



**MULTNOMAH
COUNTY**

Contracts Action Team Report

January 29, 2009

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EXECUTIVE SUMMARY

In July 2008, the Multnomah County Auditor recommended that the County's contracting system be re-examined based on problem areas identified in the *Management of Large Contracts Audit*. The Board of County Commissioners adopted Resolution 08-112 in late July, directing a team to recommend improvements to achieve greater accountability in the contracting processes. In October 2008, a multi-departmental Contracts Action Team was formed to assess the County's current contracting process and make recommendations for an improved system. This report describes recommendations for a contracting framework designed to clarify roles, responsibilities and accountability, and standardize a risk-based approach to planning, developing and administering contracts County-wide.

Key Recommendations

The Contracts Action Team (CAT) concluded their three month review with the following recommendations. Details on all recommendations are included in the body of the report.

1. Adopt and implement a clear structure for the contract process County-wide.

The contract process framework developed by the CAT team includes three main stages: planning, development, and administration. Within each stage, specific activities are described. Accountability is addressed through standardized functional roles and clearly identified decision making authority at each step. The framework especially emphasizes contract planning and contract administration functions.

2. Assess risk for each contract to appropriately scale the contracting process.

There are many risks related to the contracting process, including the type of service or product being procured, the amount of business being contracted, and the strength of the selected vendor. A risk assessment tool should be developed to help assess risk, guide procurement decisions, and indicate appropriate monitoring levels and frequency.

While large formally-procured contracts of over \$150,000 merit a more systematic process than is often used now, a similar but less time-consuming process is appropriate for most intermediate contracts (\$5,000 to \$150,000). With increased delegation of authority, a simpler, more efficient process could be used for smaller contracts and many amendments.

3. Focus resources where they add the greatest value.

Standardization of a process can improve efficiency, but needs to be balanced with maintaining program flexibility. Consequently, the new framework relies on the expertise of programs to lead in planning and contract administration, leveraging their knowledge and relationships with both vendors and clients. The business functions of procurement, contract writing, and payment processing should be standardized for efficiency.

4. Train and support the staff responsible for contracting activities.

Central Procurement and Contract Administration (CPCA) should provide strong guidance, training and system monitoring to support the new framework, both initially and on an ongoing basis. Training should be mandatory and tied to specific roles, and periodic auditing for compliance with standards should be performed.

5. Acquire new electronic tools essential for implementing this framework.

A single electronic data system is needed for procurement and contracting activities, and must be accessible across all County offices. An electronic library of shared contract document elements would speed the writing, assembly, and review of contracts. Other tools should be created to support the new framework and help staff achieve the highest level of quality in their contract functions.

6. Implement recommended quick fixes immediately.

Eight quick fixes were identified that could be done within the next few months and result in immediate time savings or work improvement. These include eliminating memos that do not add value, and simplifying the contract amendment process for low-risk changes.

7. Make continual improvements to maintain and upgrade the adopted framework.

A County-wide multi-departmental Steering Committee, supported by CPCA, should be formed to plan and monitor implementation of adopted recommended changes to County procurement and contracting processes. As the process framework is implemented, CPCA will increase their leadership role in promoting best practices monitoring for compliance with the process.

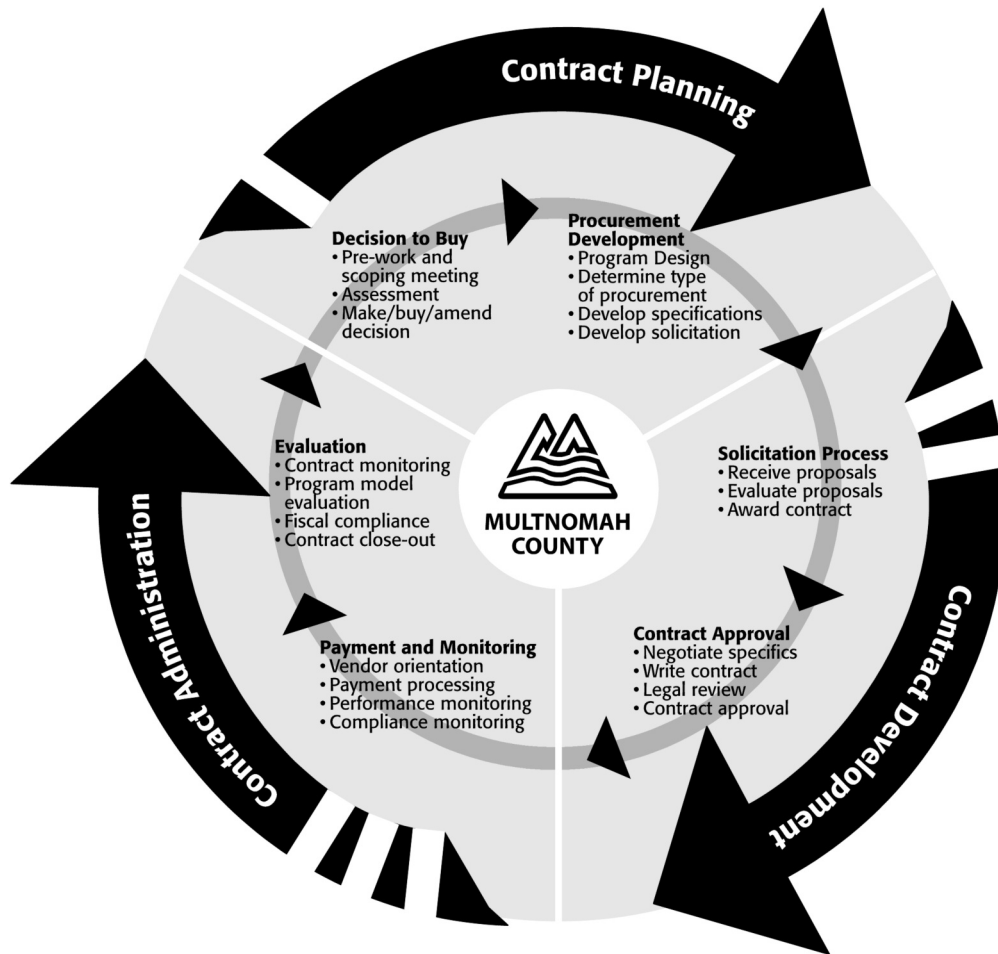
The Proposed Contracting Framework

The proposed contracting framework implements a three phase cycle. In the *contract planning* phase, the program assesses needs, decides whether and what to purchase, identifies risks, and develops specifications and performance measures for the service that will carry forward to the solicitation and contract. In an initial scoping meeting, program, procurement and contracting representatives agree on roles, responsibilities and communications.

In the *contract development* phase, procurement is completed, and the contract negotiated with the vendor. The contract document is finalized, approved, signed and executed.

Contract administration is the longest phase, especially for large multi-year contracts. A program representative monitors whether services are delivered, performance requirements met, and the terms of the contract followed. Payments are approved and issued. Fiscal compliance should be expanded to cover more contractors than now, and evaluation of program model effectiveness should be increased. A close-out process completes the loop and informs new decisions.

Proposed Contracting Framework



This proposed framework meets the Auditor's and Board's requests for improvements and greater accountability. When fully implemented, the contract framework will result in:

- Organization-wide minimum standards.
- Clear roles and responsibilities for employees.
- Staff who are trained for their contracting role, enabling accountability for performance.
- Vendors who understand the County's expectations, and receive feedback on performance.
- County-wide contracting practices raised to the best practices that are in place now.

Since this report focuses on defining a framework rather than on implementation (what is to be done, rather than how), costs have not been projected. An investment will be needed, however, to implement this framework successfully and make recommended process improvements.

1. BACKGROUND

The Multnomah County Auditor's July 2008 *Management of Large Contracts Audit Report* identified "five problem areas that will require substantial support and commitment on the part of County leadership, departments, and line staff to re-think, re-tool, and implement needed improvements." These concerns were:

1. Audit recommendations [from prior audits] remain largely unimplemented.
2. Contracting in the County is intended to be directed by central policy and approval, but operates in a largely decentralized fashion, leading to a disconnect between expectation and practice.
3. The County does not consistently apply commonly accepted contracting best practices.
4. The County does not have a systematic or comprehensive approach to managing the risks associated with contracting.
5. The County lacks contract administration procedures and controls to ensure that it is receiving the services it pays for, vendors are held accountable, and necessary information is collected for program improvement.

The Auditor suggested that it was timely to "fundamentally re-evaluate the way in which contracts are managed," which would require a "major effort to build capacity and institutionalize many of the essential elements of contract administration that are currently missing." Two major areas were recommended for action:

1. Build a contracting system that meets the County's business needs and clarifies roles, responsibilities, and accountability.
2. Increase the focus on issues of performance, both of vendors and of the contracting system overall.

The Board of County Commissioners adopted Resolution 08-112 in July 2008, requiring implementation of a risk-based fiscal compliance system for large contracts, creation of a contract compliance advisory committee to evaluate the current process and recommend improvements, and creation of a multi-department action team to oversee implementation.

A. Contracts Action Team Purpose and Roles

In October 2008, an internal multi-department Contracts Action Team (CAT) was formed to examine Multnomah County's contracting processes and develop recommendations to improve accountability and monitoring of contracted human services across the County. Comprised of contracting and program experts from various departments within the County, the Team was sponsored by the Department of County Management (DCM) and supported by Central Procurement and Contract Administration (CPCA), who together also served as the management team for the project.

Core Team members analyzed the current system, designed new functional roles, developed a suggested flowchart for the proposed framework, and made recommendations for process improvement and implementation.

Resource Team members supported the Core Team with additional expertise in carrying out the action items, and formed a larger resource pool for input and review of ideas.

Leadership Advisors brought their broad knowledge of the County's structure and mission to the Team. They consulted with the management team to help frame recommendations using a County-wide perspective, advised on how to move forward with best practices and standardized processes, and will be key in assisting departments to implement Board decisions about the contracting process.

B. Assumptions for the CAT Process

Team members developed assumptions to help frame their work:

1. Everyone involved in County contracting wants a better process.
2. The Auditor's Report and Board Resolution will guide project goals.
3. SAP will continue to be our system of record.
4. External laws and regulations (ORS, OAR, and funder's rules) will continue to apply.

-
5. The system must be flexible to accommodate unique requirements.
 6. The likelihood of new funding for positions or processes is slim.
 7. We may need to redistribute resources to strengthen weaker parts of the process.
 8. Our recommendations will result in a better process.

C. Goals for an Improved Contracting Process

The new process designed by the Contracts Action Team will:

1. Be based on shared values.
2. Be implemented consistently across the County.
3. Reward the right behaviors and support accountability.
4. Consider the risk level of a contract in assigning staff resources.
5. Balance creating more standardized procedures with program-specific needs.
6. Be flexible to adapt to different circumstances and history.
7. Increase trust among departments as well as between departments and central functions so that redundancy can be reduced.
8. Reduce fragmentation to reduce the need for multiple hands on the same work.
9. Reduce re-work and multiple revisions of the contract document.
10. Build on a continuous improvement model to improve shared processes and templates.
11. Strengthen communication to promote a shared response to unexpected issues.
12. Consider needs of departments with fewer or non-human services contracts.
13. Be clear enough that people will be able to follow the process.

D. Project Scope

To keep this project manageable in the time available, and to address the Auditor's primary concerns, the Team primarily focused on:

- Human Service expenditure contracts that result from formal procurements.
- A process that could be followed at least 90% of the time, ignoring exceptions.
- The *functions* to be performed by staff rather than classifications of staff.
- There may be other types of contracts that these recommendations do not apply to; these should be addressed in the implementation phase.

E. Customer Input

Team members conducted an exploratory survey of 16 internal customers and 14 external customers (vendors), selected for their ability to provide helpful input, including ten large non-profit agencies that contracted with multiple programs. Questions were asked about what was and was not working well, and what was needed from the County's contracting system. Customers were also asked for their vision of a good contracting system. Responses were similar for both groups.

Summary of Customer Input

| External Customers | Internal Customers |
|---|--|
| Thoughts and Issues: <ul style="list-style-type: none"> • The contractor is a partner • County staff are helpful, good to work with • Current process is cumbersome, repetitive, and ineffective • Not receiving a fully executed contract on time is a problem • Want more upfront collaboration • Want more consistency across departments • Want clear, understandable and achievable deliverables | Thoughts and Issues: <ul style="list-style-type: none"> • Good cooperation internally is needed • The contracting process lacks County-wide leadership • Poor response and remedy to problems • Timeliness is an issue • The process is cumbersome, repetitive, and ineffective • Compliance and performance monitoring is inconsistent • Want clear, understandable and achievable deliverables • Want accountability from stakeholders • Want training • Want an effective contract tracking system |
| Best Performance Looks Like: <ul style="list-style-type: none"> • Upfront collaboration • Uniform process and product • One central point of contact with the County for each contract • On-line mechanism for capturing change ideas for the next contract cycle | Best Performance Looks Like: <ul style="list-style-type: none"> • More upfront collaboration • Develop a uniform process and product • Provide one central point of contact for each vendor • One point of contact at CPCA for technical assistance • Provide an on-line mechanism for contract tracking and reporting |

2. USING RISK TO GUIDE THE PROCESS

The type and amount of risk related to a contract should guide the contracting process, including helping to prioritize staff resources, and in decisions on mitigating risk.

Risk must be assessed at all phases of the procurement cycle. The assessment begins with considering the type of service, the manner of solicitation, how the contract is written, and the contractor that is selected. Risk assessment is cumulative, composed of:

Service risk factors: Program parameters – such as whether this is a new program, whether there will be unsupervised access to clients, whether there will be safety risks, and whether there is use of federal funding – should be assessed before the procurement is designed. Service risks may influence insurance requirements.

Contract risk factors: Considerations related to the contract – such as dollar value, use of subcontractors, or whether the contract will represent over 40% of a business line for the County – may not be known until the vendor is selected.

Contractor risk factors: Issues specific to the selected vendor – such as the vendor's experience, audit history or staff turnover rates – are known when the contractor is selected. Contractors could be asked to complete this portion of the risk assessment form in the procurement process. Prior vendor performance on County contracts should be available to inform future risk assessment and contracting with the vendor.

Key recommendations for risk assessment:

1. **Develop a risk assessment tool**, similar to the tool used by Washington State, to assess cumulative service, contract and contractor risk scores.
2. **Use risk scores to inform how the contract is administered**, not necessarily to block award of a contract.
3. **Tailor the contract administration plan to the cumulative contract risk score.** Develop a menu of suggested strategies to mitigate, reduce or manage risk, such as provision of technical assistance, increased desk monitoring of vendor data, or more frequent site visits.
4. **Monitor risk on an ongoing basis**, and communicate changes to both fiscal and program representatives.
5. **Develop a menu of suggested consequences for failure to perform**, to support programs in reducing or terminating non-functioning high-risk contracts.
6. **Expand fiscal compliance reviews to all contractors who have a high cumulative risk score.** Currently, these reviews are targeted only to federal sub recipients.

3. FUNCTIONAL ROLES RECOMMENDATIONS

Four functional roles were identified that together would conduct and coordinate most of the work for the new process and make most of the decisions. By intention, these roles relate to the work to be done, rather than to specific classifications or reporting locations, and use terms not currently in the County lexicon. The four primary roles are:

Program Management Decision Maker (PMDM): Responsible for decision making about the contract, and delegating responsibility and authority to others on the program team.

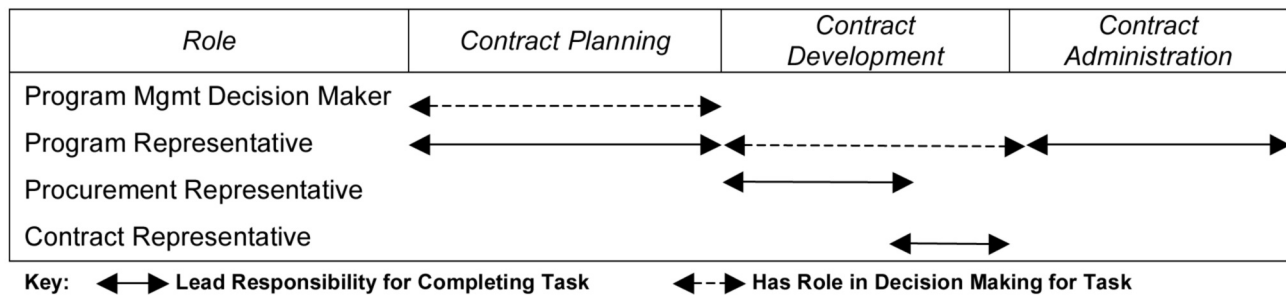
Program Representative (Program Rep): Responsible for performing or coordinating work to ensure that all program tasks are performed, and for decision making as delegated.

Procurement Representative (Procurement Rep): Responsible for determining type of procurement needed and conducting the procurement.

Contract Representative (Contract Rep): Responsible for writing and compiling the contract.

These roles may be assigned to fewer individuals, or may be transitioned between phases to different individuals. However, the proposed framework recommends using a staffing plan that minimizes handoffs, as each handoff decreases continuity and risks delays. Responsibility for decision making rests primarily with the program throughout. (Note: the term “program” means the programmatic entity involved in the contract; each department or office will develop their own delegation of authority and internal procedures for how this is structured.)

Lead Responsibility for Task Completion



Major changes in roles:

- **Roles in the new framework are standardized** in all departments, although departments may assign these roles to different classifications or in different patterns.
- **For each contract, someone is designated for each role:** a program management decision maker, a program representative, a procurement representative and a contract representative. In some cases, two or more of these roles may be done by the same person for a given contract.

Key recommendations for functional roles:

1. Adopt uniform County-wide functional roles that are added to job descriptions.
2. Develop core competencies for each functional role and assess during personnel appraisals.
3. Departments work with their programs to develop staffing plans and procedures. Because departments are of different sizes and configurations, each might implement the proposed framework in a different way. Departments are encouraged to:
 - Increase departmental support to strengthen and standardize program roles in *contract planning* and *contract administration*.
 - Strengthen procurement and contract representative roles in the *contract planning* phase.
 - Support delegation of authority to the lowest practical responsible level, to reduce the layers of review.
 - Require everyone who will be a reviewer to be involved in the *contract planning* phase, to avoid the potential for rework and delays during the *contract development* phase.

Detailed Functional Roles Descriptions

| | | | | |
|-----------------|---|---|---|--|
| PMDM | <p><i>General Role</i></p> <ul style="list-style-type: none"> ∞ Has decision authority for the contract. ∞ Makes decision whether and what to purchase. ∞ Delegates appropriate responsibility and authority to program rep and others on program team. | <p><i>Contract Planning</i></p> <ul style="list-style-type: none"> ∞ Participates in or leads scoping meeting to identify overall need for service and process. ∞ Identifies contract team, i.e. which staff will fulfill which roles. ∞ Delegates appropriate responsibility and authority to program rep and others on program team. ∞ Provides input to or approves specifications. | <p><i>Contract Development</i></p> <ul style="list-style-type: none"> ∞ Consults on acceptance of award recommendation. ∞ Provides input to contract. ∞ Provides input on management of risks. | <p><i>Contract Administration</i></p> <ul style="list-style-type: none"> ∞ Remains aware of program rep and contractor performance. ∞ Takes action if needed to ensure program rep or contractor performance. |
| Program Rep | <p><i>General Role</i></p> <ul style="list-style-type: none"> ∞ Tends to the needs of the program. ∞ Fulfills values/ mission of program through contracting. ∞ Links to the community. ∞ Communication channel to/from contractors. ∞ Recommends or makes decisions for the program, as delegated. ∞ Performs monitoring and/or oversees contract administration roles. ∞ Shepherds and coordinates the contract for the program. | <p><i>Contract Planning</i></p> <ul style="list-style-type: none"> ∞ Leads or participates in scoping meeting. ∞ Performs initial risk assessment. ∞ Develops communication plan for contract team. ∞ Coordinates and recommends assessment findings. ∞ Coordinates make/buy or amend decision process. ∞ Coordinates community participation ∞ Coordinates team design of program delivery framework. ∞ Coordinates or develops specifications. ∞ Coordinates input/buy-off from managers. ∞ Approves procurement/ contract specifications. ∞ Jointly decides on evaluation panel membership. | <p><i>Contract Development</i></p> <ul style="list-style-type: none"> ∞ Participates in proposal evaluation. ∞ Decides on accepting award recommendation. ∞ Negotiates final terms with vendor(s). ∞ Coordinates program approval of final statement of work and terms. ∞ Coordinates or approves contract document. | <p><i>Contract Administration</i></p> <ul style="list-style-type: none"> ∞ Provides vendor orientation. ∞ Establishes risk management measures. ∞ Verifies service received. ∞ Approves payment. ∞ Monitors contractor performance. ∞ Communicates per plan with key individuals. ∞ Arranges site visits. ∞ Enforces terms and conditions. ∞ Monitors outcomes. ∞ Evaluates contractor results. ∞ Provides input to program framework evaluation. ∞ Closes out contract at the end of performance period. ∞ Provides input to next contracting cycle. |
| Procurement Rep | <p><i>General Role</i></p> <ul style="list-style-type: none"> ∞ Tends to the needs of vendor selection process. ∞ Decision authority regarding procurement type. ∞ Prepares and issues solicitation. ∞ Conducts procurement process. ∞ Recommends vendor to the program. | <p><i>Contract Planning</i></p> <ul style="list-style-type: none"> ∞ Participates in scoping meeting. ∞ Assists in developing vendor lists. ∞ Provides input and assists with development of specifications. ∞ Determines the type of procurement process needed. ∞ Prepares and issues solicitation. ∞ Conducts procurement process. ∞ Jointly decides on evaluation panel membership. ∞ Conducts vendor evaluation, selection and award process. | <p><i>Contract Development</i></p> <ul style="list-style-type: none"> ∞ Decides on proposal acceptance. ∞ Conducts proposal evaluation process. ∞ Recommends award. ∞ Sends award letters. ∞ Handles appeals. ∞ May assist with negotiations. ∞ CPCA obtain signatures of Chair and vendor. ∞ CPCA execute and distribute contract. | <p><i>Contract Administration</i></p> <ul style="list-style-type: none"> ∞ Consults if needed about terms or procurement and/or amendments. ∞ Monitors compliance with procurement authority. |
| Contract Rep | <p><i>General Role</i></p> <ul style="list-style-type: none"> ∞ Tends to the needs of the contract document ∞ Decision authority regarding compiling the contract document. ∞ Prepares contract document for program approval. | <p><i>Contract Planning</i></p> <ul style="list-style-type: none"> ∞ Participates in scoping meeting. ∞ Provides input to specifications. ∞ Assists with developing risk mitigation measures. | <p><i>Contract Development</i></p> <ul style="list-style-type: none"> ∞ May assist with negotiations. ∞ Writes statement of work ∞ Compiles all agreements into final contract. ∞ Obtains legal approval of contract. | <p><i>Contract Administration</i></p> <ul style="list-style-type: none"> ∞ Consults if needed about terms or procurement and/or amendments. ∞ May assist with contract close-out |

4. PROCESS RECOMMENDATIONS

A. Overall Process

The proposed contract framework is based on a cycle, which focuses on:

- Human Service expenditure contracts that result from formal solicitation.
- A process that could be followed at least 90% of the time, ignoring exceptions.
- The *functions* to be performed by staff rather than classifications of staff.

In the *contract planning* phase, the program assesses needs, decides whether and what to purchase, identifies risk, and develops specifications and performance measures for the service that will carry forward to the solicitation and contract. In an initial scoping meeting, program, procurement and contracting representatives agree on roles, responsibilities and communications.

In the *contract development* phase, procurement is completed, and the contract is negotiated with the vendor. The contract document is finalized, approved, signed and executed.

Contract administration, is the longest phase, especially for large multi-year contracts. A program representative monitors whether services are delivered, performance requirements met, and the terms of the contract followed. Payments are approved and issued. Fiscal compliance should be expanded to cover more contractors than now, and evaluation of program model effectiveness should be increased. A close-out process closes the loop and informs new decisions.

While these recommendations focus on large human service contracts, the application of these recommendations to other sizes and types of contracts was considered. Adapting these recommendations to intermediate level contracts is discussed later in this report. Adaptation to specific programmatic needs may also be considered in implementation.

Major changes in the overall process

- This proposal creates a more specific, better defined framework than exists today, and covers all phases of a contract's life-cycle. The framework can be used as the basis for developing standards, guidelines, training and monitoring of work at each phase.
- Although designed for large contracts, the framework is scalable to the needs of smaller contracts; the same phases would occur, but usually in an abbreviated fashion.

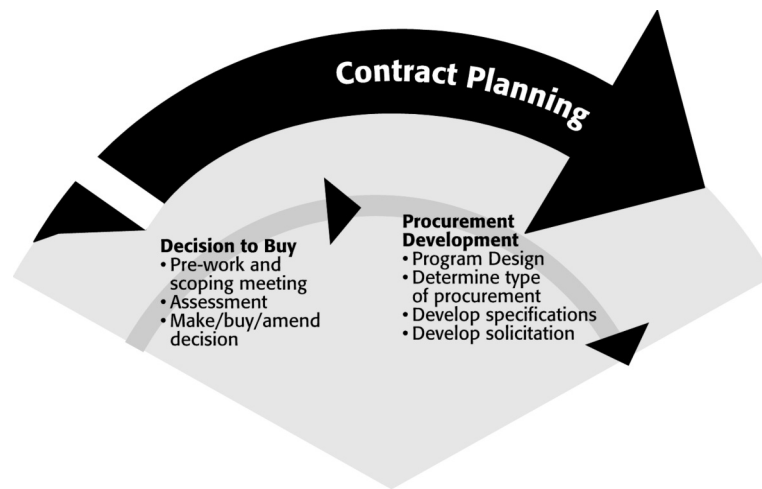
Key recommendations for the overall process:

1. **Promote organizational values and mission** as critical considerations in contracting for services; use these to unite the process for all County programs.
2. **Develop clear, defined contracting roles and responsibilities** for programs, departments and central staff. Roles should be function-based, not position-based.
3. **Identify one person** when possible to serve as program representative for each contract throughout the process. Retain flexibility to organize staffing differently if needed.
4. **Develop checklists and other shared tools** to assure consistency across programs.
5. **Develop a shared risk assessment tool**, covering both programmatic and fiscal risk, to use in progressive stages throughout the life-cycle of the process.
6. **Develop a shared electronic data base** for contract planning, development, and administration documents, that will allow everyone involved with a contract to see the same information at the same time.
7. **Develop standardized training** on roles and the contracting processes for all individuals with contract responsibilities. CPCA should coordinate this training.
8. **Assure scalability**; adopt a similar but smaller cycle for contracts which are informally procured, and for most amendments.

9. **Assure that all levels of the organization** follow the same rules. Entering into contracts should be avoided unless the process has been followed, risks assessed, and staffing allocated for monitoring and risk mitigation.
10. **Increase CPCA's role in strategic framework compliance.**

CPCA is currently responsible to set up procedures for assuring compliance with County contracting standards. As the process framework in this report is implemented, CPCA will be able to increase their leadership role in promoting best practices and monitoring for compliance with the process.

B. Recommendations for Contract Planning



Major changes in contract planning

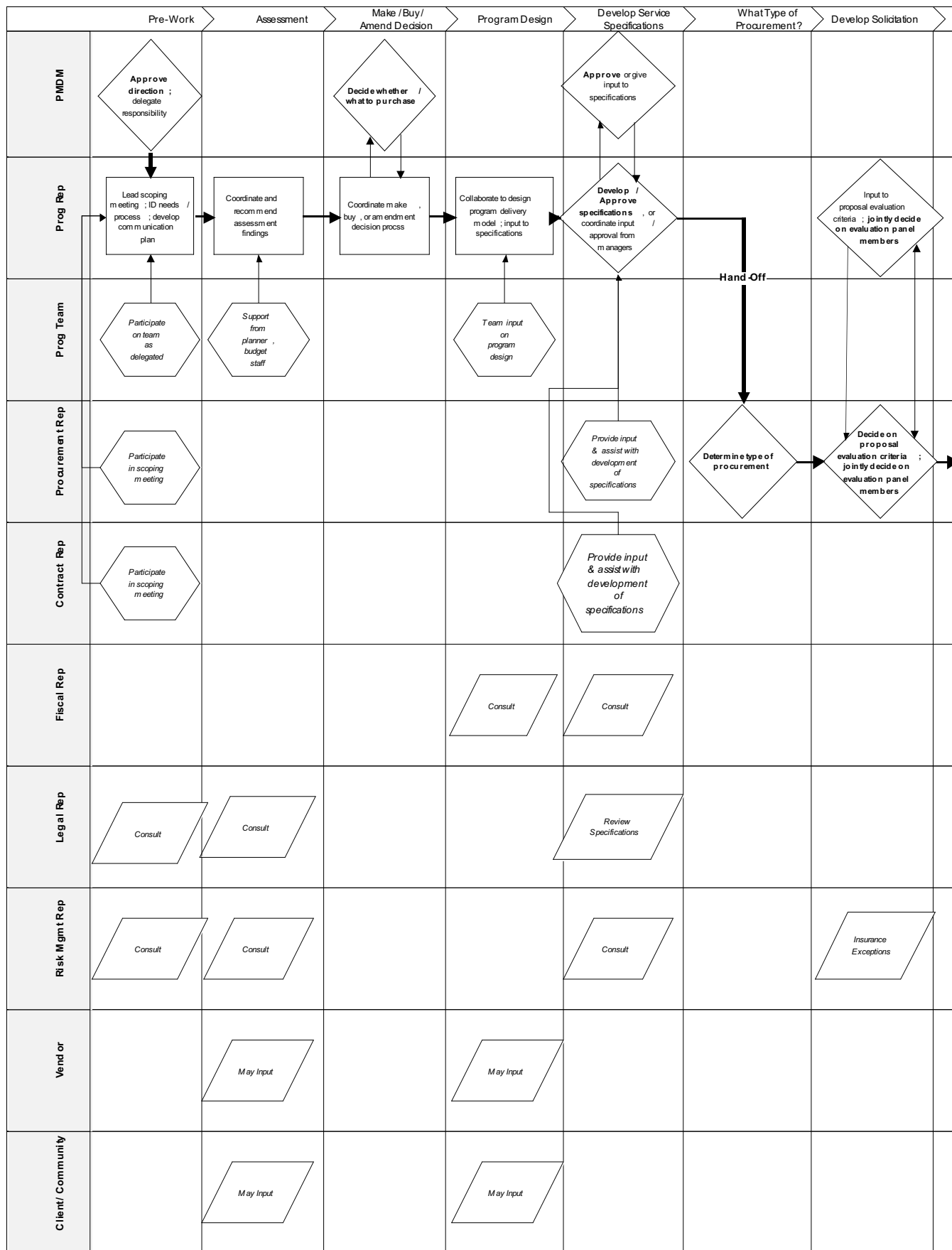
- **A scoping process is established for all major contracting initiatives.**
Project scoping is the first function in the contract planning stage. Scoping is managed by the program representative. Participants may include the program management/decision maker, subject matter experts, procurement and contract representatives, department budget/fiscal representatives, and other program support personnel. The process should conclude with clear assignments of roles, a timeline with due dates for each step, and a clear communication plan.
- **Substantially develop contract specifications in the planning phase.**
Following contract scoping, needs assessment, risk assessment, and program design, the program representative coordinates with management to develop the specifications to be addressed in the contract. The specifications are designed to clearly define the work that will be performed under the contract. Upon receiving proper approvals, the program representative works with the procurement representative to finalize the written specifications. The specifications will be used as the framework for the solicitation and the resulting statement of work in the contract development phase.

Key recommendations for contract planning:

1. **Implement a planning structure** for scoping the work, assessing needs and making a decision to buy (or amend). This step is critical to the success of the entire contracting process,
2. **Assure support** from the top to drive the process forward. Delegate authority and matching accountability as much as possible to the individuals doing the work.
3. **Hold a scoping meeting** to cover what's new, what to change, who will be involved, and a timeline for the process. Led by the program management decision maker or program representative, the meeting involves procurement and contract representatives and other team members. Representatives from the County Attorney and Risk Management may be involved as needed.

-
4. **Involve procurement and contract representatives in the planning phase** to bring their expertise to the process early on. This increases the likelihood of success later in the process if they are informed of governing rules, requirements, constraints, and decisions.
 5. **Create a responsibility chart** to delineate who is responsible for each activity for the contract.
 6. **Create a communication plan** to show how the program representative will keep the team informed.
 7. **Develop a common understanding** of the service, performance measures and desired outcomes through a program design that defines what is being purchased.
 8. **Draft specifications** based on the program design, which carry forward with few changes into the statement of work in the final contract.
 9. **Build procurement documents** based on these specifications. Attach a sample of the expected contract boilerplate to the procurement, including standard terms and conditions and insurance requirements.
 10. **Encourage planning for multi-department and multi-year contracts** (congruent with the procurement authority) whenever possible, to reduce contracting workload for both the County and vendors.

Contract Planning Flow Chart



Activity Detail: Contract Planning

| Contract Planning | | | |
|---|---|---|---|
| Decision to Buy | | | |
| <i>Pre-Work</i> | <i>Assessment</i> | <i>Make or Buy Decision</i> | <i>Amendment Decision</i> |
| <p>Pre-Planning phase.</p> <p>Hold scoping meeting.</p> <p>Who needs to be involved? Identify team.</p> <p>Involve procurement rep/ contract rep in meeting.</p> <p>What are the issues and scope of service?</p> <p>Set timeline, roles, authority, and responsibilities.</p> <p>Create communication plan for all involved.</p> | <p>Information carries forward from end of monitoring.</p> <p>Need for service is identified:</p> <ul style="list-style-type: none"> - external mandate - change in priorities/best practices - socio-economic need - shift in population - funds available/budget <p>The right people are involved in the process, whole team approach.</p> <p>All the right information considered.</p> <p>Criteria for deciding what to do. Financial implications or impact; long-term vs. quick fix; sustainability; community capacity.</p> <p>Possible community-based assessment involving stakeholders and community where needed.</p> <p>Possible cost/benefit analysis.</p> <p>Look at similar services: merit in consolidating with other programs or departments?</p> <p>Assess Service Risk.</p> | <p>Do in-house or contract?</p> <ul style="list-style-type: none"> - checklist to guide decision - look at union guidelines - department values <p>Funding and other resource requirements.</p> <p>Total cost considerations.</p> <p>Schedule</p> <p>Assess internal resources (skills and capacity) vs. community capacity to deliver the service.</p> <p>Whether part of County or department core mission to deliver, or a support service?</p> <p>Assess risk factors (include Contractor Risk).</p> | <p>Historical information from contract to date.</p> <p>Funds/budget available.</p> <p>Will we want to continue the contract?</p> <p>Will we change the terms?</p> <p>Amount of dollars, % of current contract.</p> <p>Do any performance issues need to be addressed?</p> <p>Will it need a full amendment or a date and dollar amendment only?</p> <p>Re-assess</p> |
| Question: Who needs to be involved? What is our process? | Question: What do we want to do? (if anything) | Question: Who will do it? (Will this be done internal and/or external?) | Question: Should this contract continue? (And does anything besides \$ need to change?) |
| Needed Tools: Scoping meeting checklist Responsibility matrix Communication plan | Needed Tools: Risk Assessment Tool | Needed Tools: Checklist to guide Make or Buy decision Risk Assessment Tool | Needed Tools: Risk Assessment Tool |

| Contract Planning, continued | | | |
|--|---|--|---|
| Procurement Development | | | |
| <i>Program Design</i> | <i>Procurement Type</i> | <i>Develop Specifications</i> | <i>Develop Solicitation</i> |
| <p>Base design on community strengths and needs.</p> <p>Identify available resources</p> <p>May do literature search for best practices.</p> <p>Select “big picture” strategy and model for program delivery.</p> <p>Match program model to governing rules and regulations.</p> <p>Consider collaborative or teaming opportunities.</p> <p>May include program development.</p> | <p>Dollar value involved (department input and recommendation)</p> <p>Decide whether to do competitive or non competitive procurement, determined by rules and circumstances</p> <p>Possible vendor pool (department)</p> <p>Preferred choices – multiple or single vendors</p> <p>Checklist from CPCA on type of procurement for different needs</p> <p>CPCA decides on the method for procurement in dialogue with department</p> <p>Assess Risk related to the procurement process selected.</p> | <p>Set expectations for contracted services.</p> <p>Develop scope of work.</p> <p>Identify requirements and constraints.</p> <p>Identify what we want to achieve – project deliverables and outcomes.</p> <p>Programmatic description and required details.</p> <p>Whether to seek innovation and for what program components.</p> <p>Payment terms and methods.</p> <p>Establish key measures of success.</p> <p>How best practice is determined?</p> <p>Clear enough so responses can be evaluated.</p> <p>Clear enough to monitor performance – quality measures and criteria.</p> <p>Identify insurance requirements.</p> <p>Get stakeholder input if needed.</p> <p>Procurement request in SAP.</p> | <p>Develop solicitation, including sample contract boilerplate.</p> <p>Create description of desired purchase.</p> <p>Write procurement instrument – templates available; CPCA is responsible for final version.</p> <p>Develop solicitation evaluation criteria for vendor’s proposals.</p> <p>Department reviews and signs off.</p> <p>County Attorney reviews as needed.</p> <p>Create vendor or supplier list.</p> <p>Determine where advertised.</p> <p>Determine length of time open (subject to rules)</p> <p>Anticipates contract administration.</p> <p>Documents results of planning process.</p> <p>Select proposal evaluation team.</p> |
| <p>Question: What should the program accomplish? What is the best strategy for getting the community need met?</p> | <p>Question: What method will we use to select a vendor(s)?</p> | <p>Question: What precisely are we buying?</p> | <p>Question: Does the solicitation document and process to procure the service or item meet County standards for procurement?</p> |
| <p>Needed Tools:</p> <p>Checklist of program planning and design options.</p> | <p>Needed Tools:</p> <p>Checklist on Type of Procurement</p> | <p>Needed Tools:</p> <p>Samples in Library:</p> <ul style="list-style-type: none"> - Specifications - Commonly use Statement of Work clauses - Payment Terms | <p>Needed Tools:</p> <p>Procurement templates</p> <p>Sample contracts</p> |

C. Recommendations for Contract Development

Major changes in contract development

- **Contract writing becomes a more standardized process.**

Following the solicitation, award and contract negotiations the contract representative uses the written specifications to develop the statement of work. The program representative approves or obtains management approval of the statement of work.

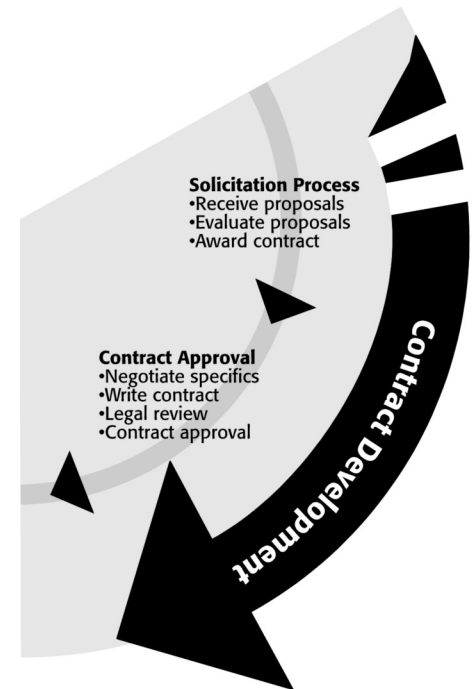
Upon receiving notification of program approval of the statement of work, the contract representative compiles appropriate additional contract materials that comprise the complete contract package from a library of County-wide, department or program specific attachments. Additional material includes standard terms and conditions, County-wide exhibits/attachments (e.g., insurance, corporate/sole source, workers' compensation and EEO information), and program specific attachments (e.g., funder requirements).

- **Signature required only from County Chair**

At this point, the program has approved the statement of work, the additional material has been pre-approved, and the contract representative has obtained legal approval of the contract. CPCA obtains the Chair's signature.

- **Vendor signature managed centrally**

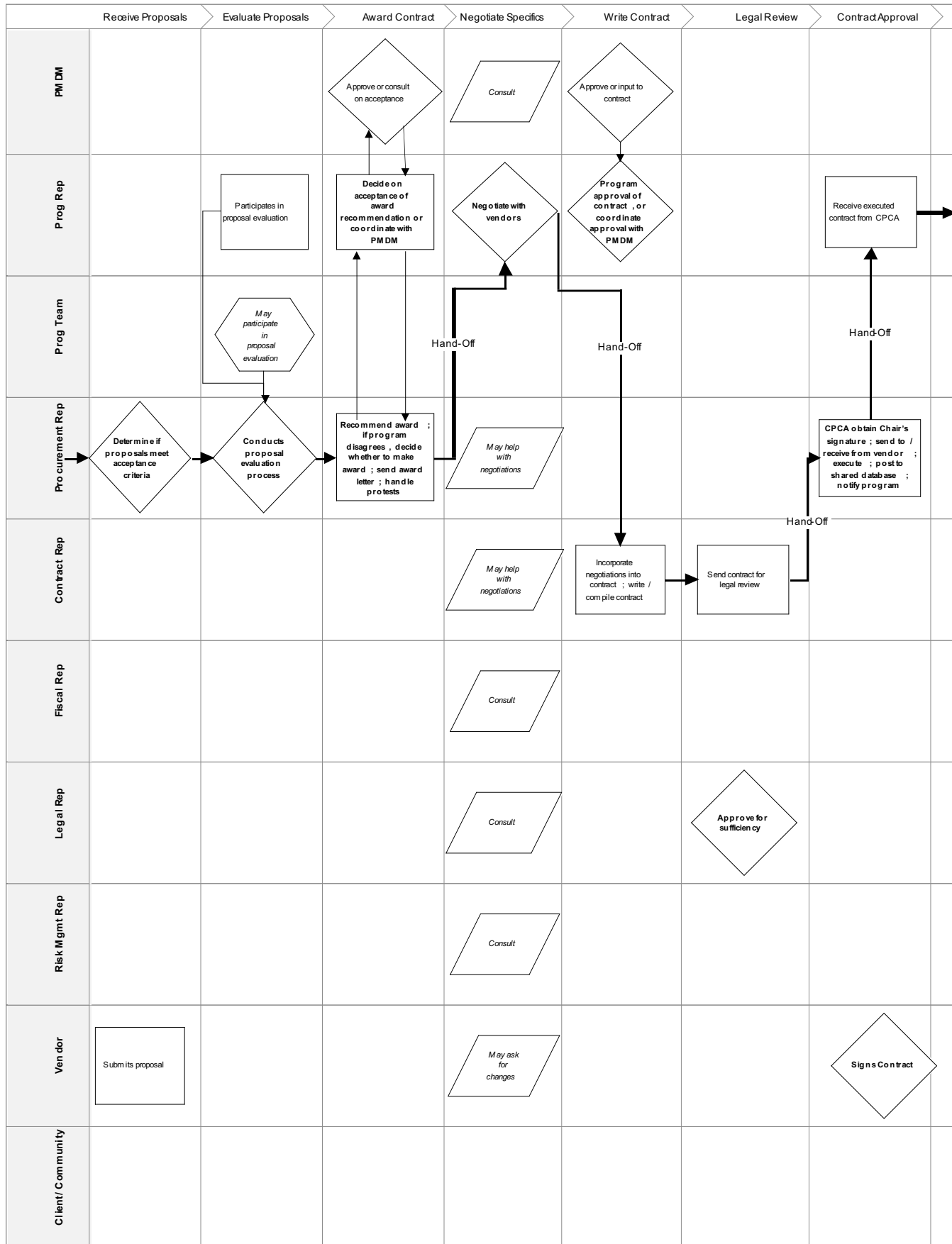
Upon receipt of the Chair's signature, CPCA obtains the vendor's signature. CPCA enters the appropriate information in SAP to indicate that the contract has been fully executed, and returns a signed copy of the contract to the program representative.



Key recommendations for contract development:

1. **CPCA forms a proposal evaluation panel** from a list of raters submitted by the program; the panel includes diverse perspectives, including program representatives and subject matter experts.
2. **CPCA guides the proposal evaluation panel**, using a standardized process and tools.
3. **SAP remains the system of record**; all involved use SAP in the same, optimal way.
4. **Do not require hard-copy of insurance**; use the Risk Manager's electronic file system.
5. **The contract representative** assures that all relevant elements are incorporated into the contract, supported by a new pick-and-choose contract library.
6. **The Statement of Work** in the contract is copied from, or based on, the specifications developed in the Contract Planning phase. All deliverables are written so that they can be readily monitored in the Contract Administration phase.
7. **Electronic notification** is sent to identified individuals when something is ready for review.
8. **Programs and departments use concurrent reviews.** No new eyes or surprises (e.g. new ideas or requirements) at the contract approval phase; anyone who needs to approve has been involved in the planning phase, before the contract is compiled.
9. **The Department delegates approval** to the lowest responsible level, with others generally involved for their awareness unless it is a high risk contract.
10. **Require only one County signature** on the final contract document.
11. **CPCA obtains the vendor signature** to reduce mail time. Rather than going back through the department, CPCA receives the signed contract from the vendor, executes the contract, posts to the shared database, and notifies the department.
12. **CPCA develops an electronic notification** method to inform department of where the contract is in the process.
13. **Implement electronic contracts** eventually to save paper and mail time.

Contract Development Flow Chart



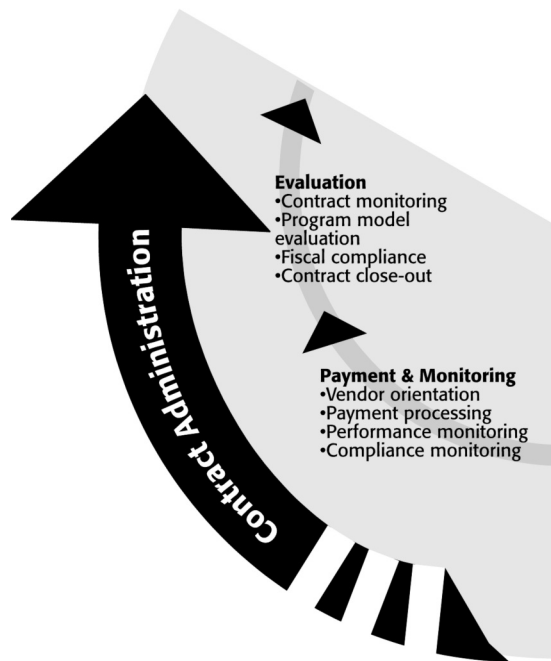
Activity Detail: Contract Development

| Contract Development | | |
|---|---|--|
| Award Process | | |
| Receive Proposals | Evaluate Proposals | Award Contract(s) |
| <p>CPCA receive and record proposal.</p> <ul style="list-style-type: none"> - Check for responsiveness after closing. - Compliant with minimum requirements after closing. - Request clarification of proposal if needed. - Reject if minimum requirements not met. | <p>Evaluation package, including conflict of interest, instructions, and schedules, sent to evaluation team.</p> <p>Team members read and evaluate on their own.</p> <p>Kick-off meeting for evaluation team.</p> <p>Collect conflict of interest forms.</p> <p>Orient team to evaluation process.</p> <p>May be oral interviews or product demonstrations.</p> <p>May include Best and Final Offer request prior to contract award.</p> <p>Evaluators make their final score.</p> <p>Evaluation scores compiled.</p> <p>Procurement Representative notifies the program of the intent to award.</p> <p>Program signs off (or disagrees) on intent to award.</p> <p>If program does not agree, use remedies to address.</p> | <p>Vendor meets minimum criteria for business qualifications (responsibility determination).</p> <p>CPCA sends out award letter.</p> <p>Protest period of one week.</p> <p>Handle any protests of the process; protest is either sustained or not.</p> <p>Decision of what to do about protest.</p> <p>Asses risk factors (Contractor Risk).</p> |
| Question: Is it on time and responsive? | Question: What's the best service and value to meet Multnomah County's needs? | Question: Who will we contract with? |
| Needed Tools: Standard procedures in place at CPCA. | Needed Tools: Standard procedures in place at CPCA. | Needed Tools: Risk Assessment Tool Responsibility Determination Guidelines Reformulated QVSA Process |

| Contract Approval and Negotiation | | | |
|--|---|---|--|
| Negotiate Specifics | Write Contract* | Legal Review* | Contract Approval* |
| <p>Program may elect to contract with or without negotiation.</p> <p>Program rep and provider meet face-to-face to fine-tune agreement.</p> <ul style="list-style-type: none"> - Clarify how things will work. - Review draft of contract. - Reach mutual understanding of what's in the contract. Program Rep is skilled to facilitate these meetings. <p>May need consultation from County Attorney, Risk Management, and/or CPCA if major change is requested.</p> <p>Verify insurance is on file or that contractor is getting the certificate.</p> <p>Team may include: Program Rep, program fiscal, contract writer, other program expert, Program Management Decision Maker.</p> <p>Vendor qualification is determined here (e.g. QVSA).</p> <p>Additional vendor qualifications such as QVSA are completed.</p> | <p>Implement consult advice.</p> <p>Contract rep complete contract development</p> <p>Mechanisms for correction of any problems or missing pieces (rarely).</p> <p>Compile language and associated documents.</p> <p>Set up Outline Agreement and finances in SAP.</p> <p>Set up contract management in a usable database.</p> <p>Future: consolidate documents (SAP, Contract Approval Form and contract) to reduce multiple entries; include contract value and annual release dollars.</p> <p>Staff receive training and use SAP to maximum efficiency.</p> <p>Program rep agrees all information ready to use.</p> <p>Electronic concurrent program review, fiscal review, and quality review (checklist) and sign off.</p> <p>Program Management Decision Maker reviews document prior to the Attorney review.</p> | <p>County Attorney conducts electronic review.</p> <p>Assesses for legal sufficiency of the agreement.</p> <p>Prior review of all shared terms in the library speeds review, with primarily the Statement of Work needing review.</p> | <p>Program signature by authorized person for the department through delegated authority.</p> <p>NOT THE PLACE FOR CHANGES; no new eyes.</p> <p>CPCA reviews for compliance with procurement requirements (including that insurance is on file), signs for the Chair, and sends on to vendor for signature.</p> <p>CPCA notifies program of status of the document.</p> <p>Vendor signs and returns to CPCA to be executed.</p> <p>CPCA executes, scans, posts to the database, and notifies program.</p> <p>CPCA keeps file of record.</p> |
| Question: What are the specific mutual agreements and understandings? | Question: Is the document complete and ready for outside review? | Question: What is the legal documented agreement? | Question: Is the contract completed? |
| Needed Tools: Negotiation plan Negotiation summary | Needed Tools: Training on use of SAP. Shared electronic database and notification for concurrent review. | Needed Tools: Shared library of attorney-reviewed terms, exhibits and attachments. | Needed Tools: Shared electronic database; or electronic means to notify program of contract status. |

* NOTE: Copies are electronic up to the point CPCA sends to the vendor for signature.

D. Recommendations for Contract Administration



Major changes for Contract Administration

- **Vendor orientation held for each contractor.**

The program representative orients the vendor to the County's contracting requirements, which may include reporting protocols, invoice content and format, payment options, etc. This is the vendor's opportunity to ask process-oriented questions of the County.

- **Performance and compliance monitoring processes and standards established.**

The program representative monitors contractor performance to ensure contracted requirements are met often with the support of or delegation to others on the program team. The program representative is responsible for ensuring that spending and program utilization are monitored, for communicating to program management and other key individuals, and for using results of monitoring to improve contractor outcomes.

- **Quality and evaluation team established.**

Qualified neutral and objective evaluation professionals are used to evaluate whether the program model is effective in achieving

the desired outcomes. The results of their evaluation efforts are communicated back to the program representative, who is responsible for communicating with the program's key individuals. Evaluation findings are utilized in the contract administration stage as well as in future contract planning activities.

- **Fiscal compliance monitoring expanded beyond federal sub recipients.**

Currently, fiscal compliance is performed only for sub recipients of federal funds, but should be expanded to include other contractors. Primary emphasis will be given to contractors who are deemed higher risk, or who are heavily dependent upon County funds as a major source of their organization's revenue, or who have greater than 40% of a single line of the County's business.

Key recommendations for contract administration:

MONITORING PLAN

1. **Develop standard minimum procedures for monitoring**, so that there is greater standardization of expectations across the County.
2. **Each contract contains clearly defined outcomes or performance measures** that will be actively monitored throughout the life of the contract.
3. **Program representative develops a contract monitoring plan** to guide administration tasks over the life-cycle of each contract. The plan is built on the performance requirements in the contract and the risk assessment. The plan is filed on the shared database, and reviewed with the vendor during orientation.

PAYMENT AND FISCAL

4. **Program representative verifies that services have been provided** (e.g. through invoice review and/or data submitted on utilization), or delegates to qualified, knowledgeable staff. Availability of funds is verified, payment approved, and payment made to the vendor.
5. **Regularly review data and fiscal reports**, including by program or department fiscal staff, for indications of financial problems.
6. **Develop guidelines for monitoring requirements contracts**, (agreements to purchase services/goods at a given price without specification of quantity), to manage the risks related to the total cost of services versus total obligation.

-
7. **Expand fiscal compliance monitoring** to include more than federal sub recipients.
 8. **Program representative develops open communication** with fiscal compliance monitoring and other partners.

PERFORMANCE MONITORING

9. **Program representative performs or coordinates contract monitoring**, to measure whether vendor has met expectations outlined in the contract.
10. **Performance results are posted on the shared database.** Everyone with a role in the monitoring plan alerts the program representative of any concerns, who in turn communicates with others in the contract communication plan.
11. **Monitoring may include a visual inspection**, such as a site visit, as identified in the monitoring plan. This should be coordinated with other departments utilizing the same contractor, who should also be alerted of any concerns.
12. **Develop expectations and guidelines for monitoring high-risk vendors.** Identify triggers to reassess risk, how to respond when these occur, and how to communicate among departments regarding shared vendors.
13. **Develop guidelines for addressing noncompliance** to support programs in decisions about handling problems with vendors. Although the program retains decisions on disciplinary actions, improve consistency of application of corrective action and progressive discipline.

PROGRAM MODEL EVALUATION

14. **Conduct program model evaluation judiciously**, to measure the effectiveness of the program design in meeting the needs of the service population or community.
15. **Create a quality and evaluation program** in the Department of County Management to provide objective evaluation of programs.

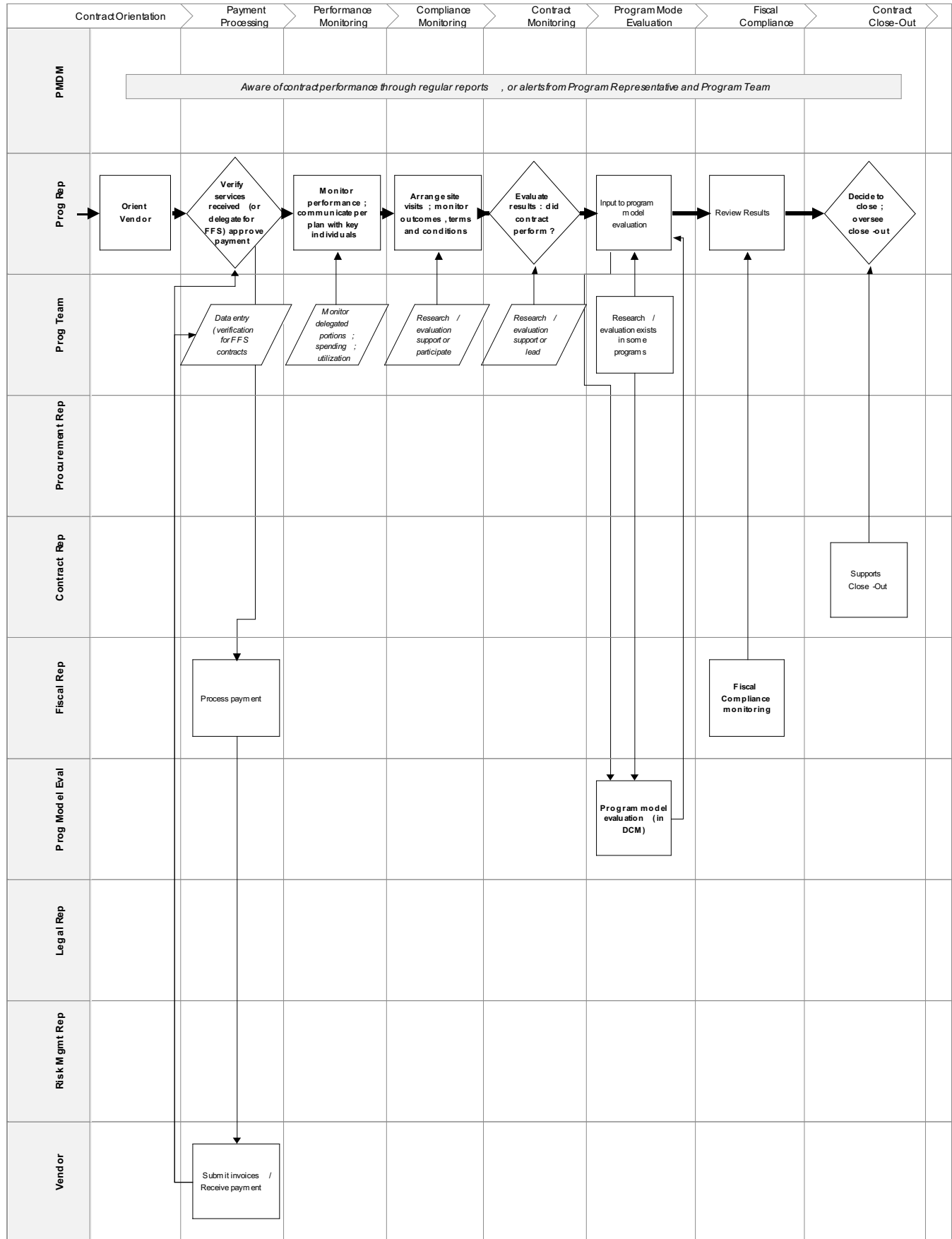
CONTRACT CLOSE-OUT

16. **Develop a close-out check list** to guide documentation of completion of the contract.
17. **Develop an objective close-out review** of how well the contractor performed, based on quantitative and qualitative elements, containing facts rather than judgments.
18. **Use feedback from contract close-out** to inform future contract and procurement decisions. Adapt to meet different circumstances of continuing vs. terminating contracts.

SUPPORT AND TOOLS

19. **Create a means for sharing best practices**, useful forms, and procedures.
20. **Develop a shared electronic database** that allows all involved to document and manage contract administration.

Contract Administration Flow Chart



Activity Detail: Contract Administration

| Contract Administration | | | |
|---|--|---|---|
| Payment and Monitoring | | | |
| <i>Orientation</i> | <i>Payment Processing</i> | <i>Performance Monitoring</i> | <i>Compliance Monitoring</i> |
| <p>Program Rep develops monitoring plan for the contract</p> <p>Go over expectations with contractor, including monitoring plan</p> <p>Checklist for what to cover</p> <p>Team approach – data person, quality person, Program Rep leads</p> <p>Best if done face to face</p> <p>Technical assistance provided to contractor at contract start-up</p> | <p>Payment request received – same minimum information should be on payment requests across the County</p> <p>Request is verified (verifying invoice and receipt of services to the same minimum standards across the County)</p> <p>If verified – sent in for payment</p> <p>Gets paid and money goes to the contractor</p> <p>If not verified – invoice goes back to contractor for correction and resubmission.</p> <p>Technical assistance to the contractor if needed to correct/resubmit their invoice</p> <p>Invoice entered into shared database; includes funds, services and materials, and matches the contract</p> | <p>Program Rep monitors or coordinates monitoring, per the monitoring plan</p> <p>Monitor and report on indicators: outputs, outcomes and/or activities (varies), exceptions and unusual circumstances</p> <p>If not on track – follow up with contractor</p> <p>Tickler system to remind (e.g. workflow prompts), or to track along chain of process</p> <p>Technical assistance to improve contractor performance if needed</p> <p>Document results</p> | <p>Team approach led by Program Rep</p> <p>Focus on compliance with law, regulations or standards (e.g. licensure, sanitary facilities, etc.) that govern the program</p> <p>Schedule: could be annual, every other year, or based on prior results</p> <p>Desk audit and/or site visit</p> <p>Standard minimum procedures for how to conduct the process</p> <p>Send questions/criteria ahead of time</p> <p>Could be a surprise visit</p> <p>Document results: Yes/No</p> |
| Question: Does the vendor understand all expectations? | Question: Have services been received? Should we pay the vendor? | Question: Are they performing the service? | Question: Are they in compliance with standards, laws, regulations, and the contract? |
| Needed Tools: Orientation checklist Sample contract administration and monitoring plan | Needed Tools: Standard minimum payment request items Invoice verification standards Shared database for entering service and payment data | Needed Tools: Sample monitoring indicators | Needed Tools: Standard minimum procedures for contract monitoring and conducting a site visit |

| Contract Administration, continued | | | |
|--|--|---|--|
| Evaluation and Close-Out | | | |
| <i>Contract Monitoring</i> | <i>Program Model Evaluation</i> | <i>Fiscal Compliance Monitoring</i> | <i>Contract Close-Out</i> |
| <p>Decide on evaluation method/criteria for the contract.</p> <p>Use the data already collected to support contract monitoring.</p> <p>Look at outcomes achieved.</p> <p>Team comes together to look at it from different angles and assure objectivity: Program Rep, Fiscal staff, Quality.</p> <p>Client satisfaction or client input and option.</p> <p>Are there other evaluations to draw from?</p> | <p>Use to evaluate the effectiveness of an entire program model.</p> <p>Led by someone other than the Program Rep.</p> | <p>To be done for:</p> <ul style="list-style-type: none"> - Federal Sub Recipients, - Contracts over the 40% criteria, - High risk or red-flagged by department. <p>Future goal: Fiscal Compliance Monitoring provided for all contractors.</p> <p>Use a strong communication loop or shared database to assure communication between Program and DCM Fiscal compliance.</p> <p>If red flags are raised through program monitoring, an evaluation could be requested.</p> <p>DCM Fiscal compliance reviews contractor's audit; may provide Technical Assistance to contractor.</p> <p>Train all Program Reps on County fiscal policies and procedures.</p> | <p>Program Rep oversees. Contract rep may assist with this process.</p> <p>Assures that contractor has completed all processes.</p> <p>Feed results forward to extensions, or procurement make or buy decisions.</p> <p>Checklist for what to cover, e.g. billings completed, clarify product ownership; retention timelines.</p> <p>If ending contract relationship, assure program issues are addressed, such as transition planning for clients.</p> <p>Document lessons learned for ongoing quality improvement.</p> |
| Question: Did the contractor meet performance expectations? | Question: Is the program model effective? Did we get the positive change we expected? | Question: Is the contracting organization fiscally sound? | Question: Have conditions of contractor been satisfied? Would you contract with them again (renewal)? What did we learn? |
| Needed Tools: Sample evaluation methods and criteria | Needed Tools: Sample performance evaluation tools and methodologies. | Needed Tools: Criteria for referral for Fiscal Monitoring Shared electronic database to document findings and concerns | Needed Tools: Checklist for Close-Out (for continuing, for terminating) Place to document lessons learned for shared learning |

E. Contract Amendments

Currently, a contract amendment requires the same lengthy routing, review and signature process as a new agreement. To better allocate staff resources based on risk, amendments should be separated into low and higher risk categories and handled accordingly.

Key recommendations for contract amendments:

1. **Streamline date and dollar amendments**, which change only the term dates or dollar amounts in an agreement (e.g. to extend a contract an additional year).
2. **Continue to use the current process for complex amendments**, especially those which change terms of the agreement (e.g., changes in the scope of work).
3. **Maximize the use of multi-year agreements** to minimize the number of renewal-type amendments required. Multi-year agreements may not need any amendments, or possibly only date and dollar abbreviated amendments.
4. **Continue to look for opportunities to simplify the amendment process** for lower-risk types of amendments.

F. Scalability: Intermediate Contracts

All the recommendations in this report were developed considering the large, formally procured contracts referenced in the Auditor's report. However, CAT members considered whether their recommendations were applicable to smaller, intermediately procured contracts as well (typically those between \$5,000 and \$150,000). The goal was to use a smaller process – not a different process – than that used for large contracts.

Key recommendations for intermediate contracts:

1. **Use the same process for intermediate contracts**, except that procurement may be conducted by the program where appropriate, steps are abbreviated, and contract administration may be simplified.
2. **Obtain technical expertise from a procurement representative** when needed.
3. **The additional training provided for large contract processing** will benefit the overall contracting system, including the system for intermediate contracts,
4. **Involve the procurement representative and contract representative** at the contract planning stage, as with large contracts, especially to support the writing of clear and complete specifications.

5. OTHER CONTRACTING PROCESS RECOMMENDATIONS

A number of other areas for improving the contracting system were recognized and considered.

Key recommendations on other contract processes:

1. **Create a shared electronic database.**
 - a. An electronic database is critical to the successful implementation of these recommendations, and should be scheduled for early implementation.
 - b. Everyone working on a contract needs to be able to see the same information at the same time. The shared electronic database should allow for shared planning, concurrent reviews, shared electronic storage, and improved monitoring.
 - c. Procurement for the Public Sector (PPS) is a SAP module already owned by the County. This module is able to provide many of these desired functions. Although Contracts Action Team members feel they lack the knowledge to recommend a specific tool, they suggest that research be done soon to identify a program that can address the above needs, and determine the cost for programming and training.
 - d. Consider allowing vendors access to portions of the electronic database if feasible, for the purpose of reporting data, entering outcomes, and viewing performance reports.
2. **Streamline the contract document and boilerplate versions.**
 - a. To make contracts more useable, reduce unnecessary contract verbiage, and streamline the number of versions in use.
 - b. Boilerplate means the elements that are the same from contract to contract, or for a group of similar contracts, including the Standard Terms and Conditions, Exhibits, and Attachments. Boilerplate elements may be County-wide, or only for a particular department, program or funding source. Attachments may vary based funding requirements and service components.
 - c. Place the Statement of Work (SOW) first in the contract, instead of buried among boilerplate elements. The SOW is the only part of the contract that is unique, and contains elements that are in the cover memo (which is recommended to be discontinued).
 - d. Conduct a process to streamline the number and versions of boilerplate elements. Eliminate unnecessary language that has accumulated over time. Merge similar versions, but maintain separate versions where there is a funding or programmatic need. Obtain County Attorney review of each element. Store components in a shared library.
 - e. This streamlining should be scheduled for early implementation. A small team, including a County Attorney, would prepare a first draft for program review, to assure suggestions meet unique funder and program needs.
 - f. Boilerplate elements should be reviewed on a scheduled basis, e.g. every two years.
3. **Create a contract development library.**
 - a. Create a library of standardized pick and choose boilerplate elements.
 - b. Using these pre-reviewed standard boilerplate elements would reduce the need for legal review of these sections when contracts are assembled.
 - c. The library would include all the exhibits and attachments to pick from for each department, program, or funding source, as well as language for revenue contracts.
 - d. The library could also include suggested language for specifications, statements of work, and payment terms, which programs could use or adapt.
4. **Create a contract document checklist.**
 - a. Create a checklist of elements that should be in the contract document package, including elements from the pick-and-choose library.

5. Re-establish a contractor responsibility determination process.

- a. Develop a Responsibility Determination checklist, to be used no later than the procurement or award process, as due diligence to assess viability of the vendor. This could be incorporated in the risk assessment data from the contractor, and tied to the indicators for Fiscal Compliance Monitoring.
- b. In a later stage of implementation, consider resurrecting a simpler, ongoing Qualified Vendor Selection Application (QVSA)-like type Responsibility Determination process that is more focused and less bureaucratic than the prior process, and does not build barriers for a small organization. The process should be scalable, based on the size of the program.

6. Further restrict payments on unexecuted contracts:

- a. CPCA should continue with plans to work with departments to develop a technical fix to restrict payments on unexecuted contracts.
- b. In the proposed process, payments could not be made on an Outline Agreement (OA) until an approver in CPCA released the OA for payment. This release would take place once a contract is signed and executed, or an exception has been made.
- c. Procedures are needed for an exception process, and for who approves these exceptions.
- d. In the interim, CPCA would need to develop a tracking system to support communication with the program/department.

7. Improve the process for monitoring complex contracts: lead agency with subcontractors, third party contract, fiscal intermediary, and consortiums.

- a. There is a risk exposure in using these contracting arrangements that needs to be articulated both in the contract and in the contract administration phase.
- b. No subcontracts should be permitted in County contracts without creation of a subcontractor monitoring plan.
- c. Complex contracts should be a factor on the risk assessment tool, to trigger additional contract language and changes to the contract administration plan.

8. Define contract enforcement options.

- a. Standard terms and conditions should outline dispute resolution options, and a corrective action process for non-compliance or program deficiencies.
- b. Decisions about sanctions may need to be elevated above the program representative, and include the program management decision maker, and perhaps the department director or CPCA.
- c. Improve clarity about when to consider sanctions, and about who decides whether to impose sanctions when they are warranted.
- d. Improve consistency in the application of sanctions, especially when more than one program is involved with a contractor.

9. Improve use of forms.

- a. Contract Approval Form (CAF): Serves as an internal summary document, consolidating source data, and should be redesigned to conform to the latest contract policies, practices and processes. Provide training so this form is completed the same way by everyone. Schedule revisions and training for early implementation.
- b. SAP Vendor List: Clean-up of this list is in process. Training is needed on how to use SAP in order to improve uniformity of assignment of material master codes, general ledger codes, and WBS elements.

6. TRAINING RECOMMENDATIONS

Training is key to realizing improvements in the contracting system.

Key recommendations on training:

1. **CPCA provides leadership in developing a training plan**, utilizing skills and experience from across the County, and using adult education and training principles.
2. **Develop a short orientation training** to the new contracting process, similar to Contracting 101 that introduces people to the County core values, the contracting process, and general expectations. Include the new contracting framework, the roles and how each role fits in, the tools, contacts, and mentors. Require training or refresher courses for everyone involved in contracting: new employees, on-going employees, and those moving to different roles.
3. **Identify the role, authority, and core competencies for each function.** Develop mandatory training for those core competencies, and additional training that is optional for professional development. Require all managers to support this training expectation.
4. **Train each person involved in contracting to their role and responsibility.** Required training should be based on the specific role of a manager or staff member.
5. **Use skills of the County Attorney's office** for training on how to write statements of work.
6. **Partner with Human Resources and Talent Development** to be sure expectations are clear for current employees and that competent staff are recruited.
7. **Tie core competencies to an individual's job description.** Consider both the necessary technical competencies, and Human Resources' Core Competencies model that measures abilities around communication, time management, analytical ability, and organization skills.
8. **Develop training on the tools and processes** recommended in this plan, e.g., use of the shared electronic database, the pick and choose contract library, and various checklists.
9. **Form a new contracts users group** to share internal best practices. Consider an annual meeting for all, and a quarterly meeting for peers with like responsibilities. Post minutes on a shared server so all can read.
10. **Create communication methods (email, user groups, etc.) that are user-group specific.** This will enable people involved in different phases of the contracting cycle (planning, development, administration) to share and receive information which is tailored to the work they are doing.

7. POSSIBLE COUNTY-WIDE QUICK FIXES

Eight quick fixes have been identified for county-wide implementation, some of which may be completed by the time this report is released. A quick fix is something that can be done within the next three to six months that will result in immediate time savings or work improvement.

Key recommendations for quick fixes:

MEMOS

1. **Eliminate the requirement for a Cover Memo** for contracts, as all the information is included elsewhere. Improvements to the contract document, such as placing the Statement of Work first, will eliminate the need for this information to be pulled out into a Cover Memo.
2. **Eliminate the Retro Memo** as soon as CPCA implements the SAP process to restrict payment on unexecuted contracts.

CONTRACTING

3. **Eliminate the need for an exemption** if there is only one response to a Notice of Intent (NOI). Allow contracting with the responder to proceed without added delay.
4. **Increase the direct pay threshold**, which has remained at \$5,000 for decades despite inflation. Raising the limit may be done without an increase in risk if this is tied to inflation and maintaining constant purchasing ability.

AMENDMENTS

5. **Eliminate the renewal amendment form.** CPCA currently maintains two service amendment templates: a generic service contract amendment and a service contract renewal amendment. Since renewals are basically a type of amendment, the separate renewal form is not needed. To extend a contract for an additional year within the procurement authority, the generic service contract amendment may be used.
6. **Simplify date and dollar contract amendments for small changes or extensions.** Eliminate the need for CPCA review. Delegate signature authority to the departments. Implement a pilot project to test this process in one program; if it is successful, roll it out for other programs and set up a post-review process to monitor implementation.
7. **Modify PUR-1 to change the 20% rule** to apply to the procurement authority rather than the original contract amount. This would allow changes to be authorized by the department as long as they do not exceed 20% (one fifth) of the total value of the procurement, and thus eliminate the need for many contract amendments.

PROCESS FOR UPDATING RULES

8. **Convene a County-wide focus group to provide input on annual rule changes** for PCRB, CON 1 and PUR 1. Create an on-line place to post ideas for improvements anytime during the year. The focus group would evaluate posted ideas as possible simplifications or improvements.

8. IMPLEMENTATION OF RECOMMENDATIONS

The recommendations contained in this report cannot all be implemented at once. Implementing the recommendations in stages would allow time to put necessary tools in place, and plan for changes in roles and responsibilities.

Flexibility to adapt to unique needs may need to be considered during the implementation phase.

Key recommendation for implementation:

1. **Communicate the proposed process** to employees who are involved in contracting, as well as to vendors, following the Board's feedback on this report. Create channels for input to the implementation plan.
2. **Assign a project manager to manage planning and implementation** of these recommendations. With authority from the project sponsor, the project manager would draft the implementation plan, support the Steering Committee and work groups, maintain communications, and track and report on progress.
3. **Convene a Steering Committee** to advise on implementing CAT recommendations. The Steering Committee would help prioritize work, develop an implementation plan and timeline, review recommendations from work groups, and assess the need for changes in these recommendations.
 - a. The Steering Committee should include a mix of practitioners and managers across the different departments and functions, including a fiscal representative. There should be a good overlap with CAT team membership.
 - b. Expertise should be available to the Steering Committee as needed from Human Resources, Talent Development, the County Attorney, SAP, Risk Management, and others.
 - c. CPCA should coordinate and provide staff support to the Steering Committee.
 - d. Request the Leadership Advisors from the current process to continue forward as advisory to the Steering Committee as needed.
4. **Convene an External Group** to advise the Steering Committee and County Board on contract system improvements from their unique perspectives:
 - a. Review this report, and recommend additional improvements to address the audit findings.
 - b. Recommend additional best practices or innovations.
 - c. Share ideas or examples of how to simplify the process based on their organization's experience.
 - d. Be available to review and advise on the implementation plan, as well as on this strategic framework.

Recommendations for early implementation:

The following recommendations are critical to have in place prior to moving forward with the remaining recommendations. A few can be done without additional funding.

No additional investment needed:

1. **Implement the process to restrict payment on unexecuted contracts,**
2. **Create a Tool Development Plan** and timeline for the tools identified in this report; begin to create the priority tools and checklists.
3. **Implement all quick fixes** as outlined above.

Requires investment to continue Process Improvement work:

1. **Create a multi-department Steering Committee,** with staff support from CPCA.
2. **Create an Implementation Plan** for all recommendations – synchronized sequence for start up and budget recommendation. Involve departments not represented in this process.
3. **Create a Communication Plan** for roll-out of this Report and the Implementation Plan.
4. **Create a Training Plan;** develop and begin delivering training on the new contracting process.

Requires investment for System Development:

1. **Create a shared electronic database**, program the database to meet the needs recommended in this report, and train staff on use.
 2. **Begin having CPCA obtain the vendor signature** and executing the contract.
 3. **Develop a detailed Roles and Responsibilities chart**, including better definition of responsibilities, and a staffing needs analysis.
 4. **Strengthen CPCA to be able to ensure compliance** with the new contracting framework. Specific support is needed for a spot auditing process, or new compliance staffing.
 5. **Programs and departments begin to analyze how to implement these recommendations**, which will likely require additional staffing (most likely in the Contract Administration phase).
 6. **Develop the additional tools that are needed** per the tool development plan.
-

CONTRACTS ACTION TEAM MEMBERS

Management Team

| | |
|-------------------|---|
| Jana McLellan | Project Sponsor, Chief Operating Officer for Multnomah County |
| Mindy Harris | Project Lead, Chief Finance Officer, Department of County Management |
| Brian Smith | Project Manager, Acting Manager, Central Procurement and Contract Administration (CPCA) |
| Kamala Bremer | Kamala Bremer & Associates, Facilitator |
| Sherry Taylor | Project Support, Lead |
| Kathi Braeme-Burr | Project Support |

Leadership Advisors

| | |
|---------------|-------------------------------------|
| Wendy Lear | Health Department |
| Kathy Tinkle | Department of County Human Services |
| Kathleen Treb | Department of Community Justice |
| Mike Waddell | Department of County Management |

Core Team

| | |
|------------------|--|
| Alicia Boris | Department of County Human Services, Contracts Unit |
| Darren Chilton | Health Department, Business Services |
| Ellen Churchill | Department of Community Justice, Research and Evaluation |
| Nancy Culver | Department of County Human Services, SUN and Community Services |
| Emilie Schulhoff | Department of County Human Services, Business Services |
| Nancy Walters | Department of County Management, CPCA |
| Christine Wilson | Department of County Human Services, Aging and Disability Services |

Resource Team

| | |
|--------------------|---|
| Mark Adams | Health Department, Environmental Health |
| Deb Baucom | Department of Community Justice, Contracts |
| Lee Girard | Department of County Human Services, Community Services |
| Lailah Hamblin | Department of Community Justice, Contracts |
| Ed Jones | Department of County Human Services, Contracts Unit |
| Kristie LoPresti | Department of County Human Services, Contracts Unit |
| Cilla Murray | Department of County Management, SAP |
| Joan Rice | Department of County Human Services, Mental Health |
| Margy Robinson | Health Department, HIV |
| Priscilla Salvador | Department of County Human Services, Contracts Unit |
| Peggy Samolinski | Department of County Human Services, SUN |
| Peter Tryon | Department of County Management, Facilities |

APPENDIX 1: CUSTOMERS SURVEY RESULTS

Overview

Between November 3, 2008 and November 12, 2008, CAT Team members conducted an exploratory survey of internal and external key informants, selected for their direct involvement with the County contracting process. Information from these interviews was gathered to represent the customer perspective in the recommendations addressing the Multnomah County Chair and the auditor's concerns relating the Multnomah County contracting process.

Executive Summary

The following themes emerged from the typed transcript of these interviews. The themes are grouped according to current issues and ideas for improvement.

| External Customers | Internal Customers |
|---|---|
| Thoughts and Issues: <ul style="list-style-type: none">• The contractor is a partner• County staff are helpful, good to work with• Current process is cumbersome, repetitive, and ineffective• Not receiving a fully executed contract on time is a problem• Want more upfront collaboration• Want more consistency across departments• Want clear, understandable and achievable deliverables | Thoughts and Issues: <ul style="list-style-type: none">• Good cooperation internally is needed• The contracting process lacks County-wide leadership• Poor response and remedy to problems• Timeliness is an issue• The process is cumbersome, repetitive, and ineffective• Compliance and performance monitoring is inconsistent• Want clear, understandable and achievable deliverables• Want accountability from stakeholders• Want training• Want an effective contract tracking system |
| Best Performance Looks Like: <ul style="list-style-type: none">• Upfront collaboration• Uniform process and product• One central point of contact with the County for each contract• On line mechanism for capturing change ideas for the next contract cycle | Best Performance Looks Like: <ul style="list-style-type: none">• More upfront collaboration• Develop a uniform process and product• Provide one central point of contact for each vendor• Provide an online mechanism for contract tracking and reporting• One point of contact at CPCA for technical assistance |

Methodology

A sample of customers with direct involvement with the contract process was selected for a key informant phone survey. The survey draft was tested and wording changed slightly as a result of the test. The updated survey was fielded between November 3, 2008 and November 12, 2008. The Contract Action Team conducted a total of 30 surveys; 14 were with contractors and 16 were with internal customers. Interviews included ten large non-profit agencies that contracted with multiple programs.

- The CAT core group decided against a comprehensive survey. The agreement was to obtain an information snapshot from a few key people.
- To increase both response rates and address timing concerns the group elected to perform a phone survey.
- Customers were not asked to rate the entire county, but just to answer the questions from their perspective.

¹The last question asked on the survey was "Is there anything else you'd like to tell us about?" Because the responses to this question were very detailed and specific, they were not included in the themes analysis. A list of these suggestions can be found in the Appendix.

- The group decided against trading contacts for perceived objectivity instead believing their familiarity with the key informants would actually be an asset in getting more information quickly.
- The core team members decided among themselves which vendors would be interviewed based on their internal knowledge of key customers.

Common Responses to Survey Questions

With the very general themes in mind below is a list of verbatim comments that best capture the overall themes that emerged.

Responses from the External Customer Perspective

Question #1 “What works regarding the current contract process?”

The contractor is a partner.

- There are a couple departments she “loves” working with because of the close collaborative and cooperative working relationship that exist between the vendor and the department staff.
- [It works] when County representatives work with me to develop the scope of services for their department, rather than determining the scope of services without talking with me.

Good Response and remedy to problems

- All of my contract contact folks are really great to work with. If I have questions, they always seem willing to kick ideas around or provide technical support.

Question #2 “What doesn’t work regarding the current contract process?”

Process is cumbersome repetitive and ineffective.

- Multnomah County contracts are difficult. They are not well described or managed so that we see no conformity across programs and Departments. Billing is complicated, cultural competency needs are different from Department to Department. Federal service dollar contracts contain no detail or CFDA and the funding is difficult to decipher. Too many questions left up to as the individual programs at the county. Timelines are a problem, too. Many documents are retroactive. Sometimes we have to start work without a contract and that is bad business practice.
- I have concerns about the panel that is chosen to review the proposals. They are supposed to be people who are connected in some way but not in any way that could have a conflict of interest. I realize that this is a challenge in such a small community, but it concerns us that individuals are making an important decision simply based on what is in front of them at the moment without having a clear understanding of how agencies work.
- Being kept in the dark and told at the last minute when changes occur that will affect existing or future contracts. These are bi-lateral agreements and vendors should be involved in or communicated with on any changes to the contract, particularly if they involve compensation.
- There is some awkwardness in combining various and sometimes unrelated services into one contract package. Since the agency’s policy is to have all the program managers review their sections and approve them before final signature, sometimes agency personnel feel compelled to approve their program piece of the contract even though slight issues remain. There is pressure to approve sections to avoid holding up the entire process and causing interruption in service delivery and/or payment.
- Contracts are generally finalized before an agency can provide any input; therefore, there is literally no opportunity for any negotiations or discussion prior to execution. Also, when contracts are received late and services are being performed, the agency is less apt to raise any objections or issues that would cause delay in receiving payment since payment cannot be made w/out having a fully executed contract in place.

Not receiving a fully executed contract on time.

- Timeliness of receiving contracts for final signature could be improved. If services are to begin or continue by July 1st, contracts should be received at the beginning of June. They generally see contracts arriving mid to late

July or even longer. This needs to be improved since they feel their put into a risky financial position. He would guess they receive approx 50% of their contracts on time.

- Many documents are retroactive. County has taken a long time to produce contracts but then expect a very quick turnaround time in our shop. Doesn't seem fair that all of the rush is on the provider side.
- A timely contract process. Certain departments have a tendency to process their contracts very late (i.e., well after the execution of service) and they would like to receive them promptly, prior to service delivery. Because of the lateness of receiving the contract, there is an urgency to sign and accept the terms as is (knowing it can be amended later) so as not to delay receipt of payment. Vendors should be able to review contracts prior to receiving them for final signature.

Question #3 “What do you want or need from the contracting process?”

Want clear, understandable and achievable deliverables.

- More concise, to the point RFPs. Very clearly written RFPs that leave no doubt as to what is being funded.
- Continuing dialogue/communication between the department staff and vendor. Keeping vendors informed of changes to existing contracts and involved in planning for future services or capacity building.
- She would like to request a one page summary report that describes all the relevant details of the contract, similar to the County's Contract Approval Form (CAF) that would be attached to every contract.

Question #4 “What would a “5” on this scale look like to you?”

More upfront collaboration

- I think there needs to be mechanism for the data to be presented and then verification/fact finding about the proposal and an opportunity to discuss the proposal in an oral presentation.
- Allow more time and more up front communication. Would love to see contracts 1-2 months before the start of services.

Develop a uniform process and product.

- Consistency across the departments. The contracts, themselves, differ between departments. Some contain multiple attachments that are not even relevant to the agreement. Too much redundant language.

Provide one central point of contact.

- Central point of contact for each department, without having to go through layers of staff before resolving issues or getting answers to questions.

Provide an online mechanism for capturing change ideas.

- It would be nice to have a mechanism that we [in the field] could use to capture language changes for the next contract cycle. Sometimes we have language improvements we would like reflected but they are not deal breakers. It's not that the language is wrong just that new language would be better, for example we might want to revise admissions criteria. Because the County writes the contracts and send them to us, they could easily miss these items. An online mechanism that could capture these language change ideas for the next contract would be helpful.

Responses from the Internal Customer Perspectives

Question #1 “What works regarding the current contract process?”

Good Collaboration

- The current Health Department team of AP/AR/Contracts works well together from contract development, to management, to billing. They communicate with one another and with the Multnomah County project manager which significantly reduces issues.
- The partnership with the DCHS contracts unit is good.
- In ADSD, we view our contractors as a resource, and in many ways, we view them as “partners” in the provision of services.

- It has been helpful to have on staff person assigned to us. That person can then track down anything that is missing or needs special attention.

Question #2 “What doesn’t work regarding the current contract process?”

The contracting process lacks County-wide leadership

- Lack of centralized County leadership and guidance
- There is a lot of written administrative guidance but no common interpretation of that guidance
- Not so much about the contracting process, but lack of MANDATORY training that each person should have to develop and monitor contracts. I was given a 15 minute overview and the contract was handed over to me. I think there should be mandatory training involved.

Poor response and remedy to problems.

- Inconsistency of application and interpretation of contracting policies and practices. How long it takes to execute a contract. The culture that drives throughout county staff, typically the first response is, “no, can’t work” rather than how can I help you ... that you are within the law, practice and policies.
- Unclear who to talk with to get procurement or contracting information at CPCA.
- The division requests an exemption - which is their ONLY option and is then dinged by CPCA for having too many exemptions.

Timeliness is an issue

- It takes too long and I think there are systemic issues. The length of time it takes to complete the contract process is one of the biggest contributing factors to having late executed contracts, which then exposes the County to risk or puts clients at risk when services cannot be provided and paid for.
- We need a faster and easier way to contract with providers that the State dictates. Most of the time the State is late with their requests and by the time we get the funding, the providers are desperate. Our process takes too long for a State mandated contract.

Process is cumbersome, repetitive and ineffective

- We have no centralized, good system for tracking contracts, consequently things can get lost in the process. For example, this happened recently when an ADSD contractor was incorrectly required to provide professional liability insurance, but it was not tracked adequately and resulted in a late contract execution.
- We need better standardization and streamlining of processes. Excessive reviews and controls create bottle necks and slow down the process and are not necessarily value added.
- Bottle necks are also caused by lack of delegated authority when key reviewers/authorized signers are out of the office. Recently ADSD had to wait a week for one authorized signer to return from vacation. Delegated authority should be identified to avoid this from happening again.
- Have a standard County boilerplate rather than multiple boilerplates.
- Contract partners are unhappy about having to submit duplicate information for different programs within County. For example, could insurance requirements be submitted once for all programs and updated as needed?
- There is a bottleneck on the solicitation process – is there anything we can do to routinize processes to speed things up?

Compliance and performance monitoring inconsistent.

- I was trained on how to write a contract and move it through the contract process years after doing it. I feel disconnected from the contract folks unless I initiate contact with them. There is no real direction or support on contract monitoring, from what I know....depts. and programs are on their own. I also feel incompetent to address fiscal monitoring of contracts.

² The last question asked on the survey was “Is there anything else you’d like to tell us about? Because the responses to this question were very detailed and specific, they were not included in the themes analysis. A list of these suggestions can be found in the Appendix.

Participants were asked to rate the current contract process using a five point scale. The question was, “On a scale of excellence from 1 to 5 where 5 is the highest excellence, how would you rate the current contract process?”

Question #3 “What do you want or need from the contracting process?”

Want clear, understandable and achievable deliverables.

- If several contracts have a similar format and requirements, if the Attorney could sign off on one and not need to sign off on each individual contract, and each separate amendment that would help a lot. I need the ability to make amendments without going through the entire process if all I am changing is the amount of money and the amount of work accordingly, i.e. I am not changing the scope of work or the type of work being done.
- Annual review of boilerplate language to ensure up to date information and references are being used
- Staff support (additional staff) so we are able to update, share and implement on new rules/procedures/processes
- Better tool(s) for our customers to easily obtain forms and other information (web site)
- County MWESB certification process
- Automatically authorize maximum dollar amount for CSS/CPQ process – (could eliminate amendment procurement requests)
- Consistent application and interpretation of policies and practices, timelier processing, better attitude of customer service, and an attitude of “not police”, rather role is to provide technical assistance through the contracting process

Accountability

- More ownership and support from the various stakeholders involved.
- People need to be more accountable and take their contracting role and responsibilities seriously.
- Increased curiosity, analytical ability, and more ownership, buy-in, responsiveness from all the stakeholders involved in the process.
- Department culture and thinking needs to be changed to promote responsibility, ownership, responsiveness, and pro-activity for buying, soliciting, maintaining, monitoring and evaluating contracted services. This could be addressed by training(s) that first focus on the make/buy decision analysis and then what role and responsibility do the stakeholders play in a successful contract process once the decision has been made to buy.
- If we are going to be able to do performance monitoring and evaluation we need to streamline the solicitation process so that program staff has time at the other end of the contract process to do monitoring and evaluation.
- Having consultants to go to for help for performance monitoring would be helpful.
- More capacity to do fiscal monitoring would be helpful.

Training

- Management training and division interaction. Division management would like regular meetings with the Contract Unit or Contracts Supervisor and wants them more involved with the program so they can realize what the issues with the program are. There is no connection between department management and the Contracts Unit.
- The Department needs management training on contract requirements for better efficiency. Division management does not know what CPCA requires, what procurement requirements are and they are very frustrated. All they know is they need something and we are preventing them from getting it.
- Maybe some sort of peer review on writing/monitoring contracts-perhaps just within the office or an ongoing group of peers that can review for quality.
- More education and training for program staff so they have a better understanding of the process and their options.
- More support on fiscal management of contracts.
- Annual update meeting from CPCA (significant changes and how they should be applied)

Effective Contract Tracking System

- Confirmation of procurement authority or a way to tie procurements and contract together so they are easy track, Confirmation that work is being performed per the contract and payment is only happening after this has been confirmed, an easy way for procurement and contract people to see what contracts the county already has in place

to identify if joint procurements may be done in the future, or if the contract that is in place can be used by multiple departments. Mandatory use of or the elimination of Central stores for all administrative supplies.

- Improved data integrity from an enterprise wide perspective
- Want and need good communication about changes so that she can get her job done effectively.
- I need a way to easily see where the contract is in the signature process. It takes too much staff time for me to monitor when I send it off, ensure that I check on it at the right time, call Contracts, and then have one of their staff check to see where it is, call that office... It also needs to be clear who is watching that process, and when the contract should be completed so I know when to check about it.
- I would like for the contracts folks to send ‘ticklers’ to me about contracts that are expiring or need renewals...time just flies and contract stuff is only a small part of my job. I need help in remembering what is needed and when.

Question #4 “What would a “5” on this scale look like to you?”

More upfront collaboration

- Regular meeting of contracting staff only, related to updates
- More involvement in the scope of work content to improve quality of contracts. Recognizing they are not the subject matter experts with regard to specific program content, however, they should know contracts 101 basics and the language/wording necessary to write and execute a “durable” agreement
- A quick timely response from contract’s unit staff. A contract that is well written, organized and formatted well. All required documents are included. Contracts are turned around quickly. Contracts staff provide frequent status reports and follow up on issues timely.
- If we could look to others for answers on how to run the process smoothly. Need more resources and assistance and ability to deal with unforeseen circumstances. Positive Collaboration instead of punitive.

Develop a uniform process and product.

- A one-page diagram on how to start and finish the process, all the desired competencies needed and people to turn to for peer support.
- County wide consistency when possible
- More County wide procurement (especially on smaller/contracts)
- Auditing on a County wide basis vs. Department
- More consistency, e.g. how things are handled, expectations, follow-up, contracts documentation, etc.
- The process takes way too long. It sometimes takes 3-4 months from the time of contract request to the time we have an executed contract. This process needs to be streamlined to move much quicker. Providers pay the price of waiting for funding because we can’t pay on unexecuted contracts.
- The contract renewal process coincides with budget season and the same folks are tasked with both jobs. They can’t manage these two processes simultaneously, so budget wins and contracts get pushed aside often resulting in unexecuted contracts on July 1. It would be nice to have a more flexible schedule for contract renewals considering the contract loads of the divisions and the amount of staff they have to produce them.
- There should be an expedited process for small changes that require an amendment. It is very costly to take an amendment through the entire process for something as small as a rate change. There should be some sort of due-diligence that the department could do to fulfill its obligation without the cumbersome and very costly process of a full blown amendment. When you add up all of the staff that is required to touch a contract or amendment and you are doing something as minute as reducing funding by \$75. The cost of the process is outrageous and should be streamlined.

Provide one central point of contact

- CPCA needs to be as good on the contract administration side as they are on the procurement side.
- CPCA needs to develop a central decision/control point.

Provide an online mechanism

- Our process would be completely electronic
- Consistent reporting, e.g. SAP
- Some sort of mechanism to match purchases and services with other departments so we have better buying power, and we are not duplicating services
- More interaction between division management and contract staff. More training for division managers.
- Precisely defined contract expectations that are measurable and reimbursable. Enterprise wide data (in SAP) that exactly matches the written contract. Enterprise wide data that can be used in reports without requiring days of data clean up.
- As stated, standard processes, easy electronic routing and file access, a cradle to grave tracking process, centralized training and oversight for the entire county.

APPENDIX 2: SAMPLE RISK ASSESSMENT FORM

The Contracts Action Team briefly reviewed various models for risk assessment. The following tool, developed by the State of Washington, best reflected the types of risks related to large human services contracts. The team recommends that a similar tool be developed specifically for Multnomah County.

ESA CONTRACT RISK ASSESSMENT WORKSHEET (revised 6/11/2007)

- See Instructions on Reverse Side -

Contractor Name: _____ Contract # _____
 Start/End Date: _____ Contracted Service(s) Provided: _____
 Risk Assessment Type: ☐ Screening/Pre-Selection (Optional) ☐ Initial ☐ Revised

| | SERVICE RISK FACTORS & ASSIGNED RISK VALUES | Pts. | RISK VALUE | RESPONSE STRATEGIES (Suggested Action Steps for contract and on-site review) |
|----|--|-------------------|------------|--|
| 1 | This is a new program or service, or a significant change to an existing service (within the past year) | (3) | | New programs or services may require early monitoring to ensure any technical assistance issues are addressed adequately |
| 2 | Statement of Work is complex – there are multiple components to the service to be provided | (2) | | Complex programs or services may require early monitoring to ensure any technical assistance issues are addressed adequately |
| 3 | Unsupervised access to clients | (5) | | May include services provided in client's home or under circumstances in which contractor has unsupervised access to clients. Assess the degree of vulnerability of the clients served by the program. Background check may be required. |
| 4 | Clients may be exposed to safety risks – e.g. the service includes transportation of clients, or training involves machinery | (5) | | The contract should address this risk by ensuring that adequate insurance is required. |
| 5 | Contractor(s) for this service will determine who will receive services and/or what services each client will receive | (2) | | This situation may require close monitoring of billings to ensure contractor stays within contract or program expenditure limits. |
| 6 | Federal funding is used for this program or these services | (3) | | Federal funding requirements must be evaluated to ensure all federally required reporting and controls are included in contracts and monitoring tool |
| 7 | Contractors are subrecipients of federal funds for these services (SPECIAL MONITORING REQ.) | (1) | | Subrecipients must be monitored to ensure receipt of the Federal Funding Inventory Form, annual updated Indirect Cost Rate Certification, and annual receipt of A-133 Audits. |
| 8 | Payment method to be used: ∞ Performance Based ∞ Fee for Service ∞ Cost Reimbursement | (0) (1) (2) | | ∞ Perf. Based - Contract must include adequate reporting to ensure required performance is achieved. ∞ FFS – Reporting must include adequate tracking of services performed[∞ Cost Reimb. – Contract must include language to track progress toward achievement of contract to ensure budget isn't overspent in early stages. |
| 9 | Contracts will be awarded for this program or these services utilizing: ∞ Competitive Procurement ∞ Non-competitive or Sole Source | (0) (1) | | If contractor is non-competitive or Sole Source, documentation of the basis for the award should be included in the contract file for client services as well as personal services. There is a higher risk of scrutiny or protest for non-competitively awarded contracts, even with client services. |
| 10 | Contractors for this/these services must maintain accreditation or licensure requirements (Also requires check for #28 below) | (1) | | Contract must address the requirement, and consequences if the accreditation or licensure is not maintained for the life of the contract. Must be checked during monitoring to ensure these are still in effect. |
| 11 | Program or Service has a high profile or negative press | (5) | | Determine the program and fiscal implications of negative press. May need to temporarily suspend contract activity, i.e., limit referrals if client health and safety compromised. |
| 12 | Contractors will have access to DSHS/ESA data that includes client personal information. | (1) | | Data-share language must be included in each contract and Contract must be monitored for compliance. |
| 13 | Fiduciary responsibility for client funds. | (24) | | These are Protective Payee contracts that are monitored at the HIGH-risk level, required by policy to have an on-site review every 6 months due to handling client funds. Determine if sound fiscal system in place. Ensure no conflict of interest. |
| 14 | Other Risk Factors (explain & assign value): | | | |
| | TOTAL SERVICE RISK SCORE | | | |
| | CONTRACT RISK FACTORS & ASSIGNED RISK VALUES | Pts. | RISK VALUE | RESPONSE STRATEGIES (Suggested Action Steps for contract and on-site review) |
| 15 | This contract will represent a significant portion of the total program funding for this service | (5) | | Determine the potential impact on the program if a contractor does not meet their obligation, and determine what progress should be checked during monitoring. |

| | | | | |
|------------------|---|-------------|-------------------|---|
| 16 | Contract Maximum Consideration over \$200,000 | (1) | | |
| 17 | Contract has Multiple Services/Statements of Work | (2) | | Determine whether contractor staff has sufficient understanding of the various services provided. |
| 18 | Contractor will be allowed to subcontract key activities of this service | (1) | | If subcontractors are allowed, identify in the contract the monitoring that the contractor must complete to ensure subcontractors are compliant with all requirements. |
| | TOTAL CONTRACT RISK SCORE | | | |
| | CONTRACTOR RISK FACTORS & ASSIGNED RISK VALUES | Pts. | RISK VALUE | RESPONSE STRATEGIES (Suggested Action Steps for contract and on-site review) |
| 19 | Contractor is providing these services for the first time | (3) | | If new, determine whether contractor staff have sufficient understanding of the service requirements. May need to expand planned technical assistance. |
| 20 | Contractor has multiple active state contracts | (2) | | Check OFM Client Services Database. If yes, does the contractor have sufficient staff and management structure to handle many contracts at the same time? |
| 21 | Contractor has multiple funding sources for similar services | (2) | | Identify state funding through OFM database. Determine risk of multiple payments for same or similar services. Ensure adequate internal controls in place to track funding sources. |
| 22 | Contractor has defaulted on contract(s) within the last five years | (5) | | Identify the reason for the default(s) and assess whether similar situations would endanger the success of this contract. Identify any additional monitoring requirements needed to address this. |
| 23 | Contractor has received audit findings (within the past two years) indicating weaknesses in internal control over federal or state programs | (3) | | Review audit findings to determine whether the weaknesses have been corrected, or whether additional requirements need to be addressed in the contract. |
| 24 | Contractor has received program monitoring findings (within the past two years) for state contracts | (5) | | Review monitoring findings to determine whether the weaknesses have been corrected, or whether additional requirements need to be addressed in the contract. |
| 25 | No on-site monitoring visit by ESA for client service contracts within: ∞ past 2 years ∞ past 4 years (See explanation on right) | (2) (4) | | Not applicable to new contractor. Enter score if contractor has had a contract with ESA for 2 years or more and <u>no</u> site visit. If contractor has multiple contracts, contact other contracting sources to determine if they have monitored & what were the results. |
| 26 | Unresolved client or agency complaints | (3) | | Determine if corrective action was taken & outcome. If possible, identify the nature of complaints and if contractually based. |
| 27 | Past performance problems – most recent 2 years. N/A if already identified in #24 above. | (2) | | If performance history is poor, determine whether an alternative contractor would be appropriate. If not, plan on additional technical assistance to contractor and more frequent on-site monitoring. |
| 28 | If Item 10 is affirmative, Licensing or Accreditation Organization has documentation of actions against the Contractor in the past 2 years | (2) | | Check with licensing or accrediting organization to determine whether there have been complaints filed. |
| 29 | No BAQ (when required by policy) or negative results | (5) | | Business Assessment Questionnaire not submitted to ORM or ORM report cites issues. Obtain from contractor an explanation and/or plan to address identified issues. |
| 30 | Contractor has had lawsuits filed or pending against them in the past 12 months (N/A if reported as negative result in BAQ) | (2) | | Assess whether issues addressed in lawsuits would impact the decision to utilize the services of the Contractor for this service, or would place the Contractor in financial difficulties. |
| 31 | Significant staff turnover (>25%) in the past year (N/A if reported as negative result in BAQ) | (1) | | Has there been frequent/high turnover of contractor management, or key program personnel? Has contractor experienced recent rapid growth or downsizing? Has contractor experienced reorganization within last 12 months? Has contractor changed major subcontractors recently? Assess what impact these changes may have on the contract. |
| 32 | Other Risk Factors (explain & assign value): | | | |
| | TOTAL CONTRACTOR RISK SCORE | | | |
| | GRAND TOTAL RISK SCORE | | | RISK LEVEL: <input type="checkbox"/> LOW (0-12) <input type="checkbox"/> MEDIUM (13-23) <input type="checkbox"/> HIGH (24 or >) |
| Comments: | | | | |

Form Completed By:

Date:

Region/HQ:

Monitoring Method: ☐ Desk ☐ Desk and MIS ☐ On-site ☐ Other – Document other appropriate monitoring methods that will be used for this contract.

APPENDIX 3: BIBLIOGRAPHY:

The Contracts Action Team drew on a large number of readings about best practices in the contracting field, and in risk assessment, contract planning, development and administration.

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