



## OFFICE OF INSPECTOR GENERAL PALM BEACH COUNTY

### CONTRACT OVERSIGHT NOTIFICATION (2013-N-0003)

ISSUE DATE: MAY 30, 2013

Sheryl G. Steckler  
Inspector General

*"Enhancing Public Trust in Government"*

### Children's Services Council Contract Monitoring of the Continuous Improvement Initiative

#### SUMMARY

##### Summary

In February 2007, the Children's Services Council and United Way of Palm Beach County launched the Continuous Improvement Initiative (CII). The stated purpose of the CII is to build the capacity of contracted agencies with the Children's Services Council (CSC) and the United Way of Palm Beach County (UW). The CII has remained in effect since February 2007.

Office of Inspector General (OIG) staff reviewed the CSC's monitoring of the CII Memorandum of Agreement (MOA) in effect during fiscal year 2010-11<sup>1</sup>. The OIG determined the CSC procedures on the operation and administration lack detail, including detail regarding quality control, and there was no formal documented monitoring of the CII contract.

#### BACKGROUND

##### The Memorandum of Agreement

On February 15, 2011, the CSC entered into a MOA with the UW whereas, the CSC agreed to provide funding for the CII and the UW agreed to be the administrator of the initiative. For the period of March 1, 2011 through September 30, 2011, the CSC agreed to provide funding "in an amount not to exceed \$200,000.00." The MOA contains three elements:

1. A transfer of \$200,000 from CSC to UW within fifteen (15) days of receipt of the executed MOA;
2. UW agrees to refund any funding not expended by September 30, 2011<sup>2</sup>; and,
3. A final financial compilation report accounting for all funds expended will be provided to CSC by UW no later than October 31, 2011.

Included with the MOA is an attachment titled, "Exhibit 'A' – Program Description". Contained therein it states, "CSC and UW are equally committed to investing in our funded agencies so that they have the necessary infrastructure to operate in an efficient and effective manner. This initiative was created in response to concerns Providers had raised in the CSC Provider Survey, as well as other venues regarding recruiting

<sup>1</sup> The Children's Services Council fiscal year begins on October 1<sup>st</sup> and ends on September 30<sup>th</sup>.

<sup>2</sup> On October 1, 2011, the CSC and UW agreed to amend the original MOA. The amendment extended the term of the contract from September 30, 2011, to "until the earlier of such time that funding has been fully expended or by June 30, 2012." The original contract amount remained unchanged.

difficulties of mission critical staff, need for additional information technology resources and assistance in obtaining agency certification.” Further, Exhibit ‘A’ provides for a review and approval process for funding application requests, including:

- Applications are jointly reviewed by CSC and UW staff.
- Applications recommended for funding by CSC and UW staff are brought before the UW’s Community Impact Committee for approval.
- If approved by UW’s Community Impact Committee, the applications are presented to the UW Board of Directors/Executive Committee for final approval.
- Awardees are provided a Grant Award Letter.

## FINDINGS

### FINDING (1):

**CSC process is consistent with the Continuous Improvement Initiative; however, procedures on the operation and administration are lacking detail**

#### Procedures

Established documented procedures provide detailed, specific direction to agencies and personnel to ensure clarity, consistency and quality control. Procedures generally include, but are not limited to staff roles and responsibilities, contract correspondence, documentation of contract administration actions and decisions, contract completion activities, guidance on handling disputes and professional development of staff. Simply stated, procedures detail what is to be done, by whom, when, and how it is to be accomplished and documented.

#### OIG Review:

The CSC provided the OIG with the “Continuous Improvement Initiative Guidance for FY 2010-2011” (“Guidance”) for implementation of the CII program. The Guidance document includes the purpose of funding, eligibility, categories and uses of funding, funding limits, and the application submission process. It also requires that funded agencies submit a Project Completion Report (“Report”) which should provide a brief overview of services/resources requested/received, implementation of resources, and resulting impacts corresponding to the plan included in the application.

OIG staff conducted a review of CII related documents and found them to be consistent with the process outlined in the Guidance. Specifically, documents reflected that CSC and UW staff jointly reviewed the applications; applications were complete and contained plans where appropriate; required approvals by the UW were documented; and, award letters were provided to the grantees. In most instances, grantees submitted the Report and in instances where a Report was pending, it was noted that the grantees had one year from date of the award for submission.

Both CSC and UW staff assigned to this program demonstrated a thorough working knowledge of the CII. The CSC staff has been involved since the development of the CII concept and the UW staff has been involved since the initial funding cycle (2007). The Guidance is primarily intended for applicants and grantees; it is also used by CSC and UW staff.

OIG staff reviewed a copy of the final financial compilation report prepared by the fiscal agent, UW. The compilation report reflects total annual funding of \$227,345.60, representing CSC’s contribution of \$200,000, UW’s contribution of \$27,336, and a

return of unspent grantee funds of \$9.60. The Disbursement section of the report indicates the grantee agency, date, amount of award and total award for the period.

Although the Guidance outlines essential elements and processes, it lacks the level of detail necessary to ensure that (1) fiscal agent<sup>3</sup> report requirements; (2) application review and approval process; (3) funding categories and limitations; and, (4) grantee completion report requirements, are consistently applied (year to year). Additionally the Guidance does not provide staff with direction on how to assess the effectiveness and efficiency of the CII program (quality control).

## **FINDING (2):**

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### **No formal documented monitoring is conducted on the Continuous Improvement Initiative**

#### Monitoring Plan

A documented monitoring plan helps to ensure a contract is effectively monitored. The plan's level of complexity should be reflective of the contract and risk associated with poor performance. A documented monitoring plan should identify and include CSC's and UW's respective contractual obligations and outline how performance will be monitored. The purpose of the plan is to mitigate risk, document receipt of deliverables, and evaluate quality of service. The plan should include, but does not have to be limited to, elements such as: scope of the contract monitoring; staff assigned; date(s) of review; tool(s) for use in the monitoring; deliverables; milestones; due dates; methods of monitoring; and, review of invoices paid.

#### OIG Review:

CSC and UW staff advised there is no formal monitoring conducted on the CII; however, they indicated because the grantees receive funding for additional programs from their respective agencies, CSC and UW staff are routinely in the grantee place of operations and are therefore familiar with the awards received and implementation thereof. Although this practice provides some insight in determining if the award was used as intended, a formal documented monitoring plan, which includes documenting receipt of deliverables, will provide CSC with an increased level of assurance and ensure the contract is effectively monitored.

Finally, training materials prepared by the Florida Department of Financial Services, titled "Advancing Accountability – Best Practices in Contract and Grant Management", identify seven (7) crucial elements. Two elements are particularly useful to the CII program: Reporting and Monitoring.

*Reporting – All reports/documentation required to be submitted or maintained by the provider must be clearly outlined in the agreement. For example: Title, Frequency, Form, Due Date and Format. Considerations of reports and reporting include; the date each report is due, list the specific information each report is to contain, a standard format, require documentation to support the information in the reports be maintained and available on request and financial consequences.*

*Monitoring – The purpose of monitoring is to ensure the provider's performance and compliance with the requirements of the agreement. The two aspects of*

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<sup>3</sup> Fiscal Agent is a person or organization that manages financial matters on behalf of another party.

*monitoring are programmatic and fiscal. Programmatic monitoring determines compliance with the terms and conditions, and service delivery related requirements. Fiscal monitoring determines if funds have been accounted for and used appropriately by the service provider.*

### RECOMMENDATION

Develop and implement a documented procedure to ensure quality control and monitoring of the CII. Procedure should include, but not necessarily be limited to, activities for: (1) fiscal agent reporting requirements, (2) application review and approval process; (3) funding categories and limitations, (4) grantee program completion reports; and, (5) contract monitoring that provides a reasonable assurance of programmatic and fiscal compliance.

### RESPONSE FROM MANAGEMENT

On May 28, 2013, Ms. Gaetana D. Ebbole, Chief Executive Officer, submitted a response to the OIG recommendation, which stated, "The feedback received via this report will assist the Children's Services Counsel in our efforts to continually improve our policies and procedures." Moreover, the "CSC acknowledges that a documented procedure, as generally outlined in the Recommendation, should be developed and implemented. This will be done by October 1, 2013 (the start of the CSC's next fiscal year)."

The complete response is included as Attachment A.

### ACKNOWLEDGEMENT

The Inspector General's Contract Oversight staff would like to extend our appreciation to CSC and UW staff and management for the cooperation and courtesies extended to us during the contract oversight process.



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May 28, 2013

Joe Doucette, Chief of Operations  
Office of the Inspector General  
P.O. Box 16568  
West Palm Beach, FL 33416

Re: Response to Office of Inspector General Contract Oversight Notification – Continuous Improvement Initiative

Dear Mr. Doucette:

Thank you for providing the report on Contract Oversight Notification – Continuous Improvement Initiative, dated May 20, 2013. The feedback received via this report will assist the Children's Services Council in our efforts to continually improve our policies and procedures.

The Management response to the OIG recommendations follows.

Sincerely,

Gaetana Ebbola  
Chief Executive Officer



**Response to Contract Oversight Notification on Children's Services Council Continuous Improvement Initiative**

- **OIG Recommendation:**

Develop and implement a documented procedure to ensure quality control and monitoring of the CII. Procedure should include, but not necessarily be limited to, activities for: (1) fiscal agent reporting requirements, (2) application review and approval process; (3) funding categories and limitations, (4) grantee program completion reports; and, (5) contract monitoring that provides a reasonable assurance of programmatic and fiscal compliance.

- **Management Response to Recommendation:**

CSC acknowledges that a documented procedure, as generally outlined in the Recommendation, should be developed and implemented. This will be done by October 1, 2013 (the start of the CSC's next fiscal year).

This work will build, with more detail, on the Guidance document and related procedures positively described in the Notification [Finding (1)] and the experience of the CSC and United Way of Palm Beach County (UW) staff. This work will also be consistent with the intent of CSC and UW in developing the Continuous Improvement Initiative – to jointly, acting as community partners, develop and carry out the Initiative with the goal of increasing the capacity of the agencies funded by CSC or UW (or by both). As there are no “services delivery related requirements” involved with the Initiative, “monitoring” will focus on whether the activity(ies) described in the application for funding have been carried out and whether the funding provided has been spent as intended. A copy of the documented procedure will be provided to the OIG as soon as it is available.