Improved Contract Process Using a Team–Based Approach and Results–Based Accountability

Micki Coca Buss

EXECUTIVE SUMMARY

When a social service agency contracts services out to a community based organization (CBO) it is responsible for the success of services and support that organization provides the community. In order to mitigate the sense of government waste, social service agencies must provide results-based outcomes for services to demonstrate those services are successful and are cost effective.

By developing a team-based approach and using results-based accountability in the contracting process with local CBOs, the Alameda County Social Services Agency created a benchmark for how a comprehensive contract management system can not only be beneficial to a social services agency, but can also can be beneficial for its nonprofit partners and the community they serve.

This case study examines the Alameda County Social Services Agency's team-based approach to the contract process, including results based accountability, and provides recommendations for Santa Cruz County.

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Introduction

In 2012 Alameda County's Social Services Agency (SSA) embarked on an inspiring project to enhance its administration of more than $70 million in service agreements and to ensure effective and consistent oversight in the contracting process. While this initiative began in part due to a Grand Jury report citing SSA for deficiencies in the monitoring of its service contracts, SSA seized this opportunity to address the concerns of the Grand Jury. SSA decided to make significant enhancements in its administration of its contracts for services. Recognizing SSA could do a better job of managing contracts with community based organizations (CBOs), Agency Director Lori Cox instituted the use of evidence-based performance measures to evaluate the success of contracted programs. As a result of this initiative, SSA was able to incorporate Results-Based Accountability (RBA) in its contracting and also developed a team-based approach in the entire contract process.

The Agency Director and Deputy Director Kristin Spanos embarked on improving SSA's contracting process as a whole. Their vision was to create a stronger partnership between the various departments that have a hand in contract management. They brought together the contracts office, planning, evaluation and research unit, and finance and program staff to implement a team-based approach to contract management. In addition, they developed a process to ensure the RBA model was included upfront in the contract development. Through this initiative SSA was able to create a strong infrastructure for the entire contract process, beginning with Request for Proposal (RFP) and continuing through the contract monitoring process.

Background

SSA is the largest agency in Alameda County with over 2,200 employees and a budget of $644 million. Approximately $70 million of the budget is slated for contracted services. Since 2002, SSA has maintained a centralized contract office with a staff of fifteen, which is comprised of one Financial Services Officer, two supervising Program Specialists, nine Program Financial Specialists, one Account Clerk, one Accounting Specialist, and one Clerk II. The responsibility of this office has been to provide financial monitoring and manage the contract process as a whole. Prior to 2012, most SSA contract monitoring was conducted by various staff across departments, and there was no concise system that identified who was doing what. For instance, if a monitoring resulted in findings requiring a corrective action plan, it was unclear whose job it was to hold the contracted accountable for the corrective action and to ensure the contracted complied with their agreements. The process was fractured and in need of more structure. While implementing an updated contract process, SSA worked to address these concerns and

more. It fine-tuned the responsibilities of staff and learned how to implement the RBA concept as a cross-departmental, team approach in the contract process.

The lessons learned by Alameda County through its team-based approach in the contract process can be valuable to Santa Cruz County as its new Centralized Contracts Unit completes its second year of existence. Many similarities can be drawn between Alameda County and Santa Cruz County in terms of centralizing the contract process and having one unit responsible for the contract process in order to create standardization in contract development and create performance-based outcomes. However, Santa Cruz County can discover that enlisting additional players from other units for their team, as Alameda has done, will create strength and expertise in the contract process.

Cross-Departmental Team-Based Approach

The primary goals of the cross-departmental, team-based approach are to ensure that SSA contracts meet programmatic need, are monitored and evaluated regularly, have tools to improve weak performance, and are cost effective. The cross-departmental team consists of the Contracts Office, Planning, Evaluation and Research Unit (PERU), and finance and program staff. It was quickly apparent that creating a cross-departmental, team-based approach through all levels of the contracting process, from RFP to final invoice payment, was a colossal undertaking. Every player on the cross-departmental team needed to understand and agree that together they would make the contract process a success.

One challenge was to change the culture of the current contract process. It was no surprise that some turf issues were encountered. Staff felt they were the experts in their area and did not recognize any deficiencies in the process. This tension led to the realization that all players needed to have their voices heard as well as an opportunity to present their expertise. The Contracts Office and PERU took the lead and brought in UC Davis to provide a third-party voice to help develop curriculum around

how to collaborate. The six-day training consisted of three, two-day trainings over five months, provided to over fifty staff in the cross-departmental team. The training developed staff skills for planning and collaboration and provided the venue for all staff to offer their expertise in their area of involvement. Actual work for assignments was used so that staff could apply what they learned in training to their current responsibilities. The end result of this training produced a cross-departmental system that creates, monitors, and evaluates each contract from beginning to end.

To reinforce the success of the team-based approach the cross-departmental team meets with the Deputy Director on a quarterly basis. The cross-departmental team members identify agenda topics that are of importance in their respective area of responsibility. It is each team member's task to provide both oral and written reports for his or her topic. The agenda topics include:

- Discussion on RFP or procurement
- Board letter process
- Contract expenditures and invoicing
- Contract implementation and monitoring
- Contract performance
- Training for both the contractor and internal partners

The outcomes of the meeting are documented and given to all attendees. This reinforces roles and responsibilities and continues to strengthen collaboration skills. These meetings provide an environment where staff can freely discuss issues related to program improvement and how to continue to strengthen the partnership internally and externally.

Overview of the Contract Process

Once the cross-departmental team was equipped with skills and tools, the natural next step was a collaborative approach to the contract process. The team recognized in order to gain from collaboration they needed to meet and discuss all aspects across departments that are involved in contract development. This strength-based approach led the team to

identify six areas for a successful contract outcome as depicted and described below (*Figure 1*).

Needs Assessment

- review current services and how they are offered
- determine gaps between what is being offered and what is desired
- clarify problems and identify solutions
- improve current performance or correct a deficiency

Request For Proposals

- determine what conditions are desired (RBA)
- assist in review and rating of proposals
- determine award

Contracts

- negotiate with the service provider
- develop scope of work
- develop terms and conditions of payment
- confirm funding stream
- finalize monitoring plan

Implementation

- develop processes, supports, and accountability structure

- develop the structure to enable the successful execution of the contracted services
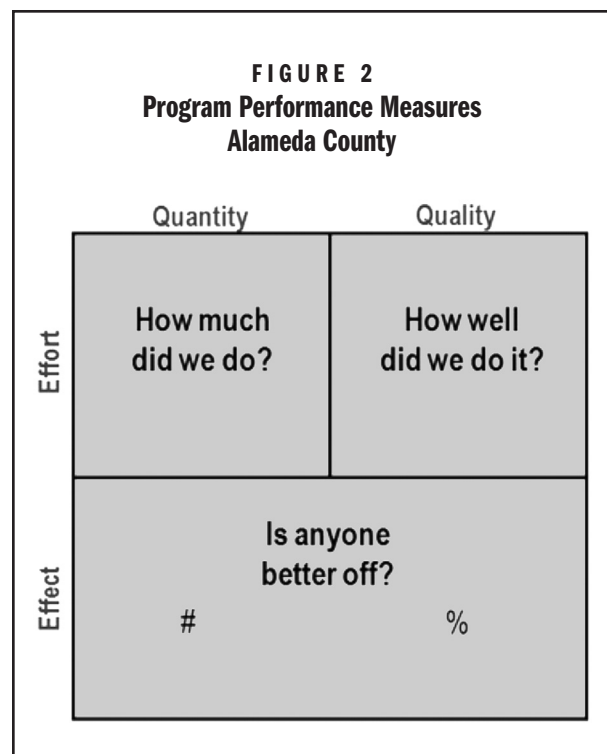
Monitoring

- site visits
- invoice submission
- analyze performance measures
- provide support for the delivery of services

Evaluation

- collaborate on data analysis
- inform performance findings and recommendations
- create recommendation to leadership for continued contract relationship
- inform next needs assessment

Results Based Accountability

The concept of RBA historically was the responsibility of PERU staff. They are experts in determining and evaluating performance indicators. PERU's practices are data driven and it provides leadership in the contracting system by defining the strengths and needs in programs and services. Under the new cross-departmental, team-based contract process,

FIGURE 1
Key Areas for a Successful Contract Outcome
Alameda County

FIGURE 2
Program Performance Measures
Alameda County

PERU and other departments are now responsible for determining performance measures. However, prior to now the other departments were not as strong when it came to implementing RBA in service contracts, and there was a lack of understanding of what RBA is. This led PERU to provide the cross-departmental team with training on the key benefits and concepts of RBA.

PERU lists common language, common sense, and common ground as key values in its contracting practice. With common language people from different disciplines will have a shared understanding of definitions that start with ideas and not words. Common sense guides successful enterprises that start with ends and work backwards to means, and common ground is the political nature of all work to improve social condition

In addition to these values, PERU has instilled strong outcome performance principles into the contract practices of the cross-departmental, team-based approach. All service contracts developed by SSA address the core measures of outcome performance standards: how much, how well, and is anyone better off, as described in the chart below (*Figure 2*).

With these basic principles the cross-departmental team can measure performance in all areas to gain insight about a program and to improve outcomes and build capacity. In addition to benefits for SSA, the contracted now have a clearer understanding of expectations and an opportunity to correct weaknesses. By eliminating the contract babble that existed before, the team has clearly defined the intentionality of the contract. As a result of utilizing consistent performance-based measures and results-based accountably across all service agreements in the SSA portfolio, the team has created a holistic gauge for how the service agreements are meeting agency goals.

Recommendations for Santa Cruz County

The Human Services Department's Centralized Contracts Unit (CCU) is in its infancy, an ideal time to incorporate the various tools and practices of Alameda County. The Human Services Department should incorporate the team-based approach by recruiting current staff from various departmental units involved in the management of service agreements.

From Fiscal Services, an Accounting Technician can provide upfront invoice review to ensure all elements of the invoice meet the Auditor/Controller's Office requirements, which will result in more timely payment. The technician would also review the submitted monthly invoice to ensure the arithmetic is correct and all required elements are completed. He or she would be the point of contact for the vendor for all invoice questions, which would alleviate a time consuming function from a CCU analyst.

 The Accountant III who produces the contract-monitoring report, which highlights contracts that are not spending to their expectation, would now distribute that report to the Accounting Technician who could supply a more timely intervention and help to determine the cause of tardy invoicing. That discovery would then be passed on to the appropriate team member who would provide assistance to the contracted organization. In addition, the Accountant III can provide up-front budget review in connection with the scope of work and invoice requirements.

A staff member from the Planning and Evaluation unit needs to be identified to provide support in reporting and assistance in the development of performance-based outcomes. Since this unit is light in staffing, perhaps it would be limited to contracts that have more complex reporting outcomes and program requirements.

Equally important are program analysts who would continue their responsibilities assisting with scope of work, monitoring, and reporting. Their subject matter expertise in programs will provide important information to the rest of the team.

Once additional players are identified, the CCU should be the lead and convene an initial meeting to define roles and outline responsibilities to provide a clear understanding of each player's function in the contract process. To achieve success, buy-in at all levels is essential. The team-based approach provides

structure akin to a well-oiled machine, one that, in time, will provide standard budget and invoice templates, clear performance-based outcomes, and early intervention at all levels in the contract process.

While the Human Services Department has already begun to incorporate performance-based outcomes in contracts, the team-based approach will allow for a more cohesive strategy that will align performance-based outcomes and strengthen contractor accountability. In addition, contracted organizations will have a clearer understanding of their performance-based expectations, therefore, affording them the opportunity to enhance their success and better meet their objectives.

Conclusion

After only two years of operation, Alameda County's Social Services Agency's updated contract process has demonstrated great success. The agency's cross-departmental, team-based approach is an excellent model. It demonstrates how a comprehensive strategy in managing social services contracts can enhance the success of the entire contract process, demonstrate strong oversight, and improve outcomes for customers of the agency. Its drive to innovate the contract process by reaching out and inviting all parties involved to band together and take charge of their inefficiencies is an inspiration, and Santa Cruz County should note. While the level of staff committed to this effort in Alameda County is far greater than Santa Cruz County can carry out, the concept of a team-based approach can be easily scaled to a smaller human services agency such as Santa Cruz's.

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