible clients. Health and Human Services staff noted that almost all financial issues that arose in contracts could be tied to a lack of business structure or administrative infrastructure, which has been solvable with support from the City of Austin.

Issues arise at a higher rate when new terms are implemented. For example, new client eligibility requirements were instituted in March 2013. While there were some issues with agencies as they adjusted to those new terms, most of the issues around that contract requirement have been resolved as staff have worked to educate agencies that had initial challenges. Currently the most common problems arise from misunderstanding of terms and conditions, as well as billing system charges for ineligible costs. Social service contractors are only allowed to charge the City for direct costs, or for administrative fees directly associated with the services the City is contracting for. Staff salaries are also allowed, but only in cases where the staff paid by the agency are providing the services included in the contract. If a staff person spends only half of their time on services included in the contract, they may only bill for half of their salary. Payment requests are submitted and reviewed monthly, and the City does in-depth auditing during annual site visits to ensure that expenses for the agencies match the billing requests to the City.

While the City provides extensive direct support to help agencies comply with contract terms, there isn't funding available to provide assistance directly or pay for assistance through third party resources for needs that arise that aren't directly related to social service contracts. Some agencies are in clear need of assistance to build infrastructure, implement best practices for their board of directors, develop bylaws, or implement general practices for running an effective

nonprofit. When these issues arise, the City informs agencies about services provided by the Austin Community College Center for Nonprofits (ACC) or Mission Capital (previously known as Greenlights). Approximately five years ago, the City eliminated all capacity-building funding for social service contracts, which used to include a contract for referral services at Greenlights to assist nonprofits. However, the City does often include ACC or Greenlights in the annual contractor training to provide a session related to issues the City has seen partners struggle with across the board.

The City began the annual contractor training in 2014, modeled after best practices used by the Federal government. Federal agencies typically have a two- to three-day conference about all topics included in upcoming grants to help agencies prepare to compete. The City does a scaled down, half-day version that focuses on the terms and conditions included in City contracts in the first year. The second year, the training focused more heavily on overall approaches to compliance with performance measures in contracts. Health and Human Services currently contracts with 38 agencies. These annual trainings provide an opportunity to have them all in the same room at the same time to ensure that they're all getting consistent information about the contracting process.

The department hopes to build up to a full day of training over time that could eventually include information about grant writing and presentations from the City's Purchasing Department about how to stay informed of opportunities to do business with the City. The City plans to expand the training to the broader scope and full-day format as soon as administratively feasible. Sessions regarding grant writing and information from the Purchasing Department about connecting with the City would likely be open to agencies not currently under contract,

with the goal of providing some capacity building information that would help enable new agencies to contract with the City at a future date.

Document Analysis

Boris et al. comment on the nature of compliance by recommending that public administrators work toward “contracting practices that are more efficient and productive, including policies for improving proper and on-time payment to nonprofits,” as well as “standard financial and reporting formats” (2010, p. 23) to improve predictability for social service agencies. In Austin, both of these recommendations are achieved through the *Contract Boiler*, which includes clear guidelines and deadlines for reporting requirements including payment requests, monthly expenditure reports, and quarterly performance reports.²⁸ The *Contract Boiler* also contractually obligates the City to make payments to agencies within 30 calendar days of receiving payment requests and monthly expenditure reports that meet all the necessary requirements.

The *Contract Compliance Manual (Manual)* dictates the roles, responsibilities and procedures for the CCU. In the section outlining the CCU’s responsibilities, it states that the “CCU endeavors to maintain open and effective channels of communication with contractors and program staff.”²⁹ In addition, the scope of the Standard Operating Procedures in the *Manual* outlines resources provided through community forum participation by committing that the “CCU will provide staff, as available and/or required, to participate in community forums in

²⁸ The Social Service Contract Boiler is provided in Appendix E

²⁹ The Contract Compliance Manual is provided in Appendix H

order to assist clients, contractors, and other participants with knowledge pertaining to HHSD programs, services and procedures.”³⁰

The *Contract Management Manual (Management Manual)* defines procedures, guidelines, and responsibilities for Health and Human Services staff responsible for contract management functions. The *Management Manual* includes provisions for technical assistance to be provided to agencies, which is defined as “any substantial or significant assistance and/or information provided to assist the contractor in achieving contract compliance” (p. 47).³¹ The *Management Manual* clarifies that technical assistance can include phone calls, meetings, email consultation, formal written requests for assistance, and formal compliance requirements.

In summary, the City approaches relationships with agencies as a partnership, while maintaining requirements of grantor/grantee roles to ensure contract compliance. Process analysis, technical support, and site visits are utilized to help agencies with compliance issues. Annual meetings are held between the City and agencies to gather feedback and give briefings on new contract terms and advice on contract compliance. The City also provides clear guidelines in contracts for submitting reports and financial requests and a written policy for the City to reimburse agencies within thirty days of valid request to ensure predictability and timely payments for social service providers. All of these practices are consistent with the criteria included in the preliminary framework, resulting in a strong rating in this category.

³⁰ The Contract Compliance Manual is provided in Appendix H

³¹ The Contract Management Manual is provided in Appendix H

4.4 Funding increases and/or contract renewal tied to deliverables

Structured Interview

Professionals in the social service provider industry have expressed concerns about increasing contract expectations without corresponding increases in funding (Aristigueta & Foote 2009, p. 10). Government contracts can span multiple years with a flat funding amount each year, which can pose challenges for social service providers that try to maintain service levels in the face of rising costs of delivering services. Currently, increases in funding are not built into contracts – long term contracts including potential contracts extensions are drafted with the same allocation each year regardless of whether the agencies exceed their performance goals. If additional funding were to become available, Health and Human Services staff indicated that performance could be considered as a factor for increases, though there is no formal mechanism currently in place for that process. Contract renewals are largely contingent on meeting contract requirements, and the City has contract terms in place to be able to cancel contracts or not move forward with renewal options when necessary. However, as noted in section 1.3, the City prefers to work in good faith to help agencies come into compliance when honest mistakes have been made. During the interview, staff noted that contracts had only been cancelled in the past when there were significant deficiencies. For example, Family Connections was providing false audit and finance reports, partially because there was no separation of duties within the organization and there was embezzlement of funds. Segregation of duties is one of the requirements from the City as a protection of taxpayer investments, so no individual person within an agency is solely responsible for financial decisions without any oversight. This was a clear case of fraud, and the City moved forward with contract termination.

Agencies are held accountable for meeting their performance measures, but Health and Human Services staff are also aware that circumstances can change significantly due to factors that are entirely out of the agency's control. If performance measures not being met is justifiable, the City doesn't consider their contract out of compliance. For example, a downturn in the economy results in higher unemployment and underemployment, leading to a more competitive job market. In this case, it would be understandable if workforce development providers have a more difficult time placing clients who have barriers to employment or finding positions that meet the living wage requirement of \$11 an hour for placements. On the other hand, when employment rates are extremely low, workforce development agencies may see a decrease in clientele when the need in the community is substantially lower. Another example provided during the interview was for services involving housing assistance. When the housing stock is low, there are challenges for two types of providers. First, it becomes more difficult to place homeless clients if the stock simply isn't available. In addition, the legal services for landlord mediation funded by the City may have a more difficult time mediating with landlords who are less flexible to work out issues with tenants when they know it will be easy to fill any vacancies.

The criteria in the preliminary framework includes providing funding increases for exceeding goals and tying contract renewals to meeting contract requirements. No formal mechanism is in place to increase contracts based on performance or for increased costs of providing services. The Austin City Council passed a policy 2014 to increase funding for social service contracts consistent with the Consumer Price Index, but that funding was not incorporated into the City Manager's proposed budget in Fiscal Year 2015-16 that was presented to Council for approval. The City does hold social service providers accountable for

performance measures which can be a factor when considering contract renewal, but also considers changes in factors out of social service providers' control that may lead to challenges in meeting goals such as a significant change in the economy. While this process could be more formalized, there is utility in allowing for some flexibility given that not all potential factors can be easily predicted. Given the practices compared to the criteria in the preliminary framework, the City's performance in this category is inconclusive.

Results Summary for Social Service Contracts

Table 4.4 provides a summary of the findings in each category measured regarding social service contracts, which reflects the overall performance rating, the evidence used in the analysis, and additional comments about the performance.

Table 4.4 Summary of Findings for Social Service Contracts and Performance Measurement Practices

Summary of Findings			
Assessment Criteria Category	Evidence	Rating	Comments
4. Social Service Contracts and Performance Measurement Practices			
4.1 Definition of goals and terms	Document Analysis <ul style="list-style-type: none"> • Scope of Work for Career and Occupational Training 	Strong	<ul style="list-style-type: none"> • Broad objective goals included in solicitations • Specific terms defined throughout staff manuals and Social Service Base Contract Boiler
4.2 Output- and outcome-based performance measures	Document Analysis <ul style="list-style-type: none"> • Scope of Work for Career and Occupational Training • Social Service Base Contract Boiler • Social Service Contract Amendment Boiler • Program Performance Measures and Goals • 2014 Economic Development Workforce Contracts Reviewer Notes Worksheet 	Strong	<ul style="list-style-type: none"> • Specific output and outcome measures required as part of competitive bidding process • Scores on the proposed performance measures part of the scoring process for bid awards • Outcome and output measures included in negotiated contract and in the contract monitoring process
4.3 Support provided for contract compliance	Structured Interview Document Analysis <ul style="list-style-type: none"> • Social Service Base Contract Boiler • Contract Compliance Manual • Contract Management Manual 	Strong	<ul style="list-style-type: none"> • City approaches relationships with agencies as a partnership, while maintaining requirements of grantor/grantee roles • Process analysis, technical support, and site visits are utilized to help agencies with compliance issues • Annual meetings held between the City and agencies to gather feedback and give briefings on new contract terms and advice on contract compliance • Clear guidelines in contracts for submitting reports and financial requests • Written policy for the City to reimburse agencies within 30 days of valid request
4.4 Funding increases and/or contract renewal tied to deliverables	Structured Interview Document Analysis (will track down budget question & resolution for annual funding increases)	Inconclusive	<ul style="list-style-type: none"> • No formal mechanism in place to increase contracts based on performance • Policy passed in 2014 to increase funding for social service contracts consistent with the Consumer Price Index, but not included in Council approved budget for FY 2015-16

Assessment Criteria Category 5: Contract Monitoring

Contract monitoring is an essential function required for social services contracts to help ensure that clients are getting high-quality services and that taxpayer dollars are being used appropriately. There are several key components to the contract monitoring process that will be used to measure the City of Austin's performance. First, adequate resources must be allocated to contract monitoring to protect integrity in the process. Second, flexible and reasonable oversight should be in place to allow a balance between giving social service providers the necessary support to stay in compliance while holding them accountable to contract terms. Third, regular audits and reviews should be conducted of the process and internal staff tasked with monitoring contracts.

5.1 Adequate resources allocated to contract monitoring

Structured Interview

Government entities are expected to protect public investments in services (Cohen & Eimicke 2008, p. 20), which is achieved through a dependable contract monitoring process. Effective contract monitoring requires adequate resources to ensure integrity and quality (Prager 1994, p. 181). Due to the complexity of factors involved with the work load associated with contract monitoring, Health and Human Services staff indicated that it is difficult to develop a parameter for staffing needs, such as a specific number of staff for a specific number of contracts. Some contracts are only for a six- to twelve-month period, and both the number of contracts and contract amounts are frequently shifting variables for the department. If a large amount of new contracts come online, there is a need for additional staff for monitoring as well as planning for contracting and administering the contract. In the fiscal year 2015-16 process,

the Council allocated an additional \$3.05 million in funding for social service contracts, but also added staff for the Health and Human Services Department to ensure adequate resources for managing and monitoring the new contracts. To date, the department has been able to work with what they have while still maintaining the integrity of the monitoring process. Staffing needs are reevaluated and shifted regularly to ensure that the load is shared equally among staff. If there are unmet needs for staffing, the department tracks and documents the gaps so they can submit a formal unmet need request in upcoming budget cycles.

Document Analysis

The *Contract Compliance Manual (Manual)* specifically outlines the purpose of work by staff in the Health and Human Services Department tasked with contract management and staff in the CCU to “ensure that contracted services are being delivered in an effective manner in accordance with the statement of work and terms and conditions found in the contracts issued by HHSD.”³² Following this stated goal, the *Manual* outlines all of the resources available for staff to use during the contract monitoring process. In addition, the manual notes that planning and review work sessions are “held throughout the year to assess workloads, review projects, plan for the next fiscal period, and review work products developed by unit staff.”³³ Since the City Council ultimately approves funding for the department, the most control that staff have regarding adequate resources for contract monitoring stems monitoring workflow and processes to enable them to manage the workflow evenly across the department and document unmet needs for proposals to be included in future budget cycles. In order to properly manage the load given their available resources, the CCU clarifies in their manual that the “number of contracts

³² The Contract Compliance Unit Manual is available in Appendix H

³³ The Contract Compliance Unit Manual is available in Appendix H

monitored and the monitoring schedule will be based on available resources and other departmental needs identified by Executive Action.”³⁴

In the preliminary framework, the criteria for this category is focused generally on how well necessary staff and funding resources are identified and secured for managing and monitoring social service contracts. During structured interviews, HHS staff indicated their ability to date to maintain the integrity of the process with the resources available. However, it is difficult to determine staff needs for contract monitoring up front because of multiple variables related to required staff time. HHS management does constant evaluation of load for contract monitoring to ensure work is evenly distributed across staff, and built in checks and balances in the process ensure that deadlines and requirements are not missed. Any shortages in monitoring staff are documented and submitted as an unmet need for consideration during the budget process. The CCU, which is separate from the HHS, monitors the highest risk contracts, and they have the flexibility to determine load based on available staff time which is written into their policies. HHS received a good rating for this because they’ve been able to maintain quality and documented contract monitoring with the resources they have. In addition, HHS has internal processes in place to secure a reasonable work flow as well as a formal process to request additional staff as needed.

5.2 Flexible and reasonable oversight

Structured Interview

An effective contract monitoring system should have sufficient oversight while providing “guidelines that are both reasonable and flexible,” (Shields 1992, p. 9). At the City of Austin,

³⁴ The Contract Compliance Unit Manual is available in Appendix H

HHS contract administrators have a fair amount of discretion during the monitoring process to work collaboratively with agencies that are out of compliance. Health and Human Services staff noted that acts that are intentional, unethical, defraud the City, or withhold information are treated much more severely than honest oversights or requests for extensions on timelines for required audit reports. If there is an internal policy issue within the agency leading to noncompliance, the City works with the provider to develop a corrective action plan to remedy the problem. For example, a handful of contracts have attempted to charge the City for unallowable expenses. In this case, the City works with the agency to clarify what expenses are allowed to prevent future billing errors as long as it's clear it was an honest mistake, oversight, or clerical error. In this case, the City won't pay for the unauthorized expense, but will hold over that funding so that the agency is still allowed to use it for services allowed within the contract.

The Health and Human Services Department discussed processes in place to gather feedback regarding the monitoring process, where providers can give input on areas that may create too high of an administrative burden. During annual feedback sessions, staff have mostly heard that agencies understand the need to protect taxpayer investments and haven't requested significant changes in the process. The required annual site visits and monthly reports are designed to provide enough information for the City to verify compliance while keeping the reporting load for agencies at a manageable level. In addition, the City worked with agencies when developing the financial reporting requirements to use a standard format already in use so they don't have to create an entirely new report.

The CCU is a separate group of personnel with a separate budget from the contract monitoring function of the Health and Human Services Department. The CCU conducts in-depth analysis of contract monitoring functions of the department and reviews social service contracts

based on a risk assessment. The risk assessment includes funding level, subcontracts, whether it was competitively bid, and other factors. CCU will take the highest risk contracts and do an in-depth review that lasts three to four days. When the CCU reviews a social service agency, the process includes some of the same contract monitoring parameters as HHS contract management is tasked with conducting during their standard review process. If the CCU has conducted a review of an agency, the Health and Human Services monitoring staff coordinate to use information already obtained so that agencies don't have to go through two audits that would be redundant and create an administrative burden. If problems were identified by the CCU, Health and Human Services will focus solely on problem areas when they conduct the annual site visit. This allows staff and the social service provider the flexibility to focus on the specific issue at hand, rather than having duplicative review of the same aspects of the contract by both the CCU and HHS staff.

For contracts found to be out of compliance, a corrective action plan is developed by City staff to bring the agencies into compliance within a three month period, with monthly reporting requirements until compliance is reached. If noncompliance is attributable to significant financial mismanagement, the monitoring level is elevated to a higher level of urgency, which is outlined in the Contract Compliance Manual. Once corrective action has been completed, the agencies are returned to level 1 monitoring, which is the standard monitoring level for all social service contracts.

Document Analysis

The *Social Service Contract Boiler (Contract Boiler)* states that the designated contract manager “may meet with Contractor to discuss any operational issues or the status of the services

or work to be performed,”³⁵ and further dictates that the contract manager “shall promptly review all written reports submitted by Contractor, determine whether the reports comply with the terms of this Contract, and give Contractor timely feedback on the adequacy of progress and task reports or necessary additional information.”³⁶ The *Contract Boiler* specifies that the City may monitor and evaluate activities to “ensure adherence by the Contractor and Subcontractors to the Program Work Statement, Program Performance Measures, and Program Budget, as well as other provisions.”³⁷ Evaluation can include monitoring of client-level data for the services included in the contract, unless legal basis for withholding is provided.

The *Contract Management Manual (Manual)* outlines the three levels of monitoring and the associated actions and required documentation involved in the monitoring process for each level. There are also guidelines included for the on-site review requirements delineated by monitoring level. Table 4.41 includes the parameters for each level including the qualifying criteria and actions.³⁸ These criteria provide reasonable and predictable oversight for social service providers. The *Manual* also includes factors that lead to transitioning contract monitoring levels. Contractors are moved from level 1 to level 2 if technical assistance doesn’t resolve noncompliance issues and the contract manager’s supervisor signs off on the change in status. When corrective action plans for reestablishing contract compliance aren’t met within three months, the contractors can be moved from level 2 to level 3. At this point, an Assistant Director for Health and Human Services will review the case and make recommendations for how to proceed with the assistance of a Compliance Management Team which also includes

³⁵ The Social Service Base Contract Boiler is available in Appendix E

³⁶ The Social Service Base Contract Boiler is available in Appendix E

³⁷ The Social Service Base Contract Boiler is available in Appendix E

³⁸ The Contract Management Manual is available in Appendix I

CCU staff and program staff. If a contractor is moved to level 3, the Board Chair for the contractor is notified by a certified letter signed by the department director.

Table 4.41: Criteria and Required Actions for Monitoring Levels

Monitoring Level	Criteria	Required Actions
1	<ul style="list-style-type: none"> • Timely submission of complete & accurate reports • Documentation of expenditures • Funds are spent and services are provided in compliance with contract terms 	<ul style="list-style-type: none"> • Staff monitoring includes monthly and annual desk reviews, an annual onsite visit <ul style="list-style-type: none"> ○ Additional onsite reviews as needed • Documented technical assistance provided when contractor is out of compliance <ul style="list-style-type: none"> ○ Timeframes included for coming into compliance
2	<ul style="list-style-type: none"> • Reporting deadlines are missed • Inaccurate or incomplete reports • Problems with contract compliance 	<ul style="list-style-type: none"> • Contractor is notified of transition to level 2 • Contract Compliance Unit is notified of change in level status • Corrective Action Plan is developed • Additional performance and/or financial reports required of contractor • Staff monitoring includes follow up onsite visits and tracking of progress on the Corrective Action Plan
3	<ul style="list-style-type: none"> • Noncompliance with reporting deadlines • Consistently inaccurate or incomplete reports • Continued noncompliance after receiving technical support from the City 	<ul style="list-style-type: none"> • Contract monitoring transferred from Health and Human Services Contract Managers to the Contract Compliance Unit • Policies and protocols that require action: <ul style="list-style-type: none"> ○ Noncompliance issues 3 or more times during the contract period ○ Client health or safety concerns ○ Potential theft or fraud • Monitoring includes desk reviews and site visits as needed to confirm compliance

The *Manual* also provides guidelines for items associated with corrective action plans, which includes documenting deficiencies to be addressed with the plan, the method used to

identify the deficiencies, a summary of findings, action requirements, and the timeframe for whether the action plan is followed correctly and effectively.³⁹

Performance review processes include deadlines for performance report, comparing cumulative performance with goals included in the contract, comparing the percentage of goals achieved with the time elapsed over the contract to see if the agency is on track, reviewing client data provided as part of the reports such as demographics and zip codes, and any additional grant requirements for performance review.⁴⁰ The administrative review process involves determining if the staff time dedicated to the program is appropriate, examination of staff turnover, verification that background checks are being conducted properly, review of compliance with the City's insurance requirements, ensuring annual audits are conducted, and review of any submitted final payment requests or final expenditure reports.⁴¹ Prior monitoring results are also reviewed to ensure any previous issues have been resolved or are actively being addressed.

The CCU reviews the highest risk social service contracts. Their process for on-site monitoring is described as “monitoring all aspects of the contracted functions. Sites chosen for on-site monitoring are derived from a risk assessment. The highest risk social services contracts, based on the risk factors in the risk assessment tool, are selected for monitoring during the fiscal year.”⁴² Two monitoring outcomes are possible from CCU on-site reviews. Either existing compliance issues are resolved, or noncompliance is identified as an ongoing issue, in which circumstance the case is referred to an Assistant Director of Health and Human Services to determine the appropriate course of action.

³⁹ The Contract Management Manual is available in Appendix I

⁴⁰ The Contract Management Manual is available in Appendix I

⁴¹ The Contract Management Manual is available in Appendix I

⁴² The Contract Compliance Unit Manual is available in Appendix H

There were multiple criteria included in the preliminary framework to measure this category. These criteria include allowing discretion for contract monitors helping social service contractors come into compliance, clear steps for remedying out-of-compliance contracts, documentation for auditing financial aspects of contracts, documented performance measure tracking, regular required reports, and site visits conducted as part of the monitoring process. HHS has a strong rating in this category because of extensive and documented processes in place. There are three levels of monitoring dependent on compliance status, with a clear plan for HHS staff to develop a three month corrective action plan for social service providers that are out of compliance. These plans allow HHS staff to serve as a resource for social service providers, while also holding them accountable for complying with contract requirements. Annual site visits and monthly desk reviews are conducted, with more taking place on an as-needed basis. As long as it can be determined that noncompliance is not due to intentional efforts to defraud the city, HHS staff works to provide resources to assist nonprofits and help them continue to provide valuable services to the community.

5.3 Regular audits of internal contract monitoring staff and process

Structured Interview

To achieve true protection against corruption in contracting, contract monitoring processes must also include oversight of internal contract management staff and audits of the overall process. Social service contracts through Health and Human Services have a couple of layers of oversight and review for contract monitoring staff and the overall contract management process. The Office of the City Auditor conducted an independent audit on all City contracts including Health and Human Services, and returned for a follow up audit specifically for Health

and Human Services in 2015 to ensure all recommendations were implemented appropriately. In addition, the CCU is a separate division from contract management in the Health and Human Services Department that does ongoing internal and external monitoring. This division is kept separate to avoid any potential for bias. The CCU ensures that any issues that arise aren't due to problems on the City's side of the contract, and they work on an ongoing basis to identify opportunities to improve internal practices. The CCU also takes steps to ensure agencies are in compliance, and conducts training for agencies and clarifies confusion around terms such as client eligibility requirements.

The online contract management system allows contract managers to review the process for each contract to ensure all steps are followed. These checks can include verifying whether desk reviews, audits, and staff verification of reports have been conducted. This system is comprehensive for documents and requirements related to contracts, and allows investigation of any area of the contract manual for compliance. Health and Human Services staff discussed how specified deadlines for contract requirements enable managers to effectively monitor whether steps have been completed. For example, research analysts check each contract on the sixteenth of the month to see how many agencies didn't submit paperwork due on the fifteenth of the month. These reviews by managers ensure that both internal staff and agencies are keeping up with requirements and deadlines, and allows for any errors or oversights to be caught almost immediately.

One of the primary focuses of the contract monitoring process involves auditing the financial aspects of social service contracts. Financial auditing is done throughout several steps of the contracting process. First, an annual financial review is conducted at the beginning when agencies enter bids, which includes a threshold review of the two most recent fiscal year audits.

To ensure financial solvency and stable infrastructure, Health and Human Services staff review the board bylaws and makeup, and looks at their IRS 990 form to verify that they're in good standing as a nonprofit. All contracts that don't go through the competitive process are required to go through an annual fiscal review (AFR). The AFR reviews audits, board bylaws, board composition, and agency policies and procedures. These are conducted for all social service contracts, but are conducted before bids are awarded for competitive contracts and at the beginning of contracts that are not competitively bid (primarily funding allocated directly by the City Council and a handful of non-compete contracts for sole-source services).

Document Analysis

Audits of internal contract monitoring staff and processes are conducted in two different ways, as discussed in the structured interview section. The CCU is tasked with monitoring high risk contracts in addition to monitoring processes conducted by Health and Human Services contract managers, who are in charge of monitoring all social service contracts. The CCU's role in monitoring Health and Human Services staff includes determining "if HHSD contract management staff is reporting new contracts and modifications to existing contracts in accordance with policies and procedures established in the Contract Management Manual,"⁴³ and "providing appropriate follow-up on findings to assure that corrective action will be achieved or appropriate next steps will be taken."⁴⁴ The CCU also monitors internal management of contract files to ensure compliance with departmental policies and determine if contract management staff are operating consistent to guidelines outlined in the *Management Manual*. The CCU also

⁴³ The Contract Compliance Manual is available in Appendix H

⁴⁴ The Contract Compliance Manual is available in Appendix H

annually reviews departmental manuals to improve ease of use and improve the monitoring process overall.⁴⁵

Internal monitoring is also conducted on an as-needed basis by the Office of the City Auditor, which is an independent department within the City of Austin with the purview to audit any City of Austin departments or processes. In 2010, the Auditor's office conducted a comprehensive analysis of contracting practices citywide, which included some specific insights and recommendations for social service contracts and City contracting practices overall. The report found that in some cases "controls over contracting are inconsistently applied," and further clarified as part of their recommendation that "Contract management best practices call for the development of a comprehensive contract management system, which should include an organizational structure with clearly defined roles and responsibilities, which can provide oversight, guidance, and accountability for contracting service."⁴⁶

The *Management Manual* which has been referenced throughout this ARP was developed as a response to the *Auditor's 2010 Report* to ensure consistency in the Health and Human Service Department's approach to contract management. The Auditor's Office conducted a follow-up audit in 2014 specific to social service contracts to determine whether their 2010 recommendations had been implemented successfully.

To develop their analysis for the follow up report, staff from the Auditor's office selected recommendations regarding contract monitoring to test, held interviews with staff from the Health and Human Services staff and the Law Department, reviewed documentation specific to

⁴⁵ The Contract Compliance Unit Manual is available in Appendix H

⁴⁶ The 2010 City Audit of Contract Management Process is available in Appendix L

recommendations, verified changes discussed in interviews in the department's Community TechKnowledge system which houses all documents related to contracts, and evaluated risk levels for fraud, waste, and abuse.⁴⁷ In 2010, the two recommendations specific to social service contracts were to "create a complete contract monitoring system," and "ensure that parameters regarding management system access, security, and data reliability comply with industry best practice."⁴⁸ The Auditor's office found that both recommendations had been successfully implemented.

The criteria included in the preliminary framework for this category include whether internal audit processes exist to ensure integrity and effectiveness in the contract monitoring process, whether HHS staff or the City Auditor conducts reviews of internal processes, and what factors are included when reviewing internal processes. Health and Human Services staff conduct regularly scheduled reviews of internal practices which are conducted by the CCU, which have clear processes and required documentation. This unit has a separate budget and office space from the HHS contract managers to avoid bias or conflicts of interest. HHS has an online management system which allows access to supervisors verify process requirements are met. In addition, the Office of the City Auditor reviewed practices in 2010 and conducted follow-up in 2014 to ensure recommendations were implemented.

Results Summary for Contract Monitoring

Overall, the contract monitoring processes for the City of Austin are thorough and well documented, with proper checks and balances in place to ensure that policies are followed by

⁴⁷ The Health and Human Services Department (HHSD) Contract Monitoring Follow-Up Audit, February 2014 is available in Appendix M

⁴⁸ The Health and Human Services Department (HHSD) Contract Monitoring Follow-Up Audit, February 2014 is available in Appendix M

Health and Human Services staff and contractors. Table 4.5 includes the ratings for each category considered, with documentation of evidenced used in the evaluation and additional comments regarding the City of Austin's performance.

Table 4.5 Summary of Findings for Contract Monitoring

Summary of Findings			
Assessment Criteria Category	Evidence	Rating	Comments
5. Contract Monitoring			
5.1 Adequate resources allocated to contract monitoring	Structured Interview Document Analysis <ul style="list-style-type: none"> Contract Compliance Manual 	Good	<ul style="list-style-type: none"> Staff have demonstrated their ability to date to maintain the integrity of the process with resources available Difficult to determine staff need for contract monitoring up front because of multiple variables related to required staff time Constant evaluation of load for contract monitoring to ensure work is evenly distributed across staff Any shortages in monitoring staff documented and submitted as an unmet need during the budget process Contract Compliance Unit handles highest risk contracts, and determines load based on available staff time
5.2 Flexible and reasonable oversight	Structured Interview Document Analysis <ul style="list-style-type: none"> Social Service Base Contract Boiler Contract Management Manual Contract Compliance Manual 	Strong	<ul style="list-style-type: none"> Three levels of monitoring dependent on compliance status <ul style="list-style-type: none"> Staff develops corrective action plans and provides assistance for agencies to come into compliance Minimum of annual site visits and monthly desk reviews <ul style="list-style-type: none"> More site visits as needed Staff have some level of discretion to work with agencies having issues as long as noncompliance is not due to intentional efforts to defraud the City
5.3 Regular audits of internal contract monitoring staff and process	Structured Interview Document Analysis <ul style="list-style-type: none"> Social Service Base Contract Boiler Contract Compliance Manual 2010 Audit of Citywide Contract Management Process 2014 Health and Human Services Department Contract Monitoring Follow-up Audit 	Strong	<ul style="list-style-type: none"> Office of the City Auditor reviewed practices in 2010 and conducted follow-up in 2014 to ensure recommendations were implemented Contract Compliance Unit within Health and Human Services conducts audits of internal staff and processes <ul style="list-style-type: none"> Separate budget and office space from Health and Human Services Contract Managers to avoid bias or conflict of interest Required audits have clear processes for documented reviews Online management system allows supervisors access to verify process requirements are met

Chapter Summary

Based on the information gathered through interviews and City of Austin documents, Health and Human Services staff appears to perform well in most categories analyzed in this study. HHS had an inconclusive rating in two categories. The first was for section 2.1, which refers to conducting a needs assessment. This was inconclusive because while HHS does monitor the needs in the community, the decision to outsource is primarily based on funding that becomes available. Since most grants have specific services required, HHS does not have the flexibility to allocate those funds in areas where they may see the highest needs. Increased funding for contracts tied to performance or deliverables was also rated as inconclusive. This was a result of a couple of factors. First, noncompliance is a factor considered for contract renewals, but there are no mechanisms in place to reward providers for exceeding their goals with a greater level of funding. In addition, the Austin City Council passed a policy in 2014 to provide cost-of-service increases to existing contractors on an annual basis, but this increase was not incorporated in the budget proposed to and passed by the City Council for Fiscal Year 2015-16.

Health and Human Services appears to perform especially well in contract development, competitive processes, and contract monitoring. All three of these categories are critical for setting up a foundation for successful contracting practices that ensure transparency and accountability. After review of their practices and documentation for these three areas, these seem to be the areas where other cities would be wise to look to the City of Austin for best practices regarding social service contracts. This research did not identify any areas of improvement for these categories, but does include recommendations for activities prior to contracting and social service contracts. Conclusions and recommendations based on these results are included in the following chapter.

Chapter V: Conclusion & Recommendations

Based on the evidence gathered, the City of Austin's Health and Human Services Department (HHSD) appears to perform well and conducts sound processes for contract management. Particularly in the areas of contract development, competitive processes, and contract monitoring, they operate in a way that ensures integrity of both city staff and agencies that contract with the City. HHSD operates contract management for less than 3% of the total funds allocated for contracts, which is well below the industry accepted rate of 10% for this function. What makes the low overhead cost even more impressive is the detailed regulations and extensive processes for internal review, which the literature review indicates is the area of contracting that many agencies neglect the most.

In the interviews, it was apparent that there is a genuine passion among HHS staff for maintaining collaborative relationships with social service providers while protecting taxpayer investments through a rigorous but reasonable contract monitoring process. This is a delicate balance to strike given that the City is ultimately the grantor of funds and required to enforce City regulations. They are able to mitigate a lot of potential friction by serving as a resource for agencies both before the competitive process and throughout the life of contracts to minimize any confusion about terms that may lead to noncompliance. Rather than taking punitive action when noncompliance occurs, HHS attempts to help agencies that are making an honest effort come into compliance. Given that all of these processes are extensively documented in the manuals, there are also assurances that City processes are followed equitably across agencies.

In every area where HHSD has control over their processes, they appear to operate at high standards, including frequent reviews to continually improve how the contract management

process functions. The staff interviewed for this ARP were invested in serving the public, and striving for the gold standard in every aspect of the contracting process rather than simply being focused on meeting minimum requirements. This sentiment was demonstrated in practice following the 2010 review conducted by the Office of the City Auditor, which called for implementation of more consistency in contracting practices. HHS took the initiative to produce a ninety-three page manual that outlines every minutia of the contracting practice to ensure that staff were provided with a clear blueprint for operating as a contract manager.

The majority of the recommendations from this research are for HHS to continue their current practices, with several recommendations for new policies and funding methods developed for criteria regarding activities prior to contracting and social service contracts. It should be noted that under the City of Austin's council-manager form of government, the Austin City Council is tasked with passing policy and the City budget, and departmental staff conducts administration and helps form policy recommendations. Most of the following recommendations would likely require recommendations for implementation from HHS staff based on their expertise, followed by formal Council action.

Recommendation 1: Develop a metric for necessary staffing capacity for contract management functions (related to criteria 2.3)

According to the information gathered in interviews, Health and Human Services staff have been able to maintain integrity in the contract management process with the staff they have on hand. However, past successes do not guarantee future success. While they have processes in place to evenly distribute contract management workload across the department and document needs for additional staff for requests to be submitted as unmet needs during future budget

processes, they would likely benefit from developing a specific metric for staffing capacity needed for contract management.

This would be a difficult task given the number of variables involved in the workload associated with each contract. HHS staff could look at the long range history of the number of contracts managed, the amount of funding allocated, and the number of staff employed in the contract management function to identify patterns that could be used as a metric. This approach would require some caution, as over time additional contract management criteria could have increased the average workload. HHS could also look to other cities to evaluate the staffing capacity for comparison to be incorporated into the metric developed by the City of Austin.

During the annual budget process, Health and Human Services has to compete with all other city departments for funding. Each of these departments has an unmet needs list, and many of the items on those lists go unfunded for multiple years. Developing a staffing metric, even if approximate, could help the department be more competitive in budget cycles to ensure that they have enough capacity to continue to administer and monitor contracts at the high standards they have been able to maintain thus far. A metric would also help ensure that if the Austin City Council decides to add additional funding for social services contracts, that they will clearly understand the need to consider adding internal capacity as well.

Recommendation 2: Allocate funding for capacity building and support for social service agencies. (related to criteria 4.3)

Before 2010, the City of Austin provided a modest amount of funding for capacity building for social service agencies, which can include paying for consulting services to build infrastructure to help them comply with city contracting terms, grant writing services or tutorials, or other services to help organizations build capacity. Austin is fortunate to have a large number

of nonprofits that provide invaluable services to the community, but providing a modest level of funding for capacity building could help provide the resources needed to spark ingenuity in the nonprofit field. Given the importance of protecting taxpayer resources, there should be some parameters included in qualifying for these funds.

One of the best approaches for public investments in this area could be to provide grants for nonprofit agencies that are filling an unmet need in available services or serving a high-risk population not currently serviced. This is a policy decision, which under the council-manager form of government in Austin falls under the City Council. As the Council looks to expand the diversity and availability of community resources, they should look to HHS staff for recommendations about how to best implement this programming and consider providing small grants or stipends for nonprofits that demonstrate that with a little help, they can fulfill unmet needs in the community.

Recommendation 3: Include annual funding increases consistent with increases to the Consumer Price Index or flat percentage for multi-year social service contracts. (related to criteria 4.4)

In 2014, the Austin City Council passed a resolution that called for increased investments in social service contracts and the Health and Human Services Department, and also called for an annual funding increase to social service contracts. This policy is intended to help offset increased costs of providing services to ensure that when the City enters into contracts for three to six years, that agencies don't have to reduce their client load over the life of the contract. During the fiscal year 2015-16 budget process, Health and Human Services staff submitted this as an unmet need for consideration by the City Manager, who is tasked with drafting a proposed budget, and the Austin City Council who amends and approves the budget. Despite the 2014

policy and the unmet need submission for consideration by HHS staff, it was not included in the FY 15-16 proposed budget or in the Council-approved budget. In future years, this annual increase should be included by City Management in proposed budgets and approved by the Austin City Council to ensure that social service agencies can continue to provide the volume and quality of services throughout the life of their contracts.

Summary of Recommendations

Table 5.1 includes a summary of recommendations and ratings for all evaluated criteria. Overall recommendations are to continue current practices, with the three recommendations previously mentioned included with their corresponding categories.

Table 5.1 Summary of Recommendations

Summary of Recommendations		
Assessment Criteria Category	Rating	Recommendation
1. Contract Development		
1.1 Legally binding contract language	Strong	Continue current practices
1.2 Administrative competency	Good	Continue current practices
1.3 Efficiency in contracting	Good	Continue current practices
1.4 Flexibility in terms	Strong	Continue current practices
1.5 Regular reevaluation of terms and services	Strong	Continue current practices
2. Activities Prior to Contracting		
2.1 Conduct needs assessment	Inconclusive	Continue current practices
2.2 Define provider qualifications and performance monitoring process	Strong	Continue current practices
2.3 Determine organizational capacity for contract management	Good	Develop metric for necessary staffing capacity
3. Competitive Process		
3.1 Advertising & timing for requests for proposals	Strong	Continue current practices
3.2 Overhead cost	Strong	Continue current practices
3.3 Mitigate anticompetitive behavior	Strong	Continue current practices
3.4 Bid review process	Strong	Continue current practices
4. Social Service Contracts		
4.1 Definition of goals and terms	Strong	Continue current practices
4.2 Output- and input-based performance measures	Strong	Continue current practices
4.3 Support provided for contract compliance	Strong	Allocate funding for capacity building and support for social service agencies
4.4 Funding increases and/or contract renewal tied to deliverables	Inconclusive	Include annual funding increases consistent with increases to the Consumer Price Index or flat percentage for multi-year social service contracts.
5. Contract Monitoring		
5.1 Adequate resources allocated to contract monitoring	Good	Continue current practices
5.2 Flexible and reasonable oversight	Strong	Continue current practices
5.3 Regular audits of internal contract monitoring staff and process	Strong	Continue current practices

Conclusion

Overall, the City of Austin appears to have thorough and well-documented processes for almost all of the criteria considered as part of this ARP. Government contracting can be a challenging and complex task, which only increases in complexities when considering social services contracts. While there is always room for improvement, Health and Human Services has achieved success at formalizing processes that ensure integrity in contracting, providing support for social service agencies serving the most vulnerable populations in the community, and maintaining low overhead costs which ensures more taxpayer dollars can be dedicated to providing direct services for clients.

Other governmental entities would serve themselves well to consider implementing many of the processes used by the City of Austin Health and Human Services Department, particularly in the areas where they ranked the highest in regards to performance including contract development, competitive processes, and contract monitoring. Some inherent bias is included in this research since the primary interviews and documentation came directly from Health and Human Services. Future research could build on the findings in this document by incorporating feedback from social service providers and clients that utilize services funded by the City of Austin.

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Appendix A: Institutional Review Board Exemption

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Your request for exemption is approved; however, the best category for your exemption is under Category 2. Category 5 is reserved for research on public benefit or service programs, such as welfare, Medicaid, unemployment and Social Security. As a requirement of Exemption 2, please ensure that your results are recorded in a way that your subjects are not identifiable and that no questions that could reasonably place the subjects at risk are asked during the study. I also wanted to let you know that you must obtain permission from the entity to interview employees on the job. Finally, I recommend that you use a consent process in which you inform your research subjects about the research and how the information and recording will be used. If you have any questions, please contact me at [512.245.2314](tel:512.245.2314). Good Luck with your study, Szende Szabo - Research Integrity & Compliance

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Appendix B: Structured Interview Questions for Health and Human Services Staff

I. Social Service Contracts & Performance Measurement Practices

a. Support provided for contract compliance

- i. What kind of support is available from the City for social service providers making a good faith effort to stay in compliance with their contracts?
- ii. If a financial or service error is discovered during the life of the contract, what does the City do to help social service providers come into compliance?
- iii. Are there any third party resources the City refers social service providers to for assistance in contract compliance?
- iv. *Follow up questions as merited*

b. Funding increases and/or contract renewal tied to deliverables

- i. Are social service providers eligible for funding increases if they meet or exceed their goals?
- ii. Are contract renewals contingent on meeting contract requirements?
- iii. Follow up questions as merited

II. Contract Development

a. Administrative Competency

- i. What training or certification is required for employees that develop contracts?
- ii. If no formal training or certification is required, what steps are taken to ensure employees are able to competently develop contracts?
- iii. What processes are in place to ensure that quality of contract development is maintained?
- iv. What role does law staff play in contract development?
- v. *Follow up questions as needed*

b. Efficiency in Contracting

- i. What type of analysis is done regarding the cost of contract management compared to the benefits of the services being contracted for?
- ii. What is the typical cost of administering contracts compared to the total cost of contracting for services as a percentage?
- iii. What internal audits conducted to ensure that the contract process is conducted both with efficiency and integrity? What are the frequency and structure of these audits?
- iv. *Follow up questions as merited*

c. Regular reevaluation of terms and services

- i. How often does the City reevaluate contract terms for multi-year contracts?
- ii. What is the process in place to gather feedback from social service providers about the process?
- iii. If feedback from social service providers is solicited, how is that documented and/or incorporated into future contract language?
- iv. *Follow up questions as merited*

III. Activities prior to contracting

a. Conduct needs assessment

- i. What process does Health and Human Services go through to determine needs for services prior to outsourcing?
 - ii. How are different needs prioritized?
 - iii. *Follow up questions as merited*
- b. Outline performance monitoring process
 - i. What contract monitoring processes are in place for social service contracts?
 - ii. Describe the similarities and differences in this process for different contracts.
 - iii. How are contract monitoring processes considered and defined prior to moving forward with outsourcing?
 - iv. *Follow up questions as merited*
- c. Define qualifications of service providers
 - i. How are specific qualifications defined prior to outsourcing a service?
 - ii. What are some typical qualifications the City looks for in service providers for social services?
 - iii. *Follow up questions as merited*
- d. Determine organizational capacity for contract management
 - i. How does the City ensure there will be adequate organizational capacity to manage contracts prior to deciding to outsource?
 - ii. How does organizational capacity for contract management factor into the decision about whether to outsource?
 - iii. *Follow up questions as merited*
- e. Define benefits of outsourcing compared to providing services in-house
 - i. What factors are considered when determining if outsourcing would be preferable over providing services in-house?
 - ii. Describe how cost and quality of service are considered during the process to decide whether to outsource.
 - iii. *Follow up questions as merited*

IV. Competitive Process

- a. Advertising
 - i. How are requests for proposals for social service contracts advertised?
 - ii. What steps does the City take to ensure transparency and fairness in the advertising process?
 - iii. *Follow up questions as merited*
- b. Timing
 - i. What is considered the optimum amount of time for social service providers to have to respond to a bid?
 - ii. Is that consistent with the time the City allows for responsive proposals?
 - iii. *Follow up questions as merited*
- c. Overhead cost
 - i. What is the typical overhead cost for putting a service out for bid?
(NOTE: Optimal level is approximately 10% of the cost of the overall contract)
 - ii. What practices does the City have in place to reduce overhead costs?
 - iii. *Follow up questions as merited*

- d. Mitigate anticompetitive behavior
 - i. What safeguards are in place to protect against corruption?
 - ii. Does the City have anything in place to identify artificially low bids?
 - iii. *Follow up questions as merited*
 - e. Bid review process
 - i. How are the parameters for bid reviewing defined before proposals are received?
 - ii. How are bids for best value contracts evaluated? (*Already have the scoring sheet for the last RFP process*)
 - iii. *Follow up questions as merited*
- V. Contract monitoring**
- a. Adequate resources allocated to contract monitoring
 - i. How are the necessary staff and funding resources for contract monitoring identified and secured for each social service contract?
 - ii. *Follow up questions as merited*
 - b. Program audit through reports and/or site visits
 - i. What documentation is required to audit financial aspects of social service contracts?
 - ii. What documentation is required to document whether performance measures are being met?
 - iii. How often are reports required?
 - iv. Are site visits conducted for social service provided?
 - v. If site visits occur, how frequently are they conducted and what type of information is collected?
 - vi. *Follow up questions as merited*
 - c. Flexible and reasonable oversight
 - i. How much discretion do contract administrators have in the monitoring process to work with social service providers that may be out of compliance?
 - ii. What kind of feedback has the City received from social service providers regarding the monitoring process being overbearing or unmanageable, and what steps were taken to address any identified issues?
 - iii. Please describe the steps taken for contracts that are out of compliance.
 - iv. *Follow up questions as merited*
 - d. Regular audits of internal contract monitoring staff and process
 - i. Does the City have an internal auditing process to ensure integrity and effectiveness in the contract monitoring process?
 - ii. Are the audits conducted by Health and Human Services staff, by the Auditor's Office, or both?
 - iii. What factors are considered when reviewing the City's contracting practices?
 - iv. *Follow up questions as merited*

Appendix C: Scope of Work for Career and Occupational Training

Section 0500 – Scope of Work

Career and Occupational Training for Economic Development

I. INTRODUCTION

The overall objective for this competitive solicitation is to establish contracts with community-based organizations for short-term and long-term career and occupational training, based on the local needs for labor that are determined by industry growth and occupational demand, in an amount not to exceed \$1,280,650 per 12-month period.

Contracts entered into under this Request for Application (RFA) will be for an initial three- year period, beginning October 1, 2015, with three one-year renewal options for a total contract period not to exceed six (6) years. All contracts awarded through this solicitation will require authorization of the Austin City Council. The City Council has directed that final contract decisions be consistent with the goals of the Imagine Austin Comprehensive Plan.

The initiatives of the Economic Development Department (EDD) include creating jobs in Austin that provide employment opportunities for unemployed, underemployed, and “hard to employ” residents of the City of Austin and Travis County. Through this solicitation, EDD seeks to assist individuals entering the local labor force and/or increase their income to become self-sufficient and enrich their quality of life. This solicitation also seeks to align immediate industry needs for skilled individuals and future employment opportunities for the individuals listed above through career and occupational training.

This Scope of Work is intended to describe the relationships between industry, career, and occupational training providers and the targeted populations. The contracted services shall target individuals who are residents of the City of Austin and/or Travis County with gross family income at or below 200% of federal poverty guidelines.

The City of Austin (City) seeks to provide training for skills associated with high-demand occupations that address immediate and future labor force demands, determined by industry needs, with input from industry professionals and supporting market data. To that end, the City seeks applications in response to this RFA from qualified providers (Applicants) with demonstrated experience in providing career and occupational training to persons with diverse needs and backgrounds. The \$1,280,650 available for the first year of funding through this RFA will be divided into two categories and distributed within a range of \$100,000 to \$200,000 for short-term career and occupational training and \$1,000,000 to \$1,200,000 for long-term career and occupational training.

1. BACKGROUND

EDD has supported career and occupational training by providing over \$1,200,000 per fiscal year for Social Service contracts through the Austin/Travis County Health and Human Services Department for workforce development programs. EDD has also stimulated labor force development through direct departmental economic development initiatives to enhance economic development incentive agreements and instill Science, Technology, Engineering and Math (STEM) skills and career opportunities.

1.1 A Labor Force Ready for Modern Industry

Austin's economic competitiveness has been supported by a capable labor force ready to engage in the on-going venture of creating a dynamic, innovative city. Through this solicitation, EDD seeks to continue the development of a local labor force to maintain Austin's competitiveness and to provide Austinites an opportunity to fully enjoy the benefits of a strong, growing economy. The Austin technology sector alone is projected to create 9,000 jobs in the next three years, and skilled, local workers are crucial to sustain the pace of the city's economic engine.

Like other cities in Texas and the United States, Austin is facing a widening skills gap between available jobs and the workforce. Educational attainment and training levels are insufficient to meet the trends for STEM fields as well as worker certifications. This situation is critical for Austin's long-term economic success. With an undereducated workforce, Austin may become less attractive to businesses and the City may see a decline in businesses selecting to expand or locate in Austin for talent acquisition. Associated tax revenues from businesses could decrease not just the City of Austin, but also Travis County, the healthcare district, the community college district, and school districts.

Austin's population is diverse and is forecasted to continue this trend. EDD sees Austin's diversity as a strength and intends to engage traditionally underrepresented populations in Austin's local labor force to fill jobs, specifically those jobs that require certifications and/or degrees and increasing their wages in the process. The growing Hispanic population is particularly important in this regard. Hispanics currently account for 35% of Austin's population, yet they only represent up to 22% of the STEM labor force (and when healthcare practitioners and technical occupations are excluded, representation declines to 9%). At the same time, the Austin African American population continues its steady decline from 15% of the total population just a few decades ago to 8.1% today. Providing STEM education and training to the African American community could help engage this population in area job opportunities to retain the diversity of the Austin area in the decades to come.

1.2 This RFA: The Labor Force Connection to the Overall Economy

The Austin economy depends on both a capable labor force and self-sufficient individuals not dependent on government or public assistance. This RFA recognizes the need to empower the current labor force with modern skills and engage hard-to-employ populations as a meaningful part of the economy.

As the social and economic environment changes, the City will strive to invest in career and occupational training services that focus on the needs of growing industries and the ability to promote Austin as an economically competitive location for business attraction and expansion, while also providing opportunities for self-sufficiency to targeted individuals and families.

3. PRINCIPAL OBJECTIVE & GOALS

3.1 Economic Development Department Goals:

- a. **Economic Development Partnership:** The Applicant shall provide information that demonstrates the organization's ability to develop a relationship with EDD and its allies for business recruitment and expansion efforts. These relationships shall be centered on a plan that shall engage these allies for their expertise in reaching and communicating the needs of a diverse business base, as well as a diverse audience of potential target participants. Examples of Economic Development allies include, but are not limited to the following organizations:
 - i. Austin Gay and Lesbian Chamber of Commerce
 - ii. Austin/Travis County Reentry Roundtable
 - iii. Greater Austin Asian Chamber of Commerce
 - iv. Greater Austin Black Chamber of Commerce
 - v. Greater Austin Chamber of Commerce
 - vi. Greater Hispanic Chamber of Commerce
 - vii. Minorities for Equality in Employment Education Liberty and Justice
 - viii. Texas Department of Assistive and Rehabilitative Services
 - ix. Travis County Criminal Justice Planning
- b. **Market Knowledge for Labor Force Capacity and Trends:** The Applicant shall provide information that demonstrates the organization's ability to perform primary and secondary data collection and use this data to conduct a labor force analysis and report this information regularly, on an ongoing basis. Such research provides insight into the local labor market and trends regarding labor force assessment
- c. **Market and Labor Force Connection:** The Applicant shall provide data to demonstrate the need for the strategy/strategies being proposed. Data shall include at a minimum:
 - i. Industry growth and labor needs assessment

- ii. Career and Occupational demand and alignment with trainings provided
 - iii. Client demographics
 - iv. Community need
 - v. Self-sufficiency: This RFA aligns with the Health and Human Services Social Service RFA, particularly with these self-sufficiency goals:
 - 1. Transition Out of Poverty: Ensure developmental, educational, employment and other special opportunities for disadvantaged persons to further self-reliance.
 - 2. Enrichment: Encourage personal development and community enrichment through cultural and educational programs
- d. **Service Experience:** The Applicant shall provide:
- i. a comprehensive overview of the organization and provide information that describes the organization's experience in providing industry-related career and occupational training on a short-term and/or long-term basis. ;
 - ii. a detailed description of courses and services it has previously offered which relate to the goals of this RFA;
 - iii. a comprehensive description of the application process used for participant enrollment; and
 - iv. a comprehensive description of its proposed program breadth/scope, program budget, staffing plan, and cost per client served per desired outcome.

3.2 Industry-Based Goals for Career and Occupational Training:

- e. **Industry Input:** The Applicant shall provide information that demonstrates the organization's ability to develop relationships with industry groups that allow regular input regarding labor needs, concerns, and feedback related to overall performance of the training programs developed and deployed for their respective industry segment.
- f. **Employer Engagement:** The Applicant shall provide information that exhibits the organization's ability to develop one-on-one relationships with employers to better understand their needs for labor, training, and labor force recruitment and retention.
- g. **Industry-based Services:** The Applicant shall provide information that demonstrates the organization's ability to analyze and synthesize all of the collected information to provide career and occupational training in the following areas:
 - i. **High Demand Occupations:** Training for occupations in which collected data yields current or immediate labor needs, which provide opportunities for job placement and advancement.
 - ii. **Targeted Occupations:** Training for future labor needs and occupations that would be a result of the City's focus for proactive efforts in business

recruitment and expansion:

1. The expansion of local businesses and the recruitment of technology- based manufacturing and logistics industries.
 2. Targeted industry sectors as defined by EDD and the Opportunity Austin program.
 3. STEM related careers.
- h. **Speed of Business:** The Applicant shall provide information that exhibits the organization's ability to engage with industry and address needs by developing and offering curriculum in short-term and long-term time intervals.
- i. **Short-term Career and Occupational Training to Address Immediate Needs:**

By way of working with EDD and utilizing the EDD's contracts with allies for business recruitment and expansion, companies look to enter or expand in the local market. Depending on circumstances, the company(ies) may need to realize their ability to develop a specialty-skilled labor force from the local labor market in a very short period of time. The company may be more inclined to locate their expansion if local training providers can demonstrate the ability to create a customized training curriculum for rapid labor force development needs, building a pool of trained individuals eligible for employment within a one to three month period.

Due to the short-term nature of the program, the Applicant shall provide an intensive instruction program. Participants shall exit the program with the skills and appropriate certifications to help ensure that they stand a good chance of being hired immediately following the program. Additionally, the Applicant shall demonstrate its ability to provide soft skills such as resume writing, winning strategies for interviewing, and effective communication.

Applicants are expected to create relationships with EDD and EDD's allies to demonstrate the ability to develop this type of customized training curriculum. The Applicant shall provide information that exhibits the organization's ability to engage with industry and address needs by developing and offering short-term curriculum that delivers immediate labor needs within one to three months.

The total funding that is available through this RFA for short-term career and occupational training will range between \$100,000 and \$200,000.

- i. **Long-term Career and Occupational Training to Address Future Needs:** The overall purpose shall be to provide a long-term engagement program for individuals in order to improve the education and labor-market outcomes for the Austin area. The Applicant shall focus on high

demand occupations that have a minimum starting wage of at least \$17.00 per hour.

Due to the long-term nature of the program, the Applicant shall provide an extensive enrollment process that helps to ensure individuals who are selected to participate in the program stand a good chance at completing the program. The Applicant shall demonstrate its ability to provide support services to individuals in order to ensure successful completion and to reduce the likelihood those individuals will resort to student loans to complete the program.

By way of working with EDD, Applicants are expected to provide labor force development services that coincide with the City's overarching plan to grow and sustain a competitive economy through industry diversification and business expansion. Applicants are expected to demonstrate how they will flex their relationship with industry leaders, other organizations, and/or focus groups to collect information regarding industry development related to new technologies, growth, and the resulting next wave of high-demand occupations.

The Applicant shall provide information that exhibits the organizations ability to engage with the industry and address needs by developing and

offering long-term curriculum that delivers future labor needs within two to four years.

Further, Applicants are expected to overlay this information with industry sectors being proactively targeted by EDD and its allies efforts for business recruitment and expansion.

The total funding that is available through this RFA for Long-term career and occupational training will range between \$1,000,000 and \$1,200,000.

3.3 Return on Investment Goals:

Economic development investments in short-term and long-term career and occupational training programs are intended to benefit the overall Austin economy by focusing on targeted participants who do not possess the skills or education levels to fully contribute or fully derive benefit from the robust Austin economy. Typically, these participants who do not possess the skills or education cannot advance their employment and are

marginalized by lower wages. Further, the lower wages put these participants in a predicament whereby the participants rely on government services, including welfare, food stamps, and school meal voucher assistance.

- j. **Targeted Participation:** The Applicant shall provide information that demonstrates the organization's ability to provide services that are tailored and provided individuals that are prepared to enter or re-enter the labor force as a competitive candidate for living wage employment. These individuals typically include at a minimum:
 - i. Unemployed individuals seeking employment
 - ii. Underemployed individuals seeking advancement
 - iii. Individuals with a high school diploma or GED
 - iv. Individuals with some post-secondary education but not a formal degree or certificate
 - v. Individuals with disabilities
 - vi. Veterans
 - vii. Single parents with minor children
 - viii. Individuals with criminal histories
 - ix. Residents of Permanent Supportive Housing (PSH) and other housing programs funded by the City of Austin Health and Human Services Department
 - x. Individuals who are employed through the City of Austin's Day Labor Center
 - xi. Individuals served by other HHSD social services contracts
- k. **Participant Eligibility:** The Applicant shall provide information that demonstrates the organization's ability to provide training and education that will cater to those with a family income at or below 200% of poverty.
- l. **Participant Outreach:** The Applicant shall provide information that demonstrates the organization's capacity for actively promoting programs and career/occupational opportunities to the targeted participants; strategically generating interest and enrollment.
- m. **Participant Assistance [applies to long-term career and occupation training program Applicants only]:** The Applicant shall provide information that demonstrates the organization's ability to provide support services that will encourage target participants' enrollment by removing or reducing entry barriers and allowing the participant to remain enrolled in the program until completing the curriculum.
- n. **Occupational Placement:** The Applicant shall provide information that demonstrates the organization's ability to place participants in high demand careers and occupations.
- o. **Occupational Wages [short-term career and occupation program]:** The Applicant shall provide information that demonstrates the organization's ability to place participants in careers and/or occupations that pay at least \$11 per hour.
- p. **Occupational Wages [long-term career and occupation program]:** The Applicant shall provide information that demonstrates the organization's ability to place participants in careers and/or occupations that pay at least \$17 per hour.

- q. **Employee Retention:** The Applicant shall provide information that demonstrates the organization's capacity to provide follow-up services to those individuals that have completed the training curriculum to ensure that the participants have a mentor to share or overcome any new employment concerns.

3.4 Leveraging and Health Service Environment Goals:

Bonus consideration will be given to Applicants who demonstrate the ability to secure additional in-kind and/or monetary support from employers, philanthropic individuals, organizations, and state and federal agencies. Bonus consideration will also be given to Applicants who create a healthy service environment for their clients, visitors, and staff.

- r. **Leveraging:** The Applicant shall provide an overview of the organization's capacity and experience for leveraging public dollars to generate additional investment from employers, philanthropic individuals and/or organizations, and state and/or federal agencies for career and occupational training programs.
- s. **Healthy Service Environment:** Applicants are encouraged to establish and enforce a tobacco-free worksite policy that promotes tobacco-free living. Applicants are encouraged to actively promote and support breastfeeding by employees and maintain a written worksite lactation support policy that is regularly communicated to employees. Applicants are encouraged to develop a comprehensive Employee Wellness Initiative that promotes nutrition, physical activity, tobacco-free living, and the mental health of employees. Applicants are also encouraged to provide a safe environment for working and conducting business that includes zero tolerance for behaviors and addressing behaviors that are threatening or violent in nature.

4. CONNECTION TO IMAGINE AUSTIN

Successful Applicants shall indicate how proposed strategy/strategies correspond to the Imagine Austin Comprehensive Plan complete vision statement and one or more of its core vision components. Imagine Austin identifies a host of policies that it terms "building blocks" and then groups them under "priority programs" to narrow a path toward implementation. Applicants shall benefit from understanding that this RFA is part of the implementation of priority program #3: "Continue to grow Austin's economy by investing in our labor force, education systems, entrepreneurs, and local businesses."

The Imagine Austin Comprehensive Plan Vision Statement

Austin is a beacon of sustainability, social equity, and economic opportunity; where diversity and creativity are celebrated; where community needs and values are recognized; where leadership comes from its citizens, and where the necessities of life are affordable and accessible to all.

Core Components of the Imagine Austin Comprehensive Plan Vision

Several core vision components specifically relate to investments in social services. These key vision components and supporting points may be viewed at <http://www.austintexas.gov/page/imagine-austin-vision>. Particularly relevant are (note these are in a redacted form):

Austin is Livable: All residents have a variety of urban, suburban, and semi-rural lifestyle choices with access to quality schools, libraries, parks and recreation, health and human services, and other outstanding public facilities and services.

- Austin’s diverse population is active and healthy, with access to locally-grown, nourishing foods and affordable healthcare.

Austin is Educated: Austin provides everyone with an equal opportunity for the highest quality of education that allows them to fully develop their potential. Networks of community partnerships support our schools and ensure that our children receive the resources and services they need to thrive and learn.

- Our school campuses provide safe and stable environments enabling future success.
- Every child in Austin has the chance to engage with other cultures, communities, and languages, providing pathways for healthy development and the critical thinking skills students need as future citizens of Austin and the world.

Austin is Prosperous: Austin’s prosperity exists because of the overall health, vitality, and sustainability of the city as a whole — including the skills, hard work, and qualities of our citizens, the stewardship of our natural resources, and developing conditions that foster both local businesses and large institutions.

- Equitable opportunities are accessible to all through quality education, training, and good jobs.

Austin Values and Respects its People: Austin is its people. Our city is home to engaged, compassionate, creative, and independent thinking people, where diversity is a source of strength, and where we have the opportunity to fully participate and fulfill our potential.

- People across all parts of the city and of ages and income levels live in safe, stable neighborhoods with a variety of affordable and accessible homes with access to healthy food, economic opportunity, healthcare, education, and transportation.

Implementation of Priority Program #3

This RFA is part of transforming vision into reality through implementation. Applicants may want to consider referencing metrics to help demonstrate the capacity of a proposed strategy for implementation. Applicants may want to consider such metrics as:

- Employment rate and average wages by age, geography, and race/ethnicity
- Total number and percentage of Austin skilled labor force compared with the region
- Working wage.

5. REPORTING

All Applicants shall include the following high-level outcomes.

- Percent of individuals who maintain or increase income
- Percent of individuals that obtain employment
- Percent of individuals who gain employment in high demand occupations
- Percent of participants earning at least \$17.00 per hour [long-term program]
- Percent of participants earning at least \$11.00 per hour [short-term program]
- Percent of participants receiving health care benefits as part of their wage package.
- Percent of employer partners offering jobs to

participants Additional outcomes may also be proposed, if

applicable.

All applications shall include all of the following outputs. Additional outputs may also be proposed.

- Number of unduplicated participants served per contract year
- Number of unduplicated participants served during the initial 36-month contract period
- Number of employee partners
- Average hourly wage of most recent graduates who became employed after training.

5.1 Return to the Economy

Applicants shall report on their interaction and program development for targeted industries, targeted occupations, and the targeted participants. Reporting shall include at a minimum the following metrics that meet economic development goals of industry driven career and occupational training:

- a. The direct connection between occupational demand, program development and targeted participants entering these occupations;
- b. The participants career pathway for sustainability;
- c. The benefit or growth related to the industry or the individual company(ies)

- as a result of the training efforts;
- d. The return calculated for the investment and resources used during the process of assisting these individuals.

5.2 Independent Evaluation and Research

Applicants funded through this RFA shall be required to participate in a City funded independent evaluation and research related to performance measurements of the programming and participation outlined in this RFA. Applicants are encouraged to refer to studies regarding the outcomes and impacts for participants in community-based career and occupational programs. Applicants are also encouraged to describe existing or planned relationships with an independent evaluation or research organization(s) and how this relationship will be utilized to provide metrics for Return to the Economy.

5.3 Recognition of City Contribution

When Applicant speaks to the career and occupational training programs funded by through this contract, Applicant shall recognize the City of Austin at the highest sponsor-level category assigned to the value of this contract. With City approval, the Applicant shall use the City of Austin logo and confer upon the department all benefits given to other sponsors in this sponsor level. This recognition includes events, presentations, marketing materials, newsletters, multimedia, print materials, or any other form of communication.

6. **ELIGIBILITY GUIDELINES**

The eligibility guidelines for this RFA are outlined in Section 0615 – Client Eligibility Requirements. The City requires all awarded agencies to maintain a complete and current record of client eligibility throughout the entire contract period (e.g. client file or electronic record) that includes documentation of the elements listed in Section 0615.

Applicants may propose alternate eligibility criteria from the guidelines in Section 0615 for the proposed target population(s). If applicable, Applicants shall clearly define the proposed alternate eligibility criteria and make a case for the need for alternate criteria. Alternate eligibility criteria may or may not be accepted if the Applicant is awarded funds under this RFA.

Applicants shall describe how Section 0615 – Client Eligibility Requirements or the proposed alternate eligibility criteria will be documented for the target population(s) identified in the application.

7. FUNDING INFORMATION

- a. \$1,280,650 is available per 12-month period for a total three-year amount of \$3,841,950.
- b. The \$1,280,650 available through this RFA will be divided into two categories and distributed within a range of \$100,000 to \$200,000 for short-term career and occupational training, and distributed within a range of \$1,000,000 to \$1,200,000 for long-term career and occupational training.
- c. Applicants shall apply for a minimum of \$50,000 per 12-month period.
- d. An Applicant may submit multiple applications, but is not permitted to submit one application that requests funds for both Short-Term Training and Long-Term Training categories in the same application.
- e. The initial funding period will be October 1, 2015, through September 30, 2018 with three (3) one-year renewal options, for a total contract period not to exceed six (6) years.
- f. The City of Austin reserves the right to adjust the contract amount or scope of work over the contract period based on community needs, Applicant's ability to expend funds in a timely manner, or any other factor. When the City determines adjustments need to be made, the City will provide at least 90-day notice to the contractor.

8. ELIGIBLE APPLICANTS

- a. Any nonprofit or governmental agency that can legally contract with the City (as verified by the City Purchasing Office) is eligible to apply for funding.
 - i. City policy does not permit entering into a contract with an entity that owes taxes to the City.
 - ii. The Applicant and its principals may not be currently suspended or debarred from doing business with the Federal Government, as indicated by the United States General Services Administration list of Parties Excluded from Federal Procurement and Non-Procurement Programs, the State of Texas, or the City of Austin.
- b. Applicants shall be able to meet the City's insurance requirements for social service contractors. See the insurance requirements in Section 0400 of the RFP.
- c. Applicant's two most recent audit years:
 - i. Shall reflect an unmodified opinion
 - ii. Shall not reflect a "Going Concern Uncertainty"
 - iii. Shall not reflect financial management issues unless Applicant can provide evidence that necessary changes have been implemented.
- d. Applicant's Board of Directors shall:
 - i. Have specific terms with beginning and ending dates
 - ii. Meet in person a minimum of three times per fiscal year
 - iii. Have a process to review program performance, approve budgets, and review financial performance.

- e. Within the last five years, the Applicant shall have a minimum of two years of successful experience working with target populations and providing proposed services to clients.
- 8.1 All Applicants shall submit the following documents in a separate sealed envelope in the same package as their application:
- a. Completed Threshold Review Checklist (Section 0610)
 - b. Current Board of Directors by-laws
 - c. Approved Board of Directors minutes during the previous fiscal year reflecting the Board has a process to:
 - i. review program performance
 - ii. approve budgets
 - iii. review financial performance
 - d. Copy of the most recently filed 990 or 990-EZ form
 - e. A complete set of audited financial statements to include the auditor's opinion and any management letters, covering the two most recent audit years
 - f. Approved Board of Directors minutes during the previous fiscal year reflecting the Board has a process to:
 - i. review program performance
 - ii. approve budgets
 - iii. review financial performance
 - g. Copy of the most recently filed 990 or 990-EZ form
 - h. A complete set of audited financial statements to include the auditor's opinion and any management letters, covering the two most recent audit years

Appendix D: Program Performance Measures and Goals

Section 0620

Program Performance Measures and Goals

OUTPUT MEASURES

Provide proposed goal amounts for your program in the City of Austin column, the All Other Funding Sources column and the TOTAL (City + All Other) column.

<u>OUTPUT # 1 (Required)</u>	<u>City of Austin</u> Annual Goal	<u>All Other</u> <u>Funding</u> <u>Sources</u> Annual Goal	<u>TOTAL</u> (City. + All Other) Annual Goal
Number of unduplicated clients served per 12-month contract period			

<u>OUTPUT # 2 (Required)</u>	<u>City of Austin</u> Goal	<u>All Other</u> <u>Funding</u> <u>Sources</u> Goal	<u>TOTAL</u> (City + All Other) Goal
Number of unduplicated clients served during the initial 36-month contract period			

<u>OUTPUT # 3 (Required)</u>	<u>City of Austin</u> Annual Goal	<u>All Other</u> <u>Funding</u> <u>Sources</u> Annual Goal	<u>TOTAL</u> (City + All Other) Annual Goal
Number of Employee Partners			

<u>OUTPUT # 4 (Required)</u>	<u>City of Austin</u> Annual Goal	<u>All Other</u> <u>Funding</u> <u>Sources</u> Annual Goal	<u>TOTAL</u> (City + All Other) Annual Goal
Average hourly wage of recent graduates who became employed after training.			

OUTPUT # 5 (Proposed)	City of Austin Annual Goal	All Other Funding Sources Annual Goal	TOTAL (City + All Other) Annual Goal
(Measure name)			

OUTPUT # 6 (Proposed)	City of Austin Annual Goal	All Other Funding Sources Annual Goal	TOTAL (City + All Other) Annual Goal
(Measure name)			

OUTCOME (RESULTS) MEASURES

Replace the blue text in the left column of this section with the actual wording of your measures' numerators, denominators, and outcome rates (by %). Also in the right column's shaded blocks, include the corresponding goal amounts and percentages for each line.

Total Program Performance – OUTCOME # 1 (Required)	Total Program Annual Goal
Number of...(description of the measure's numerator) (numerator)	
Total number of...(description of the measure's denominator) (denominator)	
Percentage of...(description of the outcome percentage) rate) (outcome	%

Total Program Performance – OUTCOME # 2 (Required)	Total Program Annual Goal
Number of...(description of the measure's numerator) (numerator)	
Total number of...(description of the measure's denominator) (denominator)	
Percentage of...(description of the outcome percentage) rate) (outcome	%

Total Program Performance – OUTCOME # 3 (Required)	Total Program Annual Goal
Number of...(description of the measure's numerator) (numerator)	
Total number of...(description of the measure's denominator) (denominator)	
Percentage of...(description of the outcome percentage) rate) (outcome	%

Total Program Performance – OUTCOME # 4 (Required)	Total Program Annual Goal
Number of...(description of the measure's numerator) (numerator)	
Total number of...(description of the measure's denominator) (denominator)	
Percentage of...(description of the outcome percentage) rate) (outcome	%

Total Program Performance – OUTCOME # 5 (Required)	Total Program Annual Goal
Number of...(description of the measure's numerator) (numerator)	

Total number of...(description of the measure's denominator) (denominator)	
Percentage of...(description of the outcome percentage) rate)	(outcome %

Total Program Performance – OUTCOME # 6 (Proposed)	Total Program Annual Goal
Number of...(description of the measure's numerator) (numerator)	
Total number of...(description of the measure's denominator) (denominator)	
Percentage of...(description of the outcome percentage) rate)	(outcome %

Total Program Performance – OUTCOME # 7 (Proposed)	Total Program Annual Goal
Number of...(description of the measure's numerator) (numerator)	
Total number of...(description of the measure's denominator) (denominator)	
Percentage of...(description of the outcome percentage) rate)	(outcome %

(For additional Output or Outcome measures, copy and paste the blocks above and re-number accordingly)

Appendix E: Social Service Base Contract Boiler

CONTRACT BETWEEN
THE CITY OF AUSTIN
AND

FULL AGENCY LEGAL NAME HERE

FOR
SOCIAL SERVICES

CONTRACT NO. _____

CONTRACT AMOUNT: \$ _____

This Contract is made by and between the City of Austin (“the City”) acting by and through its Health and Human Services Department (“HHSD”), a home-rule municipality incorporated by the State of Texas, and _____ (“Contractor”), a Texas non-profit corporation, having offices at _____.

SECTION 1. GRANT OF AUTHORITY, SERVICES AND DUTIES

1.1 **Engagement of the Contractor.** Subject to the general supervision and control of the City and subject to the provisions of the Terms and Conditions contained herein, the Contractor is engaged to provide the services set forth in the attached Contract Exhibits.

1.2 **Responsibilities of the Contractor.** The Contractor shall provide all technical and professional expertise, knowledge, management, and other resources required for accomplishing all aspects of the tasks and associated activities identified in the Contract Exhibits. The Contractor shall assure that all Contract provisions are met by the Subcontractor.

1.3 **Responsibilities of the City.** The City’s Contract Manager will be responsible for exercising general oversight of the Contractor’s activities in completing the Program Work Statement. Specifically, the Contract Manager will represent the City’s interests in resolving day-to-day issues that may arise during the term of this Contract, shall participate regularly in conference calls or meetings for status reporting, shall promptly review any written reports submitted by the Contractor, and shall approve all requests for payment, as appropriate. The City’s Contract Manager shall give the Contractor timely feedback on the acceptability of progress and task reports. The Contract Manager’s oversight of the Contractor’s activities shall be for the City’s benefit and shall not imply or create any partnership or joint venture as between the City and the Contractor.

1.4 **Designation of Key Personnel.** The City’s Contract Manager for this Contract, to the extent stated in the preceding section 1.3, shall be responsible for oversight and monitoring of Contractor’s performance under this Contract as needed to represent the City’s interest in the Contractor’s performance.

1.4.1 The City’s Contract Manager, **name** or designee:

- may meet with Contractor to discuss any operational issues or the status of the services or work to be performed; and

-shall promptly review all written reports submitted by Contractor, determine whether the reports comply with the terms of this Contract, and give Contractor timely feedback on the adequacy of progress and task reports or necessary additional information.

1.4.2 Contractor's Contract Manager, **name and title**, or designee, shall represent the Contractor with regard to performance of this Contract and shall be the designated point of contact for the City's Contract Manager.

1.4.3 If either party replaces its Contract Manager, that party shall promptly send written notice of the change to the other party. The notice shall identify a qualified and competent replacement and provide contact information.

SECTION 2. TERM

2.1 **Term of Contract.** The Contract shall be in effect for a term of **number (##)** months beginning **date** and may be extended thereafter for up to **number (#)** additional **number (##)** month periods, subject to the approval of the Contractor and the City Purchasing Officer or their designee.

2.1.1 Upon expiration of the initial term or period of extension, the Contractor agrees to hold over under the terms and conditions of this Contract for such a period of time as is reasonably necessary to re-solicit and/or complete the project (not to exceed 120 calendar days unless mutually agreed upon in writing).

SECTION 3. PROGRAM WORK STATEMENT

3.1 **Contractor's Obligations.** The Contractor shall fully and timely provide all services described in the attached Contract Exhibits in strict accordance with the terms, covenants, and conditions of the Contract and all applicable Federal, State, and local laws, rules, and regulations.

SECTION 4. COMPENSATION AND REPORTING

4.1 **Contract Amount.** The Contractor acknowledges and agrees that, notwithstanding any other provision of this Contract, the maximum amount payable by the City under this Contract for the initial **number (##)** month term shall not exceed the amount approved by City Council, which is \$ **_____** (*dollar amount*), and \$ **_____** (*dollar amount*) per **number (##)** month extension option, for a total Contract amount

of \$ _____. Continuation of the Contract beyond the initial number (##) months is specifically contingent upon the availability and allocation of funding by City Council.

4.1.1 The Contractor shall expend City funds according to the approved budget categories described in Exhibit B.1, Program Budget and Narrative.

4.1.1.1 Budget Revision: The Contractor may make transfers between or among budget categories with the City Contract Manager's prior approval, provided that:

- i. The cumulative amount of the transfers between direct budget categories (Personnel, Operating Expenses, Direct Assistance and/or Equipment/Capital Outlay) is not more than 10% of the program period total –or– \$50,000, whichever is less;
- ii. the transfer will not increase or decrease the total monetary obligation of the City under this Contract; and
- iii. the transfers will not change the nature, performance level, or scope of the program funded under this Contract.

4.1.1.2 Transfers between or among budget categories in excess of 10% will require the City Contract Manager's approval, and must meet all of the conditions outlined in Section 4.1.1.1 (ii) and (iii) above.

- i. The CONTRACTOR must submit a Budget Revision Form to the City **prior** to the submission of the CONTRACTOR'S first monthly billing to the City following the transfer.

4.1.2 Payment to the Contractor shall be made in the following increments:

4.1.2.1 For the Program Period of October 1, 2015 through September 30, 2016, the payment from the City to the Contractor shall not exceed \$ _____ (dollar amount);

4.1.2.2 For the Program Period of October 1, 2016 through September 30, 2017, the payment from the City to the Contractor shall not exceed \$ _____ (dollar amount);

4.1.2.3 For the Program Period of October 1, 2017 through September 30, 2018, the payment from the City to the Contractor shall not exceed \$ _____ (dollar amount).

4.2 **Requests for Payment.**

Payment to the Contractor shall be due thirty (30) calendar days following receipt by the City of Contractor's fully and accurately completed "Payment Request" and "Monthly Expenditure Report", using forms at <http://www.ckodm.com/austin/>. The payment request and expenditure report must be submitted to the City no later than 5:00 p.m. Central Time fifteen (15) calendar days following the end of the month covered by the request and expenditure report. **If the fifteenth (15th) calendar day falls on a weekend or holiday, as outlined in Section 8.24, the deadline to submit the payment request and expenditure report is extended to no later than 5:00 p.m. Central Time of the first (1st) weekday immediately following the weekend or holiday.** Contractor must provide the City with supporting documentation for each monthly Payment Request which includes, but not limited to, a report of City contract expenditures generated from the Contractor's financial

management system. Examples of appropriate supporting documentation **MAY** include, but are not limited to:

- General Ledger Detail report from the contractor's financial management system
- Profit & Loss Detail report from the contractor's financial management system
- Check ledger from the contractor's financial management system
- Payroll reports and summaries, including salary allocation reports and signed timesheets
- Receipts and invoices
- Copies of checks and bank statements showing transactions as cleared

The City retains right of final approval of any supporting documentation submitted before a Payment Request is approved for processing. Failure to provide supporting documentation acceptable to the City may result in delay or rejection of the Payment Request. The City reserves the right to modify the required supporting documentation, as needed.

4.2.1 Unless otherwise expressly authorized in the Contract, the Contractor shall pass through all Subcontract and other authorized expenses at actual cost without markup.

4.2.2 Federal excise taxes, State taxes, or City sales taxes must not be included in the invoiced amount. The City will furnish a tax exemption certificate upon request.

4.3 **Payment.**

4.3.1 All requests for payment received by the City will be paid within thirty (30) calendar days of the City's receipt of the deliverables or of the invoice, whichever is later. Requests for payment received without all required information cannot be processed and will be returned to the Contractor.

4.3.2 If payment is not timely made, (per this paragraph), interest shall accrue on the unpaid balance at the lesser of the rate specified in Texas Government Code Section 2251.025 or the maximum lawful rate; except, if payment is not timely made for a reason for which the City may withhold payment hereunder, interest shall not accrue until ten (10) calendar days after the grounds for withholding payment have been resolved.

4.3.3 The City may withhold or set off the entire payment or part of any payment otherwise due the Contractor to such extent as may be necessary on account of;

4.3.3.1 delivery of unsatisfactory services by the Contractor;

4.3.3.2 third party claims, which are not covered by the insurance which the Contractor is required to provide, are filed or reasonable evidence indicating probable filing of such claims;

4.3.3.3 failure of the Contractor to pay Subcontractors, or for labor, materials or equipment,

4.3.3.4 damage to the property of the City or the City's agents, employees or contractors, which is not covered by insurance required to be provided by the Contractor;

4.3.3.5 reasonable evidence that the Contractor's obligations will not be completed within the time specified in the Contract, and that the unpaid balance would not be adequate to cover actual or liquidated damages for the anticipated delay;

4.3.3.6 failure of the Contractor to submit proper payment requests and expenditure reports with all required attachments and supporting documentation;

4.3.3.7 failure of the Contractor to comply with any material provision of the Contract; or

4.3.4 Notice is hereby given of Article VIII, Section 1 of the Austin City Charter which prohibits the payment of any money to any person, firm or corporation who is in arrears to the City for taxes, and of §2-8-3 of the Austin City Code concerning the right of the City to offset indebtedness owed the City. Payment will be made by check unless the parties mutually agree to payment by electronic transfer of funds.

4.4 **Non-Appropriation.** The awarding or continuation of this Contract is dependent upon the availability of funding. The City's payment obligations are payable only and solely from funds appropriated and available for this Contract. The absence of appropriated or other lawfully available funds shall render the Contract null and void to the extent funds are not appropriated or available and any deliverables delivered but unpaid shall be returned to the Contractor. The City shall provide the Contractor written notice of the failure of the City to make an adequate appropriation for any fiscal year to pay the amounts due under the Contract, or the reduction of any appropriation to an amount insufficient to permit the City to pay its obligations under the Contract. In the event of non- or inadequate appropriation of funds, there will be no penalty nor removal fees charged to the City.

4.5 **Travel Expenses.** All approved travel, lodging, and per diem expenses in connection with the Contract for which reimbursement may be claimed by the Contractor under the terms of the Contract will be reviewed against the City's Travel Policy and the current United States General Services Administration Domestic Per Diem Rates (the "Rates") as published and maintained on the Internet at:

<http://www.gsa.gov/portal/category/21287>

No amounts in excess of the Travel Policy or Rates shall be paid. No reimbursement will be made for expenses not actually incurred. Airline fares in excess of coach or economy will not be reimbursed. Mileage charges may not exceed the amount permitted as a deduction in any year under the Internal Revenue Code or Regulation.

4.6 **Final Payment and Close-Out.**

4.6.1 The making and acceptance of final payment will constitute:

4.6.1.1 a waiver of all claims by the City against the Contractor, except claims (1) which have been previously asserted in writing and not yet settled, (2) arising from defective work appearing after final inspection, (3) arising from failure of the Contractor to comply with the Contract or the terms of any warranty specified herein, regardless of when the cause for a claim is discovered (4) arising from the Contractor's continuing obligations under the

Contract, including but not limited to indemnity and warranty obligations, or (5) arising under the City's right to audit; and

4.6.1.2 a waiver of all claims by the Contractor against the City other than those previously asserted in writing and not yet settled.

4.7 **Financial Terms.**

4.7.1 The City agrees to pay Contractor for services rendered under this Contract and to reimburse Contractor for actual, eligible expenses incurred and billed in accordance with all terms and conditions of this Contract. The City shall not be liable to Contractor for any costs incurred by Contractor which are not reimbursable as set forth in Section 4.8.

4.7.2 The City's obligation to pay is subject to the timely receipt of complete and accurate reports as set forth in Section 4.9 and any other deliverable required under this Contract.

4.7.3 Payments to the Contractor will immediately be suspended upon the occasion of any late, incomplete, or inaccurate report, audit, or other required report or deliverable under this Contract, and payments will not be resumed until the Contractor is in full compliance.

4.7.4 The City shall not be liable to Contractor for any costs which have been paid under other agreements or from other funds. In addition, the City shall not be liable for any costs incurred by Contractor which were: a) incurred prior to the effective date of this Contract, or b) not billed to the City within sixty (60) calendar days following termination date of this Contract.

4.7.5 Contractor agrees to refund to the City any funds paid under this Contract which the City determines have resulted in overpayment to Contractor or which the City determines have not been spent by Contractor in accordance with the terms of this Contract. Refunds shall be made by Contractor within thirty (30) calendar days after a written refund request is submitted by the City. The City may, at its discretion, offset refunds due from any payment due Contractor, and the City may also deduct any loss, cost, or expense caused by Contractor from funds otherwise due.

4.7.6 Contractor shall deposit and maintain all funds received under this Contract in either a separate numbered bank account or a general operating account, either of which shall be supported with the maintenance of a separate accounting with a specific chart which reflects specific revenues and expenditures for the monies received under this Contract. The Contractor's accounting system must identify the specific expenditures, or portions of expenditures, against which funds under this Contract are disbursed.

4.7.7 Contractor is required to utilize an online contract management system for billing and reporting in accordance with the City's guidelines, policies, and procedures. Contractor is responsible for all data entered/edited under its unique username, as well as all required but omitted data.

4.7.8 Contractor shall expend the City budget in a reasonable manner in relation to contract time elapsed and/or contract program service delivery schedule. If cumulative expenditures are not within acceptable amounts, the City may require the Contractor to: 1) submit an expenditure plan, and/or 2) amend the contract budget amount to reflect projected expenditures, as determined by the City.

4.8 **Allowable and Unallowable Costs.**

The City shall make the final determination of whether a cost is allowable or unallowable under this Contract.

4.8.1 Reimbursement Only. Expenses and/or expenditures shall be considered reimbursable only if incurred during the current Program Period identified in Section 4.1.2, directly and specifically in the performance of this Contract, and in conformance with the Contract Exhibits. Contractor agrees that, unless otherwise specifically provided for in this Contract, payment by the City under the terms of this Contract is made on a reimbursement basis only; Contractor must have incurred and paid costs prior to those costs being invoiced and considered allowable under this Contract and subject to payment by the City.

4.8.2 To be allowable under this Contract, a cost must meet all of the following general criteria:

1. Be reasonable for the performance of the activity under the Contract.
2. Conform to any limitations or exclusions set forth in this Contract.
3. Be consistent with policies and procedures that apply uniformly to both government-financed and other activities of the organization.
4. Be determined and accounted in accordance with generally accepted accounting principles (GAAP).
5. Be adequately documented.

4.8.3 The City's prior written authorization is required in order for the following to be considered allowable costs. Inclusion in the budget within this Contract constitutes "written authorization". The item shall be specifically identified in the budget.

1. Alteration, construction, or relocation of facilities
2. Depreciation.
3. Equipment and other capital expenditures.
4. Interest, other than mortgage interest as part of a pre-approved budget under this Contract
5. Organization costs (costs in connection with the establishment or reorganization of an organization)
6. Public relations costs, except reasonable, pre-approved advertising costs related directly to services provided under this Contract
7. Purchases of tangible, nonexpendable property, including fax machines, stereo systems, cameras, video recorder/players, microcomputers, software, printers, microscopes, oscilloscopes, centrifuges, balances and incubator, or any other item having a useful life of more than one year and an acquisition cost, including freight, of over five thousand dollars (\$5,000)
8. Selling and marketing

9. Travel/training outside Travis County

4.8.4 The following types of expenses are specifically **not allowable** with City funds under this Contract:

1. Alcoholic beverages
2. Bad debts
3. Compensation of trustees, directors, officers, or advisory board members, other than those acting in an executive capacity
4. Contingency provisions (funds). (Self-insurance reserves and pension funds are allowable.)
5. Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringement
6. Deferred costs
7. Donations and contributions including donated goods or space
8. Entertainment costs
9. Fines and penalties (including late fees)
10. Fundraising and development costs
11. Goods or services for officers' or employees' personal use
12. Housing and personal living expenses for organization's officers or employees
13. Idle facilities and idle capacity
14. Litigation-related expenses (including personnel costs) in action(s) naming the City as a Defendant
15. Lobbying or other expenses related to political activity
16. Losses on other agreements or contracts or casualty losses
17. Taxes, other than payroll and other personnel-related levies

4.9 **Reports.**

4.9.1 Contractor must submit a fully and accurately completed "Payment Request" and "Monthly Expenditure Report" to the City's Contract Manager using the forms shown at <http://www.ckodm.com/austin/> by the deadline outlined in section 4.2. Contractor must provide complete and accurate supporting documentation. Upon receipt and approval by the City of each complete and accurate Payment Request and Monthly Expenditure Report, the City shall process payment to the Contractor of an amount equal to the City's payment obligations, subject to deduction for any unallowable costs.

4.9.2 Contractor shall submit a quarterly performance report using the format and method specified by the City no later than fifteen (15) calendar days following each calendar quarter. If the fifteenth (15th) calendar day falls on a weekend or holiday, as outlined in Section 8.24, the deadline to submit the quarterly performance report is extended to no later than 5:00 p.m. Central Time of the first (1st) weekday immediately following the weekend or holiday. Contractor shall provide complete and accurate supporting documentation upon request by City. Payment Requests will not be approved if any accurate and complete performance

report, including any required documentation, is past due. Performance reports on a frequency other than quarterly may be required by the City based upon business needs.

4.9.3 An annual Contract Progress Report, using the forms shown at

<http://www.ckodm.com/austin/>, shall be completed by the Contractor and submitted to the City

within sixty (60) calendar days following the end of each Program Period identified in section 4.1.2.

4.9.4 A Contract Closeout Summary report using the forms shown at

<http://www.ckodm.com/austin/> shall be completed by the Contractor and submitted to the City

within sixty (60) calendar days following the expiration or termination of this Contract. Any

encumbrances of funds incurred prior to the date of termination of this Contract shall be subject to

verification by the City. Upon termination of this Contract, any unused funds, unobligated funds,

rebates, credits, or interest earned on funds received under this Contract shall be returned to the

City.

4.9.5 Contractor shall provide the City with a copy of the completed Administrative and Fiscal

Review (AFR) using the forms shown at <http://www.ckodm.com/austin/>, and required AFR

Attachments, including a copy of the Contractor's completed Internal Revenue Service Form 990 or

990EZ (Return of Organization Exempt from Income Tax) if applicable, for each calendar year no later

than May 31st of each year. If Contractor filed a Form 990 or Form 990EZ extension request,

Contractor shall provide the City with a copy of that application of extension of time to file (IRS Form

2758) within thirty (30) days of filing said form(s), and a copy of the final IRS Form 990 document(s)

immediately upon completion.

4.9.6 Contractor shall provide other reports required by the City to document the effective and appropriate delivery of services as outlined under this Contract as required by the City.

4.10 **Contractor Policies and Procedures.** Contractor shall maintain written policies and procedures approved by its governing body and shall make copies of all policies and procedures available to the City upon request. At a minimum, written policies shall exist in the following areas: Financial Management; Subcontracting and/or Procurement; Equal Employment Opportunity; Personnel and Personnel Grievance; Nepotism; Non-Discrimination of Clients; Client Grievance; Drug Free Workplace; the Americans With Disabilities Act; and Criminal Background Checks.

4.11 **Monitoring and Evaluation.**

4.11.1 Contractor agrees that the City or its designee may carry out monitoring and evaluation activities to ensure adherence by the Contractor and Subcontractors to the Program Work Statement, Program Performance Measures, and Program Budget, as well as other provisions of this Contract. Contractor shall fully cooperate in any monitoring or review by the City and further agrees to designate a staff member to coordinate monitoring and evaluation activities.

4.11.2 The City expressly reserves the right to monitor client-level data related to services provided under this contract. If the Contractor asserts that client-level data is legally protected from disclosure to the City, a specific and valid legal reference to this assertion must be provided.

4.11.3 Contractor shall provide the City with copies of all evaluation or monitoring reports received from other funding sources during the Contract Term within twenty (20) working days following the receipt of the final report.

4.11.4 Contractor shall keep on file copies of all notices of Board of Directors meetings, Subcommittee or Advisory Board meetings, and copies of approved minutes of those meetings.

4.12 **Financial Audit of Contractor.**

4.12.1 In the event Contractor expends \$750,000 or more in a year in federal awards, Contractor shall have a single or program specific audit conducted in accordance with

Chapter 200, Subpart F, of Title 2 of the Code of Federal Regulations as required by the Single Audit Act of 1984, as amended (Single Audit Act), and shall submit to the City a complete set of audited financial statements and the auditor's opinion and management letters in accordance with Chapter 200, Subpart F, of Title 2 of the Code of Federal Regulations and any guidance issued by the federal Office of Management and Budget covering Contractor's fiscal year until the end of the term of this Contract.

4.12.2 If Contractor is not subject to the Single Audit Act, and expends seven hundred fifty thousand dollars (\$750,000) or more during the Contractor's fiscal year, then Contractor shall have a full financial audit performed. If less than seven hundred fifty thousand dollars (\$750,000) is expended, then a financial review is acceptable, pursuant to the requirements of this Contract.

4.12.3 Contractor shall contract with an independent auditor utilizing a Letter of Engagement. The auditor must be a Certified Public Accountant recognized by the regulatory authority of the State of Texas.

4.12.4 Contractor must submit one (1) Board-approved, bound hard copy of a complete financial audit report or financial review, to include the original auditor opinion, within one hundred eighty (180) calendar days of the end of Contractor's fiscal year, unless alternative arrangements are approved in writing by the City. The financial audit report/financial review must include the Management Letter if one was issued by the auditor. Contractor may not submit electronic copies of financial audit reports/financial reviews to the City. Financial audit reports/financial reviews must be provided in hard copy, and either mailed or hand-delivered to the City.

4.12.5 The City will contact the independent auditor to verify:

- i. That the auditor completed the financial audit report/financial review received from the Contractor;
- ii. That the auditor presented the financial audit report/financial review to the Contractor's Board of Directors or a committee of the Board, and;
- iii. The date the financial audit report/financial review was presented to the Contractor's Board of Directors or a committee of the Board.

4.12.6 The City will contact the Board Chair to verify that the auditor presented the financial audit report/financial review to the Contractor's Board of Directors or a committee of the Board.

- i. Contractor's Board Chair must submit a signed and dated copy of the HHSD Board Certification form to the City as verification.
- ii. In lieu of the Board Certification form, Contractor must submit a signed and copy of the approved Board meeting minutes to the City, indicating the following:
 - a) The Board of Directors, or a committee of the Board, has met with the independent auditor;

- b) The Board of Directors has authorized and accepted the financial audit report/financial review.

A signed and dated copy of the HHSD Board Certification form, or approved and signed Board minutes reflecting acceptance of the financial audit report/financial review will be due to the City within forty-five (45) days after the audit is due to the City. Board minutes regarding approval of the Contractor's financial audit report/financial review will be verified with the Contractor's Board Chair. The City will deem the financial audit report/financial review incomplete if Contractor fails to submit either the Board Certification form or the Board minutes as required by this section 4.12.6.

4.12.7 The inclusion of any Findings or a Going Concern Uncertainty, as defined by Chapter 200, Subpart F, of Title 2 of the Code of Federal Regulations and Generally Accepted Auditing Standards (GAAS), in a Contractor's audit requires the creation and submission to the City of a corrective action plan formally approved by the Contractor's governing board. The plan must be submitted to the City within 60 days after the audit is due to the City. Failure to submit an adequate plan to the City may result in the immediate suspension of funding. If adequate improvement related to the audit findings is not documented within a reasonable period of time, the City may provide additional technical assistance, refer the Agreement to the City Auditor for analysis, or move to terminate the Agreement as specified in Section 5 of the Agreement.

4.12.8 The expiration or termination of this Contract shall in no way relieve the Contractor of the audit requirement set forth in this Section.

4.12.9 **Right To Audit By Office of City Auditor.**

4.12.9.1 Contractor agrees that the representatives of the Office of the City Auditor, or other authorized representatives of the City, shall have access to, and the right to audit, examine, and copy any and all records of the Contractor related to the performance under this Agreement during normal business hours (Monday – Friday, 8 am – 5 pm). In addition to any other rights of termination or suspension set forth herein, the City shall have the right to immediately suspend the Agreement, upon written notice to Contractor, if Contractor fails to cooperate with this audit provision. The Contractor shall retain all such records for a period of five (5) years after the expiration or early termination of this Agreement or until all audit and litigation matters that the City has brought to the attention of the Contractor are resolved, whichever is longer. The Contractor agrees to refund to the City any overpayments disclosed by any such audit.

4.12.9.2 Contractor shall include this audit requirements in any subcontracts entered into in connection with this Agreement.

4.13 **Ownership of Property.**

4.13.1 Ownership title to all capital acquisition, supplies, materials or any other property purchased with funds received under this Contract and in accordance with the provisions of the Contract, is vested with the City and such property shall, upon termination of the Contract, be delivered to the City upon request.

4.13.2 Written notification must be given to the City within five (5) calendar days of delivery of nonexpendable property (defined as anything that has a life or utility of more than one (1) year and an acquisition cost, including freight, of over five thousand dollars (\$5,000)) in order for the City to effect identification and recording for inventory purposes. Contractor shall maintain adequate accountability and control over such property, maintain adequate property records, perform an annual physical inventory of all such property, and report this information in the annual Contract Progress Report, due sixty (60) days after the end of each Program Period, as well as in the Closeout Summary Report, due sixty (60) days after the end of the Contract Term.

4.13.3 In the event Contractor's services are retained under a subsequent agreement, and should Contractor satisfactorily perform its obligations under this Contract, Contractor shall be able to retain possession of non-expendable property purchased under this Contract for the duration of the subsequent agreement.

4.13.4 Property purchased with City funds shall convey to Contractor two (2) years after purchase, unless notified by the City in writing.

SECTION 5. TERMINATION

5.1 **Right To Assurance.** Whenever one party to the Contract in good faith has reason to question the other party's intent to perform, demand may be made to the other party for written assurance of the intent to perform. In the event that no assurance is given within the time specified after demand is made, the demanding party may treat this failure as an anticipatory repudiation of the Contract.

5.2 **Default.** The Contractor shall be in default under the Contract if the Contractor (a) fails to fully, timely and faithfully perform any of its material obligations under the Contract, (b) fails to provide adequate assurance of performance under the "Right to Assurance paragraph herein, (c) becomes insolvent or seeks relief under the bankruptcy laws of the United States

or (d) makes a material misrepresentation in Contractor's Offer, or in any report or deliverable required to be submitted by Contractor to the City.

- 5.3 **Termination For Cause.** In the event of a default by the Contractor, the City shall have the right to terminate the Contract for cause, by written notice effective ten (10) calendar days, unless otherwise specified, after the date of such notice, unless the Contractor, within such ten (10) day period, cures such default, or provides evidence sufficient to prove to the City's reasonable satisfaction that such default does not, in fact, exist. The City may place Contractor on probation for a specified period of time within which the Contractor must correct any non-compliance issues. Probation shall not normally be for a period of more than nine (9) months, however, it may be for a longer period, not to exceed one (1) year depending on the circumstances. If the City determines the Contractor has failed to perform satisfactorily during the probation period, the City may proceed with suspension. In the event of a default by the Contractor, the City may suspend or debar the Contractor in accordance with the "City of Austin Purchasing Office Probation, Suspension and Debarment Rules for Vendors" and remove the Contractor from the City's vendor list for up to five (5) years and any Offer submitted by the Contractor may be disqualified for up to five (5) years. In addition to any other remedy available under law or in equity, the City shall be entitled to recover all actual damages, costs, losses and expenses, incurred by the City as a result of the Contractor's default, including, without limitation, cost of cover, reasonable attorneys' fees, court costs, and prejudgment and post-judgment interest at the maximum lawful rate. All rights and remedies under the Contract are cumulative and are not exclusive of any other right or remedy provided by law.
- 5.4 **Termination Without Cause.** The City shall have the right to terminate the Contract, in whole or in part, without cause any time upon thirty (30) calendar days prior written notice. Upon receipt of a notice of termination, the Contractor shall promptly cease all further work pursuant to the Contract, with such exceptions, if any, specified in the notice of termination. The City shall pay the Contractor, to the extent of funds appropriated or otherwise legally available for such purposes, for all goods delivered and services performed and obligations incurred prior to the date of termination in accordance with the terms hereof.
- 5.5 **Fraud.** Fraudulent statements by the Contractor on any Offer or in any report or deliverable required to be submitted by the Contractor to the City shall be grounds for the termination of the Contract for cause by the City and may result in legal action.

SECTION 6. OTHER DELIVERABLES

- 6.1 **Insurance.** The following insurance requirements apply.

6.1.1 General Requirements

6.1.1.1 The Contractor shall at a minimum carry insurance in the types and amounts indicated herein for the duration of the Contract and during any warranty period.

6.1.1.2 The Contractor shall provide a Certificate of Insurance as verification of coverages required below to the City at the below address prior to contract execution and within fourteen (14) calendar days after written request from the City.

6.1.1.3 The Contractor must also forward a Certificate of Insurance to the City whenever a previously identified policy period has expired, or an extension option or holdover period is exercised, as verification of continuing coverage.

6.1.1.4 The Contractor shall not commence work until the required insurance is obtained and has been reviewed by the City. Approval of insurance by the City shall not relieve or decrease the liability of the Contractor hereunder and shall not be construed to be a limitation of liability on the part of the Contractor.

6.1.1.5 The Contractor must maintain and make available to the City, upon request, certificates of insurance for all Subcontractors.

6.1.1.6 The Contractor's and all subcontractors' insurance coverage shall be written by companies licensed to do business in the State of Texas at the time the policies are issued and shall be written by companies with A.M. Best ratings of B+VII or better. The City will accept workers' compensation coverage written by the Texas Workers' Compensation Insurance Fund.

6.1.1.7 All endorsements naming the City as additional insured, waivers, and notices of cancellation endorsements as well as the Certificate of Insurance shall contain the Contractor's email address, and shall be mailed to the following address:

City of Austin

Health and Human Services Department

ATTN: Community Based Resources

P. O. Box 1088

Austin, Texas 78767

6.1.1.8 The "other" insurance clause shall not apply to the City where the City is an additional insured shown on any policy. It is intended that policies required in the Contract, covering both the City and the Contractor, shall be considered primary coverage as applicable.

6.1.1.9 If insurance policies are not written for amounts specified, the Contractor shall carry Umbrella or Excess Liability Insurance for any differences in amounts specified. If Excess Liability Insurance is provided, it shall follow the form of the primary coverage.

6.1.1.10 The City shall be entitled, upon request, at an agreed upon location, and without expense, to review certified copies of policies and endorsements thereto and may make any reasonable requests for deletion or revision or modification of particular policy terms, conditions, limitations, or exclusions except where policy provisions are established by law or regulations binding upon either of the parties hereto or the underwriter on any such policies.

6.1.1.11 The City reserves the right to review the insurance requirements set forth during the effective period of the Contract and to make reasonable adjustments to insurance coverage, limits, and exclusions when deemed necessary and prudent by the City based upon changes in statutory law, court decisions, the claims history of the industry or financial condition of the insurance company as well as the Contractor.

6.1.1.12 The Contractor shall not cause any insurance to be canceled nor permit any insurance to lapse during the term of the Contract or as required in the Contract.

6.1.1.13 The Contractor shall be responsible for premiums, deductibles and self-insured retentions, if any, stated in policies. All deductibles or self-insured retentions shall be disclosed on the Certificate of Insurance.

6.1.1.14 The Contractor shall endeavor to provide the City thirty (30) calendar days written notice of erosion of the aggregate limits below occurrence limits for all applicable coverages indicated within the Contract.

6.1.2 **Specific Coverage Requirements.** The Contractor shall at a minimum carry insurance in the types and amounts indicated below for the duration of the Contract, including extension options and hold over periods, and during any warranty period. These insurance coverages are required minimums and are not intended to limit the responsibility or liability of the Contractor.

6.1.2.1 **Commercial General Liability Insurance.** The minimum bodily injury and property damage per occurrence are \$500,000* for coverages A (Bodily Injury and Property Damage) and B (Personal and Advertising Injuries). The policy shall contain the following provisions and endorsements.

6.1.2.1.1 Blanket contractual liability coverage for liability assumed under the Contract and all other Contracts related to the project

6.1.2.1.2 Independent Contractor's Coverage

6.1.2.1.3 Products/Completed Operations Liability for the duration of the warranty period

6.1.2.1.4 Waiver of Subrogation, Endorsement CG 2404, or equivalent coverage

6.1.2.1.5 Thirty (30) calendar days Notice of Cancellation, Endorsement CG 0205, or equivalent coverage

6.1.2.1.6 The City of Austin listed as an additional insured, Endorsement CG 2010, or equivalent coverage

6.1.2.1.7 If care of a child is provided outside the presence of a legal guardian or parent, Contractor shall provide coverage for sexual abuse and molestation for a minimum limit of \$500,000 per occurrence.

6.1.2.1.8 The policy shall be endorsed to cover injury to a child while the child is in the care of the Contractor or Subcontractor.

* Supplemental Insurance Requirement. If eldercare, childcare, or housing for clients is provided, the required limits shall be \$1,000,000 per occurrence.

6.1.2.2 **Business Automobile Liability Insurance.**

Minimum limits: \$500,000 combined single limit per occurrence for all owned, hired and non-owned autos

a. If any form of transportation for clients is provided, coverage for all owned, non-owned, and hired vehicles shall be maintained with a combined single limit of \$1,000,000 per occurrence.

b. If no client transportation is provided but autos are used within the scope of

work, and there are no agency owned vehicles, evidence of Personal Auto Policy

coverage from each person using their auto may be provided. The following

limits apply for personal auto insurance: \$100,000/\$300,000/\$100,000.

All policies shall contain the following endorsements:

6.1.2.2.1. Waiver of Subrogation, Endorsement TE 2046A, or equivalent coverage

6.1.2.2.2. Thirty (30) calendar days Notice of Cancellation, Endorsement TE 0202A, or equivalent coverage

6.1.2.2.3 The City of Austin listed as an additional insured, Endorsement TE 9901B, or equivalent coverage

6.1.2.3 **Worker's Compensation and Employers' Liability Insurance.** Coverage shall be consistent with statutory benefits outlined in the Texas Worker's Compensation Act (Section 401). The minimum policy limits for Employer's Liability are \$100,000 bodily injury each accident, \$500,000 bodily injury by disease policy limit and \$100,000 bodily injury by disease each employee. The policy shall contain the following provisions and endorsements:

6.1.2.3.1 The Contractor's policy shall apply to the State of Texas

6.1.2.3.2 Waiver of Subrogation, Form WC 420304, or equivalent coverage

6.1.2.3.3 Thirty (30) calendar days Notice of Cancellation, Form WC 420601, or equivalent coverage

6.1.2.4 **Professional Liability Insurance.**

6.1.2.4.1 Contractor shall provide coverage at a minimum limit of \$500,000 per claim to pay on behalf of the assured all sums which the assured shall become legally obligated to pay as damages by reason of any negligent act, error, or omission arising out of the performance of professional services under this Contract.

6.1.2.4.2 If coverage is written on a claims-made basis, the retroactive date shall be prior to or coincident with the date of the Contract and the certificate of insurance shall state that the coverage is claims-made and indicate the retroactive date. This coverage shall be continuous and will be provided for twenty-four (24) months following the completion of the Contract.

6.1.2.5 **Blanket Crime Policy Insurance.** A Blanket Crime Policy shall be required with limits equal to or greater than the sum of all Contract funds allocated by the City. Acceptance of alternative limits shall be approved by Risk Management.

6.1.2.6 **Directors and Officers Insurance.** Directors and Officers Insurance with a minimum of not less than \$1,000,000 per claim shall be in place for protection from claims arising out of negligent acts, errors or omissions for directors and officers while acting in

their capacities as such. If coverage is underwritten on a claims-made basis, the retroactive date shall be coincident with or prior to the date of the Contract and the certificate of insurance shall state that the coverage is claims made and the retroactive date. The coverage shall be continuous for the duration of the Contract and for not less than twenty-four (24) months following the end of the Contract. Coverage, including renewals, shall have the same retroactive date as the original policy applicable to the Contract or evidence of prior acts or an extended reporting period acceptable to the City may be provided. The Contractor shall, on at least an annual basis, provide the City with a certificate of insurance as evidence of such insurance.

6.1.2.7 **Property Insurance.** If the Contract provides funding for the purchase of property or equipment the Contractor shall provide evidence of all risk property insurance for a value equivalent to the replacement cost of the property or equipment.

6.1.2.8 **Endorsements.** The specific insurance coverage endorsements specified above, or their equivalents must be provided. In the event that endorsements, which are the equivalent of the required coverage, are proposed to be substituted for the required coverage, copies of the equivalent endorsements must be provided for the City's review and approval.

6.1.2.9 **Certificate.** The following statement must be shown on the Certificate of Insurance.

"The City of Austin is an Additional Insured on the general liability and the auto liability policies. A Waiver of Subrogation is issued in favor of the City of Austin for general liability, auto liability and workers compensation policies."

6.2 **Equal Opportunity.**

6.2.1 **Equal Employment Opportunity.** No Contractor or Contractor's agent shall engage in any discriminatory employment practice as defined in Chapter 5-4 of the City Code. No Bid submitted to the City shall be considered, nor any Purchase Order issued, or any Contract awarded by the City unless the Contractor has executed and filed with the City Purchasing Office a current Non-Discrimination Certification. The Contractor shall sign and return the Non-Discrimination Certification attached hereto as Exhibit C. Non-compliance with Chapter 5-4 of the City Code may result in sanctions, including termination of the Contract and the Contractor's suspension or debarment from participation on future City contracts until deemed compliant with Chapter 5-4. Any Subcontractors used in the performance of this contract and paid with City funds must comply with the same nondiscrimination requirements as the Contractor.

6.2.2 **Americans With Disabilities Act (ADA) Compliance.** No Contractor, or Contractor's agent shall engage in any discriminatory employment practice against individuals with disabilities as defined in the ADA.

- 6.3 **Inspection of Premises.** The City has the right to enter Contractor's and Subcontractor's work facilities and premises during Contractor's regular work hours, and Contractor agrees to facilitate a review of the facilities upon reasonable request by the City.
- 6.4 **Rights to Proposal and Contractual Material.** All material submitted by the Contractor to the City shall become property of the City upon receipt. Any portions of such material claimed by the Contractor to be proprietary must be clearly marked as such. Determination of the public nature of the material is subject to the Texas Public Information Act, Chapter 552, Texas Government Code.
- 6.5 **Publications.** All published material and written reports submitted under the Contract must be originally developed material unless otherwise specifically provided in the Contract. When material not originally developed is included in a report in any form, the source shall be identified.

SECTION 7. WARRANTIES

- 7.1 **Authority.** Each party warrants and represents to the other that the person signing this Contract on its behalf is authorized to do so, that it has taken all action necessary to approve this Contract, and that this Contract is a lawful and binding obligation of the party.
- 7.2 **Performance Standards.** Contractor warrants and represents that all services provided under this Contract shall be fully and timely performed in a good and workmanlike manner in accordance with generally accepted community standards and, if applicable, professional standards and practices. Contractor may not limit, exclude, or disclaim this warranty or any warranty implied by law, and any attempt to do so shall be without force or effect. If the Contractor is unable or unwilling to perform its services in accordance with the above standard as required by the City, then in addition to any other available remedy, the City may reduce the amount of services it may be required to purchase under the Contract from the Contractor, and purchase conforming services from other sources. In such event, the Contractor shall pay to the City upon demand the increased cost, if any, incurred by the City to procure such services from another source. Contractor agrees to participate with City staff to update the performance measures.

SECTION 8. MISCELLANEOUS

- 8.1 **Criminal Background Checks.** Contractor and Subcontractor(s) agree to perform a criminal background check on individuals providing direct client service in programs designed for children under eighteen (18) years of age, seniors 55 years of age and older, or persons with Intellectual and Developmental Disabilities (IDD). Contractor shall not assign or allow an individual to provide direct client service in programs designed for

children under eighteen (18) years of age, seniors 55 years of age and older, or persons with IDD if the individual would be barred from contact under the applicable program rules established by Title 40 of the Texas Administrative Code.

- 8.2 **Compliance with Health, Safety, and Environmental Regulations.** The Contractor, its Subcontractors, and their respective employees, shall comply fully with all applicable federal, state, and local health, safety, and environmental laws, ordinances, rules and regulations in the performance of the services, including but not limited to those promulgated by the City and by the Occupational Safety and Health Administration (OSHA). In case of conflict, the most stringent safety requirement shall govern. The Contractor shall indemnify and hold the City harmless from and against all claims, demands, suits, actions, judgments, fines, penalties and liability of every kind arising from the breach of the Contractor's obligations under this paragraph.

8.2.1 The Contractor or Subcontractor(s) seeking an exemption for a food enterprise permit fee must present this signed and executed social services contract upon request to the City. (*Source: City of Austin Ordinance 20051201-013*)

- 8.3 **Stop Work Notice.** The City may issue an immediate Stop Work Notice in the event the Contractor is observed performing in a manner that the City reasonably believes is in violation of Federal, State, or local guidelines, or in a manner that is determined by the City to be unsafe to either life or property. Upon notification, the Contractor will cease all work until notified by the City that the violation or unsafe condition has been corrected. The Contractor shall be liable for all costs incurred by the City as a result of the issuance of such Stop Work Notice.

8.4 **Indemnity.**

8.4.1 Definitions:

8.4.1.1 "Indemnified Claims" shall include any and all claims, demands, suits, causes of action, judgments and liability of every character, type or description, including all reasonable costs and expenses of litigation, mediation or other alternate dispute resolution mechanism, including attorney and other professional fees for:

8.4.1.1.1 damage to or loss of the property of any person (including, but not limited to the City, the Contractor, their respective agents, officers, employees and subcontractors; the officers, agents, and employees of such subcontractors; and third parties); and/or;

8.4.1.1.2 death, bodily injury, illness, disease, worker's compensation, loss of services, or loss of income or wages to any person (including but not limited to the agents, officers and employees of the City, the Contractor, the Contractor's subcontractors, and third parties),

8.4.1.2 "Fault" shall include the sale of defective or non-conforming deliverables, negligence, willful misconduct, or a breach of any legally imposed strict liability standard.

8.4.2 THE CONTRACTOR SHALL DEFEND (AT THE OPTION OF THE CITY), INDEMNIFY, AND HOLD THE CITY, ITS SUCCESSORS, ASSIGNS, OFFICERS, EMPLOYEES AND ELECTED OFFICIALS HARMLESS FROM AND AGAINST ALL INDEMNIFIED CLAIMS DIRECTLY ARISING OUT OF, INCIDENT TO, CONCERNING OR RESULTING FROM THE FAULT OF THE CONTRACTOR, OR THE CONTRACTOR'S AGENTS, EMPLOYEES OR SUBCONTRACTORS, IN THE PERFORMANCE OF THE CONTRACTOR'S OBLIGATIONS UNDER THE CONTRACT. NOTHING HEREIN SHALL BE DEEMED TO LIMIT THE RIGHTS OF THE CITY OR THE CONTRACTOR (INCLUDING, BUT NOT LIMITED TO, THE RIGHT TO SEEK CONTRIBUTION) AGAINST ANY THIRD PARTY WHO MAY BE LIABLE FOR AN INDEMNIFIED CLAIM.

8.5 **Claims.** If any claim, demand, suit, or other action is asserted against the Contractor which arises under or concerns the Contract, or which could have a material adverse affect on the Contractor's ability to perform hereunder, the Contractor shall give written notice thereof to the City within ten (10) calendar days after receipt of notice by the Contractor. Such notice to the City shall state the date of notification of any such claim, demand, suit, or other action; the names and addresses of the claimant(s); the basis thereof; and the name of each person against whom such claim is being asserted. Such notice shall be delivered personally or by mail and shall be sent to the City and to the Austin City Attorney. Personal delivery to the City Attorney shall be to City Hall, 301 West 2nd Street, 4th Floor, Austin, Texas 78701, and mail delivery shall be to P.O. Box 1088, Austin, Texas 78767.

8.6 **Business Continuity.** Contractor warrants that it has adopted a business continuity plan that describes how Contractor will continue to provide services in the event of an emergency or other unforeseen event, and agrees to maintain the plan on file for review by the City. Contractor shall provide a copy of the plan to the City's Contract Manager upon request at any time during the term of this Contract, and the requested information regarding the Business Continuity Plan shall appear in the annual Administrative and Fiscal Review document. Contractor also agrees to participate in the City's Emergency Preparedness and Response Plan and other disaster planning processes.

8.7 **Notices.** Unless otherwise specified, all notices, requests, or other communications required or appropriate to be given under the Contract shall be in writing and shall be deemed delivered three (3) business days after postmarked if sent by U.S. Postal Service Certified or Registered Mail, Return Receipt Requested. Notices delivered by other means shall be deemed delivered upon receipt by the addressee. Routine communications may be made by first class mail, email, or other commercially accepted means. Notices to the City and the Contractor shall be addressed as follows:

To the City:	To the Contractor:	With copy to:
City of Austin, Health and Human Services Department Community Services Division	Agency Name	City of Austin Health and Human Services Dept.
ATTN: Stephanie Hayden, Assistant Director	ATTN: Name & Title	ATTN: Shannon Jones, Director
7201 Levander Loop, Bldg. H Austin, TX 78702	Address	7201 Levander Loop, Bldg. E Austin, TX 78702

8.8 **Confidentiality.** In order to provide the deliverables to the City, Contractor may require access to certain of the City's and/or its licensors' confidential information (including inventions, employee information, trade secrets, confidential know-how, confidential business information, and other information which the City or its licensors consider confidential) (collectively, "Confidential Information"). Contractor acknowledges and agrees that the Confidential Information is the valuable property of the City and/or its licensors and any unauthorized use, disclosure, dissemination, or other release of the Confidential Information will substantially injure the City and/or its licensors. The Contractor (including its employees, subcontractors, agents, or representatives) agrees that it will maintain the Confidential Information in strict confidence and shall not disclose, disseminate, copy, divulge, recreate, or otherwise use the Confidential Information without the prior written consent of the City or in a manner not expressly permitted under this Contract, unless the Confidential Information is required to be disclosed by law or an order of any court or other governmental authority with proper jurisdiction, provided the Contractor promptly notifies the City before disclosing such information so as to permit the City reasonable time to seek an appropriate protective order. The Contractor agrees to use protective measures no less stringent than the Contractor uses within its own business to protect its own most valuable information, which protective measures shall under all circumstances be at least reasonable measures to ensure the continued confidentiality of the Confidential Information.

- 8.9 **Advertising.** Where such action is appropriate as determined by the City, Contractor shall publicize the activities conducted by the Contractor under this Agreement. Any news release, sign, brochure, or other advertising medium including websites disseminating information prepared or distributed by or for the Contractor shall recognize the City as a funding source and include a statement that indicates that the information presented does not officially represent the opinion or policy position of the City.
- 8.10 **No Contingent Fees.** The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure the Contract upon any agreement or understanding for commission, percentage, brokerage, or contingent fee, excepting bona fide employees of bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty, the City shall have the right, in addition to any other remedy available, to cancel the Contract without liability and to deduct from any amounts owed to the Contractor, or otherwise recover, the full amount of such commission, percentage, brokerage or contingent fee.
- 8.11 **Gratuities.** The City may, by written notice to the Contractor, cancel the Contract without liability if it is determined by the City that gratuities were offered or given by the Contractor or any agent or representative of the Contractor to any officer or employee of the City with a view toward securing the Contract or securing favorable treatment with respect to the awarding or amending or the making of any determinations with respect to the performing of such contract. In the event the Contract is canceled by the City pursuant to this provision, the City shall be entitled, in addition to any other rights and remedies, to recover or withhold the amount of the cost incurred by the Contractor in providing such gratuities.
- 8.12 **Prohibition Against Personal Interest in Contracts.** No officer, employee, independent consultant, or elected official of the City who is involved in the development, evaluation, or decision-making process of the performance of any solicitation shall have a financial interest, direct or indirect, in the Contract resulting from that solicitation. Any willful violation of this section shall constitute impropriety in office, and any officer or employee guilty thereof shall be subject to disciplinary action up to and including dismissal. Any violation of this provision, with the knowledge, expressed or implied, of the Contractor shall render the Contract voidable by the City.
- 8.13 **Independent Contractor.** The Contract shall not be construed as creating an employer/employee relationship, a partnership, or a joint venture. The Contractor's services shall be those of an independent contractor. The Contractor agrees and understands that the Contract does not grant any rights or privileges established for employees of the City.
- 8.14 **Assignment-Delegation.** The Contract shall be binding upon and enure to the benefit of the City and the Contractor and their respective successors and assigns, provided however,

that no right or interest in the Contract shall be assigned and no obligation shall be delegated by the Contractor without the prior written consent of the City. Any attempted assignment or delegation by the Contractor shall be void unless made in conformity with this paragraph. The Contract is not intended to confer rights or benefits on any person, firm or entity not a party hereto; it being the intention of the parties that there be no third party beneficiaries to the Contract.

8.15 **Waiver.** No claim or right arising out of a breach of the Contract can be discharged in whole or in part by a waiver or renunciation of the claim or right unless the waiver or renunciation is supported by consideration and is in writing signed by the aggrieved party. No waiver by either the Contractor or the City of any one or more events of default by the other party shall operate as, or be construed to be, a permanent waiver of any rights or obligations under the Contract, or an express or implied acceptance of any other existing or future default or defaults, whether of a similar or different character.

8.16 **Modifications.** The Contract can be modified or amended only by a written, signed agreement by both parties. No pre-printed or similar terms on any Contractor invoice, order, or other document shall have any force or effect to change the terms, covenants, and conditions of the Contract.

8.17 **Interpretation.** The Contract is intended by the parties as a final, complete and exclusive statement of the terms of their agreement. No course of prior dealing between the parties or course of performance or usage of the trade shall be relevant to supplement or explain any term used in the Contract. Although the Contract may have been substantially drafted by one party, it is the intent of the parties that all provisions be construed in a manner to be fair to both parties, reading no provisions more strictly against one party or the other. Whenever a term defined by the Uniform Commercial Code, as enacted by the State of Texas, is used in the Contract, the UCC definition shall control, unless otherwise defined in the Contract.

8.18 **Dispute Resolution.**

8.18.1 If a dispute arises out of or relates to the Contract, or the breach thereof, the parties agree to negotiate prior to prosecuting a suit for damages. However, this section does not prohibit the filing of a lawsuit to toll the running of a statute of limitations or to seek injunctive relief. Either party may make a written request for a meeting between representatives of each party within fourteen (14) calendar days after receipt of the request or such later period as agreed by the parties. Each party shall include, at a minimum, one (1) senior level individual with decision-making authority regarding the dispute. The purpose of this and any subsequent meeting is to attempt in good faith to negotiate a resolution of the dispute. If, within thirty (30) calendar days after such meeting, the parties have not succeeded in negotiating a resolution of the dispute, they will proceed directly to mediation as described

below. Negotiation may be waived by a written agreement signed by both parties, in which event the parties may proceed directly to mediation as described below.

8.18.2 If the efforts to resolve the dispute through negotiation fail, or the parties waive the negotiation process, the parties may select, within thirty (30) calendar days, a mediator trained in mediation skills to assist with resolution of the dispute. Should they choose this option, the City and the Contractor agree to act in good faith in the selection of the mediator and to give consideration to qualified individuals nominated to act as mediator. Nothing in the Contract prevents the parties from relying on the skills of a person who is trained in the subject matter of the dispute or a contract interpretation expert. If the parties fail to agree on a mediator within thirty (30) calendar days of initiation of the mediation process, the mediator shall be selected by the Travis County Dispute Resolution Center (DRC). The parties agree to participate in mediation in good faith for up to thirty (30) calendar days from the date of the first mediation session. The City and the Contractor will share the mediator's fees equally and the parties will bear their own costs of participation such as fees for any consultants or attorneys they may utilize to represent them or otherwise assist them in the mediation.

8.19 **Minority And Women Owned Business Enterprise (MBE/WBE) Procurement Program**

MBE/WBE goals do not apply to this Contract.

8.20 **Living Wage Policy**

[Reserved]

8.21 **Subcontractors.**

8.21.1 Work performed for the Contractor by a Subcontractor shall be pursuant to a written contract between the Contractor and Subcontractor. The terms of the subcontract may not conflict with the terms of the Contract, and shall contain provisions that:

8.21.1.1 require that all deliverables to be provided by the Subcontractor be provided in strict accordance with the provisions, specifications and terms of the Contract. The City may require specific documentation to confirm Subcontractor compliance with all aspects of this Contract.

8.21.1.2 prohibit the Subcontractor from further subcontracting any portion of the Contract without the prior written consent of the City and the Contractor. The City may require, as a condition to such further subcontracting, that the Subcontractor post a payment bond in form, substance and amount acceptable to the City;

8.21.1.3 require Subcontractors to submit all requests for payment and applications for payments, including any claims for additional payments, damages or otherwise, to the Contractor in sufficient time to enable the Contractor to include the same with its invoice or application for payment to the City in accordance with the terms of the Contract;

8.21.1.4 require that all Subcontractors obtain and maintain, throughout the term of their contract, insurance in the type and amounts specified for the Contractor, with the City being a named insured as its interest shall appear; and

8.21.1.5 require that the Subcontractor indemnify and hold the City harmless to the same extent as the Contractor is required to indemnify the City.

8.21.2 The Contractor shall be fully responsible to the City for all acts and omissions of the Subcontractors just as the Contractor is responsible for the Contractor's own acts and omissions. Nothing in the Contract shall create for the benefit of any such Subcontractor any contractual relationship between the City and any such Subcontractor, nor shall it create any obligation on the part of the City to pay or to see to the payment of any moneys due any such Subcontractor except as may otherwise be required by law.

8.21.3 The Contractor shall pay each Subcontractor its appropriate share of payments made to the Contractor not later than ten days after receipt of payment from the City.

8.22 **Jurisdiction And Venue.** The Contract is made under and shall be governed by the laws of the State of Texas, including, when applicable, the Uniform Commercial Code as adopted in Texas, V.T.C.A., Bus. & Comm. Code, Chapter 1, excluding any rule or principle that would refer to and apply the substantive law of another state or jurisdiction. All issues arising from this Contract shall be resolved in the courts of Travis County, Texas and the parties agree to submit to the exclusive personal jurisdiction of such courts. The foregoing, however, shall not be construed or interpreted to limit or restrict the right or ability of the City to seek and secure injunctive relief from any competent authority as contemplated herein.

8.23 **Invalidity.** The invalidity, illegality, or unenforceability of any provision of the Contract shall in no way affect the validity or enforceability of any other portion or provision of the Contract. Any void provision shall be deemed severed from the Contract and the balance of the

Contract shall be construed and enforced as if the Contract did not contain the particular portion or provision held to be void. The parties further agree to reform the Contract to replace any stricken provision with a valid provision that comes as close as possible to the intent of the stricken provision. The provisions of this section shall not prevent this entire Contract from being void should a provision which is the essence of the Contract be determined to be void.

8.24 **Holidays.** The following holidays are observed by the City:

<u>HOLIDAY</u>	<u>DATE OBSERVED</u>
New Year's Day	January 1
Martin Luther King, Jr's Birthday	Third Monday in January
President's Day	Third Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	First Monday in September
Veteran's Day	November 11
Thanksgiving Day	Fourth Thursday in November
Friday after Thanksgiving	Friday after Thanksgiving
Christmas Eve	December 24
Christmas Day	December 25

If a Legal Holiday falls on Saturday, it will be observed on the preceding Friday. If a Legal Holiday falls on Sunday, it will be observed on the following Monday.

8.25 **Survivability of Obligations.** All provisions of the Contract that impose continuing obligations on the parties, including but not limited to the warranty, indemnity, and confidentiality obligations of the parties, shall survive the expiration or termination of the Contract.

8.26 **Non-Suspension or Debarment Certification.** The City is prohibited from contracting with or making prime or sub-awards to parties that are suspended or debarred or whose principals are suspended or debarred from Federal, State, or City of Austin Contracts. By accepting a contract with the City, the Contractor certifies that its firm and its principals are

not currently suspended or debarred from doing business with the Federal Government, as indicated by the Exclusions records at SAM.gov, the State of Texas, or the City of Austin.

In witness whereof, the parties have caused duly authorized representatives to execute this Contract on the dates set forth below.

AGENCY NAME

CITY OF AUSTIN

Signature: _____

Signature: _____

Name: _____
Printed Name

Name: _____
PURCHASING OFFICE

Title: _____

Date: _____

Date: _____

EXHIBITS

Exhibit A – Program Forms

- A.1** Program Work Statement
- A.2** Program Performance Measures
- A.3** Client Eligibility Requirements

Exhibit B – Program Budget Forms

- B.1** Program Budget and Narrative
- B.2** Program Subcontractors (If Applicable)

Exhibit C – Equal Employment/Fair Housing Office/Non-Discrimination Certification

Appendix F: Social Service Contract Amendment Boiler

Amendment No. **X**
to
Contract No. NG1400000**XX**
for
Social Services
between
AGENCY NAME
and the
CITY OF AUSTIN

- 1.0 The City of Austin and the Contractor hereby agree to the contract revisions listed below.
- 2.0 The total amount for this Amendment to the Agreement is **XXXXXX dollars (\$XXXXXX)**. The total Agreement amount is recapped below:

Term	Agreement Change Amount	Total Agreement Amount
Basic Term: (mm/dd/yyyy – mm/dd/yyyy)	n/a	\$ XXXXXX
Amendment No. 1: Describe action taken and new term	\$	\$
Amendment No. 2: Describe action taken and new term	\$ XXXXXX	\$ XXXXXX
Amendment No. 3: Describe action taken and new term	\$ XXXXXX	\$ XXXXXX

- 3.0 The following changes have been made to the original contract EXHIBITS:

Exhibit A.1 -- Program Work Statement is deleted in its entirety and replaced with a new **Exhibit A.1 -- Program Work Statement**.

Exhibit A.2 -- Program Performance Measures is deleted in its entirety and replaced with a new **Exhibit A.2 -- Program Performance Measures**.

Exhibit B.1 -- Program Budget and Narrative is deleted in its entirety and replaced with a new **Exhibit B.1 -- Program Budget and Narrative**.

Exhibit B.2 -- Program Subcontractors (if applicable) is deleted in its entirety and replaced with a new **Exhibit B.2 -- Program Subcontractors**.

4.0 MBE/WBE goals were not established for this Contract.

5.0 Based on the criteria in the City of Austin Living Wage Resolution #020509-91, the Living Wage requirement does not apply to this Contract.

6.0 By signing this Amendment, the Contractor certifies that the Contractor and its principals are not currently suspended or debarred from doing business with the Federal Government, as indicated by the Exclusion records found at SAM.gov, the State of Texas, or the City of Austin.

7.0 All other Contract terms and conditions remain the same.

BY THE SIGNATURES affixed below, this Amendment is hereby incorporated into and made a part of the above-referenced contract.

CONTRACTOR

Signature:

AGENCY NAME

Name, Executive Director

Address

Austin, TX 787**XX**

Date: _____

CITY OF AUSTIN

Signature:

City of Austin

Purchasing Office

PO Box 1088

Austin, TX 78767

Date: _____

Appendix G: 2014 Economic Development Workforce Contracts Reviewer Notes Worksheet

**2014 Economic Development Workforce Contracts
Reviewer Notes**

Completed sheets are required for panel meetings. Scores should reflect “how well” the questions are addressed.

Application Number:	Applicant Name:
Applicant's Organization:	
Reviewer's Name:	

Part I – Program Overview and Strategy	
A. Connection to Goals	
B. Target Population	
C. Program Strategy to Accomplish the Goals	
D. Performance Measures – Impact on Goals	
E. Overall Evaluation Factors Regarding Applicants	
F. Data Management and Program Evaluation	
G. Staffing Plan	
Part I TOTAL	/70
Part II - Cost Effectiveness	
A. Budget	
B. Cost per Client	
C. Return to the Economy	
D. Program Funding Summary	
Part II TOTAL	/20
Part III - Local Business Presence- will be scored by Purchasing Office	
Part III TOTAL	/10
APPLICATION SCORE	/100
Part IV - Bonus Evaluation Points	
A. Leveraging	/5
B. Healthy Service Environment	/10
Part IV TOTAL	/15
TOTAL SCORE	/115

Part I – Program Overview and Strategy	Maximum Score: 70 points
A. Connection to Goals, Industry –based and/or Economic Development	Suggested Point Value: 10
<ol style="list-style-type: none"> 1. Has the Applicant provided sufficient information to describe how it has or intends to develop a relationship with the City of Austin’s Economic Development Department (EDD) and its allies for business recruitment and expansion efforts? 2. Has the Applicant provided sufficient information to describe how it has or intends to develop a plan that will engage EDD’s allies for their expertise in reaching and communicating the needs of a diverse business base, as well as a diverse audience of potential target participants? 3. Has the Applicant provided sufficient information to demonstrate its ability to perform primary and secondary data collection? Will the Applicant use this data to conduct labor force analysis and report this information on a regular basis? 4. Has the Applicant provided sufficient data and justification to demonstrate the need for strategies being proposed that have a connection to the market and labor force? 5. Has the Applicant provided sufficient information that demonstrates the organization’s ability to develop relationships with industry groups? 6. Has the Applicant provided sufficient information that exhibits the organization’s ability to develop one-on-one relationships with employers to better understand their needs for labor, training, and labor force recruitment and retention? 7. Has the Applicant provided sufficient information that demonstrates the organization’s ability analyze and synthesize all of the collected information to provide career and occupational training in the following areas: <ol style="list-style-type: none"> i. <u>High Demand Occupations</u>: Training for occupations in which collected data yields current or immediate labor needs, which provide opportunities for job placement and advancement. ii. <u>Targeted Occupations</u>: Training for future labor needs and occupations that would be a result of the City’s focus for proactive efforts in business recruitment and expansion. 	
NOTES: 	

B. Target Populations for the Goals**Suggested Point Value: 8**

1. Did the Applicant successfully describe the target population and its experience and success working with this population?
 - a. If it is a new target population, did the Applicant provide a description of the modifications and new strategies used to serve this population?
 2. Did the Applicant provide data to support the need to serve the target population with the proposed strategy? Is the data from a reliable source?
 3. Would it be appropriate to have strategies to serve clients with criminal history? If so, has the Applicant provided information on strategies that would be implemented? Do the strategies appear to address barriers for serving clients with criminal history?
 4. Will the Applicant be able to successfully implement the Client Eligibility requirements based on the description provided?
 - a. If alternate eligibility is being proposed, does the information provided justify a deviation from the Client Eligibility requirements? Does the Applicant provide sufficient information to be able to fully implement the proposed alternative eligibility?
- 2) Has the Applicant provided a description on how it will ensure that the four CLAS standards are in place so that cultural and language differences are not a barrier to services? Does the description seem reasonable?

NOTES:

C. Program Strategy to Accomplish the Goals

Suggested Point Value: 25

1. Has the Applicant provided a detailed description of the courses and services it has previously offered which relate to the goals of this RFA? Is it clear that the courses and services are related to this RFA?
2. Has the Applicant provide sufficient information that exhibits the organization's ability to effectively engage with industry and address needs by developing and offering curriculum in short-term or long-term time intervals.
 - b. For those applying under the Short-term Career and Occupational Training category, has the Applicant effectively described:
 - vi. Its ability to develop and offer short-term curriculum that delivers immediate labor needs within one to three months.
 - vii. The Curriculum and training being proposed and the level of intensity.
 - viii. The Skills and certifications with which successful participants will exit.
 - ix. The Soft skills that will be provided as part of the instruction.
 - x. Its ability to place participants in careers and/or occupations that pay at least \$11 per hour
 - c. For those applying under the Long-Term Career and Occupational Training category, has the Applicant effectively described:
 - i. Its ability to develop and offer long-term curriculum that delivers future labor needs within two to four years.
 - ii. Its ability to provide a long-term engagement program that focus on high demand occupations with wages of at least \$17.00 per hour.
 - iii. The enrollment process in place to ensure individuals who are selected to participate will successfully complete the training.
 - iv. The support services that are provided that remove or reduce barriers and allow participants to remain enrolled in the program until completing the curriculum.
3. Has the Applicant successfully described its ability to place participants in high demand careers and occupations? Does the description seem reasonable?

4. Has the Applicant successfully described the follow-up services it provides to graduates once employed to overcome any new employment concerns? Do the services appear to be sufficient?
5. *Has the Applicant described how the program strategy/strategies correspond to the Imagine Austin Comprehensive Plan vision statement? Has it also made the connection with one or more of the core mission statements?*
6. *Has the Applicant described the barriers and challenges the target population may encounter accessing services and how the Applicant may mitigate them?*
7. *Has the Applicant described any barriers and challenges anticipated in implementing the strategy/ies? Has the Applicant described how it will overcome them?*
8. *Has the Applicant identified any subcontractor partnerships or informal relationships not funded under this application? If so, has it successfully described how they are necessary and/or appropriate for the strategy proposed?*
9. Have the project activities been described clearly?

NOTES:

D. Performance Measures – Impact on Goals**Suggested Point Value: 7****1. Outputs/Outcomes**

- Has the Applicant described how it will calculate the required outputs? If the Applicant has proposed other outputs, has the Applicant described how it will calculate those outputs? Do the outputs seem consistent and relevant to the program proposed and the goals of this solicitation?
- Has the Applicant described how it will calculate the high level outcomes designed to demonstrate progress toward self-sufficiency? (Please note - there was an inconsistency between the 0500-Scope of Work and the 0600- Application Instructions, so the "Percent of Individuals that obtain employment" should be considered as optional for evaluation purposes.)

2. Independent Evaluation

- a. Has the Applicant described its experience participating in independent evaluations and research funded by funders or other external entities? Does this description identify any concerns with Applicant participating in independent evaluations or research?
- b. Has the Applicant referenced and/or provided any studies regarding the outcomes and impacts for participants in the Applicant's community-based career and occupational programs? Do the studies support the services being provided? Did the studies raise any concerns about the services?
- c. Has the Applicant described any existing or planned relationships with an independent evaluation or research organization(s)? Has the Applicant described how this relationship will be utilized to provide metrics for Return to the Economy?

3. Overall, does the Applicant have a reasonable plan to meet the required outputs and outcomes?**NOTES:**

E. Overall Evaluation Factors Regarding Applicants	Suggested Point Value: 10
<p>1. Has the Applicant described its experience managing relevant local, state and/or federal contracts? Has the Applicant included the contact information for the funder for the contracts identified? Based on the information provided, does it appear that the Applicant is able to successfully meet the contract obligations? Were there any substantial concerns?</p> <ul style="list-style-type: none">• Has the Applicant described any relevant City of Austin Health and Human Service’s funding received in the last 5 years? <p>2. Has the Applicant described its experience working with the proposed target population? Based on the information provided, will the Applicant be able to successfully work with this population?</p> <p>3. Has the Applicant described its experience providing the services proposed or similar services? Based on the information provided, will the Applicant be able to successfully implement the services proposed?</p> <p>4. In reviewing the responses to the prompts, what are some of the Applicant’s strengths in managing contracts, working with the target population or delivering the services proposed?</p> <p>5. In reviewing the responses to the prompts, what are some of the Applicant’s weaknesses in managing contracts, working with the target population or delivering the services proposed?</p>	
<p>NOTES:</p>	

F. Data Mgmt & Evaluation to Document Accomplished Goals**Suggested Point Value: 5**

1. Has the Applicant described past successes and challenges with data management and reporting, including past experience utilizing an electronic data system?
2. Does the Applicant use data to identify problems in strategies, service delivery and expenditures, steps to determine corrective actions? Is there follow-up in place to ensure corrective actions will be effective?
3. If the Applicant will be collecting data from collaborations/cooperatives, has the Applicant described the process to collect the required data? Does the process plan seem to be reasonable?
4. In reviewing the responses to the prompts, what are some of the Applicant's strengths in managing data and evaluation?
5. In reviewing the responses to the prompts, what are some of the Applicant's weaknesses in managing data and evaluation?

NOTES:

G. Staffing Plan	Suggested Point Value: 5
<ol style="list-style-type: none">1. Has the Applicant described the overall staffing plan? Does the justification provided seem reasonable to accomplish the proposed strategy/ies?2. Has the Applicant listed the project staff by title and percentage of time to be spent on the program? Is this consistent with the overall staffing plan?3. Has the Applicant attached the resumes or position descriptions for key staff that will perform the described services and/or activities? Do positions and/ or staff seem adequate to perform the service delivery and administrative requirements to successfully meet the contract requirements?	
NOTES:	

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Part II – Cost Effectiveness	Maximum Score: 20 points
A. Budget	Suggested Point Value: 5
<ol style="list-style-type: none">1. Has the Applicant provided a summary description of the budget justification for the program strategy/ies?<ol style="list-style-type: none">a. Are all of the expenses identifiable, reasonable, and necessary?b. If there are subcontractors, are separate details provided for each subcontractor?c. Has the Applicant provided its fundraising and administrative percentage? Do the percentages seem reasonable?2. Has the Applicant described how it will recognize the City of Austin’s contribution?3. Has the Applicant clearly outlined the recognition the City should anticipate if the Applicant is funded? Does the recognition seem reasonable and appropriate?	
<p>NOTES:</p>	

B. Cost per Client	Suggested Point Value: 4
<ol style="list-style-type: none"> 1. Has the Applicant described the average cost to per City client served? Does the average cost seem reasonable given the service and evidence level? 2. Has the Applicant described the average cost to per client served? Is this different or the same from City client served? If so, is there an explanation why? Does the average cost seem reasonable given the service and evidence level? 3. Has the Applicant described the average cost per client achieving the performance measures proposed? Does the cost seem reasonable? 4. Has the Applicant provided a justification which indicates that the proposed cost is appropriate for the proposed strategy/ies? Does the justification seem reasonable? 5. Has the Applicant described the return on investment/social impact the proposed strategy/strategies will make? Does the return on investment/ impact seem reasonable? 	
<p>NOTES:</p>	
C. Return to the Economy	Suggested Point Value: 10
<ol style="list-style-type: none"> 1. Has the Applicant successfully described the direct connection between occupational demand, program development and targeted participants entering these occupations? 2. Has the Applicant successfully described the participants' career pathway for sustainability? 3. Has the Applicant successfully described the anticipated benefit or growth related to the industry or individual company(ies) as the result of its training efforts? 4. Has the Applicant provided the calculated return on investment per participant served? Has the Applicant 	

provided the methodology for calculating this return on investment? Does the calculation seem reasonable? Are the all of the costs associated with serving participants clearly identified?

NOTES:

D. Program Funding Summary

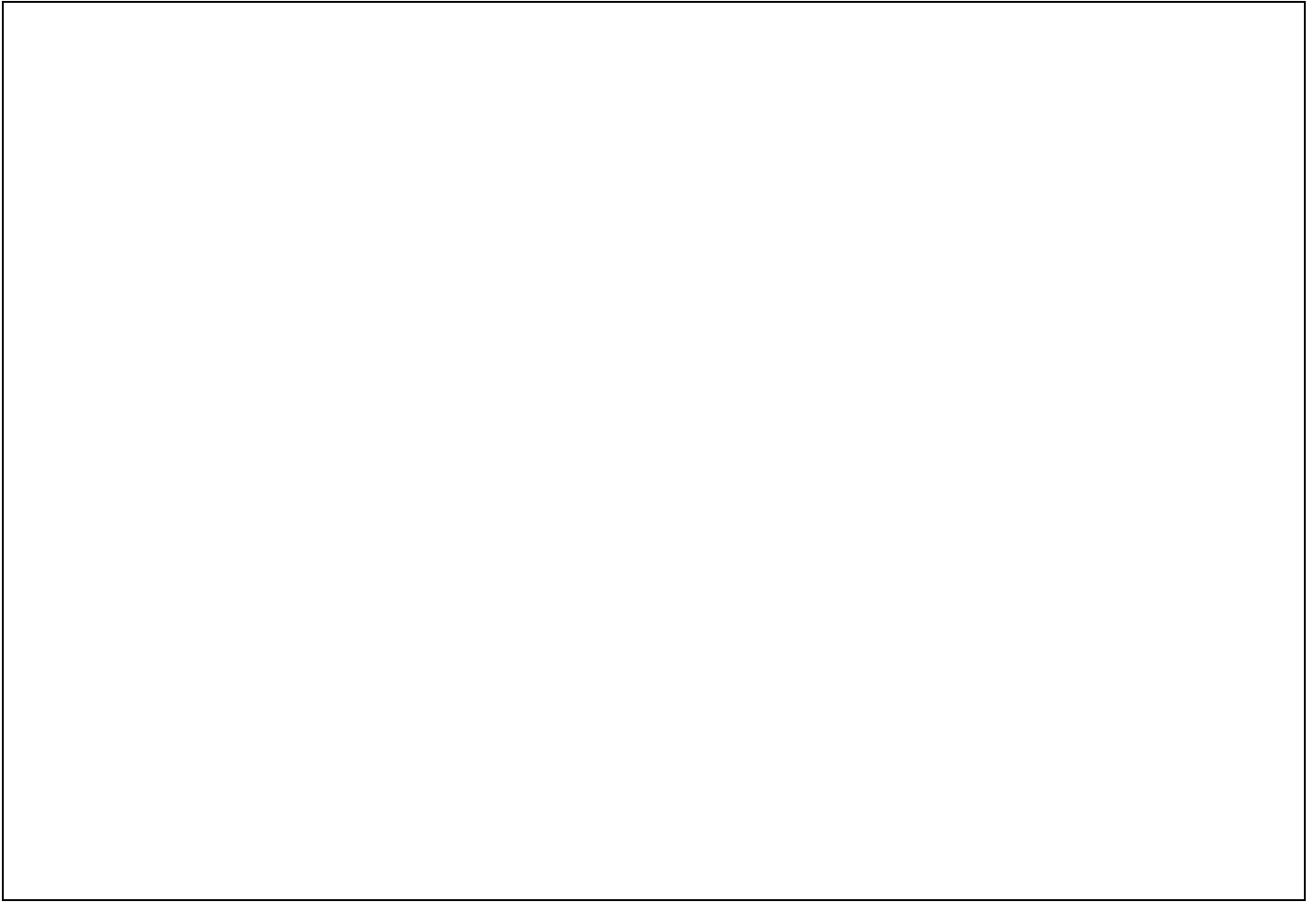
Suggested Point Value: 1

1. Has the Applicant provide an overview of all of the funding sources that Applicant will be used for the proposed project?

NOTES:

APPLICATION SCORE	Max Score: 100 points
COMMENTS:	

Part IV – Bonus Evaluation Points	Maximum Score: 15 points
A. Leveraging Max Score: 5 points	
<p>Is the Applicant currently receiving third party funding that will no longer be received by the Applicant if it does not receive City funding for the program,</p> <p>OR</p> <p>Has the Applicant received a notice of funding award from a third-party funder that is contingent upon receiving City funding for the proposed program?</p> <p><i>If neither of the above scenarios applies, no points are available.</i></p> <p>If yes to one of the above scenarios then,</p> <ol style="list-style-type: none"> 1. Has the Applicant identified the third party which requires that the Applicant receive City funding for the program in order to be awarded the third-party funds? 2. Has the Applicant provided the name of the grant, award, or program under which the third-party funds are/will be awarded to the Applicant, the term of the third-party funding, and the amount of third-party funding contingent upon receiving City funding under this solicitation? 3. Has the Applicant specified the date(s) during which the third party requires that the Applicant to receive City funding in order to be awarded the third-party funds? 4. Has the Applicant described the quantified impact on the proposed program if the Applicant does not receive City funding under this solicitation? Is the description appropriate and/or reasonable? <p>Has the Applicant provided a contract or other documentation that confirms the requirement of City funding in order to receive the third-party funding as an attachment to the application?</p>	
<p>NOTES:</p>	



B. Healthy Service Environment**Max Score: 10 points***For Tobacco-free Campus (3 points) –*

1. Has the Applicant implemented or has the Applicant agreed to implement a tobacco-free worksite policy?
2. Has the Applicant developed initiatives and programming that promotes tobacco-free living? A tobacco-free campus policy states:
 - Use of tobacco products of any kind are not permitted on any property owned, leased, or rented by the organization (indoors and outdoors). This also includes parking areas and company cars. The policy applies to all employees, subcontractors, temporary workers and visitors.
3. Has the Applicant described how it has implemented the Healthy Service Environment policy outlined above?
 - Has the Applicant included the approved and signed policy as an attachment to the application?
4. Has the Applicant described how it plans to implement the Healthy Service Environment policies outlined above?
 - Has the Applicant included the key personnel, by position name only, responsible for ensuring implementation?
5. Has the Applicant described any technical assistance which will be provided to assist in the implementation of the policy?

NOTES:

For Mother-Friendly Workplace (3 points) –

1. Does the Applicant or has the Applicant agreed to actively promote and support breastfeeding by employees?
2. Does the Applicant maintain a written worksite lactation support policy that is regularly communicated to employees? The policy includes:
 - employer provides work schedule flexibility, including scheduling breaks and work patterns to provide time for expression of milk;
 - the provision of accessible locations allowing privacy;
 - access nearby to a clean, safe water source and a sink for washing hands and rinsing out any needed breast-pumping equipment; and
 - access to hygienic storage alternatives in the workplace for the mother's breast milk (may include the allowance of personal coolers onsite).
3. Has the Applicant described how it has implemented the Healthy Service Environment policy outlined above?
 - Has the Applicant included the approved and signed policy as an attachment to the application?
4. Has the Applicant described how it plans to implement the Healthy Service Environment policies outlined above?
 - Has the Applicant included the key personnel, by position name only, responsible for ensuring implementation?
5. Has the Applicant described any technical assistance which will be provided to assist in the implementation of the policy?

NOTES:

For Employee Wellness Initiative (3 points) –

1. Has the Applicant implemented or has the Applicant agreed to implement a comprehensive Employee Wellness Initiative in place that promotes nutrition, physical activity, tobacco-free living, and the mental health of employees?
2. Does the initiative encompasses healthy changes to the physical worksite environment as well as formal, written health promotion policies, programs or benefits impacting all employees? Is the initiative promoted through educational and issue awareness efforts by the Applicant, signage and a supportive company culture, championed by leadership?
3. Has the Applicant described how it has implemented the Healthy Service Environment policy outlined above?
 - Has the Applicant included the approved and signed policy as an attachment to the application?
4. Has the Applicant described how it plans to implement the Healthy Service Environment policies outlined above?
 - Has the Applicant included the key personnel, by position name only, responsible for ensuring implementation?
5. Has the Applicant described any technical assistance which will be provided to assist in the implementation of the policy?

NOTES:

For Violence Prevention Policy (1 point) –

1. Is the Applicant committed to providing a safe environment for working and conducting business? Has the Applicant provided information on how it does not tolerate or ignore behaviors that are threatening or violent in nature?
2. Does the Applicant have a procedure or is developing a procedure for providing guidance to staff/clients for identifying and reporting threats and workplace violence?
3. Has the Applicant described how it has implemented the Healthy Service Environment policy outlined above?
 - Has the Applicant included the approved and signed policy as an attachment to the application?
4. Has the Applicant described how it plans to implement the Healthy Service Environment policies outlined above?
 - Has the Applicant included the key personnel, by position name only, responsible for ensuring

implementation?

5. Has the Applicant described any technical assistance which will be provided to assist in the implementation of the policy?

NOTES:

Appendix H: Contract Compliance Unit Manual



CONTRACT COMPLIANCE MANUAL

AUSTIN/TRAVIS COUNTY
HEALTH AND HUMAN SERVICES

DEPARTMENT

CONTRACT COMPLIANCE UNIT

REVIEWED AND APPROVED

STEPHNE CONNELLEY... CCU PROGRAM
MANAGER FEBRUARY 23, 2015

EFFECTIVE : FEBRUARY 23, 2015



Austin Travis County
Health and Human Services Department
Contract Compliance Unit

P.O. Box 1088
Austin, Texas 78767-1088

Phone: 512-972-5010 Fax: 512-972-5016



February 23, 2015

HHSD Executive Management
HHSD Contract Management Units
City of Austin Animal Services
HHSD Contract Compliance Unit
All Other Interested Parties



I approve the revisions to the Contract Compliance Manual for Fiscal Year 2015.

The Contract Compliance Manual is the formal and official description of the policies, procedures and processes utilized in the on-site contract monitoring actions completed by the Contract Compliance Unit. The manual has practical application content for all staff responsible for monitoring contracts. The manual is available for use by all individuals that wish to use it.

Each year the manual is reviewed by the Contract Compliance Unit staff with the intent of making the manual easier to use, easier to understand the processes and workflow, and more complete in identifying the monitoring processes.

If you have questions or suggestions, please send them to:
HHSDCCU@austintexas.gov

Thank you.

Stephnie Connell
Program Manager
Contract Compliance Unit

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CONTRACT COMPLIANCE MANUAL

SECTION A

CONTRACT COMPLIANCE OVERVIEW

A1000 **Glossary of Terms**

ATCHHSD	Austin/Travis County Health and Human Services Department is responsible for the administration of human service programs on behalf of the City of Austin and Travis County. The name is a "holdover from a prior period in which the city and county were more combined in the administration of human services programs. For the purposes of this manual, the label will be shortened and consistently referenced as: HHSD.
CAO	Chief Administrative Officer, Health and Human Services Department- Administrative authority providing direct supervision of CCU activities through the CCU Program Manager; authority by which CCU is able to act; and through which all reports for monitoring actions are reviewed and approved prior to distribution or initiation of action.
CAP	Corrective Action Plan – Developed by CCU in response to a contractor management team's acknowledgement of and method for resolving findings and/or concerns identified through an on-site monitoring (review) of the contractor's compliance with the terms of the contract, including the delivery of services and administrative processes to deliver services. The contractor's actions to resolve the findings and concerns are overseen by the contract manager and reported to CCU.
Cap on Client Charges	Annual limit on client charges defined as a percentage of client annual income. The percentage is determined by matching client income to that of current U.S. Poverty Guidelines.
CBR	Community-Based Resources – Responsible for development, administration and oversight of the City's social service investment portfolio. The social services provided to the community are targeted to individuals, families, children and youth at or below 200% of poverty with diverse needs along a self-sufficiency continuum which include: 1) safe

and stable housing; 2) children and adults are prepared and able to learn; 3) adults are prepared for employment and/or have stable income; and 4) mental and physical health needs are met.

CCU

Contract Compliance Unit – Developed to provide standardized departmental contract monitoring, complete *ad hoc* or special

monitoring actions as assigned, and monitor contract management functions/roles within HHSD.

CM Contract Manager – position responsible for the ongoing management and monitoring of contracts on behalf of the HHSD

CMS Centers for Medicaid and Medicare Services. The federal agency that oversees Medicaid and Medicare policies and procedures. Responsible for oversight of new health care reform programs including Accountable Care Organizations, Health Homes and Patient Centered Medical Homes.

COA City of Austin – an entity of government. For the purposes of this manual, funding administered by/through the Health and Human Services Department on behalf of the City of Austin or a grantor may be referenced as HHSD.

CSD Community Services Division – division within HHSD that administers grants and contracts designed to reduce poverty and increase self-sufficiency for individuals and families. CBR is a unit within this division.

CSD Concerns are issues identified that *could* lead to violations in federal, state, or local law; a breach in the terms of the contract; a failure, by the contractor, to follow generally accepted business practices or their own policies and procedures; or that jeopardize the quality return on investment from community partners.

Concern A contract is an agreement having a lawful object entered into voluntarily by two or more parties, each of whom intends to create one or more legal obligations between them.

Contract Contract Components - Contracts have at least four distinct sections.

1. Statement or Scope of Work – The Statement or Scope of Work (SOW) describes the item(s) or service(s) to be purchased or provided in the contract. The SOW must sufficiently describe what is desired and the specific requirements of the contractor in regard to providing the desired "services/product." Contractor performance measures and contract monitoring must tie back to the SOW and be enforceable through the SOW. The SOW is the "what is wanted" in the contract and must be clear and specific. Contract management and purchasing staff will work jointly to provide clear and fully developed SOWs.
2. Eligibility Criteria – The Eligibility Criteria section of the contract

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inistered/funded by the City of Austin (COA) through the HHSD.
The eligibility criteria shall be used by the contractor unless the
source of funding has specific criteria for participation that would
take precedence over the COA criteria.

3. Reporting Requirements - The Reporting Requirements describe the specific reports required from the contractor, due dates, methodology for submitting the reports, and to whom the reports are submitted.
4. Terms and Conditions – The terms and conditions section of the contract provide the legal criteria for enforcement of the contract. The Terms and Conditions also provide the period of the contract and option for renewals. The Terms and Conditions do not convey the output of the contract. Instead, they provide the legal requirements for contract compliance and enforcement.

Contract
Compliance

Contract Monitor

Contract
Closeout

Contract Monitoring

Contract List

Contract
Management

The state of being in accordance with established guidelines, specifications, or legislation, or the process of becoming so, as per the terms and conditions of the contract. Contract monitoring is one method used to determine a contractor's compliance with their contract.

The end-of-contract term report that summarizes all contract activities and reconciles all contract expenditures.

A list of all HHSD service contracts reported to and tracked by CCU. CCU depends on the HHSD contract managers to report all contracts, cancellations, and modifications in order that the list can be maintained to a current status. The list serves several important functions.

1. Provides management with a quick reference for the number of contracts and funding obligated.
2. Provides the content required for the CCU risk assessment process.
3. Provides information to respond to City Council, City Auditor, or other inquiries regarding the number of HHSD contracts, types of services, and funds allocated.

The day-to-day management and oversight of a contract, including: the review of monthly pay requests (budgets, expenditures), review of quarterly reports, ongoing technical assistance, trainings, site visits, and other activities that are necessary to ascertain compliance with the contract terms or specific grant requirements.

An employee is the Contract Compliance Unit. Responsible for review and reporting of contractor compliance for service related contracts in the Health and Human Services Department that are selected for monitoring via the CCU risk assessment plan. Conducts annual risk assessments on HHSD services contracts. Develops and implements the annual contract monitoring plan.

A process for systematically verifying or scrutinizing documentation for the purpose of collecting specified contract data, and using that data to

assess the contractor's performance (compliance with the contract scope of work, terms, and conditions). Activities include conducting annual risk assessments, desk reviews, and on-site reviews.

Contractor

Corrective
Action Plan

EMR

Covered
Service

Entrance Conference

Exit Conference

CPT Codes

CQI

CTK

Cure Letter

Desk Review

Term used to identify the agency or organization with whom the City of Austin is contracting with for services.

Developed by CCU in response to a contractor's management response to findings identified as a result of an on-site monitoring visit. Actions overseen by the contract manager. (See CAP)

A health care service received by a beneficiary that is entitled

to a payment of benefits under a health insurance contract. The term defines the type and amount of expense that will be considered in the payment of benefits.

Current Procedural Terminology. Coding used by providers and payers to indicate on encounter forms and claims medical procedures provided.

Continuous Quality Improvement - The process of creating an environment in which management and workers strive to create constantly improving quality.

Community Tech Knowledge - Online data manager for select service contracts.

A letter issued by the Purchasing Department notifying the contractor that they are in default in the contract and specifying a certain amount of time to correct issue(s). This is usually the last step before contract termination.

Performed by contract managers annually, and includes a checklist of financial, programmatic, and administrative aspects of a contract. Monthly payment request desk reviews and quarterly performance desk reviews are also completed by contract managers

Electronic Medical Record. Computer systems that allow providers to document care electronically. Providers who purchase and implement EMRs currently qualify for federal incentives. In the future Medicare providers who do not have EMRs will receive discounted fees.

Meeting between the contractor and contract monitor at the beginning of the on-site visit.

Meeting between the contractor and contract monitor conducted after the preliminary findings have been reviewed and approved by Management for the purpose of discussing preliminary findings and

concerns from the on-site monitoring.

Federal
Poverty
Guidelines
(FPG or
FPIG)

File Review

Finding

FQHC

ICD-9-CM

HHSD

Health Homes

HRSA

Federally defined poverty standards based on individual and family income levels in Alaska, Hawaii and the other States. Updated annually. Used to calculate caps on client charges

An annual review completed by CCU, for each HHSD contract manager, on selected

contracts from the contract manager's assignment to determine contract manager compliance with policies and procedures established in the Contract Management Manual.

Findings are issues identified that do violate federal, state, or local law, breach the terms of the contract or are deemed serious enough as to jeopardize the quality return on investment from community partners.

Federally Qualified Health Center. Community Health Centers, Migrant Health Centers, Health Care for the Homeless Programs and Public Housing Primary Care Programs who are also recipients of 330 Grants provided through the Bureau of Primary Health Care and CMS.

Health and Human Services Department – a department of the City of Austin responsible for human services programs and funding to support the programs.

A new program funded by CMS to provide reimbursement for care coordination services for Medicaid recipients with two or more chronic diseases. States who apply for Health Home designation and are approved will be reimbursed 90% of their expense for the first 24 months of operation. HIV infected individuals can qualify to participate in Health Homes.

U.S. Department of Health and Human Services, Health Resources and Services Administration: The primary Federal agency for improving access to health care services for people who are uninsured, isolated or medically vulnerable. Comprising six bureaus and ten offices, HRSA provides leadership and financial support to health care providers in every state and U.S. territory. HRSA grantees provide health care to uninsured people, people living with HIV/AIDS, and pregnant women, mothers and children. They train health professionals and improve systems of care in rural communities. HRSA oversees organ, bone marrow and cord blood donation. It compensates individuals harmed by vaccination, and maintains databases that protect against health care malpractice, waste, fraud and abuse.

International Classification of Diseases – Clinical Management. A

diagnostic coding system that providers and payers use to document the disease status of patients. Reimbursement rates are often determined by these codes.

Levels

MCAH

Medicaid

Medicare

Managed Care

Management
Response
Letter/Form

Performance Levels assigned to contractors in relation to demonstrated

compliance with the various provisions of the contract.

Level 1

Basic

Reporting

Normal, good performance/compliance

with all

portions of the contract.

All

contractors

were started

at this level

and the rating

remains at

this level for

most

contractors.

Level 2

Expanded

Reporting

Performance

/compliance

(service

delivery,

reporting,

etc.) has

been

determined

to be

deficient in

an area(s).

Contract management provides CCU with notification of a contractor being placed on Level 2. Level 3 Referral to the HHSD Contract Compliance Unit Performance/compliance (service delivery, etc.) has become unacceptable. Contract management staff requests, via HHSD administrative executive management, that CCU complete an *ad hoc* (special) targeted review of one or more areas of the contractor's performance.

A common type of insurer for Medicaid and Medicare patients. Managed Care Plans receive a fixed premium per member per month to *cover* the total cost of care plus overhead.

Managed Care Plans contract with physicians, hospitals and other entities usually on a fee for service basis. In some States the only way to receive reimbursement for Medicaid services is through contracts with Managed Care Plans.

A form utilized by CCU to outline findings and/or concerns from an on-site monitoring and used by contractors to respond to CCU regarding findings from on-site monitoring.

Maternal, Child and Adolescent Health Division – a Division within HHSD that administers grants and contracts related to family health, including early childhood development and youth development.

National Health Insurance for low-income individuals and families financed through Federal and State funds. Eligibility and benefits are determined by each State. There is considerable variability from State to State. The Patient Protection and Affordable Care Act establishes minimum standards for both eligibility and benefits.

National Health Insurance for the elderly (those 65 and older) and disabled funded through employment taxes and administered by the federal government.

Monitoring Plan	Is developed from the risk assessment applied to social services, service contracts Identifies risk levels for contracts, and determines contracts that will be subject to on-site monitoring activities.
National Committee on Quality Assurance (NCQA)	The organization responsible for recognizing compliance with standards for Patient Centered Medical Homes.
On-site Review	Conducted by CCU for contracts that receive a high risk rating on the risk assessment or for <i>ad hoc</i> referrals from contract management. Includes review of administrative, finance, performance, reporting aspects of the contract. Contract managers are required to conduct an annual on site visit for each contract for which they have responsibility.
OPI	Opportunities for Improvement – Performance areas identified by CCU during a monitoring action that could optimize and strengthen the quality of the contract and/or contract management functions.
Patient Centered Medical Homes	A designation based by NCQA Standards. Patient Centered Medical Homes seek to improve the care of patients through care coordination, shared information exchange and collaboration with other components of the community and care delivery system serving patients. The model promotes team based care with the Primary Care Provider in the lead role.
Patient Protection and Affordable Care Act (PPACA)	The health care law that was passed in 2010 and to be fully implemented in 2014. The law is currently being reviewed by the Supreme Court to determine if it is constitutional sound.
Payer of Last Resort	Program Income
Practice Management	Risk Assessment

The Ryan White Program is the Payer of Last Resort. Providers must ensure that clients meet Ryan White eligibility requirements. Providers must ensure that alternate payment sources are pursued before providing Ryan White Program-funded services.

and ensure timely collection of reimbursement.

Any income that is generated for a grantee or subcontractor by the grant or earned as a result of the grant. Includes charges to beneficiaries under sliding scale, reimbursements from Medicaid, Medicare and private insurance for services provided.

A tool used to determine the level of risk for all service contracts. Applied annually to all service contracts.

Practice management refers to the set of policies, procedures and practices that enhance efficiency of operations

Service Contract	Any contract between HHSD and any external party that provides a service (non-commodity).
Sliding Fee Scale	An organization's fee schedule based on individual and family annual income. The purpose of the Sliding Fee Scale is to allow clients with lower incomes to receive services at a discounted rate.
SOP	Standard Operating Procedure – Formal description of a work process not defined or clarified in the Contract Compliance Manual, but necessary for the completion of day-to-day operations.
SOW	Statement of Work or Scope of Work – A portion of the contract describing the requirements, expectations, performance measurements, and timeframes for the contract.
Technical Assistance	Describes any type of assistance provided by the contract manager to the contractor to assist them in properly administering and complying with their City contract.
Third Party Reimbursement	Sources of income defined as Medicaid, Medicare and private insurance.
Ts and Cs	Terms and Conditions – A portion of the contract document specifying the legal requirements and remedies for both parties to the contract.
Wrap Up Conference	Meeting between the contractor and CCU monitoring team to conclude an on-site visit. Discussion includes the next steps in the monitoring process as well as return of all contractor files and materials not specifically given to the monitoring team for inclusion in the monitoring file.

A2000 Contract Compliance Unit Overview

A2100 Legal Authority/Scope of Authority

The Contract Compliance Unit (CCU) was created in November 2011 during a reorganization of the Austin/Travis County Health and Human Services Department (HHSD). CCU is assigned to the HHSD Administrative Services Division. CCU functions with authority from and at the direction of the HHSD Director through the Chief Administrative Officer (CAO).

CCU will monitor the following areas.

1. Service providers (contractors) that received funds from the City of Austin through contracts or grants, or other financial distributions administered by HHSD.
2. As a part of the contract monitoring process, CCU reviews contract documents, contract requirements, policies and procedures, and implementation and impact of the contracting process. Opportunities for Improvement (OPI) are included in the executive summary for the monitoring action. OPIs are performance areas identified by CCU during a monitoring action that could be improved, optimized, or strengthened in the contract and/or contract management functions.
 - 1) OPIs are reported to HHSD executive management as each contract monitoring action progresses.
 - 2) OPIs are documented and transmitted to the HHSD Internal Auditor for review, routing to and follow up with the respective program twice each year: January and July.
 - A. Providing OPIs to program staff twice per year groups the information from several monitoring actions in order that program staff does not have to respond to the same or similar issues on multiple occasions (each monitoring action).
 - B. Sending OPIs to program staff in semi-annually will facilitate their review of the issue and implementation of required action, as needed.
 - 3) OPIs are not included in the monitoring report to the contractor as they pertain to HHSD internal operations.
3. CCU also reviews HHSD contract management functions to evaluate compliance with policies and procedures in the HHSD Contract Management Manual. Unless specifically stated otherwise, "social services" or "services" will apply to both HIV services and social services programs. Monitoring activities include review of social services delivery and fiduciary management of funding provided to the contractor via grants, contract awards, or other financial distributions.

In the event disagreement with CCU findings and concerns occurs with other HHSD units that cannot be resolved with CCU, the CCU recommendation will prevail until such time as HHSD Executive Management alters the findings or concerns.

A2200 Vision

The Health and Human Services Department (HHSD) receives quality return on its investment from community partners.

A2300 Mission

Provide reasonable assurance that HHSD contractors utilize best business practices in the administration of compliance with contract statements of work, terms and conditions, and grant requirements; and HHSD contract administration is actively managing contracts to achieve optimum return on investment of funding.

A2400 Overview of CCU Monitoring

The Contract Compliance Unit (CCU) is within the Administrative Services Division and has been developed to provide standardized departmental contract monitoring, complete *ad hoc* or special monitoring actions as assigned, and monitor contract management functions/roles within HHSD. CCU is assigned monitoring responsibility in the following areas.

1. HHSD staff compliance with department contract management and compliance policies and procedures.
2. Focus on management of fiduciary or programmatic issues.
3. Contract measured via risk-based analysis.
 - 1) Total amount of contract award
 - 2) Method of Procurement/Extent of Competition related to awarding the contract (RFP, Sole Source Award, etc.)
 - 3) Past performance of the contractor
 - 4) Number of contracts awarded to the contractor
 - 5) Number of sub-contractors involved in service delivery for the contract
 - 6) HHSD Funded percentage of contractor's total annual budget.
 - 7) Other factors identified by executive management
 - 8) Length of time since last CCU monitoring action
4. Contractor performance based on one or more of the following:
 - 1) Referral due to significant performance problems
 - 2) Referral due to questionable fiduciary actions
 - 3) Referral due to a formal complaint
5. Scheduling of monitoring activities is managed via a systematic annual plan in accordance with known priorities while allowing flexibility to process *ad hoc* reviews when requested.
6. CCU endeavors to maintain open and effective channels of communication with contractors and program staff.
7. Contract monitoring activities have a dual purpose:
 - 1) Assess contractor compliance with best business practices, contract terms and conditions, and statement of work.
 - 2) Evaluate contract performance to determine if opportunities for improvement exist in regard to statement/scope of work, terms and conditions, or support functions provided by the contract manager.
8. Training and continuous quality improvement are ongoing activities.

A3000 Contract Management and Contract Compliance Manuals

The Contract Management Manual and Contract Compliance Manual are technically two manuals within a single binder. The manuals govern distinct contract functions

assigned within HHSD. The intent of both contract management and contract compliance staff is:

1. To ensure that contracted services are being delivered in an effective manner in accordance with the statement of work and terms and conditions found in the contracts issued by HHSD.
2. Provide reasonable assurance that City of Austin funding is used for the intended purposes.
3. Contract management staff (program staff) are responsible for the maintenance and update of the Contract Management Manual content.
 - 1) The Contract Management Manual provides guidance for daily management of contracts assigned through HHSD.
 - 2) The Contract Management Manual is online at the HHSD intranet site: [Contract Management Manual](#)
4. Contract Compliance Unit staff (administrative services staff) are responsible for the maintenance and update of the Contract Compliance Manual and monitoring content.
 - 1) The Contract Compliance Manual provides guidance and administrative authorization for monitoring contracts and other assigned functions as well as overall operation of the CCU.
 - 2) The CCU manual is online at the HHSD intranet site: [Contract Compliance Manual](#)
5. Forms and templates created for general use by HHSD staff are added to the HHSD intranet site as they become available. The most current version of the form or template will be provided, with previous versions being retired.
6. The Contract Compliance Manual is reviewed annually during the months of June – August. Necessary revisions are developed and submitted to the CCU Program Manager for review and approval. The revised manual is posted on the HHSD intranet site effective October 1st of each year. In the event the Contract Compliance Manual does not require any updates for a specific year, the online version of the manual will reflect a notation that the manual was reviewed, but no changes were made. See examples below.

Effective October 1, 2012

Or

Effective October 1, 2012

Reviewed August 2013, No Update Required

7. CCU adheres to the Austin City Clerk's Office Records Retention policies and procedures. The Records Organization, Management and Retention section of this manual provides specific data organization and retention schedule information.

CCU utilizes the following materials as legal basis and guide for on-site monitoring actions. Other resources may be used as they become available or as needed for specific monitoring actions.

1. HHSD Contract Management Manual

2. HHSD Contract Compliance Manual
3. HHSD contract Templates
4. HHSD Provider Contracts (executed)
5. Grantor Guidelines (funding source) – Contracts as implemented by HHSD will prevail except when the grantor agency has specific criteria for program participation that conflicts with HHSD contract requirements. In the event of conflict, grantor policies or procedures supersede HHSD requirements. The non-conflicting HHSD specifications remain in force.
6. City of Austin, Legal Department staff interpretations and/or opinions rendered
7. City of Austin, Purchasing Department procurement policies and procedures
8. City of Austin, Contract Department contract policies and procedures
9. National Association of Social Workers Code of Ethics (Approved by the 1996 NASW Delegate Assembly and revised by the 2008 NASW Delegate Assembly)
10. Generally Accepted Accounting Practices (GAAP)
11. Best business practices
12. Contractor Policies and Procedures (related to contract being monitored)
13. Reporting Activity for the Contractor
14. Federal Poverty Income Guidelines (updated annually)
15. City Limits for the City of Austin
16. County Boundaries for Travis County
17. Texas Administrative Code
18. Applicable Federal Laws and Guidelines
19. Other resources as needed

AS000 Monitoring for Compliance and Improvement

CCU monitors in four primary areas. Each monitoring function has a separate and unique purpose and originates from a different source within HHSD.

A5100 On-Site Monitoring (Monitoring of Contractor)

1. Social Services Contracts: On-site monitoring involves monitoring all aspects of the contracted functions. Sites chosen for on-site monitoring are derived from a risk assessment. The highest risk social services contracts, based on the risk factors in the risk assessment tool, are selected for monitoring during the fiscal year. The number of contracts monitored and the monitoring schedule will be based on available resources and other departmental needs identified by Executive Management.
2. HIV Service Contracts: All HIV service contracts receive on-site monitoring annually unless waived by the U.S. Department of Health and Human Services, Health Resources and Services Administration (HRSA) or Executive Management. Monitoring of HIV contractors is conducted by CCU when the contractor is included in the annual HIV services contract monitoring plan.

Note: Contractor actions, to correct findings and concerns identified through routine monitoring by contract management staff, shall remain the responsibility of contract management staff unless contractors are referred to CCU as a Performance Level 3 through the *ad hoc* process.

A5200 *Ad Hoc* Monitoring (Monitoring of Contractor)

Ad Hoc monitoring involves referral of a contract by executive management and is typically targeted toward a contractor performance issue forming the basis for the referral. The basis for referral may be programmatic or financial in nature.

A5300 CCU Annual Contract Manager File Reviews (Monitoring of Contract Management)

File reviews monitor functional compliance by contract managers with established HHSD contract management requirements. File reviews involve a random sample of contracts managed by each HHSD contract manager. Two (2) contracts (files) are selected for each contract manager and are measured against a monitoring tool used to monitor all HHSD contract managers. The contract manager must have the contract assignment at least 30 calendar days prior to the contract file review in order for the contract manager to have adequate time to review the contract file (hardcopy and electronic) to ascertain the file is complete in content and correct in organization. Contract file reviews are typically completed during the month of November. See Section 04300 for more information.

A5400 Opportunities for Improvement - OPIs (Monitoring of HHSD Contract Documents, Policies, and Procedures)

CCU monitoring actions reveal area(s) requiring update, policy revision, or compliance with existing policies and procedures. Opportunities for Improvement (OPI) are found in the process of completing On-site or *Ad Hoc* Monitoring processes. Opportunities for Improvement are documented in each monitoring action executive summary and discussed with contract management staff at the time the executive summary is presented. OPI reports are submitted for referral and follow-up to the HHSD Internal Auditor twice annually during the months of January and July.

A6000 Contract Compliance and Contract Management Training

CCU, in collaboration with contract management staff, has responsibility to provide annual training. The training will target selected topics determined by HHSD management. The training may involve policy and procedure changes, specific contract management functions, development of contract documents or portions of the contract, or a combination of all areas of contract management responsibilities.

A7000 Standard Operating Procedures - SOPs

The Contract Compliance Manual is supplemented by Standard Operating Procedures (SOPs). SOPs document development of routine processes used in implementing the functions assigned to CCU throughout the fiscal year. During the Contract Compliance Manual annual review, SOPs are incorporated into the manual, if appropriate for inclusion.

A7100 SOP Purpose

To provide a standardized methodology for implementing new policies and procedures within the Contract Compliance Unit that are required prior to annual review and update of the Contract Compliance Manual.

1. SOPs have less formal approval processes than manual revisions and can be implemented within a much quicker timeframe than required for manual approval/re-approval.
2. During the annual review of the Contract Compliance Manual, SOPs are reviewed and a determination is made regarding the inclusion of the SOP(s) in the manual content.

A7200 SOP Scope

Includes all new and revisions of CCU policies or procedures developed in the course of conducting, reporting, or monitoring contract compliance or other operational activities assigned to the CCU.

A7300 SOP Responsible Person(s)

Responsible Person(s): Staff assigned within the HHSD Contract Compliance Unit.

A8000 Other CCU Responsibilities

A8100 Community Forum Participation

CCU will provide staff, as available and/or required, to participate in community forums in order to assist clients, contractors and other participants with knowledge pertaining to HHSD programs, services, and procedures.

A8200 Disaster Response

A8210 Disaster Response Training

CCU staff members are required to complete training and receive certificates of completion for the following NIMS/ICS courses:

1. ICS 100 Introduction to the Incident Command System (ICS 100) for Healthcare/Hospitals
2. ICS 200 ICS for Single Resources and Initial Action Incidents
3. ICS 700 NIMS An Introduction
4. ICS 701 Multiagency Coordination System (MACS)
5. ICS 702 Public Information Systems
6. ICS 703 Resource Management Course
7. ICS 704 Communications and Information Management
8. ICS 800 National Response Framework, An Introduction

A8220 Response to Disaster Assignments

1. CCU staff will be called to action to perform disaster response activities as designated by the City of Austin.
2. Assignments may vary from disaster event to disaster event.
3. Typically, shifts are 12 hours on duty and 12 hours off duty in the assigned disaster function

CONTRACT COMPLIANCE MANUAL

SECTION B

COMMUNICATION and TRAINING

81000 CCU Communications

81100 Types of Communication

Effective communication is understood to be a key component in the success of the CCU. CCU uses all available methods of communication.

1. One-on-one discussions
2. Group meetings
3. Telephone conversations
4. Reports
5. Electronic media
 - 1) Outlook /email
 - 2) Fax documents
 - 3) Electronic notices from HHSD databases
6. Web-site postings
 - 1) Contract Management Manual
 - 2) Contract Compliance Manual
 - 3) Monitoring Plans
 - 4) Work Timelines
 - 5) Forms
 - 6) Informational Updates

81200 Communication Focal Points

81210 Communication Internal to CCU

81211 Staff Conferences

CCU employees participate in individual conferences with the CCU Program Manager to discuss work assignments, performance issues, and performance evaluation.

81212 Staff Meetings

Staff meetings are conducted to provide training and share information: city-wide, department, unit, and individual.

81213 Planning and Review Work Sessions

Planning and review meetings are held throughout the year to assess workloads, review projects, plan for the next fiscal period, and review work products developed by unit staff. CCU utilizes peer review and coaching extensively.

81220 Communication with Contract Management

81221 Monitoring Levels

1. Communication between CCU and contract management normally involves a monitoring action.
2. Annual monitoring plans (primary involvement)
3. *Ad hoc* monitoring actions (contracts referred to CCU through or by HHSD executive management after review and approval of contract management administrative staff approving the placement of a contractor on Performance Level 3).
4. Notification of Problematic Performance – Notice through or approved by the HHSD assistant director for a program area alerting CCU to a potential monitoring situation (change from Level 1 to Level 2). Description of Levels:
 - 1) Level 1 - Basic Reporting Requirements - all contractors are assigned this performance level unless performance issues exist)
 - 2) Level 2 – Expanded Reporting Requirements – Contractor has missed reporting deadlines, reports are not accurate/not complete, and/or contract performance problems exist.
 - 3) Level 3 – Contractor Is Non-compliant: After numerous attempts by HHSD program staff to provide technical assistance, contractor does not comply with reporting deadlines, reports are consistently not accurate/not complete, and/or contractor remains noncompliant.

81222 Business Processes

1. At the beginning of each budget year (periods are different for general social services and HIV contracts); CCU will share the approved monitoring plans with contract management staff via email and posting on the HHSD Intranet. Additionally, CCU will share this information with managers and supervisors at management meetings and unit meetings
2. Maintenance of Contract List – involves notification of a new contract or change in contract status in order that the HHSD Contract List database can be updated.
3. Notification of Annual Contract Manager File Reviews is provided to the contract management staff (scheduling of the reviews as well as review outcomes).
4. Opportunity for Improvement: Findings and/or concerns resulting from the contract (statement of work, eligibility requirements, reporting and/or terms/conditions) and/or implementation of the contract that were discovered by CCU during a contract monitoring activity. The issue(s) are reported to contract management via the executive summary for the specific monitoring action and the semi-annual report to the HHSD Internal Auditor for review/assessment of corrective action by HHSD program staff.
5. Annual Contract Management Training: Occurs in conjunction with annual training or CQI events. CCU will schedule a minimum of one formal training per City of Austin fiscal year in collaboration with contract management staff.

81223 Interaction Related to Contract Monitoring Activities

CCU provides contract management notification of the following contract monitoring activities. Notification is achieved via email notification or routing an electronic copy of documents sent to the contractor.

Type of Involvement - Meetings

1. CCU will meet with the contract manager and unit manager to obtain HHSD program's perspective of the contract / contractor issues that are known to exist prior to the CCU on-site monitoring.
2. CCU will meet with the contract manager to discuss monitoring observations.
3. CCU will collaborate with the HHSD program staff (typically the contract manager) in development of corrective action plans (CAP's).
4. CCU will meet with the contract manager to obtain updates related to compliance with corrective action plans and adherence to timeframes.
5. CCU will work in collaboration with the contract management staff in preparing formal written reports to contractors.

Specific Notification - Correspondence

1. Pre-monitoring Discussion of Contract: CCU meets with contract management staff to obtain a synopsis of the contract and discussion of any areas of concern.
2. Notification of On-site Monitoring Visit: CCU provides a courtesy notification to contract management
3. Notification of On-site Visit Entrance Conference: CCU provides a courtesy notification to contract management
4. Preliminary Findings and Concerns Discussion: Discussion with contract management staff, led by CCU lead monitor pertaining to the observations, findings, and concerns from an on-site monitoring.
5. Notification of On-site Visit Exit Conference: CCU provides a courtesy notification to contract management
6. Corrective Action Planning: Discussion with contract management staff, led by the CCU lead monitor pertaining to required corrective action, contractor's plan for corrective action, and development of the formal corrective action plan.
7. 30-60-90 Day Updates on Corrective Action Plan: Contract management updates CCU on contractor's progress to achieving corrective action.

81230 CCU Communication with Contractors

81231 Communication Related to Contract Monitoring

1. Notice to Schedule On-site Monitoring
 - 1) Formal correspondence on HHSD letterhead signed by the HHSD Director

- 2) Letter is addressed to the following
 - A. Agency executive director
 - B. Agency board chairman
 - C. Additional letters may be required
 - a) Director of Programs

- b) Director of Program being monitored
- 3) Copies are electronically transmitted to HHSD staff.
 - A. HHSD Chief Administrative Officer
 - B. Contract management staff
 - a) HHSD Assistant Director for appropriate HHSD Division
 - b) Program manager
 - c) Contract manager
 - C. CCU Program Manager
 - D. CCU monitoring team members
 - E. HHSD Internal Auditor
 - F. Contract monitoring file (copy of record and convenience copy)
- 2. Entrance Conference – Formal presentation scheduled by CCU for the first activity during the on-site visit to explain the various components of the monitoring process. The agenda for the meeting is typically sent two weeks prior to the on-site visit via email.
- 3. On-site Monitoring Interaction - Verbal communication initiated by CCU to discuss areas included in the on-site monitoring. Communication also includes questions from the contractor regarding the monitoring process.
- 4. On-site Wrap-up Meeting – A brief meeting conducted by CCU to conclude the on-site visit and review the next steps in the monitoring action. Also provides opportunity to assure that all contractor files and materials have been returned to the contractor except for documents specifically given to the monitoring team for inclusion in the monitoring file.
- 5. Transmittal of draft executive summary for the monitoring action to the HHSD contract manager as well as a formal meeting to discuss the executive summary content.
- 6. Exit Conference: Formal meeting with the contractor to discuss preliminary findings and concerns evolving from the monitoring action. The contractor is advised that the discussion content is "draft" and could change due to further review and discussion with HHSD executive staff as well as any response the contractor might provide in response to the exit conference discussion.
- 7. Notification of Monitoring Close-out

81232 Inquiries from Contractors

CCU understands the limited involvement that should exist between CCU and the Contractor; hence, CCU limits communication to issues directly related to monitoring activities initiated and conducted by the CCU.

- 1. Contract management questions presented to CCU by the contractor will be referred to the contract manager for response.
- 2. CCU will not interpret contract provisions for the contractor. During on-site visits, CCU staff may discuss compliance concerns in regard to contract requirements, policies and procedures within the generally accepted understanding and application of the policies, procedures, terms and conditions.
- 3. CCU will seek guidance from the contract manager regarding specific provisions in the contract that are encountered during an on-site monitoring

action when the contract provisions are not understood by CCU.

4. During on-site monitoring, CCU will limit conversations with the contractor staff to the monitoring functions being completed.
5. CCU will respond to all questions related to contract monitoring from contract managers or contractors.
6. Contract managers will refer contractor questions related to CCU monitoring functions, decisions, requests, etc. to CCU.

81240 Communication with HHSD Executive Management

1. CCU Program Manager provides regular updates on monitoring actions and other CCU activities to the Chief Administrative Officer (CAO) during one-on-one and team meetings.
2. Executive summaries of monitoring actions submitted for review and approval.
3. The CAO discusses the executive summaries with the HHSD director.
4. Special project reports submitted to the Chief Administrative Officer.
5. Inquiries from the Chief Administrative Officer.

81300 Documenting Communication

1. Pertinent communication via telephone between the CCU staff and a contractor staff is followed up by sending the contractor an email detailing the content of the telephone conversation to confirm that both CCU and contractor interpreted the conversation in the same manner.
2. Communication (reports, information, questions) received by CCU that are pertinent to ongoing contract management functions are summarized and forwarded to the appropriate contract manager by CCU.
3. Documents from contractors or other entities are date stamped upon receipt by the receiving CCU employee.
 - 1) The date included in email correspondence is accepted as the "date received" date.
 - 2) The date entered on incoming faxes is accepted as the date received (receiving CCU employee has responsibility to check the fax date placed in the document heading to determine that it is the correct date).
 - 3) The date entered on documents (included in the URL at the bottom of the page) resulting from internet searches is accepted as the date received.
 - 4) The date automatically generated on other incoming documents is accepted as the date received (receiving CCU employee has responsibility to check the date to determine that it is the correct date).
 - 5) Incoming documents without dates or with invalid dates are date stamped by the receiving CCU employee.
 - A. Each CCU employee is assigned a date stamp
 - B. CCU date stamps include the following content.
 - a) Wording denoting "Received"
 - b) Band date updateable to the corresponding month, day and year of

document receipt.

82000 Staff Training

82100 Purpose of Staff Training

To assure contract managers receive regular training on the role of the CCU and contract management responsibilities as outlined in the Contract Management and Compliance Manual.

82200 Staff Training Focus

Training for contract managers and compliance monitors is a blend of job specific and general contract training.

1. HHSD managers have responsibility to obtain or provide appropriate training for their respective staff.
2. Minimum training hours per fiscal year for contract management and contract compliance staff is sixteen (16) hours in any of the following.
 - 1) Classroom instruction
 - 2) Online training from recognized source
 - 3) DVD or downloadable electronic content on approved subject matter from a recognized source
 - 4) Participation in forums, discussion groups, or meetings with specific content of intellectual value related to the employee's job function or enrichment of the employee's work experience
3. The employee's program manager makes the determination that the educational content and source is appropriate for inclusion in the employee's annual training requirements.
4. Training hours in a fiscal year in excess of the minimum sixteen hours cannot be counted in the following fiscal year.

82210 Contract Management and Compliance Annual Training Plan

Based on contract monitoring results and input from Contract Management staff, CCU prepares and issues an annual training plan. The plan identifies four descriptive components related to planned training (listed below).

1. Training opportunities for the fiscal year
2. Source for the training
3. Targeted audience (required participants)
4. Timeframe

82220 Routine Training

1. City of Austin (COA), Contract Monitoring, Administration, and SOW Training, Part 1
– Provided by COA Contract Department or consultant for all CCU employees and HHSD contract management new employees within 6 months of hire date (dependent on training slot availability).
2. COA, Contract Monitoring, Administration, and SOW Training, Part 2-This training is currently under development by COA Contract Department.

3. HHSD Contract Management Orientation - Provided by Contract Program Manager for the employee within 30 days of hire date. Training includes, but is not limited to, the following topics.
 - 1) Roles and Responsibilities of contract managers
 - 2) Interactive role with CCU
4. HHSD Contract Compliance Overview-Provided by a CCU Contract Monitor within 30 days of the new employee hire date. Training includes, but is not limited to, the following topics.
 - 1) How contracts are selected for monitoring by CCU
 - 2) Purpose of CCU monitoring contracts
 - 3) CCU contract monitoring methodology
 - 4) Involvement of the contract manager in CCU monitoring activities
 - 5) Contract manager role in Corrective Action Plans written and issued to contractors by CCU.
5. HHSD Contract Compliance and Management Annual Training-Cooperative training presentation provided by CCU Contract Monitors and Contract Management Program Managers typically during the last two weeks of September. This training is developed from contract monitoring results and new policies and procedures.

Topics include, but are not limited to the following.

- 1) Most pervasive or egregious findings or concerns identified in CCU contract monitoring actions.
- 2) Methodologies for implementing agreed upon Opportunities for Improvement (OPIs)
- 3) New contract management policies and procedures.
- 4) New personnel policies and procedures
- 5) Revision to contract monitoring processes
- 6) Review of HHSD standards for contract management.
- 6) Presentation of the Annual CCU Contract Monitoring Plan
- 7) Presentation of the Annual Contract Compliance and Management Training Plan

CONTRACT COMPLIANCE MANUAL

SECTION C

BUSINESS PROCEDURES: CONTRACT ASSESSMENT, PLANNING, EXPECTATIONS and TOOLS

C1000 Contracts Monitored By CCU

CCU monitors the following types of contracts.

1. Social Services Contracts – A service contract, as it applies to CCU monitoring, is any contract or agreement between HHSD and any external party that provides a social service (non-commodity) to the public.
2. HIV Services Contracts – Due to funding and specific monitoring differences, HIV Services Contracts are identified separately from Social Services Contracts. An HIV services contract is any contract or agreement between HHSD and any party that provides HIV services to the public. This excludes contracts or agreements to provide commodities, such as contracting with the Texas AIDS Drug Assistance Program (ADAP) solely to purchase HIV medication.
3. Animal Services Contracts – By agreement between the Directors of Animal Services and HHSD, CCU will monitor service contracts for the Animal Services Department.
4. Commodity Contracts – contracts in which the end result is a product rather than a service provided to the public. CCU does not monitor commodity contracts.

C1100 Gathering Contract Information and Assimilation into the CCU Contract Database

1. CCU gathers all available information pertaining to contracts utilized by HHSD programs, such as, but not limited to the following.
 - 1) CCU contract database
 - 2) Contract routing slips submitted to CCU
 - 3) Discussion with contract managers
 - 4) Contract manager review of contract lists compiled by CCU to determine at all known contracts are included on the list and reporting contracts that are not on the list
2. CCU manages the update of HHSD contract database information.
 - 1) Acquisition and update of contract data is a prerequisite to processing risk assessments for all HHSD contracts and development of a monitoring plan.
 - 2) Diligence is exercised in acquiring the current status for all HHSD contracts known to exist in order that the contract databases and subsequent contract lists are complete.
 - 3) Work planning requires establishment of a data cutoff for updating the contract

database, risk assessment process, and development of a monitoring plan.

- A. The status of specific contracts may not be final at the time of the data cutoff.
In those instances, reasonable expectation is used to update the contract list.

- B. If the contract is not updated or awarded as anticipated, the risk assessment and possible schedule for monitoring of the contract will be modified to reflect the final status of the contract.
- C. Contracts may be developed and awarded after all updates, risk assessments, and monitoring plans has been finalized. In those instances, the contract information will be entered into the appropriate contract database and utilized in subsequent planning activities.
- D. The intent is to include all HHSD service contracts in the appropriate, annual risk assessment process and potential for monitoring.
- 4) CCU maintains two databases to track service contracts for HHSD.
 - A. Social services contracts database
 - B. HIV Services contracts database
- 5) Contracts that provide commodities are not included in the risk assessment or monitoring processes.
- 3. Maintenance of the HHSD Contract Lists is a joint effort by contract compliance and contract management.
 - 1) CCU is notified of new contracts by receiving a copy of the routing slip from the contract manager, automated emails from CTK, contract information sent to the HHSDCCU Mailbox by the contract manager or verbal information directly from the contract manager.
 - 2) The CCU staff person maintaining the contract list must contact the contract manager or review the contract file to obtain the remaining information.

C1200 Purpose for the HHSD Contract List

- 1. Primary purpose of the HHSD Contract List is to store contract information in order that CCU can prepare risk assessments for HHSD contracts which provide the basis for the CCU Annual Monitoring Plan.
- 2. The HHSD Contract List provides a synopsis of HHSD contracts for HHSD management and other individuals seeking information regarding the types of contracts awarded by HHSD.
- 3. The HHSD Contract List provides a count of and information on HHSD contracts for management staff. This list is maintained to a current status based on contract information supplied to CCU.
- 4. The database resides on HHSD data drive "L" in the CCU folder. CCU depends on multiple sources to maintain currency in the database, with the primary source being HHSD contract management staff. It must be understood that the database only contains information that has been made know to CCU; hence, the database may not contain 100% of the contracts issued through HHSD.
- 5. Content in the HHSD Contract List is constantly evolving based on the addition of new contracts and expiration of contracts.
- 6. Expiring contract data is retained in the database for 1 year after the effective date the contract is closed.

C1210 Matching of HHSD Contract List to Other Sources

Prior to utilizing the HHSD Contract List in a risk assessment process, CCU makes every effort to update and compile the most current version of the HHSD Contract

List by reviewing and/or matching the HHSD Contract List to available sources, such as:

1. Information submitted by contract managers
2. City of Austin AIMS Advantage System
3. HHSD Budget Information
4. HHSD Purchasing Department
5. EDIMS
6. Casual conversation

C1220 HHSD Contract List Data Elements

The database contains the following fields and CCU has the ability to add fields as added needed.

1. Name of Contract /Grant
2. Contract Number
3. Source of Funds (General Revenue, Grant, Sustainability, ERGSO)
4. Name of Grant
5. Name of Grantor Agency
6. Service(s) Provided
7. Authorized Contract Amount
8. Contract Start Date
9. Contract End Date
10. Amendment / Renewal Options
11. Length and Funding Amount in Each Amendment / Renewal Option
12. HHSD Contract Manager

C2000 Risk Identification, Factors/Level, Management of the Contract

Management of contract risks has two focal points.

1. Contractor performance identified and managed through contract management staff.
2. Formal contract monitoring based on risk assessment of HHSD contracts through the Contract Compliance Unit.

The following chart illustrates the process flow for contract risk management and is explained in more detail in the manual sections that follow the chart.

|||||

* Note: Reference Risk Assessment Tool and High Risk Track (top left corner in the chart). High Risk does not automatically indicate the contract will be scheduled for on-site monitoring and it should not be construed that the contractor is considered to be at risk or that the contractor has misapplied provisions of the contract. The Risk Assessment simply utilizes compliance variables to identify potential risks based on the contract profile. CCU on-site monitoring actions determine actual contractor compliance with provisions of the contract.

C2100 Risks Exist in All Processes and All Contracts

From a contract management perspective, risk begins with the identification of the service to meet a specific need and continues throughout the effort to respond to the identified need. Consideration of risk is inherent in the following assessments, decisions, responses, and actions.

1. Complexity of need
2. Service methodology options
3. Funding level regardless of best efforts in other areas impacts the success of the project.
4. Management obligations exist for all involved and have distinct functions.
5. Compliance monitoring - required from all involved with the service delivery.

C2200 Risk Management

In similar manner that risks exist in all processes and all contracts, the mitigation of risks must be borne by all parties associated with the contract. Mitigation of risks involves the following actions.

1. Complexity of the need must be fully identified and goals related to addressing the need require reasonable results.
 - 1) Short-term requirements
 - 2) Long-term requirements
 - 3) Goal-directed with specific achievements
 - 4) Continuous loop for service delivery
2. Service methodology options
 - 1) Level of service to be provided
 - 2) Setting for the service
 - 3) Client involvement (voluntary or required)
 - 4) Commitment of staff
 - 5) Knowledge/training of staff
 - 6) Realistic expectations/results
3. Funding level regardless of best efforts in other areas impacts the success of the

project. What is the intent of the contract?

- 1) Inadequate funding
 - 2) Misdirected funding
 - 3) Project funds without ongoing capability to maintain the service delivery
 4. Management obligations exist for all involved and have distinct functions
-

5. Compliance monitoring - required from all involved with the service delivery
 - 1) Contractor staff provides competent delivery of services
 - 2) Contractor maintains awareness of and compliance with contract requirements
 - 3) Contract managers guide and correct performance as needed
 - 4) Compliance monitors provide comprehensive review of contractor service delivery, administrative, financial, and personnel management performance via reviews of compliance with contract requirements

C2300 Risk Factors

The Contract Compliance Unit, with guidance from HHSD Executive Management, evaluates and selects the risk factors for the CCU annual risk assessment tools applied to all HHSD service delivery contracts. CCU develops and utilizes two separate risk assessment tools/processes: one for HIV service contracts and one for general social service contracts.

1. Risk factors and their weighting may change from year to year.
2. Risk criteria in the specific monitoring plan will remain constant throughout the monitoring year.
3. Contracts, by weighted scores, are grouped into 3 levels.
 - 1) Low Risk
 - 2) Moderate Risk
 - 3) High Risk
4. The risk level is not a reflection of the importance of the contract or contractor's performance.
5. The risk level, for the City of Austin and HHSD, reflects impact on public image and financial exposure inherent in the contract via the following attributes.
 - 1) Amount of funding in the contract
 - 2) Complexity of services provided
 - 3) Methodology for awarding the contract
 - A. Request for proposal (RFP)
 - B. Sole source (no other entity was invited to bid)
 - C. Designated award (no competition was involved)
 - 4) Responsibility to coordinate multiple agencies working together on the contract
 - 5) Prior contractor performance (documented through contract manager or contract compliance monitoring activities)
 - 6) Length of time contractor has received funding for the same or similar service without formal on-site monitoring action by CCU.

C2400 Risk Assessment

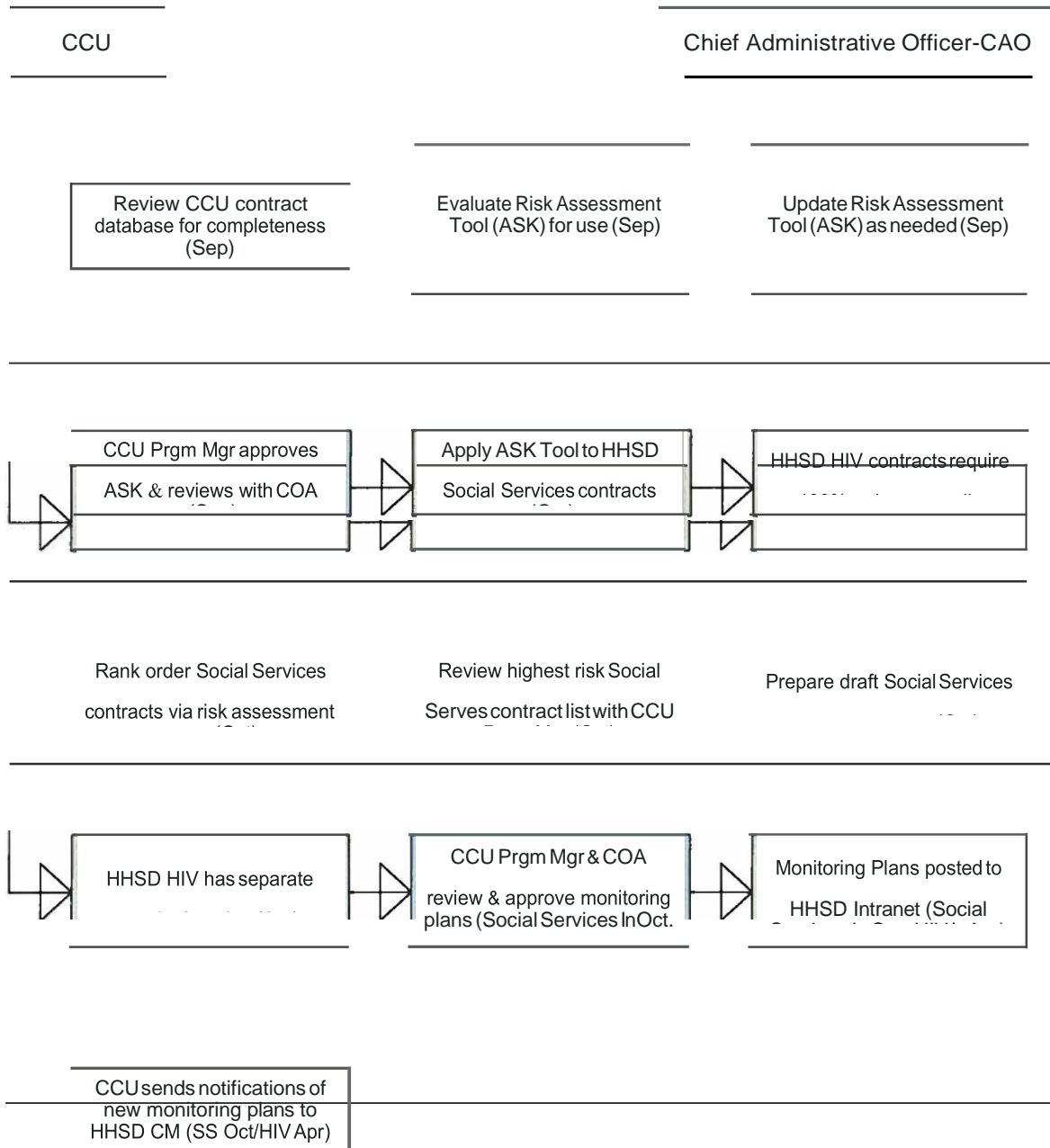
Responsibility for risk assessment is shared by contractor, contract management and contract monitoring staff as identified in the preceding section.

The following chart illustrates the process flow for risk assessment utilized by CCU.

Due to the size of the chart, it will be displayed on the following page.

CCU Processes

Risk Assessment through Development of the Monitoring Plan



C3100 Evaluation of Risk Assessment Tools

CCU evaluates the Risk Assessment Tool in relation to the following criteria. Reference Section C2000 for more specific information pertaining to risk assessment.

1. Management concerns related to contracts
2. Contract characteristics that contribute to monitoring concerns and findings in prior years
3. Contracts that have not been monitored by CCU in the previous five monitoring plans
4. The Risk Assessment Tool will be developed, approved, and remain in effect for the entire monitoring period
5. Due to specific characteristics inherent in some contracts, the contract may score in the high risk group of contracts. In order to broaden the scope of contracts monitored, CCU will not monitor a social services contract in consecutive monitoring plans (unless directed by HHSD Management). HHSD HIV contracts may be

monitored by CCU in every monitoring plan due to policies established by the funding administrator.

C3200 Analysis of the Contract

Contracts known to CCU will be placed in the CCU database and key characteristics will be identified.

1. CCU reviews every contract known to CCU via the appropriate Risk Assessment Tool (HIV Services or General Social Services)
2. Every contract receives a score based on the assessment gained from the Risk Assessment Tool
3. The contract lists (HIV Services or General Social Services) will be rank ordered with contracts with the highest risk score being listed first
4. CCU will identify contracts monitored during the previous five monitoring periods for HHSD Executive Management consideration for inclusion or exclusion in the monitoring plan for the next fiscal year.
5. CCU will recommend exclusion of contracts monitored during the most recent monitoring plan.

C3300 Risk Assessment Tools Are Standardized Sets of Criteria

Every Risk Assessment Tool is developed to identify potential for financial loss to Austin Fravis County and HHSD through the administration of the contract(s) awarded to the contractor. The contract compliance values are assigned a specific weight in regard to the risk associated with the value. The values are placed in the Risk Assessment Tool. HHSD contracts that have been reported to CCU staff are evaluated against the appropriate risk assessment tool. If a contract has not been reported to CCU by contract management or other City Staff, CCU has no knowledge of the contract; hence, that contract will not be evaluated via the Risk Assessment Tool, even though it may be subsequently found to present a high risk.

C3400 Review and Approval of the Risk Assessment Tools

HIV and general social services contracts utilize the same risk assessment tool. The risk assessment tool is reviewed annually and updated as required to meet the needs of HHSD.

1. CCU may consult with the HHSD Internal Auditor in the process of updating the Risk Assessment Tool.
2. Any revision of a risk assessment tool (criteria, values, weighting, or method of

utilization) is submitted to the CCU Program Manager for review and approval prior to use.

C3500 'Risk Assessment Tools

C3510 HIV Contracts Risk Assessment Tool

Although HRSA regulations require annual monitoring actions for every HIV services contract (unless a waiver is requested and approved prior to the grant year), CCU reviews the existing risk assessment tool for possible revision or replacement.

The approved risk assessment tool is applied to all HHSD, HIV services contracts. The results are used to prioritize the monitoring actions for development of the HIV monitoring plan.

When a waiver is approved to monitor less than 100% of HIV services contracts, the risk assessment is used to guide the priority ranking for the contracts that are monitored for the grant year.

The current grant year Social Services Contract Risk Assessment: Social Services Risk Assessment Tool GY 20yy Master.pdf is posted on the HHSD intranet.

CCU also notifies the HIV contract management unit of the new risk assessment and location of the posting.

C3520 Social Service Contracts Risk Assessment Tool

A determination of risks associated with HHSD social services contracts (excluding HIV services contracts) is made via the utilization of the current year social services contract risk assessment tool. The risk assessment tool is applied to all contracts that are active and known to CCU not later than the second Friday in October of each year and have been reported to CCU by the time of the social services contracts risk assessment.

The risk assessment tool is reviewed and adjustments are made and approved prior to initiation of the annual risk assessment determination.

The current fiscal year Social Services Contract Risk Assessment: Social Services Risk Assessment Tool FY 20yy Master.pdf is posted on the HHSD intranet.

CCU also notifies the Social Services contract management units of the new risk assessment tool and location of the posting.

C4000 Factors Involved in Monitoring Planning

C4100 Description of Contract Timeframes

Contract analysis begins with the risk assessment process for the various contracts managed by HHSD. Due to contract award dates, different time periods exist in the life of the contract which requires grouping the contracts based on the contract begin or end date. CCU recognizes group characteristics (Section 4100) that enhance evaluating

contracts from similar periods and comparison of the risk potential of the contracts in each group. Grouping contracts also provides the opportunity to monitor the contracts in a timely manner while the contracts remain in an active status.

CCU recognizes that contracts have three distinct and significant monitoring timeframes and utilizes them when planning contract monitoring actions.

Contract Timeframe Descriptions

Contract Timeframe Category	Monitoring Timeframe
1. Contracts Beginning (CB)	New contracts are placed in this group.
	<ul style="list-style-type: none"> (1) Contracts Beginning (CB) – The contract has a begin-date on or after the begin-date of the fiscal or grant year. This category only include new contracts (not the execution of an available renewal option in an existing contract, nor does this category include the short-term extension of a contract (typically 90 to 120 days) at contract end to continue services delivery pending implementation of a new contract. (2) The contract will be monitored no earlier than the sixth month after the contract start date; hence, the contract has been operational at least 5 months at the time of the on-site monitoring visit. (3) The intent is to provide opportunity for the contract to implement and become fully functional prior to evaluation of contractor performance. (4) Monitoring at this point also provides opportunity to discover potential problems and provide corrective action at an early point in the life of the contract.

2. Contracts Continuing
(CC)

Existing contracts that have more than 12 months remaining in the contract period are in this group.

- (1) The contract has a begin-date prior to the beginning of the fiscal or grant year and an end-date beyond the end-date of the fiscal or grant year, including contracts ending on the last day of the fiscal or grant year with available renewal options past the current fiscal year end.

	<ul style="list-style-type: none"> (2) CCU assumes the contract renewal will be executed unless information of non-renewal is provided to CCU. (3) The contract will be scheduled anytime during the fiscal or grant year.* (4) The contract was operational in the prior fiscal period and will continue into the next fiscal period.
3. Contracts Ending (CE)	<p>Contracts ending during the budget year* are in this group.</p> <ul style="list-style-type: none"> (1) The contract has an end-date at or prior to the last month and day of the fiscal or grant year. (2) The contract has no renewal options remaining or a decision has been made not to exercise the renewal option(s) existing in the contract (3) The contract will be monitored no later than the fourth month prior to contract end-date. (4) The contract was operational in the previous budget year and will have at least 3 months remaining in the contract period following the on-site monitoring visit. (5) Monitoring at this point allows time for recovery of overpayment in the event the monitoring process discovers an overpayment to the contractor.

* Social services contract budget period follows the City of Austin fiscal year: October 1 – September 30

* HIV (Ryan White) contract budget period follows the grant funding fiscal year: May 1 – April 30

CCU adapts its monitoring plans to the respective budget period; hence, budget period = monitoring period.

C4200 Monitoring Considerations Applicable to Contractors

1. To the extent possible, CCU will consider timeframes for the various contracts held by the contractor at the time the Risk Assessment Tool is completed. At the discretion of CCU, all contracts held by a contractor may be monitored or monitoring may be limited to a specific contract(s). Regardless of the contract(s) to be

monitored, the contracts will be scheduled within the fiscal year covered by the monitoring plan. Consideration will be given to the specific contract categories in

order that they are scheduled for and monitoring completed within the appropriate timeframe for the contract category.

2. When possible, CCU will schedule monitoring in order that the contract(s) selected for monitoring will be completed during a single site visit for the on-site monitoring in order to minimize interruption of the contractor's staff and operations and maximize efficiency for the CCU. This may not be possible if a contractor has a contract(s) in both the Contracts Beginning and Contracts Ending categories, as these contract categories have specific monitoring timeframes unique to the contract category and cannot effectively be altered. Please reference Section C4100.
3. CCU reserves the right to conduct subsequent on-site visits for follow up activities or additional review when it is deemed necessary by CCU to complete a monitoring action.
4. CCU will include pertinent individuals and/or information to distinguish between contractors that utilize sub-contractors to provide specific service(s). Contractors that utilize sub-contractors have responsibility to monitor the activities of the sub-contractor.
 - 1) Prime contractor is defined as the entity that holds the master contract.
 - 2) Subcontractors are defined as contractors hired by/contracted with the prime contractor to provide specific services defined in the master contract.
5. CCU will monitor the prime contractor's oversight functions for the subcontractor to determine if contract compliance is met versus monitoring the subcontractor.
6. CCU may monitor subcontractors to measure effectiveness of the prime contractor's performance reviews of subcontractors and/or evaluate compliance with targeted areas of performance.
7. In the event CCU determines a need to contact or visit a subcontractor in relation to monitoring compliance, the prime contractor will provide assistance to CCU in making the appropriate contacts.
8. Contractors will provide access to business and client files in order that CCU can review all documents and processes involved in the monitoring action.

C4300 General Monitoring Requirements

All contracts should receive routine contract monitoring by the contract management staff. Monitoring by contract management staff includes the following a minimum of one annual on-site visit conducted by the contract manager as well as monthly monitoring of the contracts payment requests.

The Contract Compliance Unit monitoring actions have three unique points of origin.

1. Contracts identified via the risk assessment as high risk.
 - 1) The risk assessment analysis (described in Section C2000) process provides the basis for the CCU Annual Contract Monitoring Plan (described in Section C4400).
 - 2) HIV contract require 100% annual monitoring unless a waiver is granted.
 - 3) Actual number of monitoring actions is proportional to available CCU staffing resources

2. *Ad hoc* monitoring referral resulting from contractor performance. The *ad hoc* referral originates in HHSD contract management and is submitted to CCU

through HHSD executive management. The program assistant director refers the contract due to the contractor being placed on "Performance Level 3."

3. Special project monitoring referral resulting from internal or external complaint. The special project referral originates in HHSD executive management and is assigned to CCU. Typical special projects involve: targeted performance reviews, validation of program reviews and data gathering to assist in resolving a contentious issue. Special projects are typically assigned through the CAO.

C4310 HIV Services Monitoring Requirements

HRSA standards require 100% monitoring of HIV contracts each grant year unless a waiver for less than 100% monitoring is approved. The HIV contract risk assessment tool is prepared and run to prioritize monitoring actions. Scheduling of on-site monitoring may be coordinated with Brazos Valley Council of Governments (BVCOG) to minimize interruption of the contractor's service delivery. In order to coordinate the two monitoring activities, contract monitoring actions may be completed in a different order than the hierarchy established in the risk assessment.

HHSD may seek a waiver of the 100% monitoring requirement from HRSA. If a waiver is granted, the monitoring schedule is modified to reduce the number of monitoring activities to the agreed number. The agreed number of monitoring actions are scheduled and completed on the basis of the contract's ranking in the risk assessment.

The HIV risk assessments are run in February and March, and the monitoring plan takes effect May 1st to conform to the HIV Ryan White Part A grant year versus the GOA fiscal year.

C4320 Social Services Monitoring Requirements

Risk assessments for social services contracts are completed in September and October of each year. Scheduling of on-site monitoring activities accommodates the contract timeframes as described in preceding information (Section C4100).

C4400 Contract Compliance Annual Monitoring Plan

Monitoring plans provide work planning for CCU staff through the fiscal or grant year and provide criteria for measurement of unit performance.

Separate Annual Monitoring Plans are developed for HIV and Social Services Contracts. The Annual Plans are flexible and can change to allow completion of *ad hoc* monitoring actions. The Annual Contract Monitoring Plans are developed based on the following considerations with the understanding that the Risk Assessment Tools include weighted measures related to a Contractor's previous program performance, administrative procedures, and financial stability.

1. Social services contract monitoring will generally be conducted during the second and fourth weeks of the month.

2. HIV contract monitoring will generally be scheduled during the first and third weeks of the month.
3. Two (2) CCU Monitors are required for each on-site monitoring
4. Austin Animal Services contracts are monitored as part of the social services contract scheduling.
6. Any of the risk levels have the potential to impact the contractor's performance and create opportunity for problems to emerge during the year.
7. The level of risk is intended to guide the level of monitoring that will be conducted during the year and where the responsibility will be assigned.

C4410 Development of the Monitoring Plan

1. Timeframe for Development of Monitoring Plan
 - 1) Monitoring plans define an annual period of time: fiscal year or grant year
 - 2) Social Services Contracts: Contracts are reviewed and risk assessment is run in October for inclusion in the Social Services Annual Monitoring Plan for the period: October 1st through September 30th.
 - 3) HIV Services Contracts: Contracts are reviewed and risk assessment is run in February and March for inclusion in the HIV Services Contracts Annual Monitoring Plan that runs from May 1st through April 30th. The monitoring plan deviates from the City of Austin fiscal year in order to match the Ryan White Part A funding cycle.
2. Monitoring plans assure consideration of Risk Assessment factors.

C4420 Review and Approval of the CCU Monitoring Plan

Prior to implementation, the CCU Monitoring Plans are will be reviewed be HHSD Management.

1. Reviewed and approved by the CCU Program Manager
2. Reviewed and approved by the HHSD Chief Administrative Officer
3. Reviewed and signed by the HHSD Director

C4430 Procedures for Distributing the Monitoring Plan

CCU monitoring plans are updated and posted annually.

1. Post the Monitoring Plans on the Contract Compliance area of the HHSD Intranet Site.
2. Provide notification to HHSD staff that the new Monitoring Plans have been posted to the HHSD Intranet Site.
3. Present Monitoring Plan content to Managers/Supervisors at staff meetings, as requested.

CONTRACT COMPLIANCE MANUAL

SECTION D

CONTRACT COMPLIANCE MONITORING PROCESSES

01000 Contract Monitoring Overview

The content of this section applies specifically to the Contract Compliance Unit; however, any and all processes can be utilized by Contract Management Staff in the monitoring of their contracts.

Section D describes all policies and procedures utilized by CCU for conducting formal monitoring of contractor compliance with a HHSD contract, beginning with the existence of the contract through corrective action, as might be required.

Contract monitoring follows a formal, step-by-step procedure to provide reasonable assurance that HHSD contractors are compliant with contract statements of work, terms and conditions, and grant requirements. Additionally, contractor business processes are reviewed to provide assurance that contractor processes do not jeopardize funding provided through the contract or result in activities that would create an adverse public image for HHSD.

01100 CCU Monitoring- General Information

01110 HHSO Executive Management Awareness of CCU Activities

1. Annual monitoring plans are reviewed and approved by executive management
2. Annual monitoring plans are posted on the HHSD intranet and posting is announced to all contract management staff via email
3. Contract monitors provide updates for monitoring actions throughout the monitoring process via email notifications, face-to-face meetings, and reports to HHSD executive management, contract management staff, and appropriate contacts for the contract being monitored.
4. The CCU Program Manager provides status updates for all active contract monitoring actions to the Chief Administrative Officer during one-on-one meetings and HHSD administrative team meetings.
5. Monitoring actions are thoroughly documented and information provided to the

appropriate contact staff for the contract, contract management staff, and HHSD executive management.

01120 Information Pertinent to All Contracts

1. Contract monitoring processes utilized by CCU involve progressive steps requiring interaction with HHSD contract management, HHSD administration, the contractor, and the HHSD internal auditor.

2. Contract monitoring actions are scheduled in an annual monitoring plan based on the hierarchy of risk level (highest risk to lowest risk) determined in the risk assessment run on every contract (commodity contracts excluded).
3. Monitoring is normally completed at the contractor/agency location.
4. Minimum composition for CCU monitoring team requires two (2) monitors being on-site.
5. Monitoring activities are organized by type of contract: social services contracts and HIV services contracts.

01121 Information Pertinent to Social Services Contracts

1. Social services contract monitors rotate responsibility for the team lead function in order to balance the workload and responsibility for the two monitors.
2. The team lead coordinates and is the primary contact for the monitoring process.

01122 Information Pertinent to HIV Services Contracts

1. One CCU contract monitor is assigned full-time to monitor HIV services contracts.
2. Social services contract monitors provide assistance as the second monitor on the team for HIV services contracts.
3. The social services contract monitors rotate the assignment of providing assistance in HIV contract monitoring actions in order to balance the workload.

01130 CCU Monitoring Team Responsibilities

CCU utilizes a team approach to monitoring a contract and completing on-site monitoring functions.

01131 Team Lead Responsibilities

1. The team lead coordinates planning and organization for the monitoring action.
2. The team lead meets with the contract monitor scheduled to assist with the monitoring activities and CCU Program Manager to determine the general approach that will be taken as well as any area anticipated requiring specific/additional attention.
3. The team lead schedules the monitoring action and process all notifications related to announcing the monitoring action.
4. The team lead gathers all internal (HHSD) information available regarding the contract and Contractor to determine areas of concern that might require heightened attention during the monitoring visit. Examples include:
 - 1) Final contract and any amendments
 - 2) Prior monitoring actions by contract managers

- 3) Financial statements
- 4) Single audit reports
- 5) Performance measure reports and variances
- 6) Monthly invoice amounts and payment amounts

- 7) Other external monitoring and/or audit reports
- 8) Review pertinent communications between contractor and contract manager.
5. The team lead has responsibility for gathering results from on-site reviews and compiling the various reporting documents for the monitoring actions.

01132 The Second Monitor on the Team Responsibilities

1. The second monitor has full knowledge of the contract and is able to monitor all aspects of contractor performance.
2. The second monitor has full involvement in a monitoring action and carries an equal share of the on-site workload.
3. The second monitor provides assistance in reviewing and compiling contractor and monitoring statistics.
4. The second monitor assists with compiling and reviewing monitoring reports.

01140 Monitoring Objectives

Monitoring objectives are derived from both external and internal entities that accept responsibility for prudent use, reporting, and management of funds provided to and/or by the City of Austin and distributed through contracts administered by the HHSD.

01141 Contractors

1. To provide reasonable assurance that a Contractor is providing the programs and activities as described in the scope of work, terms and conditions, as well as is identified in the performance measures for the contract.
2. To provide reasonable assurance that a Contractor is achieving the activities in a timely manner and in accordance with the performance measures included in the contract.
3. To provide reasonable assurance that a Contractor is charging costs to the HHSD and applicable contract(s) that are eligible and budgeted expenditures, and reasonable in reference to the services provided.
4. To provide reasonable assurance that a Contractor is administering the activities with appropriate control over program and financial performance, and in a manner that minimizes opportunities for fraud and waste.
5. To provide reasonable assurance that appropriate follow-up measures are conducted and compliance findings are corrected within the allowed timeframe.

01142 Contract Management Staff

1. To reasonably determine if HHSD contract management staff is reporting new contracts and modifications to existing contracts in accordance with policies and procedures established in the Contract Management Manual.

2. To reasonably determine that HHSD contract management staff is providing appropriate follow-up on findings to assure that corrective action will be achieved or appropriate next steps will be taken.

3. To reasonably determine that HHSD contract management staff is maintaining contract files in accordance with policies and procedures established in the Contract Management Manual.
4. To reasonably determine that contract management staff adheres to the responsibilities outlined in the Contract Management Manual.

01143 Contract Compliance Staff

1. To provide fair and equitable assessments of performance from both the contractor and HHSD staff.
2. To uphold the tenants of the City of Austin, HHSD Vision and Mission of receiving quality return on investment and provide contracts that comply with the terms and conditions of the funding source.
3. To complete monitoring actions based on the risk assessment process with integrity and respect for the contractor and HHSD staff.
4. To offer constructive recommendations in the development of corrective action plans.

01150 CCU Monitoring Performance Measures

1. Completion of Monitoring Plans

By the end of each monitoring period the specified number of on-site reviews will be completed or initiated and in progress by the CCU as established in the approved monitoring plan.

Note: Due to the staggered approach to monitoring, on-site monitoring timeframes will overlap fiscal years due to the length of time required to complete the entire monitoring and compliance process.

2. Ad Hoc Reviews and Special Projects

Ad hoc monitoring reviews or other assignments required of CCU typically have minimal advance notice; however, monitoring actions in progress will be managed to completion along with the *ad hoc* or special assignment. Due to the duration of the additional assignments, the annual monitoring plan schedule may be altered. Dates for scheduled monitoring actions may be moved or specific monitoring actions may be removed. Changes to the monitoring plan will be made with coordination and approval of the CCU Program Manager. When possible, the schedule will be rearranged in order to complete monitoring actions of contracts identified in the highest risk category via the annual contract risk assessment.

3. Contract Compliance Training

During each fiscal year, CCU will coordinate a training event with contract management. Training will cover subjects that have pertinence to the development, modification, and/or management of HHSD contracts.

4. Annual Review of CCU Manual, Policies, and SOPs

During July and August of each year, CCU staff review unit operations in regard to

revision, addition, or deletion of policies, procedures, or SOPs. The Contract Compliance Manual will be reviewed and updated as necessary.

5. Fiscal Year Performance Measures

By the end of each fiscal year CCU will achieve the established performance measures for the fiscal year as set forth in the Fiscal Year Budget (as stated or proportionally offset by *ad hoc* reviews and other administrative assignments).

01160 Monitoring Tools

CCU develops and uses monitoring tools based on the type of contract monitored (social services or HIV) due to different requirements of the funding entity. Hence, social services contracts have different monitoring tools from HIV services contracts. Regardless of the type of contract, CCU reviews the following areas as part of the contract monitoring process.

01161 Client Eligibility Review

1. Client application process and related documents
2. Client eligibility based on the specific program requirements
3. Computation of income and documentation of client eligibility and circumstances
4. If contractor offers multiple services via the City of Austin contract, services provided to the client are stated
5. Protection of client confidentiality
6. Existence of and orderliness of the client file
7. Review client grievance procedure for appropriate content and accessibility

01162 Business Processes Review

1. Corporate charter for the organization and updates to the charter
2. Standing with the IRS
3. Organization's legal status, such as non-profit 50113
4. Board of Director Bylaws
5. Board meeting notes
6. Board composition
7. Potential for conflict of interest
8. Frequency of board meetings
9. Tax filings are current (Form 990)
10. Payroll taxes paid current (Forms 940/941)
11. Contractor business processes - existence of written policies and procedures
12. Prudent fiduciary responsibility and protection of the integrity of the contract and image of HHSD.
13. Contractor utilizes best practices in management of the organization/business.
14. Effectiveness of service delivery of contracted service(s)
15. Contractor responsiveness to HHSD requests for information
16. Contractor implements and utilizes its business policies and

- procedures 17. Compliance with separation of protected information
(criminal background
checks, FMLA documents, medical information, workman's compensation
claims)
18. Compliance with retention of copies of required licenses or certifications for
professional staff

19. Compliance with contractor retention requirements for application or resume, training, and personnel policies (except where funding source has specific requirements)

01163 Financial Review

1. Tracking of contract funding in the contractor's accounting system – City of Austin funding clearly tracked in regard to receipt and disbursement
2. Contractor financial processes – existence of written policies and procedures
3. Contractor maintains appropriate financial records
4. Expenditures are made within compliance to contract requirements
5. Payment requests submitted in timely and accurate manner by the contractor
6. Review annual financial audit for of the organization
7. Review specific financial records/documents for the agency:
8. Separation of financial duties
9. Chart of Accounts
10. General ledger
11. Check registers
12. Expense reports
13. Invoices for goods or services

01164 Personnel Policy Review - Staff

1. Compliance with federal, state, and local employment laws and postings
2. Review job descriptions
3. Forms 1-9 properly completed and maintained
4. Criminal background checks completed on required positions and maintained
5. Employee grievance procedure is appropriate and accessible by employees
6. Protection of employee confidentiality
7. General personnel administration, with focus on how personnel fulfill contract requirements
8. Contractor implements and utilizes its personnel policies and procedures

01165 Personnel File Review - Volunteers

1. Existence of and orderliness of the personnel file
2. Review job applications or resumes
3. Employee job application or resume
4. Licensing and credentialing of staff
5. Employee training requirements
6. Employee training records
7. Performance appraisals

01170 Monitoring Policies

1. All contracts will be monitored without bias in regard to the services provided or the contractor providing the service.
2. CCU will follow protocols established in this manual for all monitoring actions.
3. CCU will endeavor to cite positive aspects of contractor performance in relation to the contract as well as identify deficiencies found.

4. Contractors will be given an opportunity to review deficiencies found by CCU prior to the deficiencies being cited in the monitoring report. This opportunity is provided to ensure that CCU staff understood and properly assessed the contractor's action in regard to the item in question.
5. A monitoring report will be written for every monitoring action.
6. A corrective action plan is required for all unresolved findings resulting from monitoring actions.
7. Monitoring actions with no findings, but have concerns may have a corrective action plan based on the impact, frequency, or perceived severity of the concerns.
8. All monitoring actions will be completed with a letter of closure to the contractor or referral to executive management for additional consideration and action pertaining to the continuation of the contract.

02000 Processes Involved in CCU Monitoring Actions

Contract monitoring involves several processes that gather data, initiate activities, report, and follow up monitoring activities. The C Section of this manual described processes that prepared for monitoring activities. The D Section of this manual describes actual monitoring processes. Each process is integral to attaining the successful monitoring objectives described in Section 01140.

The 02100, 02200 and 02500 Sections delineate every process involved in the typical CCU monitoring action. Monitoring processes are divided into three groups with specific processes.

1. 02100 Gathering data specific to the contract being monitored through the On-site Monitoring Activities
 - 1) Data Gathering
 - 2) Data Assessment
 - 3) Planning and Scheduling
 - 4) On-site Monitoring
2. 02200 On-site monitoring After- Action Meeting through monitoring Close-out
 - 1) Reporting of Monitoring Actions
 - 2) Follow up on Monitoring Actions
 - 3) Corrective Action
 - 4) Working with the contract manager during the corrective action process
3. 02500 Opportunities for Improvement Processes (HHSD processes)
 - 1) Compiling recommended opportunities for improvement
 - 2) Reporting recommended opportunities for improvement
 - 3) Follow up on recommended opportunities for internal improvement

02100 CCU Monitoring Activities: Data Gathering for the Contract to Be Monitored through On-site Monitoring Activities

The flow chart of CCU processes including the routine progression of activities from gathering information through on-site review of the contractor's service array, delivery methodologies, business, financial, and administrative processes are provided on the

following page. The workflow and terminology shown on the flow chart is explained in detail in the handbook sections following the flow chart.

Due to the size of the chart, a full page is required for display. Please turn to the next page.

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02110 Contract Review and Research

In preparation for monitoring a contract, CCU completes the following activities.

1. Review contract documents and amendments as well as all contents of the contract file
2. Review contract information in electronic (CTK) database
3. Review contractor's web-site for board members, key staff, service array, and historical data.
4. Discuss any questions with the contract manager
5. Determine risks to A!TC and/or HHSD in comparison of similar contracts via review of risk assessment
6. Consider similar services performed by other contractors
7. Review compliance requirements with local, state, and federal law in regard to personnel practice and other operational activities governed by specific laws or sanctioning groups (operation of a kitchen for food preparation and distribution, criminal background checks, staff licensing/certification requirements).

02120 On-site Monitoring Notification Letter

The on-site monitoring notification letter provides formal notice to the contractor that their contract will be monitored, including the monitoring date and general areas that will be monitored. Notification of the planned contract monitoring is sent to the contractor's executive director to acknowledge and confirm the monitoring dates.

1. Distribution of the notification letter includes the following.
 - 1) Notification letter is sent at least 30 calendar days prior to the on-site monitoring visit date,
 - 2) The hardcopy letters are sent certified mail, return receipt requested
 - A. If confirmation of receipt of the notification letter and acceptance of the monitoring date is not received within 7 business days of mail date, as requested in the letter, the CCU monitoring team lead transmits the original and follows up documents as required. Follow-up of notification (if required) is sent via email cover letter with an electronic copy (PDF format) of the notification letter as an attachment. Electronic copies are sent to the contractor executive director as well as the board chairperson.
 8. Follow-up of notification via telephone call is used when response is not received within 3 business days of the electronic transmittal; CCU monitoring team lead places a telephone call to the executive director to determine receipt of the notification letter and acceptance of the monitoring date.
- 3) Original copy (hardcopy) distribution.
 - A. Executive director
 8. Board chair

Note: The Board chair copy may be omitted in specific program areas such as HIV, where the monitoring is fulfilling routine, annual on-site monitoring requirements. Unless specifically stated, it is not necessary for the Board Chairperson to attend this meeting.

- 4) Electronic distribution of the notification letter (PDF format) is sent to HHSD staff (same day as hardcopy is mail to contractor)
 - A. HHSD Assistant Director for program managing the contract
 - B. Program Manager for the program managing the contract
 - C. Contract Manager for the contract
 - D. HHSD Chief Administrative Officer
 - E. HHSD Internal Auditor
 - F. CCU Program Manager
 - G. CCU monitors conducting the on-site visit
 - H. CCU On-site Monitoring Files
 - a. Copy of Record (electronic copy)
 - b. Convenience Copy (hardcopy)
- 5) CCU may request specific documentation from the agency to be sent to CCU prior to the on-site visit for review and additional preparation for the monitoring action. The request for additional information may be by hardcopy document or electronic, whichever would be most expedient in working with the specific contractor. Email is preferred due to the reduced turnaround time.
- 6) Typically, the agency will be allowed 10 business days to submit requested information. Shorter timeframes may be used for *ad hoc* reviews, such as: following up on requests for information or requesting additional information.

02130 Pre-monitoring Meeting with the Contract Manager

1. The pre-monitoring visit meeting with the contract manager is held prior to the scheduled on-site monitoring date.
2. The meeting is scheduled by the CCU monitoring team lead with the contract management staff for the contract being monitored
3. Meeting attendees
 - 1) Contract Compliance
 - A. Required:
 - a) CCU staff members participating in on-site visit
 - b) CCU program manager
 - B. Optional
 - a) Chief Administrative Officer
 - 2) Contract Management
 - A. Required:
 - a) Contract manager
 - b) Program manager
 - B. Optional
 - a) Assistant Director
4. The meeting provides opportunity to thoroughly discuss the contract.
 - 1) Contract manager provides an overview of contract
 - A. Agency history
 - B. Service delivery methodology
 - C. Characteristics unique to the contract

- a) Compliance requirements by other entities
- b) Homelessness components

- c) Domestic violence components
 - D. Performance concerns
 - E. Plans to exercise contract extension options
 - F. Exceptions to HHSD Social Services Client Eligibility Requirements
 - G. Resolve questions that CCU has regarding the contract requirements
- 2) CCU monitors discuss monitoring activities
 - A. Review monitoring process
 - B. Describe interaction with contractor
 - C. Describe interaction with contract manager
 - D. Discuss correspondence contract manager will receive
 - E. Documents sent to contractor, such as:
 - a) Notification of monitoring letter
 - b) Requests for information
 - c) Entrance conference agenda
 - d) Monitoring executive summary and monitoring tool
 - e) Monitoring report
 - f) Corrective Action Plan (if required)
 - g) Close-out notification for monitoring action

02140 Entrance Conference Planning and Agenda

1. Purpose of the Entrance Conference
 - 1) Introduction of the participants
 - 2) Discussion of the purpose and scope of the visit
 - 3) Review process and timing: length of the on-site visit, reporting timeframes, and contractor response timeframes.
 - 4) CCU staff will request the provider to schedule a time during the on-site monitoring to provide an overview of their program and a tour of their facility.
 - 5) The provider staff will be given opportunity to express any special concerns.
2. CCU staff will schedule and hold an entrance conference as a first action item for on-site monitoring, with the CCU team lead planning and coordinating on-site activities for the review team.
3. Requests for information for pre-site visit review are sent to the contractor. This type of communication is typically transmitted via email.
4. The Entrance Conference Agenda is prepared and sent to the contractor.
5. The agenda is transmitted electronically prior to the on-site monitoring visit.
6. Hardcopies of the agenda are prepared for use in the entrance conference.
7. Sign-in sheets are prepared for the Entrance Conference, On-site Visit Wrap-up Meeting, and Exit Conference (all three sign-in documents are in the same format).
8. On-site Monitoring Activities.
 - 1) At least two CCU staff will be present at all on-site visits
 - 2) One CCU staff member will be designated as the lead for on-site visit and will be responsible for all follow-up, reports and close out.
 - 3) The secondary staff member will serve in a support role.
 - 4) The CCU Manager may participate in the on-site review as an:

- A. Active member of the monitoring team
- B. Observer to monitor CCU staff performance

9. The individuals who attend from the contractor's staff will be dependent upon the type of organization and the nature of the visit.
10. All attendees are required to complete a sign in sheet.
11. Agency staff required to attend the entrance conference (includes but is not limited to the following staff).
 - 1) Executive Director
 - 2) Medical Director (if applicable)
 - 3) Program Supervisor(s)
 - 4) Direct Services Delivery Staff (as needed to describe program activities)
 - 5) Administrative Services Director and Staff necessary to provide information on contractor's business operations
 - 6) Financial Services Director and Staff necessary to provide information on financial operations
 - 7) Board of Director's representative (optional unless specifically requested)
12. Based on circumstances of the monitoring action, CCU will request specific persons to attend. This request will be provided in the notification letter.
13. Site visits resulting from *ad hoc* referrals require the attendance of the Board Chairperson.

02150 Entrance Conference and On-site Visit

CCU staff work on-site at the contractor facility for 2 to 5 business days. Completion of the on-site monitoring activity involves review of the contractor's administrative, financial, and program activities as well as a statistically valid sampling of client files. CCU utilizes monitoring tools to record assessment of the contractor's compliance or performance.

02151 Review Contractor Information

1. Client Files reviewed for the following content and compliance.
 - 1) Contract Scope of Work
 - 2) Client Eligibility Requirements
 - 3) Other eligibility requirements
 - 4) Contract Terms and Conditions
 - 5) Performance Goals
 - 6) Service Delivery
 - 7) Grievance Procedures
 - 8) File organization
2. Personnel Files are reviewed for compliance with the following laws or best practices.
 - 1) Homeland Security Form 1-9,
 - 2) Criminal Background Inquiries
 - 3) Job Descriptions
 - 4) Job Application/Resume
 - 5) Compliance with licensing and credentials
 - 6) Training Requirements

- 7) Training Records
- 8) Compliance with Agency (contractor's) Policies
- 9) Best Practices

- 10) File organization
- 3. Volunteer Files
 - Review similar requirements and documents as done with active personnel
- 4. Administrative/Business Process Documentation
 - 1) Compliance with federal and state laws
 - 2) Review corporate charter
 - 3) Review board composition
 - 4) Review board meeting notes
 - 5) Review non-profit status and compliance with requirements
 - 6) Review annual audit
 - 7) Compliance with agency policies
 - 8) Check required employment postings
 - 9) Best Practices
- 5. Financial Records
 - 1) Compliance with federal and state laws
 - 2) Review Forms 990
 - 3) Review Forms 940/941 payments
 - 4) Compliance with Agency Policies
 - 5) Best Practices

02152 Facility Tour

On-site monitoring visits include a tour of the contractor's facility. Monitors will include observations from the tour will be included in the Administrative section of the monitoring tool. The condition and utilization of the facility impacts the quality and effectiveness of the service delivery funded by the COA HHSD contract.

- 1. Facility condition-structural soundness, physical appearance, repairs and upkeep
- 2. Cleanliness of facility-windows, doors, and floors clean, neutral or pleasant aroma
- 3. Client flow-adequate seating, logical client flow into and out of the facility, secured areas

02160 On-site Wrap-up Meeting

To conclude the on-site monitoring visit, CCU will hold a brief Wrap-up Meeting to close the on-site visit activities. This is not the conclusion of the monitoring action, but does conclude CCU activities at the contractor's facility. The Wrap-up Meeting accomplishes the following activities.

- 1. Provides notice to the contractor that CCU has completed activities at the contractor facility.
- 2. CCU relinquishes use of office space, equipment, contractor records, and computer access.
- 3. Concerns and findings are not discussed at this point as they have not been thoroughly reviewed or validated within the context of material reviewed.

4. Provides opportunity for short dialog regarding next steps of the process.
5. Respond to staff questions (to extent possible).
6. Express appreciation for staff participation and assistance during on-site visit.

7. Provide next steps in the contract monitoring process
(Next steps listed below for reference; however, the next steps are not part of this meeting)
 - 1) *Exit Conference (formal scheduling at later date)*
 - 2) *Discussion of Findings.*
 - 3) *Obtain agency staff response: verbally in Exit Conference and in writing*
 - 4) *Five (5) business day opportunity to submit information and documentation of actions taken*
 - 5) *Formal On-site Contract Monitoring Report will be completed and sent to the contractor at a later date.*

02200 Monitoring Activities: CCU After Action Meeting through Monitoring Close-out

The flow chart of CCU processes, illustrating the routine progression for activities from the after action meeting through monitoring close-out, is provided on the following page. The workflow and terminology shown on the flow chart is explained in detail in the handbook sections following the flow chart.

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02210 Monitoring After-Action Meeting (CCU Staff)

After completion of the on-site visit, CCU staff conducts an internal meeting to discuss any findings, concerns, and relevant information regarding the monitoring processes. Observations, comments, and recommendations are shared and discussed to assess the contractor's service delivery and overall compliance with the various provisions of the contract. Staff assesses the contractor's need for future technical assistance and/or training. This discussion assists in development of the reporting documents to be prepared.

02220 Reporting Processes

All monitoring activities require formal reports be completed and routed through HHSD executive management for approval to move forward with findings and concerns generated from the on-site monitoring. HHSD contract management receives notification of CCU's meetings with the contractor. Findings and concerns are discussed with HHSD contract management staff. The content of the reports are the discretion and responsibility of CCU after HHSD Management review and approval.

02221 CCU Monitoring Executive Summary

The monitoring executive summary, also known simply as the executive summary, is the initial report of on-site monitoring action to CCU Program Manager. The executive summary provides an overview of the monitoring action

The executive summary is due to the CCU Program Manager within 15 business days of the on-site visit conclusion.

Purpose of the Executive Summary

1. The executive summary is the preliminary report of the monitoring action, complete with findings and concerns.
 - 1) Reviewed and approved by the CCU Program Manager
 - 2) Reviewed and approved by the Chief Administrative Officer
 - 3) Provides a summary report for use by the CAO to update the HHSD director on the on-site monitoring findings and concerns
2. Used as the basis of discussion of on-site monitoring observations, findings and concerns with HHSD contract management staff
3. Provides the content for the exit conference discussion with the contractor staff.

Executive Summary Discussion, Review and Approval Typically, CCU protocol allows discussion of the executive summary with contract management staff in the

after monitoring meeting after review and approval by the CCU Program Manager, but prior to the CAO review and approval. This approach provides the following.

1. Opportunity for contract management staff to know the monitoring outcome and provide input regarding the contract that could alter the monitoring outcome. The change is outcome would result from CCU

monitors misunderstanding contract content or failing to be aware of contract content, thereby skewing the monitoring results.

2. Allows contract management to have knowledge of contract problems in order that they are not "blind-sided " via discussions by HHSD Executive Management.
3. In the event serious compliance issues or other contract related circumstances are found during the monitoring action and by necessity are part of the executive summary, the executive summary is reviewed and approved by the CAO prior to CCU moving forward with any discussions or releases of information
4. After CAO approval CCU moves forward with normal protocol or with any special directions received from the CAO

02230 Post-monitoring Visit Meeting with the Contract Management Staff

Following every monitoring action, CCU meets with contract management staff to discuss the monitoring observations, findings, concerns, and recommendations, with the following purposes.

1. To share monitoring findings and concerns with contract management staff.
2. To provide contract management staff an opportunity to discuss the report content and receive clarifications.
3. To build/strengthen consensus and support for recommended actions, with the intent of developing an effective corrective action for the contractor (when a corrective action plan is required).
4. Contract management staff may provide clarification or correction of contractor responsibilities, which CCU staff may have misinterpreted or failed to consider, avoiding any misunderstanding of performance that CCU might have made in the development of the findings and concerns.
 - 1) The monitoring action, information derived, and any reports issued are the work product of CCU. Information obtained from contract management will be used to validate CCU's observations, insights, and reactions from the monitoring actions.
 - 2) This meeting is for information exchange and may result with contract management staff disagreeing with CCU's assessment. CCU has the responsibility to report compliance as correctly, openly and completely as possible.

02240 Exit Conference for Monitoring Action

The exit conference provides a formal opportunity for CCU to present preliminary observations, findings and concerns to the contractor staff.

The monitoring exit conference with the contractor has two important prerequisites.

1. The executive summary (the basis for the meeting discussion) must be approved by the CAO prior to meeting with the contractor.
2. The After monitoring meeting with the contract management staff must be held prior to meeting with the contractor.

02241 Exit Conference Preparation

1. All of the preceding processes/steps must be completed prior to the exit conference.
2. The location, date, and time for the exit conference are coordinated with the executive director. The agreement is formalized via email to the executive director, board chairperson, and CCU monitoring team.
3. Exit conference sign-in sheet is prepared
4. Exit conference meeting agenda is prepared
5. Summary notes for the team member's use during the exit conference are prepared

02242 Exit Conference Attendance

1. Attendance of the contractor management team and program directors is required. Agency staff that attended the entrance conference and participated in the on-site monitoring should attend the exit conference.
2. All attendees will be required to document their attendance by signing the exit conference sign-in sheet.
3. Attendance by the board chairperson is optional except for the following instances:
 - 1) Financial sanctions will be part of the monitoring report
 - 2) Life/safety issues are included in the report

02243 Exit Conference Purpose

Purpose of the exit conference is discussion of monitoring findings and concerns and next steps in the process.

1. Basic content of the approved executive summary will be shared with the contractor staff; however, the contractor staff must be advised that the information is preliminary and subject to change.
2. CCU staff will explain to the contractor staff that additional information pertinent to the preliminary monitoring report findings can be presented:
 - 1) During the exit conference
 - 2) Within 5 business days of the exit conference
 - 3) Additional information that is submitted is considered in preparation of the final monitoring report
3. Present the next steps in the monitoring process.
 - 1) Discuss the formal monitoring report that will be issued, identifying findings and concerns found during the monitoring process.
 - 2) Describe the management response letter (if required) and response timeframe (generally due within 10 business days after receiving the monitoring report).
 - 3) Discuss role of the contract manager to monitor resolution of findings and concerns noted in the monitoring report and corrective action plan (if required).

02244 Post-Exit Conference Responses from the Contractor

Contractor typically has 5 business days to advise CCU of information that was present at the time of the on-site monitoring that may have been overlooked or

misunderstood that led to findings and concerns. CCU discusses these issues with the contractor and resolves the issues, if possible.

The contractor may utilize this response period to report resolution of findings or concerns. The detail provided and actions taken must be sufficient to determine compliance. If these conditions are met, CCU may eliminate the need for a management response and corrective action plan (described below). If information from the contractor is sufficient, CCU incorporates the contractor's response into the monitoring report to demonstrate that findings and/or concerns have been addressed. Based on the contractor's proactive response, CCU may be able to close-out the monitoring action as part of the monitoring report.

02250 CCU Monitoring Report

The monitoring report provides the final and full report of findings and concerns that are prepared for and submitted to the contractor. The monitoring report is an expansion of the executive summary and may differ in content due to receipt of additional information pertinent to the monitoring review, receive clarifications from contract management and/or the contractor during meetings with them, or acquire additional information from an additional visit to the contractor's site. The report is formal in structure and handling.

1. Reviewed and approved by the CCU Program Manager
2. Reviewed and approved by the HHSD Chief Administrative Officer
3. The monitoring report is prepared for the HHSD Director's signature.
4. Hard copies of the report are sent to the contractor's executive director and board chairperson via certified mail, return receipt requested.
5. An electronic PDF copy of the report is provided to the executive director for convenience in routing information within the contracting organization.
6. The monitoring report provides a record of CCU participants in the on-site visit, contract monitored, life of the contract, and the contract period monitored, and positive performance activities by the contractor.
7. The monitoring report is the official or formal record for the on-site visit and provides detailed explanation of the findings, concerns, and recommended solutions to achieve compliance.
8. The monitoring report provides the basis for the contractor's Corrective Action Plan (if required).

02260 Management Response Letter

A management response letter is prepared when unresolved findings and/or concerns exist at the time the monitoring report is completed; hence, it is not required in all monitoring actions. The management response letter is pre-filled by CCU via the

inclusion of the unresolved findings and/or concerns that the contractor is requested to address. The management response letter is the contractor's statement of how the findings and concerns will be resolved. The management response form (hardcopy) is provided to the contractor with the monitoring report.

An electronic copy of the report (Word or Excel format) is provided to the executive director with the electronic copy of the Monitoring Report. The executive director

provides the agency's response on the electronic copy. The contractor typically has 10 business days to respond to the findings and/or concerns and listed on the form. The management response letter (electronic version) is returned to the lead CCU monitor for the monitoring action. The response timeframe can be lengthened based on appropriate justification.

The management response received from the contractor is evaluated by CCU to determine if the contractor's action addresses the finding or concern. CCU may seek clarifications related to the management response. Findings and/or concerns that have not been addressed or the contractor's plan of action requires a time period for completion is developed into a corrective action plan.

02270 Corrective Action Plan

The corrective action plan (CAP) is developed by CCU in coordination with contract management to resolve findings and concerns remaining to be resolved from the management response letter. The contractor's management response is considered in development of the Corrective Action Plan. CCU sends the corrective action plan to the contractor and advises the contractor that the contract manager will monitor implementation and achievement of corrective action.

1. Purpose of Corrective Action Plan
 - 1) To summarize the findings and concerns from the contract monitoring process.
 - 2) Provide methodology for monitoring and documenting the contractor's progress toward resolution of findings and concerns.
 - 3) To ensure that appropriate follow-up is being conducted to correct Contractor non-compliance. CAP Monitoring Update 30-60-90
 - 4) To ensure that CCU and the contract manager maintain communication until the CAP period is completed, the final resolution of findings and concerns is achieved and monitoring action is completed by CCU.
2. Corrective Action Involving Repayment by Contractor
 - 1) Basis for Contractor overpayments:
 - A. Incorrect billing to the City of Austin/HHSD
 - B. Certification of ineligible clients
 - C. Failure to provide the services required in the contract
 - D. Mismanagement of funds
 - E. Fraudulent programs
 - 2) Overpayments are payable to the City of Austin, HHSD as follows.
 - A. Make checks payable to "City of Austin"
 - B. Identify the source of the funds (specific source of funds)
 - C. Send the check to:

Austin/Travis County Health/Human Services Dept
Attn: (name & title of appropriate assistant director)

P.O. Box 1088

Austin, TX 78767-1088

3. Procedures and processes related to Corrective Action

- 1) Upon receipt of the Management Response from the Contractor, CCU drafts the essential elements for the Corrective Action Plan.
- 2) CCU convenes a meeting with the contract manager and other staff as deemed necessary (such as: financial analyst) to discuss and complete the CAP. The meeting will include the following.
 - A. Review of Management Response and adequacy of response and actions taken and proposed.
 - B. Develop the final CAP (if required)
 - C. Discuss due dates for CAP implementation (if required)
- 3) CCU sends the CAP to the contractor.
- 4) Transition from CCU to contract management for monitoring and reporting on contractor progress to successful completion of corrective action.
- 5) CCU has responsibility to set 30-60-90 day update deadlines with contract management and monitor timely reporting by the contract manager.
4. The 30-60-90 Day reporting document is sent by CCU to Contract Management.
 - 1) CCU provides the report form (electronic format), completed with areas to be monitored under the corrective action plan, to the contract manager that works with the contractor to correct problems identified in the CAP.
 - 2) The document provides the reporting format to be used by the contract manager to provide updates of their efforts to work with the contractor as well as the contractor's effort to achieve compliance.
 - 3) The report is updated and submitted to the CCU monitoring team lead at the 30th, 60th and 90th day of corrective action. CCU and the assigned contract manager remain in contact throughout the corrective action period (at least every 30 days) to assure that follow up and resolution of identified issues are resolved by the contractor.

02280 Monitoring Outcomes

Monitoring outcomes provide the summation of the monitoring action. Two outcomes are possible: (1) contractor resolved compliance issues related to the findings and/or concerns or (2) compliance is not achieved and the contract is referred to the program assistant director for consideration and recommendation for formal action against the contractor.

1. Procedures and processes at the end of the corrective action period.
 - 1) On the 30-60-90 Day Report, contract manager reports contractor's compliance/non-compliance with the corrective action plan.
 - 2) As the 30-60-90 Day Report (30 and 60 day report intervals) is submitted to CCU, the lead monitor reviews updates provided by contract management staff and requests additional information or concurs with the report.
 - 3) Contract manager evaluates contractor compliance and efforts and changes made in performance to evaluate a change in monitoring level. At the end of the 90 day corrective action period, the contract manager recommends a new performance level if appropriate.
 - 4) If successful completion of corrective action occurs, CCU sends the

contractor a letter indicating the contractor's monitoring level as part of the close-out letter.

- 5) When corrective action has not been successful, contract management with assistance from CCU submits a recommendation for sanction by the Purchasing Department (routed through the Assistant Director for the program area and HHSD executive management).
 - 6) CCU closes the monitoring action upon successful completion of corrective action.
2. Close-out Letter – Signed by CCU Program Manager stating the contractor has successfully completed corrective action and the monitoring action is being closed.
- Or
3. Referral to assistant director for consideration of recommendation for formal action against the contractor
- 1) Contract manager with assistance from CCU, submits the completed 30-60-90 Day Report to the assistant director for the respective program, providing documentation that the contractor has not met corrective action requirements.
 - 2) Requests that HHSD, through the Chief Administrative Officer and HHSD Director, refer the contractor to the Purchasing Department for resolution of noncompliance.
 - 3) Purchasing Department staff pursues appropriate remedy with the contractor.
 - 4) Purchasing Department staff advises HHSD executive management of resolution.
 - 5) Corrective Action achieved
 - A. Contract management resumes routine monitoring and management of the contract
 - B. CCU issues close-out letter for monitoring
 - 6) Compliance Not Achieved.
 - A. Purchasing Department cancels the contract
 - 7) Contract management seeks alternative services for clients that had been served by the contractor.
 - 8) CCU closes the monitoring file and issues close-out letter.

02290 Monitoring Action Close-out

All CCU monitoring actions are formally closed via a letter from the CCU Program Manager. The letter provides the date of monitoring close-out and the contractor's monitoring level. The contractor's monitoring level is determined by Contract Management and is provided to CCU via the 30-60-90 Day Report provide by contract management at the end of the CAP (90 day corrective action period).

02300 CCU Tracks Monitoring Actions

1. The CCU will maintain a spreadsheet showing:
 - 1) Current status of contract monitoring findings

- 2) Schedule of corrective actions and reports
2. CCU staff responsible for specific monitoring activity will update the spreadsheet within 5 business days of each activity.
3. The contract monitoring spreadsheet will include:

- 1) Contractor Name
- 2) Contact Name
- 3) Contract #
- 4) Contract Monitor
- 5) Contract Manager
- 6) Monitoring Activity conducted
- 7) Findings and concerns
- 8) Corrective Action Plan
- 9) Date of Meeting between CCU and CM
- 10) Date of CM Report Back to CCU
- 11) Date of Close Out
- 12) Comments

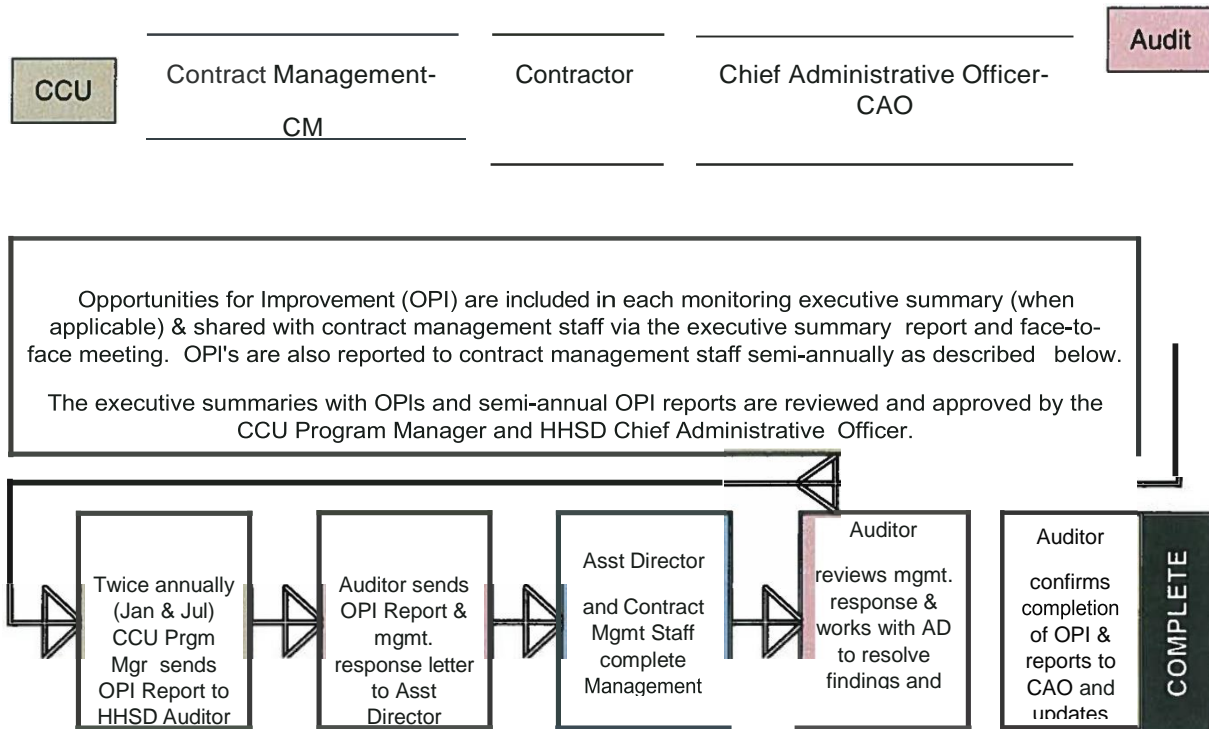
02400 Monitoring Documents Required in Contract Management Files

1. The following documents are required in the hardcopy contract file and electronic contract file (currently stored in CTK).
2. CCU lead monitor for the monitoring action has responsibility to provide required documents to the contract manager
3. Contract manager for the contract has responsibility to place copies of the required documents in both the hardcopy and electronic files.
4. The following documents are required in the contract files (hardcopy and electronic).
 - 1) Notification letter for on-site contract monitoring
 - 2) Notification of Entrance Conference
 - 3) Notification of Exit Conference
 - 4) CCU monitoring report
 - 5) Contractor Management Response (copy to contract manager)
 - 6) All substantive correspondence between CCU and contractor regarding contract monitoring or monitoring report (copy to contract manager)
 - 7) Corrective Action Plan (copy to contract manager)
 - 8) Summary of corrective action plan compliance (updates to CCU)
 - 9) Substantive correspondence between contract manager and contractor regarding monitoring (copy to CCU)
 - 10) Letter from CCU to contractor that corrective action has been completed with recommended Performance Level or failed and next steps as necessary (copy to contract manager)

02500 Opportunities for Improvement Processes

The following flow chart of CCU processes illustrates the routine progression for activities involved in the Opportunities for Improvement. The workflow and terminology shown on the flow chart is explained in detail in the handbook sections following the flow chart.

Opportunities for Improvement Flow Chart



02510 Opportunities for Improvement (OPI) Report

1. The Opportunities for Improvement Report is a compilation of internal opportunities for improvement of HHSD contracts and related policies, procedures, and requirements. The report combines data from social services and HIV services contract monitoring actions. Opportunities for improvement are found in any of the following areas.
 - 1) Pre-visit research of the contract and reports submitted by the contractor
 - 2) On-site Monitoring visit
 - 3) Information provided by the contractor during the on-site visit
 - 4) Discussions with contract management staff
 - 5) Exit conference with contractor
2. OPIs are reported semi-annually as follows.
 - 1) January - June is reported in July
 - 2) July - December is reported in January
 - 3) OPI Executive Summary due to CCU Program Manager by 15th of report month (January or July)
3. OPI-Development of the Opportunities for Improvement Report (OPI Report)
 - 1) How OPIs are shared.

- A. OPIs, when applicable, are included as part of the executive summary for each CCU monitoring action. The Chief Administrative Officer reviews and approves the content of each executive summary.
- 8. The on-site monitoring executive summary, including the OPIs, is discussed with contract management staff following each on-site monitoring action.

- C. OPIs are discussed with the HHSD Director by the Chief Administrative Officer after each on-site monitoring action via the executive summary.
- D. OPIs are not discussed with the contractor and are not included in the monitoring report.
- E. OPIs are reported with each on-site executive summary and compiled in "like categories" at the close of the respective OPI reporting period unless the issue is considered as a high priority which requires immediate attention.
 - a) Grouping by "like categories" provides efficiency to contract management staff by identification of the core issue, versus contract management staff reacting to multiple reports of the same issue.
 - b) The Opportunities for Improvement Report consolidates monitoring results for the Internal Auditor.
- 2) OPI Report (draft) – The report is prepared for review and approval by the CCU Program Manager and Chief Administrative Officer.
- 3) OPI Report – After the appropriate approvals, the OPI Report is submitted to HHSD Internal Auditor for review and monitoring of actions taken by program staff to address their management response to the OPIs.
- 4) The HHSD Internal Auditor sends the OPI Report and the management response letter (as needed) to the respective HHSD Assistant Director(s).
- 5) CPI-Management Response (if required) - Program's statement of how opportunities for improvement will be resolved is returned to the HHSD Internal Auditor with copies to CCU and the HHSD Chief Administrative Officer.
- 6) HHSD Internal Auditor Monitors OPI – The HHSD Internal Auditor monitors actions taken to respond to the OPI Report and Management Response Letter.

03000 *Ad Hoc* Monitoring Actions

03100 Purpose of *Ad Hoc* Monitoring Actions

To monitor specific contractor performance identified as not meeting contract expectations. When the contract manager identifies contract performance issues at a level requiring escalation, the contract manager submits a request for monitoring in conformance with policies and procedures established in the HHSD Contract Management Manual. Refer to contract monitoring levels within Section I of the Contract Management Manual and Section A, Levels in the Contract Compliance Manual.

03110 Procedure for *Ad Hoc* Monitoring Actions

The request for an *ad hoc* monitoring is initiated by contract management and routed to

CCU after HHSD executive management review and approval. *Ad Hoc* monitoring actions are outside the scope of the annual monitoring plan. Steps for an *ad hoc* monitoring action will track the main processes identified for routine contract monitoring (Section 03000). Processes will be modified as required in order to focus on the performance area identified in the referral and process the monitoring in a timely and efficient manner.

03120 CCU Response and Planning of Monitoring Approach

Within 5 business days, CCU schedules a meeting with the contract manager and other contract staff, as appropriate, to discuss issues and determine the appropriate methodology for review.

03130 CCU Conducts On-site monitoring

1. CCU will conduct appropriate on-site monitoring and issue a report according to on-site review procedures, as needed.
2. Procedures (activities and reporting) established for routine, scheduled monitoring activities are followed when conducting *ad hoc* monitoring actions.

03140 Notification Requirements

1. Notification requirements of on-site visits for the *ad hoc* monitoring action may be modified depending upon the issue.
2. Notifications utilized with normal monitoring activities will be followed when applicable.

04000 Special Projects

Special projects can vary from a monitoring request to statistical analysis; hence, development of specific processes is not reasonable. CCU will utilize existing contract monitoring processes to the extent possible to maintain as much consistency as possible.

05000 CCU Annual Contract Manager File Reviews

1. CCU conducts annual internal contract file reviews to determine contract manager compliance with policies and procedures established in the Contract Management Manual.
 - 1) Purpose of review is directed to the following areas.
 - A. Contract manager interactions with the contractor
 - a) Correspondence demonstrates provision of technical assistance
 - b) Documentation of Site visit(s)
 - B. Contract file elements present
 - C. Required documents being in the contract file, dated/date stamped

2. CCU performs a random selection of contracts for each HHSD contract manager.
 - 1) CCU will determine the number of contracts to be reviewed for each contract manager.
 - 2) Typically, two (2) contracts are reviewed per contract manager
 - 3) If a contract manager has two or less contracts, random selection is impossible as all of the contracts within the contract manager's responsibility will be reviewed.

- 4) Via the CCU Contract Database, CCU will determine the number of contracts assigned to each contract manager
- 5) The contract manager's contracts will be alphabetized based on the first significant word in the contract title (a, the, and similar words will be disregarded)
- 6) CCU will number the alphabetized list of contracts for each contract manager
- 7) CCU will then utilize a random number generator to determine the two (2) contracts to be reviewed for each contract manager
3. CCU publishes a schedule of contract manager file review appointments in TRAIN
 - 1) Notifies contract management staff that the schedule is available
 - 2) Requests that HHSD contract managers select a review time (review appointments are offered on a first come-first served basis)
 - 3) Review times are scheduled for 30 minute blocks of time
4. Timing of annual contract manager file reviews

CCU performs annual contract manager file reviews in November to allow completion of the contract manager's desk review (particularly in regard to social services contracts with funding that follows the City of Austin fiscal year (October - September)).
5. Contract manager file review meeting
 - 1) Each contract manager presents their contract files to CCU staff based on the order and requisites in the Annual Contract Manager File Review Tool
 - A. The contract manager will be advised of the contract files that are selected for review the morning of the contract manager's file review appointment
 - B. The Annual Contract Manager File Review Tool is available on the HHSD Intranet, in the Contract Compliance, Forms Section
 - C. CCU will provide the Annual Contract Manager File Review Tool to Contract Management staff when the schedule for contract manager file review appointments are announced
 - 2) The contract file will be reviewed based on the content and completeness as presented by the contract manager.
 - 3) The contract manager will receive immediate feedback from CCU regarding the contract file review at the end of contract manager's presentation
6. CCU will provide Annual Contract Manager File Review Reports as follows
 - 1) Contract Manager
 - A. Annual Contract Manager File Review Tools for contracts presented
 - 2) Program Manager
 - A. Annual Contract Manager File Review Tools for each contract manager
 - B. Summary report for contract managers reporting to the program manager
 - 3) Assistant Director
 - A. Summary report for all contract managers within the assistant director's responsibility
 - B. Summary report by program manager
 - 4) HHSD Director
 - A. Summary report for all assistant directors reporting to the director
 - B. Summary report for the department

CONTRACT COMPLIANCE MANUAL

SECTION E

ADMINISTRATIVE PROCESSES AND RECORDS MANAGEMENT PROCESSES

E1000 Records Organization, Management and Retention

Contract compliance records include information directly related to defining contract compliance policies and procedures, assessment of contracts for risk analysis, presentation of planned work product for the staff by defined time periods, and the actual documents created during the process of monitoring a contract.

1. CCU files involving contract compliance manual, contract compliance policies and procedures, and contract monitoring files must be maintained in accordance with Contract Monitoring Records Files. Contract Compliance Document Maintenance
2. Records retention is a requirement of government originating in the Texas State Library and Archives Commission. The City of Austin complies with the Texas State Library and Archives Commission policies and procedures.
3. The CCU files are governed by the Records Maintenance and Retention requirements adopted and administered by the City of Austin, Office of the City Clerk through the HHSD, Records Management Administrator. The CCU Records Retention schedule is available by using Control-Click on the following address.
CCU Records Retention Schedule
4. The Contract Compliance Unit (CCU) is included in the Administrative Services Division in the HHSD. All records and files are administrative in nature. Within CCU, records are divided into three major groupings.

E1100 Organization of Records

E1110 CCU Records Are Separated into Three Organizational Groups

E1111 Output (work product) Records

1. HHSD Contract List
2. Contract Risk Assessment
3. Contract Monitoring
4. Contract Management Training

E1112 Administrative Records

CCU Administrative Records consist of, but are not limited to, the following types of records.

1. Administrative Records pertain to the administrative operations of the unit. As such, Administrative Records are considered separate and apart from output work product records that are related to contract monitoring.
2. Reports
3. Training
 - 1) Presentation Materials-Received for CCU

- 2) Presentation Materials-Prepared and distributed by CCU
- 4. Budget-Expenditures
 - 1) Annual Funding Analysis
 - 2) Purchase documentation
 - 3) Supplies
 - 4) Equipment
 - 5) Training
 - 6) Travel Reimbursements
- 5. Personnel Files
 - 1) Job Descriptions
 - A. Program Manager
 - B. HHSD Planner II- Contract Monitor
 - 2) SSPR by Employee
- 6. CCU Records Management (L Drive)
 - 1) Records Management Training Information
 - 2) Records Management Quarterly Meetings
 - 3) Records Management Policy Interpretations
 - 4) CCU Records Retention Policies and Procedures
 - 5) CCU Records Disposition Logs

E1113 Employee Records

Employee records are considered separate and apart from contract monitoring records. Employee records consist of, but are not limited to, the following types of documents.

- 1. Correspondence
- 2. Personnel Files
 - 1) SSPR Accomplishments
 - 2) Performance Reports
 - 3) Leave Records
 - 4) Travel Records
 - 5) Training Certificates
- 3. Unit Meeting Notes
- 4. Informational distributions
- 5. Instructional distributions

E1120 Records Definitions

All Austinff ravis County Health and Human Services, CCU employees have access to the L and M drives as a place to store records. Employee records on both drives are backed up and maintained by Information Technology (IT).

- 1. L Drive Department and Unit Records stored on the L Drive are not private; however, they are restricted by department and unit. CCU employees have

access to the CCU folder and store work-related records such as: contract monitoring records; presentations, training materials, forms, work aids, and /information materials; contract lists, risk assessments, monitoring plans, and similar documents. These documents are stored in Word, Excel, Access, PowerPoint, and PDF formats.

2. **M Drive** Employee Records stored on the M Drive are private and are only accessible by each individual employee. Outlook documents, also known as PST Files (email, calendars, address books, etc.), are stored by employee. CCU employees store personal, confidential documents, such as SSPR Information, and other records containing confidential information that should not be shared with others. These documents are stored in Word, Excel, Access, PowerPoint, and PDF formats.
3. **Non-Record:** City owned informational material that does not rise to the definition of a local government record. Examples include but are not limited to, copies, meeting notes, reference material, etc. Non-Records also includes Non-City records such personal pictures, subscription to magazines/personal development, reports produced by agencies outside of the City of Austin, etc.
4. **Record:** Any document, regardless of physical form or characteristic, created or received by a local government, in the transaction of public business.
5. **Production or Work Product Record:** Any record (document or folder) created to support or complete functions that fulfill the mission of the unit, such as: contract lists, contract monitoring records, monitoring reports, or training presentations.
6. **File:** Group of documents with related subject or purpose
 - 1) **Hardcopy:** Documents grouped together in a file folder or binder
 - 2) **Electronic:** Documents grouped together in an electronic folder
7. **Folder:** Group of documents or files with related subject or purpose
 - 1) **Hardcopy:** Mechanism for grouping documents, such as a manila folder, hanging file pocket, or binder.
 - 2) **Electronic:** Mechanism for grouping documents and sub-folders
8. **Records Control Schedules:** Legally approved documents that state the Retention Period and other disposition information for the Records maintained by the City of Austin.
9. **Retention Period:** Length of time that Records have to be retained to satisfy all requirements as set forth on the Records Control Schedules. The CCU Records Control Schedule is available by using Control-Click on the following address.
CCU Records Control

E1130 Formats Used for Documents and Storage

CCU records are maintained in the format in which the document was created (exception hardcopy documents that are scanned and stored). Typical formats used in creation and storage of unit records include.

1. Word
2. Excel
3. PowerPoint
4. Access
5. PDF
6. Outlook: Outlook files may be stored as email (Outlook) documents or copied into a Word document to compile email threads into a single, continuous document and facilitating retrieval and consistency in document names.

- 1) When copying Outlook documents into a Word document, the Outlook (email) header content is retained from each Outlook/email document to retain date, time, and distribution information.
- 2) Attachments to the Outlook/email document are copied into the Word document.
- 3) After the Outlook/email documents are copied to a Word document and the Word document is saved, the Outlook/email documents are deleted.

E1140 Methodology for Creation of Document Names

1. Care should be taken when naming documents for several reasons.
 - 1) Ease in finding records for future use
 - 2) Consistency in naming similar documents
 - 3) Facilitation of annual purge of records that have met retention requirements.
2. Suggested Methodologies for Grouping Records

Records (documents, files, folders) will generally fall into one of the following classifications.

 - 1) Form or Template - Examples:
 - A. CCU letterhead
 - B. HHSD Letterhead
 - C. Policy Interpretation Template
 - D. Monitoring Report Template
 - 2) Manual and Policy or Procedure Information - Examples:
 - A. Contract Compliance Manual 02-01-2012
 - B. Contract Compliance Manual 10-01-2012
 - C. Standard Operating Procedures (SOPs)
 - D. CCU Records Management Policies
 - 3) Project - Examples:
 - A. Monitoring Actions Social Services FY 2013
 - B. Annual Risk Management Reports
 - C. Contract Lists
 - D. Templates
 - 4) Report - Example:
 - A. CCU Risk Management Report FY 2012
 - B. CCU Risk Management Report FY 2013
 - 5) Correspondence

Filed by Core Subject discussed in the document versus the title the document might carry
3. Document Names - Helpful Hints:
 - 1) Email correspondence should have a specific subject versus ambiguous subject. Subjects such as: Report, Interesting Information, or Question provide no assistance or guidance regarding content or filing. Unless the email subject is changed by the receiver, locating the information buried in the content of the email may be difficult to find in the future.
 - 2) Entry of a date (monitoring date, project implementation or similar date) will facilitate records management monitoring activities.
 - 3) In some instances, it may be more helpful to place the date at the beginning of the record (document or folder) name versus the end of the name.

- A. Placement of the date is dependent on how the data is being grouped: by period or subject.
- 8. Placement of the date may be an issue of preference; however, the key is consistency, at least in the same folder.

E1150 Forms and Templates

1. Forms and Templates are formal documents used by CCU staff during the creation of reports, work products, or correspondence.
2. The forms and templates are created to standardize data and documentation of data gathered and distributed in routine tasks completed by CCU staff.
3. Completed forms and templates become a part of the official record being compiled and are filed/retained per procedures found following entries in this handbook section.
4. Forms and Templates are reviewed annually during the months of June and July to determine utilization and retention for future use.
 - 1) Terminated- Effective date for discontinued use is established and a retention flag is set for the form or template.
 - 2) Retained as form or template
 - 3) Forms and templates are incorporated into the Contract Compliance Manual in the Section F1300 – Forms and Templates
5. Forms and Templates are maintained electronically on the HHSD data storage "L" Drive, in the CCU folder, Forms and Templates
CCU Forms and Templates

E1200 Responsibility for Records Management

Each CCU employee has responsibility to maintain records in accordance with Record Management Policies established by the City of Austin, Health and Human Services Department, and CCU policies and procedures.

E1210 Active Employees (employment continuing)

1. Employees must review all of their employee (personal) records (L and M Drives) at least annually during the first half of September to prepare for the new fiscal year.
2. Employees must review production (work product) files that the employee created or had administrative responsibility to manage order and currency related to records retention.

Note: Specific information for work product records management will be provided in later portions of this handbook section.

E1220 Separating Employees (notice of separation given prior to leaving position)

1. The retiring or resigning employee must remove any personal documents from the L and M Drives prior to their last day physically on duty in order to restore the disk space to be used for other records.

2. When an employee gives notice prior to separating from employment (retiring or resigning employee), the employee and CCU Program Manager will schedule sufficient time to review records the employee has stored on the M Drive.
3. The following process should be used.
 - 1) Sort documents and folders on the basis of the definition of Records and Non-Records.
 - 2) Delete all Non-Records.
 - 3) Records that can be matched to existing folders in CCU's folder on the L Drive must be moved to CCU folders in accordance with retention requirements to store the records for use.
 - 4) Records that do not match existing CCU folders must be grouped into 5 or less categories and placed in folders in the CCU folder on the L Drive or to accessible space on the M Drive.
 - 5) Below are some common categories that may apply
 - A. Correspondence, Internal Memoranda, and Subject Records Routine
 - B. Planning Records
 - C. Policy and Procedure
 - D. Project Records

Note: The above groups are some of the common record categories. Specific categories may be created as needed to store the records. The CCU Records Liaison can provide assistance. If needed, the HHSD's Records Administrator can provide assistance (512-972-510B).

4. The above process should be completed within 60 calendar days after employee termination/separation. (Contact IT for restricting the viewing of confidential records on the L Drive).
5. When the retention period for the files has been met, a disposition log must be prepared and submitted to the department's Records Administrator to request destruction of the records. The CCU records Liaison can provide assistance.
6. After receiving approval from the Records Administrator, destroy (delete) the Records.
7. Update the disposition log and return it to the Records Administrator for permanent preservation.

E1230 Employees that Abandon Their Position, Employees Forced to Separate or Death of Active Employee

1. CCU Program Manager must work with HR and IT to request access to the employee's M Drive records.
2. CCU Program Manager must act within 60 calendar days of the employee's termination/separation.
3. After HR approves the requests, HR will contact IT.
4. IT will work with the CCU Program Manager to give him/her access to the employee's M Drive.
5. CCU Program Manager completes the following procedures.

- 1) Determine record versus non-record documents
- 2) Immediately delete all Non-Records

- 3) Review records and ensure those needed for unit operations are also stored in another location, i.e. L Drive, filing cabinet, etc.
- 4) Group the Records into 5 or less categories. Here are some common categories that apply to most units.
 - A. Correspondence, Internal Memoranda, And Subject Records Routine
 - B. Planning Records
 - C. Policy and Procedure
 - D. Project Records

Note: The above groups are some of the common record categories. Specific categories may be created as needed to store the records. The CCU Records Liaison can provide assistance. If needed, the HHSD's Records Administrator can provide assistance (512-972-5108).

- 5) Manage the documents according to the City of Austin, HHSD, and CCU Record Control Schedules
- 6) After grouping Records into the different categories, move them to the L drive or another M drive for continual retention. This should be completed 60 calendar days after employee termination/separation. (Contact IT for restricting the viewing of confidential records on the L Drive.)
- 7) Once retention period has been met, complete and send a disposition log to the department's Records Administrator. (Contact the Records Administrator at 972-5108 or the area's records management team member with questions related to the disposition log.)
- 8) After receiving approval from the Records Administrator, delete the Records.
- 9) Send disposition log back to Records Administrator for permanent preservation.

E1300 Management or Maintenance of Records

Management or maintenance (hereafter labeled as management) of all records requires diligence and consistency. CCU has defined management requirements for the three types of records: work product, administrative, and employee. General and specific policies and procedures have been developed.

E1310 General Policies and Procedures

All CCU employees have responsibility for management of records: work product, administrative, and employee.

1. Consistency with document names is essential
2. Document name formats are used
3. Correspondence deals with a single subject (to the extent possible)
4. Email correspondence has specific, meaningful subject/title
5. Work product and administrative documents must be filed in the L Drive, not

employee files

6. CCU utilizes a peer review for many work product and administrative documents that requires additional management actions.

- 1) Records management policies and procedures establish the basis for need and maintenance for Copy of Record and Convenience Copies

- 2) Convenience copies of documents must involve an ongoing business need
- 3) Delete draft copies from all workstations, L Drive Draft Folders, or permanent files when the final copy has been prepared.

E1320 Work Product Records Policies and Procedures

E1321 Contract Compliance Manual

The Contract Compliance Manual (CCM) is a compilation of policies and procedures used by staff in the Contract Compliance Unit to guide work efforts. The CCM is a "companion" document to the Contract Management Manual (CMM) which is a compilation of policies and procedures used to guide contract managers in various HHSD Programs in the daily management of contracts and monitoring of contractors. The two documents define methodology for management and monitoring HHSD contracts.

The Contract Compliance Manual (CCM) is a working document, developed by CCU staff to document the various activities and work products required in the completion of functions assigned to the CCU. The first CCM was approved in February 2012 by Carlos Rivera, Director, HHSD. The CCM is reviewed annually in June –August to ascertain continued applicability of existing policies and procedures as well as incorporate updates and Standard Operating Procedures developed since the last CCM update.

E1321.1 Contract Compliance Manual Formats and Access

The current version of the Contract Compliance Manual is maintained in the following locations

1. Web-site: HHSD Intranet Website, accessible by all HHSD employees (Convenience Copy)
2. Hardcopy: HHSD Staff that require the frequent use of the manual in a portable format (Convenience Copy)
3. Electronic: HHSD Data Storage "L" Drive, CCU Folder, for record storage, protections and retention (Copy of Record)

E1321.2 Contract Compliance Manual Update and Retention

Updates are based on CCU staff review and approval of additions, modifications, and deletions.

1. The Contract Compliance Manual is maintained by CCU in hardcopy and electronic formats.
2. Each format is retained for the required retention period
3. An electronic and hardcopy version of each prior version of the Contract Compliance Manual is maintained by CCU.
 - 1) Electronic versions of Contract Compliance Manuals are stored on the L Drive in the section assigned to CCU

- 2) CCU manuals are stored by name and effective date, such as:
 - A. Contract Compliance Manual 10-01-2013
 - B. Contract Compliance Manual 10-01-2012
 - C. Contract Compliance Manual 02-01-2011

- 3) Hardcopy versions of the current and prior Contract Compliance Manuals are stored in the CCU central file located within CCU assigned office space.
4. Draft versions of CCU manuals, originating during the annual review and update process are deleted when the final version is approved by HHSD executive management.

E1322 Standard Operating Procedures

Standard Operating Procedures (SOPs) are documented methodologies used by CCU staff during contract monitoring actions.

1. The SOPs typically occur between revisions of the Contract Compliance Manual and serve as the formal documentation of procedures for which CCU staff members have determined a need to exist.
 2. The SOPs may be incorporated into the Contract Compliance Manual at its next annual revision or may continue in the SOP format, depending on the impact the SOP has in the contract monitoring process.
 3. The decision to include the SOPs in the manual comes from within the CCU, either made or approved by the CCU Program Manager.
 4. SOPs are reviewed annually during the months of May and June to determine future status.
 - 1) Terminated- Effective date for discontinued use is established and a retention flag is set for the SOP.
 - 2) Retained as SOP
 - 3) SOP is incorporated into the Contract Compliance Manual and SOP is deleted from the Policies and Procedures, SOP folder
 5. SOPs are maintained electronically on the HHSD data storage "L" Drive, in the CCU folder, Policies and Procedures, SOPs
- CCU Standard Operating Procedures

E1323 Contracts Risk Assessments Storage and Retention

1. Contract Risk Assessments are retained by fiscal year on the HHSD data drive "L" in the CCU folder, Contract Risk Assessments folder. CCU Risk Assessments
2. Within the CCU Contract Risk Assessments folders, by fiscal year contain documents, are risks assessments and supporting information.
3. CCU retains Contract Risk Assessments for the current year plus 4 additional years due to the carryover of contract information from year to year.

E1324 Contract Monitoring Plans

Contract monitoring plans provide the work flow for monitoring actions for the respective period (defined below). The monitoring plans are prepared annually.

E1324.1 Monitoring Plans

1. Separate plans are created for HIV and Social Services contract monitoring.

2. Social services monitoring plans follow the City of Austin fiscal year. The annual plan is developed in August and September for the period: October 1 – September 30.
3. HIV monitoring Plans follow the Ryan White grant funding year. The annual plan is developed in March and April for the period: May 1 – April 30.
4. The monitoring plan for the current year is available in the following formats.
 - 1) Web-site: HHSD web-site, Contract Compliance area (Convenience Copy) Replaced with most current plan
 - 2) Electronic: HHSD data drive "L" in the CCU folder, Monitoring Plans (Copy of Record) Retain electronic monitoring plans for the current year plus 2 years
 - 3) Hardcopy: CCU (Convenience Copy) Replaced with most current copy

E1325 Contract Monitoring Files

E1325.1 Purpose of Contract Monitoring File Maintenance

1. CCU creates and maintains files for each monitoring action conducted.
2. Files establish a mechanism for CCU staff to securely store and maintain information gathered during contract monitoring activities.
3. Monitoring actions are maintained by fiscal year
 - 1) CCU maintains a hardcopy file for each monitoring action
 - 2) CCU maintains an electronic file for each monitoring action
4. Hardcopy files will be stored in a central file cabinet providing access to CCU staff.
5. Electronic files are stored on the Shared L:\ drive in the section designated CCU.
6. The CCU follows the City's Administrative Retention Schedule.
7. At the conclusion of each monitoring action, electronic and hardcopy files are reviewed to determine they do not contain duplicative content or documents including the following.
 - 1) Contracts already stored in hardcopy or electronic formats accessible to CCU staff,
 - 2) Contractor monthly or quarterly reports accessible to CCU staff.
 - 3) Documents gathered during the monitoring action but do not have pertinence to the monitoring action
8. Content of the monitoring files can be used in comparison to future monitoring findings assessing compliance and service delivery by contractors receiving funding from the City of Austin.
9. The CCU information can also be used in reference to assessing performance of contractors submitting proposals to Requests for Proposals (RFPs).

E1325.2 CCU Monitoring File Organizational Structure

Policy: Contract Monitoring Records File and Document Names, Locations, and Retention Coding

1. CCU prepares two sets of records for every contract monitoring action:
 - 1) Copy of Record (an electronic file)
 - A. The official CCU file
 8. Retained on the L Drive, CCU Folder
 - 2) Convenience Record (hardcopy record)
 - A. The convenience and working copy of the CCU monitoring file.
 8. Retained by the lead monitor through monitoring close-out.
 - C. At close-out, the file is moved to the CCU Monitoring Records Archive.
2. The contract monitoring hardcopy file is maintained in a three ring binder with dividers for the following sections. The electronic file contains folders to accomplish the same purposes.
 - 1) Monitoring Close-out Letter
 - 2) Corrective Action Plan with Status Reports for Contract Manager and Management Response Form, including any supporting documentation
 - 3) Management Response
 - 4) Monitoring Report and Executive Summary
 - 5) Entrance and Exit Conference Agenda and Sign-in Sheets
 - 6) Contract and Amendment(s)
 - 7) Correspondence between CCU and the Contractor (e-mail, letters, etc.)
 - A. Correspondence is to be filed in order of date with the most recent correspondence at the top.
 8. When filing an email string, the most recent date of the email string will be used.
 - C. Written communications with contract manager
 - 8) Field Work
 - A. Completed On-Site Contract Monitoring Tool
 8. Documents submitted by Agency for review
 - C. Observations noted by Contract Monitor while on-site
 - 9) Support and Research Documents
 - A. Documentation gathered prior to the on-site monitoring
 8. Desk Review Tools completed by Contract Managers
 - C. Payment records
 - D. Financial documents
 - E. Monthly/Quarterly reports
 - F. Other relevant documentation in the Master Contract File
3. Each monitoring action record has specific naming requirements that include coding to track record retention.
4. Description of File Location and File Sections (Dividers or Folders)
 - 1) Each contract monitoring will be maintained in the following formats
 - 2) Electronic
 - 3) Hardcopy

- 4) The files are stored in the following locations:
- 5) City of Austin, HHSD electronic storage (L Drive, CCU Folder)

- 6) Hardcopy in CCU monitor's work area
- 7) All monitoring files follow the same method for organization
5. Every record has a standardized set of sections.
 - 1) In the electronic file, the sections are electronic sub-folders under the electronic folder established for the monitoring action.
 - 2) CCU will utilize the file folder/section names as follows in the Copy of Record and the Convenience Record.
 - A. 1 Monitoring Close-out
 - B. 2 Corrective Action
 - C. 3 Management Response
 - D. 4 Monitoring Report
 - E. 5 Entrance and Exit Conference Agendas
 - F. 6 Contract and Amendments
 - G. 7 Correspondence
 - H. 8 Field Work
 - I. 9 Support and Research Documents
 - 3) The Contract Compliance Unit uses the following Records Control Series for contract monitoring files.
 - A. LEG20-5A Obligations handled via COA competitive bid process
 - B. LEG20-10A Obligations not negotiated by COA Purchasing Department
 - C. GAR10-10A Working Papers - Convenience Records, resource information and draft documents
6. Retention requirements for contract monitoring files are based on the following criteria.
 - 1) Copy of Record - AC + 4 Years (LEG20-10A)
 - A. CCU must maintain the Copy of Record for a specific monitoring action through the close of the contract including any renewals/extensions that may be exercised plus 4 years from the final close of the contract.
 - B. The Copy of Record is retained on the L Drive in the CCU folder throughout the retention period.
 Example: HHSD Social Services (SS) Contract was established for a two year period: October 01, 2010 through September 30, 2012 with the option of two, one year renewals. Both renewal options were exercised, establishing final closeout of the contract to be September 30, 2014.
 - a) CCU monitored the contract for the period October 01, 2010 through September 30, 2011.
 - b) CCU completed the monitoring action and issued the close out letter February 25, 2012.
 - c) The Copy of Record for the specific monitoring action of the contract will be eligible for destruction on September 30, 2018 (4 years after the close out of the contract).
 - d) When the retention period has expired, a request for destruction must be submitted to the Records Management Administrator and approval must be granted prior to destruction of the records.

- e) **IMPORTANT NOTE:** Human Immunodeficiency Virus (HIV)
Contract monitoring actions may involve more than one contract.
 - a. Set the file retention period to match the contract ending plus 4 years farthest into the future.
 - b. Set flags for contracts with retention periods less than the maximum length (contract end plus 4 years is less than the period of the longest contract involved).
 - c. When the retention period(s) for contracts with shorter retention periods expire, the electronic file for the monitoring would be purged of the specific contract and related amendments, as well as any documents wholly tied to the specific contract to be purged. *Purging cannot* occur until after approval had been requested and obtained from the Records Management Administrator.
 - d. The "partial purge" of the monitoring file would prevent CCU from becoming the holder of the Copy of Record for a contract.
 - e. Example: HIV contract monitoring involving multiple contracts is completed with the monitoring close-out letter being issued on January 31, 2012. The monitoring action included the following contracts.
 - i. HIV Contract #1 and all renewals end on March 31, 2014. Plus 4 years would establish a retention period through March 31, 2018 for this contract.
 - ii. HIV Contract #2 and all renewals end on March 31, 2013. Plus 4 years would establish a retention period through March 31, 2017 for this contract.
 - iii. HIV Contract #3 and all renewals end on September 30, 2013. Plus 4 years would establish a retention period through September 30, 2017 for this contract.
 - iv. Contract documents pertaining to contracts #2 and #3 in this monitoring action can be purged on March 31, 2017 and September 30, 2017, respectively, after authorization for destruction has been requested through and approval has been granted by the Records Management Administrator.
 - v. The monitoring file must be retained through March 31, 2018. At that time, authorization for destruction must be requested through and approval be granted by the Records Management Administrator prior to destruction.
- 2) Convenience Record – AC = After Close, Terminated, Expired, or Settled (GAR10 - 10A)
- A. CCU will use "settled" as applying to the close-out letter issued by CCU at the end of the monitoring action.
 - B. CCU must maintain the Convenience Record for one year past the

issuance of the close-out letter for the monitoring action.

- C. Convenience Record (the secondary, paper copy and working copy of the specific monitoring action is retained in the CCU archive file throughout the retention period).
- D. Example: HHSD Social Services (SS) Contract was established for a two year period: October 01, 2010 through September 30, 2012 with the option of two, one year renewals. Both renewal options were exercised, establishing final closeout of the contract to be September 30, 2014.
 - a. CCU monitored the contract for the period October 01, 2010 through September 30, 2011 . CCU completed the monitoring action and issued the close out letter February 25, 2012.
 - b. The Convenience Record for the specific monitoring action of the contract will be eligible for destruction on February 25, 2013 (1 year after the close out of the monitoring action).
 - c. When the retention period has expired, a request for destruction must be submitted to the Records Management Administrator and approval must be granted prior to destruction of the records.
 - d. Retention requirements for the *Convenience Record* for HIV Contract monitoring actions are the same as stated above for Social Services contracts.

E1330 Unit Records Risk Management

E1331 CCU Operations Risks Assessments

CCU prepares an Annual Unit Operations Risk Assessment including the following areas.

1. Staff Funding
2. Policies and Procedures
3. Strategic Objectives
4. Software Issues
5. Complexity of Operations
6. Public Exposure
7. Confidentiality

E1332 Storage Location and Retention for Unit Operations Risk Assessments

Risk Management Assessments are retained by City of Austin Fiscal Year on the HHSD data drive "L" in the CCU folder, Unit Operations Risk Assessment folder. CCU Risk Management Assessments

1. Separate folders are prepared for Administrative Operations Risk Assessments and Contract Risk Assessments.
2. Within the above referenced folders, a folders, labeled with type of risk assessment and fiscal year are created to contain Risk Assessment and

supporting information

3. CCU retains Risk Management Assessments and backup data for the current year plus 4 additional years due to the carryover of contract information from year to year

E1340 Storage of Other Unit Records (Unit Meetings, Special Projects, And Other Similar Records)

All unit files are stored on HHSD data drives L and M.

E1341 Unit Records Storage Locations

Unit records (except personnel records) are maintained electronically on the HHSD data drive "L" in the CCU folder, typically by content and then subject, in order that information is accessible for all CCU staff. Personnel related records are maintained by the Unit Program Manager on secured space on the HHSD data drive M.

E1342 Retention of Unit Records

1. Unit reports are retained for the current year plus 2 years.
2. Training materials and presentations are reviewed annually to determine continuing value, with retention being maintained as long as information is viable.
 - 1) Documents must be evaluated in relation to how the content is viewed.
 - A. The document replaces (as an improvement on) a prior document.
 - B. The document utilizes some content of the original document but provides a different focus or addresses a different audience.
 - 2) Old training material and presentations are deleted, with the revision being retained.
 - 3) Old training material and presentations deemed obsolete are retained until the annual purge of CCU files.

E1350 Employee Records

CCU employees store personal files on the HHSD data drive M, accessible only by the specific employee. Unit files are stored on the HHSD data drive L, in the CCU folder. The CCU folder and records are accessible by all CCU employees. The complete CCU Records Management Policies and Procedures are included in the following URL. Employee Records Management

E1351 Storage of Employee Records

CCU complies with the City of Austin, HHSD records management and retention policies and procedures in order to safeguard employee records stored on City of Austin network drives. Compliance is applicable to all Contract Compliance Unit (CCU) employees.

1. Employee records related to contract monitoring processes or draft documents being prepared for unit use are maintained electronically on HHSD data drive "L" in the CCU folder, typically by content and then subject.

L Drive: These documents are shared records, not pertaining to a specific contract monitoring action that provides information, such as: resource information, summaries of training classes attended by an employee, research on work-related functions.

2. Employee records specifically to and for the employee are maintained on the HHSD data drive "M" in the employee name folder (such as: EmployeeName\$ on 'hhsorion' M©, typically grouped by content and then by subject, based on the employee's preference.

M Drive: Typically, these records are Outlook documents containing email, contact information, favorites, and personal setup records. Employee information may also be stored in Word, Excel, and PDF formats.

E1352 Retention of Employee Records

1. Employee reports are retained for the current year plus 2 years.
2. Training materials and presentations are reviewed annually to determine continuing value, with retention being maintained as long as information is viable.

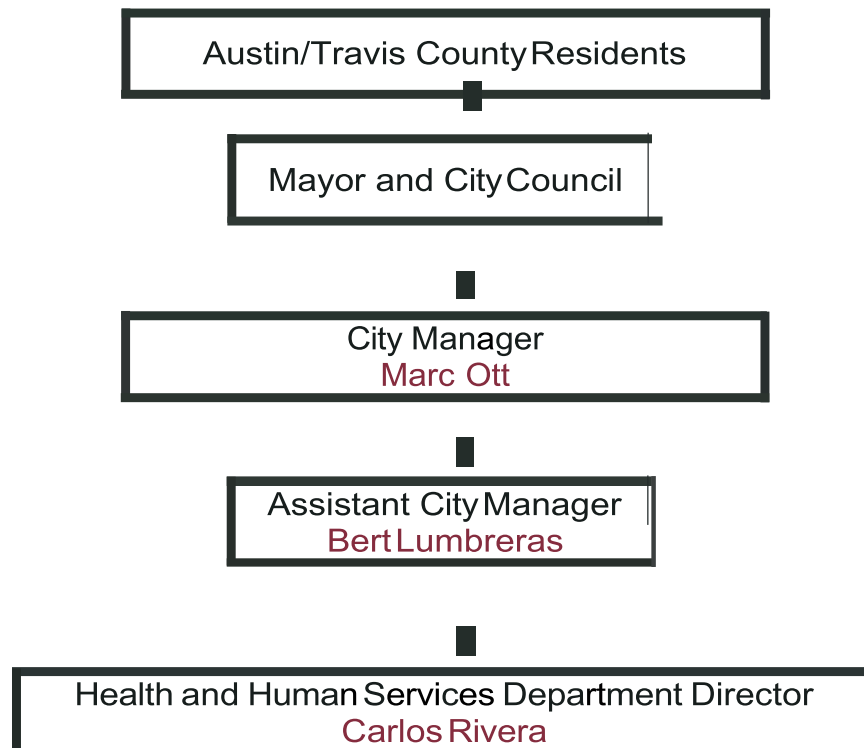
CONTRACT COMPLIANCE MANUAL

SECTION F TEMPLATES AND SUPPLEMENTAL INFORMATION

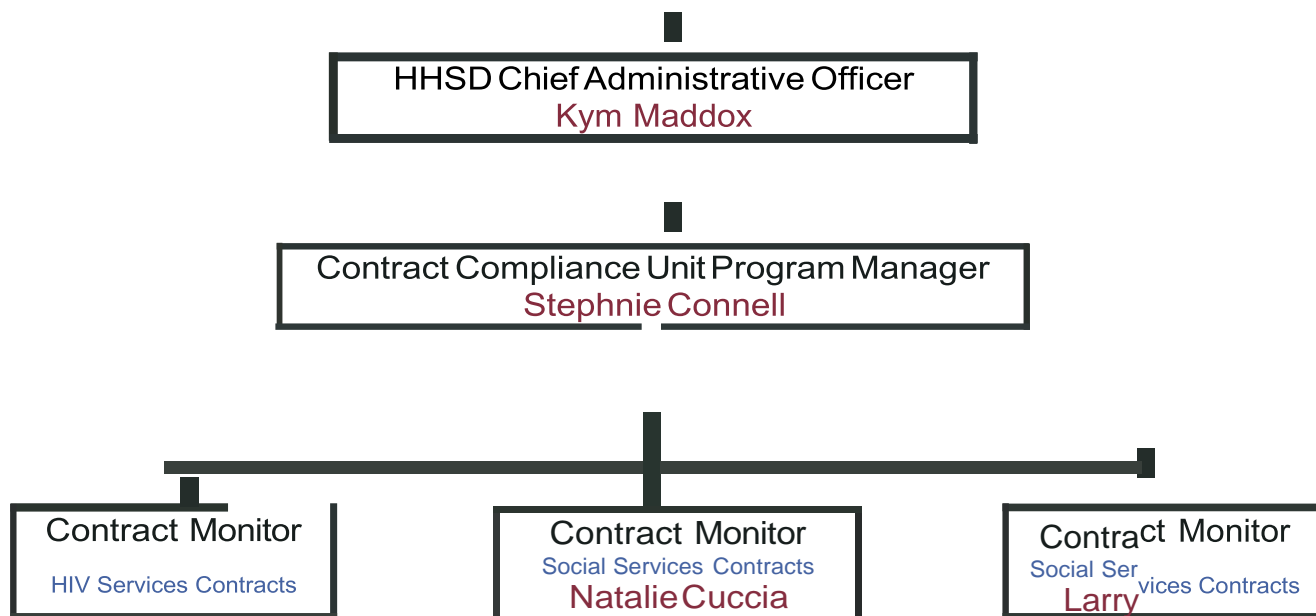
F1000 Contract Compliance Templates and Supplemental
Information F1100 CCU Organizational Chart

Austin /Travis County Health and Human Services Department Contract Compliance Unit

CCU Organizational Chart and Lines of Reporting



07-22-2013



F1300 Forms and Templates

CCU Letterhead CCU Letterhead Template Corrective
 Action Plan (CAP)
 Corrective Action Plan 30-60-90 Update Corrective Action Plan Template
 HHSD Letterhead HHSD Letterhead Template
 Management Response Template
 Monitoring Binder Cover Template Monitoring Binder Front Template
 Monitoring Binder Spline Template Monitoring Binder Spline Template
 Monitoring Report Executive Summary Template
 Monitoring Report Monitoring Report Template
 Monitoring Entrance/Exit Conf Sign-In Sheet Entrance Conf Sign-in Template
 Notification of On-site Monitoring Visit Template

Opportunities for Improvement Template

Risk Assessment Template

Site Monitoring Administrative and Financial Instrument (Social Services)

Site Monitoring Client Eligibility Instrument (Social Services)

Site Monitoring Personnel Review Instrument (Social Services)

Site Monitoring HIV Monitoring Tool

F1400 Standard Operating Procedures

120822-1 Standard Operating Procedures - Description of Use, Approval Process and Implementation

120723-1 Formatting Memos and Executive Summaries

120724-1 Determining Sample Size for Ryan White HIV Contract Monitoring Internal

120726-1 Management Response

F1500 Records Management Policies and Procedures

1. City of Austin, HHSD Records Retention Schedules

[HHSD Records Management - Control Schedules for Director and Administrative Services](#)

2. CCU Records Management Policies

1) CCU Records Management Policy 1.1.1

Document Names, File locations, Labeling, and Retention for Contract Monitoring Records

2) CCU Records Management Policy 2.1.1

[CCU Employee Records Management Procedure](#)

3) CCU Records Management Policy 3.1.1

[CCU Unit Records Management Procedure](#)

F1600 Contract Monitoring Reference Materials

1. *City of Austin Contract Monitoring Guide from the Financial and Administrative Services Department's Corporate Internal Audit Office, July 2008 (GOA Contract Manuals section Contract Compliance Guide).*

2. *City of Austin Contract Monitoring Guide, Purchasing Office, November 2011(GOA Contract Manuals section of the Contract Compliance Guide).*
3. *The State of Texas Contract Managing Guide (CMG), September 2011*
4. *The State of Texas Uniform Grant Management Standards (UGMS)*
5. *Texas Department of State Health Services Contractor's Financial Procedures Manual (CFPM), September 2011*
6. *HRSA Ryan White Part A National Monitoring Standards*
7. *2012 Texas Department of State Health Services Contract General Provisions (Core/Sub recipient)*
8. *OMB Circular A-133 Audit Requirements for State, Local and Tribal Governments, and Non-Profit Organizations*
9. [National Association of Social Workers Code of Ethics](#), Approved by the 1996 NASW Delegate Assembly and revised by the 2008 NASW

Appendix I: Contract Management Manual



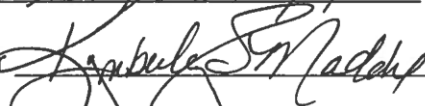
Contract Management Manual

Created 2/01/2012
Revised 8/28/2013



Austin Travis County Health and Human Services Department



Title: Contract Management and Monitoring Policy	Policy Number: Fiscal 3.7
Type: Administrative	
Approved: 	
Deputy Director:  2/2/2012	
Assistant Director: 	
/ Discipline Professional: <u>Stephnie Connell</u>	
Program Manager	
Attachments: Risk Assessment Tool, Desk Review Tool, Site Visit Tool, Contract Execute Form, Contract Amendment Form	
Effective Date: February 1, 2012	Revision/Reviewed Dates:

I. **Purpose:** Establish a Department wide policy for contract management and monitoring.

II. **Scope:**

X All Divisions

_____ Community Services

_____ Disease Prevention and Health Promotion

- _____ Environmental Health Services

- _____ Maternal Child and Adolescent Health

- _____ Administrative Services

III. **Policy:**

HHSD staff will manage and monitor contractor compliance consistent with the HHSD Contract Management and Compliance Manual and applicable grant requirements.

IV. **Procedure:**

Contract Management

HHSD Division Management will designate an employee to serve as the primary contract manager for *each* contract listed on the Master Contract List and report such

designation to the Contract Compliance Unit. The Master Contract List will be updated and maintained by the Contract Compliance Unit.

Contract Managers will comply with and complete all procedures as set out in the HHSD Contract Management and Compliance Manual in the course of managing their assigned contracts.

Contract Compliance

The Contract Compliance Unit (CCU) will develop an annual monitoring plan of HHSD service contracts based on risk for Director approval.

CCU will conduct onsite monitoring based on the approved monitoring plan, including ad hoc referrals per the process outlined in the HHSD Contract Management and Compliance Manual.

CCU will review a sample of department contract files annually to provide the Director with reasonable assurance of overall staff compliance with the HHSD Contract Management and Compliance Manual.

This manual sets forth the procedures for contract management and compliance activities related to the HHSD policy on contract management Fiscal 3.7.

The manual is based on the tenant of communication between and among all parties, including contractors.

Contract Management

The manual provides the Monitoring Service Contract procedure, which lays out the responsibilities of both the contract manager and the contractor, as well as providing easy to use tools for contract desk reviews and on site reviews.

The manual was developed by a cross-departmental team of contract managers and supervisors, taking into account the standards for HHSD contract management and additional grant requirements.

These contract management standards and procedures do not supersede specific requirements and/or approvals of any grant or grantor. Where grant/grantor requirements equal or exceed HHSD contract management standards, the grant/grantor requirements take the place of local HHSD standards, procedures, and forms.

The manual establishes minimum standards all contract managers must meet.

Contract Compliance

The manual includes responsibilities for the Contract Compliance Unit (CCU) established in FY12. The Contract Compliance Unit is responsible for reasonably ensure that there is standardized Departmental contract oversight across HHSD.

- Annual monitoring plan based on risk developed and executed
- Oversight of contract manager compliance through sampling of desk reviews
- Provision of internal training, TA, and continuous quality improvement

Goals

- To reasonably ensure that City funds are being used effectively for the purpose(s) outlined in the contract and in compliance with the terms and conditions of the contract
- To ensure that HHSD contract management staff and their managers are complying with the Contract Management and Monitoring Policy

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 - d. CCU Oversight of Desk Reviews
 - e. Site Reviews

- f. Development of Corrective Action Plan and Follow-Up
- g. Ad Hoc Reviews
- h. Communications
- i. Staff Training
- j. Contract Monitoring File Maintenance Procedures

2. Risk Assessment

3. On-Site Review

4. Sample Letters

5. Administrative Bulletins

- a. Purchasing and Contracting Authority and Related City Charter Requirements
- b. Roles and Responsibilities for Financial Management

6. City of Austin Contract Guides

- a. Purchasing Office Contracting Monitoring Guide
<http://purchweb.ci.austin.tx.us/intranet/ContractMonitor/contractmonitoringguide.pdf>
- b. Financial and Administrative Services Department Contract Monitoring Guide
<http://purchweb.ci.austin.tx.us/intranet/Download/ContractMonitoringGuide.pdf>

7. *Appendices*

- a. Appendix A. Contract Monitoring Flow Chart
- b. Appendix B. Management Response Template
- c. Appendix C. Glossary of Terms

Monitoring Service Contracts – Overview

This procedure sets forth three levels of monitoring conditions with specific actions related to each level, including responsibilities for communicating with and receiving approval from management as well as communication with contractors. The procedure also sets forth documentation requirements, including the development of an approved Corrective Action Plan for use when a contractor moves from the basic reporting level to the expanded reporting level.

There are three levels of monitoring conditions related to the contractor's compliance with terms and conditions.

- Level One: Basic Reporting
- Level Two: Expanded Reporting
- Level Three: Referral to the HHSD Contract Compliance Unit

Any contract monitoring plan(s) must be sent to CCU by August 1st for inclusion in the department's annual monitoring plan.

This procedure must be followed for all service contract management.

These contract management standards and procedures do not supersede specific requirements and/or approvals of any grant or grantor. Where grant/grantor requirements equal or exceed HHSD contract management standards, the grant/grantor requirements take the place of local HHSD standards, procedures, and forms.

Monitoring Service Contracts

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HHSD Procedure for
Monitoring Service Contracts

The following describes the procedure to be followed by HHSD Contract Monitoring staff.

Part I- HHSD Monitoring Procedure

The HHSD Procedure for Monitoring Service Contracts is based on the current “Monitoring Level” the Contractor is under. There are three Monitoring Levels:

1. Monitoring Level 1- Basic reporting level

Criteria:

- Contractor is providing its reports in a timely manner.
- Reports are complete and accurate.
- Expenditures are adequately supported by documentation.
- Contractor is spending funds and providing services according to the contract requirements.

Required Actions:

- Monitoring by staff consists of monthly report desk reviews, an annual desk review and on-site meeting, and periodic on-site reviews as needed.
- If a contract compliance issue arises, the contract manager provides documented technical assistance to help the Contractor resolve the compliance issue within agreed upon timeframes.

Transition from Monitoring Level 1 to 2:

- If the technical assistance does not resolve the compliance issue, the Contract Manager will inform their supervisor that they would like to move the Contractor to Monitoring Level 2.
- The Contract Manager’s supervisor must approve moving a Contractor to Level 2 in writing.
- The Contractor will be notified by a letter from the Assistant Director of the change to their Monitoring Level.

2. Monitoring Level 2- Expanded reporting level

Criteria:

- Contractor has missed reporting deadlines.
- Reports are inaccurate and/or incomplete.
- Contractor is experiencing problems with contract compliance.

Required Actions:

- Contract Manager notifies supervisor of need to transition from Level 1 to Level 2, providing necessary back-up documentation. Upon approval, supervisor makes recommendation to Assistant Director.

- Assistant Director informs the Contract Compliance Unit by email that a Contractor has been placed on Level 2.
 - Staff develops and receives supervisory approval of a Corrective Action Plan (*refer to Corrective Action Plan Guidelines*).
 - Contractor is required to submit additional support documentation for financial or performance reports.
 - Monitoring by staff consists of a *follow-up* on-site review, and monitoring of Contractor's progress with the Corrective Action Plan, monthly report desk reviews, an annual desk review and on-site meeting as needed, and periodic on-site reviews as needed.
-

Transition from Monitoring Level 2 to 3:

- If the Corrective Action Plan is not met within a maximum period of three (3) months from the initial contract noncompliance issue, the Contract Manager will inform their supervisor that they would like to move the Contractor to Monitoring Level 3.
- The Contract Manager will notify their supervisor and the Assistant Director for their division of the need to refer an agency to the CCU. An email will be sent by the Assistant Director to the CCU Manager, with a copy to the Contract Manager and their supervisor. The email will reference the Contractor's name, contract number and period, and a brief explanation of the noncompliance issue. The email will also contain a copy of any notices previously sent to the Contractor (by letter or email) where HHSD attempted to address the noncompliance issue.
- A Compliance Management Team (CMT) comprised of CCU staff, the applicable program staff, and the Assistant Director will meet to review the noncompliance information provided by the program staff, and make a recommendation for what action to take.
- The Chief Administrative Officer (CAO) will review and approve or disapprove of the recommendation, and will notify the Department Director of the recommended action.
- The Contractor and Contractor's Board Chair will be notified of the change to their Monitoring Level by Certified letter, signed by the Department Director.

3. Monitoring Level 3- HHSD Contract Compliance Unit (CCU)

Criteria:

- Contractor is non-compliant with reporting deadlines.
- Reports are consistently inaccurate and/or incomplete.
- Even after numerous attempts by HHSD staff to provide technical assistance, agency is still noncompliant.

Required Actions:

- On-site monitoring to be handled by CCU staff.
- Items that require following City and Department protocols/policies for action:
 - Any recurring contract noncompliance issue that occurs at least 3 times within the contract period (refer to Contract Desk Review for documentation).
 - Any serious client health and safety concerns (*i.e.* client injuries or death).
 - Potential fraud/theft.
- Monitoring by staff consists of monthly report desk reviews, an annual desk review and on-site meeting, and periodic on-site reviews as needed to confirm compliance.

A contractor's monitoring level may be elevated directly from Level 1 to Level 3 if a compliance issue merits the greater level of monitoring and CCU involvement. Such a decision must be approved by the relevant Assistant Director and HHSD Chief Administrative Officer.

CORRECTIVE ACTION PLAN GUIDELINES

The contract manager will oversee the development and/or implementation of the organization's Corrective Action Plan. It must be approved by the supervisor and the Assistant Director.

The Corrective Action Plan will have a three-month maximum timeframe for completion.

The following constitutes the minimum items that will be included in a Corrective Action Plan:

1. A clear statement of the specific deficiency(ies) to be corrected.
2. A summary of the method used to discover the deficiency(ies).
3. A summary of the findings.
4. Required actions.
5. Timeframe for follow up review to determine whether the Corrective Action Plan is being followed and is effective.

Contract Desk Reviews – Overview

Contract managers are responsible for conducting desk reviews both on a periodic basis in response to the submission of a document, payment request, performance report, etc., and on an annual basis as an overview of the contractor's compliance. The annual desk review will be maintained in the contract file and made available to the Contract Compliance Unit (CCU) and used as a component in assessing risk related to that contract.

This single desk review tool serves as the documentation tool for all types of contract management activities, including prior monitoring results.

It is designed so that items are either marked "yes" or "no", with "no" being a negative response on a compliance basis. Answers of "no" require information to be provided in the comment section. Contract managers are also encouraged to include comments when selecting "yes", as this is a tool that supports both the contract manager's decisions and the contractor's responses.

This tool may be incorporated in different manners, depending on the type of contract being managed. It is incorporated into the CTK contract management system for all social services contracts. It is also available in both Word and Excel formats for managers not using the CTK system.

Contract Desk Review Signature Requirements

Report Type	Monitoring Levels		
	1	2	3
DR – Annual Desk Review	Contract Manager/ Supervisor	Contract Manager/ Supervisor	Contract Manager/ Supervisor
FR – Financial Report	Contract Manager/ 2 nd reviewer	Contract Manager/ 2 nd reviewer	Contract Manager/ 2 nd reviewer
PR- Performance Report	Contract Manager/ Supervisor	Contract Manager/ Supervisor	Contract Manager/ Supervisor

AR – Administrative Report	Contract Manager	Contract Manager/ Supervisor	Contract Manager/ Supervisor
PM – Prior Monitoring Results	Contract Manager	Contract Manager/ Supervisor	Contract Manager/ Supervisor

CM - Contract Desk Reviews - Overview

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CONTRACT DESK REVIEW

Guidelines for Contract Desk Review

The following guidelines will assist staff in completing the Contract Desk Review form for the applicable report being reviewed. Please note the following general guidelines regarding this form:

- This form must be used unless the program has a comparable desk review tool required by the grantor and approved by HHSD.
 - Program staff are responsible for ensuring that they are meeting all grantor requirements.
 - This form can be expanded to fit your specific program needs.
- For any items checked in the “No” column, a Comment must be provided in the Comments field. “Yes” comments are also encouraged.
- For any items on the checklist that are not part of the review, please check the N/A (Not Applicable) for those items.
- The Annual Desk Review should be completed in the Third (3rd) Quarter of the City’s Fiscal Year.
- A face to face meeting, tour and brief review will be held at the organization regarding the annual desk review before the end of the 4th Quarter of the City’s Fiscal Year.

<u>Report Type:</u>	AR- Administrative Report	*CR- Contract Closeout Report	DR- Annual Desk Review
----------------------------	----------------------------------	--------------------------------------	-------------------------------

*CR – The Contract Desk Review tool must be used for a Contract Closeout Report if a customized tool is not used or required for the program/grant.

I. **FINANCIAL REVIEW**

- A. The pay request and expenditure reports must be submitted by the required deadline stated in the contract. Be sure to indicate the date the report was received on the report itself, for tracking purposes.
- B. If documentation to support expenses is required by the contract, then there should items such as a general ledger, receipt copies, etc. to support the total amount of expenses claimed in the report.
- C. The figures on the expenditure report must reflect actual cumulative expenditures, payments made to the Contractor, and contract balances, and the math must be correct.
- D. *Allowable*- this refers to whether the items being purchased are allowed under the contract (i.e. Capital equipment items must be pre-approved). In addition, the items must not be on the Unallowable Costs list reflected in the contract (if applicable).
- E. For contracts that report Administrative/Indirect costs, did the Contractor keep within their Administrative/Indirect Cost rate? Determine if their Indirect Cost rate is reasonable.

- F. Compare % of contract funds spent vs. % of contract time elapsed. If the difference between the two percentages is greater than 10%, then the Contractor might need some technical assistance to find out why the spending ratio is so low or high.
- G. For items that require a procurement process (i.e. obtaining three bids), documentation should be provided to verify that the Contractor's procurement process was followed.
- H. Any additional grant requirements regarding the review of Financial Reports.

CONTRACT DESK REVIEW

II. PERFORMANCE REVIEW

- A. The performance report must be submitted by the required deadline stated in the contract. Be sure to indicate the date the report was received on the report itself, for tracking purposes.
- B. Compare cumulative performance vs. their goal. Look for possible trends in performance (i.e. seasonal, academic school year, etc.), and ensure that any variances from the performance goals include an explanation of variance by the Contractor.
- C. Compare % of goal achieved vs. % of contract time elapsed. For instance, if 50% of the contract time has elapsed, you would expect their cumulative performance to be around 50%.
- D. All of the required information is provided on the report. This could include client demographics or zip code information.
- E. Any additional grant requirements regarding the review of Performance Reports.

III. ADMINISTRATIVE REVIEW

- A. Is the percentage of time staff devotes to the program appropriate? Are the job descriptions appropriate? Is there high staff turnover? Are Criminal Background checks conducted on staff that work with special populations? Are staff licensures verified?
- B. Review Contractor insurance certificate(s) and ensure they are current and contain all of the insurance coverage required by the City of Austin (please refer to *HHSD Insurance procedures*).
- C. Does the Contractor have any City-owned inventory? Are capital equipment items tagged and tracked? Is the inventory list up-to-date?
- D. Ensure Contractor is providing an annual copy of their agency's Single Audit, Financial Audit, or Financial Review to HHSD according to their Fiscal Year End (please refer to *HHSD Audit procedures*).
- E. If this is a Contract Closeout report, did Contractor submit a Final Program report and a Final Payment Request and/or Final Expenditure report?
- F. Any additional grant requirements regarding the review of Administrative items.

IV. PRIOR MONITORING RESULTS

- A. Review any previous monitoring reports to see if any compliance or issue(s) were found and if so, if they were addressed.
- B. If concerns or findings were identified, the Contractor has made adequate progress on prior unresolved concerns or findings.
- C. If required or requested, the Contractor must provide a copy of any final monitoring reports received from their other funders' within the past 12 months.
- D. If the Contractor provided another funder's monitoring report (required or upon request), did the agency resolve any and all concerns or findings from that monitoring report? Are there any outstanding issues?

E. Any additional grant requirements regarding prior monitoring information.

Contract Desk Review Signature Requirements

Report Type	Monitoring Levels		
	1	2	3
DR – Annual Desk Review	Contract Manager/ Supervisor	Contract Manager/ Supervisor	Contract Manager/ Supervisor
FR – Financial Report	Contract Manager/ 2 nd reviewer	Contract Manager/ 2 nd reviewer	Contract Manager/ 2 nd reviewer
PR- Performance Report	Contract Manager/ Supervisor	Contract Manager/ Supervisor	Contract Manager/ Supervisor
AR – Administrative Report	Contract Manager	Contract Manager/ Supervisor	Contract Manager/ Supervisor
PM – Prior Monitoring Results	Contract Manager	Contract Manager/ Supervisor	Contract Manager/ Supervisor

CONTRACT DESK REVIEW

CONTRACTOR:				TYPE OF REPORT: <i>(please circle)</i>		AR	CR	DR	FR	PM	PR
PROGRAM:				DATE CONTRACTOR SUBMITTED REPORT:							
REVIEWER(S) First : _____ (print)				DATE REVIEWED:		CONTRACT PERIOD:					
Second : _____ (print)											
I. FINANCIAL REVIEW				YES	NO	N/A	COMMENTS				
A. Pay request and Expenditure report submitted timely											
B. Documentation provided to support the amount requested?											
C. Accounting is correct on request form?											
D. All expenses are allowable?											
E. Are expenditures for administrative/indirect costs versus direct service delivery costs within approved range and/or reasonable? If not, what was done to address issues?											
F. Has the contractor made adequate progress toward spending funds awarded?											
G. Approved procurement procedures were followed?											
H. Additional grant requirements											
II. PERFORMANCE REVIEW											
A. Performance report(s) submitted timely?											
B. Is the entity making satisfactory progress on the work of this contract and/or meeting performance goals?											
C. Achievement vs. expenditures is reasonable?											
D. Report(s) contains all necessary information?											
E. Additional grant requirements											
III. ADMINISTRATIVE REVIEW											
A. Is staffing appropriate to administer the program?											
B. Documentation of necessary and up-to-date insurance/bond provided?											
C. Inventory is up to date (if applicable)?											
D. Audits submitted for review annually (if applicable)?											
E. If this is a close out, have final payment and program reports been submitted?											
F. Additional grant requirements											
IV. PRIOR MONITORING RESULTS											
A. Was the previous monitoring report(s) free of findings?											
B. Has there been appropriate progress toward resolving them?											
C. If required or requested, other funders' monitoring reviews have been provided from the past 12-months?											
D. Were all concerns or findings resolved from other funding monitoring reviews? If applicable.											
E. Additional grant requirements											
Contract Manager's Signature:						Date:					
Second Review Signature (if applicable):						Date:					
Supervisor's Signature:						Date:					
Monitoring Level <i>(please circle)</i>				1	2	3					

Review of Financial Reports

- Use the Contract Desk Review form
- Follow the Contract Desk Review Guidelines
 - The pay request and expenditure reports must be submitted by the required deadline stated in the contract. Be sure to indicate the date the report was received on the report itself, for tracking purposes.
 - If documentation to support expenses is required by the contract, then there should be items such as a general ledger, receipt copies, etc. to support the total amount of expenses claimed in the report.
 - The figures on the expenditure report must reflect actual cumulative expenditures, payments made to the Contractor, and contract balances, and the math must be correct.
 - *Allowable*- this refers to whether the items being purchased are allowed under the contract (i.e. Capital equipment items must be pre-approved). In addition, the items must not be on the Unallowable Costs list reflected in the contract (if applicable).
 - For contracts that report Administrative/Indirect costs, did the Contractor keep within their Administrative/Indirect Cost rate? Determine if their Indirect Cost rate is reasonable.
 - Compare % of contract funds spent vs. % of contract time elapsed. If the difference between the two percentages is greater than 10%, then the Contractor might need some technical assistance to find out why the spending ratio is so low or high.
 - For items that require a procurement process (i.e. obtaining three bids), documentation should be provided to verify that the Contractor's procurement process was followed.
 - Any additional grant requirements regarding the review of Financial Reports.
- If Financial Review is to approve payment request, two (2) signatures are required on the form - Second level signature required for all financial reports and payments. Second level could be financial consultant/specialist or supervisor/manager.
- If deficiencies are reported, refer to the procedures on Monitoring Service Contract for next step

Contract Desk Review Signature Requirements

Report Type	Monitoring Levels		
	1	2	3
FR – Financial Report	Contract Manager/ 2 nd reviewer	Contract Manager/ 2 nd reviewer	Contract Manager/ 2 nd reviewer

Review of Performance Reports

- **Use the Contract Desk Review form**
- **Follow the Contract Desk Review Guidelines**
 - The performance report must be submitted by the required deadline stated in the contract. Be sure to indicate the date the report was received on the report itself, for tracking purposes.
 - Compare cumulative performance vs. their goal. Look for possible trends in performance (i.e. seasonal, academic school year, etc.), and ensure that any variances from the performance goals include an explanation of variance by the Contractor.
 - Compare % of goal achieved vs. % of contract time elapsed. For instance, if 50% of the contract time has elapsed, you would expect their cumulative performance to be around 50%.
 - All of the required information is provided on the report. This could include client demographics or zip code information.
 - Any additional grant requirements regarding the review of Performance Reports.
- If deficiencies are reported, refer to the procedures on Monitoring Service Contracts for next step

Contract Desk Review Signature Requirements

Report Type	Monitoring Levels		
	1	2	3
PR- Performance Report	Contract Manager/ Supervisor	Contract Manager/ Supervisor	Contract Manager/ Supervisor

CM – Review of Performance Reports

Revised 8/28/13

Page 1 of 1

Prior Monitoring Results

- **Use the Contract Desk Review form**
- **Follow the Contract Desk Review Guidelines**
 - Review any previous monitoring reports to see if any compliance or issue(s) were found and if so, if they were addressed.
 - If findings were identified, the Contractor must be able to show that services are now being provided according to the contract specifications.
 - If required or requested, the Contractor must provide a copy of any final monitoring reports received from their other funders' within the past 12 months.
 - If the Contractor provided another funder's monitoring report (required or upon request), did the agency resolve any and all concerns or findings from that monitoring report? Are there any outstanding issues?
 - Any additional grant requirements regarding prior monitoring information.
- If deficiencies are reported, refer to the procedures on Monitoring Service Contract for next step

Contract Desk Review Signature Requirements

Report Type	Monitoring Levels		
	1	2	3
PM – Prior Monitoring	Contract Manager	Contract Manager/ Supervisor	Contract Manager/ Supervisor



Annual/Close-Out Reports

- **Covers all areas of contract compliance**
- Use the Contract Desk Review form
- Follow the Contract Desk Review Guidelines
 - **Financial**
 - **Performance**
 - **Administrative**
- Close-Outs reviews must be completed by the Contract Manager within 30 days of receipt of a complete and correct close out packet from contractors.
- If deficiencies are reported, in Annual Desk Review, refer to the procedures on Monitoring Service Contract for next step



On-Site Reviews – Overview

All contracts are required to have at least one On-Site Review annually.

This review may be formal in nature, as indicated by the contractor's overall compliance, or it may be less formal and conducted as a follow-up visit related to the annual desk review. Reviews may be conducted specifically in regard to one or more areas of noncompliance, or they may be more of an overview of the contractor's performance.

Grantors may require specific reviews, and it is the responsibility of the contract manager to ensure compliance with grantor On-Site review requirements.

The On-Site review tool and preparation information prepares the contract manager and the contractor for the On-Site visit.

Contract managers are to complete On-Site reviews with at least one other HHSD staff member. More may be included in the review depending on its size and nature.

All On-Site reviews must be followed by a written report, reviewed and approved by a manager. In cases where results of the On-Site review include concerns and/or findings, additional levels of management review may be necessary. The requirements are described in this section.

These contract management standards and procedures do not supersede specific requirements and/or approvals of any grant or grantor. Where grant/grantor requirements equal or exceed HHSD contract management standards, the grant/grantor requirements take the place of local HHSD standards, procedures, and forms.

On-Site Review Requirements by Monitoring Level

Level I

- All contractors will receive an annual on-site review
- Reviews will typically be held within the third or fourth quarter of the City fiscal year, following completion of the annual desk review
- Purpose is to share the results of the desk review, conduct informal review(s) based on the results of the desk review, and tour the agency operations to become familiar with the organization
- If the contractor is experiencing difficulty with performance in one or more areas, an on-site review
- All on-site reviews require a written follow-up to confirm areas reviewed and results, if any, of the review
- Written reports must receive supervisor approval before distribution
- If there are concerns or findings, Assistant Director review and approval will be required

Level II

- On-site review will be held as a follow-up to the agency's Corrective Action Plan
- Focus will be on the areas outlined in the review
- It will be conducted within the time frame outlined in the Plan
- All on-site reviews require a written follow-up to confirm areas reviewed and results, if any, of the review
- Written reports must receive supervisor approval before distribution
- If there are findings, Assistant Director must review and their approval will be required
- If findings are not resolved, follow the transition process for moving an organization between Level II and Level III

Level III

- Contract manager is responsible for conducting follow-up reviews of the agency's compliance with recommendations, as well as maintaining all other contract manager responsibilities
- Written reports must receive supervisor, AD, and CCU review and approval before distribution to the agency
- Failure to meet requirements must be referred to the CCU for determination of next steps

PREPARATIONS FOR ON-SITE REVIEW

On-site Monitoring is conducted to ensure the Contractor's progress and performance conforms to the contract and grantor requirements. On-site reviews may:

- a. Assess progress;
 - b. Examine changes in activities; and
 - c. Identify or help resolve existing or potential problems.
1. Site reviews may be conducted throughout the funding period on an as-needed basis, at the discretion of the Contract Management staff, Program Supervisor/Manager, or the Contractor.
2. Determine the scope of the review which may include any of the following:
 - a. Financial
 - b. Performance
 - c. Administrative
 - d. Other programmatic need
3. On-site review can be scheduled with or without notice based on contract need.
 - a. A scheduled On-site review should be requested no less than **two weeks prior** to the desired visit.
4. Once the review has been set, the Contract Manager will send written confirmation that includes:
 - a. Scope of visit;
 - b. On-site Review Checklist;
 - c. Date and time of the review;
 - d. Name of the staff conducting the site review;
 - All On-site reviews will, at a minimum, include the assigned Contract Manager and an additional staff member
 - e. A request that all contract-related documents be made available for review on-site; and
 - f. Contractor personnel who must be available for the review.
5. **Before** conducting the On-site review, staff should review the Contractor's:
 - a. Contract
 - b. Desk Reviews
 - c. Performance Reports
 - d. Financial Reports
 - e. Any previous correspondence
 - f. Reports from previous internal and external reviews, if applicable

6. Review and follow the On-site Review Checklist Guidelines.
7. During the On-site review, staff should:
 - a. Conduct entrance conference to discuss scope of visit (use Entrance Sign-in Sheet)
 - b. Conduct the review using the On-site Review Checklist
 - c. Conduct exit conference summarizing activities taken during the review Use the Exit Sign-in Sheet to confirm attendance
 - d. Results should not be shared at that time
8. After visiting the project site, staff should complete the following tasks:
 - a. Attach all documentation required to support the review
 - b. Meet with staff to review the findings of the monitoring review and agree on a course of action.
 - c. Vet the findings and proposed course of action with supervisor.
 - d. Responsibility can then be assigned for follow-up on the review, depending on the nature of the findings.
 - e. Assigned staff will generate a summary report with the results of the review.
 - f. Report must be reviewed and approved by the supervisor. If there are findings, the Assistant Director must review and approve.
 - g. The report will be sent to the Contractor and a follow-up phone call will be made (if needed) to discuss the report. The summary report will include:
 - Areas of strength
 - Areas for improvement or of noncompliance
 - Recommended actions to address items of concern or for follow up, persons responsible.
9. Any responding comments to the report will be due within contract term specifications following receipt of the formal report.
10. Place the checklists and documentation in the central file.

ON-SITE REVIEW CHECKLIST

Guidelines for On-Site Review Checklist

The following guidelines will assist staff in completing the On-Site Review Checklist form for the applicable program being reviewed. Please note the following general guidelines regarding this form:

- This form is recommended unless the program has an alternative On-Site review tool required by the grantor.
 - Program staff are responsible for ensuring that they are meeting all grantor requirements.
 - This form can be expanded to fit your specific program needs.
- For any items checked in the “No” column, a Comment must be provided in the Comments field.
- For any items on the checklist that are not part of the review, please check the N/A (Not Applicable) for those items.

I. FINANCIAL REVIEW

- A. The Contractor's financial documentation must match the identified reimbursement request(s) being reviewed during the on-site visit.
- B. Review Contractor's Cost Allocation Plan to determine if funds for the program being reviewed are being distributed or allocated by funding source according the contract specifications.
- C. Review Contractor's financial documentation for any advance of funds. Documentation should reflect paid expenditures, incurred within the contract period, that reconcile the advance payment amount, and reflect that services were provided.
- D. If documentation to support expenses is required by the contract, then there should items such as a general ledger, financial statements, invoices, bills, receipt copies, etc. to support the expenses for the program being reviewed.
- E. Review monthly bank reconciliation documentation to ensure that program funds are being accounted for appropriately.
- F. If interest earned from contract funds, usage of the interest must be appropriately documented.
- G. If program income is generated by the Contractor, usage of the program income must be appropriately documented, including the application of program income back into the program itself.
- H. Documentation for direct services costs (for clients) reflects reasonable and eligible costs under the contract terms.
- I. For items that require a procurement process (i.e. obtaining three bids), documentation should be provided to verify that the Contractor's procurement process was followed.
- J. For contracts that report Administrative/Indirect costs, did the Contractor keep within their Administrative/Indirect Cost rate? Determine if their Indirect Cost rate is reasonable and eligible under the contract terms.
- K. Review documentation for administrative/indirect costs to determine if costs are applied appropriately per the contract requirements.
- L. Any additional grant requirements regarding the review of Financial information.

II. PERFORMANCE REVIEW

- A. Contract-related information, including project files and staff interviews must support program activities as per contract terms/provisions.

- B. Contractor must maintain project records that support the performance results that are reported to the City.
- C. Review client or project files to ensure that appropriate documentation is being maintained (i.e. client eligibility information, case notes, sign-in sheets, etc.).
- D. Any additional grant requirements regarding the review of performance information.

ON-SITE REVIEW CHECKLIST

III. ADMINISTRATIVE REVIEW

- A. The record retention period for documentation must meet the requirements stated in the contract or by the grant.
- B. Indicate any information that reflects outside pressure or contractor relationships with special interest groups might have hindered the Department's ability to manage the contract.
- C. Postings and policies are in public viewing or easy accessible.
- D. Review employee personnel files for completeness and to ensure that employees are legally able to work. Items to look for include: Job description, job application and/or resume, copies of identification, I-9 form, W-4 form, and written acknowledgement of receiving personnel policies. Are Criminal Background checks conducted on the staff who work with special populations? Are staff licensures verified?
- E. Contractor should have documentation of compliance with any contract terms that are not captured in a regular report.
- F. If working with Subcontractors, Contractor must have signed, written agreements with each Subcontractor, and which must contain critical pass through contract terms of the City. Review copies of written agreements with Subcontractors.
- G. If working with Subcontractors, all agreements must have been signed prior to disbursing/reimbursing of program funds.
- H. Any additional grant requirements regarding the review of administrative information.

IV. PRIOR MONITORING RESULTS

- A. Review any previous monitoring reports to see if any compliance or issue(s) were found and if so, if they were addressed.
- B. If concerns or findings were identified, the Contractor has made adequate progress on prior unresolved concerns or findings.
- C. If required or requested, the Contractor must provide a copy of any final monitoring reports received from their other funders' within the past 12 months.
- D. If the Contractor provided another funder's monitoring report (required or upon request), did the agency resolve any and all concerns or findings from that monitoring report? Are there any outstanding issues?
- E. Any additional grant requirements regarding prior monitoring information.

ON-SITE REVIEW CHECKLIST

CONTRACTOR:				TYPE OF REVIEW:
PROGRAM:				DATE OF REVIEW:
REVIEWER(S) 1. _____ (print) 2. _____ (print)				CONTRACT PERIOD:
I. FINANCIAL REVIEW	YES	NO	N/A	COMMENTS
A. Does the financial documentation match reimbursement request?				
B. Is there sufficient progress in spending/requesting funds to meet the contract goals? If not, is there a plan in place for making better progress in the future?				
C. If advances of funds are issued, are funds spent and documented in the appropriate time frame?				
D. Does documentation exist to support expenditures (receipts, vouchers, invoices, or other supporting information including general journal entries that support the payment request submitted)?				
E. Does the contractor maintain records that indicate monthly bank reconciliations have been conducted?				
F. If the contractor earns interest from contract funds, is the interest documented and used appropriately?				
G. If the contractor earns program income from contract funds, is the program income documented and used appropriately?				
H. Do the direct service costs appear to be reasonable and eligible under the contract terms?				
I. Were procurement procedures followed for major purchases?				
J. Do the administrative costs appear to be reasonable, eligible and limited to the appropriate % under the contract terms?				
K. Are records maintained that indicate how administrative costs are used?				
L. Additional grant requirements				
II. PERFORMANCE REVIEW				
A. Do written materials, project files, and staff interviews indicate that contract activities are consistent with the contract terms/provisions?				
B. Is there documentation to verify reported results for specific performance goals stated in the contract?				
C. Does an inspection of a sample of files (client, participant, activity, etc.) indicate that proper documentation is maintained?				
D. Additional grant requirements				

ON-SITE REVIEW CHECKLIST

III. ADMINISTRATIVE REVIEW				
A. Have adequate records been retained for the appropriate period of time?				
B. Based on information that came to light during planning, contractor interviews, or the documentation review: Is the contract <u>not</u> influenced by outside pressure or contractor relationships with special interest groups that could hinder the department's ability to sufficiently manage the contract?				
C. Are all required postings and policies present?				
D. Are employee files maintained with appropriate documentation?				
E. Is there evidence that the contractor is in compliance with contract terms (even with those that do not require a report)?				
F. If the Contractor works with Sub-Contractors, are there signed agreements for each of them that contain the critical pass through terms from the City?				
G. If the Contractor works with Sub-Contractors, were sub-contractor agreements signed before disbursing/reimbursing any funds?				
H. Additional grant requirements				
IV. PRIOR MONITORING RESULTS				
A. Was the previous monitoring report(s) free of findings?				
B. Has there been appropriate progress toward resolving them?				
C. If required or requested, other funders' monitoring reviews have been provided from the past 12-months?				
D. Were all concerns or findings resolved from other funding monitoring reviews? If applicable.				
E. Additional grant requirements				
Monitoring Level <i>(please circle)</i>	1	2	3	



On Site Entrance Sign-In Sheet

Contractor Name: _____

Contractor Location: _____

Program Name (if applicable): _____

Date of Review: _____

Time: _____

Print Name	Title	Signature	Agency



On Site Exit Sign-In Sheet

Contractor Name: _____

Contractor Location: _____

Program Name (if applicable): _____

Date of Review: _____

Time: _____

Print Name	Title	Signature	Agency

Required Contract Documents – Overview

All HHSD contracts are required to have a set of documents in the contract file. The documents support the legal authorization for entering into the contract, the contract itself, purchasing and insurance information, and reports. The required documents are described in this section.

Standardized file arrangements help to ensure that the contract manager, other HHSD staff, and outside monitors/auditors can locate the contract documents in a reasonable and consistent manner.

Each division and/or program may have different file arrangements (all documents in one contract file; some documents in a file, others in folders associated with the file; some documents in the file and others in CTK; etc.). As such, each program **MUST** display their contract file arrangement in the area where the hard copy files are located.

HHSD CONTRACT FILE ELEMENTS

HHSD maintains all required file folder items in a central file for each contract.

- Ensure date of receipt is stamped on **all** documents
- Central file must be accessible to any authorized personnel
- Central file should be maintained according to your program's records management policy and retention schedule
- In the event that your program or grant does not require any of the file folder items listed below, documentation as to why an item is not required must be inserted into the file

Required File Folder Items

I. Required Contract Documents

- a. Contracts
- b. Amendments
- c. Purchase order
- d. RCA
- e. Other documents

II. Compliance Reporting

- a. Contract Desk Reviews (to be used for the following)
 - AR – Administrative Report
 - CR – Contract Closeout Report
 - DR – Annual Desk Review
 - FR – Financial Report
 - PR – Performance Report
 - PM – Prior Monitoring Results
- b. On-site Reviews
- c. Financial Reports
- d. Performance Reports
- e. Annual Audit
- f. Closeout Reports

III. Correspondence/Miscellaneous/Technical Assistance

Description of your program's file organization **MUST** be visibly posted where the central files are located.

PURCHASE ORDERS

(from the City's Purchasing Manual)

Purchase orders are used to effect a binding contract between the City of Austin and the supplier. The entry of a purchase order into Advantage 3 encumbers budgeted funds and thus provides an effective budget control tool. A purchase order is a contract to buy and sell and is a legal document. The City uses several types of purchase orders and related documents; the types are listed below.

1. **Central Purchase Order (CT):** The CT is the purchase order issued by the Purchasing Office for the procurement of goods and services. It describes the item price, quantity, delivery location, date and terms of delivery, payment terms, and the vendor's name and telephone number. The CT is entered on the Advantage 3 system. In order to create a CT, the Buyer needs a valid RQ with the correct accounting and commodity codes. Data from the RQS may be automatically transferred from the RQS to the CT. Corrections to the RQS may be made by the Purchasing Office to expedite completion of the CT. The CT is generated in three parts: the original to the vendor, and one copy each to the Purchasing Office and the requesting department.
2. **Departmental Purchase Order (PO):** The PO is the purchase order issued by an authorized employee of any City department for the procurement of goods and services. Information provided in the PO is the same as in the CT. A PO purchase cannot exceed the Department's PO authority. A PO is created and entered on the Advantage 3 system. Until the PO is entered into Advantage 3, funds will not be encumbered. Thus, in order to reflect accurate budget amounts, departments should enter the PO at the time of the order rather than at receipt of invoice.

New procedures have been implemented to reduce processing requirements for departments. Purchase Orders can be printed locally at the time the order is entered or emailed to the Vendor in Adobe pdf format.

3. **Delivery Order (DO):** The DO is used to place an order against an existing master agreement.

Master Agreements, which are also called term contracts, are long term (typically three year) agreements with a vendor to provide goods and services at a fixed price. master agreements are created as a result of one or more departments identifying a need for a good or service by means of an RQM, after which the Purchasing Office conducts a solicitation and makes award to one or more vendors.

Since the master agreement is put in place as the result of a competitive acquisition, there is no need to "re-bid" as each requirement is identified - City staff simply issues an order against the contract. These orders, called "DOs" for short, are entered onto Advantage 3 by the user department.

Since the dollar amount of a DO is deducted from the total amount of the master agreement, a DO will not be accepted on Advantage 3 that exceeds the remaining

dollar balance of the master agreement. Please enter your DO onto Advantage 3 when you issue the order to the vendor, not when you are in receipt of an invoice. Someone else may order off of the contract in the interim, and by the time the invoice arrives there could be insufficient authorized limit amounts on the contract to cover the price of the invoice.

4. Petty Cash: Using petty cash saves time as well as paper and should be used whenever possible, if the dollar amount is under \$150.
5. Check Request: A check request is a method of payment that does not use a purchase order. Check requests are used for specific purposes such as replenishment of petty cash or a reimbursement of travel expenses. Please refer to the [GAX chart](#).
6. Purchasing Credit Card: Available City-wide during FY 2011, the ProCard has a \$2,500 limit and some very special instructions for use. Click [HERE](#) for more information.
7. Wire Payments: Wire payments are made for electric utility fuel purchases and for payroll transactions. These payments are completed without issuance of a purchase order, although in the case of fuel, a contract number is noted. Further instructions may be found in the Accounts Payable manual on the Controller's Office website.

PURCHASE ORDER

PAGE NO: 1

PO CITY SINGLE

REFERENCE NUMBER: DO 9100 11101300962

P.O DATE: 10/13/11

PRICE AGREEMENT #: MA 9100 NG100000013

V MONICA CARRASCO
 E AUS0512000 1
 N AUSTIN CHILDREN'S SHELTER
 D DO NOT USE
 O
 R AUSTIN TX 78768-4213

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Requestor: Wilbur Jones, 972-1075
 Buyer: See Solicitation, 512-974-2500

THE CITY'S STANDARD PURCHASE TERMS AND CONDITIONS (T & Cs) ARE HEREBY INCORPORATED INTO THIS PURCHASE ORDER (PO) BY REFERENCE, WITH THE SAME FORCE AND EFFECT AS IF THEY WERE INCORPORATED IN FULL TEXT. THE FULL TEXT VERSIONS OF THE T&Cs ARE AVAILABLE AT <http://www.ci.austin.tx.us/purchase/standard.htm> OR CALL THE PURCHASING OFFICE AT (512) 974-2500. PLEASE INCLUDE ABOVE REFERENCE NUMBER ON ALL PACKAGES, DELIVERIES AND INVOICES.

Line	Quantity	Unit	Commodity Information / Description (s)										Unit Price	Extended Amount
1			Commodity: Professional Assessment and Intervention for Children										0.000000	\$ 50,683.00
	Line	Fund	Dept	Objt	Actv	Func	Rept	Task	Ord	Prog	Prog Period	Line Amount		
	1	1000	4700	25								\$ 50,683.00		

Order Total: \$

3 NO FEDERAL OR STATE SALES TAX SHALL BE INCLUDED IN PRICES BILLED LIMITED SALES TAX #74-6000085.

Authorized Agent for City Manager

By acceptance of this purchase order, you agree to comply with the terms and conditions incorporated herein by reference and made a part of this order

Date

50,683.00

VENDOR INSTRUCTIONS:

1 SEND ORIGINAL INVOICE WITH DUPLICATE COPY TO THE CITY DEPARTMENT TO WHICH THE GOOD(S) WERE DELIVERED.

2 SHIPPING INSTRUCTIONS F O B DESTINATION UNLESS OTHERWISE SPECIFIED

*INSURANCE REQUIREMENTS FOR CITY
CONTRACTS*

Contractor shall have, and shall require all Subcontractors of every tier providing services under this Contract to have, Standard Insurance meeting the General Requirements as set forth below and sufficient to cover the needs of Contractor and/or Subcontractor pursuant to applicable generally accepted business standards. Depending on services provided by Contractor and/or Subcontractor(s), Supplemental Insurance Requirements or Alternate Insurance Options shall be imposed as follows:

I. General Requirements Applicable to All Contractors' Insurance.

The following requirements (A-J) apply to the **Contractor and to Subcontractor(s) of every tier** performing services or activities pursuant to the terms of this Contract. Contractor acknowledges and agrees to the following concerning insurance requirements applicable to Contractor and Contractor's Subcontractor(s):

- A. The minimum types and limits of insurance indicated below shall be maintained throughout the duration of the Contract.
- B. Insurance shall be written by companies licensed in the State of Texas with an A.M. Best rating of B+ VII or higher.
- C. Prior to commencing work under this Contract, the required insurance shall be in force as evidenced by a Certificate of Insurance issued by the writing agent or carrier. A copy of the Certificate of Insurance shall be forwarded to the Human Services Administration Unit upon request. Execution of this Contract will not occur until such evidence of insurance has been provided and accepted by the City.
- D. Certificates of Insurance shall include the endorsements outlined below and shall be submitted to the Human Services Administration Unit. The Certificate(s) shall show the City of Austin Contract number and all endorsements by number.
- E. Insurance required under this Contract which names City of Austin as Additional Insured shall be considered primary for all claims.
- F. Insurance limits shown below may be written as primary or structured using primary and excess or umbrella coverage that follows the form of the primary policy.
- G. City shall be entitled, upon its request and without expense, to receive certified copies of policies and endorsements.
- H. City reserves the right to review insurance requirements during any term of the Contract and to require that Contractor make reasonable adjustments when the scope of services has been expanded.
- I. Contractor shall not allow any insurance to be cancelled or lapse during any term of this Contract. Contractor shall not permit the minimum limits of coverage to erode or otherwise be reduced. Contractor shall be responsible for all premiums, deductibles and self-insured retention. All deductibles and self-insured retention shall be shown on the Certificates of Insurance.
- J. Insurance coverages specified in this Contract are not intended and will not be interpreted to

limit the responsibility or liability of the Contractor or Subcontractor(s).

- K. The City will accept endorsements providing equivalent coverage if the insurance carrier does not use the specific endorsements indicated below.

II. Specific Requirements

The following requirements (II.A - II.D, inclusive) apply to the **Contractor and to Subcontractor(s) of every tier** performing services or activities pursuant to the terms of this Contract. Contractor acknowledges and agrees to the following concerning insurance requirements applicable to Contractor and Contractor's Subcontractor(s):

A. Workers' Compensation and Employers' Liability Insurance

1. Coverage shall be consistent with statutory benefits outlined in the Texas Workers' Compensation Act.
2. Employers' Liability limits are
 - \$100,000* bodily injury each accident
 - \$100,000* bodily injury by disease
 - \$500,000* policy limit
3. Policies under this Section shall apply to State of Texas and include the following endorsements in favor of City of Austin:
 - a. Waiver of Subrogation (Form 420304)
 - b. Thirty (30) day Notice of Cancellation (Form 420601)

B. Commercial General Liability Insurance

1. Minimum limits:
 - \$500,000** combined single limit per occurrence for coverage A and B.

*Supplemental Insurance Requirement

If eldercare, childcare, or housing for clients is provided,
the required limits shall be: *\$ 1,000,000* per occurrence

2. The Policy shall contain or be endorsed as follows:
 - a. Blanket Contractual liability for this Contract
 - b. Products and Completed Operations
 - c. Independent Contractor Coverage
3. The Policy shall also include the following endorsements or endorsements providing equivalent coverage in favor of City of Austin:
 - a. Waiver of Subrogation (Form CG 2404)
 - b. Thirty (30) day Notice of Cancellation (Form CG 0205)
 - c. City of Austin named as additional insured (Form CG 2010)

4. If care of a child is provided outside the presence of a legal guardian or parent, the Contractor shall provide coverage for sexual abuse and molestation for a minimum limit of \$500,000 per occurrence.
-
- C. The policy shall be endorsed to cover injury to a child while the child is in the care of the Contractor or Subcontractor.

D. Business Automobile Liability Insurance

1. Minimum limits:

\$500,000 combined single limit per occurrence

- a. If any form of transportation for clients is provided, coverage for all owned, non-owned, and hired vehicles shall be maintained with a combined single limit of *\$1,000,000* per occurrence.
 - b. If no transportation services of any type are provided, and use of a motor vehicle is strictly limited to travel to and from work or work sites, evidence of Personal Auto Policy coverage with limits of: *\$100,000/\$300,000/\$100,000* may be provided in lieu of Business Automobile Liability Insurance.
2. The Policy shall also include the following endorsements or endorsements providing equivalent coverage in favor of City of Austin:
- a. Waiver of Subrogation (Form TE 2046A)
 - b. Thirty (30) day Notice of Cancellation (Form TE 0202A)
 - c. City of Austin named as additional insured (Form TE 9901B)

E. Professional Liability Insurance

Coverage shall be provided with a minimum limit of *\$500,000* per claim to cover negligent acts, errors, or omissions arising out of Professional Services under this Contract.

F. Blanket Crime Policy Insurance

If an advance against Contract Funds is requested or received in an amount greater than *\$5,000*, a Blanket Crime Policy shall be required with limits **equal to or greater than the sum of all Contract Funds allocated by the City. Acceptance of alternative limits shall be approved by Risk Management.**

G. **Directors and Officers Insurance**

Directors and Officers Insurance with a minimum of not less than \$1,000,000 per claim shall be in place for protection from claims arising out of negligent acts, errors or omissions for directors and officers while acting in their capacities as such. If coverage is underwritten on a claims-made basis, the retroactive date shall be coincident with or prior to the date of the Agreement and the certificate of insurance shall state that the coverage is claims made and the retroactive date. The coverage shall be continuous for the duration of the Agreement and for not less than twenty-four (24) months following the end of the Agreement. Coverage, including renewals, shall have the same retroactive date as the original policy applicable to the Agreement or evidence of prior acts or an extended reporting period acceptable to the City may

be provided. The Contractor shall, on at least an annual basis, provide the City with a certificate of insurance as evidence of such insurance.

H. Property Insurance

If the Contract provides funding for the purchase of property or equipment, the Contractor shall provide evidence of all risk property insurance for a value equivalent to the replacement cost of the property or equipment.



PURCHASING

Dear Agent, Carriers and Underwriters:

The Client / Contractor attached to this memo has received request for update of Insurance from City of Austin Contract Compliance Division. Before submission, please read this 2 page memo, we truly want to work smoothly as best with our Contractors and our Contractor with their Insurance Agents to receive accurate updates of insurance information and in a timely manner.

The transition to the new ACORD form change and regulations has caused tremendous Administrative backlog in receiving complete endorsements with update of Insurance (namely the 30 days direct notice of cancellation to 3rd parties/certificate holders) Such issues puts our Contractors at risk for a non-compliant status flag so it is imperative that Insurance professionals such as yourself are clear on what is needed regarding Insurance compliance for Contractors doing business with the City of Austin (Governmental Entity)

Regarding the new ACORD Form

The industry-wide Certificate ACORD form change has no relation to the Contractual endorsements our contractors are required to obtain on their Insurance policies. We are not asking to amend the ACORD form, no other explanations about the ACORD needed.

Below is a statement and summary of the Standard endorsements for General Liability, Auto Liability and Workers Comp policy types as pulled from the Insurance Terms and Conditions and the associated endorsements. The policy types vary depending on the Contract Agreement this Contractor has with us.

By agreement of contract the Contractor has with the City of Austin (Certificate Holder) the endorsements below need to become part of the Insurance policy(s) and should be provided with each policy renewal either on the certificate or attached specific only pages with the certificate.

Commercial General Liability Insurance, the policy shall also include these endorsements In favor of the City of Austin:

- (a) Waiver of Subrogation in favor of the City of Austin, Endorsement CG 2404, or equivalent coverage
- (b) Thirty (30) days Notice of Cancellation, Endorsement CG 0205, or equivalent coverage
- (c) The City of Austin listed as an additional insured, Endorsement CG 2010, or equivalent coverage

Business Automobile Liability Insurance, the policy shall also include these endorsements In favor of the City of Austin:

- (a) Waiver of Subrogation in favor of the City of Austin, Endorsement TE 2046A, or equivalent coverage
- (b) Thirty (30) days Notice of Cancellation, Endorsement TE 0202A, or equivalent coverage
- (c) The City of Austin listed as an additional insured, Endorsement TE 990JB, or equivalent coverage

TX Worker's Compensation and Employers' Liability Insurance, the policy shall also include these endorsements In favor of the City of Austin:

- (a) Waiver of Subrogation in favor of the City of Austin, Form WC 420304, or equivalent coverage
 - (b) Thirty (30) days Notice of Cancellation Endorsement Form WC 42060 I, or equivalent coverage
- Checkmark the statutory limits box

ADDITIONALLY: in order to streamline 1 certificate for multiple contracts the client may have with us; the Contract ID and or description are no longer required on the certificate, if such information is there, please remove it prior to sending the update.

PLEASE SEE PAGE 2

HHSD Procedures for Annual Audits

If an HHSD contract requires an organization to complete an annual financial audit report/financial review, the following procedures should be followed:

- The audit requirement applies to non-profit and quasi-governmental Contractors with service contracts, where direct client services are being provided by the Contractor;
- The City requires that the audit report/financial review be received 180 days after the Agency's fiscal year end (FYE);
- The Contractor must contract with an independent auditor utilizing a Letter of Engagement;
- The auditor must be a Certified Public Accountant recognized by the regulatory authority of the State of Texas.

AUDIT THRESHOLD

- In the event Contractor receives combined receipts of federal financial assistance and outstanding federal direct, guaranteed or insured loan balances totaling five hundred thousand dollars (\$500,000) or more for any one-year period, Contractor shall submit to the City a complete set of audited financial statements and the auditor's opinion and management letters in accordance with 24 CFR, Part 44, OMB Circular A-133, the Single Audit Act of 1984, and the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions covering Contractor's fiscal year until the end of the term of the Contract.
- If Contractor is not subject to the Single Audit Act, and expending five hundred thousand dollars (\$500,000) or more during the Contractor's fiscal year, then Contractor shall have a full financial audit performed. If less than five hundred thousand dollars (\$500,000) is expended, then a financial review is acceptable, pursuant to the requirements of the Contract.

ANNUAL AUDIT PROCEDURES

Notifying the Contractor of audit requirements:

- Reminders should be emailed to each Contractor 60 days prior to an agency's audit report/financial review due date.
- The agency is asked to provide one (1) original, bound copy by mail or hand-delivered. Electronic copies of audits/financial reviews are no longer accepted.
- In addition, the agency is asked to provide a signed and dated Board Certification form, which indicates that the audit report/financial review was approved and accepted by the Board.
 - The audit report/financial review is not complete without the signed and dated Board Certification form reflecting approval of the agency's audit report/financial review.

When a hard copy of an audit report/financial review is received:

- Date-stamp the cover letter or first page of the audit report/financial review.
- Log the audit report into the tracking system being used to track audit reports for the applicable year and agency.
- Once the audit report has been logged in, scan a copy of the audit to make a .pdf version of the report, and save it in the appropriate folder on the shared drive. File names should be formatted as [Agency Name Audit Report *mm/dd/yy* (date of FYE)]. The hard copy of the audit

report/financial review is distributed as follows:

- Make a copy of the audit report/financial review and provide the copy to the Contract Manager assigned to that agency.
- File the original copy of the audit report/financial review in the Central File for that agency.

AUDIT VERIFICATION PROCEDURES

Audit Report/Financial Reviews Verified with Audit Firm

When an audit report/financial review is received from an agency, the Contract Manager will contact the firm that completed the audit report/financial review in writing. A letter will be sent to the firm with the following questions regarding the audit report/financial review that was received by HHSD:

1. Did your firm complete the FYE audit report/financial review indicated for the agency?
2. Was a Management Letter issued for this audit?
3. Did you present the audit report/financial review to the full Board of Directors or a committee of the Board (please specify which). If yes, was it presented in person or by telephone?
4. If the audit report/financial review was presented to the Board, on what date was it presented?

Audit Report/Financial Reviews Verified with Board Chair

When an audit report/financial review is received from an agency, the Contract Manager will check to see if the Board Certification form has also been provided with the audit report. If the Board Certification form has not been provided with the audit report, the Contract Manager will contact the Board Chair for that agency in writing, requesting a signed and dated Board Certification form.

Responses from Board Chair or Audit Firm

When responses from the Board Chair or audit firm come in through mail or email:

- File a hard copy of the response in the Central File for that agency. For email responses, a hard copy should be printed out of the email to place in the Central File.
- The date the response was received should also be logged into the system used to track verification of the financial audit/review report.
- Finally, the Board Certification form will be checked against the verification from the auditing firm for consistency with the response.

CERTIFIED PUBLIC ACCOUNTANT (CPA) LICENSE VERIFICATION PROCEDURES

When an audit report/financial review is received by HHSD, the license of the CPA firm must be

verified to ensure that the CPA is currently licensed to conduct financial audits. For the State of Texas, the verification of CPA licenses is done through the website of the Texas State Board of Public Accountancy (TSBPA). The TSBPA website can be accessed through this link:

<http://www.tsbpa.state.tx.us/>

Once you have arrived at the TSBPA Home Page, place your cursor over the link at the top of the page labeled "License Lookup." From the drop-down menu, click on "Firm." This takes you to the Search page to look up the license of a particular audit firm. Enter the first name of the audit firm (e.g. for the Gindler, Chappell, Morrison, & Co., PC firm, enter Gindler in the field for Firm Name).

Search Help | Status Values | Terms of Use

Enter your search criteria below:

Firm License ID: equal to (This search will exclude all other search criteria)

OR

Firm Name: contains

City: contains

County: Choose one (optional)

State: Choose one (optional)

Zip Code: equal to (5 digit zip code)

The Results page will show all of the firms with that name, in alphabetical order:

Search Help | Status Values | Terms of Use

2 firm(s) match the selection criteria.

Firm Name	Firm License ID	Date Office Registered	License Expiration Date	Status	Office Location
FLOYD & GINDLER, P.C.	C61717	12/19/1999	05/31/2011	Issued	GOZNALES, TX
GINDLER, CHAPPELL, MORRISON & CO., P.C.	C63490	05/02/1994	11/30/2010	Issued	AUSTIN, TX

Click on the hyperlink of the name of the firm you are searching. This will take you to the final Results page that shows the status of the audit firm's license (see below). First look for the **License Expiration Date** to ensure that the firm's license is not expired. Then look for the orange **Status** near the bottom of the Results page to find the status of the firm's license. For a list of the license status descriptions that might appear in the Results, please refer to the *List of CPA License Status Descriptions* below.



List of CPA License Status Descriptions

Status	Description
Expired	Licensee may not practice public accounting in Texas until certain requirements are met.
Issued	License is current.
Issued, Restricted from Public Practice	License is current. Licensee may not engage in the client practice of public accounting.
Limited Scope	Licensee may practice public accounting in Texas with certain limitations.
Non-practice	Licensee may not practice public accounting in Texas.
Non-practice, Retired License	Licensee is current, but due to the retirement status may not practice public accounting in Texas.
Probated Revocation	Licensee may practice public accounting in Texas as long as certain conditions are met. Contact the TSBPA office.
Probated Suspension	Licensee may practice public accounting in Texas as long as certain conditions are met. Contact the TSBPA office.
Probation	Licensee may practice public accounting in Texas as long as certain conditions are met. Contact the TSBPA office.
Revoked	Licensee may not practice public accounting in Texas.
Voluntary Surrender	Licensee may not practice public accounting in Texas.
Involuntary Surrender	Licensee may not practice public accounting in Texas.
Suspended	Licensee may not practice public accounting in Texas.
Unissued	Licensee may not practice public accounting in Texas.
Voluntary Resignation	Licensee may not practice public accounting in Texas.

AUDIT CONFIRMATION REQUESTS FROM CONTRACTORS/CPAs

From time to time, HHSD receives letters from Contractors or audit firms (i.e. Certified Public Accountants) requesting that HHSD confirm or verify payments made to a Contractor by the City of Austin. The confirmation is necessary for Contractors to have their audits/financial reviews completed by the audit firm they have chosen.

When an audit confirmation letter is received:

- Forward the letter to the Contract Manager for that Contractor.
- The Contract Manager will search the City Controller's website for the payments applicable to the contract the letter is referencing.
- The Contract Manager will then send the response to the requestor identified in the letter.

Single and Financial Audit Review Procedures

Audit reports are due from HHSD Contracted Agencies within 180 days after the Agency's fiscal year end (FYE). The review process begins when an Agency submits their Full Financial Audit report and Single Audit report (if applicable).

If an Agency is required to provide a Single Audit to HHSD, but no Single Audit report is provided by the due date, the Contract Manager will request the Single Audit report be provided from the Agency. If the Agency response is that no Single Audit is required, the Contract Manager will look on the Federal Audit Clearinghouse (FAC) website (<https://harvester.census.gov/fac/>) to verify the Agency's assertion that no Single Audit was filed with FAC.

- If no Single Audit was filed with FAC, place documentation of the Agency's assertion and the search of FAC in the contract file, no further action is required.
- If FAC indicates a Single Audit was performed, the Contract Manager issues written notice to agency that payments will be withheld until the Single Audit report is received.

Audit report(s) received contain no findings or reference to a separate management letter issued by CPA

- Place audit report(s) in contract file; no further action is needed

Audit report(s) received contain findings or reference to a separate management letter issued by CPA

- The Contract Manager should review finding(s) or issue(s) discussed in audit report(s) and in separate management letters (if applicable) and determine if they could affect the Agency's ability to administer HHSD funding. (See Determining Necessity of a Management Decision Letter, below)
 - If the audit report(s) received contain reference to a separate management letter, and the separate management letter is not provided, the Contract Manager must request the Agency submit the management letter.
- If so determined, the Contract Manager issues a written Management Decision Letter to the Agency requesting an explanation of corrective action taken and estimated completion date.
 - Management Decision Letter must include the reference numbers the auditor assigned

to each audit finding, if available

- Agency responds in writing with a description of the corrective action and estimated completion date.

- If the agency does not respond in writing with explanation of the status of a corrective action plan and estimated completion date, Contract Manager issues written notice to agency that payments will be withheld until explanation is received
- The Contract Manager should track the finding(s) or issue(s) that could affect the Agency's ability to administer HHSD finding through completion. If deemed necessary, the Contract Manager may request evidence of completion.
- Once the Contract Manager is satisfied that the Agency has completed the CAP, the Contract Manager issues a closeout letter to the Agency that all items listed in the Management Decision Letter have been resolved.
 - If the agency does not satisfy all items listed in the Management Decision Letter by the estimated completion date, Contract Manager issues written notice to agency that payments will be withheld until explanation is received with revised estimated completion date.
- Place documentation in the contract file.

Determining the Necessity of a Management Decision Letter:

- Examples of findings reported in Single or Financial Audit reports where a Management Decision Letter should be issued, include, but are not limited to:
 - *Material or significant deficiencies* in internal controls that are noted in the Single Audit report. Such issues may include inadequate separation of duties, inadequate monitoring of compliance with contract or grant terms, incidents of errors in eligibility determinations, or other governance issues.
 - Issues related to internal controls noted in separate management letters that are either directly related, or could affect, the Agency's ability to administer HHSD funding.
 - Any audit findings that relate to Federal or State funds HHSD awarded to the Agency
 - "Going Concern" opinions in financial statement audit reports.
 - "Qualified" or "Adverse" audit opinions in financial statement audits and reasons for the "unclean" audit report is related to an issue of internal control that could affect the Agency's ability to administer HHSD funding.

AGENCY LEGAL NAME
CERTIFICATE OF BOARD APPROVAL
YEAR ENDED MONTH DAY, 20XX

I, Board Chair name, Chairperson of the Board of Directors for Agency Legal Name, do hereby certify that the organization's financial audit report/financial review for fiscal year YYYY from Name of CPA Firm, was reviewed and approved at a meeting of the Board of Directors held on the XX day of Month, YYYY.

Chairperson, Board of Directors

Date

For HHSD Contract Manager Use Only:

**Staff Initials
& Date**

<input type="checkbox"/> Applicable FYE Financial Audit Report Received on (date): _____	_____
<input type="checkbox"/> Management Letter Received (If applicable)	_____
<input type="checkbox"/> CPA License Verified and in Good Standing on (date): _____	_____
<input type="checkbox"/> Board Certification Received	_____
Date Agency Board Approved Financial Audit Report: _____	_____
<input type="checkbox"/> CPA Verification of Completing Financial Audit Report Received	_____

CM – Board Certification of Financial Audit/Financial Review

Created 8/28/13

Page 1 of 1

Technical Assistance Documentation - Overview

“Technical assistance” or “TA” may be defined as any substantial or significant assistance and/or information provided to assist the contractor in achieving contract compliance. Contract managers are expected to use professional judgment as to whether the TA provided needs to be documented.

Technical assistance may take one of many forms, including:

- Telephone conversation
- In-person meetings
- Email consultations and responses
- Formal written requests for technical assistance and responses
- Formal compliance requirements such as Corrective Action Plans

Documentation must be kept in the Central Files, according to your program guidelines/requirements. Examples of the types of documentation to be kept are hard copies, electronic files, or files maintained in the CTK contract database system.

Contract Managers should keep in mind that this information may be reviewed by an Auditor, or may be used to support moving the contract from one monitoring level to another. Therefore, sufficient documentation needs to be kept to support findings or compliance issues. Contractors on Monitoring levels 2 and 3 are likely to require more TA than those on Level 1, and this TA will often reflect directly on the contractor’s progress toward meeting compliance goals. Any Contractors who are on a Corrective Action Plan (CAP) should have documentation reflecting compliance with the CAP in their contract file.

CM – Technical Assistance

Revised 8/28/13

Page 1 of 1

Templates – Overview

Throughout the manual, there are references to templates that will assist in the completion of contract management and monitoring activities. This section includes a variety of templates, identified by purpose, that contract managers can use.

They provide the standard types of information required for each tasks, as well as offer general guidance on words or phrases that can be used.

As the Department staff gain experience using this manual, the template section will expand to cover a wider variety of circumstances, with some templates becoming the required format and others being more of an example for consideration. Such changes will be noted as the manual is updated.



On Site Entrance Sign-In Sheet

Contractor Name: _____

Contractor Location: _____

Program Name (if applicable): _____

Date of Review: _____

Time: _____

Print Name	Title	Signature	Agency



On Site Exit Sign-In Sheet

Contractor Name: _____

Contractor Location: _____

Program Name (if applicable): _____

Date of Review: _____

Time: _____

Print Name	Title	Signature	Agency



AGREEMENT FOR SOCIAL SERVICES
BETWEEN THE CITY OF AUSTIN
and
NAME OF CONTRACTOR

AGREEMENT NO. _____

This "Agreement for Social Services" (Agreement) is entered into by and between the City of Austin, a Texas home-rule municipal corporation situated in Hays, Travis and Williamson Counties, acting by and through its duly authorized City Manager and its Health and Human Services Department (City or HHSD), and _____, a Texas non-profit corporation (Contractor), and shall be effective on **January 1, 2010.**

The City wishes to provide funding for certain social services provided by Contractor. Contractor wishes to provide these services to City under the terms and conditions described below. City and Contractor agree to the following terms and conditions.

A. Term

The term of this Agreement shall be from **January 1, 2010 through September 30, 2010**. The parties have the option to renew this Agreement for up to (1) one additional one-year term, in an amount not to exceed \$ **for each renewal** term. Any amendment or renewal to this Agreement must be approved by each party and shall be in writing and signed by an authorized representative of each party.

B. Services

Contractor shall provide all services and perform all activities described in the "Program Work Statement", which is attached to and incorporated into this Agreement as Exhibit A. Contractor shall not subcontract any work under this Agreement without the prior written consent of the City.

C. Financial Terms

1. City agrees to pay Contractor for services rendered under this Agreement, and to reimburse Contractor for actual, eligible expenses incurred in accordance with the terms of Sections D (Reports) and R.14 (Allowable Reimbursement). Contractor shall submit payment requests to City within fifteen (15) calendar days following the end of each calendar month for services provided during the preceding month. City shall pay Contractor within thirty (30) days of receipt of a complete and accurate payment request.

2. Contractor acknowledges and agrees that, notwithstanding any other provision of this Agreement, the maximum amount payable by City under this Agreement for the initial term shall not exceed the amount approved by City Council, which is _____ Dollars (\$_____). City shall not be liable to Contractor

for any costs incurred by Contractor which are not reimbursable expenses as set forth in Section R.14 "Allowable Reimbursement" of this Agreement. City's obligation to pay is specifically subject to the timely receipt of complete and accurate reports.

3. City shall not be liable to Contractor for any costs which have been paid under other agreements or from other funds. In addition, City shall not be liable for any costs incurred by Contractor which were: a) incurred prior to the effective date of this Agreement, or b) not billed to City within sixty (60) calendar days following termination date of this Agreement.

4. Contractor agrees to refund to City any funds paid under this Agreement which City determines have resulted in overpayment to Contractor or which City determines have not been spent by Contractor in accordance with the terms of this Agreement. Refunds shall be made by Contractor within thirty (30) calendar days after a written refund request is submitted by City. City may, at its discretion, offset refunds due from any payment due Contractor, and City may also deduct any loss, cost, or expense caused by Contractor from funds otherwise due.

5. Contractor shall deposit and maintain all funds received under this Agreement in either a separate numbered bank account or a general operating account, either of which shall be supported with the maintenance of a separate accounting with a specific chart which reflects revenues and expenditures for the monies received under this Agreement.

6. Contractor is required to utilize a social services online database management (ODM) system, in accordance with a manner outlined by the City, through ODM guidelines, policies and/or procedures. Contractor is responsible for all omitted data, and is responsible for all data entered/edited under its unique username.

D. Reports

1. Payment to the Contractor shall be due thirty (30) calendar days following receipt by City's Contract Manager of Contractor's fully completed "Payment Request" and "Monthly Expenditure Report", in the forms shown at <http://www.ckodm.com/austin/>. The payment request and expenditure report must be submitted to the City's Contract Manager no later than fifteen (15) calendar days following the end of the calendar covered by the request and expenditure report. Contractor shall provide supporting documentation upon request by City.

2. Contractor shall submit a "Quarterly Performance Measure Report", in the form shown at <http://www.ckodm.com/austin/>, to City's Contract Manager no later than fifteen (15) calendar days following each calendar quarter. Payment Requests will not be approved if the Quarterly Performance Measure Report for that quarter has not been received. The Contractor shall submit such other reports as may be reasonably required by the City to document Contractor's performance.

3. Upon receipt and approval by the City of each Payment Request and Monthly Expenditure Report, the City shall process payment to the Contractor of an amount equal to City's payment obligations, subject to deduction for any unallowable costs.

4. An "Annual Closeout Summary Report," in the form shown at <http://www.ckodm.com/austin/> shall be completed by the Contractor and submitted to the City within sixty (60) calendar days following the expiration or termination of this Agreement. Any encumbrances of funds incurred prior to the date of termination of this Agreement shall be subject to verification by City. Upon termination of this Agreement, any unused, un-

obligated funds, rebates, credit (or interest earned) on funds received under this Agreement shall be returned to the City.

5. Contractor shall provide City's Contract Manager with a copy of the completed Administrative and Fiscal Review (AFR) which includes a copy of Contractor's completed Internal Revenue Service Form 990 or 990 EZ (Return Of Organization Exempt From Income Tax) for each calendar year within a term no later than July 31st of each year in which City funds are received under this Agreement. If Contractor filed a Form 990 or

Form 990 EZ extension request, Contractor shall provide City with a copy of that application for extension of time to file (IRS Form 2758) within thirty (30) days of filing said form(s), and a copy of the final IRS 990 form document(s) immediately upon completion.

E. Accessibility and Retention of Records

Contractor shall give the City access to and the right to examine all books, accounts, records, reports, files, (including all client files) and other papers, things, or property belonging to or in use by Contractor pertaining to this Agreement. Such rights to access shall continue as long as the records are retained by Contractor and in any event, not less than five (5) years after the expiration or termination of this Agreement. Contractor agrees to maintain such records in an accessible location. Contractor shall include the requirements of this section in all subcontracts, and all agreements or arrangements whereby services are secured in furtherance of Contractor's performance under this Agreement. If Contractor asserts that it cannot legally provide City with access to client identifying information, Contractor shall provide City with citation to the law which prohibits disclosure of client information. Upon request by City, Contractor agrees to mask client identifying information in a way that will not obstruct the City's monitoring or audit activities.

F. Compliance with Laws

The Contractor agrees to comply with all applicable federal, state, and local laws and regulations in performing and providing services under this Agreement. Contractor agrees not to discriminate against employees or other persons engaged by it to provide services under this Agreement because of race, color, religion, sex, sexual orientation, gender identity, national origin, age, disability, or veteran status.

G. Debarment

Contractor warrants that neither Contractor nor its principals or officers are currently suspended or debarred from doing business with (i) the United State government, as indicated by the GSA List of Parties Excluded from Federal Procurement and Non-Procurement Programs, (ii) the State of Texas, or (iii) the City of Austin.

H. Designation of Contract Managers

1. City's Contract Manager for this Agreement shall be responsible for oversight and monitoring of Contractor's performance under this Agreement. City's Contract Manager:

- may meet with Contractor to discuss any operational issues or the status of the services or work to be performed,
- shall promptly review all written reports submitted by Contractor, determine whether the reports comply with the terms of this Agreement, and give Contractor timely feedback on the adequacy of progress and task reports or necessary additional information; and

2. Contractor's Contract Manager shall represent the Contractor with regard to performance of this

Agreement and shall be the designated point of contact for the City's Contract Manager.

3. If either party replaces its Contract Manager, that party shall promptly send written notice of the change to the other party. The notice shall identify a qualified and competent replacement and provide contact information.

I. MBE/WBE Goals

MBE/WBE goals do not apply to this Agreement.

J. Right to Audit

1. Contractor agrees that the representatives of the Office of the City Auditor, or other authorized representatives of the City, shall have access to, and the right to audit, examine, or reproduce, any and all records of the Contractor related to the performance under this Agreement during normal business hours (Monday – Friday, 8 am – 5 pm). Contractor shall retain all such records for a period of five (5) years after the expiration or early termination of this Agreement or until all audit and litigation matters that the City has brought to the attention of the Contractor are resolved, whichever is longer. Contractor agrees to refund to the City any overpayments disclosed by any such audit.

2. Contractor shall include subsection J.1., above, in any subcontracts entered into in connection with Contractor's performance under this Agreement.

K. Inspection of Premises

City has the right to enter Contractor's work facilities and premises during Contractor's regular work hours, and Contractor agrees to facilitate a review of the facilities upon reasonable request by City.

L. Criminal Background Checks.

Contractor agrees to perform a criminal background check on every employee or volunteer whose duties place him or her in contact with children under eighteen (18) years of age. Contractor shall not assign or allow any employee or volunteer to be in direct contact with children if the employee or volunteer would be barred from contact with children under the rules established for day care facilities by the Texas Department of Family and Protective Services.

M. Warranties

1. Authority.

Each party warrants and represents to the other that the person signing this Agreement on its behalf is authorized to do so, that it has taken all action necessary to approve this Agreement, and that this Agreement is a lawful and binding obligation of the party.

2. *Performance Standards*

Contractor warrants and represents that all services provided under this Agreement shall be fully and timely performed in a good and workmanlike manner in accordance with generally accepted community standards and, if applicable, professional standards and practices. Contractor may not limit, exclude, or disclaim this warranty or any warranty implied by law, and any attempt to do so shall be without force or effect.

If Contractor is unable or unwilling to perform its services in accordance with the above standards as required by City, then, in addition to any other remedy available to the City at law, City may reduce the amount of services it may be required to pay for under the Agreement from Contractor, and

purchase conforming services from other sources. In this event, Contractor shall pay to City, on demand, the increased cost incurred by City to procure the services from another source.

N. Business Continuity

Contractor warrants that it has adopted a business continuity plan that describes how Contractor will continue to provide services in the event of an emergency or other unforeseen event, and agrees to maintain the plan on file for review by the City. Contractor shall provide a copy of the plan to the City's Contract Manager upon request at any time during the term of this Agreement, and the requested information regarding the Business Continuity Plan shall appear in the annual Administrative and Fiscal Review document. Contractor also agrees to

participate in the City's Emergency Preparedness and Response Plan and other disaster planning processes.

O. Public Information Act

Contractor acknowledges that City is required to comply with Chapter 552 of the Texas Government Code (Public Information Act). Under the Public Information Act, this Agreement and documents related to this Agreement which are in the City's possession or to which the City has access are presumed to be public and the City may release these records to the public unless an exception described in the Public Information Act applies to a document.

P. Termination & Dispute Resolution

1. Termination for Cause

In the event of a default by a party, the other party shall have the right to terminate this Agreement for cause, by written notice delivered by certified mail to the party in default. Unless the party giving notice specifies a different time period in the notice, the Agreement is terminated thirty (30) calendar days after the date of the notice. During this time period, the party alleged to be in default may cure the default or provide evidence sufficient to prove to the other party's reasonable satisfaction that the default does not exist or will be cured in a time satisfactory to the party alleging the default. In addition to any other remedy available at law or in equity, the party not in default shall be entitled to recover all actual damages and direct costs incurred as a result of the other party's default, reasonable court costs, and prejudgment and post-judgment interest at the maximum lawful rate. Each party's rights and remedies under the Agreement are cumulative and are not exclusive of any other right or remedy provided by law.

2. *Termination for Convenience (or without cause)*

The City may terminate this Agreement for convenience at any time upon providing at least thirty (30) calendar days written notice to Contractor. On receipt of the notice of termination, Contractor shall immediately stop performance of services (unless the notice directs otherwise) and deliver all documents, programs, reports, and materials accumulated in performing this Agreement (whether finished or in process) to City's Contract Manager within ten (10) business days. City shall pay Contractor for all reimbursable costs and obligations incurred up to the date of termination provided in the notice. However, in no event shall Contractor be entitled to recover any funds for unperformed services.

In the event of termination for convenience, City shall have the right (but not the obligation) to take over the services and complete them by contract or otherwise, including the option to require Contractor to assign any or all of its subcontracts to City.

3. *Default*

A party shall be in default under this Agreement if the party fails to fully, timely and faithfully perform any of its obligations under the Agreement, or fails to provide adequate assurance of performance under

subsection 4., below.

4. *Right to Assurance*

When a party to this Agreement in good faith has reason to question the other party's intent to perform, that party may make a written demand on the other party for written assurance of the intent to perform. The party who is asked for assurance shall have ten (10) business days to provide notice of its assurance of intent to perform. If the party fails to provide the assurance within the required time period, the demanding party may treat this failure as an anticipatory repudiation of the Agreement.

5. *Dispute Resolution*

If a dispute arises between the parties regarding performance under this Agreement, the parties agree to attempt a negotiated resolution prior to filing suit over the dispute. If the parties are unable to resolve through negotiation, the parties agree the dispute will be submitted for mediation before suit is filed and that mediation shall take place in Austin, Texas. If the mediation does not successfully resolve the dispute, each party is free to pursue other remedies available to them.

Q. Indemnification

Contractor shall defend, indemnify, and hold harmless City, its officers, appointed or elected officials, employees, agents, representatives, successors and assigns (Indemnified Parties), against all costs, expenses (including reasonable attorneys' fees, expenses, and court costs), liabilities, damages, claims, suits, actions, and causes of actions (Claims), to the extent arising, directly or indirectly, out of (a) a breach of this Agreement or violation of law by Contractor, its officers, agents, employees, subcontractors, successors or assigns (contractor Parties), (b) a false representation or warranty made by contractor in this Agreement or in contractor's application or Proposal, (c) the negligence, willful misconduct, or breach of a standard of strict liability by contractor's Parties in connection with this Agreement. Claims to be indemnified under this Article include Claims for bodily injury or death, occupational illness or disease, loss of services wages or income, damage destruction or loss of use of property, and workers' compensation claims. Contractor's obligations under this section are not excused in the event a Claim is caused in part by the alleged negligence or willful misconduct of the Indemnified Parties.

City shall give Contractor written notice of a Claim asserted against an Indemnified Party. Contractor shall assume on behalf of the Indemnified Parties and conduct with due diligence and in good faith the defense of all Claims against the Indemnified Parties. The Indemnified Parties shall have the right (but not the obligation) to participate in the defense of any Claim or litigation with attorneys of their own selection without relieving Contractor of any obligations in this Agreement. In no event may Contractor admit liability on the part of an Indemnified Party without the written consent of the City Attorney.

Maintenance of the insurance required under this Agreement shall not limit Contractor's obligations under this section. Contractor shall require all subcontractors to indemnify City as provided in this Article.

R. Insurance

Contractor shall have, and shall require all Subcontractors of every tier providing services under this Contract to have, Standard Insurance meeting the General Requirements as set forth below and sufficient to cover the needs of Contractor and/or Subcontractor pursuant to applicable generally accepted business standards. Depending on services provided by Contractor and/or Subcontractor(s), Supplemental Insurance Requirements or Alternate Insurance Options shall be imposed as follows:

1. General Requirements Applicable to All Contractors' Insurance.

The following requirements (A-J) apply to the **Contractor and to Subcontractor(s) of every tier** performing services or activities pursuant to the terms of this Agreement. Contractor acknowledges and agrees to the following concerning insurance requirements applicable to Contractor and Contractor's Subcontractor(s):

- a. The minimum types and limits of insurance indicated below shall be maintained throughout the duration

of the Agreement.

- b.** Insurance shall be written by companies licensed in the State of Texas with an A.M. Best rating of B+ VII or higher.
- c.** Prior to commencing work under this Agreement, the required insurance shall be in force as evidenced by a Certificate of Insurance issued by the writing agent or carrier. A copy of the Certificate of Insurance shall be forwarded to the Human Services Administration Unit upon request. Execution of this Agreement will not occur until such evidence of insurance has been provided and accepted by the City.

- d. Certificates of Insurance shall include the endorsements outlined below and shall be submitted to the Human Resources Department's Administration Unit. The Certificate(s) shall show the City of Austin Contract number and all endorsements by number.
- e. Insurance required under this Agreement which names City of Austin as Additional Insured shall be considered primary for all claims.
- f. Insurance limits shown below may be written as primary or structured using primary and excess or umbrella coverage that follows the form of the primary policy.
- g. City shall be entitled, upon its request and without expense, to receive certified copies of policies and endorsements.
- h. City reserves the right to review insurance requirements during any term of the Agreement and to require that Contractor make reasonable adjustments when the scope of services has been expanded.
- i. Contractor shall not allow any insurance to be cancelled or lapse during any term of this Agreement. Contractor shall not permit the minimum limits of coverage to erode or otherwise be reduced. Contractor shall be responsible for all premiums, deductibles and self-insured retention. All deductibles and self-insured retention shall be shown on the Certificates of Insurance.
- j. Insurance coverages specified in this Agreement are not intended and will not be interpreted to limit the responsibility or liability of the Contractor or Subcontractor(s).
- k. The City will accept endorsements providing equivalent coverage if the insurance carrier does not use the specific endorsements indicated below.

2. *Specific Requirements*

The following requirements (II.A - II.D, inclusive) apply to the **Contractor and to Subcontractor(s) of every tier** performing services or activities pursuant to the terms of this Agreement. Contractor acknowledges and agrees to the following concerning insurance requirements applicable to Contractor and Contractor's Subcontractor(s):

a. Workers' Compensation and Employers' Liability Insurance

- i. Coverage shall be consistent with statutory benefits outlined in the Texas Workers' Compensation Act.
- ii. Employers' Liability limits are
 - \$100,000 bodily injury each accident
 - \$100,000 bodily injury by disease
 - \$500,000 policy limit
- iii. Policies under this Section shall apply to State of Texas and include the following endorsements in favor of City of Austin:
 - a. Waiver of Subrogation (Form 420304)
 - b. Thirty (30) day Notice of Cancellation (Form 420601)

b. Commercial General Liability Insurance

i. Minimum limits:

\$500,000* combined single limit per occurrence for coverage A and B.

***Supplemental Insurance Requirement**

If eldercare, childcare, or housing for clients is provided, the required limits shall be: *\$ 1,000,000* per occurrence

- ii. The Policy shall contain or be endorsed as follows:
 - a. Blanket Contractual liability for this Contract
 - b. Products and Completed Operations
 - c. Independent Contractor Coverage
- iii. The Policy shall also include the following endorsements or endorsements providing equivalent coverage in favor of City of Austin:
 - a. Waiver of Subrogation (Form CG 2404)
 - b. Thirty (30) day Notice of Cancellation (Form CG 0205)
 - c. City of Austin named as additional insured (Form CG 2010)
- iv. If care of a child is provided outside the presence of a legal guardian or parent, Contractor shall provide coverage for sexual abuse and molestation for a minimum limit of *\$500,000* per occurrence.

- c. The policy shall be endorsed to cover injury to a child while the child is in the care of the Contractor or Subcontractor.

d. Business Automobile Liability Insurance

- i. Minimum limits:
\$500,000 combined single limit per occurrence
 - a. If any form of transportation for clients is provided, coverage for all owned, non-owned, and hired vehicles shall be maintained with a combined single limit of *\$1,000,000* per occurrence.
 - b. If no transportation services of any type are provided, and use of a motor vehicle is strictly limited to travel to and from work or work sites, evidence of Personal Auto Policy coverage with limits of: *\$100,000/\$300,000/\$100,000* may be provided in lieu of Business Automobile Liability Insurance.
- ii. The Policy shall also include the following endorsements or endorsements providing equivalent coverage in favor of City of Austin:
 - a. Waiver of Subrogation (Form TE 2046A)
 - b. Thirty (30) day Notice of Cancellation (Form TE 0202A)
 - c. City of Austin named as additional insured (Form TE 9901B)

e. Professional Liability Insurance

Coverage shall be provided with a minimum limit of *\$500,000* per claim to cover negligent acts, errors, or omissions arising out of Professional Services under this Agreement.

f. Blanket Crime Policy Insurance

If an advance against Agreement funds is requested or received in an amount greater than *\$5,000*, a Blanket Crime Policy shall be required with limits of the Agreement funds allocated in the

Agreement or the amount of scheduled advances.

g. Property Insurance

If the Agreement provides funding for the purchase of property or equipment the Contractor shall provide evidence of all risk property insurance for a value equivalent to the replacement cost of the property or equipment.

S. Miscellaneous

1. **Independent Contractors**

This Agreement shall not be construed as creating an employer/employee relationship, a partnership, joint enterprise, or a joint venture between the parties. City and Contractor are independent contractors. The City will not be responsible for reporting or paying taxes for Contractor or similar levies that maybe required by the United States Internal Revenue Service or other State or Federal Agency. Contractor agrees and understands that this Agreement does not grant to Contractor or its employees any rights or privileges established for employees of the City.

2. *Jurisdiction and Venue*

This Agreement is made under and shall be governed by the laws of the State of Texas, without regard to conflicts of laws principles which would apply the law of any other jurisdiction. Venue for any dispute arising out of or concerning this Agreement, either administrative or judicial, shall be proper and lie exclusively in Travis County, Texas.

3. *Force Majeure*

a. Each party to this Agreement excuses the failure of the other party to perform its obligations under this Agreement if that failure is caused by an event of Force Majeure. Force Majeure means acts and events not within the control of the party, and which the party could not use due diligence to avoid or prevent. Events of Force Majeure include acts of God, strikes, riots, sabotage, civil disturbances, epidemics, acts of domestic or foreign terrorism, lightning, earthquakes, fires, storms, floods, and landslides. Force Majeure does not include economic or market conditions which affect a party's cost, but not its ability to perform.

b. The party invoking Force Majeure shall give timely written notice to the other party of the event by facsimile transmission, telephone, or electronic mail. The party shall use due diligence to remedy the effects of Force Majeure as soon as reasonably possible. If a party's performance is delayed by the event of Force Majeure, the parties will mutually agree to extend the time for the completion of obligations by a period of time reasonably necessary to overcome the effect of the Force Majeure event.

4. *Community Planning*

Contractor agrees to participate in a community planning process, such as the Community Action Network.

5. *Updates to Performance Measures*

Contractor agrees to participate with City staff to update the performance measures described in the Work Statement (Exhibit A), to be consistent with the City investment strategy.

6. *Offset of Indebtedness*

Contractor acknowledges that the City has provided notice of Article VIII, Section 1 of the Austin City Charter which prohibits the payment of any money to any entity who is in arrears to City of Austin for taxes, and of §2- 8-3 of the Austin City Code concerning the right of City of Austin to offset indebtedness owed to City of Austin.

7. *Current Revenue*

Contractor acknowledges that the City has provided notice that the City's payment obligations to Contractor are payable only from funds appropriated and currently available for the purpose of this Agreement. City shall provide Contractor with prompt written notice of failure of City to make an adequate appropriation or lack of current revenue for any fiscal year to pay the amounts due under the Agreement.

8. *Assignment*

Neither party may transfer any right or obligation under this Agreement without the prior written consent of the other party.

9. *Non-Waiver*

In no event shall any payment by City to Contractor, the acceptance or receipt of reports, or any other act or failure of the City to insist in any one or more instances upon the terms and conditions of this Agreement constitute or be construed in any way to be a waiver by the City of any breach of covenant or default which may then or subsequently be committed by the Contractor. Neither shall such payment, act, or omission in any manner impair or prejudice any right, power, privilege, or remedy available to the City to enforce its rights under this Agreement, which rights, powers, privileges, or remedies are always specifically preserved. No representative or agent of the City may waive the effect of this provision.

10. *Conflict of Interest*

a. Contractor covenants that neither it, nor any member of its governing body, presently has any interest or shall acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Agreement. Contractor further covenants that in the performance of this Agreement no person having such interest shall be employed or appointed as a member of its governing body.

b. Contractor further covenants that no member of its governing body or its staff, subcontractors or employees shall possess any interest in or use their position for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves, or others, particularly those with whom they have family, business, or other ties.

c. No officer, employee, independent consultant, or elected official of City who is involved in the development, evaluation, or decision-making process regarding this Agreement, or the performance of this Agreement, shall have a financial interest, direct or indirect, in the Agreement. Contractor acknowledges that if it takes action, directly or indirectly, that results in a violation of this provision, City, in its sole discretion, may void this Agreement.

11. *Political and Sectarian Activity*

No portion of the funds received by the Contractor under this Agreement shall be used for any political activity (including, but not limited to, any activity to further the election or defeat of any candidate for public office) or any activity undertaken to influence the passage, defeat, or final content of legislation; or for any sectarian or religious purposes.

12. *Publicity*

Where such action is appropriate as determined by the City, Contractor shall publicize the activities

conducted by the Contractor under this Agreement. Any news release, sign, brochure, or other advertising medium including websites disseminating information prepared or distributed by or for the Contractor shall recognize the City as a funding source and include a statement that indicates that the information presented does not officially represent the opinion or policy position of the City.

13. *No Third Party Beneficiaries*

This Agreement is not intended to confer any rights upon any other person or entity, including but not limited to any client or employee of Contractor.

14. *Allowable Reimbursement*

a. Expenses shall be considered reimbursable if incurred directly and specifically in the performance of this Agreement and in conformance with the Work Statement or any conditions governing the use of funds used to make payments under this Agreement.

b. The City’s prior written authorization is required in order for the following to be considered reimbursable expenses:

 (1) Purchases of tangible, nonexpendable property. These items include any fax machine, stereo systems, cameras, video recorder/players, microcomputers, software, printers, microscopes, oscilloscopes, centrifuges, balances and incubator, or any other item having a useful life of more than one year and an acquisition cost, including freight, of over one thousand dollars (\$1,000);

 (2) Alteration or relocation of facilities; or,

 (3) Travel/training outside Travis County, unless included in the approved budget.

15. *Contractor Policies and Procedures*

Contractor shall maintain written policies and procedures approved by its governing body and to make copies of all policies and procedures available to the city upon request. At a minimum, written policies shall exist in the following areas: Financial Management; Subcontracting and/or Procurement; Equal Employment Opportunity; Personnel and Personnel Grievance; Nepotism; Non-Discrimination of Clients; Client Grievance; Drug Free Workplace; the Americans With Disabilities Act; and Criminal Background Checks.

16. *Monitoring and Evaluation*

a. Contractor agrees that the City or its designee may carry out monitoring and evaluation activities to ensure adherence by the Contractor to the Work Statement, as well as other provisions of this Agreement. Contractor shall fully cooperate in any monitoring or review by the City and further agrees to designate a staff member to coordinate monitoring and evaluation activities. The City agrees, to the extent permissible, to provide Contractor with copies of reports, audits or other evaluations received by the City concerning Contractor’s performance.

b. Contractor shall provide City with copies of all evaluation or monitoring reports received from other funding sources during the Agreement Term within twenty (20) working days following the receipt of the final report.

c. Contractor shall keep on file copies of all notices of Board of Directors meetings, Subcommittee or Advisory Board meetings, and copies of minutes of those meetings.

17. *Financial Audit of Contractor*

a. In the event Contractor receives combined receipts of federal financial assistance and outstanding federal direct, guaranteed or insured loan balances totaling five hundred thousand dollars (\$500,000) or more for any one-year period, Contractor shall submit to the City a complete set of audited financial statements and the auditor's opinion and management letters in accordance with 24 CFR, Part 44, OMB Circular A-133, the Single Audit Act of 1984, and the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions covering Contractor's fiscal year until the end of the term of this Contract.

- b.** If Contractor is not subject to the Single Audit Act, and expending five hundred thousand dollars (\$500,000) or more during the Contractor's fiscal year, then Contractor shall have a full financial audit performed. If less than five hundred thousand dollars (\$500,000) is expended, then a financial review is acceptable, pursuant to the requirements of this Agreement.
- c.** Contractor shall contract with an independent auditor utilizing a Letter of Engagement. The auditor must be a Certified Public Accountant recognized by the regulatory authority of the State of Texas.
- d.** Contractor shall provide the City with two (2) copies of a complete financial audit and the auditor's opinion and management letters within one hundred eighty (180) calendar days of the end of Contractor's fiscal year, unless alternative arrangements are approved in writing by the City.
- e.** The expiration or termination of this Agreement shall in no way relieve Contractor of the audit requirement set forth in this Section R.17.

18. *Ownership of Property*

- a.** Ownership title to all capital acquisition, supplies, materials or any other property purchased with funds received under this Agreement and in accordance with the provisions of the Agreement, is vested with the City and such property shall, upon termination of the Agreement, be delivered to the City upon request.
- b.** Written notification must be given to the City within five (5) calendar days of delivery of nonexpendable property (defined as anything that has a life or utility of more than one year and an acquisition cost, including freight, of over one thousand dollars (\$1,000)) in order for the City to effect identification and recording for inventory purposes. Contractor shall maintain adequate accountability and control over such property, maintain adequate property records, and perform an annual physical inventory of all such property and report this information in the Annual Summary (close out) report due sixty (60) days after the end of the Agreement Term.
- c.** In the event Contractor's services are retained under a subsequent agreement, and should Contractor satisfactorily perform its obligations under this Agreement, Contractor shall be able to retain possession of non-expendable property purchased under this Agreement for the duration of the subsequent agreement.

19. *Suspension of Funding*

- a.** If the City makes a determination that Contractor has failed to timely and properly perform its obligations, City may, without limiting any rights it may otherwise have, at its discretion, and upon three (3) calendar days within such determination provide written notice to Contractor, and withhold further payments to the Contractor. Such notice shall be given in accordance with Section 20., below. The notice shall set forth the default or failure alleged and the action required for cure.
- b.** The period of such suspension shall be of such duration as is appropriate to accomplish corrective action, but, in no event shall it exceed sixty (60) calendar days. At the end of the suspension period, if the City determines that the default or deficiency has been satisfied, Contractor may be restored to full compliance status and paid all funds withheld during the suspension period.

c. City shall have the right to suspend this Agreement without prior notice to Contractor upon a reasonable belief of imminent or actual misuse or misappropriation of this Agreement's funds. The period of suspension under this clause shall be for a period of time appropriate and reasonably necessary to complete an investigation, but in no event shall exceed sixty (60) days. Should the City choose to exercise its rights under this clause, upon reaching a decision to suspend, notice will be forwarded immediately to the Contractor notifying it of the suspension and any subsequent investigation the City will undertake.

20. Notices

All notices, demands and requests required or permitted under this Agreement shall be in writing and may be given by: (a) hand delivery to the party to be notified; (b) deposit in the United States mail, registered or certified, with return receipt requested, postage prepaid, addressed to the party at the address set forth below; (c) overnight courier of general use in the business community of Austin, Texas; or (d) facsimile correspondence if a facsimile number is provided below and the sending party retains a machine generated confirmation sheet evidencing the time and date of the facsimile transmission. Notice given under this section shall be deemed delivered and effective on the earlier of actual receipt or three calendar days following deposit in accordance with the requirements of subsection (b) above, except for (d) above, which will provide the date and time of delivery. For purposes of notice the addresses of the parties shall, until changed, be:

<u>CONTRACTOR:</u> Name of entity Name of executive director Address _____, Texas Facsimile: _____	<u>CITY:</u> David Lurie, Director City of Austin Health and Human Services Dept. 7201 Levander Loop, Building E Austin, Texas 78702	With copy to: Vince Cobalis, Assistant Director City of Austin Health and Human Services Dept. 7201 Levander Loop, Building E Austin, Texas 78702
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An alternative addressee or address may be designated by either party, by sending written notice in a manner described above.

21. Entire Agreement

This Agreement, together with the exhibits listed below, constitutes the entire agreement between the parties. The parties agree that any prior contract, assertion, statement, understanding, or other commitment prior to or contemporaneous with the execution of this Agreement, whether written or oral, shall have no force or effect whatsoever. Any modifications to this Agreement occurring during the term of this Agreement shall have no legal force or effect unless documented in a writing signed by both parties. Any increase in the contract amount or term shall be approved by City Council.

CONTRACTOR:

CITY:

INSERT LEGAL NAME OF CONTRACTOR

CITY OF AUSTIN

Signature:_____

Printed Name:_____

Title:_____
Services

Date:_____

Signature: _____

Printed Name: **Carlos Rivera**

Title: Director, Health and Human
Department

Date: _____

EXHIBITS:

Exhibit A – Program Forms

A.1- Program Work Statement

A.2- Program Performance Measures

Exhibit B – Program Budget Forms

B.1- Program Budget and Narrative

B.2- Program Subcontractors (if applicable)

Exhibit C - Insurance Requirements for City Contracts



Amendment No. **X** to
Agreement No. [REDACTED]

Between The

CITY OF AUSTIN

and

AGENCY NAME

RECITALS

On **December 17, 2009**, the City Council for the City of Austin, a home-rule municipal corporation situated in Hays, Travis and Williamson Counties (City), approved an "Agreement for Social Services" (Agreement) between the City and **Agency Name**, a Texas non-profit corporation (Contractor), from **January 1, 2010 until September 30, 2010**. The Agreement was approved with one (1) 12-month renewal option. On **August 18, 2011**, City Council authorized one (1) additional 6-month renewal option to the Agreement.

The City now exercises the authorized six (6) month renewal option for the above-referenced Agreement, in this "Amendment No. **X**" (Amendment), and modifies the following provisions of the Agreement:

A. Term

The term for this Amendment will be from **October 1, 2011 until March 31, 2012**, with no remaining renewal options.

B. Services

Contractor shall provide all services and perform all activities described in the "Program Work Statement" attached to this Amendment as Exhibit A. Contractor shall not subcontract any work under this Amendment without the prior written consent of the City.

C. Financial Terms

2. The total amount for this Amendment to the Agreement is **dollar amount written out** dollars (\$ **XXXXX**). The total Agreement amount is recapped below:

Term	Agreement Change Amount	Total Agreement Amount
Basic Term: (Jan. 1, 2010 – Sept. 30, 2010)	n/a	\$ XXXXXX
Amendment No. 1: Renewal Option # 1 (October 1, 2010 – Sept. 30, 2011)	\$ XXXXXX	\$ XXXXXX
Amendment No. 2: Renewal Option # 2 (October 1, 2011 – Sept. 30, 2012)	\$ XXXXXX	\$ XXXXXX

G. Debarment

By signing this Amendment, Contractor certifies that Contractor and its principals are not currently suspended or debarred from doing business with the Federal Government, as indicated by the GSA List of Parties Excluded from Federal Procurement and Non-Procurement Programs, the State of Texas, or the City of Austin.

~~I. MBE / WBE Goals~~

MBE/WBE goals do not apply to this Amendment.

All other terms, definitions and conditions set forth in the Agreement remain in full force and effect.

BY THE SIGNATURES affixed below, this Amendment is hereby incorporated into and made a part of the Agreement referenced in the 'Recitals', above.

~~CONTRACTOR:~~

~~CITY OF AUSTIN:~~

Signature: _____

Signature: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____, 2011

Date: _____, 2011

~~EXHIBITS~~

Exhibit A – Program Forms

A.1 Program Work Statement

A.2 Program Performance Measures

Exhibit B – Program Budget Forms

B.1 Program Budget and Narrative

B.2 Program Subcontractors

Exhibit C - Insurance Requirements for City Contracts



Austin/Travis County Health and Human Services Department

Your Unit Here

**P.O. Box 1088
Austin, Texas 78767**

Date

**Name, Executive Director
Agency Name**

**Street Address
Austin, Texas 787XX**

RE: Monitoring Visit: FY 20XX (Program Name)

Dear **Name**:

The purpose of this letter is to notify you of the upcoming monitoring visit scheduled for your agency. The visit has been scheduled for **(date)**, at **(time)**. **Staff names** will conduct the monitoring review.

In accordance with your City Program **name contract**, we will be conducting a programmatic, financial, and administrative review of your **20XX-20XX Program name** contract. The items to be reviewed include, but are not limited to:

- Financial records/procedures and all support documentation for expenditures charged to the contract for the months of **Month 20XX** and **Month 20XX**;
- Client records for all Program clients served and reported on for the months of **Month 20XX** and **Month 20XX**;
- Operational/ Personnel policies and procedures;
- Payroll system records and personnel files (if applicable);
- Contract and document files; and
- Any other pertinent documents supporting the administration and execution of your City Program contract.

Enclosed please find a blank copy of the monitoring instrument and attachments that will be used to conduct the monitoring review of your **Program name** program. It is recommended that you and your staff familiarize yourself with the items contained within the instrument as you prepare for the monitoring visit. If you have any questions concerning this review, please contact **Staff name** at (512) 972-5XXX.

Sincerely,

Staff Name
Title

Health and Human Services Department

cc:

Enclosures

CM –Monitoring Sample Letter

Created 12/31/11

Page 1 of 1



City of Austin
Health and Human Services Department

<<DEPARTMENT HERE>>

P.O. Box 1088
Austin, Texas 78767

Date

Agency Name
Agency
Address

Dear <<agency name or contact name>>,

During the contract year, the City of Austin Health and Human Services Department conducts on-site monitoring of sampled contracts as part of the risk management process. This monitoring is routine and serves to ensure that contractors abide by the requirements of their contracts and provide the services for which they have been contracted.

We will be conducting on-site fiscal and administrative monitoring of the funded contract

<<name of program>> on <<date>>. We will conduct both entrance and closing conferences. This will provide you with an opportunity to ask any questions and to discuss any preliminary results. I request that the Executive Director, administrative, program and fiscal staff be present. The Health and Human Services staff, <<staff names/titles>>, will be conducting the visit.

To help expedite the monitoring process, original copies of the following items must be available for review during the visit.

- Copies of your general ledger and payroll ledger for all COA transactions for the months of (months) (Payroll ledgers must show 100% of time for personnel charged to the contract;
- Documentation for all purchases charged to the COA contract during (months). Documentation may include copies of cancelled checks, receipts or paid invoices for

purchases completed during this period;

- Travel logs for personnel charging travel to the contract during (months);
- Equipment inventory records (if applicable), with COA purchases clearly identified;
- Personnel files including applications, resumes, time sheets, and I-9s; as well as, any confidentiality statements, criminal background check release forms, criminal history and affidavits that have not been conveyed to or approved by the COA office;
- Volunteer Roster with confidentiality statements, criminal background check release forms and affidavits and criminal background check results; and

- Your agency's policies and procedures manual.

Please also have the following items available for the program review at the time of the monitoring visit:

- The COA Contract file, including related plan changes, amendments, and other correspondence;
- Community awareness and outreach materials; and
- Other documents as requested.

During monitoring, the following topics may be discussed as need dictates: service accessibility/community outreach, cultural competency, staffing/personnel/volunteers, procedures and maintenance of criminal background checks documentation, client confidentiality, procedures for reporting abuse and administrative issues such as insurance coverage, equipment, and submission of program reports. Please make sure someone who is knowledgeable about these areas is available during the review.

As a reminder, within 5 business days after this on-site visit, a summary report of our discussion will be emailed to you and a follow-up phone call may be made to discuss the content. The summary report will include; areas of strength, areas for improvement or of noncompliance, recommended actions to address items of concern or for follow up/persons responsible.

Please confirm that these site visit details work well with your schedule and your agency's desired goals. If you need to make any changes, please let us know as soon as possible. Thank you for the work you do, we look forward to our visit.

Regards,

COA Staff Name/Title

CC: (Program
Coordinator) (Grant
Coordinator)

Appendix J: Program Budget and Narrative

Section 0630

Program Budget and Narrative

Program Budget

Applicant must input all proposed budget line items per the applicable Life Continuum categories.

- **ALL LINE ITEM AMOUNTS MUST BE WHOLE DOLLARS ONLY.**
- The dollar amount requested in your Application's Program Budget and Narrative must reflect a twelve (12) month amount of funding.
- The dollar amount requested in your Application's Program Budget and Narrative must be budgeted for either Short-Term or Long Term Training.
- The Personnel line item includes Salaries plus Benefits (combined).
- General Operating Expenses: Include for this line item all operating expenses which are NOT included in any other line item). Examples are any Travel/ Training/ Conferences WITHIN Travis County, Insurance/Bonding, Audit expenses, equipment costing \$5,000 or less, general office supplies, rent; utilities, telecommunications, postage, etc.
- Consultants/Contractuals: Applicants shall combine all proposed amounts into one line item, but shall provide separate details for each relevant item in the Program Subcontractors form. Only consultant/contractual expenses for direct client services are to be included here; other consultant/contractual services should be included in General Operating Expenses.
- Direct Assistance to Clients includes rent, mortgage, utilities, or transportation costs, etc.
- "Amount Funded by ALL OTHER Sources" is the balance of funding from all sources other than the City of Austin.
- "Total Budget" is the sum of all funding sources, which is the entire cost of the program.
- Calculate and check all subtotals and totals, including the percentages by funding source at the bottom, and ensure all line item amounts, subtotals, and totals are in WHOLE DOLLARS.

Program's Line Item Budget	<input type="checkbox"/> SHORT-TERM TRAINING OR <input type="checkbox"/> LONG-TERM TRAINING	Amount Funded by ALL OTHER Sources	TOTAL Budget (ALL funding sources)
PERSONNEL			
1. Salaries plus Benefits			
A. Subtotals: PERSONNEL			
OPERATING EXPENSES			
2. General Operating Expenses			
3. Consultants/ Contractuals			
4. Staff Travel - <u>Out of Travis County</u>			
5. Conferences/Seminars - <u>Out of Travis County</u>			
B. Subtotals: OPERATING EXPENSES			
DIRECT ASSISTANCE for PROGRAM CLIENTS			
6. Food/Beverage for Clients			
7. Financial Assistance for Clients			
8. Other (<i>specify</i>)			
C. Subtotals: DIRECT ASSISTANCE			
CAPITAL OUTLAY (with per Unit Cost <u>over \$5,000/unit</u>)			
9. Capital Outlay			
D. Subtotals: CAPITAL OUTLAY			
TOTALS			
GRAND TOTALS (A + B + C + D)			
PERCENT SHARE of Total for Funding Sources:	%	%	100%

Program Subcontractors

SUBCONTRACTOR #1		
Name of Subcontractor		
Term of Subcontract (<i>mm/dd/yyyy</i>)	Start date:	End date:
Services to be Subcontracted		
Number of Clients to be Served (<i>if applicable</i>)		
Dollar Amounts by Funding Source:		
<u>CITY of AUSTIN amount</u> \$	\$	\$

SUBCONTRACTOR #2		
Name of Subcontractor		
Term of Subcontract (<i>mm/dd/yyyy</i>)	Start date:	End date:
Services to be Subcontracted		
Number of Clients to be Served (<i>if applicable</i>)		
Dollar Amounts by Funding Source:		
<u>CITY of AUSTIN amount</u> \$	\$	\$

SUBCONTRACTOR #3		
Name of Subcontractor		
Term of Subcontract (<i>mm/dd/yyyy</i>)	Start date:	End date:
Services to be Subcontracted		
Number of Clients to be Served <i>(if applicable)</i>		
Dollar Amounts by Funding Source:		
<u>CITY of AUSTIN amount</u> \$	\$	\$

(If needed for additional subcontracts, copy blocks above to a new page and re-number them accordingly)

Program Budget Narrative

Add details to describe the proposed City expenses from your Program Budget form. Explanations for the "Other Sources" line items are not required.

PERSONNEL	NARRATIVE/ Descriptions
1. Salaries and Benefits	
OPERATING EXPENSES	
2. General Operating Expenses	
3. Consultants/ Contractuals	
4. Staff Travel - <u>OUT of Travis County</u>	
5. Conferences/Seminars/ Training - <u>OUT of Travis County</u>	
DIRECT ASSISTANCE	
6. Food/Beverage for Clients	
7. Financial Assistance for Clients	
8. Other Direct Assistance (<i>must specify</i>)	
CAPITAL OUTLAY	
9. <u>Capital Outlay</u> (<i>must specify</i>)	

Appendix K: Program Funding Summary

Section 0635

Program Funding Summary

In *last column*, insert the twelve (12) month funding amount for your proposed program into the corresponding cell. Next clearly list all of your other funding sources for this program, with their corresponding program periods and amounts. Also ensure that the Total Program Funding in the bottom right cell is calculated correctly.

Funding Sources	Grant/Contract Name	Funding Period	Funding Period	Funding Amount
		Start (mm/dd/yyyy)	End (mm/dd/yyyy)	
City of Austin	Social Services Contract	10/01/2015	09/30/2016	\$
FUNDING AMOUNT TOTAL:				\$

Appendix L: 2010 Performance Audit of Citywide Contract Management



Austin City Council

Mayor

Lee Leffingwell

Mayor Pro Tem

Mike Martinez

Council Members

Chris Riley

Randi Shade

Laura Morrison

Bill Spelman

Sheryl Cole

Audit Report

**Performance Audit of Citywide
Contract Management**

October 26, 2010

City Auditor
Kenneth J. Mory
CPA, CIA, CISA

Deputy City Auditor
Corrie E. Stokes
CIA, CGAP

Office of the City Auditor
Austin, Texas

Audit Team

Meena Mirpuri, Auditor-In-Charge, CGAP, CICA
Rebecca Takahashi

Assistant City Auditor

Niki Raggi, CGAP, CICA

A full copy of this report is available for download at our website:
<http://www.ci.austin.tx.us/auditor/reports>. You may also contact our office by email at
oca_auditor@ci.austin.tx.us.
Please request Audit No. AU10113

Alternative formats are available upon request.
Please call (512) 974-2805 or Relay Texas #711.



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City of Austin



Office of the City Auditor

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email: oca_auditor@ci.austin.tx.us
website: <http://www.ci.austin.tx.us/auditor>

Date: October 26, 2010
To: Mayor and Council
From: Kenneth J. Mory, City Auditor
Subject: Performance Audit of Citywide Contract Management

I am pleased to present this audit report on Citywide contract management. Contract management refers to the entire contracting process that includes planning, contract formation, administration, and close-out activities.

We found that contract management in the City is designed to be directed centrally, but does not fully operate in a centralized manner, causing controls to be inconsistently applied. Second, some best practices that help ensure effective contracting are also not consistently applied. Finally, the City should adhere to a more uniform contract administration and monitoring process to reduce the risk that City contracted dollars may be spent inappropriately or ineffectively.

Based on our work, we recommend that the Purchasing Officer design a standardized contract management process to be used Citywide, along with an automated contract management system to allow for the uploading, monitoring, and reporting of contracts that is accessible to all staff involved in the contracting process. We also recommend that the Purchasing Officer establish a standard contract monitoring process to provide guidance and oversight for departmental staff with contract responsibilities.

We appreciate the cooperation and assistance we received from staff in the Purchasing Office, Contract and Land Management, and Law Department during this audit.

cc: City Manager
Assistant City Managers
Chief Financial Officer
Purchasing Officer
City Attorney
Public Information Officer

COUNCIL SUMMARY

This report presents the results of our audit of the City's contract management process.

Contract management refers to the entire contracting process that includes planning, contract formation, administration, and close-out. In the City, contracting is delegated to the Purchasing Office for non-Capital Improvement Projects (CIP) contracts and to the Contract and Land Management Department for CIP contracts. As of July 2010, the City had 3,160 active contracts which amounted to approximately \$2.7 billion.

We found that contract management in the City is designed to be directed centrally, but does not fully operate in a centralized manner. As a result, controls over contracting are inconsistently applied. Specifically, not all contracts, such as the social services contracts, go through the central control of the Purchasing Office. We also observed a few contracts that were brought to Council for approval after contract execution.

Additionally, we performed limited testing on a sample of 30 contracts, selected from all contracts above \$5,000 that were active as of July 2010, and found that some best practices that help ensure effective contracting are not consistently applied, which may increase risk for contracted dollars.

Lastly, we found that the City should adhere to a more uniform contract administration and monitoring process to reduce the risk that the City's contracted dollars may not be spent appropriately or effectively.

We recommend that the Purchasing Officer design a standardized contracting process to be used Citywide, including a manual outlining the entire process and clearly defined roles and responsibilities of contract management staff. We also recommend that the Purchasing Officer formally assess options for creating an automated Citywide Contract Management System that allows for uploading, managing, tracking monitoring, and generating reports of contracts and that is accessible to all City staff involved in the contracting process. Finally, we recommend that the Purchasing Officer establish a formal contract monitoring process that includes creating policies and procedures, providing necessary training, and providing oversight.



ACTION SUMMARY PERFORMANCE AUDIT OF CITYWIDE CONTRACT MANAGEMENT



Recommendation Text	Management Concurrence	Proposed Implementation Date
1. We recommend that in order to strengthen controls over City contracting practices, the City Purchasing Officer design a standardized contracting process Citywide, including the following elements: <ul style="list-style-type: none">a. a comprehensive Contract Management Manual which should provide a roadmap to guide the contracting process Citywide, andb. clearly defined roles and responsibilities for all parties involved in the contracting process, including the Purchasing Office, Law Department, and the various departments.	Concur	October 1, 2011
2. We recommend that the City's Purchasing Officer formally assess options for creating an automated Citywide Contract Management System that allows for uploading, managing, tracking monitoring, and generating reports of contracts and that is accessible to all City staff involved in the contracting process.	Concur	FY 2013

Recommendation Text	Management Concurrence	Proposed Implementation Date
<p>3. We recommend that the City's Purchasing Officer establish a standard contract monitoring process to ensure that the City is receiving all goods and services contracted for. Such a system should include:</p> <ul style="list-style-type: none"> a. communicating policies and procedures to relevant staff to ensure that departments monitor contracts on an ongoing basis, b. providing necessary training to guide contract monitoring staff and establishing a Citywide certification process for all contract monitoring staff, such as the Contracting Officer's Technical Representative (COTR) certification program established by the Office of Federal Procurement Policy, and c. establishing a process for conducting periodic reviews of contract monitoring activities within the departments. 	Concur	FY 2012

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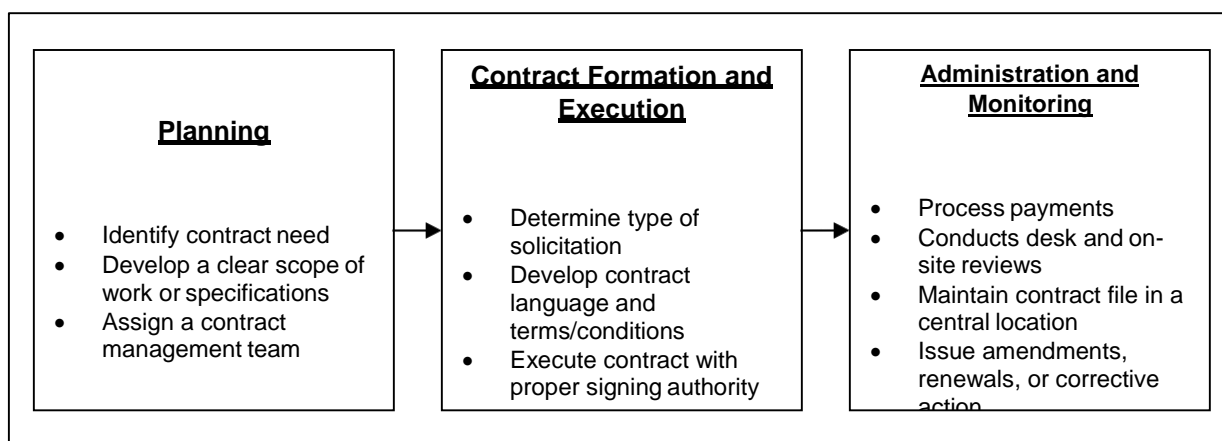
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BACKGROUND

Contract management refers to the entire contracting process, including planning, contract formation, contract administration, and contract close-out. Exhibit 1 below outlines the major phases of the contract management cycle and related key activities for each phase.

EXHIBIT 1

Contract Management Cycle



SOURCE: OCA Analysis of the Contract Management Cycle.

In the City, contracting is delegated to the Purchasing Office for non-Capital Improvement Projects (CIP) contracts and to the Contract and Land Management Department (CLMD) for CIP contracts.

Exhibit 2 indicates that as of July 2010, the City had a total of 3,160 active contracts, amounting to approximately \$2.7 billion. Exhibit 3 and Exhibit 4 on the following page show the breakdown of contracts by department, based on both the number of contracts and the amount of contracted dollars. Refer to Appendix B for a complete list of contract data by department.

EXHIBIT 2

Active Contracts and Master Agreements Over \$5,000

Dollar Amount Range	Number of contracts	Total Dollar Amount	Percent of contracts	Percent of Dollar Amount
\$5,001- \$50,000	1,449	\$ 31,365,798	46%	1%
\$50,001-\$500,000	1,087	\$ 199,908,124	34%	7%
\$500,001-\$5,000,000	521	\$ 848,118,462	16%	31%
Over \$5,000,000	103	\$ 1,628,158,539	3%	60%
TOTAL	3,160	\$ 2,707,550,923	100%	100%

SOURCE: OCA analysis of contracts data provided by Corporate Purchasing Office, July 2010.

EXHIBIT 3

Number of Contracts by Department (As of July 2010)

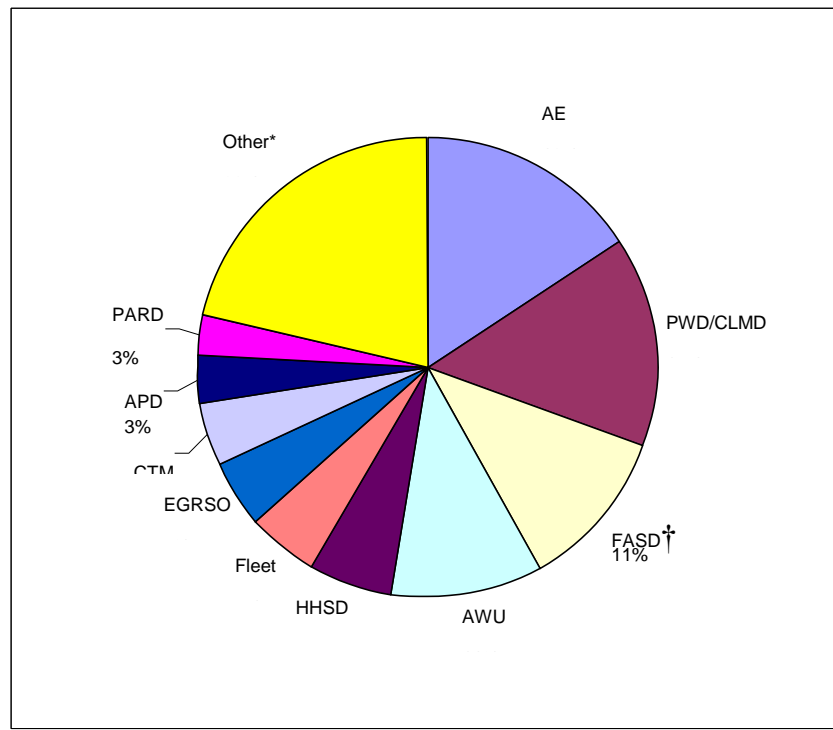
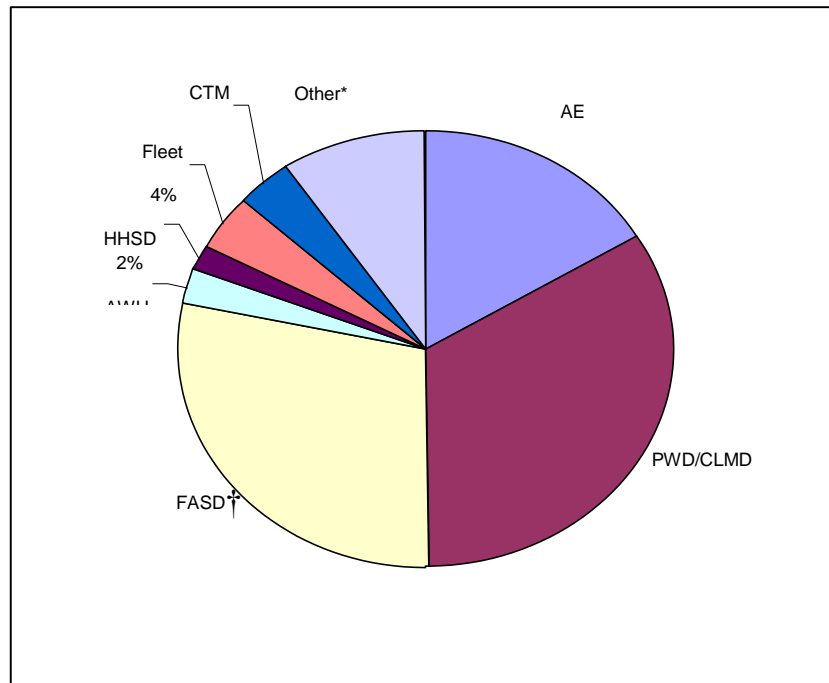


EXHIBIT 4

Amount of Contracted Dollars by Department (As of July 2010)



SOURCE FOR EXHIBITS 3&4: OCA analysis of contracts data provided by Corporate Purchasing Office, July 2010.

NOTES: * For a complete list of other departments and number of active contracts, please see Appendix B

† Approximately 90% of FASD contracts represent Master Agreements.

OBJECTIVES, SCOPE, AND METHODOLOGY

This audit was conducted as part of the Office of City Auditor's FY 10 Service Plan, as accepted by the Council's Audit and Finance Committee.

Objectives

Our audit objectives were to:

- identify key risks and vulnerabilities in the contract management process and controls at both Citywide and departmental levels, and
- rank risks and vulnerabilities and identify critical risk areas in the contract management process for future audit work.

Scope

- This audit focused on Citywide contract management processes and practices in place as of July 2010.
- Contracts over \$5,000, which account for approximately 89% of City contracts (as these contracts are above departmental authority).
- Contracting activities for both Capital Improvement Projects (CIP) and non-CIP contracts.

Methodology

To accomplish our audit objectives, we performed the following steps:

- conducted interviews with management and staff at Purchasing, Law, Contract and Land Management Department, and other City departments to identify risks over contract management processes;
- reviewed laws, policies, and procedures related to contract management;
- identified contract management best practices and developed a contract control checklist based on best practices;
- developed and administered two surveys based on the checklist mentioned above and obtained department responses to these surveys; these surveys were sent to:
 - to all financial managers citywide (details for this survey are included Appendix C), and
 - departmental contract administration and monitoring staff identified through survey to financial managers (details for this survey are included in Appendix D).
- generated a sample of 30 contracts that were active as of July 2010 and reviewed the respective contract files to determine if controls were applied consistently, and
- extracted relevant contract data to analyze the number and dollar amount of City contracts as of July 2010.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit

objectives.

AUDIT RESULTS

Our review of Citywide contract management identified a number of areas where processes and oversight should be strengthened to ensure the City successfully manages contracts. While the areas of weaknesses identified do not automatically translate into contracting failure, they do increase the risk that the City's contracted dollars may not be spent appropriately or effectively.

FINDING #1: Contract management in the City is designed to be directed centrally, but instead operates both in a centralized and decentralized manner; as a result, controls over contracting are inconsistently applied.

Contract management best practices¹ call for the development of a comprehensive contract management system, which should include an organizational structure with clearly defined roles and responsibilities, which can provide oversight, guidance, and accountability for contracting service.

Based on the City Charter, contracting authority resides with the City Manager up to a certain limit, beyond which the City Manager needs to seek approval from the City Council. The City also has policies and procedures that primarily address the contract formation phase. According to these policies, contracting authority for purchases above \$5,000 is delegated to staff in the Corporate Purchasing Office (for non-CIP related contracts) and controls and approval are designed to reside centrally.

In our review of the contracting process, we found that while per policy all non-CIP contracts above \$5,000 are expected to go through Purchasing Office, there are various contracts for which departments operate independently from the Purchasing Office. This includes social services contracts and some Austin Water Utility (AWU) contracts. These exceptions in the procurement process are not documented in the purchasing manual or in other policy or procedure documents; however, they appear to have achieved the status of standard operating procedures.

- Social services contracts are grant agreements managed by Health and Human Services Department (HHSD). HHSD has historically operated independently from the Purchasing Office and engages in all procurement activities from pre-award to contract administration and monitoring. We identified over 100 social services contracts that are currently in place that amount to approximately \$36 million as of July 2010. In September 2010, City Council approved a request by HHSD and the Purchasing Office for a competitive RFP process to contract for social services.
- The Purchasing Office has delegated a higher level of authority to the Austin Water Utility (AWU), based on which AWU executes contracts up to \$50,000. This delegation of authority was initiated in February 2009. We identified 111 contracts (up to \$50,000) that were initiated since 2009 that amount to approximately \$2.2 million as of July 2010.

¹ *Contracting: A Framework for Enhancing Contract Management*, Metro Office of the City Auditor, 2000.

Additionally, we have observed a few instances in which departments executed a contract without Council approval and then sought ratification from Council at a later time. We identified 25 such ratifications occurring between April 2009 and July 2010. While we did not verify the supporting documentation regarding each ratification to determine whether there were allowable reasons, such as emergency purchases, we did observe a few anomalies in the high level documents we reviewed.

Finally, based on interviews with Purchasing Office staff and reviews of results from past audits and investigations, we identified instances in which departments have circumvented competitive procurement by using active Master Agreements or Cooperative Purchases to acquire goods or services not covered under the agreements.

The gap between expectations and practices observed in our review may stem from the lack of a comprehensive contracting manual, which should provide a roadmap to guide the contracting process. Current policies and procedures do not clearly define the City's contracting process and do not clearly define roles and responsibilities for staff with contract-related responsibilities. This is also reflected in the results of our surveys of department financial managers and departmental contract monitoring staff, where approximately 30 percent of respondents in both surveys reported that they do not believe that roles and responsibilities for contracting are clearly documented or defined.

Well-designed policies and procedures, including clearly defined roles and responsibilities, are designed to provide assurance that a process is well governed, controls are effective and efficient, and that assets are safeguarded. When these policies and procedures are inadvertently bypassed or intentionally circumvented, it increases the risk of potential mismanagement and misappropriation of City resources.

FINDING #2: Some best practices that help ensure effective contracting are not consistently applied, which increases exposure risk for the City.

We performed limited testing on a small sample of contracts, selected from all City contracts above \$5,000 that were active as of July 2010, and found that some best practices that help ensure effective contracting are not consistently applied. We compared our sample of 30 contracts, which amount to approximately \$30 million of City contracted dollars, to established contracting best practices² and City controls, and found a lack of uniformity in the application of best

practices and existing controls. Out of the 30 contracts that we reviewed, we found the following issues:

- Four contracts missing some elements of the contracts (such as no attachments or no original contract)
- One contract with no evidence of required Council approval (this contract, from Austin Energy, was later ratified by Council)
- One contract with vague scope of work
- One interlocal contract with no evidence of legal review and approval
- One file not found at Purchasing Office

² *State of Texas Contract Management Guide*, Texas Comptroller of Public Accounts, Version 1.6.

Additionally, while the City Charter requires that the Law Department “pass upon” all contracts, the Law Department is not directly involved in each contract. Based on discussion with the Law Department, legal staff reviews certain types of contracts, such as interlocal agreements and social services contracts, and is involved with other contracts on an as needed basis. In addition, Law Department staff has drafted templates for all contracts. However, our tests indicated some inconsistency in the use of these templates.

Finally, as per best practices³, a contract management system should be an entity wide standardized and automated mechanism that allows for uploading, monitoring, tracking compliance, and generating reports for contracts, even if the day-to-day contract monitoring and compliance is decentralized. Such a mechanism should be accessible to all parties involved in contracting, including Purchasing Office staff and departmental monitoring staff. Currently the City lacks such a Citywide contract management system. The Purchasing Office has recently developed a contract catalog which is also available to the public; however, it only contains information for approximately one-third of City contracts, namely construction contracts and a portion of the Master Agreements.

Purchasing Office management has indicated that the City may expand this system in the future. The Purchasing Office also has a contract workload management system, which does not contain all contracts and is available only to Purchasing Office staff.

FINDING #3: The City should adhere to a more uniform contract administration and monitoring process to reduce the risk that City contracted dollars may be spent inappropriately or ineffectively.

Contract administration involves those activities performed by government officials after a contract has been awarded to determine how well the government and the contractor performed to meet the requirements of the contract. It encompasses all dealings between the government and the contractor from the time the contract is awarded until the work has been completed and accepted or the contract terminated, payment has been made, and disputes have been resolved. As such, contract administration constitutes the primary part of the procurement process that ensures the government gets what it paid for.

Best practices⁴ indicate that by developing an effective contract administration and monitoring process, governmental entities can mitigate the risks associated with contracting out goods and services. A contract administration and monitoring process includes the structure, policies, procedures, and system used to ensure that the

objectives of a contract are accomplished and vendors meet their responsibilities. Another key element of an effective contract monitoring system is training, which increases the likelihood that individuals will monitor contracts reliably because they have the appropriate background knowledge related to contracts.

³ Ibid

⁴ *Components of an effective Contract Monitoring System*, State of Georgia Department of Audits and Accounts, 2003.

In the City, once a contract is executed, monitoring and compliance activities are delegated to the department needing the contracted good or services. Based on interviews with management, Purchasing Office involvement in contract monitoring is limited to providing assistance in case of problems with vendors and when a contract needs to be amended or renewed. The Purchasing Office has developed a contract monitoring guide as a resource for contract monitoring staff. However, the Purchasing Office has not promulgated this guide as an official policy. Further, as indicated by our survey results, not all contract monitoring staff may be aware of such guidance.

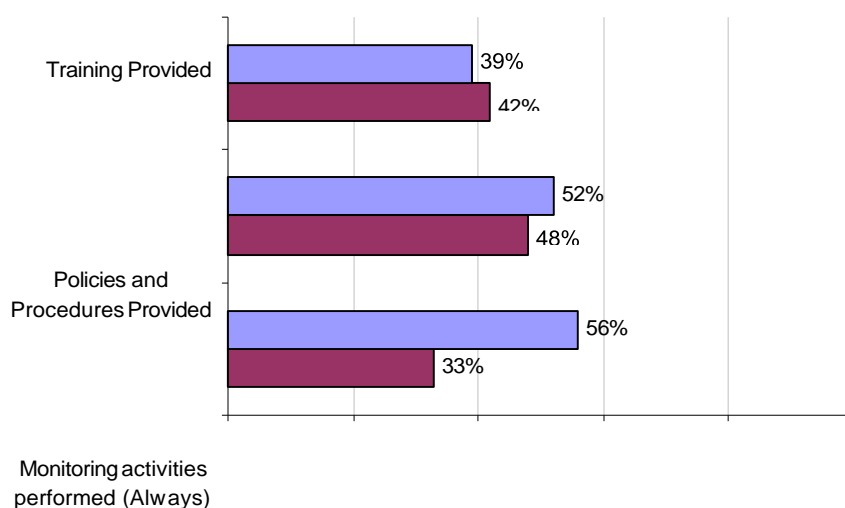
Additionally, the Purchasing Office provides annual and ad-hoc trainings to departments on contract monitoring; however, such training is not a requirement for all staff with contract administration duties.

In our survey of departmental contract administration and monitoring staff, staff indicated that they do not consistently perform key contract monitoring activities, do not have relevant policies and procedures to guide them in the monitoring function, and have not received relevant training. Exhibit 5 displays the percent of survey respondents who indicated that they perform key contract administration activities, such as conducting desk reviews and on-site reviews of the contractor, and whether they feel they have the appropriate tools and training to perform their job. For example, 56 percent of respondents indicated that they consistently conduct desk reviews and 33 percent indicated that they conduct on-site reviews.

EXHIBIT 5

Respondents Performing Key Contract Administration Activities

Desk Reviews are periodic reviews of a contract to monitor compliance, which typically encompass an examination of both routine and special reports and invoices provided by the contractor. They enable an assessment of performance and compliance problems, and assist in identifying the need for on-site reviews.



On-site Reviews involve visiting the site where services are being performed or where commodities are being delivered, and seek to closely examine whether performance or compliance problems exist.

0% 20% 40% 60% 80% 100%

On-site reviews Desk Reviews

SOURCE: OCA Analysis of survey responses from Contract Administration and Monitoring Staff

Best practices⁵ indicate that a wide range of activities should be performed for effective contract monitoring. As shown in Exhibit 6, contract monitoring activities are not performed in a consistent manner.

EXHIBIT 6

Activities Performed by Contract Administration and Monitoring Staff

Survey Questions	Always	Sometimes	Never	N/A or N/R*
Review routine and special reports (including but not limited to financial and performance related) from contractors	56%	29%	11%	4%
Perform on-site review of contractor's performance	33%	37%	21%	9%
Review supporting invoice documentation from contractor to ensure that goods/services contracted for are received	69%	18%	5%	8%
Review supporting invoice documentation from contractor to ensure that ensure that goods/services received are congruent to goods/services listed on the contract	69%	20%	4%	7%
Maintain a filing system for each contract (including but not limited to performance and financial related documentation)	77%	13%	6%	4%
Resolving and addressing non-performance issues or other issues of conflicts to final resolution	48%	42%	2%	8%

SOURCE: OCA Analysis of survey responses from Contract Administration and Monitoring Staff

* NA indicates respondents noting "not applicable". NR indicates no response given.

Inconsistencies were also shown by open ended responses, where for example one department indicated that contract monitoring is done on an as needed basis; some indicated that all contracts are monitored at the same level, some indicated the use of a risk assessment, and some others indicated that there is no system in place for monitoring.

Furthermore, best practices⁶ indicate that an effective contract monitoring system includes policies, procedures, and training. Exhibit 7 shows that not all staff may have the proper tools and training to enable them to monitor and evaluate contract compliance and ultimately ensure that the objectives of a contract are accomplished and vendors meet their responsibilities. For instance:

- Thirty-eight percent of the respondents indicated that policies and procedures related to reviewing reports received from contractors are not available to them and 51 percent indicated that they have not received relevant training in this area.
- Thirty-two percent of the respondents indicated that policies and procedures related to reviewing supporting invoice documentation from contractor to ensure that the City receives goods/services contracted for are not available to them and 44 percent indicated that they have not received training in this area.

⁵ Ibid.

⁶ Ibid.

EXHIBIT 7

Tools and Training Provided to Contract Administration and Monitoring Staff

Survey Questions	Policies and Procedures Are Available			Training Is Provided		
	Yes	No	N/R*	Yes	No	N/R*
Review routine and special reports (including but not limited to financial and performance related) from contractors	52%	38%	10%	39%	51%	10%
Perform on-site review of contractor's performance	48%	36%	16%	55%	35%	10%
Review supporting invoice documentation from contractor to ensure that goods/services contracted for are received	55%	32%	13%	46%	44%	10%
Review supporting invoice documentation from contractor to ensure that ensure that goods/services received are congruent to goods/services listed on the contract	54%	34%	12%	47%	43%	10%
Authorize invoice payment requests from contractors	53%	35%	12%	48%	40%	12%
Process payments to contractors	58%	23%	19%	44%	37%	19%
Maintain a filing system for each contract (including but not limited to performance and financial related documentation)	54%	36%	10%	46%	42%	12%

SOURCE: OCA Analysis of survey responses from Contract Administration and Monitoring Staff

* NR indicates no response given.

These inconsistencies may stem from the lack of a policy on standards and requirements to guide contract administration and monitoring throughout the organization, as discussed, throughout this report. Without Citywide mandated standards for contract monitoring, there is an increased risk of potential mismanagement and misappropriation of City resources.

Recommendations:

The recommendations listed below are a result of our audit effort and subject to the limitation of our scope of work. We believe that these recommendations provide reasonable approaches to help resolve the issues identified. We also believe that operational management is in a unique position to best understand their operations and may be able to identify more efficient and effective approaches and we encourage them to do so when providing their response to our recommendations. As such, we strongly recommend the following:

1. We recommend that in order to strengthen controls over City contracting practices, the City Purchasing Officer design a standardized contracting process Citywide,

including the following elements:

- a. a comprehensive Contract Management Manual which should provide a roadmap to guide the contracting process Citywide, and

- b. clearly defined roles and responsibilities for all parties involved in the contracting process, including the Purchasing Office, Law Department, and the various departments.

MANAGEMENT RESPONSE: Concur

- a. The Purchasing Office will examine its current, written contract management procedures and compare those procedures to best practices cited by the City Auditor. Current City procedures will be refined to address any identified gaps in best practices, and will incorporate any changes.
- b. The Purchasing Office will assess existing administrative bulletins to determine if roles and responsibilities need more clarity. The Purchasing Office will also work with the Law Department to ensure that any additional definitions of roles, responsibilities, and delegations are consistent with the Charter.

(Summary of Response)

- 2. We recommend that the City's Purchasing Officer formally assess options for creating an automated Citywide Contract Management System that allows for uploading, managing, tracking monitoring, and generating reports of contracts and that is accessible to all City staff involved in the contracting process.

MANAGEMENT RESPONSE: Concur

After making improvements to the "Contract Monitoring Guide" and training all appropriate personnel, the Purchasing Office will conduct an assessment of the effectiveness of these improved processes and related training. The Purchasing Office will then attempt to identify further improvements and efficiencies that could be made through the implementation of an automated system. (Summary of Response)

- 3. We recommend that the City's Purchasing Officer establish a standard contract monitoring process to ensure that the City is receiving all goods and services contracted for. Such system should include:
 - a. communicating policies and procedures to relevant staff to ensure that departments monitor contracts on an ongoing basis;
 - b. providing necessary training to guide contract monitoring staff and establishing a Citywide certification process for all contract monitoring staff, such as the Contracting Officer's Technical Representative (COTR) certification program established by the Office Of Federal Procurement Policy⁷; and
 - c. establishing a process for conducting periodic reviews of contract monitoring activities within the departments.

MANAGEMENT RESPONSE: Concur

- a. The Purchasing Officer recently established a unit that will provide oversight and guidance to City departments to strengthen the "Contract Monitoring Guide".
- b. The Purchasing Officer will determine the feasibility of implementing a certification program for contract administrators given the availability of current resources.

c. The Purchasing Officer will assess the feasibility of implementing a Purchasing Office review of contract management activities within the departments to provide an independent “double check” of departmental compliance efforts on a periodic basis.
(Summary of Response)

⁷ *A Guide to Best Practices for Contract Administration*, Office of Federal Procurement Policy (OFPP), 1994


APPENDIX A

MANAGEMENT RESPONSE



MEMORANDUM

To: Kenneth J. Mory, City Auditor

From:  Byron E. Johnson, C.P.M., Purchasing Officer

Date: October 20, 2010

Subject: Performance Audit of Citywide Contract Management

The Purchasing Office of the Financial and Administrative Services Department submits this management response to the Audit Report titled "Performance Audit of Citywide Contract Management," dated September, 28, 2010. I concur with the Audit Report recommendations, and have actions either planned, underway or to be evaluated in the future related to each recommendation.

The scope of your recommendations in this report will require a number of the City's departments to participate in discussions about our current business processes to identify refinements or modifications for improvements. I believe that the proposed timeline demonstrates a commitment to improvement.

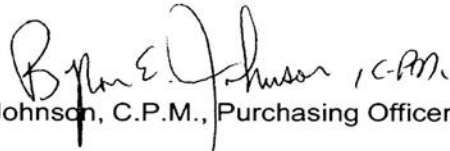
Recommendation 2, regarding the potential implementation of an automated contract management tool is also City-wide in scope. Such a system, if deemed necessary after a thorough evaluation period, would likely require a significant budget investment, and would require a high level of integration with the City's financial system. Obviously, this recommendation will require some analysis and coordination with the City's overall information technology planning and prioritization.

We understand recommendation 3 within the context of the larger report, but feel that it is vitally important to highlight a significant financial control regarding the receipt of goods and services that has been in place since the financial system was upgraded on October 1, 2006. The City revised its financial process to implement "three-way match" as a means of ensuring that the City receives all goods and services for which it is releasing payment. In this process, the order, receipt documentation, and payment action are performed by three separate individuals; in most cases, from three different offices or departments. The receipt step, which is prepared by a department user and maintained in the financial system as a "Receiver" document, provides the verification that goods and services have been received in the proper quantity and quality, in a timely

fashion, properly labeled, packaged and otherwise completely satisfactory for the purpose intended in the contract. The document may be physically keyed into the system by someone other than the actual receiver of the goods and services. However, the person keying the transaction is acting upon a member of City staff stating that an invoice is "ok to pay" – that the goods and services reflected on the invoice are in hand, suitable, not damaged or impaired, and payment can be processed. This transaction provides all users, including auditors, with a financial system record that provides time, date, and individual preparing the receipt.

We understand that recommendation 3 is also intended to aid in capturing contracting activity that is currently conducted outside the financial system. Clearly, the financial system controls, including the three-way matching process described above, help to ensure that the City is receiving the goods and services for which it contracts. Expanding our current process to try and reach employees who do not have password access to the financial system yet who are responsible for contract monitoring, should improve the overall quality of contract monitoring across the City even if we find that the number of such contract administrators are not significant.

Each recommendation has been individually addressed in the Action Plan, which is attached to this letter.

A handwritten signature in black ink, reading "Byron E. Johnson, C.P.M.", with a stylized, cursive script.

Byron E. Johnson, C.P.M., Purchasing Officer

cc: Leslie Browder, Chief Financial Officer
Greg Canally, Deputy Chief Financial Officer
Jeff Knodel, Deputy Chief Financial Officer

**Performance Audit of Citywide Contract Management
Purchasing Office Action Plan**

1. We recommend that in order to strengthen controls over City contracting practices, the City Purchasing Officer design a standardized contracting process Citywide, including the following elements:

- a. A comprehensive Contract Management Manual, which should provide a roadmap to guide the contracting process Citywide;**
- b. Clearly defined roles and responsibilities for all parties involved in the contracting process, including the Purchasing Office, Law department, and the various departments.**

Concurrence:

Concur.

Proposed Strategies for Implementation:

- a. The Purchasing Office will examine its current, written contract management procedures and compare those procedures to the best practices cited by the City Auditor in the State of Texas Contract Management Guide. Current City procedures will be refined to address any identified gaps in best practices, and will incorporate any changes within an expanded "Contract Monitoring Guide", using the City's latest version dated May 2009 as a base upon which to build and improve. The existing guide was developed as part of the Purchasing Office's response to the Office of the City Auditor's Report AU08101, Competitive and Sole Source Audit, which was issued in June 2008.
- b. The Purchasing Office will include the City's applicable administrative bulletins as an appendix to the existing "Contract Monitoring Guide", including administrative bulletin 84-07, Purchasing and Contracting Authority and Related City Charter Requirements, which already outlines roles and responsibilities associated with departments, offices or functions that have contract monitoring / management responsibilities. This bulletin will be assessed to determine whether more clarity is needed to more specifically identify processes beyond those used for general procurement contracts, such as social services contracts or whether it would be helpful to refer to other administrative bulletins...for example administrative bulletin 85-04, which governs use and employment of legal services. The Purchasing Office will work with the Law Department to ensure that any additional definition of roles, responsibilities, and delegation of such are consistent with the City's Charter.

Since many departments have specialized supplemental materials resulting from different bodies of law, the expanded "Contract Monitoring Guide" will allow for these business units to provide supplemental materials for inclusion in the Guide. The goal of updating the "Contract Monitoring Guide" in order to provide a single, City-wide guide is to be completed by October 2011.

Status of Strategies:

Planned.

Responsible Person / Phone Number:

Byron Johnson, Purchasing Office, 974-2500

Proposed Implementation Date:

The Purchasing Office will assess Administrative Bulletin 84-07, "Purchasing and Contracting Authority and Related City Charter Requirements" to determine whether refinements are needed to more clearly define roles and responsibilities. Complete any refinements and submit to City Manager for review and approval by 3/31/2011.

The Purchasing Office will coordinate with the appropriate departments to revise the existing "Contract Monitoring Guide" by spring 2011, with implementation of revised processes and procedures by October 1, 2011.

2. We recommend that the City's Purchasing Officer should formally assess options for creating an automated Citywide Contract Management System that allows for uploading, managing, tracking monitoring, and generating reports of contracts and that is accessible to all City staff involved in the contracting process.

Concurrence:

Concur.

Proposed Strategies for Implementation:

After making improvements to the "Contract Monitoring Guide", and training all appropriate personnel on the new procedures and processes, the Purchasing Office will conduct an assessment of the effectiveness of these improved processes and related training. The Purchasing Office will then attempt to identify further improvements and efficiencies that could be made through the implementation of an automated system, using evaluation tools similar to those used by the OCA for this audit engagement, as well as the appropriate cost/benefit analyses to help assure that the benefits to be gained and the problems that need to be solved are warranted by the significant dollar investment required for new or modified software system(s). This analysis will be conducted subject to the Information Technology governance process currently being developed by the City's Chief Information Officer (CIO). The CIO anticipates implementing the governance structure and related processes during the current fiscal year to better prioritize the funding of competing needs for fiscal year 2012.

Status of Strategies:

Planned.

Responsible Person / Phone Number:

Byron Johnson, Purchasing Office, 974-2500

Proposed Implementation Date:

Evaluate progress in contract monitoring and demonstrated compliance within six months to one year after the revised "Contract Monitoring Guide" has been disseminated and training has been completed. Begin evaluating potential computer system improvements that may be needed, including associated cost/benefit analyses needed to justify allocation of limited funding for system improvements. The earliest consideration for funding and potential development of an automated contract monitoring system would likely not be feasible until fiscal year 2013.

3. We recommend that the City's Purchasing Officer establish a standard contract monitoring process to ensure that the City is receiving all goods and services contracted for. Such system should include:

- a. Establishing formal policies and procedures that require departments to monitor contracts on an ongoing basis;**
- b. Providing necessary training to guide contract monitoring staff and establishing a Citywide certification process for all contract monitoring staff, such as the Contracting Officer's Technical Representative (COTR) certification program established by the Office Of Federal Procurement Policy;**
- c. Establishing a process for conducting periodic reviews of contract monitoring activities within the departments.**

Concurrence:

Concur.

Proposed Strategies for Implementation:

a. Contract monitoring improvements were implemented in 2008 as a result of a prior OCA report. In May 2009, the Purchasing Office developed and distributed the "Contract Monitoring Guide" to respond to recommendations contained in that report. In 2010, the Purchasing Office Corporate Contract Administration team provided onsite reviews and applicable instruction to departments. The Purchasing Officer recently established a unit that will provide oversight and guidance to City departments to respond to new recommendations contained in this audit report and to strengthen the "Contract Monitoring Guide". One Contract Compliance Specialist Senior within the Purchasing Office has been repurposed to this effort.

b. The Purchasing Officer will consider the feasibility of implementing a certification program for contract administrators given the availability of current resources. Training will be conducted once the refinements to the "Contract Monitoring Guide" have been completed. The Purchasing Office will contact departments to identify employees with contract monitoring responsibilities. Currently, those employees who have password access to the financial system are required to attend training on an

annual basis. Those employees without password access will be required to be trained on the curriculum described above after they have been identified.

c. The Purchasing Officer will assess the feasibility of implementing a Purchasing Office review of contract management activities within the departments. This would provide an independent "double check" of departmental compliance efforts on a periodic basis and might possibly be able to occur using existing staff resources. An extensive, centralized auditing presence is likely not feasible without additional resources. This will be evaluated further as fiscal year 2012 budget development approaches.

Status of Strategies:

Planned, or to be evaluated.

Responsible Person / Phone Number:

Byron Johnson, Purchasing Office, 974-2500

Proposed Implementation Date:

The goal of refining the "Contract Monitoring Guide" to provide a single base for training curriculum is to be completed within the next six months to one year. Implementation of other recommendations will be considered as part of fiscal year 2012 budget development.

**APPENDIX B CONTRACTS
BY CITY DEPARTMENT**

CONTRACTS BY CITY DEPARTMENT

Department	Number of Contracts	Dollar Amount of Contracts
Austin Energy	503	\$ 444,187,111
Public Works ¹	466	\$ 899,498,282
Financial and Administrative Services ²	354	\$ 777,477,097
Austin Water Utility	332	\$ 68,981,118
Health and Human Services	188	\$ 50,940,923
Fleet	156	\$ 113,916,495
Economic Growth and Redevelopment Service	150	\$ 10,241,077
Communications and Technology Management	144	\$ 97,395,178
Austin Police Department	105	\$ 9,244,966
Parks and Recreation Department	83	\$ 8,733,674
Law	78	\$ 4,344,335
Transportation	76	\$ 38,364,922
Aviation	75	\$ 24,946,331
Watershed Protection and Development Review	68	\$ 19,110,322
Solid Waste Services	66	\$ 24,043,016
Neighborhood and Housing Community Development	60	\$ 28,096,457
Convention Center	40	\$ 13,091,377
Emergency Medical Services	31	\$ 5,248,766
Austin Public Library	35	\$ 14,712,659
Human Resources	49	\$ 42,380,821
Austin Fire Department	56	\$ 7,157,460
Municipal Court	12	\$ 2,114,052
Neighborhood Planning and Zoning	9	\$ 767,362
Small and Minority Business Resources	5	\$ 168,265
City Managers Office	5	\$ 257,300
Communications and Public Information Office	4	\$ 501,200
City Clerk	3	\$ 471,000
Office of the City Auditor	3	\$ 61,000
Public Safety and Security	2	\$ 88,357
Governmental Relations	2	\$ 1,010,000
Total	3,160	\$ 2,707,550,923

1. Public Works contracts include Public Works and CLMD contracts.

2. Approximately 90% of FASD contracts represent Master Agreements.

SOURCE: OCA analysis of contracts data provided by Corporate Purchasing Office, July 2010.

APPENDIX C
SURVEY OF DEPARTMENTAL FINANCIAL MANAGERS

SURVEY OF DEPARTMENTAL FINANCIAL MANAGERS

Survey for Departmental Financial Managers				
A	Enter Department Name	Enter Response Here		
B	Enter total number of current contracts in your department	Enter Response Here		
C	Enter total dollar amount of these contracts	Enter Response Here		
D	Does your department have a centralized or a decentralized contract monitoring/compliance function?	Enter Response Here		
E	Please attach a list of staff in a) Contract Administration, and b) Contract Monitoring/Compliance	Enter Response Here		
No.	Survey Questions	Yes	No	Comments
1	Do you have citywide or departmental policies and procedures in place to guide contract managers and other pertinent staff with contract management responsibilities? If yes, please attach relevant policies and procedures.			
2	Do you believe that roles and responsibilities regarding contract management are clearly documented and well-defined?			
3	Do your policies and procedures require the use of a standard template for contracts? Who provides this template?			
4	Is guidance from the Purchasing Office required or provided for all contracts?			
5	Is guidance from the Law Department required or provided for all contracts?			
6	Does your department receive an adequate level of assistance from the Purchasing Office and/or Law Department?			
7	Do you feel that all your contracts have a well defined scope of work that would result in being able to resolve possible issues?			
8	What are the biggest issues that you face in contract management, (from contract formation through ongoing contract management)?			
9	Are you aware of any inappropriate behavior regarding contracts (management overrides, vendor fraud, potential conflict of interest, etc.)?			

24 Appendix C

APPENDIX D

SURVEY OF CONTRACT ADMINISTRATION AND MONITORING STAFF

SURVEY OF CONTRACT ADMINISTRATION AND MONITORING STAFF

The survey below was sent to 161 contract administration and monitoring staff identified through the survey to financial managers. We obtained responses from 63% of staff surveyed.

Survey for Departmental Contract Administration and Monitoring Staff									
No.	Section A. General Survey Questions	Response							
A1.	Enter Department Name	Enter Response Here							
A2.	Enter your position title	Enter Response Here							
A3.	Indicate what % of your time is devoted to Contract Administration and Monitoring related tasks	Enter Response Here							
A4.	Please provide the number of contracts that you are responsible for and a list of such contracts. (Only if available)	Enter Response Here							
A5.	Which contract administration system do you use, if any?	Enter Response Here							
Section B. Roles& responsibilities, Policies&Procedures and Training related questions									
					Response				
Fill in the appropriate response for all the <u>activities</u> that you perform, <u>policies and procedures</u> that are available to you and <u>training</u> that you receive. If you indicated N/A, please explain.									
		Indicate Activities You Perform				Policies and Procedures Available		Training Provided	
No.	Survey Questions	N/A	Never	Sometimes	Always	Yes	No	Yes	No
B1.	Participate in developing the contract solicitation								
B2.	Participate in drafting contractual documents (such as defining the contract's scope of work)								
B3.	Conduct or participate in post award meetings (once the contract is awarded) with contractors								
B4.	Review routine and special reports (including but not limited to financial and performance related) from contractors								
B5.	Perform on-site review of contractor's performance								
B6.	Review supporting invoice documentation from contractor to:								
B6.a	Ensure that goods/services contracted for are received								
B6.b	Ensure that goods/services received are congruent to goods/services listed on the contract								
B7.	Authorize invoice payment requests from contractors								
B8.	Process payments to contractors								
B9.	Maintain a filing system for each contract (including but not limited to performance and financial related documentation)								
B10.	Resolving and addressing non-performance issues or other issues of conflicts to final resolution								
B11.	Maintain documentation of issues indicated above in question B10								
B12.	Conduct post contract (once the contract is complete) reviews to evaluate contractor performance and communicate results to proper authority								
B13.	Are your roles well defined and clearly communicated?								
No.	Section C. Open ended questions	Response							
C1.	How do you prioritize the level of monitoring needed for each contract?	Enter Response Here							
C2.	Who do you contact when you need assistance with contract administration and/or monitoring?	Enter Response Here							
C3.	What are the biggest issues that you face in contract administration and/or monitoring?	Enter Response Here							
C4.	Are you aware of any inappropriate behavior regarding contracts (management overrides, vendor fraud, potential conflict of interest, etc.)?	Enter Response Here							
C5.	Any other comments that you may want to share with us	Enter Response Here							

Appendix M: 2014 Health and Human Services Department Contract Monitoring Follow-Up Audit



**A Report to the
Austin City Council**

Mayor

Lee Leffingwell

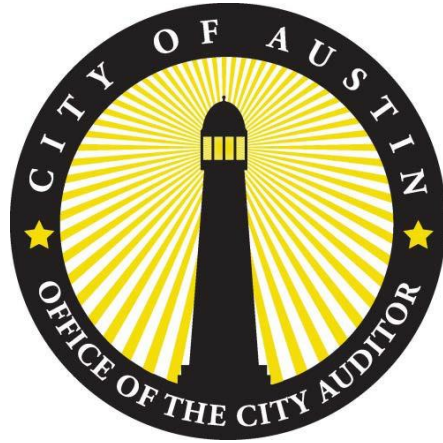
Mayor Pro Tem

Sheryl Cole

Council Members

Health and Human Services Department (HHSD) Contract Monitoring Follow-Up Audit

February 2014



Office of the City Auditor

City Auditor

Kenneth J. Mory
CPA, CIA, CISA, CRMA

Deputy City Auditor

Corrie E. Stokes
CIA, CGAP, CFE

REPORT SUMMARY

We found that HHSD management has implemented four of the five recommendations we selected for this follow-up. The remaining recommendation related to ensuring that contract monitoring is performed in accordance with applicable grant requirements and procedures for detecting and correcting double billing is partially implemented.

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GOVERNMENT AUDITING STANDARDS COMPLIANCE

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

AUDIT TEAM

Hector Gonzales, CPA, CIA, Assistant City
Auditor Henry Katumwa, CGAP, CRMA, CICA,
Auditor-in-Charge JoJo Cruz, CRMA, CICA,
Auditor

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Copies of our audit reports are available at <http://www.austintexas.gov/auditor/reports>



Printed on recycled paper
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February 2014



Audit Report
Highlights



For more information on this or any of our reports, email oca_auditor@austintexas.gov

Why We Did This Audit

This audit was conducted as part of the Office of the City Auditor's (OCA) FY 2014 Strategic Audit Plan.

What We Recommend

We did not issue any new recommendations for this audit.

HHSD CONTRACT

ensuring timely renewals of contracts.

OBJECTIVE AND SCOPE

The objective of the audit was to confirm whether, and to what degree, HHSD management has implemented high-risk recommendations identified from prior audits.

The audit scope included five recommendations related to contract monitoring from the prior audits and actions taken by HHSD management from October 2011 to November 2013 to address the recommendations.

Mayor and Council,

I am pleased to present this HHSD Contract Monitoring Follow-Up Audit.

BACKGROUND

This audit is a follow-up of three HHSD contract monitoring audits conducted between 2011 and 2012:

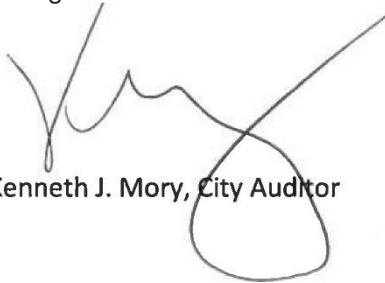
- Social Services Contract Monitoring Audit, issued in October 2011;
- HIV Grant Contract Monitoring Audit, issued in May 2012; and
- American Recovery and Reinvestment Act (ARRA) Grants Monitoring Audit, issued in August 2013.

A total of six recommendations were made to HHSD aimed at developing and implementing an effective contract monitoring system; implementing management system access controls; and

WHAT WE FOUND

We found that HHSD management has fully implemented four of the five recommendations we selected for this follow-up. The remaining recommendation related to ensuring that contract monitoring is performed in accordance with applicable grant requirements and procedures for detecting and correcting double billing is partially implemented.

We appreciate the cooperation and assistance we received from HHSD staff during this audit.



Kenneth J. Mory, City Auditor

BACKGROUND

The HHSD Contract Monitoring Follow-Up Audit was conducted as part of the Office of the City Auditor's (OCA) Fiscal Year (FY) 2014 Strategic Audit Plan, as presented to the City Council Audit and Finance Committee.

This audit is a follow-up of three HHSD contract monitoring audits conducted between 2011 and 2012:

- Social Services Contract Monitoring Audit, issued in October 2011;
- HIV Grant Contract Monitoring Audit, issued in May 2012; and
- American Recovery and Reinvestment Act (ARRA) Grants Monitoring Audit, issued in August 2013.

A total of six recommendations were made to HHSD management aimed at developing and implementing an effective contract monitoring system; implementing management system access controls; and ensuring timely renewals of contracts.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The objective of the audit was to confirm whether, and to what degree, HHSD management has implemented high-risk recommendations identified from prior audits.

Scope

The audit scope included five recommendations related to contract monitoring from prior audits and actions taken by HHSD management from October 2011 to November 2013 to address the recommendations.

Methodology

To accomplish our audit objectives, we performed the following steps:

- selected five high-risk recommendations related to contract monitoring for testing;
- conducted interviews with HHSD and Law Department staff;
- obtained, reviewed, and analyzed applicable supporting documentation/information from HHSD management and staff relating to the implementation of the recommendations;
- performed testing to verify HHSD management's asserted changes in the Community TechKnowledge (CTK) system relating to system access, security, and data reliability; and
- evaluated risks related to fraud, waste, and abuse and information technology relevant to the audit objective.

AUDIT RESULTS

The three HHSD contract monitoring audits included six recommendations aimed at developing and implementing a comprehensive contract monitoring system; implementing management system access controls; and ensuring timely renewals of contracts. HHSD management concurred with all the six recommendations. HHSD management reported to the Controller's Office in 2012 and 2013 that it had implemented all the recommendations.

We selected five recommendations related to contract monitoring to review, and confirmed that four of the recommendations were implemented, while the remaining recommendation is partially implemented. Exhibit 1 shows a summary of the recommendations reviewed. See appendix B for the original recommendation wording.

EXHIBIT 1

Recommendations Implemented or Underway From Prior HHSD Audits

Audit	Original Recommendation	HHSD Reported Status	Verified Status
HIV Grant Contract Monitoring Audit, issued in May 2012	<ul style="list-style-type: none">▪ Ensure that contract monitoring is performed in accordance with applicable grant requirements▪ Implement procedures to detect and correct double billing	Implemented	Partially Implemented
HIV Grant Contract Monitoring Audit, issued in May 2012	<ul style="list-style-type: none">▪ Develop policies and procedures for reviewing accuracy of data in systems▪ Segregate duties for entering and reviewing contractor data	Implemented	Implemented
Social Services Contract Monitoring Audit, issued in October 2011	Create a complete contract monitoring system	Implemented	Implemented
Social Services Contract Monitoring Audit, issued in October 2011	Ensure that parameters regarding management system access, security, and data reliability comply with industry best practice	Implemented	Implemented

ARRA Grants Monitoring Audit, issued in August 2013	Determine if self-reporting to the granting Federal Agency, the auditor's exceptions related to the ARRA-funded Homeless Prevention and Rapid Re-Housing Program (HPRP) and Community Services Block Grant (CSBG) programs is required	Implemented	Implemented
---	--	-------------	-------------

SOURCE: OCA Analysis of Original Recommendations, January 2014

Finding 1: The HHSD has implemented four of the five recommendations that we reviewed from the original audits.

Based on our work, we determined that HHSD management developed and implemented department-wide contract monitoring policies and procedures. The adopted policies and procedures were communicated to HHSD contract compliance staff and the contractors/agencies through formal trainings.

In addition, HHSD management conducted an analysis of its organizational structure, which resulted in the creation of a new Contract Compliance Unit (CCU). The main responsibility for the unit is to ensure that contract monitoring is performed in accordance with grant requirements. The unit has one of its staff dedicated solely to monitor Human Immunodeficiency Virus (HIV) contracts.

Further, HHSD management implemented some Aids Regional Information and Evaluation System (ARIES) data quality procedures, which include the process for reviewing and entering contractor data in the system. In addition, management updated the relevant system data entry policies and procedures to ensure that duties for entering and reviewing data in the system are segregated.

Finally, HHSD management obtained an opinion from City of Austin Law Department regarding whether HHSD must self-report the findings of noncompliance noted in the August 2012 American Recovery and Reinvestment Act Grants Monitoring Audit to HUD. The finding was related to the ARRA-funded HPRP program. Based on a letter from the City Law Department staff, it was determined that self-reporting findings of noncompliance was not required.

Finding 2: Based on our work, we determined that one recommendation, related to ensuring that contract monitoring is performed in accordance with applicable grant requirements and procedures for detecting and correcting double billing, is partially implemented.

HHSD management reported to the Controller's Office that they had implemented the recommendation. However, during this audit we determined that the recommendation is partially implemented.

We found that HHSD management:

- implemented department-wide policies and procedures for contract monitoring,
- created a Contract Compliance Unit with the responsibility to ensure that contract monitoring is performed,
- identified an HHSD staff dedicated solely to monitor HIV contracts in compliance with grant requirements, and

- trained contract compliance personnel and contracts/service providers on the new HHSD contract monitoring policies and procedures.

However, based on our review, HHSD performed annual on-site visit reviews on only six of the eight contractors during the grant period from February 2012 through March 30, 2013. Ryan White HIV grants require grantees to perform annual on-site reviews for all contractors. HHSD management communicated their inability to perform all required annual on-site visit reviews to the grantor.

Subsequently, HHSD management conducted the onsite monitoring reviews for the two remaining contractors during July 2013 and September 2013, respectively. For the current grant year, March

30, 2013 through February 28, 2014, HHSD was not required to perform the annual on-site reviews because they obtained a waiver from the annual on-site monitoring requirement from the grantor.

In addition, we found that whereas HHSD has developed a policy for detecting and correcting instances of double billing, at the time of this audit the policy, is still in draft form and HHSD management does not have an effective methodology to ensure that all transactions are tested for double billing. For example, HHSD staff's process used to identify double billing/duplicate records is used for only a subset of the transactions. Records for services that might have "legitimate" duplicates are not tested for double billing. Examples include records for services that fall under one or more of the following categories:

- Housing Opportunities for People With HIV/AIDS (HOPWA) program
- State Services Insurance program
- CARE-HIP program
- AIDS Pharmaceutical Assistance (local), both medical and-non-medical case management services
- Transportation services
- Laboratory services
- Medications non-APA

MANAGEMENT RESPONSE



Austin/Travis County Health and Human Services Department



**Office of Director
P.O. Box 1088
Austin, Texas 78767
(512) 972-5010**

Memorandum

TO: Office of the City Auditor

FROM: Carlos Rivera, Director
Health and Human Services Department

DATE: January 29, 2014

SUBJECT: Health and Human Services response to the Contract Monitoring Follow-Up Audit

I have reviewed the City Auditor's Contract Monitoring Follow-Up Audit report and would like to respond.

The Health and Human Services Department (HHSD) has worked diligently to improve our contract monitoring system. In November 2011, we implemented a Contract Compliance Unit (CCU) and developed a Contract Compliance Manual. We ensured that all staff and subcontractors were trained on the new policies and procedures. Since that time, HHSD has updated the manual annually and conducted training with all Contract Management staff. In addition, the majority of HHSD Contract Managers and their Managers have completed the City of Austin's Contract Administration training. The Department has been acknowledged by the Purchasing office for their timely implementation of the Contract Management and Compliance policies and procedures.

In regard to the annual on-site visits for Ryan White HIV grants, the full-time employee dedicated to HIV grant monitoring began employment with the Department early in 2012. Due to the time needed for the new employee to become familiar with Health Resources and Services Administration (HRSA) monitoring standards, HHSD determined we would be unable to complete 100 percent monitoring during the 2012 grant year. In November of 2012, HHSD requested a waiver. The waiver was received April 10, 2013, to be effective March 1, 2013, per Ryan White administrators.

Since HHSD has a commitment to effective contract monitoring, a risk assessment of Ryan White contracts was conducted to ensure the highest risk contracts had the most rigorous monitoring. HHSD continues the practice of requiring contract managers to conduct administrative, financial, performance and technical assistance desk reviews on each contract to ensure some level of monitoring for all contracts. During the 2013 grant year, four on-site reviews have been conducted. HHSD is confident full monitoring of all contractors will be completed in subsequent years.

In regard to the procedures to detect and correct double billing, we completed a draft policy for detecting and correcting double billing. HHSD is currently reviewing the services units. We held a meeting with the Department's Internal Auditor to explore options for software to detect occurrences of double billing. We also received feedback from the subcontractors on the draft policy. At this time, we have decided to move from unit cost reimbursement to reimbursement contracts. Effective April 1, 2013, social services contracts are required to have back-up documentation with all payment requests. Ryan White contracts are also subject to this requirement. Since contract managers are required to conduct desk reviews, staff will be able to determine if agencies are non-compliant with contract terms and conditions. In addition, staff will conduct annual on-site visits that will review program, administrative and fiscal contract requirements. During the program review, staff will ensure agencies are providing services to unduplicated clients per contract requirements.

We would like to thank the City Auditor for their review, as HHSD continuously looks for ways to improve our processes.

If you have any questions or concerns please feel free to contact me at 512- 972-5010.

Sincerely,



Carlos Rivera, MPH, MBA, LCSW, FACHE
Director
Austin/Travis County Health and Human Services Department
P.O. Box 1088
Austin, Texas 78767

cc: Stephanie Y. Hayden, HHSD Assistant Director, Community Services Division
Kymberley Maddox, HHSD Chief Administrative Officer
Rosamaria Murillo, HHSD Assistant Director, Maternal Child and Adolescent Division
Greg Bolds, HHSD Manager, HIV Resources Administration Unit
Ron Hubbard, Acting HHSD Manager, Family Health Unit
Robert Kingham, HHSD Manager, Community Base Resources Unit
Laura Diaz, HHSD Internal Auditor

Reported and Verified Status of Original Recommendations

Audit	Original Recommendation	Reported Status	OCA Verified Status
HIV Grant Contract Monitoring Audit – Rec # 1	<p>The HHSD Director should:</p> <p>Ensure that contract monitoring is performed in accordance with applicable grant requirements.</p> <p>Implement procedures to ensure that double billing is detected and corrected, and monitoring is performed to ensure compliance with key contract terms.</p>	Implemented	Partially Implemented
HIV Grant Contract Monitoring Audit – Rec # 2	<p>The HHSD Director should enhance its processes to ensure contract renewals are executed timely and prevent operating without an enforceable contract.</p>	Implemented	Did not test
HIV Grant Contract Monitoring Audit – Rec # 3	<p>The HHSD Director should ensure that:</p> <p>Monitoring policies and procedures include methodologies for reviewing accuracy of data in systems used to document support for services delivered and submission of payments.</p> <p>Duties for entering and reviewing contractor data are appropriately segregated.</p>	Implemented	Implemented

<p>Social Services Contract Monitoring Audit – Rec # 1</p>	<p>The HHSD Director should create a complete contract monitoring system that includes the following components:</p> <ul style="list-style-type: none"> ▪ Contract monitoring policies and procedures that comply with best practices, are formally adopted, and communicated to staff; ▪ contract monitoring is performed and documented in accordance with HHSD policies, procedures, and best practices; ▪ Review of organizational structure, job duties, and personnel within the contract monitoring function, in order to determine whether changes are needed to ensure objectivity and independence in performing contract monitoring roles and responsibilities; ▪ A formal, documented training program specific to training needs that is provided to staff. 	<p>Implemented</p>	<p>Implemented</p>
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APPENDIX B

Audit	Original Recommendation	Reported Status	OCA Verified Status
Social Services Contract Monitoring Audit – Rec # 2	The HHSD Director should consider consulting with Communication and Technology Management and should ensure that parameters regarding management system access, security, and data reliability comply with industry best practice.	Implemented	Implemented
ARRA Grants Monitoring Audit – Rec # 1	HHSD should work with the City of Austin Law Department to determine if self-reporting to the granting Federal Agency, the auditor’s exceptions related to the ARRA-funded HPRP and CSBG programs is required.	Implemented	Implemented

SOURCE: OCA Analysis of Original Recommendations, January 2014