

June 25, 2024

To: Fariborz Pakseresht, ODHS Director
Liesl Wendt, ODHS Deputy Director

From: Sarah Landis, ODHS/OHA Chief Audit Executive
Kristofer Rash, Senior Internal Auditor
Carter Bame-Aldred, Senior Internal Auditor

Re: Consult: Child Welfare/Developmental Disabilities Facilities Contracting Review,
Objectives 1 & 2

This memo reports the results of Internal Audit & Consulting's (IAC) comparison of Child Welfare (CW) and Intellectual and Development Disabilities (IDD) contracting controls for similar services, and the inquiry of CW's management of the financial transactions and related processes for temporary lodging and temporary lodging prevention (TLP) services as outlined in the consultation agreement between ODHS leadership and IAC. The objectives outlined in the agreement state:

1. Assess and compare the controls over CW temporary lodging providers/facilities and IDD foster providers, with specific emphasis on contract requirements, vetting and background checks, licensing, cross-program communication, investigations and training, as applicable, for providers shared across the programs.
2. Review the procurement files and contract financials for temporary lodging providers/facilities, with a focus on not-to-exceed (NTE) amounts, rates, and services across both programs.

IAC interviewed CW leadership, contract support staff, and district leadership. IDD staff were interviewed to understand the licensing process and request materials. We reviewed CW contracts for TLP and the IDD provider contract template. IAC received and tested invoices and payment registers for all TLP service providers. IAC tested all received information to identify issues. The period under review was for contracts active in 2023 for the following providers: Dynamic Life, Greater New Hope, HDE Home Care, Kids NW, and LC Beach House.

SUMMARY

The agency has been under considerable legal and legislative pressure to make improvements to the Child Welfare system that result in the elimination of the need for temporary lodging for children in its care. However, it is difficult to find appropriate placements for children in foster care whose needs are challenging to meet, given limitations in service capacity in communities across Oregon. As a result, the agency has entered into multiple direct award and emergency contracts with providers to bridge the gap between need and capacity. These contracting

relationships have been problematic at times, with questions about suitability, licensing, background checks, service costs and other matters surfacing.

In response to concerns raised by legislators and the media around specific temporary lodging and temporary lodging prevention contracts, IAC was asked to assess and compare the controls over CW TLP providers/facilities to those in place for IDD foster providers, with specific emphasis on contract requirements, vetting and background checks, licensing, cross-program communication, investigations, and training, as applicable, for providers of similar services.

Overall, we found that CW TLP contracts are not sufficiently controlled relative to the risk associated with the services provided and the needs of the children in care. Prior to terminating the contract with Dynamic Life, CW was managing five contracts for TLP services. These contracts were each initiated within a single service district without oversight from central services, resulting in inconsistencies in contract requirements for background checks, investigations, training, and the use of restraints.

Typically, TLP contracts are overseen by a single contract administrator within the district that initiates the contract. This contract administrator handles this responsibility alongside their primary duties. Many contract administrators expressed concern about a lack of resources, support, and direct knowledge of contract use and services provided, particularly when other districts utilize services under their contract. In contrast, IDD has a collaborative approach to contract development and monitoring across districts, implementing controls aimed at mitigating risks like those encountered by CW.

IAC identified a variety of issues in the financial data related to TLP contracts including:

- failure to adhere to Not to Exceed (NTE) amounts dictated in the contracts,
- incorrect rates used for services rendered,
- payments made to vendors that did not match invoices provided by the contract administrators,
- contract terms were inconsistently observed,
- and overall weaknesses in contract administration, document controls, invoice reconciliation, and invoice completeness and retention.

The lack of controls for contracts and insufficient contract administration puts some of the most vulnerable children in the state at risk. Without sufficient oversight of contracts there is no assurance providers can meet the needs of the children in care and ensure their safety. In addition to potential harm to children, the agency may continue to suffer reputational harm if these conditions are not corrected. There are also legal and financial risks associated with the lack of oversight for the children in the care of contracted providers.

We make nine recommendations to improve contracting controls and oversight by strengthening contract statements of work, establishing structures for cross-program

communication and provider vetting, and resourcing the contract administration function to ensure the well-being of children in care.

FINDINGS

1. Contracts are inconsistent and do not always contain necessary terms to ensure quality of care.

There are few controls over requirements in the TLP contracts, due to a lack of standard contract language and requirements. Examples of inconsistencies include:

- The original contracts for Dynamic Life and Greater New Hope did not have any requirements related to the use of restraints but were later amended to include guidance on physical interventions. The language added to the Dynamic Life contract was less specific than the other CW TLP contracts, which refer to physical intervention standards outlined in SB710, OAR 411-304, and OAR 411-317. The contract for LC Beach House was the only reviewed contract to not describe limitations for use of restraints.
- The Dynamic Life and Greater New Hope contracts specified service providers must be 18 years of age or older and have an Associate of Arts degree in social services or related field and/or have at least two years of related experience, later amended to include completion of contractor created orientation training. By contrast, the HDE Home Care and Kids NW contracts have additional qualifications such as certification in CPR and first aid, behavior management system, mandatory abuse reporting, trauma informed care, and completion of contractor orientation.
- Three of five reviewed TLP contracts did not specifically require contractors to coordinate care with IDD when applicable.
- Two of the five contracts did not include site visitations as part of contractor evaluation activities.

These discrepancies lead to lack of clarity and inconsistency for providers and contract administrators.

By contrast, IDD contracts follow a template that includes references to rules for providers depending on the service provided. While not equivalent to TLP, a contract for a provider operating a host home program would be required to follow OAR chapter 411, division 348 rules, which detail a variety of requirements, including: inspections, staffing, training, prohibited behavior supports, and restraints. The contract template and references to rules ensure contracts include expected requirements. IDD licensing conducts on-site inspections prior to licensure and subsequent inspections approximately 120 days after issuance to ensure ongoing compliance. IDD has rules that require specific environmental elements be met, such as: general condition of the location, safety requirements, and basic furnishings.

Recommendation 1: Establish a set of standardized contract terms for TLP.

Contracts should include statements of work clearly describing how the service is to be performed and how providers will be evaluated. When gaps are identified, all active contracts should be amended.

2. Providers are not always thoroughly vetted, and background checked before a contract is executed.

Only four of the five reviewed TLP contracts refer to the relevant rules governing background check requirements. Additionally, there are no controls in place to verify that background checks are completed prior to contract execution. CW contract support reports their guidance is for contract administrators to review the background check requirement with contractors. Contract administrators report not having a structure for cross-program communication or access to provider history details, limiting the effectiveness of additional provider vetting efforts and relying on self-reporting.

Centralized IDD provider licensing provides a control mechanism for vetting providers. This process provides clarity of expectations for both IDD and the providers with whom it contracts. Licensing criteria originate in Medicaid requirements established by CMS. The IDD licensing team reports verification of background checks is completed prior to licensure. In addition, other sources, such as the Centralized Abuse Management System and out of state databases, are checked for potentially disqualifying information about prospective providers. The licensing team reports having discretion to deny an application based on the provider's history, even if the background check is passed. IDD reports there are efforts underway to establish a monthly cadence of meetings with Aging and People with Disabilities (APD) and Behavioral Health (BH) to share concerns regarding providers who overlap programs.

Recommendation 2.1: Establish a process to ensure that background checks are cleared prior to children being placed in care of a contractor.

Recommendation 2.2: Establish a process for communicating concerns about potential providers with other programs (IDD, APD, BH, etc.).

Processes for background checks should establish a structure by which background checks are verified before a child is placed in care with a contractor or their staff. Additionally, a channel of communication should be created to share concerns between programs regarding prospective providers.

3. Contract Administration was insufficient to catch or identify issues.

General Contract Oversight

Contract administrators report receiving insufficient training and lacking resources to effectively monitor contracts. TLP contract administration duties are usually performed by district staff in which the contract originated in addition to ongoing operational oversight within the district. Many contract administrators noted that they have a lack of resources, support, and direct knowledge of contract use and services provided, particularly when other districts utilize services under their contract. Insufficient contract oversight diminishes assurance that the quality of care meets the needs of the children.

Invoicing Oversight

A variety of issues pertaining to invoicing practices prevented accurate testing and reporting:

- Service dates were often left vague with multiple services billed during the same service dates, which could indicate duplicate or fraudulent billing. Further investigation would be required to conclude on this concern specifically through information only available in the ORKIDS system, which was not included in the initial scope of this review.
- Invoices retained by contract administrators often did not contain sufficient information or had incorrect information:
 - Invoice numbers were not always unique identifiers.
 - Some invoice dates predated the service dates and others were concurrent with service dates.
 - Invoices often did not include service type, incorrectly identified the service type, or billed amounts not commensurate with the service type indicated.
 - Participant IDs were occasionally missing.
 - IAC noted payments made to vendors that did not match invoices provided by the contract administrators in four of the five contractors reviewed, indicating document control deficiencies.
- In the case of LC Beach House, one of the service billing types was specifically for two individuals served simultaneously, but the invoice lines only referenced a single client. The invoice does not include both served individuals and as such is an incomplete record of services provided. Further information is only available in ORKIDS.
- Billing rates were incorrectly used in several instances across multiple contractors:
 - Dynamic Life invoices included overbilling per contract terms of \$107,436.
 - Greater New Hope paid out \$767.75 on invoice line items that do not adhere to any contract rates.
 - Kids Individual Development Services paid \$3,607.27 for line items that were miscategorized.

- LC Beach House overbilled by \$4,032 and billed \$45,000 on an amount that does not adhere to any contracted terms.

In the case of Dynamic Life, one line item exceeded the allowable per day rate by \$1,374 for 14 days of service, leading to a total overbilling of \$19,236. Additionally, two-line items exceeded the maximum amount chargeable for the month based on service dates by a combined \$88,200.

Recommendation 3.1: Ensure sufficient resources are allocated to the contract administration function for TLP contracts.

Recommendation 3.2: Improve training for TLP contract administrators to ensure the risks associated with these contracts and responsibilities of contract administrators are understood.

Recommendation 3.3: Provide training to contracted service providers.

Recommendation 3.4: Improve invoice and supporting documentation templates.

All contract administrators should receive program and service specific training prior to assumption of contract administration duties. Contract administrators require further training to ensure that invoices are reviewed at an appropriate level of detail and then retained in accordance with applicable standards. There is also a need for training related to contract terms and conditions, including allowable billing rates and contract stipulations around Not to Exceed (NTE) amounts.

According to the Office of Financial Services (OFS), once they receive the invoice for payment, there is an ORKIDS system control in place to prevent payments to vendors if the payment would exceed the NTE amount. While this control ensures no improper payments are made and spurs the development of any needed contract amendments, it does not prevent services from being performed beyond the NTE amount prior to amendments. Contract terms stipulate that amendments to the NTE amount “must be fully effective before Contractor performs Work subject to the amendment.” The ORKIDS system payment control occurs during the payment process and may not effectively mitigate the risk of billable services in excess of the NTE being performed. NTE amounts are not always proactively analyzed by the contract administrators, which has led to multiple instances of exceeding the contracted amount prior to amendments. Training specifically targeted to improving the understanding of these processes should help limit the rates of these failures.

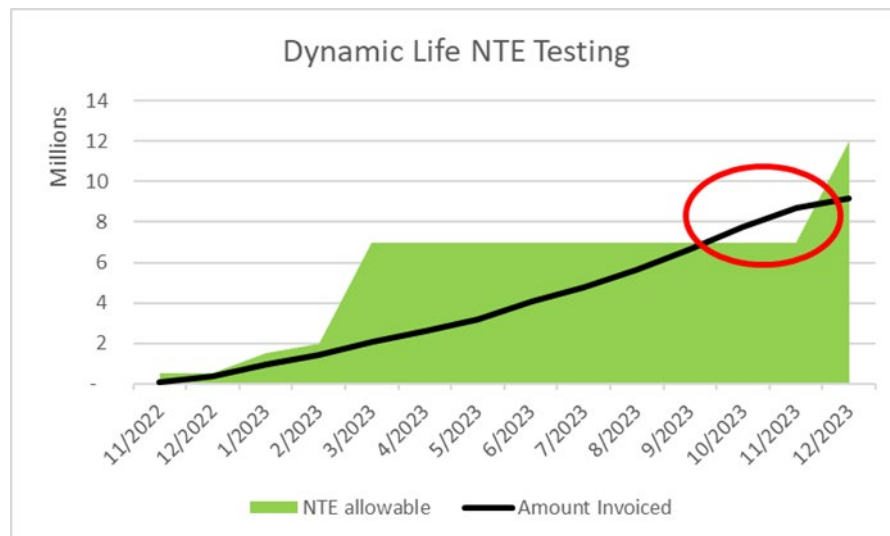
Further training or guidance needs to be provided to contracted service providers to ensure that they are aware of the expectations related to invoicing and information presentation. This should ideally focus on ensuring that invoices and supporting documentation submitted by the service providers are sufficient to show evidence of performance of their contracted duties as well as adherence to formatting guidelines to ensure completeness of information.

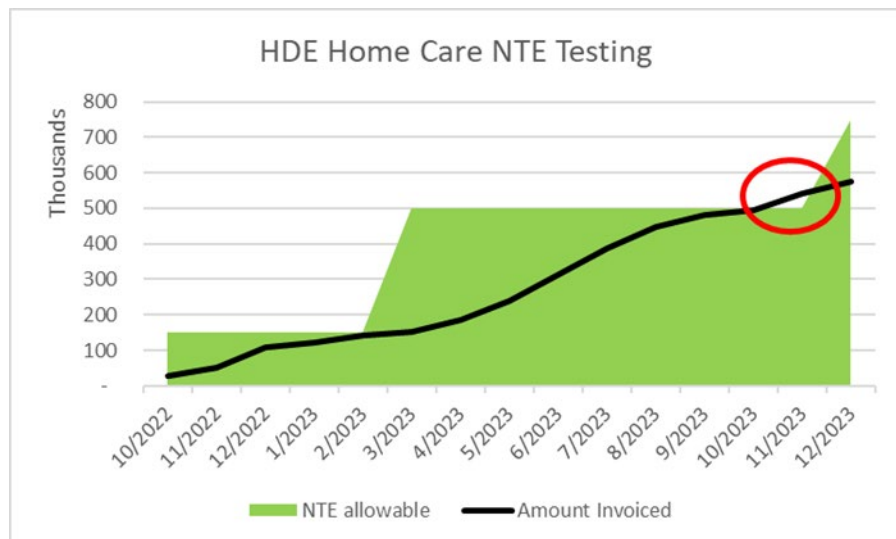
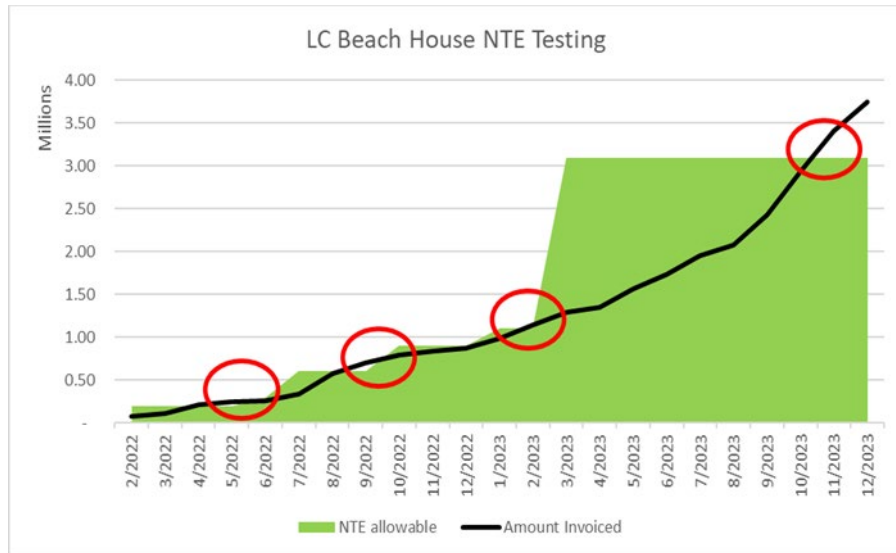
The invoices submitted to OFS as support for payments are insufficient to provide evidence that services billed have been provided. Per OFS, the invoices retained by their processes are complete, accurate, and serve as the official record. Given the number of errors we observed on invoices, the process to identify and rectify these errors to achieve accurate invoices is creating unnecessary clean-up work for contract administrators, vendors, and OFS. IAC recommends expanding the required submissions to OFS to include documentation that supports the existence of services provided. This will improve access to information throughout the process, increase the quality of information submitted to OFS, and help to ensure that the documentation is sufficient for both internal and external inquiries.

Given the high-risk nature of the TLP contracts, the function should be appropriately staffed to ensure providers maintain compliance with contract requirements.

4. Contract terms were not consistently adhered to.

NTE amounts, based on service date, were exceeded by Dynamic Life, HDE Home Care, and LC Beach House over the period under review. As noted above, although ORKIDS has a system control that prevents payments being made that would exceed the NTE amount, per the terms of the contract NTE amounts are assessed by date of services performed. Dynamic Life's NTE was exceeded roughly 2 months before an amendment was made to extend the contract value. LC Beach House exceeded the NTE amount 4 separate times, requiring amendments each time to increase the NTE.





Recommendation 4: Improve monitoring and address system limitations.

Controls and contract terms are misaligned. ORKIDS provides a detective control to ensure no payments are made until contract amendments are complete, but it is not preventive in nature and occurs very late in the service-to-payment cycle, necessitating additional time and effort to resolve. A monitoring control is needed to ensure services are not being performed whose costs would exceed NTE amounts.

5. Established controls did not prevent inappropriate payments to service providers.

There are many instances of payments made to contractors that do not refer to a contract number. Per OFS, any line items for which there is no contract number are not reviewed by OFS and are considered by OFS to be off-contract services, so are not subject to OFS reviews and controls. Those line items can be reviewed and submitted for payment directly by Child Welfare staff. Many of these payments are related to lodging and hotel payments, which are not noted in the contracts as being allowable additional expenses to be paid to the contractors. However, our review found nine payments to contractors that were for contracted services with no reference to the contract number totaling \$154,373.

The table below shows the total number of line items identified as payments made during 2023 to each of the vendors for which no contract number was identified. Many of these line items have notes indicating they are for lodging or rent for the clients.

Uncontracted Line Items by Vendor (2023) *

Dynamic Life	28
HDE Home Care	2
Kids Individual Development Services	75
LC Beach House	7

**Greater New Hope was engaged in 6 contracts during 2023 so we were unable to confirm how many/which of these uncontracted payments are related to their contract for TLP services.*

Multiple contractors had payments made to them for services prior to the contracts being finalized, as shown in the table below:

Value of Payments Made to Vendor Prior to Contract Origination

Dynamic Life	\$46,915
Greater New Hope	\$0
HDE Home Care	\$0
Kids Individual Development Services	\$388,294
LC Beach House	\$87,480

Recommendation 5: Improve process documentation for off-contract payments.

Understanding that Child Welfare has the authority and need to pay vendors outside of typical contract terms, IAC suggests a review of the payment processes and controls currently in place to ensure that there is an appropriate level of scrutiny and review performed prior to disbursement. IAC suggests working with OFS to ensure that the internal review and approval process aligns with OFS' methodologies and control structure for contract payments.

METHODOLOGY

To evaluate controls, we conducted interviews with CW leadership, contract support staff, district leadership, and IDD provider licensing staff. We reviewed applicable rules for CW and IDD, the IDD provider contract template, as well as the contracts for TLP providers. To determine gaps in control process between programs, the TLP contracts were compared to one another and to the IDD contracting template for key elements such as background checks, provider evaluation activities, staff training requirements, use of physical interventions, service locations, performance standards and cross-program communication.

To complete this testing, IAC requested all invoices for 2023 from the contract administrators for the five identified TLP service providers; Dynamic Life, Greater New Hope, HDE Home Care, Kids Individual Development Services, and LC Beach House. IAC also procured payment registers for each service provider from OFS which included all payments made to each. IAC then obtained the contracts and amendments for each service provider directly from the shared drive where they are all housed. Because of the specific concerns related to Dynamic Life that were brought to IAC's attention during the initial phase of the consultation agreement, IAC obtained invoices related to services provided by Dynamic Life in 2022 as well to provide a complete overview of the process and payments therein.

Testing involved reviewing the invoices received for completeness and accuracy including ensuring all invoiced amounts complied with the contract terms, the invoices were filled out completely and accurately, and the amounts invoiced were paid appropriately per the OFS payment register.

IAC validated that the payment register included all invoiced payments and identified any potential payments made for which we did not receive invoice support. We also compared the payment details to the Not-To-Exceed (NTE) amounts stated in the contracts and amendments to generate a timeline of payment information and identified situations where the NTE amounts were exceeded, based on date of service. We then searched for instances of duplicated or overlapping results to identify situations where payments may have been made more than once. We also identified payments made prior to the contract origination date as well as payments made to service providers that were not identified as relating to a contract. The uncontracted payments were reviewed for any instances where the services rendered were covered by the contract to determine whether those payments were inappropriately excluded from contract payments and calculations.

MANAGEMENT RESPONSE

Please provide a response to each recommendation in the designated space below.

Recommendation 1: Establish a set of standardized contract terms for TLP.

Contracts should include statements of work clearly describing how the work is to be performed and how providers will be evaluated. When gaps are identified, all active contracts should be amended.

Management: ☒ Agrees ☐

Management Response:

Already Completed

A workgroup began in February 2024 to develop a Statement of Work (SOW) template to be used in all TLP contracts. The workgroup includes representatives from OC&P, OTIS, the CW contract Support Team, the CW Equity, Training and Workforce Development Team, CW Treatment Services Team, and the Resource Management Team. The SOW standardizes requirements related to the use of restraints, incident reports, staff qualifications and training, referrals, services provided, documentation and invoice requirements, and contractor evaluation.

Short Term Actions (2024)

The SOW draft is completed and with OC&P for finalization prior to sending to the Department of Justice for legal review. Once the standardized SOW is approved by DOJ, current TLP contracts will be amended to include the new SOW and the SOW will be used in any new TLP contracts moving forward. The Division anticipates that the SOW will be approved by the Department of Justice by July 31, 2024 and incorporated into existing contracts by August 31, 2024.

Owner: Tim Gillette

Contributors: TL Workgroup (led by ODHS COO Business Operations Manager), TL Contract Analyst, CW Treatment Services Program Manager, CW Contract Support Team Manager, OC&P Administrator & DPO, ODHS Chief Operating Officer, and Resource Management Team Manager

Estimated Implementation Date: SOW finalized by July 31, 2024, incorporated into existing contracts by August 31, 2024

Recommendation 2.1: Establish a process to ensure that background checks are cleared prior to children being placed in care of a contractor.

Processes for background checks should establish a structure by which background checks are verified before a child is placed in care with a contractor or their staff.

Management: ☒ Agrees ☐

Management Response:

Already Completed

The Child Welfare Division recently began a project to improve oversight of the Division's contracts through the development of standardized guidance for contract administrators, onboarding practices, and an assessment process for ongoing evaluation of contract oversight standards. A workgroup consisting of staff and leadership from OC&P, OFS leadership, the Background Check Unit, DAS Risk Analysis, the Self Sufficiency Program, the CW Treatment Services Program, as well as current CW contract administrators and other subject matter experts has been convened to develop standards for child welfare contract administrators.

The first phase of this project is underway and includes the development of standards in eight key areas of contract oversight, one of which is standards for monitoring contract background check requirements. Workgroups met in May and June 2024 to develop standardized guidance, including standards for ensuring background check language is included in contracts and background checks are completed prior to services occurring.

Short Term Actions (2024)

Standards on monitoring contract background checks will be released in July 2024 and training will be provided to all CW contract administrators and their managers through individual or small group learning sessions in July and August 2024.

Owner: Seth Lyon

Contributors: TL Contract Analyst, CW Treatment Services Program Manager, CW Contract Support Team Manager, OC&P Administrator & DPO, ODHS Chief Operating Officer, Background Check Unit analysts and leadership, current contract administrators and other subject matter experts.

Estimated Implementation Date: Standardized guidance estimated implementation July 31, 2024, training provided by August 31, 2024

Recommendation 2.2: Establish a process for communicating concerns about potential providers with other programs (IDD, APD, BH, etc.).

A channel of communication should be created to share concerns between programs regarding prospective providers.

Management: ☒ Agrees ☐

Management Response:

Short Term Actions (2024):

In response to this recommendation (2.2) and recommendations included in the recent Child Welfare After Action Report, a Contractor Background Check and Vetting Improvement Workgroup is being formed consisting of representatives from OC&P, the Background Check Unit, the Child Care Licensing Program, the CW Treatment Services Program, the CW Contract Support Team, other agency programs such as ODDS, APD, OHA Medicaid and Behavioral Health as well as other subject matter experts. The workgroup will communicate with the Department of Justice to ensure recommended improvements meet legal requirements.

This workgroup will investigate current practices and develop recommendations for improved provider vetting and background checks specific to TLP contractors as well as other client service contractors, including background check language included in contracts, frequency of background checks, and additional vetting practices including the sharing information across programs. This workgroup will include representatives from ODDS, APD and Behavioral Health and one of the goals will be to establish ongoing process for communicating concerns related to TLP providers. The workgroup will consider the feasibility of the SB 1515 notification team taking on similar notices for TLP providers.

Owner: Seth Lyon

Contributors: OC&P, the Background Check Unit, the CW Treatment Services Team, the CW Contract Support Team, the Child Care Licensing Program, ODDS, APD, OHA Medicaid and Behavioral Health as well as other subject matter experts.

Estimated Implementation Date: Workgroup to be established by July 31, 2024; initial recommendations for TLP contracts and other client service contracts by 9/30/24; implementation of recommendations estimated by 12/31/24 (with any larger systemic changes potentially requiring more time to implement).

Recommendation 3.1: Improve training for TLP contract administrators to ensure the risks associated with these contracts and responsibilities of contract administrators are understood.

All contract administrators should receive program and service specific training prior to assumption of contract administration duties. Contract administrators require further training to ensure that invoices are reviewed at an appropriate level of detail and then retained in accordance with applicable standards. There is also a need for training related to contract terms and conditions including allowable billing rates and contract stipulations around Not to Exceed (NTE) amounts. NTE amounts are not proactively analyzed consistently, which has led to multiple instances of failure to adhere to the contracted amount. Training specifically targeted to improving the understanding of these processes should help limit the incident rates of these failures on a go-forward basis.

Management: ☒ Agrees ☐ Management Response:

Already Completed

In January 2024 a temporary position was assigned to analyze, evaluate, and improve current TLP contract oversight. The TL Contract Analyst is working with the OC&P, OFS, the CW Treatment Services Team, the CW Contract Support Team, the CW Resources Management Team, the ODHS Chief Operating Officer and other subject matter experts to improve oversight practices including review and approval of invoices and adherence to contract terms and conditions including billable rates.

Short Term Actions (2024)

In response to Recommendation 3.1, the TL Contract Analyst will collaborate with parties listed above to develop a written protocol for reviewing invoices to ensure alignment with contract terms and conditions including allowable rates and services, invoices and documentation are retained in accordance with applicable standards, and expenditures are monitored to ensure adherence to Not to Exceed limits. The Division will ensure that contract administrators assigned to oversee TLP contracts and any staff delegated duties related to TL contract invoices or payments are trained on the newly developed protocol prior to assumption of contract administration duties. Estimated implementation date for this work is **July 31, 2024**.

The Division agrees that *all* contract administrators should receive comprehensive training prior to assumption of contract administration duties. As described in response to Recommendation 2.1, the Division recently began work on a project to improve oversight of the Division's contracts through the development of standardized guidance for contract administrators, onboarding practices, and an assessment process for ongoing evaluation of contract oversight standards

Standardized guidance on monitoring contract expenditures, utilization and end dates will be released to contract administrators and managers in July 2024. This includes specific

expectations related to monitoring contract end dates as well as tools and resources to support contract end date monitoring. Training will be provided to contract administrators and managers through individual or small group learning sessions in July and August 2024.

Additional guidance on oversight of contract invoices and payments, including standards on invoice review to ensure rates and services align with contract terms and conditions, invoice approvals and proper retention of invoices will be released to contract administrators and managers in December 2024. The standards will be accompanied by specific tools and resources to support application of these standards. Training will be provided to contract administrators and managers through individual or small group learning sessions in January and February 2024.

Beginning in **May 2024**, Division leadership including District Managers, the Chief Operations Officer, Central Office Division leaders and multiple subject matter experts began work aimed at improving district performance and accountability by implementing quarterly performance reports, learning workshops, issue and resolution trackers and equity in action roadmaps. Contract administration will be an area of focus in the continuous learning workshops, including oversight of contract invoices and payments. Content received by District Managers in learning sessions will align with standards developed through the Child Welfare Contract Oversight Project. The first learning sessions focused on contract invoices and payments will occur in **August 2024** and will cover standards for monitoring contract expenditures and not to exceed amounts.

Longer Term Actions (2025)

Training will be provided to contract administrators and managers on the newly developed standards on oversight of contract invoices and payments through individual or small group learning sessions in January and February 2025.

Owner: Tim Gillette

Contributors: OC&P, the CW Treatment Services Team, the CW Contract Support Team, the CW Resources Management Team, OFS, the ODHS Chief Operating Officer and other subject matter experts. CW Treatment Services Team, CW Contract Support Team.

Estimated Implementation Date:

TLP Invoice, Expenditure and Documentation Protocol and associated training estimated release date 7/31/24.

Contract expenditure and end date monitoring standards estimated release date 7/31/24. Training completed by 8/31/24.

District Manager learning sessions on contract invoices and payments estimated 8/2024 – 10/2024.

Contract invoice processing/review/retention standards estimated release date 12/31/24.
Training completed by 2/28/25.

Recommendation 3.2: Provide training to contracted service providers.

Further training or documentation needs to be provided to contracted service providers to ensure that they are aware of the expectations related to invoicing and information presentation. This should ideally focus on ensuring that invoices and supporting documentation provided by the service providers are sufficient to show evidence of performance of their contracted duties as well as adhering to formatting guidelines to ensure completeness of information.

Management: ☒ Agrees ☐

Management Response:

Short Term (2024)

In response to this recommendation (3.2) the Division will update video learning available for client service contracted providers that details how to complete accurate and timely invoices and documentation and reporting best practices. The developed training video will be made available and shared with all client service contracted providers and a link to the training will be included in contract payment provisions for these contracts. OC&P will create a tracking mechanism allowing contract administrators to monitor and include training completion in their performance review activities.

The first phase of the Child Welfare Contract Oversight Project described in recommendation responses 2.1 and 3.1 includes standards for provider engagement, including expectations that contract administrators hold a kick-off meeting with each contractor when new contracts are executed and meet with contractors regularly to review contract requirements including contract payment provisions, billable rates and services, documentation requirements and a review of the invoice process. Standards for provider engagement are estimated to be released in October 2024, with individual or small group learning sessions with contract administrators and their managers in October and November 2024. When the updated video learning is made available it will be included in the list of topics to include in the contract administration standards and training materials **(estimated by 12/31/24)**

Owner: Kim Lorz

Contributors: CW Equity, Training and Workforce Development, CW Contract Support Team, OFS and OC&P, current contracted providers

Estimated Implementation Date: Provider engagement standards estimated implementation 10/31/24; Workgroup to develop new training video established by 7/31/24;

initial training plan by 9/30/24; training video completed by 11/30/24; implementation and tracking begins by 12/31/24; incorporation into contract administration standards training materials and documents by 12/31/24.

Recommendation 3.3: Improve invoice and supporting documentation templates.

The invoices provided to OFS as support for payments are insufficient to provide evidence that contracted services billed have been provided. IAC recommends expanding the documentation required to be retained as evidence to include documentation that supports the existence of services provided per the contract. This will improve access to information throughout the process as well as ensuring that the documentation is sufficient for both internal and external inquiries.

Management: ☒ Agrees ☐

Management Response:

Already Completed

An invoice template is currently used for all client service contracts and a statewide process requires caseworkers to confirm that services occurred, and documentation was received prior to validation of each invoice line. Currently most contracts require documentation to be sent directly to the caseworker and then the caseworker confirms that the services occurred, and reports were received prior to the invoice line being validated.

Short Term (2024)

In response to Recommendation 3.1, the TL Contract Analyst will develop a written protocol for reviewing invoices to ensure invoiced services align with contract terms and conditions including allowable rates and services, invoices and documentation are retained in accordance with applicable standards, and expenditures are monitored to ensure Not to Exceed amounts are not exceeded. This protocol will include a process for reviewing all documentation associated with each service provided and a process for retaining all documentation. The Division will ensure that contract administrators assigned to oversee TLP contracts are trained on the newly developed protocol prior to assumption of contract administration duties. Estimated implementation date for this work is **July 31, 2024**.

Standards for oversight of all CW client service contract invoices and payments, including standards for invoice review, invoice approvals and invoice/documentation retention will be released in December 2024. This work will include consideration of expanding documentation retained on all client service contracts.

Owner: Tim Gillette

Contributors: OC&P, the CW Treatment Services Team, the CW Contract Support Team, the CW Resources Management Team, OFS, the ODHS Chief Operating Officer and other subject matter experts. CW Treatment Services Team, CW Contract Support Team.

Estimated Implementation Date: TLP Invoice, Expenditure and Documentation Protocol and associated training estimated release date July 31, 2024.

Contract invoice processing/review/retention standards (includes documentation retention) estimated release date December 31, 2024.

Recommendation 3.4: Ensure sufficient resources are allocated to the contract administration function for TLP contracts.

Given the high-risk nature of the TLP contracts, the function should be appropriately staffed to ensure providers maintain compliance with contract requirements.

Management: ☒ Agrees ☐

Management Response:

Already Completed

We have currently centralized the oversight of these contracts and are pursuing a POP for additional staffing.

Owner: Tim Gillette

Contributors: ELT, Rob Kodiry, Roberto Gutierrez

Estimated Implementation Date: July 1, 2025

Recommendation 4: Improve monitoring and address system limitations.

The ORKIDS system allows payments up to NTE based on time of payment. The program should investigate the processes currently in place and consider implementing further oversight measures in advance of payment and develop notification systems such that these issues are less likely to occur in the future.

Management: X ☒ Agrees ☐ Disagrees with the finding/recommendation

Management Response:

Short Term

The CW OR-Kids team will work with OFS to identify possible system updates/changes that will flag payments approaching NTEs. They will also work with OC&P to figure out if the Oregon Buys system is able to create notifications related to NTEs.

Long Term

Options that are identified will need to be resourced and implemented into the OR-Kids and Oregon Buys systems. Aiming to have this work completed by mid 2025.

Owner: Lee Brown

Contributors: ELT, Jason Bauldree

Estimated Implementation Date: May 2025

Recommendation 5: Improve process documentation for off-contract payments.

Understanding that Child Welfare has the authority and need to pay vendors outside of typical contract terms, IAC suggests a review of the payment processes and controls currently in place to ensure that there is an appropriate level of scrutiny and review performed prior to disbursement. IAC suggests working with OFS to ensure that the internal review and approval process aligns with OFS's methodologies and control structure for contracted payments.

Management: X ☒ Agrees ☐

Management Response: A workgroup was formed in April 2024 to explore this recommendation.

Short term

Conversations with OFS and OC&P will be scheduled in August to discuss parameters and limitations of the one time pay system and create a process for ensuring that the internal review and approval process aligns with OFS methodologies and control structure for contracted payments.

Owner: Tim Gillette

Contributors: Jason Bauldree, Lori McClure

Estimated Implementation Date: November 2024