

Utah Department of Human Services

Monitoring Handbook for Performance Based Contracts



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BUREAU OF CONTRACT MANAGEMENT

The Department of Human Services (DHS or Department), Bureau of Contract Management (BCM) was created to oversee and facilitate all aspects of contracting in the Department. BCM is comprised of the following three integrated units:

- The **Contracts unit** oversees the procurement process, including requests for proposals (RFPs), contract development, and contract approval.
- The **Rate Setting unit** oversees the development, review, and adjustment of service rates.
- The **Quality Assurance unit** oversees the Department's contract monitoring efforts.

The ultimate goal of BCM is to ensure the Department receives full value and quality for all contracted services. This goal will be accomplished by helping DHS Agencies:

- **Prevent** performance / compliance problems or misunderstandings by clearly identifying performance criteria and expectations in both the RFPs and the contracts;
- **Detect** performance/compliance problems through effective monitoring of the specific performance criteria identified in the contract; and

- **Correct** performance / compliance problems through appropriate corrective and/or disciplinary action.

History And Overview Of DHS Contract Monitoring

In 1997, Robin Arnold-Williams, Executive Director, Department of Human Services, asked the Bureau of Internal Review and Audit (BIRA) to conduct a study of all DHS contract monitoring. The study addressed a number of specified issues and BIRA issued recommendations for modifying and improving the contract monitoring process based on study findings.

BIRA determined the Department's most significant contract monitoring problems were the result of two underlying conditions:

- 1) Lack of independence in the monitoring function.
- 2) Weak organizational coordination and lack of Departmental oversight.

The lack of independence in the monitoring function was found to be the result of two main factors: 1) inherent conflicts of interest in many contract monitors' job duties and 2) reporting structures which potentially inhibited monitor objectivity. With regard to the first factor, it was found that many contract

monitors were responsible for negotiating contracts, making client referrals, and acting as a liaison to the same Contractors they monitored. These conflicting responsibilities often made it difficult for monitors to hold Contractors accountable for compliance with contract terms. In addition, some Agency reporting structures rendered contract monitors subject to the direct or indirect influence of management. In this situation, management has the potential to inhibit or interfere with monitoring decisions regarding contractors.

The weak organizational coordination and lack of departmental oversight discovered by BIRA was found to be the result of the following six factors:

- 1) the lack of a uniform definition of contract monitoring in the Department;
- 2) the failure to coordinate contract monitoring efforts to ensure clients were receiving services;
- 3) the lack of a consistent Department strategy to ensure compliance with corrective action procedures;
- 4) wide variations in job position classifications among employees with contract monitoring responsibilities;
- 5) an inability to reconcile the total number of contracts in the Department; and

- 6) the failure to coordinate contract monitoring practices in the Department with BIRA.

Current Role of Contract Monitoring

In November 1998, following release of the BIRA review, the Executive Director's Office (EDO) formed a Steering Committee to address the issue of centralizing contract monitoring. The Committee identified the following goals and objectives:

- 1) Ensure quality services are provided to clients by developing contracts that clearly identify and define performance measures and the Department / Divisions' expectations.
- 2) Ensure the objectivity and independence of the contract monitoring function by eliminating actual or potential conflicts of interest where possible.
- 3) Ensure that public funds are used in accordance with Federal and State law, rules, and policies, and that the Department / Divisions receive full value from purchased services.
- 4) Provide Department-level leadership, oversight, and coordination of both the contracting process and contract monitoring by:
 - Developing Departmental policy and minimum standards for all contracting and contract monitoring.

- Promoting a uniform understanding and clear definition of contract monitoring.
- Strengthening coordination among contract-related entities.
- Eliminating duplication of effort to achieve increased efficiency of on-site contract monitoring visits.
- Developing effective and consistent strategies to ensure Contractor compliance with contract requirements, including corrective action with Departmental authority to enforce.
- Providing support, consultation, and technical assistance to the Divisions on contract monitoring and contract-related issues.

As a result of the BIRA review and the recommendations of the Steering Committee, the Bureau of Contract Management was created. BCM's Quality Assurance Unit has adopted the following three questions to guide the Department's contract monitoring efforts:

- 1) Is the service valuable? (Quality of service review)
- 2) Did we get what we paid for? (Accountability to ensure the fiscal integrity of performance under the contract, e.g., Are the costs appropriate for the client needs and services received, did we actually get the service for which we paid, was the correct rate used, were we billed correctly?)

- 3) Did the Contractor comply with all applicable laws and regulations and "just the way it is stuff"? (Federal / State / Local / Agency requirements)

Contract Monitoring Administration

The role of BCM's Quality Assurance Unit is to provide oversight and assistance to all Department Agencies in their monitoring efforts. This oversight and assistance includes both the development of minimum standards for monitoring and the development of monitoring tools for use in reviewing standard contract provisions.

Agencies are responsible for monitoring their own contracts for services and / or products subject to the minimum standards established by BCM.

Annual Contract Monitoring Plan

All Department Agencies that contract for services, supports, or products are REQUIRED to have an annual monitoring plan that addresses all of the Agency's contracts. In

order to adequately meet its monitoring responsibilities, each Agency must:

- Develop an internal structure that facilitates objective review of Contractor performance.
- Develop an overall plan for monitoring Agency contracts.
- Generate monitoring tools to effectively assess Contractor performance.
- Summarize and disseminate the results of its monitoring activities to all of the appropriate stakeholders.

The annual monitoring plan required of each Agency shall follow the format developed by BCM. Plans are to be submitted to BCM early in the fiscal year for review. The QA Unit will review each Agency's plan to ensure it meets established minimum standards. If the plan is missing any required components or if clarification or additional information is needed to properly evaluate the plan, BCM will request information as needed from the Agency. Once the Agency's plan has been reviewed and approved by the QA Unit, BCM will notify the Agency Director. Thereafter, the Agency will report to BCM the results of its monitoring efforts as reviews are conducted throughout the year.

In an effort to help improve the overall effectiveness of monitoring in the Department, BCM will forward to each Agency,

recommendations for improving Agency monitoring efforts as problems and/or weaknesses in the Agency's instruments or monitoring scheme are identified. These recommendations may then be incorporated in the Agency's plan for the upcoming year. In some cases, suggested changes to an Agency's plan or instruments may be required before its plan for the following year will be approved. The BCM outline for developing monitoring plans and the BCM guide for reviewing monitoring plans are included in the appendices of this manual.

Purpose Of Handbook

This manual was designed to serve as a guide for use in developing and evaluating Agency monitoring plans. However, procurement and contracting staff may also find it helpful when drafting RFPs and contracts. Coordinating the procurement, contracting, and monitoring functions is critical to the overall success of the Department's contracting efforts because of the significant impact each has on the others. For example, the performance criteria in a contract awarded pursuant to an RFP must be consistent with the terms of the RFP. (If the contract is rate based, the performance criteria must also be consistent

with the service criteria used to set the rate for the contracted service). The terms of the contract, in turn, determine the scope of Agency monitoring activities as Contractors are only accountable for compliance with performance criteria identified in the contract. Including the same clearly defined performance criteria in both the RFP and the contract also ensures the Contractor knows and understands what is expected for compliance with contract requirements.

MONITORING PLAN COMPONENTS

The annual monitoring plan required of each Agency shall include, at a minimum, the following 4 sections:

- **Section I:** An organizational chart with narrative text outlining the organizational structure of the Agency's contracting and monitoring functions.
- **Section II:** A description of Agency monitoring activities and copies of all Agency monitoring tools, including an explanation of the purpose of each tool and the monitoring areas it addresses.
- **Section III:** A copy of the Agency's annual monitoring schedule
- **Section IV:** A description of the corrective action procedure used by the Agency to resolve identified deficiencies in Contractor performance.

The following pages describe in detail what is required in each of the above-identified sections. In reviewing these requirements one should keep in mind that this manual has been developed for general use. Therefore, the specific elements identified in each section may not always apply to every situation.

Section I: Organizational Structure

Each Agency must submit an organizational chart identifying both the positions and personnel involved in the procurement, contracting, and quality assurance processes (monitoring, investigation of complaints, and corrective action). It should also include a brief description of the major job duties for each individual / position identified on the chart.

The organizational chart and job duty description should address the following:

- Functional organization, including the number and type of staff involved in contracting or monitoring functions.
- Supervision of contracting staff, including division coordination of regional contracting activities.
- Supervision of monitoring staff, including division coordination of regional monitoring activities.

An example of the type of organizational chart requested is located in Appendix A.

Conflict of Interest

Effective monitoring requires the ability to make objective, unbiased decisions. Therefore, agencies must structure their organizational hierarchies to eliminate or minimize actual or potential conflicts of interest for contract monitors.

Functions that may create conflicts of interest if performed by the same personnel responsible for quality assurance monitoring include, but are not limited to:

- Development and / or rating of RFPs
- Contract negotiations
- Client referrals
- Contractor liaison

The supervisory chain of command to which monitors are subject and / or job responsibilities that leave inadequate time for monitoring may also pose conflicts of interest.

If unable to eliminate potential conflicts of interest, the organizational chart and accompanying narrative should identify those areas where conflicts exist, state the reason(s) why they cannot be resolved, and explain how they will be minimized.

Section II: Agency Monitoring Activities and Tools

Agency monitoring activities are those activities carried out in the Agency that are used to evaluate Contractor performance. Such activities need not be limited to those associated with "formal" monitoring visits if the results of the activity potentially impact decisions about performance or quality of services, etc. For example, the observations of case managers may be relied upon in assessing the ongoing wellness of clients in a residential care program even though case management is not a formal monitoring activity.

Monitoring tools are the actual instruments used to evaluate Contractor performance. Effective tools enumerate the specific criteria against which a Contractor's performance is to be measured. They also specify (when necessary) an approved method for documenting compliance with individual criteria so as to ensure consistency in use of the tool.

A thorough review of Contractor performance requires the development of monitoring tools that address both 1) compliance with the terms and conditions of the contract ("Did we get what we paid for?" and "Just the way it is stuff") and 2) the quality of

the service of products and services purchased (“Is it any good?”). To account for both compliance and quality, performance should be monitored in at least the following six areas:

- 1) Program/Service Requirements (Scope of Work);
- 2) Client Wellness;
- 3) Objective Based Performance Measures;
- 4) Fiscal Accountability;
- 5) Federal Assurances; Standard Terms and Conditions; and
- 6) Additional Requirements.

Program / Service Requirements (Scope of Work)

Program / service requirements (scope of work) are the specific performance requirements expected of the Contractor. These requirements should be clearly and specifically identified in the *Scope of Work* section of the contract. The importance of a well-developed scope of work cannot be overstated. This section is where the Agency identifies the specific components it expects the Contractor to deliver in return for payment under the contract. The components identified in the program description constitute the basic standard against which the

Contractor's performance is evaluated to ensure contracted services are being delivered.

The performance requirements identified in the program description should match the criteria outlined in the RFP and, in the case of rate based contracts, the criteria used to set the rate of payment for the contracted service. In addition, performance requirements must be detailed enough to allow for the development of a monitoring tool to evaluate Contractor performance.

Suggested components of an adequate program description for a service contract, and two types of vendor contracts (training and consulting contracts) are outlined below. However, it is noted that because these program descriptions were designed for general use, the individual components identified in each may vary according to the requirements of the particular contract in question.

Service Contract Scope of Work

- 1) General description of service or support: Describe generally what the contracted service, support, or project is intended to do or accomplish, including the following:
 - (a) What are the major goals of the program?

- (b) Who will be receiving services under this program?
 - (c) Is the program co-ed?
 - (d) What type of program is being provided, e.g. residential or non-residential?
 - (e) What are the hours the program must be in operation?
 - (f) Is there a description of the program or service in the procurement documents, e.g. RFP, sole source letter, etc.?
- 2) Detailed treatment / service requirements: Describe the service or support the Contractor must have the capacity to provide and is required to deliver under this contract. Specifically identify all required treatment components of the service or support. Treatment components are the steps the Contractor must take in meeting the objectives of the service. They need to reflect the components the Agency considered in developing an appropriate cost of service.
- (a) Therapy requirements?
 - (b) Support requirements?
 - (c) Food service requirements?
 - (d) Medical/Dental care requirements?
 - (e) Education requirements?
- 3) Description of the population  be served: Describe the client or population to be served by the Contractor. Include enough detail and specific assessment criteria to

demonstrate the match between the target population and the Contractor's services or supports.

- (a) Are there specific eligibility requirements?
 - (b) Are there specific age requirements?
 - (c) Gender requirements?
 - (d) Intellectual functioning requirements?
 - (e) Mental health/substance abuse requirements?
 - (f) Clients who are not eligible for this service?
 - (g) Does the contractor have discretion to deny services to clients?
- 4) Contractor's qualifications: Identify the regulatory provisions with which the Contractor must comply to provide the contracted service, support, or project. Specifically identify the types of licenses, including DHS licenses if any, the Contractor must have to provide the contracted service e.g., Residential Treatment, Residential Support, Adult Day Care, DOPL. Also identify any specific requirements the Contractor must meet to provide the type of service requested e.g., criminal history background checks of employees. Documentation of compliance with qualification requirements need to be obtained prior to the award of any contract.
- (a) Special knowledge requirements?
 - (b) Special safety requirements
 - (c) Enrolled as a Medicare contractor?

- (d) Required accreditations?
 - (e) BCI requirements?
- 5) Assessment requirements for treatment plans: Identify all of the requirements the Contractor must meet in assessing and developing treatment plans for clients. At a minimum, assessment and treatment plan requirements need to include:
- (a) The amount of time the Contractor has to complete them;
 - (b) The type of personnel who may complete a treatment plan including professional qualifications;
 - (c) The type of information that may be used or relied upon in completing the assessment or treatment plan;
 - (d) The type of information that must be included in the final assessment or treatment plan;
 - (e) The types of measurable objectives, which must be, included such as educational or training opportunities and therapy requirements;
 - (f) The frequency with which the assessments and/or treatment plans must be updated;
 - (g) The specific type(s) of assessment required;
 - (h) The specific types of assessment tools, which may be used;
 - (i) How the assessment is to be used in developing/determining the needed support services.

- 6) Staffing requirements:** Identify the type of staff, e.g., administrative, clinical and non-clinical, the Contractor must have to provide the contracted service or support. Include the types of professional licenses the staff must possess as well as the type of staff necessary for the Contractor to operate a viable business.
- 7) Required staff-to-client ratios:** Identify the required staff-to-client ratios the Contractor must maintain in given situations during operating hours.
- 8) Staff training requirements:** Specify or reference all training requirements the Contractor's staff must meet to provide the services or supports required by the contract such as:
 - (a) First-aid training
 - (b) Mandatory training
 - (c) CPR training
 - (d) DHS Code of Conduct training
- 9) Special record keeping requirements:** If the Contractor must comply with record keeping requirements that are different from or in addition to the requirements identified in Part A, Section D of the contract, identify those additional requirements. Record keeping responsibilities may include documentation of individual client records, maintenance and storage of client records, and documentation to meet Medicaid Enhancement or other federal entitlements.

** Pursuant to Utah Code Annotated § 62A-2-106(2)(c)(i)(A)-(C) of the Office of Licensing (OL) statute, the Divisions are responsible for establishing and enforcing rules regarding:

- (i) The administration and maintenance of client and service records,*
- (ii) Staff qualifications, and*
- (iii) Staff to client ratios*

for all licensed facilities under contract with the Division. Although the above-cited provision gives the Divisions authority to establish rules in the three identified areas, such rules must be established in conjunction with the OL to ensure they are the same for both contract and private programs.

For a specific example of a **service contract scope of work** and the accompanying monitoring tool, see Appendix B.

Existing licensing rules in the above-identified areas apply to all licensed programs. However, OL is only responsible for monitoring private programs not under contract with DHS for compliance in these areas. Therefore, it is critical that Agencies

include in their contracts, the specific criteria described in current OL rules for the three areas at issue and that they monitor their contract programs for compliance.

Training Contract Scope of Work

- 1) General Description of Service: Describe the training services the Contractor is to provide and what the services are intended to accomplish.
 - (a) What type of training is needed and that you expect the contractor to provide?
 - (b) What are the goals of the training?
 - (c) What are the characteristics of the population to be trained?

- 2) Training Requirements: Identify the requirements of the training services the Contractor is to deliver including, when applicable:
 - (a) The minimum number of individuals to be trained;
 - (b) The number of training sessions to be conducted;
 - (c) The duration of the required training sessions;
 - (d) Any specific curriculum requirements, essential course content as determined by need, statutory mandates, professional standards or rules, division policy, and liability exposure;

 - (f) The allowable staff/trainee ratio;

- (g) The locations and/or times when service sessions must be offered or available;
- (h) A schedule for delivering the requested training services;
- (i) The method to be used in delivering the contracted services, lecture, or experience;
- (j) The date by which all required training must be completed;
- (k) Any need for written course outlines addressing the critical training issues and identifying the various handouts and other materials, including video or presentations to be used in teaching the course;
- (l) Any requirement that training be tailored to the specific audience being trained;
- (m) Updating training when needed;
- (n) Allowing time for questions and answers in each training session;
- (o) Presenting training to a test group prior to commencing actual training;
- (p) Using only qualified presenters in training sessions;
- (q) Videotaping of training sessions;
- (r) Are there minimum and maximum numbers of trainees per session?
- (s) Documentation of training in personnel file.

- 3) Description of Target Population: Describe the population to be trained by the Contractor including their defining characteristics, behavior and attitudes, qualities, and needs. Include enough detail to demonstrate a match between the target population and the training services the Contractor is to provide.
- 4) Contractor's Qualifications: Identify any special qualifications the Contractor must possess to provide the training requested in the contract. If the Contractor must be licensed or certified to provide the requested services, identify the specific type of license or certification required. Are there special language requirements for the training such as ESL or sign language?
- 5) Staff Qualifications: Identify any special qualifications the Contractor's staff must possess to provide the type of training requested in the Contract.
- 6) Methodology: Describe the methodology the Contractor will be using to ensure the contracted training reaches the target population.
- 7) Agency Approval: State whether the Agency must approve initial and/or ongoing training content, material, curriculum, or certification standards prior to commencement of training activities.
- 8) Contractor Evaluation Requirements: Describe requirements the Contractor must meet in evaluating the effectiveness of the contracted training and its impact on the knowledge, skills, and abilities of the participants. For example:

- (a) Is the Contractor required to distribute participant evaluation forms after each session to obtain feedback about its training activities?
 - (b) Is the Contractor required to conduct pre and/or post-tests to determine whether training activities have had any impact on the knowledge, skills, and abilities of participants?
- 9) Participant Outcome Requirements: Specify required outcomes for training participants such as the ability to pass a post-test at a given level or the ability to perform an identified skill.
- 10) Reporting Requirements: Specify the reporting requirements with which the Contractor must comply. These requirements may include quarterly or annual reports addressing the Contractor's progress and achievements as well as any barriers to achieving the goals of the contract.
- 11) Special Record-Keeping Requirements: Specify minimum and special documentation and/or record keeping responsibilities the Contractor must meet including, when applicable:
 - (a) Dates and types of training activities;
 - (b) Names and qualifications of course trainers and any presenters used in training sessions;
 - (c) Original signed attendance rolls;
 - (d) Copies of course outlines, handouts, and other materials used in training sessions;

- (e) Documentation to meet Medicaid Enhancement, special grant requirements, or other federal entitlements;
- (f) Masters of pre or post-test materials used to evaluate trainee learning;
- (g) Original trainee tests and/or evaluation forms;
- (h) Copies of evaluation results (both of the training itself and of participant knowledge, skills and abilities);
- (i) Requirements for safeguarding and accessing training files;
- (j) Documentation of training in personnel file.

Consulting Contract Scope of Work

- 1) General Description of Service: Provide a general overview of the contract that describes the consulting services the Contractor is to provide and what the services are intended to accomplish.
 - (a) The name of the consultant;
 - (b) The Agency(s) with whom the consultant will be working;
 - (c) The intended overall outcome of the contract;
 - (d) Whether the contract is based on a set of defined products/outcomes or a set amount of time e.g., a specific number of hours or a particular period of time with a beginning and ending date;

- (e) The role of the consultant in the contract e.g., a mentor who teaches how to use or implement a given product, a product developer, a trainer;
- 2) Consulting Requirements: Identify the specific deliverables for which the Contractor is accountable under the contract, including, when applicable:
- (a) The expected outcome, impact or end result;
 - (b) A date for achieving or delivering the expected outcome, impact or end result;
 - (c) A timeline for process/product development;
 - (d) The method for determining if the expected outcome, impact, or end result has been achieved or delivered;
 - (e) The consequences of failing to achieve or deliver the expected outcome, impact or end result or of failing to achieve or deliver the expected outcome, impact or end result in a timely manner, including:
 - (i) Assessment of monetary or other types of penalties;
 - (ii) Assessment of responsibility for any additional costs necessary to achieve or deliver the expected outcome, impact or end result;
 - (f) The *number, type, and cost* of any consulting hours the Contractor will provide consulting hours may vary depending on the qualifications of the person(s) providing the hours and the nature of the hours including:

- (i) Off site vs. on site;
 - (ii) Field observations;
 - (iii) Office work;
 - (iv) Staff contacts;
- (g) Any training to be provided by the Contractor including:
- (i) The type and amount of training;
 - (ii) The number of individuals to be trained;
 - (iii) The type of individuals to be trained;
 - (iv) When the training will take place;
 - (v) The date by which all required training must be completed;
 - (vi) Who will pay the cost of training materials?
 - (vii) Any requirement that training be tailored to the specific audience being trained;
 - (viii) Updating training when needed;
 - (ix) Allowing time for questions and answers in each training session;
 - (x) Presenting training to a test group prior to commencing actual training;
 - (xi) Using only qualified personnel to train;

- (xii) Minimum and/or maximum numbers of trainees per session;
 - (h) Milestones to be achieved;
 - (i) Product testing to be done e.g., computer software development, client treatment, etc.
 - (j) Itemized days/hours required by the contract.
- 3) Contractor Qualifications: Identify any special qualifications the Contractor must possess to provide the type of consulting services requested in the contract including:
- (a) The specific knowledge, skills, and abilities required of the consultant;
 - (b) Any specific experience required of the consultant;
 - (c) Educational requirements or background the consultant must have;
 - (d) Ability of the consultant to pass a BCI check or security review.
- 4) Contractor Capacity: Identify any specific or unique resources the contractor must have in order to comply with the conditions of this contract, for example:
- (a) Computer hardware and/or software;
 - (b) Particular personnel requirements e.g., 24-hour on call, one-hour response time;

- (c) Any necessary physical or structural capacity requirements e.g., buildings, office space, work areas/space;
 - (d) Any particular number and type of staff the contractor must bring to the project;
 - (e) Whether or not the consultant may subcontract for needed resources.
- 5) Staff Qualifications: Identify any special qualifications the Contractor's staff must possess to provide the type of consulting services requested in the Contract including:
- (a) The specific knowledge, skills, and abilities staff performing contract work must possess;
 - (b) Any specific experience staff performing contract work must have;
 - (c) Any educational requirements the consultant's staff must meet;
 - (d) Ability of consultant's staff to pass a BCI check or security review;
 - (e) Educational requirements the consultant's staff must meet;
 - (f) Any professional licenses the consultant's staff must have.
- 6) Contractor Responsibilities: Identify any specific services, supports, and costs for which the Contractor will be

responsible in providing the contracted consulting services, including:

- (a) Clerical support;
- (b) Telephone expenses; and
- (c) Copy and printing expenses.

7) DHS/Agency Responsibilities: Identify any specific services, supports, and costs to be provided or absorbed by the DHS/Agency under the contract such as:

- (a) On-site workspace;
- (b) On-site telephone expenses;
- (c) Access to necessary data and/or personnel;
- (d) On-site clerical support;
- (e) Necessary client information;
- (f) Costs incurred by the Contractor that will be reimbursed by the Agency.

8) Contractor Evaluation Requirements: Describe requirements the Contractor must meet in evaluating the effectiveness of the contracted consulting services.

9) Reporting Requirements: Specify all reporting requirements with which the Contractor must comply including:

- (a) How often e.g., weekly, bi-weekly, monthly, quarterly the Contractor must report on the status of its activities;

- (b) The type of reports required e.g. written, verbal or presentation;
 - (c) The type of information to be included in the reports e.g., Contractor's progress and achievements, problems encountered, barriers to achieving the goals of the contract;
 - (d) The necessity of a final report and the form it should take.
- 10) Special Record-Keeping Requirements: Specify any special documentation and/or record keeping responsibilities required of the Contractor, including, when applicable:
- (a) Specific requirements for safeguarding client or other non-public information;
 - (b) The maintenance of daily activity logs or time sheets;
 - (c) The maintenance of a project log.

Client Wellness

Client wellness is a critical component of Contractor performance. The Office of Licensing is responsible for making and enforcing rules establishing minimum health and safety standards for licensed programs, including basic rules for consumer safety and protection. However, program quality is a Division responsibility and client wellness is a major component of

program quality. Therefore, Agency monitoring plans must review Contractor performance in this area. Review of client wellness is especially important for nonlicensed/certified programs and licensed programs whose contract provisions require compliance with standards that exceed the minimum standards established by Licensing.

All DHS direct service contracts require Contractors to abide by the DHS Provider Code of Conduct. This Code is meant to protect children and vulnerable adults from abuse, neglect, maltreatment, and exploitation and to provide a consistent standard of conduct for Contractors and employees of contracted programs, which are licensed and certified by DHS.

Comprehensive monitoring tools should include a method(s) of verifying Contractor compliance with the Provider Code of Conduct as well as any other related provisions included in the Contractor's contract. Agency monitoring tools should also address those areas of greatest vulnerability for the specific client population being served under the contract. For example:

- Division of Child and Family Services (DCFS) clients are vulnerable to child sexual abuse. Therefore, DCFS

monitoring tools should address client safety issues in this area.

- Division of Services to People with Disabilities (DSPD) clients, on the other hand, are particularly vulnerable to exploitation of their personal funds. Thus, DSPD monitoring tools should pay special attention to issues related to the handling of client trust accounts.

Additionally, agency monitoring tools **MUST** address the subject of client wellness from two perspectives:

- 1) Provide for review and evaluation of the methods used by the Contractor to help **PREVENT** abuse, neglect, exploitation, and maltreatment of individuals in its care.
- 2) Include a method for looking at whether abuse, neglect, exploitation, or maltreatment **MAY HAVE OCCURRED**.

Effective monitoring of client wellness from these two perspectives requires both *ongoing* and *annual* review.

Ongoing Monitoring

Ongoing Monitoring is part of effective case management. It requires regular contacts with consumers and includes both on-sight observations and interviews with the client, the client's representative, or other interested parties. These interviews and observations should, at a minimum, address the following:

- The physical and emotional condition of the individual;

- Whether the individual's residence is clean, comfortable, and in good repair;
- Whether the nutritional needs of the client are being adequately met;
- Whether clients are receiving adequate and safe medical care;
- Whether the number of Contractor staff on duty is adequate to support the number of clients present (a preventive activity);
- Whether the placement and the services / supports being provided are appropriate.

The results of ongoing monitoring efforts should be documented in the client's case record or on a simple checklist developed specifically for use in documenting ongoing client wellness monitoring activities (one advantage of using a checklist is that it provides easily accessible support for annual reviews).

Annual Monitoring

Annual monitoring reviews the Contractor's system to prevent abuse, neglect, and exploitation and assures that ongoing reviews have been occurring. A system review consists of reviewing whether a Contractor is in compliance with requirements regarding client wellness, including their own

internal system to prevent abuse, neglect, or exploitation. It should include an on-sight visit during which the monitor answers the following questions:

- Are required licenses (both program and staff) current?
- Does the Contractor have a system for reporting and resolving incidents?
- Is the Contractor in compliance with requirements for employee training and demonstrated competency in areas related to client wellness.
- Has there been ongoing monitoring of client wellness?

Documentation of annual and ongoing reviews should be included in a comprehensive report regarding Contractor compliance with their contract.

If either ongoing or annual reviews indicate client wellness is in jeopardy due to a violation of licensing standards, the matter should be documented and referred to Licensing for further handling.

Objective Based Performance

The DHS is accountable for both the quality of the direct services it provides and for the services and products it provides through contracts. BCM has adopted the model of quality

assessment currently used at the Department level. This model looks at both "performance measures" and "outcomes" in assessing the quality of services and products. Performance measures answer the question, "How well is an agency or program service delivery working?". Outcomes focus on "a condition of well-being for those we serve". To clarify the distinction between performance measures and outcomes, this manual uses the term "program performance measures" to highlight the organizational emphasis of performance measures; and "client outcomes" to highlight the emphasis of outcomes on client well-being. In addition, the term "objective" is used by BCM to refer to the process of developing both measurable performance measures and measurable client outcomes.

Objective based performance assessment is the process of measuring program performance and client impact by developing specific objectives (or goals) for both the Contractor's service, support, or project and, when applicable, the individual clients the Contractor serves. These objectives must be based upon observable and measurable behavior that is time limited and has clear criteria for success.

Program Performance Measures

The first step in objective based performance measurement, is to identify the program performance measures. As noted above, program performance measures answer the following question: "How well is the agency or program service delivery working?" For example, program performance measures could include topics such as "protecting the community" or "family preservation".

Program performance measures must be developed for all DHS Contractors. These measures focus on the intended performance of the Contractor and indicate the extent to which the Contractor is meeting its short and long-term goals. Although program performance measures encompass contract compliance, their scope is much broader than compliance alone. Their purpose is to assess both program implementation and program impact in order to improve program planning and monitor program development.

To determine whether a Contractor is performing as intended, it is important to establish "performance objectives." These objectives (or goals) identify the level of performance

required of the Contractor and the level of performance the contractor is expected to reach. Program performance measures may be a summary compilation of individual client objectives that help determine whether the organization is accomplishing its purpose.

To develop measurable program performance objectives, take the following steps:

- 1) Identify the desired effect or impact, e.g., increase, decrease, maintain, or reduce a specific behavior or activity.
- 2) Identify to whom or on what the effect or impact is directed, e.g., children in custody or children in program X.
- 3) Identify the specific outcome being addressed, e.g., skill or knowledge.
- 4) Identify by how much(percentage) and when the desired effect or impact will occur, e.g., percent or number at a specified period in time or for a specified period of time.

Listed below are some examples of program performance objectives:

- 90% of youth will be placed in less restrictive settings upon discharge.
- 5% fewer clients will go AWOL in the current year than in the previous year.

- The contractor will complete quality assurance documentation for 100% of all Medicaid funded consumers each year.

In order to determine whether or not program performance objectives have been met, data must be collected and evaluated. Therefore, when developing program performance objectives, the following **two** questions must be asked:

- 1) What indicators best describe or define the desired outcome and are they both observable and measurable?
- 2) Is there an existing data source available for each indicator or can a data source for the desired indicators be developed?

For example, if the stated objective is "Youth will attend school 95% of school days, the desired outcome is "Youth will attend school," and the indicator is "school attendance". Since attendance is both observable and measurable, it is a valid indicator. Furthermore, school records are an existing data source for this indicator.

If the objective is "95% of youth will be happier after leaving the program", the desired outcome, "youth will be happier" may not have an existing data source or clear and available indicator(s). Therefore, if the objective is to be used, data

collection procedures must be implemented. These procedures may include conducting regular client interviews regarding feelings of happiness or routinely administering a standardized instrument designed to measure happiness.

The final selection of program performance objectives should come from those that have **BOTH** clear indicators for success and an available data source. If either is missing it cannot be determined whether the objective has been met.

Client Outcomes

Client outcomes are defined in DHS as "a condition of well being for those we serve", e.g., children succeeding in school, safe children, self-sufficient families. While "program performance measures" focus on what the program is trying to achieve, "client outcomes" focus on what clients are to achieve.

To determine whether clients are achieving desired results, it is important to establish client outcome objectives. When the contract requires the Contractor to develop client treatment plans, outcome objectives specific to individual client needs

should be included in client treatment plans. Furthermore, Agencies requiring Contractors to develop client treatment plans **MUST** include in their monitoring plans, a procedure for ensuring that:

- 1) Each client has individualized treatment objectives based on his/her assessed needs; and
- 2) Reasonable measures exist for evaluating client progress in meeting established objectives and the Contractor is consistently documenting client progress using those measures.

Some examples of individual **client outcome objectives** are:

- During monthly interviews with case management staff, the client will self-report being involved in 100% of placement decisions.
- The Client will obtain employment of 10 hours per week or more prior to discharge.
- While in residential placement, the client will have a 98% attendance rate at school.

Customer Feedback

Customer or client satisfaction surveys constitute a third area of contract or quality evaluation. The Department of Human Services is a client-focused organization. This focus is reflected in both Department and Agency mission and/or vision statements.

It is strongly recommended that Agencies within DHS also develop objectives for client satisfaction.

Generally, client satisfaction tools focus on **three** main areas:

- 1) implementation of Agency philosophy
- 2) overall satisfaction; and
- 3) specific areas of program or service improvement.

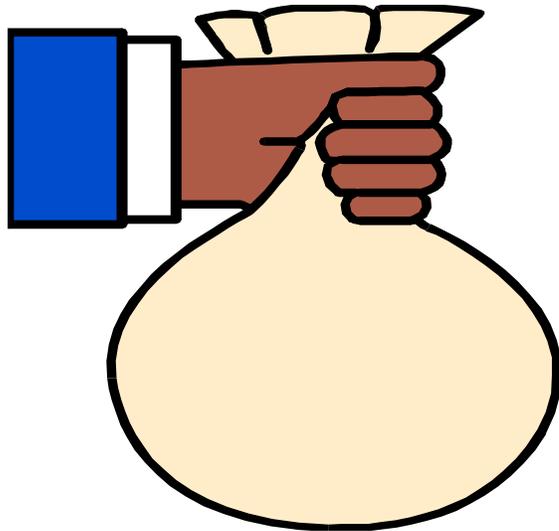
To assess the implementation of Agency philosophy, Department and Agency mission statements or guiding principles can be used to develop questions since they typically focus on broad areas of performance (e.g., community protection or family preservation.)

To address overall satisfaction of the client population, ask more general questions. For example, upon the completion of services, ask clients to rate how well their needs were addressed by the service agency.

If an Agency is interested in improving customer satisfaction by making specific programmatic changes, or if it is interested in explaining particular attitudes, include questions specific to the area(s) of concern.

Fiscal Accountability

The purpose of an Agency completing fiscal monitoring of its contracts is to determine whether or not purchased services were in fact provided. The fiscal monitoring required of contract monitoring staff is a basic review which is designed to identify areas of concern or "red flags" that may warrant a more thorough



review / audit by Division financial staff and / or DHS financial auditors. It should be noted that Division fiscal officers are required to review and approve "budget" contracts as part of the final review during contract processing.

DHS case workers, contract staff, and contract monitors have the responsibility to conduct basic fiscal reviews to ensure

purchased services were received. Such reviews include comparing the goods or services received with the goods or services billed for by the Contractor.

All discovered discrepancies or concerns should be evaluated and resolved on a case-by-case basis using any applicable DHS policy.

The basic review conducted by designated contract monitors must, at a minimum, do the following:

- Verify the existence of a current legal contract and contract number between DHS and the Contractor.
- Ensure the clients served actually received the services through review of the billings, service records, and interviews with the clients and appropriate staff.
- Ensure that the contract billings match the actual services provided.

Reviewing "rate based contracts" and "cost of service contracts" requires a different review strategy for both the review made prior to payment and the annual review, due to the nature of the documentation. However, the primary issue remains the same, "Did DHS receive the services and products that were paid for?"

Rate Based Contracts

Payments will be made ONLY with proper documentation attached to the billing. Payments should not be made prior to receiving, at a minimum, the following documentation:

- Name of client(s) receiving the service;
- Service(s) provided;
- Units (day/hour, etc.) of service provided;
- Any other stipulation required within the contract.

Once billing documentation is received it should be reviewed by the caseworker for accuracy prior to payment. The caseworker's review should consist of ensuring that: 1) the client(s) identified in the billing was actually receiving the type of service(s) specified, and 2) the client / service itemization matches the sum total of the billing. If any discrepancies are noted, the Contractor should be contacted to resolve the discrepancy.

In addition, each Division or DHS entity shall develop procedures for properly comparing billings and payments with service records such as population reports and/or individual client service records. The fiscal review of a rate based contract will

occur annually by designated, trained staff. Resolution of discrepancies and issues will follow DHS policy.

Cost of Service Contracts

Payments will be made *ONLY* with proper billing documentation to include, at a minimum, receipt of itemized billings which verify expenditures in the same categories as the budget within the contract. The Division's designee should review the documentation for consistency with the contract percentages. Major itemization categories may include, but are not limited to:

- administration
- program costs
- capital expenditures
- matching funds to include monetary or in kind when appropriate

Each Division or DHS entity will develop procedures for reviewing billings / payments with actual services received and budgeted expenditures. The review will compare the actual expenditures with the contracted budget to include an onsite visit to ensure the integrity of the reimbursed costs. This type

of fiscal review is to be done annually by designated-trained staff. Resolution of discovered discrepancies and issues should be handled according to DHS policy.

Federal Assurances and Standard Terms and Conditions

These are the terms and conditions in the contract that must be included due to federal or state law or rule. BCM has developed a self-certification statement for use in monitoring these requirements in multi-year contracts. The purpose of this monitoring tool is twofold: 1) to remind the Contractor of its obligation to comply with the referenced provisions and 2) to obtain the Contractor's assurance that it is, in fact, complying with them. The self-certification statement must be reviewed and signed by Contractors with multi-year contracts on an annual basis. (The use of this tool is unnecessary in the case of one year contracts because the Contractor's signature on the contract evidences its recent review of and agreement to abide by the

Note: The strategies developed by BCM to monitor compliance with Federal Assurances and Standard Terms and Conditions are **minimal only**. Agencies are encouraged to perform more extensive monitoring of these items if they feel additional monitoring is warranted.

requirements the certification statement references.)

BCM has also developed a checklist instrument for conducting spot checks to verify compliance with Federal Assurances and Standard Terms and Conditions. This instrument may be used to monitor compliance in both single and multi-year contracts.

Copies of the Self-Certification Statement and the spot check instrument developed by BCM are located in Appendix C.

Additional Requirements

Additional requirements are those items that must be included in a given contract due to:

- **Federal requirements** such as Medicaid Enhancement and Federal Waivers.
- Federal, State, or Private grant requirements such as Social Services Block Grant (SSBG).
- **State statutory requirements** including, but not limited to those found in the statutory provisions amended or implemented by H.B. 102, or the provisions relating to DCFS Youth Services or criminal background checks, etc..
- **Department requirements** such as the Contractor Code of Conduct.

- Division policy and / or administrative rule requirements such as residential care certification.

Agencies are required to specifically identify all such applicable requirements in their monitoring plan and either explain how existing monitoring tools address them or develop new monitoring tools covering all additional requirements.

Section III: Annual Monitoring Schedule

Each Agency **MUST** submit, to the Bureau of Contract Management, an annual schedule of planned monitoring activities as part of its monitoring plan. Quarterly updates of monitoring activities in the Agency and monitoring results will be required in order to track the progress each Agency is making. The results of these updates will be compiled and given to EDO for review. The Quality Assurance Unit of BCM will validate Agency monitoring activities and results through random sample checks.

The required monitoring schedule submitted by each Agency must include the following information for each contract being monitored:

- 1) The scheduled date of review;

- 2) The Contractor's legal name;
- 3) The contract number;
- 4) The Contractor's federal tax ID number;
- 5) The type of contract review;
- 6) The names of the staff responsible for monitoring each Contractor;
- 7) The status of each scheduled monitoring visit (this will change throughout the year as monitoring activities are carried out).

A form for the annual monitoring schedule is located in Appendix D.

Section IV: Corrective Action Procedures

The Department is both accountable for the funds it expends and the provision of quality services to its clients. Therefore, when DHS monitoring activities reveal deficiencies¹ in Contractor performance, corrective action to resolve those deficiencies should be implemented.

¹ Deficiency = the gap between the standard required of the Contractor in the contract and / or policy and the Contractor's actual performance.

A description of the procedures the Agency follows or intends to follow when implementing corrective action with a Contractor must be submitted as part of the Agency's overall monitoring plan. Corrective action plans developed pursuant to Agency procedures should, at a minimum, do the following:

- Identify specific performance deficiencies;
- Outline the steps to be taken by the Contractor to correct each deficiency;
- Establish time frames for achieving compliance;
- State how the corrective action plan will be monitored;
- State the consequences of failing to achieve compliance.

The Agency shall send a completed copy of "Part I: Identified Performance Deficiencies" to BCM for each corrective action plan (CAP) initiated by Agency staff throughout the course of the fiscal year.

The Part I form includes the classification of each deficiency according to the scale below² (See Appendix E):

²The above-identified classifications are for BCM use in tracking corrective actions for the Department. Agencies may use any system of classification they choose so long as their CA reports to BCM reflect the classifications identified herein.

- 1) Major Deficiency
- 2) Significant Deficiency
- 3) Minor Deficiency

These deficiencies are defined below.

Major Deficiency

Major deficiencies are deficiencies in contract requirements that affect the imminent health, safety, or well being of individual clients. Major deficiencies require immediate corrective action and/or response to the deficiency.

BCM recommends that in cases of deficiencies of this level, a response be completed in 24 hours or less. A response to major deficiencies may include the Division's removal of clients from the current setting into other placements.

Significant Deficiency

Significant deficiencies are: 1) deficiencies in contract requirements that do not pose an imminent danger to clients but that result in inadequate treatment and / or care that jeopardizes the long-term well being of individual clients; OR 2) deficiencies in required paperwork/documentation that are so

severe or pervasive as to jeopardize continued funding to the Department.

BCM recommends that in cases of deficiencies of this level, a Corrective Action Plan be initiated within 10 days and completed within 30 days.

Minor Deficiency

Minor deficiencies are deficiencies in contract requirements that are relatively insignificant in nature and that do not impact client well being or jeopardize Department funding.

BCM recommends that in cases of deficiencies of this level, a Corrective Action Plan be initiated within 30 days and completed within 60 - 90 days.

Upon reaching the corrective action due date identified in form "Part I", the Agency is required to inform BCM of the results of the action. The Agency must either submit a completed form "Part II: Corrective Action Plan Results" or the

The Office of Licensing should be immediately notified for all violations/deficiencies of a licensing standard.

agencies own form that clearly includes all information contained in Part II.

Appendix E includes a sample format for corrective action and forms Part I and Part II.

REPORTING REQUIREMENTS

In addition to ensuring DHS and its clients are receiving quality contracted services, a major goal of BCM's quality assurance effort is to develop a management information system that will track the results of Agency monitoring activities and allow DHS Agencies to review the performance history of vendors and service Contractors. To achieve this, data from contract reviews and corrective action plans will be collected from Agency monitoring personnel on an ongoing basis. Regular reports will then be issued by BCM.

Data Collection

All Agencies are required to send BCM a Monitoring Review Summary form throughout the year at the time the review is completed. BCM, in conjunction with DHS Divisions and offices, has developed four contract monitoring summary forms to be used for reporting the results of DHS contract monitoring activities. Each Division/Office, in conjunction with BCM, must decide which form is appropriate for the different types of contracts they review.

Contract Review Summary Forms

The four types of contract summary review forms are described below including the suggested use of each form.

Service Contract Review Summary Report - Long Form

This summary form should be used in reporting findings for contracts that include residential programs, day programs, and crisis and shelter care services. The "long" form includes many of the documentation requirements for Medicaid funded programs.

Service Contract Review Summary Report - Short Form

The "short" form is similar to the "long form", except monitoring requirements particular to residential and day programs have been removed. This summary form should be used in reporting findings for most "pass through funding" Agency program reviews (Division of Aging, Division of Substance Abuse, and Division of Mental Health). The "short" form should also be used for reviewing mental health and other therapeutic support and service programs.

Indirect Service/Vendor Contract Review Summary Report

This summary form should be used with all "vendor" contracts and contracts that do not provide a direct service to

clients/consumers/customers. Examples of traditional vendor contracts would include contracts with consultants and contracts for janitorial services or office supplies. An example of an indirect service contract would be one that provides educational or training services on the prevention of abuse, neglect, and exploitation of individuals, to individuals who may or may not be "clients" of a DHS Division.

Governance and Oversight Review Report

This summary form applies only to the Division of Mental Health and the Division of Substance Abuse, and should be used as a supplement to either the Short or Long Service Review Summary form. It should be used in reporting findings for the review of "Governance and Oversight" requirements contained in "HB 102".

These four forms require contract monitoring personnel to rate each of the areas addressed in this handbook as either in "compliance or noncompliance" with the conditions of the contract, or as "needing improvement" relative to the Agency's expectations for quality, or as "not applicable". When performance is out of compliance, an additional indication of the

severity of the noncompliance is required. The rating given the Contractor in each area of the summary tool should be supported by documentation collected or examined during the course of the review. However, supporting documentation need not be forwarded to BCM with the program review unless specifically requested.

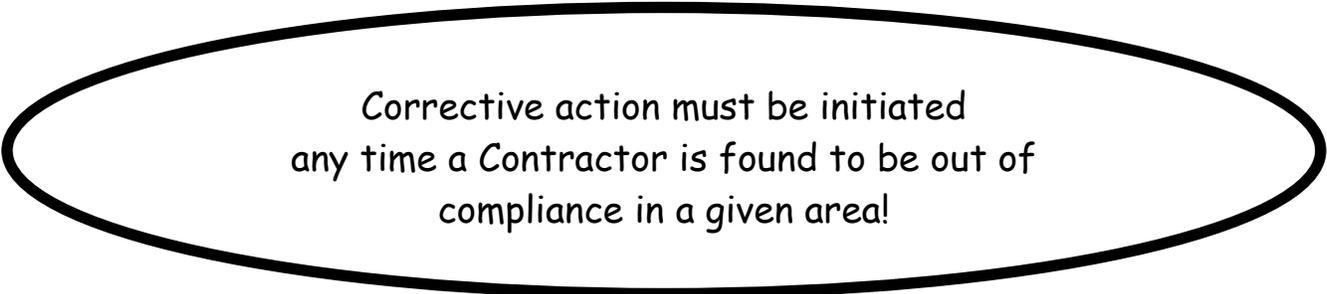
The monitoring review summary forms and complete instructions are included in Appendix F of this manual.

Corrective Action Plans

Corrective Action reporting and planning forms, developed by BCM and the DHS Quality Assurance Coordinating Committee are included in Appendix E of this manual. All Agencies are required to send BCM a copy of "Part I: Identified Performance Deficiencies" (Part I) within 10 working days of initiation of corrective action. Each form Part I submitted to BCM must classify each deficiency addressed in the plan as either Major, Significant, or Minor (see Corrective Action section above and Appendix E). BCM's objectives with regard to corrective action are to ensure corrective action issues are addressed and resolved, and to facilitate the dissemination of information among

DHS Agencies whenever a Contractor's failure to meet contract requirements poses a risk to DHS clients.

In addition to being notified of the initiation of any corrective action, BCM should also be apprised of the final results or outcome of the Corrective Action. This requirement is met by completing and forwarding the DHS/BCM corrective action forms developed and approved by the BCM/DHS Quality Assurance Coordinating Committee. However, if an Agency chooses to utilize internally developed forms or methods for communicating the resolution of corrective action, these reports are acceptable to BCM if all information included in form "Part II: Corrective Action Plan Results" is clearly available in the alternative reporting form.



Corrective action must be initiated
any time a Contractor is found to be out of
compliance in a given area!

The above-identified required information may be sent to
BCM at the following address:

Department of Human Services
Office of Fiscal Operations
Bureau of Contract Management
Quality Assurance Unit
Room 218
120 North 200 West
Salt Lake City, Utah 84103

Summary Reports

BCM will issue quarterly and annual reports addressing the status and results of Agency monitoring and corrective action activities. These reports will compile and summarize the data submitted by the Agencies.

BCM also hopes to be a clearinghouse for best practices and share throughout the Department those monitoring tools and/or activities which are being successfully used by others.

