

Community and Human Services Department Monitoring of Contract Compliance

Report No. 95-06 -- Report Summary

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BACKGROUND

The Community and Human Services Department (CHSD) is responsible for planning, management and administration, and fiscal and program accountability of contracted services with various community-based organizations. The CHSD's divisions include Community Services, Developmental Disabilities, Mental Health, and the Office of Public Defense. These divisions have direct responsibility for specific program contracts. One of the divisions' responsibilities is to monitor contractors' compliance with the terms of County contracts. The divisions' programs which are covered in this audit are as follows:

A. Community Service Division

- Aging Program
- Youth and Family Services Network
- Women's Program
- Child Care Program
- Drugs: Draw the Line!
- Veterans' Services Program
- Work Training Program

B. Developmental Disabilities Division

- Development Disabilities Program

C. Mental Health Division

- Mental Health Program

In 1993, the Community and Human Services Department had 219 contracts with 195 community-based organizations amounting to approximately \$47,200,000 to provide social services under the nine programs covered in the audit.

AUDIT OBJECTIVE

The purpose of the audit was to review the Community Human Services Department's procedures and practices in monitoring community-based service provider agencies' performance to ensure their compliance with the terms of the contracts executed by the County for the following programs: Aging, Youth and Family Services Network, Women's Services, Child Care, Drugs: Draw the Line!, Veterans' Services, Work Training, Developmental Disabilities, and Mental Health.

The audit also followed up on how the Community and Human Services Department addressed the issues relating to contract monitoring practices raised in County Auditor's Report No. 92-7 (Northshore Youth and Family Services) issued in September 1992.

GENERAL CONCLUSION

The Community and Human Services Department was generally deficient in performing on-site compliance monitoring of service providers under contract with the County to provide social services. The County/Agency Contract Monitoring Manual and program sections' monitoring policies and procedures were obsolete and, therefore, needed to be updated and revised to reflect the current organizational structure and meet general and specific contract requirements.

MAJOR FINDINGS AND RECOMMENDATIONS

Finding III-1 - Seven of the nine (78 percent) human services programs were lacking in performing on-site monitoring of service providers under contract with the county.

The Community and Human Services Department's County/Agency Contract Monitoring Manual which was issued in 1986, and some program sections' monitoring policies, prescribed that on-site monitoring review of the service provider agencies should be performed at a minimum of once each biennial period. The purpose of on-site monitoring review is to determine agencies' compliance with all aspects of their contracts with the County, and to assure that services funded by the county were, in fact, delivered to the appropriate target population. The audit found that most program sections were lacking on-site reviews of service providers during the 1993 and 1994 biennial period. Two program sections had conducted some site visit reviews, but the frequency of site reviews was less than once every two years.

The program sections that did not perform on-site monitoring review of service provider agencies in 1993 and 1994 were: Aging, Child Care, Drugs: Draw the Line!, Veterans' Services, and Work Training Program. Some program managers claimed that they performed limited on-site compliance monitoring. However, no records were maintained to document these reviews. Program sections that conducted on-site compliance monitoring review of the service provider agencies less frequently than once every biennial period were: the Youth and Family Services Network and Developmental Disabilities.

The audit recommended that the Community and Human Services Department should see to it that program sections perform on-site compliance review of the service provider agencies at least once every biennial period as required by its County/Agency Contract Manual and existing sections' monitoring policies and procedures. The program coordinators and/or monitors should always document their site visit compliance review with written reports and communicate their findings and recommendations, if any, to monitored agencies.

Finding III-2 - CHSD needs to review and update its "county/ agency contracts monitoring manual" and program policies and procedures.

In 1986, a contract monitoring guidelines and procedures manual was developed by the Community and Human Services Department's (then Human Services Division) Planning and Evaluation Section. The manual was distributed to some of the divisions' personnel to help them in carrying out specific responsibilities for monitoring contract compliance.

Some program sections had adopted written contract monitoring policies and procedures during the period from 1986 through 1989. These were the Aging Services, Work Training Program, Developmental Disabilities, Youth and Family Services Network, and Mental Health.

Since the County/Agency Contracts Monitoring Manual and other programs' contract monitoring policies and procedures were developed during the period from 1986 through 1989, *the audit recommended* that the Community and Human Services Department should review and update them to conform with the current organizational structure and meet the general and specific contract requirements. Furthermore, the audit recommended that the Department should issue a single department-wide contract monitoring policy and procedures manual. The department should also reissue them to all division managers, program coordinators and monitors.

Finding III-3 - CHSD's youth and family service network and veterans' services programs paid service providers although reports due were not received at the time payments were released to agencies.

All required reports from service provider agencies must be received by the County in a timely manner and prior to release of payments to agencies. Reports demonstrate whether the contracted service provider agencies have accomplished their contractual obligations to the County. Without the required reports, the agencies' compliance with the contracts could not be determined and reimbursements might be inappropriately made.

The audit noted that program monitors approved invoices and payments were made to service providers, even when the required monthly and quarterly reports had not been received by the County. This compliance deficiency was noted in the Youth and Family Services Network and Veterans' Services programs when some payments were made to the service provider agencies in 1993 even though the reporting requirements were not satisfied.

The audit recommended that Human Services Department Fiscal Section staff and the program monitors should withhold payments to service provider agencies unless the agencies have submitted the required reports. The program monitors should maintain a log of the required reports to be submitted by service provider agencies for all contracts. The log would assist the program monitors in determining which reports are due and have been received by the County. If they have not received the required reports, payments to the service providers should be withheld until requirements are complied with by the agency.

Finding III-4 - The Youth and Family Services Network and Women's Program made full payment despite the deficient delivery of contracted services.

Some County contracts with service provider agencies include a provision which reduces or adjusts reimbursements to the agencies if in any given month the agencies service level was less than ninety percent (90%) of the required monthly performance standard specified in the contracts.

The required reports that accompany the invoice package sent by the service provider

agencies to the County generally indicate the service deliverables provided by the agencies for a certain period. Program monitors review these reports and check the level of service accomplishments against the contracted service level. Reimbursements are to be proportionately reduced if the agency failed to meet the 90% service level threshold.

The audit disclosed that in some cases reimbursements were made in full to service providers despite their incomplete delivery of contracted services. Some of these cases were noted in the processing of invoices relating to the Youth and Family Services Network program and Women's Program.

The audit recommended that program monitors should enforce the terms of County contracts with service provider agencies relating to reducing the reimbursements or payments to the agencies that failed to deliver the minimum 90% of the required contracted services. The Community and Human Services Department should consider using, when applicable, a fee-for-service cost basis for each deliverable service unit as a method for compensating service providers. The County would only pay service provider agencies based upon the proportion of services they fulfilled during the contract period.

Finding III-5 - Some required performance reports for the aging and youth and family services network did not clearly show accomplishment of the services contracted.

The contracts with service provider agencies include the types of reports and when they are due to be submitted to the County. The primary purpose of the reports is to determine, without going through service providers source records, whether providers have delivered the required contracted services.

Audit staff noted that some reports that were submitted to the County did not show the actual service units delivered by the service provider during the reporting period. In some cases, the reports neither showed the service goals nor contracted service units that would be the bases for comparison of the agency's actual performance. In those instances, payment of the full invoiced amounts were made to the service provider agencies.

The audit recommended that the Community and Human Services Department should develop a report format that clearly shows the specific service units that were contracted to be provided by service provider agencies, and the agencies' accomplishment of the required services, including the current, actual, and the accumulated year-to-date services delivered. The County should require the service provider agencies to use and properly complete the required reports. If the reports failed to show the actual accomplishments, or the reports were improperly completed, payment should be withheld until reporting deficiencies are corrected.

Finding III-6 - The Child Care Program needs to improve monitoring of absences of children in subsidy program.

A review of attendance logs for December 1993 which were submitted to the County for reimbursement showed that absences of children enrolled in the child care program were significant. The children's absent hours were 18% of the total authorized hours that month. Audit staff noted that not all of the attendance logs, especially those with attendance problems, were reviewed by client representatives.

Audit staff also noted that the program Fiscal Unit did not maintain a summary record of each child's attendance and absence hours, especially for those children who had significant absent hours reported on the attendance logs. The summary record of attendance could, however, assist the client representatives in monitoring attendance of children enrolled in the child care subsidy program.

The audit recommended that King County Child Care Program should consistently review all attendance logs, especially those showing attendance problems. Furthermore, the Child Care Program should develop a pool from which children who are on the waiting list for a child care subsidy could immediately be placed to make use of County-paid space of children who are on extended absence.

Finding III-7 - The \$100,000 threshold is not a reason for waiver of MW/B utilization goals.

Vendors with County contracts are required to comply with the Affirmative Action and minority and Women's Business Enterprises ordinance. In many cases, however, the audit noted that the Community and Human Services Department requested waiver from the M/WB utilization goals for service provider agencies with contract amounts under \$100,000. The \$100,000 contract amount threshold is not one of the circumstances upon which waiver from MW/B utilization goals may be granted.

The audit recommended that the Community and Human Services Department should remove reference to the \$100,000 contract amount threshold in its letter of request for waiver. Waiver from the MW/B utilization goals should be based only upon circumstances enumerated in Chapter 4.18.070 of the King County Code.

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