

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 08-112

Creating a Contract Compliance Advisory Committee and Implementing Processes to Strengthen the County's Oversight of the Financial and Business Stability of its Personal Services and Goods and Non-Personal Services Contractors

The Multnomah County Board of Commissioners Finds:

1. ORS 279A.015 declares that it is the policy of the State of Oregon that the State should have a sound and responsive public contracting system that, among other things, promotes the efficient use of local government resources.
2. Multnomah County has administrative rules, PUR-1, CON-1 and FAC-1 that implement this goal in the context of its contracts.
3. In order to achieve the goals reflected in State law and County administrative rules, the County must have an appropriate fiscal and performance monitoring program for its personal services and goods and non-personal services contractors.
4. Given the number of County contracts and current staffing limitations, it is challenging for the County to perform an optimum number and degree of fiscal and contract monitoring and the County is committed to increasing these resources over time.
5. The County recently experienced programmatic and financial risks associated with personal services providers having a disproportionately large percentage of the County's business in a single program area.

Multnomah County Board of Commissioners Resolves:

1. A Contract Compliance Advisory Committee (CCAC) is created to recommend to the Board appropriate processes to strengthen the County's oversight of the financial and organizational stability of its contractors. The CCAC will:
 - a. Consist of up to ten members appointed by the Chair and include representatives from communities of color, private sector, hospitals, other governmental jurisdictions, non-profits Boards, and other interested persons from the community;
 - b. Explore avenues for improving the County's financial oversight and performance monitoring of its contracts;
 - c. Develop standards for the proportion of investment to county-wide contract oversight and resources that follow appropriate and best practices in relation to the management and investment of its funds;
 - d. Explore avenues for public solicitation of feedback and community involvement from other stakeholders; and
 - e. Advise the Board on personal services contracts system improvements and the fiscal risk assessment tool as well as highlighting previous audit recommendations already submitted to the Board of County Commissioners by January 31, 2009.
2. In addition to reviewing the County's general practices regarding contractor selection and financial program performance monitoring, the CCAC will advise the Board on how to best ensure that the following best practices are followed by its personal services and goods and non-personal services contractors:
 - a. All boards of the County's contractors must adopt and follow policies and procedures to ensure that the organization manages its funds responsibly and prudently;
 - b. All boards of the County's contractors must review and approve the organization's annual budget and monitor actual performance against the budget;

- c. Each of the County personal services and goods and non-personal services contractors must provide sufficient resources for effective administration of the programs and the effective management of the organization's financial resources;
 - d. Recommend implementation of a county-wide prequalification tool for standards of organizational and financial acumen; and
 - e. Each of the County's contractors must keep complete and accurate financial records and should have a qualified, independent financial expert audit or review them annually in a manner appropriate to the organization's size and scale of operations.
3. The Department of County Management (DCM) shall develop a risk based approach to fiscal site monitoring and a schedule that reflects more intense and frequent fiscal monitoring of contractors who fall in the highest risk categories. Among the factors that DCM should consider in developing its risk model are:
 - a. The extent to which the contractor has an active, fully engaged board of directors;
 - b. The extent of the contractor's reliance on the County's business and the overall number of contracts that contractor has with the County;
 - c. The percentage of the County's business that the contractor is providing in any one program;
 - d. The extent of the contractor's internal controls and the results of prior audits and fiscal reviews;
 - e. The experience, knowledge and stability of the contractor's accounting staff.
 4. Contracting departments, to the extent possible and appropriate to the departments' programmatic goals, shall avoid contracting for more than 40% of a particular line of business with a single provider, when the total contracting awards exceed \$1 million. To the extent this goal cannot be met, the following shall occur:
 - a. The contracting department shall request an initial review of the contractor's financial stability and the appropriateness of the organization's financial practices by the DCM;
 - b. The DCM shall recommend to the Chair whether the contracting department's plan is appropriate and shall issue a recommendation that shall be routed with the contract package; and
 - c. To the extent that Chair approves of the contracting department's plan, the DCM will place the contractor in a risk category that reflects the highest degree of review of the contractor's finances.
 5. The Chair shall designate a multi-department action team that will implement recommendations made by external auditors, internal staff, and the CCAC. Staff support will be provided by DCM for these efforts. The action team will report to the Chair and will provide monthly updates relating to their progress in implementing the proposals to Department Directors.

ADOPTED this 31st day of July, 2008.

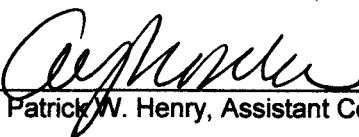


BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON


Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By 
Patrick W. Henry, Assistant County Attorney

SUBMITTED BY:
Ted Wheeler, Multnomah County Chair