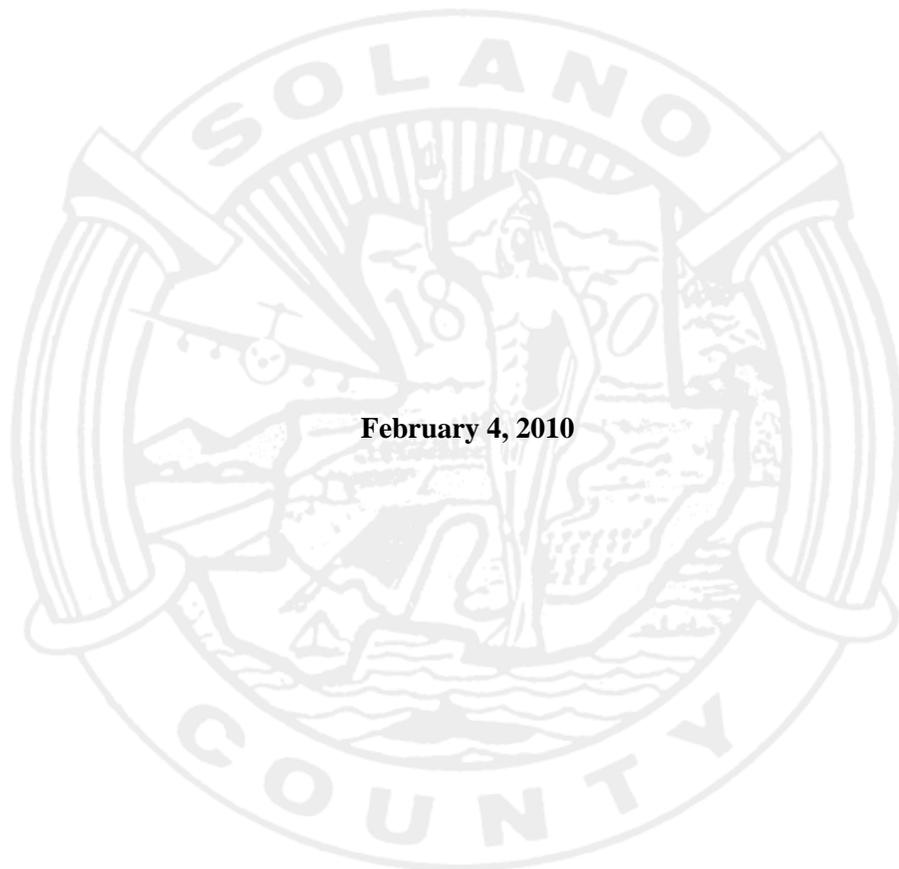


# INTERNAL AUDIT SERVICES

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**REVIEW OF SOLANO COUNTY  
HEALTH & SOCIAL SERVICES  
CONTRACT MONITORING PRACTICES**



**February 4, 2010**

**Auditor-Controller: Simona Padilla-Scholtens, CPA  
Audit Manager: Ian Goldberg, CGAP  
Auditor: Donna Lee, CPA**

**Review of Solano County Health and Social Services  
Contract Monitoring Practices**

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## **INTRODUCTION**

In accordance with our Fiscal Year 2009/10 Audit Plan, we conducted a review of Health and Social Services' Contract Monitoring Practices. We conducted our review in conformance with the International Standards for the Professional Practice of Internal Auditing.

## **BACKGROUND**

Each fiscal year Health and Social Services develops and administers over four hundred contracts and Memoranda of Understanding, including expenditure contracts of approximately \$50 million, revenue contracts of approximately \$20 million, and contracted employees of approximately \$800,000. Our review was focused on the nearly 200 active expenditure contracts. The Mental Health Division administers the majority of these contracts at approximately \$20 million. The Employment and Eligibility Division is the second largest, with approximately \$10 million in expenditure contracts. Public Health, Child Welfare Services, Substance Abuse, Master Settlement Agreement, Public Guardian, In-Home Support Services, Older and Disabled Adult Services, and Administration administer the remaining \$20 million of expenditure contracts.

The contract development process begins when the department identifies the need and the funding source for a contract, and determines whether a Request for Proposal (RFP) or Sole Source Justification will be used pursuant to County Purchasing Policies. The Deputy Director designates a Contract Administrator to oversee the contract, from development to ongoing monitoring of the contract.

If it is determined that an RFP is necessary, the Deputy Director determines who will coordinate the RFP process: the Contract Administrator, Health and Social Services' Contracts Bureau, or Central Services. Once the RFP process is complete and the Contractor is selected, the Contract Administrator develops the contract Scope of Work, budget, timeline and Request for Agreement (collectively the contract packet), and obtains approval from the Deputy Director. The contract packet is sent to the Policy and Financial Analyst team for review and revisions, to the Chief Financial Officer for approval, and to County Counsel for legal sufficiency. The revised contract packet is forwarded to the Contracts Bureau, who sends the contract and an information packet to the Contractor for appropriate signatures.

The tracking of the contract documents is centralized with the Contracts Bureau to ensure all the proper steps and sign-offs are completed in the contract development process. Completed

contracts are sent to the County Administrator's Office for approval if over \$5,000 and to the Board of Supervisors for approval if over \$50,000, in accordance with County policy. Once approved, the Contracts Bureau sends the authorized contract to the Contract Administrator for continued monitoring.

There are many individuals throughout Health and Social Services designated as Contract Administrators. Each division is organized independently as to how they assign contract monitoring responsibilities. Employment and Eligibility has centralized contract monitoring, having one individual monitor the contracts with assistance from program specialists. Other divisions divide the monitoring responsibilities among Contract Administrators based on the type of contract. The Administrators are responsible for monitoring the performance of the Contractors to ensure Health and Social Services receives the services it pays for and Contractors comply with the terms and conditions of the contract. The Contracts Bureau tracks invoice payments to ensure the Contractor is within budget, and tracks the Contractor's insurance requirements to ensure the Contractors provide valid proof of insurance in accordance with contract terms and conditions.

### **OBJECTIVE**

The objective of our review was to evaluate the adequacy of internal controls over contract monitoring and to determine compliance with Health and Social Services' contract monitoring policies and procedures.

### **SCOPE AND METHODOLOGY**

Mental Health, Public Health, Child Welfare Services, Employment and Eligibility, and Substance Abuse administer a combined \$42 million of the \$50 million in Health and Social Services' expenditure contracts. Due to the materiality of these contracts and the risk associated with the types of services contracted for, these contracts were included in our audit scope. We determined the contracts administered by the remaining divisions (Master Settlement Agreement, Public Guardian, In-Home Support Services, Older and Disabled Adult Services, and Administration) to be low risk due to one or more of the following reasons: substantial monitoring by external entities, immaterial dollar amounts, or type of service contracted deemed low risk.

We conducted interviews with various Health and Social Services Contract Administrators and Contracts Bureau staff to gain knowledge of the contract development and contract monitoring processes. Although contract development was not the main focus of our review, we determined a need to gain an understanding of the contract development process flow, as contract monitoring begins with the development of the contract.

### **CONCLUSION**

Our interviews with Health and Social Services staff disclosed Health and Social Services has outdated policies and procedures for the contract development process and no written policies and procedures for the contract monitoring process. As a result, contracts may not be adequately monitored and in certain contracts there is limited assurance H&SS is receiving the services it pays for.

We noted during our interviews with the Contract Administrators that staff involved in contract monitoring are committed to ensuring contracts are properly monitored. However, we noted because there are no established guidelines for the contract monitoring process, countywide or within H&SS, key controls over contract monitoring are not performed. We also noted some Contract Administrators are aware of deficiencies with the contract development and monitoring processes within their divisions and currently have, or are developing, corrective action plans to address those deficiencies. Health and Social Services should ensure those corrective action plans are completed, implemented, and their progress is diligently monitored.

We have developed findings and related recommendations to address the need for written guidelines over contract development and monitoring to address deficiencies we noted during our interviews with the Contract Administrators and review of selected contracts. We believe the findings and related recommendations listed on the following pages will assist Health and Social Services to improve and strengthen internal controls over contract development and monitoring.

We will be conducting a follow-up review six months from the date of this report to ensure proper policies and procedures have been established for contract development and monitoring, and to ensure those policies and procedures are in place and operating effectively.

## **FINDINGS AND RECOMMENDATIONS**

### **1. NO POLICIES AND PROCEDURES FOR CONTRACT MONITORING**

Health and Social Services (H&SS) has not established policies and procedures or provided adequate training on proper contract monitoring. Our review identified the following:

- During our interviews with Contract Administrators, we noted staff in contract monitoring are committed to ensuring contracts are properly monitored. However, we noted there are no established guidelines for the contract monitoring process. In some instances key controls such as site visits, review of invoice supporting documentation, development of monitoring plans, and performance measure monitoring are not performed.
- Contract development policies and procedures do not address the process or guidelines for development of work activities and/or performance measures.

Management is responsible for the implementation and enforcement of proper internal controls. Standard internal controls include written policies and procedures, which provide staff with detailed procedures necessary to ensure consistency over contract monitoring. Because there are no policies and procedures, contracts may not be adequately monitored and in certain contracts there is limited assurance H&SS is receiving the services it pays for.

**Update:** Subsequent to completion of the Contract Monitoring review and issuance of the draft report, H&SS provided a copy of their “Contract Procedures for Contract Managers FY 2001/02,” which contains a section on contract monitoring. This document was not enforced, requires update, and H&SS Contract Administrators were not aware of its existence.

#### **Recommendations:**

- A.** Establish policies and procedures for contract monitoring which define in detail the steps necessary to monitor the entire contract. The policies and procedures should include guidance for:
  - Monitoring of the contract special terms and conditions.

- Reviewing invoices, including supporting documentation (payroll records, receipts, lists of clients served, etc.), to ensure costs submitted on invoices are valid charges.
  - Developing formal written monitoring plans and monitoring evaluation tools.
  - Performance measure monitoring.
  - Evaluating and documenting the Contractor's performance with the terms and conditions of the contract.
  - Maintaining contract files to include the contract, monitoring plan, monitoring evaluation forms, and documentation of phone calls, emails, and meetings with the Contractor.
- B.** Update contract development policies and procedures to provide guidelines for the development of work activities and/or performance measures.
- C.** Provide training to Contract Administration staff which includes detailed guidance on proper contract monitoring procedures.

## **2. REQUEST FOR PROPOSAL PROCESS DECENTRALIZED**

Our review identified the following weaknesses in the coordination of a Request for Proposal (RFP) within H&SS:

- RFP's within H&SS are managed by several different Divisions/Bureaus within the County including the H&SS Contracts Bureau, the H&SS Division/Bureau requesting the contract, or by General Services Central Services Division.
- When the H&SS Division/Bureau requesting the contract is designated to coordinate the RFP process, a Contract Administrator is assigned. The Contract Administrator may not be familiar with the County RFP process or rules.
- Procedures have not been established to centralize the coordination of the RFP process to experts in the H&SS Contracts Bureau or General Services Central Services Division.
- Procedures have not been established to designate the appropriate Division/Bureau or County employee to coordinate an RFP.

The RFP process includes the complex application of the County policies and procedures. In order to reduce the risk of liability to the County, complex/highly regulated processes should be administered by a centralized group of employees where detailed oversight and technical

knowledge of County policies and procedures and rules and regulations are applied. Decentralized coordination of the RFP process may result in unnecessary risk to the County.

**Recommendations:**

- A. Centralize the RFP process to the H&SS Contracts Bureau or General Services Central Services Division, who are considered experts in RFP coordination.
- B. If H&SS coordinates the RFP, require the H&SS RFP coordinator to be trained and approved by General Services Central Services Division.

**3. REQUEST FOR AGREEMENT APPROVAL**

Requests for Agreement (RFA) are processed without the Chief Financial Officer's (CFO) approval. H&SS policies and procedures for contract development (Revised 10/23/07) require the Policy and Financial Analyst Team to obtain CFO approval and signature as designated on the RFA form before processing.

RFA's are used to request new contracts, contract renewals, amendments, and MOUs. The RFA is a checklist to ensure all key elements of the contract have been considered. The Contract Administrator prepares the RFA and submits the RFA, scope of work, and budget (the contract packet) to the Deputy Director, Policy and Financial Analyst Team, and CFO for final review and approval before the contract packet is sent to the Contracts Bureau for processing. Processing RFAs without CFO approval is a violation of established policies and procedures and could result in an incomplete assessment of the RFA's budgetary impact.

**Update:** During the finalization of our review, the CFO position at H&SS was eliminated. H&SS is in the process of reassigning duties. The RFA approval process should be re-evaluated to ensure proper fiscal approval is obtained.

**Recommendation:**

Re-evaluate and update policies and procedures regarding CFO approval on the RFA.

**4. SEGREGATION OF DUTIES**

H&SS has not established segregation of duties in the approval of vendor claims for Master Settlement Agreement (MSA) and Administrative service contracts. The Contracts Bureau Project Manager (CBPM) and the CFO are responsible for approving all Contractor vendor

claims for H&SS and are also designated as the Contract Administrators for the various MSA and Administrative service contracts.

Sound internal controls require segregation of duties between the administering of a contract and the approval of the related vendor claims. H&SS has not established policies and procedures requiring independent approval of vendor claims managed by the CBPM and the CFO. As a result, the CBPM and the CFO have the ability to approve vendor claims for the Contracts they administer without independent review.

**Update:** During the finalization of our review, the CFO position at H&SS was eliminated. H&SS is in the process of reassigning duties. The vendor claim approval process should be re-evaluated to ensure the duties of contract administration and approval of related vendor claims are segregated.

**Recommendation:**

Establish policies and procedures requiring independent approval of vendor claims for all contracts administered by the CBPM and the CFO.

**5. VENDOR SIGNATURE ON VENDOR CLAIM FORM NOT VERIFIED**

Vendors are required to complete a “Signing Authority Form” during the contract development process which provides the names of employees authorized to sign documents on the vendor’s behalf. The vendor signature on the vendor claim form is not verified against the authorized signers on the Signing Authority Form.

Sound internal controls require signature verification before payment of vendor claims. H&SS has not established policies and procedures requiring the Contracts Bureau to verify vendor signatures before payment. As a result, unauthorized vendor claims could be paid, resulting in a misappropriation of County funds.

**Recommendation:**

Establish policies and procedures requiring the Contracts Bureau to verify vendor signatures before payment.

# Solano County Health & Social Services Department



Mental Health Services  
Public Health Services  
Substance Abuse Services  
Older & Disabled Adult Services

Eligibility Services  
Employment Services  
Children's Services  
Administrative Services

Patrick O. Duterte, Director

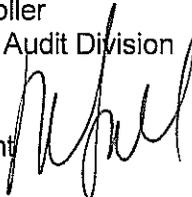
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## MEMORANDUM

DATE: November 20, 2009

TO: Ian Goldberg, Deputy Auditor Controller  
Auditor Controller's Office – Internal Audit Division

FROM: Moira Sullivan, Assistant Director  
Health & Social Services Department 

SUBJECT: Contract Monitoring – H&SS Management's Response

Below are our responses on the findings resulting from the audit of the H&SS Contract Monitoring Practices Report. Please include all our responses and/or comments on the audit findings and recommendations in the body of the final audit report.

### Finding # 1: No Policies and Procedures for Contract Monitoring

H&SS disagrees with this finding. The Solano County Purchasing and Contracting Policy Manual, and the County's "Contracts Management Policy and Procedures" manual provide the policies and procedures on developing and monitoring contracts for all County departments. In addition, as stated in the audit's "update" section, H&SS developed a "Contracts Procedures for Contract Managers" manual in FY2001/02, which includes guidelines for contract monitoring (see attachment 1). The H&SS "Contract Development" policy and procedure, which has been posted on the H&SS intranet for a number of years, directs contract managers to monitor contracts in accordance with County policy (see attachment 2).

Contract monitoring in H&SS is primarily the responsibility of the assigned Program Contract Manager, as stated in the H&SS Contract Development P&P (item 1.B). Since most H&SS contract expenditures are claimed or billed to State and Federal funding sources, a secondary monitoring system has also been established with the Administration Division staff to ensure that contract expenditures are within budget, that the costs are claimed/billed appropriately, and that associated revenues are received. Given the wide variety of services that H&SS contracts for, and the multiple funding requirements, the contract monitoring process cannot be a "one size fits all". Divisions, in coordination with Administration, have developed contract monitoring procedures that meet specific program and funding requirements.

Since 2001, H&SS has undertaken a number of activities to improve contract management, including:

- "Contracts Procedures for Contract Managers" was developed in FY2001/02, and includes instructions on developing contracts, MOUs and other agreements; claims processing procedures; contract monitoring guidelines (including site visits) and a planning checklist for managers
- Contract Development P&P for H&SS was released in 2001
- Contracts Database was implemented in 2002/03 to track the processing of contracts, including the initial solicitation, contract development, amendments, approvals, documentation (such as certificates of insurance) and vendor payment. Contract managers have received training on utilization of the database. Reports are sent to management on outstanding claims monthly
- Contract Performance Measurement training was conducted in 2004, for H&SS staff and contractors, to assist contract managers in developing the scope of work and deliverables for contracts
- Roles and Responsibilities for H&SS contract managers and contract analysts was developed to clarify separation of duties between program managers and Administration Division; the document includes a section on "Contract Monitoring and Payment" which provides further guidelines for the contract manager
- H&SS Contracts 101 Training was conducted in December, 2008. This training is in addition to training providing by Central Services and County Counsel, which most of the H&SS contract managers have attended
- The Contract Master List has been refined over the years, and is used annually as the vehicle for Board approval of renewal agreements.

While much has been done in the past several years, H&SS recognizes the need to regularly update our policies and procedures and to ensure that contract managers are trained accordingly. Based on the audit finding, not all contract managers are aware of this H&SS Contract Manual.

H&SS looks forward to the Auditor's follow up review which will include actual testing of contract monitoring procedures. The follow up audit will provide information regarding the actual contract monitoring practices and the degree of compliance with Federal, State and County requirements. The audit will identify any actual deficiencies in the contract monitoring process, which will enable H&SS to implement specific corrective action as necessary.

Recommendation A – H&SS will distribute an updated Contracting Procedures Manual to all contract managers within the next 60 days, which will include pertinent information from the County's Purchasing Manual; County Counsel documents and training materials; H&SS contracts development procedures, and a detailed contract monitoring and payment guide. The "Roles and Responsibilities" document identified above, which has been distributed widely, will be updated and incorporated into the Procedures manual. H&SS will also conduct a series of internal contract management trainings in conjunction with the release of the updated manual. By June 2010, all H&SS contract managers will be required to complete both the H&SS and County Counsel contract management trainings.

Recommendation B - H&SS, in coordination with County Counsel has developed program specific Exhibits (Exhibit D) boilerplates, that address unique funding and programmatic requirements for

the different types of services provided. H&SS contract managers will participate in any County training sessions on development of work activities/performance measures.

Recommendation C – Training will be provided to all H&SS contract managers in conjunction with the release of the updated Manual. H&SS will continue its practice of providing ongoing annual training for contract managers, analysts, and other staff involved with contract management. H&SS contract managers will continue to participate in trainings provided by County Counsel, Risk Management, Central Services, etc.

#### Finding #2 – Request for Proposal Process Decentralized

H&SS agrees that the Request for Proposal (RFP) process is decentralized. The County Purchasing Manual states that Central Services may be utilized to coordinate a RFP, but it is not required for County Departments. H&SS staff adheres to the detailed procedures outlined in Chapter 9 of the County Purchasing Manual regarding the issuance of RFPs, and other solicitation processes. In addition, H&SS contract managers attend RFP trainings offered by County Counsel and Central Services.

- Recommendation A – This recommendation will not be implemented. The Contracts Unit is staffed by Office Assistants and Account Clerks whose primary purpose is to ensure that contracts are processed in a timely manner and in compliance with County regulations, and to ensure timely payment to vendors. It would not be feasible to have all of H&SS' RFP's coordinated through this bureau. It is our understanding, that due to limited resources, it is unlikely that Central Services would be able to coordinate all of H&SS' annual RFP's. Contract managers will continue to coordinate their own RFPs. Contract Managers will be encouraged to utilize either the H&SS contracts bureau or the Central Services division to coordinate complex RFPs. Division Deputies will continue to be responsible for overall RFP coordination within their Divisions.
- Recommendation B - H&SS is unaware of a procedure for General Services Central Services Division to train and approve RFP Coordinators; however, if such a procedure is in place, or implemented in the future, H&SS will comply with this recommendation. H&SS managers will continue to participate in the County trainings on RFPs.

#### Finding #3 – Request for Agreement Approval

H&SS agrees with this finding.

Recommendation A - This recommendation has been implemented. Division Deputies and Policy and Fiscal Analysts will sign the RFA form.

#### Finding #4 – Segregation of Duties

H&SS agrees with this finding.

Recommendation A: H&SS implemented this recommendation on October 1, 2009.

Finding #5 – Vendor Signature on Vendor Claim Not Verified

H&SS partially agrees with this finding. While signature verification is important, H&SS disagrees that the lack of verification of signatures on a vendor claim could result in unauthorized vendor claims being paid. All claims are reviewed by program managers to ensure that services were provided in accordance with contract terms and conditions; there is also a secondary review process in Administration to ensure that there is a valid contract and that expenditures are within the contract limit. This process provides the appropriate internal control to ensure that there is no misappropriation of County funds, not whether the signature on the vendor claim is also on the Signing Authority Form.

- Recommendation 1 – H&SS has implemented this recommendation; the staff in the Contracts Bureau verifies signatures before processing the claim for payment.

Attachment 1 – Guidelines for contract monitoring from H&SS “Contracts Procedures for Contract Managers” manual –FY2001/02, pages 5-7

Attachment 2 -- Contract Development, dated 10-23-07, pages 8-11

## CLAIMS PROCESSING

1. A supply of pre-addressed Contractor Vendor Claim forms will be sent to the contractor when the fully signed copy of the agreement is mailed by the Contract Administrator.
2. Contractor will send Vendor Claim and required supporting documentation to the Contract Manager. Vendor Claims must have original signatures. Photocopied or rubber stamped signatures will not be accepted.

~~Original invoices are required. If the original invoice is not available, the Contract Manager must write a statement to this effect on the invoice, and sign ink (original only). If the invoice is a photocopy, the signature must still be an original. Under no circumstances will faxed claims or invoices be processed.~~

3. ~~Contract Manager will review, approve, sign, and route the claim to the Account Clerk III in the CACU (MS 2-260). If Contract Manager finds a discrepancy, s/he will return it to the Contractor to correct any error or inconsistency.~~
4. Account Clerk III will check authorizing signature against Contractor's Signing Authority and Contract Manager's signing authority forms. Claims without signatures will be returned to the appropriate manager for signature and date.
5. Account Clerk III will review claims to verify hours, rate, expenses, and contract balance to ensure claim is within contract compensation provisions. Contract Manager will be notified of contractor's balance on a monthly basis via the Contracts Fiscal Summary Report.
6. Claims are sent to the Auditor's office for warrant issuance. Contractors should be advised to anticipate at least 15 working days from the time the claim is received in the CACU unit before the warrant is mailed from the Auditor.
7. Contractors will refrain from directly contacting the Auditor's office. Contractors should be advised that inquiries about status of payments should be directed solely to the CACU Account Clerk III.

## CONTRACT MONITORING

Once a contract for services is in place, it is the responsibility of the program's Contract Manager to regularly monitor the contractor's performance to ensure that all contract terms and conditions, scope of work and budget are in compliance. This will include, but not necessarily be limited to the following activities:

- Review all contractor vendor claim forms and supporting billings to ensure that they are in agreement with contract.
- Meet personally with contractor or their representative on a regular basis to ensure that quality services are being delivered in a manner that is the same as reflected in the contract.
- Ascertain that services were provided in conformance with the approved scope of work and budget.
- Make sure that costs of services provided are covered under the contract terms and conditions.
- Approve vendor claim forms and forward them to the CACU in a timely manner.
- Monitor vendor claims to ensure that Contractor does not spend more than contracted compensation amount.
- Identify any deficiencies and develop a realistic correction plan.
- Prepare a "Year End Contract Close-out Evaluation" summary (see sample forms section of this manual) of contractor's performance and submit to the CACU, Mail Station 2-260.
- Maintain adequate records and supporting documents relative to the contract while it is being performed.

## CONTRACTOR SITE VISITS

It is the intent of the Contract Administration and Compliance Unit (CACU) of Solano County Department Health and Social Services to make a minimum of two personal, on-site visits to all service contractors. The purpose of the on-site visit is to ensure that all terms and conditions of the agreements are being met, that the Contractor conducts its activities in a professional manner and that quality services are being provided to County residents.

The Department of Health and Social Services developed a "Contract Review" form, which was approved by the Board of Supervisors in August 1994. A copy of this form is included with these procedures.

Contracts for professional services and Contract Employees are generally exempt from the on-site visits and reviews. CACU staff visits are intended to supplement and not to replace those visits made by Contract Managers. Forms that are appropriate to the program being reviewed and those that are specific to individual programs may be used by Contract Managers.

The following format is used by the CACU when conducting contractor site visits:

- **Initial Visit** - CACU staff contacts the individual who signed the Agreement on behalf of the agency, or some other responsible management employee to schedule a meeting at the program location. Contractor's representative is advised that the visit is intended to discuss the current Agreement and to identify compliance.

During this visit a review of the terms and conditions is made. Particular attention is made to scope of work, specific contract requirements and the kind of deliverables to be provided by the contractor.

A site visit file is prepared for each contract which includes a copy of the current or most recent contract, any reports submitted by program staff to the CACU and any other pertinent information.

- **Follow-up Visits** - This visit occurs approximately thirty or more days after the initial visit. The purpose is to determine if any changes which could have an impact on contract performance, or terms and conditions have occurred since previous visit.

Upon completion of site visit, the contractor is asked to sign the "Contract Review" form, and an appointment is scheduled for the follow up visit.

The "Contract Review" form is signed by the CACU staff member making the review, then photocopied and either mailed or faxed to the Contract Manager. The original "Contract Review" form is filed in the contract site visit master file.



**SUBJECT: CONTRACT DEVELOPMENT**

**POLICY:**

It is the intent of this Department to provide a uniform method of managing and administering contracts, using the Boiler Plate Contract format and to actively monitor the performance of the contractor to ensure that all contract terms and conditions, scope of work and budget are in legal compliance. All Contracts, Memorandums of Understanding (MOU's), and Requests for Proposal (RFP's) are to be developed through the Policy & Financial Analyst (PFA) teams.

**PROCEDURE:**

**1. NEW/RENEWAL AGREEMENTS**

The time frame for negotiating and executing a contract from start to finish is approximately four to eight weeks. Potential new contract providers and providers who are renewing contracts should be informed of the process and time frames involved. They should also be informed that they are not to begin providing services without a signed contract.

Deputy Directors and Contract Administrators are primarily responsible for negotiating contracts and selecting proposed contractors to provide the service.

**A. Program Contract Administrator**

- Identify the need and the funding sources for a contract and a Request for Proposal (RFP). If an RFP is necessary, it should be noted on the Request for Agreement form and sent to the PFA Team Staff Analyst. Refer to the Solano County RFP Policies & Procedures Manual for details.
- Create a list of possible providers with addresses and telephone numbers and provide a timeline for the RFP, pre-proposal conference, evaluation committee meeting and a contract term of performance.
- Develop a comprehensive scope of work complete with measurable objectives, performance measures and time lines that are realistic and obtainable. The timelines should include the RFP,



**SUBJECT: CONTRACT DEVELOPMENT**

pre-proposal conference, evaluation committee meeting and a contract term of performance. Provide an appropriate budget that reflects and is consistent with the scope of work.

- Complete a "Request for Agreement" form (48-1-220) and attach a scope of work and budget. This form shall be signed by the Manager and forwarded to the Deputy Director for review and signature.
- Monitor the contractor's performance *in a timely manner in accordance with special provisions* to ensure that all contract terms and conditions, scope of work and budget are in compliance once a contract is in place. *Claims should be reviewed prior to payment for completeness, accuracy and validity in accordance and consistent with the contract monitoring section of the County of Solano Purchasing and Contracting Policy Manual.* Conduct site visits as needed or required.
- Complete a Board of Supervisors agenda item and submit it to the PFA, if one is required.

**B.. Deputy Director**

- **Review and sign the RFA and forward it to the PFA team staff analyst for review**

**C. PFA Team**

- Receive and Review RFA, Scope of Work and Budget
- Obtain CFO Approval and signature
- Obtain legal review from County Counsel
- Make recommended changes
- Obtain required signatures to execute contract
  - Contractor
  - H&SS Director/designee
  - County Counsel
  - Board of Supervisors, CAO (see purchasing manual for guidelines/requirements)
- Forward executed contract to Contracts Bureau



**SUBJECT: CONTRACT DEVELOPMENT**

- Monitor fiscal requirements of contract and maintain originals in a contract folder

**NOTE:**

The PFA Team is responsible for insuring that no individual contract for less than \$50,000.00 exceeds that amount through the practice of serial contracting. ~~In the event that combined contract requests exceed \$50,000.00 then the PFA will return the RFA to the Contract Administrator. The Contract Administrator will rewrite the RFA to amend existing contract and will submit it for approval by the Board of Supervisors.~~

**C. Contracts Bureau**

- Receive Request for Agreement (RFA)
- Assign a departmental contract number and set up contract folders
- Receive executed contract.
- Verify that insurance requirements are met
- Send the executed contract to contractor and Program Contract Administrator
- Send notices as needed to request that contractor comply with requirements
- Maintain and update contracts database

**II. MASTER LIST**

**A. Program Contract Administrator**

- Inform the Contracts Bureau and PFA in writing of the intent to renew or terminate a contract. Information should match the requested budget amounts.
- Check with the Contracts Bureau and/or the PFA for the due date for submitting changes to the contract amounts.
- The RFA, with any changes or updated information, must be submitted to the PFA Team Staff Analyst for review and to initiate



**SUBJECT: CONTRACT DEVELOPMENT**

the process of developing the renewal contract.

**B. Contracts Bureau**

- **Compile data on renewal contracts in excel format and provide to PFA Team for review and correction.**
- ~~Prepare the Board of Supervisors Agenda Item recommending approval of the Master List of routine renewal contracts.~~
- Ensure that contract execution steps are updated, contractor insurance requirements are received and current contractor information (e.g. Federal ID#, etc.) are documented in the contracts database.

**III. MEMORANDUM OF UNDERSTANDING (MOU)**

MOUs are generally used when a contractual agreement contains no provision for payment of money in exchange for services, such as student externship agreements with learning institutions; or when there is an agreement between Health and Social Services and another Solano County department for specified services.

The process for an MOU is similar to that of a regular contract. It is arranged by the Contract Administrator in the program and referred to the PFA Team Staff Analyst by Request for Agreement form with a scope of work to be performed under the MOU.

County Counsel has developed a standard boilerplate for Inter-Departmental MOUs. These MOUS require an RFA form and pertinent information for the Contracts Bureau and PFA Team. Inter-Departmental MOUs do not need to be reviewed by County Counsel. MOUs between Solano County Departments and outside agencies do need to be reviewed by County Counsel for legal sufficiency.

It is the responsibility of the Contract Administrator to inform the Contracts Bureau in writing, of the intent to renew or terminate an MOU.

**REFERENCES:**

Solano County Purchasing Manual