Audit of Child and Family Services Agency’s Contracting and Quality Assurance Procedures

April 1, 2008
# TABLE OF CONTENTS

**EXECUTIVE SUMMARY** ................................................................. 1

**PURPOSE** .................................................................................... 1

**OBJECTIVES, SCOPE, AND METHODOLOGY** ............................... 1

**BACKGROUND** ............................................................................ 2

CFSA’s Current Contracting Practices Are Inconsistent With the Agency’s Standard Operating Procedures and District Contracting Regulations ................................. 5

CFSA Contracting Personnel Did Not Comply With Title 27 DCMR When Soliciting, Executing, and Modifying Contracts ................................................................. 9

CPA Staff’s Poor Planning, Contract Monitoring, and File Maintenance Resulted in Prolonged Delays When Exercising Option Year Three of the Congregate Care Contracts .......................................................................................................................... 11

Jones & Associates Has Provided Services Without a Valid Contract Since August 2006 At a Cost of At Least $1,985,690.88 ................................................................. 14

CFSA’s Fiscal Office Authorized Payments Totaling $1,985,690.88 to Jones and Associates That Were Not Ratified by the District’s Chief Procurement Officer as Required ................................................................. 19

CFSA Lacks an Automated Child Welfare Contracting and Procurement System Which Is Needed to Improve Overall Operational Efficiency and Accountability .......................................................................................................................... 20

High Turnover in Key CFSA Management Positions Resulted in Inconsistent Procurement and Contracting Practices ................................................................. 22


CFSA’s Contracts and Procurement Administrator Failed to Follow Procedures for Obtaining A Criminal Background Check For One OLM Personal Services Contractor .......................................................................................................................... 24

**CONCLUSION** ............................................................................. 26
EXECUTIVE SUMMARY

PURPOSE

Pursuant to a request from Councilmember Tommy Wells, Chairperson, Committee on Human Services, and in accordance with section 455 of Pub.L. No. 93-198, the District of Columbia Auditor (Auditor) examined the adequacy and effectiveness of the Child and Family Services Agency’s (CFSA) contracting and quality assurance procedures related to certain congregate care contracts.

CONCLUSION

The Auditor’s examination found that between July 1, 2004 and December 31, 2007, CFSA’s Director, Contracts and Procurement Administrator (C&P Administrator), Fiscal Officer, and other agency managers failed to develop and implement adequate internal controls to ensure efficient operations and compliance with applicable laws and regulations. The Auditor found that CFSA’s contracting practices did not comply with 27 DCMR, or the agency’s internal standard operating procedures in the following areas:

- CFSA did not perform advanced acquisition planning;
- the C&P Administrator did not require consistent use of contract action requests;
- individuals serving as contract COTRs had not been adequately trained or formally designated to serve in that capacity;
- CFSA’s Director did not develop contracting and procurement training plans;
- contract files were incomplete and inadequately maintained;
- CFSA’s standard letter to request best and final offers lacked components required by 27 DCMR;
- the C&P Administrator failed to timely execute definitive contracts after issuing letter contracts to two providers;
- the C&P Administrator failed to certify all contract modifications; and
- the C&P Administrator failed to timely submit third option year contracts to the Council for review and approval.

Additionally, one provider, Jones and Associates, provided services without a contract and CFSA paid at least $1,985,690.88 for these services between August 2006 and December 2007. Further, CFSA’s Director did not submit a ratification request to the District’s Chief Procurement Officer for approval to pay for these unauthorized services.
The Auditor further found that CFSA’s lack of adequate controls is attributable, in part, to the high rate of turnover in management positions. Since April 2001, CFSA has had four different Agency Directors. Additionally, between April 2004 and December 2007, there have been four C&P Administrators; and between June 2005 and December 2007, there have been three different Contracts Managers.

The Auditor’s examination also found other key operational inefficiencies at CFSA including the lack of formal policies, procedures or guidelines governing the activities and business processes within the Office of Licensing and Monitoring; and CFSA’s Human Resources Director’s failure to obtain a required criminal background check for a contractor working with CFSA under a personal services agreement.

**MAJOR FINDINGS**

1. CFSA’s current contracting practices are inconsistent with the agency’s standard operating procedures and District contracting regulations.

2. The Contracting and Procurement Administration’s poor planning, contract monitoring, and file maintenance resulted in prolonged delays when exercising option year three of the congregate care contracts.

3. Jones and Associates has provided services without a valid contract since August 2006 at a cost of at least $1,985,690.88.

4. CFSA’s Fiscal Office authorized payments totaling $1,985,690.88 to Jones and Associates that were not ratified by the District’s Chief Procurement Officer as required.

5. CFSA lacks an automated child welfare contracting and procurement system which is needed to improve operational efficiency and accountability.

6. High turnover in key CFSA management positions resulted in inconsistent procurement and contracting practices.

7. Lack of official OLM policies and procedures impaired CFSA’s accountability and quality assurance systems and did not provide a framework for consistent OLM practices.

8. CFSA’s Contracts and Procurement Administrator failed to follow procedures for obtaining a criminal background check for one OLM personal services contract.
MAJOR RECOMMENDATIONS

1. The C&P Administrator provide CFSA managers with training on acquisition planning procedures to facilitate smooth implementation of the acquisition planning process.

2. At least 120 days prior to the start of FY 2009, the CFSA Director and C&P Administrator initiate the acquisition planning process for FY 2009.

3. The C&P Administrator ensure that all COTRs are adequately trained and qualified to serve in that capacity before assigning them to this function.

4. The C&P Administrator immediately revise the SOPs to include staff training, filing, records retention policies and procedures, and exercising contract options, and ensure that the SOPs comply with 27 DCMR.

5. The C&P Administrator implement measures to ensure CFSA’s compliance with applicable sections of 27 DCMR related to acquisition planning, training, filing, and records retention.

6. The C&P Administrator work with the CFSA Director to ensure that adequate funding is in place to allow CPA staff to attend at least two contracting, procurement, or acquisition training sessions per year. CPA staff should take full advantage of all training that may be offered by the District’s Office of Contracting and Procurement.

7. The C&P Administrator and CFSA Director develop incentives for CPA staff to obtain professional certification, such as opportunities for promotion, non-monetary and monetary incentive awards, or other forms of special recognition.

8. The C&P Administrator review the current filing system to assess its adequacy and efficiency. To the extent necessary, CFSA should consider engaging a consultant to assist in this effort.

9. The C&P Administrator develop a checklist to properly document items to be included in each contract file in compliance with CFSA’s SOPs and applicable sections of Title 27 of the DCMR.

10. The C&P Administrator consider hiring a Document Control Clerk to maintain contract files, manage the process for retrieving and returning files, and periodically audit files for accuracy and completeness.
11. The C&P Administrator develop a detailed checklist to ensure compliance with applicable District procurement and contracting regulations when completing the contracting process. Contract Specialists should complete a checklist for all contracts and retain the completed checklist in the corresponding contract file.

12. The C&P Administrator ensure that all Contract Specialists are routinely trained on the application of District contracting and procurement regulations.

13. The C&P Administrator review contract modifications for compliance with Title 27 DCMR, and properly sign and date each modification.

14. The C&P Administrator maintain a Contract Tracking Database.

15. The C&P Administrator include a policy requiring Contract Specialists to begin the process for exercising options no later than 120 days prior to the expiration of a contract. All contract options requiring Council approval should be submitted to Council at least 60 days prior to the expiration of the contract.

16. The C&P Administrator include compliance with the above policy as a factor in CPA staff’s annual performance evaluations.

17. The CFSA Director include effective management and monitoring of compliance with 27 DCMR and the SOPs as a factor in the C&P Administrator’s annual performance evaluation.

18. The C&P Administrator, CFSA Placement staff, and Jones and Associates representatives immediately identify and address all issues that have prevented successful negotiation of a contract. The CFSA Director should consult with the Office of the Attorney General and other legal advisors to the extent necessary to resolve all outstanding issues.

19. If determined to be in the best interests of the District and the youth to be served, the C&P Administrator and CFSA Placement staff immediately negotiate a reasonable and legally binding contract with Jones and Associates within 30 days of the date of this report, and provide a copy of the contract to the Office of the D.C. Auditor immediately after execution.

20. To the maximum extent allowed by law, consistent with D.C. Code § 2-301.05 (d) (2) and the Anti-Deficiency Act, CFSA’s contracting staff, Fiscal Officer and Director be held accountable to the fullest extent permissible by applicable personnel rules for allowing Jones and Associates to continue providing services and making payments without a valid contract.
21. To the maximum extent allowed by applicable personnel law and rules, consistent with the Anti-Deficiency Act, CFSA’s financial managers also be held fully accountable, up to and including termination, for making payments to Jones and Associates in the absence of a contract.

22. The CFSA Director ensure that OCP Directive 1800.04, dated August 9, 2006, is distributed, with applicable training, to all contract and fiscal staff and that future requests for payments or unauthorized commitments are submitted to the CPO for review and approval, as required.

23. To the maximum extent allowed by law, consistent with OCP Directive 1800.04, CFSA’s contracting staff and CFSA Director be held accountable for the improper authorization and payments to Jones and Associates.

24. The C&P Administrator identify various alternative systems that would best meet CFSA’s contracting needs, including the District’s PASS. The C&P Administrator should investigate the capabilities of PASS to determine whether it can be used for all CFSA contracting and procurement needs.

25. The Agency Director investigate to determine the inherent reasons for the high rate of turnover in the C&P Administrator position. This may be accomplished by engaging a consultant to review the duties, daily responsibilities, workload, and work environment associated with the position.

26. After reviewing the reasons for the high turnover rate, the Agency Director implement measures to specifically address the issues identified.

27. The OLM manager ensure that policies and procedures are consistent with 29 DCMR.

28. The OLM manager present the internally developed administrative guidance to CFSA’s Director for review and approval.

29. When approved, the OLM manager incorporate the administrative guidance into the Agency’s standard operating procedures.

30. The Part-Time Sanitarian be immediately prohibited from performing further services until a criminal clearance can be obtained.
31. The current contract between CFSA and the Part-Time Sanitarian be immediately amended to require a criminal background check/clearance prior to continued employment.

32. The C&P Administrator or his designee immediately assess all CFSA personal services contracts that require interaction with youth clients in order to determine if other contract employees are performing services without a criminal background check/clearance. All persons providing services under personal services contracts without a documented criminal background check/clearance should be immediately prohibited from performing further services until a clearance is obtained.

33. The CFSA Director develop internal controls and Standard Operating Procedures to ensure compliance with criminal clearance regulations for all employees whether part-time, full-time, contractor, or volunteer. CFSA’s contracting staff must ensure that all personal services contracts that involve contact with children and youth include requirements for a criminal background check/clearance prior to the individual beginning work with CFSA.
PURPOSE

Pursuant to a request from Councilmember Tommy Wells, Chairperson, Committee on Human Services, and in accordance with section 455 of Pub.L. No. 93-198,¹ the District of Columbia Auditor (Auditor) examined the adequacy and effectiveness of the Child and Family Services Agency’s (CFSA) contracting and quality assurance procedures related to certain congregate care² contracts.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of the audit were to:

1. identify CFSA’s current contracting and quality assurance procedures and assess their effectiveness;

2. determine whether CFSA’s contracting procedures and practices comply with Title 27 of the D.C. Municipal Regulations, entitled Contracts and Procurements;

3. determine whether CFSA’s quality assurance procedures comply with Title 29 of the D.C. Municipal Regulations, entitled Public Welfare; and

4. determine whether CFSA adequately monitored congregate care contracts and routinely evaluated the quality of services provided.

¹See section 455 (b) of the District of Columbia Home Rule Act, approved December 24, 1973 (Pub. L. No. 93-198; 87 Stat. 803); D.C. Code § 1-204.55 (b) (2001) which states: “The District of Columbia Auditor shall conduct a thorough audit of the accounts and operations of the government of the District in accordance with such principles and procedures and under such rules and regulations as he [she] may prescribe. See also D.C. Code § 1-204.55 (c) which states: “The District of Columbia Auditor shall have access to all books, accounts, records, findings, and all other papers, things, or property belonging to or in use by any department, agency, or other instrumentality of the District government and necessary to facilitate the audit.”

²See RFP # CFSA-03-R-0005, dated July 28, 2003, p. 24, paragraphs C.1.1 through C.1.3. Congregate care is one type of living environment in which children and youth in foster care may be placed. Unlike more family-based settings, congregate care facilities typically house several youth or children at a time. There are several categories of congregate care, some of which are: Diagnostic and Emergency Care, Traditional Group Home Care; Specialized Group Home Care; Independent Living Programs; Assisted Living Programs; Teen Parent Programs; and Community Based Return Diversion Programs.
The scope of the audit covered the period July 23, 2003 through December 31, 2007, and included a review of all relevant contracting and quality assurance activities that occurred during the audit period. The Auditor examined the contracting and quality assurance activities associated with the following five congregate care contracts: CFSA-04-C-0346, Echelon Community Services, Inc.; CFSA-04-C-0363, Fihankra Place, Inc.; CFSA-04-C-0350, Jones and Associates, Inc.; CFSA-04-C-0340, TERRIFIC, Inc.; and CFSA-04-C-0344, Umbrella, Inc.

In conducting the audit, the Auditor interviewed staff in CFSA’s Contracting and Procurement Administration (CPA), Office of Licensing and Monitoring (OLM), and certain provider staff; reviewed CFSA’s Contracting and Procurement Standard Operating Procedures (SOPs), applicable sections of Titles 27 and 29 of the D.C. Municipal Regulations (DCMR), and previous reports issued on CFSA’s contracting and quality assurance procedures; and examined a sample of contract files.

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

BACKGROUND

Pursuant to the Procurement Reform Act of 1996, the Council of the District of Columbia (the Council) exempted CFSA from the authority of the District’s Office of Contracting and Procurement, thereby granting CFSA independent procurement authority. However, CFSA’s contracting practices must comply with the Procurement Practices Act of 1985, as amended, and thus Title 27 of the DCMR. For five years after the agency’s creation in 2001, CFSA lacked formal contracting and procurement policies and procedures, as noted in one consultant’s report. Effective July 1, 2006, CFSA implemented Contracting and Procurement Standard Operating Procedures

---

3See the Procurement Reform Amendment Act of 1996, effective April 9, 1997 (D.C. Law 11-259; D.C. Code §§ 2-301.01 et seq.)

4See D.C. Code §§ 2-301.04 and 2-303.20(n).

(SOPs) in response to the consultant’s findings. Although CFSA has independent procurement authority, CFSA’s SOPs must be consistent with Title 27 of the DCMR.⁶

CFSA was created in June 2001 to protect children and youth from abuse and neglect, and ensure that they are placed in a safe environment that adequately supports their needs and well-being.⁷ To achieve the agency’s mandate to protect children and youth, CFSA personnel rely on CFSA’s Contracting and Procurement Administration (CPA) to acquire goods and services needed to support the agency’s mission, operations and functions. The CPA solicits, negotiates, awards, and manages approximately 200 contracts each fiscal year, of which approximately 180, or 90%, are for services delivered to children and youth.

During the audit period, CFSA’s CPA was staffed with 13 employees, including:

- a Contracts and Procurement Administrator (C&P Administrator) serving as the Agency’s Chief Contracting Officer to oversee, manage, administer, and direct the design, establishment and maintenance of CFSA’s contracts and procurement process;

- a Contracts Manager to manage the day-to-day operations of CFSA’s contracting function;

- a Contracts Assistant to provide clerical support to the CPA and perform a variety of special projects and assignments;

- 2 Cost/Price Analysts to perform price, cost, and financial analyses of contractors’ proposed costs before contract award and to examine actual costs billed under contracts;

- a Contract Compliance Officer to plan, direct, coordinate, and advise CFSA managers and staff on compliance requirements related to CFSA’s contracts; and

---


⁷See D.C. Code § 4-1303.01a.
7 Contract Specialists to handle all functions before and after contract award, including, but not limited to, procurement planning, contract solicitation, and negotiation, preparation of contract modifications, issuance of stop work orders, approval of progress payments, and contract closeout.

Appendix I presents the organizational structure of CFSA’s CPA.

Quality Assurance Monitoring

CFSA has 25 employees in the Office of Licensing and Monitoring (OLM) who monitor program activities and conduct assessments, inspections, and evaluations, of congregate care facilities and family-based programs that operate under the authority of CFSA. Specifically, Program Monitors review and track activities of contractors that provide services to children, youth, and families under the care of CFSA. CFSA’s program monitoring activities include, but are not limited to:

- evaluating providers’ program service delivery and methods used to coordinate clients’ care, education, mental health, and substance abuse services;

- completing sanitary and environmental inspections;

- conducting on-going announced and unannounced site visits, monthly service meetings, youth and staff satisfaction interviews, and program observations; and

- engaging in program improvement and planning follow-up activities.⁸

Appendix II presents OLM’s organizational structure and staffing pattern.

---

FINDINGS

CFSA’s Current Contracting Practices Are Inconsistent With the Agency’s Standard Operating Procedures and District Contracting Regulations

In July 2006, CFSA officials implemented standard operating procedures (SOPs) for contracting and procurement. However, the Auditor noted instances in which the agency’s practices did not comply with Title 27 of the DCMR or its SOPs, including:

- **No Advanced Acquisition Planning.** Section 5-200 of the SOPs state that: “CFSA shall perform acquisition planning for all CFSA acquisitions above the small purchase threshold [purchases costing $100,000 or less].” Moreover, Section 5-500 of the SOPs indicate that, on an annual basis, CFSA managers are to provide the C&P Administrator with information regarding needed contracts for the upcoming fiscal year, and an acquisition team, comprised of contracting, fiscal, legal, and technical personnel, is to develop an acquisition plan.\(^5\)

27 DCMR § 1210.1 states that: “Agencies shall perform procurement planning and conduct market surveys to promote and provide for full and open competition with due regard to the nature of supplies and services to be acquired.” Further, 27 DCMR § 1210.3 states that: “Procurement planning shall integrate the effort of all personnel responsible for significant aspects of the procurement.” Also, 27 DCMR § 1210.5 states that, “Procurement planning shall begin as soon as the need is identified, preferably well in advance of the fiscal year in which the contract award is necessary. In developing the plan, the planner may form a team consisting of all those who will be responsible for significant aspects of the procurement, such as contracting, fiscal, legal, and technical personnel. . .”

The Auditor found that accountable CFSA management personnel did not perform advanced acquisition planning as required by Section 5-500 of the SOPs and 27 DCMR §§ 1210.1, 1210.3 and 1210.5. As a result of this violation, the amount of money needed annually to fund CFSA’s contracts was not known prior to the start of each fiscal year. Additionally, a

---


\(^6\) See District of Columbia Child & Family Services “Office of Contracting and Procurement Standard Operating Procedures,” effective July 1, 2006, Chapter 6, Contract Action Request, p. 33. A contract action package is a group of CFSA forms used by Divisions and Program areas to originate requests to the CPA to procure goods or services from vendors.
baseline assessment has never been performed to determine and document CFSA’s recurring contracting and procurement needs.

- **Inconsistent Use of Required Contract Action Requests.** Section 6-100 of the SOPs state that: “Persons requesting goods or services shall submit an adequate contract action package\(^{11}\) to the CPA in either electronic or manual form.” The purpose of the contract action package is to provide a basis for obtaining goods and services that meet the requestor’s needs at the most economical prices. The Auditor found that the C&P Administrator failed to ensure compliance with this requirement.

- **Unqualified and Untrained Employees Serve as Contracting Officer’s Technical Representative (COTR).** Section 15-100 of the SOPs requires the C&P Administrator to appoint a COTR for each contract awarded by CFSA. The SOPs further require all COTRs to be adequately trained regarding their responsibilities prior to being appointed to a contract. The Auditor found that only two CFSA employees, the Health Services Program Manager and a Planning Specialist, have been formally designated as COTRs by the C&P Administrator and trained to serve in that capacity. For most CFSA contracts, the assigned Program Monitor\(^{12}\) performs the COTR’s functions, although they have not been officially designated as COTRs. In addition, the Auditor found no evidence that Program Monitors have received COTR training.

- **Inadequate Procurement Staff Training.** 27 DCMR § 4501.1 states: “The head of each agency shall annually prepare an agency training plan which describes the existing level of procurement training of agency employees and the need for additional procurement training for agency personnel, including non-procurement personnel.” Additionally, 27 DCMR § 4502.1 states that: “District procurement personnel may attend training programs provided by any of the following subject to the prior approval of the program by the Director: (a) the federal government; (b) the government of any of the fifty (50) states; (c) a foreign government or international organization; (d) an educational, research, technical, or

---


\(^{12}\) Program Monitors are employees within CFSA’s Office of Licensing and Monitoring who monitor programs that provide services to children, youth or families entrusted to the care of CFSA. They engage in a number of activities to evaluate service coordination and delivery, including: facility inspections; announced and unannounced site visits; youth and staff interviews; program observations; and other similar information-gathering techniques.
professional institution, foundation, or organization; or (e) a business, commercial or industrial firm, corporation, partnership, sole proprietorship, or other organization.”¹³ This suggests that agency staff should routinely and regularly receive contracting and procurement training.

The Auditor found no evidence that contracting and procurement training plans were ever developed and implemented. The Auditor noted, however, that during FY 2006 and FY 2007, CPA staff participated in training offered by the National Institute of Government Purchasing (NIGP), the USDA Graduate School, the District’s Office of Contracting and Procurement, and private firms. Although training was made available to staff, the Auditor found that only two of the CPA’s 13 staff had attained professional certification in government contracting and procurement.

- **No Filing and Records Retention Policies and Procedures.** 1 DCMR § 1502.1 states that: “Agency heads shall establish controls over the creation of records to ensure that adequate and proper records are made and preserved in the District government.” Additionally, 1 DCMR § 1502.3 states: “The record of every transaction of public business by any District official or employee shall be complete to the extent required by the following: (a) to facilitate actions by incumbents and their successors in office; (b) to make possible proper oversight by the Council of the District of Columbia, courts and other authorized agencies of the government, and other persons responsible for the manner in which public business has been discharged; and (c) to protect the financial, legal and other rights of the government and of persons affected by the government’s actions.”

Additionally, 27 DCMR § 1203 states: “The head of each office performing contracting or contract administration functions shall establish files containing the records of all contractual actions pertinent to that office’s responsibility.”¹⁴ Further, 27 DCMR § 1202.2 states: “The documentation in each contract file maintained by the contract office shall be sufficient to constitute a complete history of the transaction for the following purposes: (a) providing a complete background as a basis for informed decisions at each step of the procurement process; (b) supporting actions taken; (c) providing information for reviews and investigations; and (d) furnishing essential facts in the event of litigation.” Finally, 27 DCMR § 1203.4 and 1203.5 state: “The contracting office file shall document the basis for the procurement and the award, the assignment of contract administration (including payment

¹³ See 27 DCMR § 4501.1 - 4501.4. See also 27 DCMR § 4502.1.

¹⁴ See 27 DCMR § 1203.1 - 1203.8.
responsibilities), and any subsequent action taken by the contracting office... The contract file shall document actions prerequisite to, substantiating, and reflecting contract payments.”

The Auditor found that the CPA did not maintain central contract files that clearly documented the history of each congregate care contract under the auditor’s review. The files were incomplete, lacking solicitation information, and detailed pricing analyses and evaluations. The Auditor further found that the contract files lacked such information as written justifications for source selection, evidence of CFSA’s submission of all contracts for Council’s approval, when required, and documentation of Council’s approval of contracts. Finally, the contract files lacked information reflecting contract payments.

RECOMMENDATIONS

1. The C&P Administrator provide CFSA managers with training on acquisition planning procedures to facilitate smooth implementation of the acquisition planning process.

2. At least 120 days prior to the start of FY 2009, the CFSA Director and C&P Administrator initiate the acquisition planning process for FY 2009.

3. The C&P Administrator require consistent use of the Contract Action Request as the initial stage in CFSA’s contracting and procurement process.

4. The C&P Administrator ensure that all COTRs are adequately trained and qualified to serve in that capacity before assigning them to this function.

5. The C&P Administrator immediately revise the SOPs to include staff training, filing, and records retention policies and procedures.

6. The C&P Administrator implement measures to ensure CFSA’s compliance with applicable sections of Title 27 of the DCMR related to acquisition planning, training, filing, and records retention.

7. The C&P Administrator work with the CFSA Director to ensure that adequate funding is in place to allow CPA staff to attend at least two contracting, procurement, or acquisition training sessions per year. CPA staff should take full advantage of all training that may be offered by the District’s Office of Contracting and Procurement.
8. The C&P Administrator and CFSA Director develop incentives for CPA staff to obtain professional certification, such as opportunities for promotion, non-monetary and monetary incentive awards, or other forms of special recognition.

9. The C&P Administrator review the current filing system to assess its adequacy and efficiency. To the extent necessary, CFSA should consider engaging a consultant to assist in this effort.

10. The C&P Administrator develop a checklist to properly document items to be included in each contract file in compliance with CFSA’s SOPs and applicable sections of Title 27 of the DCMR.

11. The C&P Administrator consider hiring a Document Control Clerk to maintain contract files, manage the process for retrieving and returning files, and periodically audit files for accuracy and completeness.

CFSA Contracting Personnel Did Not Comply With Title 27 DCMR When Soliciting, Executing, and Modifying Contracts

According to CFSA’s Standard Operating Procedures, CFSA is to follow Title 27 of the D.C. Municipal Regulations when contracting for goods or services. The Auditor found several instances in which CFSA did not comply with Title 27 of the DCMR when soliciting, awarding, and modifying contracts. Some of the noted violations were:

- **Inadequate Best and Final Offer (BAFO) Request Letter.** 27 DCMR § 1622.2 states: “The request for best and final offers shall include the following: (a) notice that discussions are concluded; (b) notice that this is the opportunity to submit a best and final offer; (c) a common cut-off date and time that allows a reasonable opportunity for submission of written best and final offers; and (d) notice that if any modification is submitted, it must be received by the date and time specified and is subject to the provisions of this chapter [27 DCMR Chapter 16] covering late proposals."

The Auditor found that CFSA’s standard letter requesting a BAFO did not include any of the requirements set forth in 27 DCMR § 1622.2 (a) and (d) discussed above. As a result, offerors could have made further attempts to revise their proposed prices after submitting their BAFOs and CFSA would have no policy basis for refusing to accept revisions.
• **Untimely Execution of Definitive Contracts.** 27 DCMR § 2425.9 states: "The contracting officer shall execute a definitive contract\(^{15}\) within one hundred and twenty (120) days after the date of execution of the letter contract\(^{16}\) or before completion of fifty percent (50%) of the work to be performed, whichever occurs first. . .\(^{17}\)

The Auditor found that the C&P Administrator did not execute a definitive contract within 120 days after executing a letter contract with TERRIFIC, Inc. and Fihankra Place, Inc. The initial letter contracts for these two contractors were executed on July 1, 2004 and the definitive contracts were not executed until December 7, 2004. In these instances, the definitive contracts should have been executed by November 1, 2004. As a result, for approximately 30 days TERRIFIC, Inc. and Fihankra Place, Inc. provided services without valid contracts.

• **Unauthorized Contract Modifications.** 27 DCMR § 3606.1 states: "For a solicitation, amendment, change order, or administrative change, the effective date shall be the date on which the contracting officer issues the amendment, change order, or administrative change." The C&P Administrator issued 46 modifications to the contracts reviewed by the Auditor. These modifications were issued to correct inaccurate dates and contract amounts and to reflect other changes authorized by contract provisions. Modifications were also issued to properly number prior modifications which had not been issued in sequential order. Prior modifications were not issued in sequential order because the assigned Contract Specialist preparing the modifications had not been properly trained to perform that function and the C&P Administrator was not routinely verifying the numerical order of the modifications prior to signing them.

\(^{15}\)See 27 DCMR § 2499. A definitive contract is a contract executed pursuant to a letter contract.

\(^{16}\)Ibid. A letter contract is a "written preliminary contractual instrument that authorizes the contractor to begin immediately manufacturing or delivering supplies or performing services." A letter contract, by itself, cannot be the sole document used for a complete procurement.

\(^{17}\)See Section 2499, 27 DCMR. A definitive contract is a contract executed pursuant to a letter contract.
The Auditor found that 9 of the 46 contract modifications reviewed had not been executed, or signed, by the C&P Administrator. Without the C&P Administrator’s dated signature, these modifications were not properly authorized or legal.

As a result of CFSA’s noncompliance, CFSA’s price negotiation, contract execution, and modification processes were inefficient and ineffective for purposes of establishing accountability and protecting the District’s interest and resources.

RECOMMENDATIONS

1. The C&P Administrator develop a detailed checklist to ensure compliance with applicable District procurement and contracting regulations when completing the contracting process. Contract Specialists should complete a checklist for all contracts and retain the completed checklist in the corresponding contract file.

2. The C&P Administrator ensure that all Contract Specialists are routinely trained on the application of District contracting and procurement regulations.

3. The C&P Administrator review contract modifications for compliance with Title 27 DCMR, and properly sign and date each modification.

CPA Staff’s Poor Planning, Contract Monitoring, and File Maintenance Resulted in Prolonged Delays When Exercising Option Year Three of the Congregate Care Contracts

27 DCMR § 2008.1 states: “when exercising an option, the contracting officer shall provide written notice to the contractor within the time period specified in the contract.” For the five congregate care contracts reviewed, the required timeframe was at least 30 days prior to the expiration of the contract. Additionally, 27 DCMR § 2008.4 states:

“a contracting officer shall exercise an option only after determining the following: (a) that sufficient budget authority is available; (b) that the requirement covered by the option fulfills an existing District need; and (c) that the exercise of the option will be the most advantageous method of fulfilling the District’s need, when price and other factors are considered.”
Further, 27 DCMR § 2008.5 states:

"The contracting officer, after considering price and other factors, shall make a determination on the basis of one (1) of the following: (a) a new solicitation fails to produce a better price or a more advantageous offer than that offered by the option; Provided, that if it is anticipated that the best price available is the option price (or that this is the more advantageous offer), the contracting officer shall not use this method to test the market; (b) an informal analysis of prices or an examination of the market indicates that the option price is better than prices that would be available in the market or that the option would be the most advantageous offer; or (c) the short time between the award of the contract containing the option and the exercise of the option indicates that the option price is the lowest price obtainable or the most advantageous offer."

This indicates that contracting staff must adequately plan well in advance. Sufficient time must be available to make all required determinations, prepare all required documents, and to deal with unexpected events or circumstances in order to timely exercise contract options.

The Auditor found that the C&P Administrator notified the congregate care providers within 30 days of contract expiration, as required. However, CFSA did not timely submit the third option year contracts to the Council for review and approval before the contracts expired. The C&P Administrator notified contractors on May 9, 2007 of CFSA’s intent to exercise the third option year but did not submit these contracts to the Council until September 12, 2007. On July 1, 2007, the C&P Administrator executed contract modifications to exercise option year 3, allowing contractors to continue providing services, without required Council review and approval. Due to CFSA’s late submission of the contracts, Council retroactively approved the contracts on November 6, 2007. Thus, for approximately four months, Echelon Community Services, Inc., Fihankra Place, Inc., TERRIFIC, Inc., and Umbrella, Inc. provided services without a duly authorized contract.

According to Council Resolution #17-423, dated November 6, 2007, CFSA’s delay in forwarding these contracts to Council for timely approval was due to the contract files being sequestered as part of a federal audit as well as the extended absence of the Contract Specialist assigned to these congregate care contracts. The Resolution further indicates that after the contract

---

18 See D.C. Code § 2-301.05(a) which states: "...prior to the award of a multiyear contract or a contract in excess of $1,000,000 during a 12-month period the Mayor or executive independent agency or instrumentality shall submit the proposed contract to the Council for review and approval. ..."
files were returned to CFSA, many quality control issues were identified which took over a month for CFSA to resolve. However, the Auditor believes that these excuses did not relieve CFSA officials of their legal obligation to manage their duties and responsibilities in a manner which allowed them to promptly submit appropriate documentation for these contract options to the Council for review and approval.

Some of the quality control issues that were addressed included modifications not issued in numerical sequence, lack of written justifications for contract actions [Determination and Findings], and other missing documents, such as appropriately signed and dated funding documents. This suggests that the C&P Administrator had not routinely and regularly reviewed the Contract Specialist’s work or the files for which she was responsible and had not assigned contracting staff to adequately monitor and maintain these congregate care contracts during the extended absence of the responsible Contract Specialist. This also suggests that the Contract Specialist needed additional training on exercising options and contract file maintenance.

RECOMMENDATIONS

1. The C&P Administrator immediately revise the SOPs to include guidance on exercising contract options.

2. The C&P Administrator maintain a Contract Tracking Database to monitor: the date of each request for goods and/or services; name of the requesting CFSA department/employee; start and end date of contracts; the Contract Specialist assigned to each contract; contract value; and the services to be provided under each contract. The database should also include data on contracts that have option years, for tracking: timeframes for exercising options; decisions made regarding whether to exercise an option; brief justification for decision; and completion dates for all required documents.

3. When developing the SOPs on exercising contract options, the C&P Administrator ensure that the SOPs comply with 27 DCMR § 2008.

---

19 See the CFSA Congregate Care Contracts Option Year Three Approval and Payment Authorization Emergency Declaration Resolution of 2007, effective November 6, 2007.
4. The C&P Administrator include a policy requiring Contract Specialists to begin the process no later than 120 days prior to the expiration of a contract. All contract options requiring Council approval should be submitted to Council at least 60 days prior to the expiration of the contract.

5. The C&P Administrator include compliance with the above policy as a factor in CPA staff’s annual performance evaluations.

6. The CFSA Director include effective management and monitoring of compliance with 27 DCMR and the SOPs as a factor in the C&P Administrator’s annual performance evaluation.

7. The C&P Administrator increases and document his/her level of supervisory oversight of all work assigned to Contract Specialists, including the tasks associated with exercising contract options.

Jones & Associates Has Provided Services Without a Valid Contract Since August 2006 At a Cost of At Least $1,985,690.88

D.C. Code § 2-301.05 (d)(1) states:

“No District employee shall authorize payment for the value of supplies and services received without a valid written contract. This subsection shall not apply to a payment required by court order, a final decision of the Contract Appeals Board, or an approval by the Chief Procurement Officer in accordance with paragraph (4) or (5) of this subsection.”

D.C. Code § 2-301.05(d)(2) also states:

“After April 12, 1997, no District employee shall enter into an oral agreement with a vendor to provide goods or services to the District government without a valid written contract. Any violation of this paragraph shall be cause for termination of employment of the District employee.” [Emphasis Added]
Additionally, CFSA’s Standard Operating Procedures state that: "a valid contract or purchase order is required before a vendor or contractor may deliver goods or perform services for the Agency." Moreover, the Anti-Deficiency Act makes it illegal for a District employee to "obligate the District for the payment of money before an appropriation is made or before a certification of the availability of funds is made, unless authorized by law, or approve a disbursement without proper authorization."

On July 1, 2004, CFSA initially executed contract number CFSA-04-C-0350, covering a base year and four option years, with Jones and Associates to provide congregate care services in the form of an independent living program, covering the period July 1, 2004 through September 30, 2004, in the amount of $849,886.34. Under this contract, Jones and Associates was paid $429,346.07. On October 1, 2004, CFSA modified the letter contract, increasing its value by $139,060 and extending the contract period until October 25, 2004. The Auditor noted that CFSA issued the definitive base year contract on December 7, 2004 which covered the period July 1, 2004 through June 30, 2005. Thus, between October 25, 2004 and December 7, 2004, Jones and Associates provided services without a contract.

Moreover, CFSA did not extend the base year contract by exercising the first option year. Instead, CFSA issued two Memoranda of Understanding (MOUs) to Jones and Associates and allowed Jones and Associates to continue providing services. On December 23, 2005, CFSA issued the first of these MOUs to Jones and Associates, covering the period December 1, 2005 to January 9, 2006, and on January 6, 2006, issued the second covering the period January 9, 2006 to March 16, 2006. The Auditor determined that these MOUs were not valid legal contracts in that MOUs are not recognized by the Procurement Practices Act of 1985 or Chapter 24 of Title 27 of the DCMR as District contracting instruments. Thus, between June 30, 2005 (the expiration date of the base year definitive contract) and March 16, 2006, Jones and Associates continued providing services without a contract. Table I presents information on CFSA’s MOUs with Jones and Associates.

---


22 CPA staff did not provide the Auditor with any documentation showing why CFSA did not exercise the first option year; and no such documentation was found in the contract files.
Table I
Memoranda of Understanding Between CFSA and Jones & Associates, Inc.

<table>
<thead>
<tr>
<th>MOU Period</th>
<th>Effective Date</th>
<th>MOU Amount</th>
<th>Amount Paid by CFSA During MOU Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 1, 2005 - January 9, 2006</td>
<td>12/23/05</td>
<td>No ceiling; agreed upon per diem rate: contracted base year rate of $139.06 per individual plus prorated cost reimbursements</td>
<td>$431,469.42</td>
</tr>
<tr>
<td>January 9, 2006 - March 16, 2006</td>
<td>01/06/06</td>
<td>No ceiling; agreed upon per diem rate contracted base year rate of $139.06 per individual plus prorated cost reimbursements</td>
<td>$416,388.32</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>$847,857.74</strong></td>
</tr>
</tbody>
</table>

Source: CFSA's contract files and payment data provided by CFSA's Fiscal Office

In March 2006, CFSA began issuing short-term letter contracts to Jones and Associates. Although 27 DCMR § 2425.9 states that: “The contracting officer may authorize an additional period if the additional period is approved in writing by the head of the contracting agency,” the regulations do not specifically address the successive issuance of letter contracts. However, the Auditor determined that issuing successive letter contracts was not an efficient way to manage the business relationship with Jones and Associates because successive letter contracts must be closely monitored to prevent lapses in service and over-expenditure of funds. Also, issuing a series of letter contracts allowed CFSA to split the actual costs of contracted services over short service periods, thereby circumventing Council’s scrutiny and approval. As presented in Table II, the total value of the two letter contracts with Jones and Associates was $1,555,498.99. Therefore, consistent with the requirements of D.C. Code § 2-301.05a, which states: “Pursuant to § 1-204.51 ("FRMAA"), prior to the award of a multiyear contract or a contract in excess of $1,000,000 during a 12-month period, the Mayor or executive independent agency or instrumentality shall submit the proposed
contract to the Council for review and approval in accordance with the criteria established in this section,” these MOUs or expenditures in excess of $1,000,000 during a 12-month period should have been submitted to the Council for review and approval before services were rendered and payments were made to Jones and Associates.

### Table II

CFSA’s FY 2006 Letter Contracts with Jones & Associates

<table>
<thead>
<tr>
<th>Letter Contract Period</th>
<th>Effective Date</th>
<th>Letter Contract Amount</th>
<th>Amount Paid to Jones &amp; Associates</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 16, 2006 - May 15, 2006</td>
<td>03/16/06</td>
<td>$556,394.00</td>
<td>$210,322.66</td>
</tr>
<tr>
<td>May 16, 2006 - August 31, 2006</td>
<td>06/05/06</td>
<td>$999,104.99</td>
<td>$718,942.86</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>$1,555,498.99</td>
<td>$929,265.52</td>
</tr>
</tbody>
</table>

Source: CFSA’s contract files and payment data provided by CFSA’s Fiscal Office.

The Auditor also found that CFSA did not issue definitive contracts associated with these letter contracts within 120 days, as required. In fact, as of January 22, 2008, CFSA and Jones and Associates were still in the process of negotiating a contract. Thus, since March 16, 2006, Jones and Associates has been providing services without a valid contract. Appendix III presents a time line of Jones and Associates contract history.

As a result, CFSA continues to conduct business in a manner that fails to comply with applicable District laws, regulations, and standards. Additionally, Jones and Associates continues to incur client specific costs (not included in the per diem rate) that are associated with services for which there is no valid contract. Without a contract, CFSA has not established the appropriate legal means by which to hold Jones and Associates accountable for providing specified services. Therefore, some of the District’s most vulnerable youth may be at risk of harm from this improper arrangement. Meanwhile, the District may be vulnerable to potential legal issues should any of the youth assigned to Jones and Associates be harmed in any way as a result of improper care, neglect, mistreatment, or other avoidable danger. The District is also vulnerable to the risk that Jones and Associates could discontinue business, leaving the District with no alternative plan for placement of the youth currently residing at the Jones and Associates facility.
RECOMMENDATIONS

1. CFSA officials immediately transition youth from the Jones and Associates facility to another appropriate independent living facility until such time that a valid contract with Jones and Associates is executed.

2. The C&P Administrator, CFSA Placement staff, and Jones and Associates representatives immediately identify and address all issues that have prevented successful negotiation of a contract. The CFSA Director should consult with the Office of the Attorney General and other legal advisors to the extent necessary to resolve all outstanding issues.

3. If determined to be in the best interests of the District and the youth to be served, the C&P Administrator and CFSA Placement staff immediately negotiate a reasonable and legally binding contract with Jones and Associates within 30 days of the date of this report, and provide a copy of the contract to the Office of the D.C. Auditor immediately after execution.

4. To the maximum extent allowed by law, consistent with D.C. Code § 2-301.05 (d) (2) and the Anti-Deficiency Act, CFSA’s contracting staff, Fiscal Officer, and CFSA Director be held accountable to the fullest extent permissible by applicable personnel rules for allowing Jones and Associates to continue providing services and making payments without a valid contract.

5. CFSA’s Fiscal Officer require Accounts Payable staff to verify the existence of a valid contract prior to processing any payments to contractors.

6. To the maximum extent allowed by applicable personnel law and rules, consistent with the Anti-Deficiency Act, CFSA’s financial managers also be held fully accountable, up to and including termination, for making payments to Jones and Associates in the absence of a contract.
CFSA's Fiscal Office Authorized Payments Totaling $1,985,690.88 to Jones and Associates That Were Not Ratified by the District’s Chief Procurement Officer as Required

D.C. Code § 2-301.05 (d) (1) states: “No District employee shall authorize payment for the value of supplies and services received without a valid written contract.”23 The District’s Chief Procurement Officer (CPO) may however authorize payments for supplies or services received without a valid written contract pursuant to D.C. Code § 2-301.05 (d) (4) which states:

The Chief Procurement Officer shall review and verify a request submitted by an agency director for authorization for payment for supplies or services received without a valid written contract, and shall either approve or disapprove each request for authorization for payment.

Effective August 9, 2006, the CPO issued OCP Policy Directive 1800.04 establishing procedures for the ratification of unauthorized commitments.24 This policy directive applied to all agencies of the District government that contract pursuant to the provisions of the Procurement Practices Act, as amended.25 The policy directive requires the submission of a ratification request package that must be approved by either the CPO or Council in order to pay a vendor for unauthorized commitments.26

The Auditor found that the CFSA Director failed to submit a ratification request to the CPO for the $1,985,690.88 in payments made to Jones and Associates without a valid written contract since August 2006. In the absence of the CPO’s ratification, CFSA’s Fiscal Officer should not have

---

23 See Section 5.1.1 of OCP Directive 1800.04, “General Rules Prohibiting Unauthorized Commitments,” which states “[N]o District employee shall authorize payment for the value of goods or services received without a valid written contract.”

24 A ratification is the action or process by which the CPO authorizes payment for goods or services received by the District without a valid written contract. See OCP Directive 1800.04, effective August 9, 2006.


26 See Section 5.5 of OCP Directive 1800.04, effective August 9, 2006, p. 3-4, which states that: “[F]or a Ratification Package that either exceeds $100,000 or is after the first two (2) requests submitted and approved on a vendor’s behalf, the Ratification Package must first be approved by the Council before the CPO is authorized to take final action.”
paid Jones and Associates. Additionally, the CFSA’s failure to submit the ratification package circumvented required Council review and approval of these payments.27

RECOMMENDATIONS

1. The CFSA Director ensure that OCP Directive 1800.04 dated August 9, 2006, is distributed, with applicable training, to all contract and fiscal staff and that future requests for payments for unauthorized commitments are submitted to the CPO for review and approval, as required.

2. To the maximum extent allowed by law, consistent with OCP Directive 1800.04, CFSA’s contracting staff and CFSA Director be held accountable for the improper authorization and payments to Jones and Associates.

CFSA Lacks an Automated Child Welfare Contracting and Procurement System Which Is Needed to Improve Overall Operational Efficiency and Accountability

To ensure efficient operations, which is one of the objectives of sound internal controls, managers are to develop and implement adequate policies and procedures. Automation of processes is an effective way to streamline workflow, increase productivity, reduce delays in information processing, minimize errors, and ultimately ensure accountability.

The Auditor found that CFSA’s contracting and procurement processes are not fully automated. CFSA currently uses FACES, a State Automated Child Welfare System, to track all activities related to children and youth, including their care, related services, and payments to service providers, after contracts are awarded. However, the process for requisitioning children and youth services contracts and tracking all pre-award activities associated with those contracts is paper-driven. CFSA personnel complete paper documents, a contract action package, to request a contract and submit the contract action package to the CPA. Contracting Specialists in the CPA use these

27See D.C. Code 1-204.51 (b) (1) which states “[n]o contract involving expenditures in excess of $1,000,000 during a 12-month period may be made unless the Mayor submits the contract to the Council for its approval and the Council approves the contract (in accordance with criteria established by act of the Council).” See also D.C. Code 2-301.05d, which states that “pursuant to § 1-204.51 (b) the Mayor and all independent agencies and entities of the District government shall submit to the Council for approval any proposal to contract out services covered by this chapter that involves expenditures in excess of $1,000,000 during a 12-month period.”
paper documents to obtain the needed services, and prepare other paper documents, such as a Request for Funding (Client/FACES Goods and Services) form, to be retained in the contract files.

As a result, there is the risk for delays in processing contract actions because forms must be completed manually; requisitions are not prepared and approved electronically; and funding availability is not verified and certified by electronic means. Additionally, completing forms manually presents an increased risk of errors, which may or may not be timely detected.

For contracts not related to youth and children services, CFSA uses the District’s Procurement Automated Support System (PASS). Because approximately 90% of CFSA’s contracts are for children and youth services, CFSA uses PASS for only 10% of its contracts. According to CFSA officials, CFSA has not used PASS for children and youth needs because they are required to track services on a per child per service basis in order to receive Medicaid reimbursements. CFSA has not identified ways to use PASS on a broader basis in meeting all of its contract requirements even though there appears to be no impediment for doing so.

**RECOMMENDATIONS**

1. The C&P Administrator identify various alternative systems that would best meet CFSA’s contracting needs, including the District’s PASS. The C&P Administrator should investigate the capabilities of PASS to determine whether it can be used for all CFSA contracting and procurement needs.

2. With the assistance of consultants, the C&P Administrator estimate costs associated with implementing an automated contracting system.

3. The CFSA Director and Fiscal Officer identify funding needed to procure and implement the system.

4. CPA staff solicit contractor services to implement the most feasible system and train CFSA staff on using the new system.
HIGH TURNOVER IN KEY CFSA MANAGEMENT POSITIONS RESULTED IN INCONSISTENT PROCUREMENT AND CONTRACTING PRACTICES

To ensure efficient and effective operations, managers must establish and implement an adequate system of internal controls\textsuperscript{28} and accountability. Stable management is important to establishing and maintaining an effective control environment, identifying and analyzing risks, communicating information throughout the organization, and monitoring an organization's business practices and activities.\textsuperscript{29}

The Auditor found that CFSA has experienced high turnover in critical management positions. For example, since April 2001, CFSA has been under the direction of four different Agency Directors.\textsuperscript{30} Further, between April 2004 and December 2007, there have been four C&P Administrators. Similarly, between June 2005 and December 2007, there have been three different Contracts Managers.

As a result of high turnover and the lack of continuity in important management positions within CFSA, formal contracting policies and procedures have not been adequately developed or implemented; daily business practices within the CPA have not been standardized; filing and records retention practices have been inadequate; supervisory oversight and monitoring of CPA staff has been ineffective; and measures designed to evaluate and hold agency staff accountable for the quality of their job performance do not exist. Additionally, CPA staff have not received periodic training and longstanding issues, such as the adequacy of CPA’s organizational structure and staffing\textsuperscript{31} and the lack of an automated child welfare contracting and procurement system, have remained

\textsuperscript{28}See D. Keith Wilson, C.P.A. et al., \textit{PPC’s Guide to Internal Control and Fraud Prevention, Second Edition}, Practitioners Publishing Company, December 2003, p. 1-6, which states: “Internal control is a process—effected by an entity’s board of directors, management, and other personnel, designed to provide reasonable assurance regarding achievement of objectives in the following categories: (a) reliability of financial reporting; (b) effectiveness and efficiency of operations; and (c) compliance with applicable laws and regulations.”


\textsuperscript{30}These include Dr. Olivia Golden, appointed in April 2001; Ms. Brenda Donald-Walker, appointed in April 2004; Ms. Uma Ahluwalia, appointed in October 2005; and Dr. Sharlynn Bobo, appointed in December 2005.

\textsuperscript{31}CFSA engaged consultants to review the CPA’s processes, staffing, and systems. See Child & Family Services Office of Contracting and Procurement Contracts Operation Assessment Report, dated June 28, 2004, prepared by Thompson, Cobb, Bazilio & Associates (TCBA). \textit{See also} the Child and Family Services Agency, Contracts & Procurement Staff Workload Assessment, dated 2006, prepared by TCBA. \textit{See also} Summary Analysis of the Current State of CFSA’s Contracting and Procurement Office (undated), issued by The Ashlin Group.
unaddressed. These conditions have prevented the establishment of sound business practices needed to ensure optimal operational efficiency.

RECOMMENDATIONS

1. The Agency Director investigate to determine the inherent reasons for the high rate of turnover in the C&P Administrator position. This may be accomplished by engaging a consultant to review the duties, daily responsibilities, workload, and work environment associated with the position.

2. After reviewing the reasons for the high turnover rate, the Agency Director implement measures to specifically address the issues identified.

LACK OF OFFICIAL OLM POLICIES AND PROCEDURES IMPAIRED CFSA’S ACCOUNTABILITY AND QUALITY ASSURANCE SYSTEMS AND DID NOT PROVIDE A FRAMEWORK FOR CONSISTENT OLM PRACTICES

It is the responsibility of management to develop and implement internal controls designed to ensure the effectiveness and efficiency of the operations within the scope of their authority.32 The Auditor found that CFSA has no formal written OLM policies, procedures, or guidelines.

The current OLM Manager recently developed written guidelines for OLM staff roles, functions and responsibilities. However, the Auditor found that these guidelines have not been reviewed or approved by CFSA’s Director.

Without official policies and procedures, there is no basis on which to hold OLM staff accountable for the quality of their work or the effectiveness of their daily practices. The Auditor is continuing to conduct an examination of CFSA’s quality assurance procedures and activities. A separate report for this examination will be issued when completed.

---

RECOMMENDATIONS

1. The OLM manager ensure that policies and procedures are consistent with 29 DCMR.

2. The OLM manager present the internally developed administrative guidance to CFSA’s Director for review and approval.

3. When approved, the OLM manager incorporate the administrative guidance into the Agency’s standard operating procedures.

**CFSA’s Contracts and Procurement Administrator Failed to Follow Procedures for Obtaining A Criminal Background Check For One OLM Personal Services Contractor**

D.C. Code § 4-1501.03 and (a) (3) states:

“Except as provided in subsections (b), (c), and (d) of this section, the following individuals shall apply for criminal background checks in accordance with the requirements of § 4-1501.05 and any regulations issued pursuant to § 4-1501.11: (1) An applicant who is under consideration for paid employment by a covered child or youth services provider; (2) An applicant who is under consideration for voluntary service in an unsupervised position by a covered child or youth services provider; (3) An employee of a covered child or youth services provider; or (4) A volunteer who serves a covered child or youth services provider in an unsupervised position.

Additionally, D.C. Code § Section 4-1501.04 (b)(1) states:

“Before any applicant for employment with any covered child or youth services provider may be offered a compensated position or an unsupervised volunteer position, the Mayor or the covered child or youth services provider shall inform the applicant that a criminal background check must be conducted on the applicant.”

D.C. Code § 4-1501.02 defines a covered child or youth services provider as:

“any District government agency providing direct services to children or youth and any private entity that contracts with the District to provide direct services to children or youth, or for the benefit of children or youth, that affect the health, safety, and
The welfare of children or youth, including individual and group counseling, therapy, case management, supervision, or mentoring. The term “covered child or youth services provider” does not include foster parents or grantees.

The Auditor found that one staff person in CFSA’s OLM is a contract employee who has been working with the agency since October 2007 as a Part-Time Sanitarian. The Auditor found that CFSA Human Resources staff did not obtain a criminal background check/clearance on the contract employee nor did CFSA’s contract with the Sanitarian include provisions requiring a criminal background check prior to starting work. It is important that the criminal background check/clearance of those working in a Sanitarian position be conducted because CFSA Sanitarians often conduct unsupervised one-on-one interviews with youth clients.

RECOMMENDATIONS

1. The Part-Time Sanitarian be immediately prohibited from performing further services until a criminal clearance can be obtained.

2. The current contract between CFSA and the Part-Time Sanitarian be immediately amended to require a criminal background check/clearance prior to continued employment.

3. The C&P Administrator or his designee immediately assess all CFSA personal services contracts that require interaction with youth clients in order to determine if other contract employees are performing services without a criminal background check/clearance. All persons providing services under personal services contracts without documented criminal background check/clearance should be immediately prohibited from performing further services until a clearance is obtained.

4. The CFSA Director develop internal controls and Standard Operating Procedures to ensure compliance with criminal clearance regulations for all employees whether part-time, full-time, contractor, or volunteer. CFSA’s contracting staff must ensure that all personal services contracts that involve contact with children and youth include requirements for a criminal background check/clearance prior to the individual beginning work with CFSA.
CONCLUSION

The Auditor’s examination found that between July 1, 2004 and December 31, 2007, CFSA’s Director, Contracts and Procurement Administrator (C&P Administrator), Fiscal Officer, and other agency managers failed to develop and implement adequate internal controls to ensure efficient operations and compliance with applicable laws and regulations. The Auditor found that CFSA’s contracting practices did not comply with 27 DCMR, or the agency’s internal standard operating procedures in the following areas:

- CFSA did not perform advanced acquisition planning;
- the C&P Administrator did not require consistent use of contract action requests;
- individuals serving as contract COTRs had not been adequately trained or formally designated to serve in that capacity;
- CFSA’s Director did not develop contracting and procurement training plans;
- contract files were incomplete and inadequately maintained;
- CFSA’s standard letter to request best and final offers lacked components required by 27 DCMR;
- the C&P Administrator failed to timely execute definitive contracts after issuing letter contracts to two providers;
- the C&P Administrator failed to certify all contract modifications; and
- the C&P Administrator failed to timely submit third option year contracts to the Council for review and approval.

Additionally, one provider, Jones and Associates, provided services without a contract and CFSA paid at least $1,985,690.88 for these services between August 2006 and December 2007. Further, CFSA’s Director did not submit a ratification request to the District’s Chief Procurement Officer for approval to pay for these unauthorized services.

The Auditor further found that CFSA’s lack of adequate controls is attributable, in part, to the high rate of turnover in management positions. Since April 2001, CFSA has had four different Agency Directors. Additionally, between April 2004 and December 2007, there have been four C&P Administrators; and between June 2005 and December 2007, there have been three different Contracts Managers.
The Auditor’s examination also found other key operational inefficiencies at CFSA including the lack of formal policies, procedures or guidelines governing the activities and business processes within the Office of Licensing and Monitoring; and CFSA’s Human Resources Director’s failure to obtain a required criminal background check for a contractor working with CFSA under a personal services agreement.

Respectfully submitted,

[Signature]

Deborah K. Nichols
District of Columbia Auditor
CFSA-Office of Licensing and Monitoring (OLM)
Organizational Chart

Social Work Program Manager
MS-185-14
00024817

Secretary
DS-318-8
08602423

Program Analyst
DS-343-13
00002704

SUPV Program Monitor
MS-301-13
00002279

SUPV Program Monitor
MS-301-13
00025206

SUPV Resource Development Specialist
MS-301-13
00006446

Program Monitor
DS-301-12
00001086

Program Monitor
DS-301-11
00011453

Program Monitor
DS-301-12
00015028

Program Monitor
DS-301-12
00022745

Clerical Assistant
DS-303-7
00005678

Program Monitor
DS-301-11
00002282

Program Monitor
DS-301-11
00003013

Program Monitor
DS-301-12
00020456

Program Monitor
DS-301-11
00017770

Program Monitor
DS-301-12-Req chg to 11
00001531

Clerical Assistant
DS-303-7
00024178

Resource Development Specialist
DS-301-11
00003429

Resource Development Specialist
DS-301-12
00001820

Resource Development Specialist
DS-301-12
00008987

Resource Development Specialist
DS-301-11
00008463

Sanitarian
DS-088-13
00002059

Sanitarian
DS-088-11/12
PSC

Clerical Assistant
DS-303-7
00007555
Jones and Associates Congregate Care Contract Time-Line
From July 1, 2004 through February 28, 2008


- Nov. 2004
- Aug. 1, 2005 to Dec. 22, 2005
- Sept. 1, 2006 to February 29, 2008

Legend:
- Red: No Valid Contract in Place
- Green: CFSA issued letter contracts
- Blue: CFSA-04-C-0350 Congregate contract
- Black: CFSA issued Memorandums of Understanding
AGENCY COMMENTS
AGENCY COMMENTS

On March 13, 2008, the District of Columbia Auditor (Auditor) submitted this report in draft to the Child and Family Services Agency (CFSA), the Office of the Chief Financial Officer, and the Office of Contracting and Procurement (OCP) for review and comment. An exit conference was held with CFSA representatives on March 19, 2008.

The Auditor received written comments from each of the entities noted above. Where appropriate, the Auditor made changes to the final report in light of these comments. All agency comments are appended in their entirety to this final report. However, the Auditor offers an analysis addressing certain agency comments.
AUDITOR’S RESPONSE TO AGENCY COMMENTS

The Auditor appreciates the comments on the draft report that were provided by the Child and Family Services Agency, the Office of the Chief Financial Officer, and the Office of Contracting and Procurement. The Auditor made revisions to the final report, based on these comments, and also offers the following response to certain agency comments.

1. **Unqualified and Untrained Employees Serve as Contracting Officer’s Technical Representatives (COTR).** CFSA offered clarification, stating that “CFSA is not utilizing only two COTRs to monitor all contracts. One COTR serves for the Children National Medical Center (DC Kids) contract and the other serves to monitor contracts with the Healthy Families/Thriving Communities Collaboratives for community based services. The remaining 200 + contracts are overseen by assigned monitors...”

   **Auditor’s Analysis:** Although monitors serve in this capacity, during the audit period, they were not formally designated as COTRs. In addition, because, as indicated in CFSA’s comments, newer monitors have not received COTR training, the substance of the finding as originally drafted remained unchanged.

2. **Commingling of Youth Residents at One Congregate Care Facility Violates District Law and Regulations and Compromises The Safety of Other Youth and Provider Staff.**

   **Auditor’s Analysis:** Upon further review of this finding as drafted and CFSA’s response, the Auditor has removed it in its entirety from the report.
GOVERNMENT OF THE DISTRICT OF COLUMBIA
Child and Family Services Agency

Office of the Director

March 24, 2008

Ms. Deborah K. Nichols
District of Columbia Auditor
Office of the District of Columbia Auditor
717 14th Street, N.W.
Suite 900
Washington, DC 20005

Dear Ms. Nichols:

Thank you for providing the agency the opportunity to review and respond to the draft report entitled, “Audit of Child and Family Services Agency’s Contracting and Quality Assurance Procedures”. The agency’s comments to the report’s findings and recommendations are presented below.

Finding 1. **CFSA’s Contracting Practices are Inconsistent with the Agency’s Standard Operating Procedures and District Contracting Regulations**

Formal Standard Operating Procedures for the Contracts and Procurement Administration (CPA) were established with the assistance of a previous management consultant a few years ago. Both CPA and program staff received training on their use, but full implementation was not accomplished. As the auditor has noted, the result has been inconsistent contracting practice.

Recognizing that we needed to strengthen contracting and procurement functions, in 2007 CFSA secured the services of the Ashlin Management Group to assess the functioning of CPA and to make recommendations for improvement. Upon completion of that assessment, CFSA engaged Ashlin to immediately initiate a process of revising the existing SOP manual to bring it fully into compliance with DCMR 27. A number of critical procedures, including procedures for file maintenance and quality assurance, close-out, compliance and reporting of contract deficiencies, and evaluation of Contractors’ performance, were not included in the original manual. CPA management and staff are working with Ashlin to develop these revisions, an exercise that has resulted in positive team building and staff investment in improving the quality of contracting and procurement functions. SOP revisions are scheduled for completion by the end of May 2008, with formal training of Contracts and Procurement staff to follow within another two months.

Ashlin will also assist CFSA to create internal capacity within our Human Resources Administration for initial and ongoing training of program staff, including purchasers of services and program monitors. In addition, the Interim Contracts Administrator has been working with the District’s central Office of Contracts and Procurement (OCP) to immediately improve the consistency of current contracting and procurement practice through technical
assistance to CFSA. CPA has also purchased copies of the DCMR for each staff member, and will conduct DCMR training for CPA staff during the spring and summer of 2008.

- Lack of Advanced Acquisition Planning

Although CFSA concurs with the Auditor that we have not implemented formal advanced acquisition planning, several factors have impeded our attempts to do so. CFSA has traditionally depended upon historical use of services on behalf of children as a proxy for acquisition planning and budgeting, a practice that admittedly falls short of the advanced acquisition planning required in DCMR. For at least the last year, however, CPA has been working to educate, train, and prompt advanced planning among CFSA’s purchasers of services. As noted in independent assessments of CPA shared with the DC Auditor, CFSA purchasers must project service needs if advanced acquisition planning is to be accomplished, since they are most knowledgeable about changing target populations and service needs and budgets. Contracting staff need guidance from program staff in order to complete contract actions that meet those identified needs. The very nature of the human services procured at CFSA, however, makes projecting needs and costs and successfully completing solicitations and competitive awards challenging. Even after decisions have been made and contracts executed, the service landscape can rapidly shift for reasons beyond CFSA’s control, prompting a change in service level need and expedient contract actions.

Adequate planning and timely execution of contract actions also requires both program and contracts staff to adhere to expected timeframes and procedures for each step of acquisition planning. Administrative purchases are often accomplished with more lead time because they are easier to plan for, the quantity of the service is more definable, and potential vendors are more numerous and easier to identify. CFSA acknowledges that we have not yet achieved that standard for human services contracts. Although CPA has used Microsoft Project to track contract actions, lack of an automated tracking system, identified by the Auditor as a deficiency, makes tracking procurement and contracting timelines more difficult, particularly for large procurements such as those needing legislative approval. CFSA requested funds for purchase of just such a system in FY 09, one that would match well with the agency’s use of our federally mandated and certified State Automated Child Welfare Information System, through which client-specific services must be tracked.

Although CFSA will always require a capacity for emergency purchases because court-ordered services from specific vendors must often be procured for specific children, we continue to work with the Family Court to limit these requirements to providers with whom CFSA is already contracting. CPA began implementation of the Service Level Agreements (SLA’s) developed by the District’s central Office of Contracting and Procurement at the end of FY 07, but this acquisition planning has not been completed with all purchasers of services. Representatives from CFSA’s Office of Policy, Planning and Program Support, which develops the agency’s biannual Needs Assessment report and the Resource Development Plan, will participate in a planning session with representatives from CFSA’s Placement Office, Office of Youth Development, and Office of Licensing and Monitoring in the first week of April to discuss planning for future congregate care placement services. Advanced planning sessions like this one, held with purchasers prior to the fiscal year, will result in better preparation for contract actions for the upcoming year, and in more effective budget planning and tracking of expenditures as well.
- **Inconsistent Use of Required Contract Action Requests**

CFSA acknowledged in the previous section that it has not consistently utilized required contracting tools, such as contract action packages to initiate contract actions. To date, we have been using a manual contract action package that has not been readily accepted by purchasers of services. CPA has already begun revising the contract action package to include more detailed information for its own use, and to make it more user-friendly as an on-line template that can be submitted electronically to improve tracking and accountability.

- **Unqualified and Untrained Employees Serving as Contracting Officer’s Technical Representative (COTR).**

In our exit conference with the DC Auditor, we clarified CFSA’s use of COTR’s and Program Monitors. CFSA is not utilizing only two COTR’s to monitor all contracts as stated in the draft report, but has only officially designated two agency COTR’s; these persons monitor fewer than 5% of CPSA contracts. One COTR serves for the Children’s National Medical Center (DC KIDS) contract, and the other serves to monitor contracts with the Healthy Families/Thriving Communities Collaboratives for community based services. The remaining 200+ CFSA contracts are overseen by assigned monitors working across several offices that procure services. For example, an entire Division of Program Monitors exclusively oversees congregate care providers, with each Monitor responsible for a small portfolio of specific contracts. A comparable group monitors CFSA’s family-based foster care contracts. Although not officially appointed by the Contracting Officer, these Program Monitors perform essentially the same duties as COTRs. Program Monitors from the congregate care and family based care divisions were formally trained as COTRs in 2005, but newer staff have not all received that training. The Interim Contracts Administrator and Contracts Compliance Officer have conducted training for all Monitors on contract compliance, reporting of contract deficiencies, and contract performance evaluation. Program Monitors across the agency are becoming more adept at formally documenting deficiencies to the Contracts office, and, as of this fiscal year, are required to submit quarterly evaluations of their respective contracts. (See Appendix A for a sample report of contract deficiency and Appendix B for an example of a contract evaluation report).

- **Inadequate Procurement Staff Training**

In 2004-2005, then CPA staff received National Institute of Government Purchasing (NIGP) training that included all the courses for certification. Two staff still with the agency successfully obtained NIGP Certified Public Professional Public Buyer (CPPB) certification. In 2007 staff also attended USDA training, Writing for Results, and three NIGP certification courses, a record that exceeds the Auditor’s recommendation that staff be required to participate in at least two training sessions per year. CFSA had already requested specific training funds for CPA in its FY 09 budget request, and will ensure that these resources are used to implement a formal training plan for CPA staff. Completion of expected training shall also be made part of staff performance standards.

- **No Filing and Records Retention Policies and Procedures**

File maintenance and quality assurance had previously been identified as subjects for inclusion in the revised Standard Operating Procedures. The Contracts Compliance Officer drafted a policy in 2007 that is being more fully developed as part of the Ashlin engagement. The Contracts Compliance Officer has also embarked upon a project of having all contract files
dating back to 2003 fully catalogued. Unfortunately, some older past files, including some examined in this audit, are deficient in ways that cannot be rectified. Each year strengthening of internal controls has resulted in improved files. Approximately a year ago, CFSA's former Contracts Administrator initiated an internal audit of contract files, using a checklist, to ensure that the contract files contain all the required elements. These audits have been useful in ensuring continual quality assurance and diminishing repetition of errors. In the third quarter of this fiscal year, we intend to begin building a database of active contracts that includes as much historical contract information as possible, and to scan critical paper hard copy files to provide electronic back-up copies.

Auditor’s Recommendations: CFSA concurs with the Auditor’s recommendations for this section, to the extent that resources permit. Provision of monetary incentive awards (recommendation #8) is currently restricted by the Office of the City Administrator. We agree that establishing a position for a dedicated Document Control Clerk would contribute to effectiveness, but no FTE currently exists to do so. We will prioritize identifying an FTE for that purpose, and implement as resources allow.

Finding 2. CFSA Contracting Personnel Did Not Comply with Title 27 DCMR when Soliciting, Executing, and Modifying Contracts

- Inadequate Best and Final Offer (BAFO) Request Letter
- Untimely Execution of Definitive Contracts
- Unauthorized Contract Modifications

CFSA concurs with the findings and recommendations for this category. The Interim Contracts Administrator has emphasized making specific improvements in this area, re-orienting Contract Specialists on the relevant DCMR regulations. Practice in completing best and final offer letters, execution of definitive contracts, and authorizing contract modifications has recently improved. As noted, the checklist recommended by the Auditor was developed as part of the internal audit procedures mentioned earlier. Each contract file now includes section overviews that list the components that are to be included in each part of the file.

Finding 3. CPA Staff’s Poor Planning, Contract Monitoring, and File Maintenance Resulted in Prolonged Delays when Exercising Option Year Three of the Congregate Care Contracts

CFSA concurs with the findings and recommendations for this category. Guidance on exercising option years will be included in the Standard Operating Procedures. The contract tracking database previously mentioned will include all pertinent contract information, including those components recommended by the Auditor, as well as contract compliance information such as tax and performance compliance. The Interim Contracts Administrator is requiring compliance with the policy of beginning the process of exercising options no later than 120 days prior to the expiration of the current contract year. This process has already been initiated for CFSA’s congregate care contracts, for which the final option year must start July 1, 2008. Compliance with this protocol and all other required contracting and procurement practices will be incorporated into PES performance standards effective April 1st.
Finding 4. Jones and Associates, Inc. has provided Services Without a Valid Contract since August 2006

CFSA’s contract with Jones and Associates, Inc. for independent living services has proven problematic since July of 2005, when the first option year of the competitively awarded contract could not be executed. Despite extended negotiations, CFSA and the Jones program could not come to agreement on a number of terms in the contract, and resorted to developing a series of memoranda of understanding that have formed the basis for makeshift contract agreements since 2006 and the end of 2007. Throughout this period, Jones and Associates has continued to protest and resist CFSA’s proposed terms, but was allowed to continue to provide services. In the absence of a definitized contract, CFSA authorized continuation of the per diem rate in FACES, verified that placement data were accurate for payments, and permitted the program to continue in response to high demand for main facility independent living placements. Jones has been providing these services for many years, and had earned a reputation for frequently sending youth to college. In an effort to stabilize youth placement, rather than allowing administrative issues to result in youth moving from place to place, CFSA elected not to discontinue these services. Further, of late Jones has served a number of challenging youth not readily accepted by other programs.

Jones and Associates signed a letter contract for the period of 1/1/08-2/29/08, and another for 3/1/08-4/30/08. Despite ongoing disagreements about specific contract terms, CFSA plans to execute a definitized contract by the end of this period or discontinue services with the provider. Having ceased working with another long-time ILP provider at the beginning of FY 08, we are aware of the challenges of having to move large number of youth from their homes because of contracting problems. Although we have some evidence that other providers may be able to accommodate additional youth, finding suitable housing and services for the 30 youth placed in the Jones program in a month’s time is not feasible. Our priority is to come to terms with Jones, since the available options for replacing these services will each require additional resources that CFSA lacks, or will take too long to complete. They include issuing a solicitation for a more therapeutic transitional living program, rapidly increasing the capacity of existing independent living providers, or executing sole source contracts with new, untested vendors that have approached CFSA claiming to be able to offer more specialized services.

As discussed at length in the OCFO response to the Auditor’s report of CFSA’s expenditures for congregate care contracts, the CFSA Fiscal Office paid for services provided by Jones and Associates in the absence of a contract via FACES authorizations and documentation of children placed for each invoice period, although payments were appropriately documented and paid through SOAR. That lengthy explanation will not be repeated here, but it should be noted that expenditures for child-specific services must be tracked and documented in CFSA’s federally certified SACWIS, FACES, which lacks the kind of procurement-fiscal automated controls extant in the PASS system. FACES does not contain a hard encumbrance function that requires verification of the execution of a legally binding contract, but does include a system of secure functions and permissions that enable only Contracts staff to enter official contract numbers, periods of performance and payment rates for these services. A workgroup of representatives from Fiscal, Contracts, and the Child Information Systems Administration (CISA) will explore the possibility of developing an additional module for FACES that enables automated encumbrance of funds and input of contract information, similar to PASS functionality. One meeting has already been held, and a draft proposal has been created.
Finding 5.  CFSA’s Fiscal Office Authorized Payments Totaling $1,985,690.88 to Jones and Associates that were not Ratified by the District’s Chief Procurement Officer as Required

Following receipt of the draft Auditor’s report, CFSA consulted with David Gragan, the District’s Chief Procurement Officer, who concurs that regardless of the reasons for payment of services in the absence of a contract, a ratification package is needed to rectify payments made to Jones and Associates. CFSA intends to submit a ratification package the week of March 24, 2008. Appropriate action will be taken to hold personnel responsible for violation of DCMR 27.

Finding 6.  CFSA Lacks an Automated Child Welfare Contracting and Procurement System Needed to Improve Operational Efficiency

Lack of automation to support contracting functions similar to that which PASS offers had already been identified internally prior to the conduct of this audit. CFSA’s intention to establish a database was discussed in a previous section, as was the establishment of a cross-agency workgroup from Fiscal, Contracts and CISA to address the lack of controls across the functional areas. CFSA will also further research whether CFSA might somehow use PASS and still comply with federal requirements for using a SACWIS certified system (FACES) for tracking child-specific services for payment. The Interim Contracts Administrator is also researching the use of other contracting vehicles for human services in use by other District agencies, but not currently in use by CFSA, to determine if they offer simpler contracting solutions.


CFSA agrees that turnover among Agency Contracting Officers over the past five years has contributed to lack of quality contracting and procurement functions. Since the agency returned to the District government from receivership, each Contracts Administrator and Contracts Manager has faced multiple barriers to efficient practice. Long-standing business relationships with vendors whose performance was not properly monitored has been a struggle as CFSA has incrementally raised the bar for performance and severed business ties with those providers that could not satisfactorily serve clients. Many contracts were historically sole source in type, and were in need of competitive award., Moreover, program purchasers of services have often been ill-prepared to prepare statements of work for services and serve on technical evaluation panels. Some vendors, accustomed to maintaining a high volume of business without competition, objected to CFSA’s reforms, resorted to protests, submitted back claims from multiple fiscal years, and attempted to secure court orders for their services in response. These actions caused additional work and contributed to the stress these leaders endured. Inadequate resources, such as the lack of an automated contracting and procurement system and a staff complement that lacked the education and training needed to perform at a high level, also contributed to making the job of a CFSA contracting officer very challenging. Comparable turnover at the Director level has also been a factor.

Despite these difficulties, however, each Administrator has contributed to improvement in the contracting and procurement function in CFSA; a number of those incremental improvements have been discussed in this response, including securing professional staff training, conducting internal contracts audits, establishing a proper file room with catalogued files, launching SOPs,
internal contracts and program staff training. Perhaps most important, more highly qualified staff has joined the staff in recent years as a result of position upgrades, and performance expectations have been established for current CPA staff.

Despite these improvements, the agency Director acknowledges that CFSA continues to struggle to operate a responsive, high quality contracts and procurement system. Earlier this year, I approached the District’s Chief Procurement Officer about OCP overseeing our contracting operation. Because CFSA’s independent contracting authority can only be transferred back to OCP with the permission of the federal court, Mr. Gragan and I have agreed on a plan in which CFSA will transfer its currently vacant Contracts Administrator position to OCP, which will promptly hire an experienced contracts professional to direct CFSA’s contracting functions on-site at CFSA. If this plan is approved by the City Administrator and the agency’s Court Monitor, we plan to implement it for a 12 month period and then re-evaluate whether CFSA should retain its independent authority or seek court approval to return the entire function to OCP.


CFSA concurs that we postponed the development of a formal policy and procedures for monitoring congregate care programs. Nonetheless, the current OLM Program Manager for the Congregate Care Monitoring Division has instituted numerous improvements to standardize CFSA’s congregate program monitoring practices, including the document identified by the Auditor. CFSA’s Executive Policy Team will incorporate formalization of the proposed business process into its policy review schedule this quarter, under the executive sponsorship of CFSA’s Deputy Director for Program Operations, and issue a binding Administrative Issuance until a formal policy can be developed that supports CFSA’s intention of adopting a performance-based contracting model for contracted congregate care services in FY 09.

**Finding 9. Cemmingling of Youth Residents at One Congregate Facility Violates District Law and Regulations and Compromises the Safety of other Youth and Provider Staff**

CFSA explained in the exit conference with the DC Auditor that all youth placed in CFSA programs are District wards committed to our care as a result of having been victims of child abuse or neglect. If one of these youth is found to have engaged in delinquent acts, he/she may also be committed to the Department of Youth Rehabilitative Services (DYRS) or placed on probation and referred back to CFSA for placement and services. These youth are sometimes referred to as having a “dual-jacket,” i.e., they are involved in both the child welfare and juvenile justice systems. CFSA may legally place these youth in facilities that also house wards who do not have juvenile convictions because all are committed to our care. The Jones and Associates program currently houses several dual-jacketed youth, as do other programs, since a number of older youth in care have also been convicted of juvenile charges. Providing appropriate placements and services for these young adults is a continuing programmatic challenge. CFSA is not only discussing with Jones its capacity to provide a higher level of therapeutic services for these youth, but has begun internal conversations about changing its independent living model and regulations to tie entry to such programs to youths’ developmental levels and appropriate conduct.
Finding 10. CFSA’s Contracts and Procurement Administrator Failed to Follow Procedures for Obtaining a Criminal Background Check for one OLM Personal Services Contract

CFSA contracts include requirements for criminal background checks in those contracts for positions in which work performed brings a CFSA employee or contracted employee in contact with children and youth. The contracted Sanitarian conducts facility inspection, but CFSA concurs with the Auditor that the incumbent can come into contact with youth placed in our congregate care facilities while performing those functions. We will immediately revise the contract for the Sanitarian and secure a criminal background check for the incumbent, and audit all other personal service contracts to determine whether others require criminal background checks because the contractors may come into contact with children and youth served by CFSA.

Finding 11. Inconsistencies in District Regulations Gives Limited Guidance to Providers Regarding the Use of Financially-Based Behavior Management and Discipline Strategies

CFSA has previously addressed this issue with congregate care providers. Our initial actions were to secure adequate documentation and signed verification by youth that they were indeed receiving the stipend and allowance monies due to them. In 2004-2005, as OLM continued to receive complaints from youth residents about the disbursement of personal funds required by Chapter 63, 29 DCMR, the independent living regulations, Monitoring and Contracts worked together to develop a Resident Verification form for youth to sign to indicate receipt. That form is now part of the certification package for cost-reimbursement to the provider. As the Auditor recommends, CFSA will quickly work to ensure that the use of financially-based behavior management strategies is guided by policy and is consistent across providers. CFSA will include its Youth Peer Advisory Council and providers in establishing such guidelines.

Sincerely,

/SEB/

Sharlynn E. Bobo, Ph.D
Director
March 24, 2008

Ms. Deborah K. Nichols  
District of Columbia Auditor  
Office of the DC Auditor (ODCA)  
717 14th Street, N.W., Suite 900  
Washington, D.C. 20005

RE: Review and Comment by the Chief Procurement Officer of Draft Report entitled “Audit of Child and Family Services Agency’s Congregate Care Contract Expenditures.”

Dear Ms. Nichols:

I appreciate the opportunity to respond to the draft report entitled “Audit of Child and Family Services Agency’s Congregate Care Contract Expenditures” (Attachment 1), dated March 13, 2008. In reviewing the draft report, I did not comment on fiscal recommendations, but limited my detailed review to the one matter that is clearly a contract issue.

Recommendation #1:

1. “CFSA established standard operating policies and procedures for the review and verification of charges invoiced by contractors/vendors prior to certification of payment. In doing so, CFSA also include compliance with the OCFO’s internal control policies and procedures related to invoice review and certification as a performance measure for employee performance evaluation purposes.

2. CFSA actively enforce the OCFO’s guidelines regarding the effective review and certification of invoices and supporting documentation before authorizing payment. CFSA employees violating the OCFO’s guidelines must be immediately held accountable under the appropriate applicable personnel rules and procedure to the fullest extent permitted.

3. CFSA’s Fiscal Officer review the current filing and records retention system to identify needed improvements and implement policies and
procedures to ensure adequate and effective financial accountability and records management.

4. CFSA’s Fiscal Officer and Accounts Payable Supervisor immediately locate the 13 missing invoices totaling $1,125,315.51 to substantiate their proper payment.

5. The Accounts Payable Supervisor develop and implement procedures to ensure that Accounts Payable Technicians adhere to CFSA’s invoice payment policies and procedures and always utilize the CFSA Payment Short/Adjustment forms when altering or adjusting monthly invoices.

6. The Accounts Payable Supervisor ensure that Document Control Technicians assign an Invoice Tracking System number to all invoices prior to forwarding them to Accounts Payable Technicians for processing. Accounts Payable Technicians must be required to return all invoices not bearing a tracking number to the Document Control Technician for assignment of a tracking number.

Response: No comment.

Recommendation #2:

1. “CFSA’s Contract Specialists and Program Monitors should communicate with CFSA’s Accounts Payable Technicians routinely and regularly and provide supporting documentation regarding specific contract terms including per diem rates that directly affect provider payments. Proper and current documentation should be retained by CFSA’s Fiscal Office of a minimum of five years.

2. After contract award, the assigned Contract Specialist immediately forward a copy of the contract’s Price Schedule to the assigned Program Monitor and Accounts Payable Technician as notification of the contracted per diem rates. Whenever per diem rate adjustments are negotiated and approved, the Contract Specialist should immediately notify the Program Monitor and Accounts Payable Technician of the revised rates, provide a new Price Schedule and retain documentation of negotiated changes in the contract file.

3. When reviewing invoices for payment approval, the Program Monitor and Contract Specialist verify the accuracy of per diem rates by reviewing the contract and certify their review by initialing the rate shown on the provider’s invoice.
4. Accounts Payable Technicians verify the accuracy of the per diem rate by comparing the invoiced per diem rate to the most recent rate documentation received from the Contract Specialist. All differences should be resolved with the Contract Specialist based on documented evidence.

5. CFSA’s Fiscal Officer require Accounts Payable Technicians to verify the existence of a valid contract prior to processing provider payments. No services should be ordered or accepted from contractors or vendor and no payments should be made in the absence of a valid executed contract.”

Response: No comment.

Recommendation #3:

1. “CFSA Fiscal Officer require Accounts payable Technicians to verify the existence of a valid contract prior to processing provider payments. No services should be ordered and no payments should be made in the absence of a contract.

2. Since there is no valid contract between CFSA and Jones and Associates, goods and services provided by the vendor to CFSA were improper and therefore must immediately cease until a valid written contract is awarded to this vendor. Further, all payments made to or owed to Jones and Associates are improper in the absence of a valid written contract and must first be authorized through the District’s procurement ratification process.

3. CFSA personnel authorizing the delivery of goods and services and payments to a vendor in the absence of a valid written contract must be held accountable to the fullest extent permissible including termination, under the provisions of applicable District personnel law and rules.”

Response: Concur.

Recommendation #4:

1. “CFSA Fiscal Officer, C&P Administrator, and CFSA IT Technicians within 30 days develop a means to properly account for payments by contract number within FACES, as well as develop a monthly report which details each individual payment made to provider by contract number, type of service, per diem, and service date.

2. CFSA provide this report to the Auditor each month, in hard copy and electronic format, until further notice.
3. CFSA Fiscal Officer and CFSA IT Technicians within 10 days of this
draft report provide the Auditor a listing of all scheduled and demand
payments approved and issued through FACES for each of the providers
by contract number from July 1, 2004 to December 31, 2007.”

Response: No comment.

I appreciate the opportunity to provide responses to the recommendations made by your
office. Although CFSA is exempt from the authority of the District’s Office of
Contracting and Procurement (OCP) pursuant to the Procurement Reform Amendment
Act of 1996, effective April 9, 2007 (D.C. Law 11-259; D.C. Code §§ 2-301.01 et seq.),
it has been my experience that the agency is open to seeking procurement best practices. I
am committed to working with this, and all other independent procurement agencies to
bring consistency and a single public view of procurement in the District.

Sincerely,

[Signature]
David P. Gragan, CPPO
Chief Procurement Officer

Cc: Dan Tangherlini, City Administrator
    Sharlynn Bobo, Director, CFSA
    Wilbur Giles, Chief of Staff, OCP
    Nancy Hapeman, General Counsel, OCP
    Sheila Mobley, Assistant Director for Procurement Support, OCP

Attachment: Letter by the DC Auditor dated March 13, 2008 with Enclosure - Draft
Report entitled “Audit of Child and Family Services Agency’s Congregate Care Contract
Expenditures.”
March 18, 2008

Deborah K. Nichols
District of Columbia Auditor
717 Fourteenth St., NW, Suite 900
Washington D.C. 20005

Dear Ms. Nichols:

Thank you for the opportunity to respond to the recommendations in your draft audit reports regarding the Child and Family Services Agency. Detailed responses to the recommendations in both reports are being prepared by Ms. Deloras Shepherd, Associate Chief Financial Officer for Human Support Services Cluster, who will communicate her responses to you in a separate letter.

However, the draft audit report captioned “Audit of Child and Family Services Agency’s Contracting and Quality Assurance Procedures” raised issues concerning possible Anti-Deficiency Act violations in recommendations four and six on pages 18-19. Please be advised that I will refer these issues to the Chairperson of the Board of Review for Anti-Deficiency Violations so that the final audit report can be reviewed by the Board at an upcoming meeting to determine whether the report discloses potential violations of D.C. Code §47-355.02. Any potential violations will then be addressed and resolved according to the Board’s established procedures.

Sincerely,

[Signature]

Robert G. Andary
Executive Director

cc: Deloras Shepherd, Associate Chief Financial Officer, Human Support Services Cluster