



City of Albuquerque

Office of Internal Audit

FOLLOW-UP

DEPARTMENT OF FAMILY AND COMMUNITY
SERVICES

PERFORMANCE MONITORING OF SOCIAL SERVICE
CONTRACTS

Report No. 20-16-108F

February 27, 2020

INTRODUCTION

The Office of Internal Audit (OIA) performed a follow-up of Performance Audit No. 16-108, Department of Family Community Services (DFCS) Performance Monitoring of Social Service Contracts. The purpose of this follow-up is to report on the progress made by the DFCS in addressing the audit's findings and recommendations. Our follow-up procedures rely on the department providing the status of the recommendations.

A follow-up is substantially less in scope than an audit. The objective is to report on the status of corrective action regarding the audit's findings and recommendations. We limited our scope to actions taken to address our audit recommendations from the final audit report dated December 13, 2017 through the submission of actions on December 12, 2019.

BACKGROUND

OIA completed a performance audit of DFCS process for monitoring the performance of Social Service Contracts fiscal year 2016 (FY).

DFCS's mission is "to improve the quality, delivery, and effectiveness of health, social, recreational, nutritional, educational, housing, and other human service programs for residents of the Albuquerque metropolitan area; to increase the available services through resource sharing and coordination; and to improve the quality of life for low and moderate-income residents."

A Social Services Contract is a contract with a private, non-profit, or public governmental agency for social services in return for the payment by the City of Albuquerque (City) of costs associated with the provision of social services, including, but not limited to, the costs for labor, supplies, operating expenses, equipment, and the acquisition or improvement of real property.

DFCS is responsible for monitoring contractor's performance to ensure compliance with all City, State, and Federal regulations that govern the Social Service Contracts administrative, financial and programmatic operations. This includes, but is not limited to, ensuring services are provided according to each contract, funding is spent for its designated purpose, and performance objectives are accomplished within the time of performance. The audit specifically focused on DFCS's performance monitoring of Social Service Contracts.

SUMMARY

Of the two recommendations addressed in the original audit report, both have been fully implemented.

The status of the recommendations is identified by the symbols in the following legend:



Recommendation #1

DFCS should:

- Establish a consistent, standard and documented process to monitor the performance of Social Service Contracts. This process should include:
 - Standardized forms, record requirements, retention schedules, performance reporting requirements, and detailed processes;
 - Review and update the *Administrative Requirements* to ensure performance monitoring of all Social Service Contracts;
 - Determine and document a review schedule for updating and revising the *Administrative Requirements*.
- Ensure that all performance monitoring staff are trained on new and existing policies and procedures to ensure the consistent application of the monitoring and progress reporting requirements.
- Ensure that Social Service Contracts are annually monitored with a consistent process to determine if performance objectives are met.
- Ensure progress reports are received for all Social Service Contracts, including fee-based contracts.
- Determine whether services that are fee based should be categorized and appropriated as Social Service Contracts.

RESPONSE FROM DFCS

“DFCS concurs and management recognizes the opportunity to improve the performance monitoring process. DFCS has commenced meeting with the program managers to compile, review, and formalize current processes and resources. DFCS will implement a consistent and documented core process for monitoring the performance of Social Service Contracts. This process will include DFCS standardized forms, monitoring schedules, record requirements, retention schedules, performance reporting requirements, and detailed procedures. However, due to the variety of funding sources (federal, state, county, city, charitable grant, etc.), absolute uniformity is not an appropriate goal. Flexibility is required to meet the requirements of the various oversight agencies related to the specific funding sources.

“Processes and resources will be documented in DFCS policies and procedures which will be

maintained separately from the Administrative Requirements for Social Service Contracts. The Administrative Requirements are guidance for contractors, not DFCS staff. DFCS will, however, complete a review and update of the Administrative Requirements including determining and documenting a review schedule for updating and revising the Administrative Requirements.

“Training of all appropriate staff will immediately follow the completion of the document review and completion. DFCS finds significant flaws in the contract tables exist leading to inaccurate indicators. First and foremost, no formal guidance was cited for the determination that Professional/Technical Contracts issued by DFCS must be monitored as Social Service Contracts. DFCS has found no basis for the statement, “if the 14 contracts are considered and appropriated as Social Service Contracts, they must comply with all required rules and regulations including the Administrative Requirements for Social Service Contracts,” nor the recommendation, “Ensure progress reports are received for all Social Service Contracts, including fee-based contracts.”

“Article 5 of the Albuquerque Code of Ordinances defines these contracts as follows:

“PROFESSIONAL/TECHNICAL SERVICES: Those services performed by or under the direction of a licensed professional, other professional technician, or other person with technical training, as more particularly defined by the City Purchasing Officer.

“SOCIAL SERVICES: A social services contract is a contract with a nonprofit organization or public agency for social services in return for the payment by the city of costs associated with the provision of social services, including, but not limited to, the costs for labor, supplies, operating expenses, equipment, and the acquisition or improvement of real property.

“DFCS relies on City Code and Procurement rules and requirements with regard to all contracts. The mischaracterization of DFCS Professional/Technical Contracts alone affects at least twenty contracts in the table. The report references only 14 fee-based contracts.

“Inaccuracies in the table also lead to misleading counts. For example, the City of Albuquerque Department of Senior Affairs Agreement and UNM Health Sciences Center Contracts were both monitored. Monitoring reports for both remain in the respective folders. In the Exit Conference on November 1, the definition of “Performance Monitoring?” was provided as an on-site visit. The definition in the report has been expanded to “Evidence to substantiate verification of performance objectives when monitoring completed by DFCS personnel.” On-site visits evaluate compliance with administrative, regulatory and other such requirements. Performance evaluation may be part of the visit, but performance monitoring is also accomplished through reports, invoices and other ongoing processes. Additionally, it should be noted that on-site monitoring occurs throughout the fiscal year. At the time of the actual on-site monitoring, the agency may, in fact, be on target for achieving their performance goals. As such, there would not be a corrective action plan contained in the monitoring report. Further performance monitoring is conducted utilizing the other processes referenced above.

“Not all activities are currently kept in the folders reviewed for this audit including phone call conversations, meetings, presentations and other verbal communications are often part of the technical support and guidance process with contractors. Going forward, any forms of performance monitoring will be maintained in the contract files for compliance and auditing purposes.”

“As noted in the “90 Percent Performance Objective Requirement” definition, DFCS makes determinations regarding circumstances when renewing contracts. Renewals of a contract are allowable even if some performance objectives were partially met. The report did not take into account the Department’s determination regarding circumstance, despite the auditors having received documentation of such determinations. The Administrative Requirements also specify “in the event of a conflict between the contract and the Administrative Requirements, the contract will take control.”

“As specified in the report, “the City’s Social Services Contracts Procurement Rules and Regulations, require DFCS staff to determine if contractors have met at least 90 percent of the performance objectives stated in the Social Service Contract for two consecutive years prior to contract review, and it has been determined that extenuating circumstances beyond the control of the Contractor did not preclude its ability to meet the goals, the contract shall not be renewed and future contracts for these Social Services shall be procured by RFP.” Many of the contracts cited in the table were renewed through procurement by RFP, or were in year 1 of the RFP cycle. As such, it was within the guidelines to renew those contracts.”

ESTIMATED COMPLETION DATES

“June 30, 2018”

Status Reported by DFCS:

1. “DFCS has implemented a standard contract protocol across divisions for each step of the social service contracting process. A DFCS Sharepoint page has been created, providing shared access to common templates, forms, operating procedures, training materials, as well as the *Contract Status Spreadsheet* (in response to Recommendation #2, explained below). A thorough contract review process has been instituted and detailed process flows and SOPs have been trained and implemented. Record retention schedules follow 1.21.2.112 NMAC N, 10/01/2015. Performance reporting is reviewed using a newly developed rubric to assess quarterly contract performance. Staff assign a score to each quarterly report and summarize through a revised annual assessment, the “Achievement of Performance Goals (AOPG)”. Scoring levels are defined as “Exceeds”, “Met”, “At-Risk” and “Unmet.” Staff post results on the Sharepoint *Contract Status Spreadsheet* and follow up on contracts deemed as “At - Risk” or “Unmet.” Follow up is also to be tracked on the Contract Status Spreadsheet. The annual AOPG summarizes any monitoring or performance to inform the subsequent year’s contract process.
2. “The DFCS has completed an update of the *Administrative Requirements for Contracts Awarded Under the City of Albuquerque Department of Family and Community Services*

(Administrative Requirements) that were promulgated into Rule effective July 1, 2019. The process complied with ROA 1994 Article 15, Section 2-15-1 through Section 2-15-5, including legal notice, public comment period, public hearing, filed with City Clerk, and posted on the DFCS website. A training was held with over 100 attendees, which was mandatory for staff and optional for contracted agencies. Agencies submitted a signed certification of receipt of the updated *Administrative Requirements*. These Administrative Requirements specify program and fiscal requirements for each contract.

The updated Administrative Requirements are currently in effect and every executed contract has a signed certification of receipt on file. The updated Administrative Requirements are aligned with the updated Social Services Procurement Rule. FCS staff monitor compliance and accountability for all contractors to comply with the Admin Requirements

3. “DFCS conducts quarterly trainings with staff responsible to monitor contract performance and posts related materials on DFCS Sharepoint. As needed, division-based ‘mini-trainings’ provide an avenue for additional training. Staff use a uniform set of templates and forms across divisions. Program and fiscal staff are assigned to each contract and closely examine invoices/requests for reimbursement to ensure alignment with *DFCS Administrative Requirements*, scope of services, budget, and actual performance of contract services.
4. “The DFCS staff have collaborated on a cross-division monitoring calendar to increase efficiency for annual on-site monitoring visits. Process improvements includes a unified exit review and monitoring report between fiscal and program staff, and ensuring that progress toward contractual performance objectives is addressed in the monitoring report. Monitoring forms may vary to accommodate requirements for federal grants and other funding sources, and to adequately capture contractual scopes. A summary report of the monitoring visit is maintained in contract files. In the event of low performance, DFCS recourse options include training/technical assistance, contract amendment to reduce payment, corrective action, or contract cancellation. Recourse and resolution are tracked on the Contract Status Spreadsheet to provide Director updates.
5. “DFCS issues quarterly progress report forms that are tailored to each contract’s scopes, and forms are being improved to increase efficiency and efficacy. Quarterly reports include data on outputs and outcomes stipulated in the contract and progress to date. Demographic data is also collected. A narrative report collects info on progress highlights, stories of significant improvements resulting from City funding, and an opportunity to report barriers impeding progress/overcome barriers. Division managers are responsible to ensure that all contracts, whether social service, (fee-based/reimbursement) or professional-technical (P-T) have reports submitted either through the quarterly report process or database generated reports.
6. “In response to the audit, DFCS has delineated contracts that are Professional-Technical (PT) or Social Services in the City Budget. Divisions that manage PT contracts that provide social services follow the *Administrative Requirements* for monitoring. Accountability is tracked in fee-based programs through either quarterly reports or data-base generated reports. PT

contracts are reviewed annually to determine renewal status.”



Fully Implemented

The *Administrative Requirements* for all social service contracts was revised on July 1, 2019 and includes standardized forms, monitoring schedules, record requirements, retention schedules, performance reporting requirements, and other administrative detailed procedures. The revised *Administrative Requirements* covers both reimbursement and fee for service contracts.

Recommendation #2

DFCS should:

- Create a centralized process that will allow DFCS management and program managers to actively manage the performance of Social Service Contracts. Ideally, this process should include electronic configuration to maximize the communication of information, such as a case management system.
- Consider creating a specialized position to implement, coordinate, track, train, communicate, and manage the performance monitoring process of Social Service Contracts.

RESPONSE FROM DFCS

"DFCS does not concur with Finding 2. DFCS has performed monitoring of social service contract in accordance with Department's Administrative Requirements. However, DFCS will consider implementing an electronic configuration and creating a specialized position if funding is provided."

ESTIMATED COMPLETION DATES

"To be determined based on funding."

Status Reported by DFCS:

1. "A centralized process has been created and implemented that allows DFCS leadership and management to actively review the performance of Social Service Contracts. This process is electronic using the best available current resource (Sharepoint). DFCS plans to transition to an electronic contract module system when resources allow. The Contract Status Spreadsheet provides info for all contracts across divisions and enables up-to-date status for contract progress/barriers. The spreadsheet includes basic details (vendor, description, amount, fund source, contract type, TOP) and includes important dashboard information such as a major contractual output and a major contractual outcome, as well as the relationship of the contract to the larger Department Outcomes.
2. "A Corrective Action Team met was formed in 2018 to address audit findings. Many of the improvements in this report are a result of the work from this cross-disciplinary team.

Since March 2018, the Senior Advisor for Evaluation and Outcomes (a newly created unclassified position) joined the Corrective Action team. This role will continue to focus on

increasing outcomes, accountability and evaluation and promote coordination among divisions for the performance monitoring process and remain engaged in technical assistance for the contracting process.”



Fully Implemented

DFCS is performing monitoring of social service contracts in accordance with the Department’s *Administrative Requirements*. DFCS has also hired a Senior Advisor to manage the performance monitoring process of Social Service Contracts.

Follow-Up
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February 27, 2020

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