DPH Contractors Meeting Agenda

➢Coffee and Continental Breakfast: 9:00-9:30

➢Introductions: 9:30-9:45

➢Power Point Presentation: 9:45-10:15

➢Contractor Input, Discussion and Questions: 10:15-11:00

DPH Contractors Meeting

SAN FRANCISCO PUBLIC HEALTH DEPARTMENT - BUSINESS OFFICE

WEDNESDAY, FEBRUARY 6, 2019, 9 - 11 AM

Fiscal Year 17-18

A PERFECT STORM—
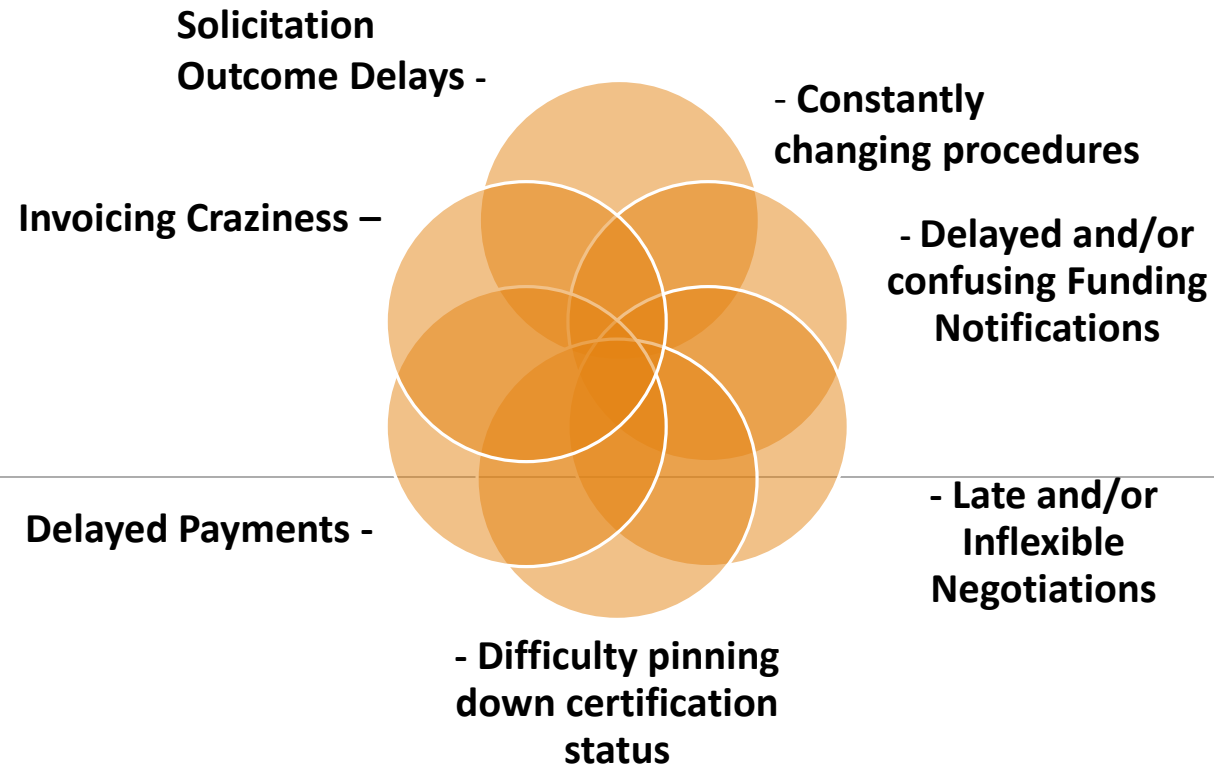
So, What Are We Doing About It?

Discussion Points

- We Heard You! We completely agree, last year @#!$%!
- Explain, briefly, what happened: The Main Problems
- Contracting 101: Ensure common vocabulary for today's discussion
- Self-Correcting Problems: Problems and Solutions
- Current February, 2019 Status and Issues
- Moving Ahead: DPH System Improvements Underway
- Moving Ahead: DPH/BHS System Improvement Pilot
- Moving Ahead: System Improvement Ideas
- Moving Ahead: Contractor Discussion (Technical Assistance Requests and Ideas for System Improvement Focus Areas)
- Thank You For Coming !!!

We Heard You!!!
Contractor Concerns – FY 17-18

Solicitation Outcome Delays -

Invoicing Craziness –

Delayed Payments -

- Constantly changing procedures

- Delayed and/or confusing Funding Notifications

- Late and/or Inflexible Negotiations

- Difficulty pinning down certification status

The Main Problems

Many caveats prevented the alignment of new and expiring contracts

Most BHS contracts were 10 years old, services were expiring, and could not be extended beyond 12/31/17 without Board of Supervisor's approval, which is a lengthy process.

BHS issued 20+ solicitations with all new contracts and services to begin 7/1/17 or 1/1/18. Deadline to obtain BOS approval for contract extensions was missed due to complications making the effective date of all new contracts 1/1/18 – resulted in many versions, invoicing confusion, and doubling the workload.

The City's newly converted FSP accounting system required all completed contract approvals by July 1, 2017. The conversion required: 1. A steep learning curve, 2. Lack of documented procedural steps, and 3. Inability to identify a problem due to lack of familiarity.

New staff in other City Departments were unfamiliar with the uniqueness of DPH/BHS contracts causing further delays. Nothing went unquestioned = Approval delays.

Basically, nearly all solutions to expedite DPH contracts failed; Staff vacancies exacerbated the problem; and Insufficient tracking tools delayed responses to contract/invoice/payment status questions.

CONTRACTING 101:
New Contracts term approved for up to 5.5 year
Full Not to Exceed (NTE) funding for entire term approved

New Contract	FY19-20 (and Years 3 4, 5)	Boiler Plate Changes
FY18-19 (Year 1)	Internal Revision (Request for Program Budget RPB)	Formal Amendment
• Funding Notification Issued • Contractor submits FY18-19 appendices • DPH Internal Approval • City Attorney Approval • City Office of Contract Administration (OCA) Approval (2x) • DPH Fiscal encumbers contractor funding • Contract "certified" • Invoice templates released.	• Initial Payment Released (25% of annual eligible funding) • "MYE" Invoice templates released based on prior year funding and rates) • Funding Notification Issued • Contractor submits updated appendices for current FY • DPH Internal Approval • DPH Fiscal encumbers FY funding amount • Invoice templates released. • Adjustment invoice processed	• This will occur if the contract term is extended or the NTE amount is increased. • Will require City Attorney and OCA approval. • Requires BOS approval if the contract NTE exceeds $10 million and/or 10 years.

Self-Correcting Problems

Problem	Solution
Multiple BHS Solicitations	With only a few exceptions, the majority of BHS solicitations are complete with awards included in current year Funding Notifications and contracts.
Multiple BHS Solicitations Scheduled at the Same Time	Even though we have 10 years of authorization for most service categories, BHS is creating a solicitation schedule now to stagger the next solicitation rounds. With 10 years advance notice, we are confident in our ability!
Two Contracts required to cover a single Fiscal Year	While many vendors operated under an "Interim" contract beginning in FY17-18, (hard term of 1/1/18-12/31/18), in FY18-19, this will be replaced with a new contract covering the period of 7/1/18-6/30/19. There will be <u>one</u> FY18-19 FN letter (in theory!) for a full 12-month period, which will be the basis for the submission of one set of appendices/contract documents.

Self-Correcting Problems

Problem	Solution
FSP: New System Implementation	Staff have had a lot of practice, and most system issues have been worked out; those that still pop up can be addressed more quickly.
BHS Contract Familiarity	DPH Contracts Office has been working closely with OCA and the City Attorney to address their concerns and meet their requirements before a single contract or a batch are rejected or stalled.
Cash Flow Interruption, due to expired contracts.	Once the New FY18-19 contracts are certified (See Year 1), then for each new year within the full term, the contractor will have access to uninterrupted funding because of the "MYE" process. (Exceptions of course)

Current February 2019 Status and Issues

Problem	Impact	Solution
Interim Contracts Not Yet Replaced with certified New Contracts for the period of 7/1/18-6/30/19	Of the 117 BHS contracts, approximately 49 began FY18-19 under an interim contract. This means that funding ended on 12/31/18, and likely before then, when factoring in the initial payment.	DPH has been working closely with the Controller's Office who has agreed to issue Direct Vouchers to ensure ongoing cash flow; Current update underway to bring list of those still at the front end of approval process for consideration.
Proposed Modifications	New funding, and requested changes are resulting in a long list of pending modifications. These take time.	*Need to Discuss*
FY17-18 Cost Report	Due to the complications of two contracts, backlogs and all the other FY17-18 contracting issues, some problems have only now been identified via the preliminary settlements.	DPH staff working with vendors, where applicable, to revise contract documents to address issues, so reimbursement not impacted.
FY17-18 Annual "BOCC" program monitoring	Due to having two contracts for one fiscal year, there may be objectives that are difficult to measure accurately.	Internal meetings to determine which monitoring items may need to be suspended in FY17-18, e.g. comparing invoiced UOS to Avatar billing.

DPH System Improvements Underway:
Contract Management System Using SharePoint

OBJECTIVES & VISION : Create a standardized and centralized contract management system across divisions/sections to allow DPH to maintain a profile on each contract, as well as create a workflow that will enable centralized management.

- **Fields System** will use standard fields to name and manage the contracting process. This means we will be after you about continuity in program names.
- **Tracking System** will use standard milestones for tracking the contracting process (and related processes), and record dates and other data according to those milestones (e.g., date funding notification letter sent).
- **Reporting System** will report on contract status in the same way. This will include the components agreed upon in Fields and the milestones agreed upon in Tracking.
- **Workflows System** will have the same basic workflows for approvals and processing of contracts. There may be minimal, necessary variations as the workflows must accommodate the requirements of all units and contracts.
- **Staff Transparency** will be able to both access status information, and be active participants in the contract and related document routing and approval processes.

DPH System Improvements Underway:
Contract Management System Using SharePoint

SHAREPOINT COMPONENTS: The final SharePoint contract management system will consist of the following components

- **Document Storage:** Contracts will be stored and accessible by all DPH staff.
- **Workflows:** Programmed workflows will enable tracking of document processes at each step, thereby allowing for better management and access to information.
- **Reporting:** Data fields will be identified for reporting and tracking purposes

DPH System Improvements Underway: FY18-19

The Director position for DPH Business Office of Contract Compliance (BOCC) is vacant; A recruitment is soon to be underway (Debra Solomon resigned to work for a non-profit consulting firm).   Tom Mesa is overseeing annual monitoring

Key FY18-19 BOCC Updates:

- **All FY17-18 monitoring reports will be routed using DocuSign**, which means paper copies will no longer be routed and you will need to: 1. OPEN these emails: 2. REVIEW the program documents, and 3. "SIGN"!

- **There is a major effort underway to: 1. document the accurate ("legal", and/or non-acronym) program name within each contract, and then; and 2. match the program to the identified performance objectives, (both standard and individual).** This will enable BOCC to identify exclusions, ensure clarity, and gain a common understanding of monitoring expectations. *(Note: The program information will be uploaded into SharePoint thereby ensuring usage of the "accurate" name continues)*

- **BOCC continues to update its internal database**. This database keeps track of all agency and program level information, so your help is needed because many of us rely upon the accuracy of the information:
  1. Let BOCC know (Chandini Gaur) immediately of changes in program leadership staffing, or new, and/or closing programs. *Please do this in addition to the formal processes, as the formal process (e.g. modified contract) may lag behind the BOCC's timing need.*

System Improvement: FY18-19 BHS Pilot

To Capitalize on the City's two-year budgets, (i.e. two-year CODB allocations) –The Goal will be to have as many updated FY19-20 contracts in place by July 1, 2019 as possible.

System Improvement: FY18-19 BHS Pilot

The Process:

- In February, BHS providers will be polled and asked:
  - (1) Do you anticipate any FY18-19 modifications, and
  - (2) Do you anticipate any FY19-20 funding or program changes outside of the additional CODB, or have you already identified changes?
  - If the answer to <u>both</u> questions is "no", then a FY19-20 Funding Notification will be issued, reflecting the additional CODB funding.
- Contractors will submit appendices, allowing the FY19-20 processing to occur during FY18-19 with FY19-20 invoices to be issued in July, 2019.

System Improvement: FY18-19 BHS Pilot Benefits

Benefits:

- The BHS provider's 1st invoice templates will reflect FY19-20's rates with the new CODB. Often the CODB funding increase trails staff raises.

- Interim ("MYE") invoice templates, utilizing the prior year rates pending the completion of the FY19-20 contract processing, will be eliminated for participants. *(Annually, an estimated 526 "MYE/Interim" templates, or 6,312 unique monthly invoices are prepared).* This will also reduce "adjustment invoices" to pay the provider for the one-time difference between old and current rates.

System Improvement: FY18-19 BHS Pilot

The Success:

- Success will be measured by the number of updated contracts in place by July, 2019, and
- The corresponding reduction in need for invoice template preparation, review and reconciliation.
- To expand future year vendor participation, SOC staff will need to help reduce the number of modification requests- in FY17-18, there were 132 BHS requests to modify.

System Improvement Ideas: Program Monitoring

Standardize how monitoring objectives are made available to providers, which currently employ multiple methods across our very large system (or at a minimum, document the differences to provide more clarity to agencies).

Finalize monitoring objectives by the start of each new contract cycle, e.g. July 1, so that agencies know the new-year expectations and changes when the cycle begins.

Ensure that monitoring report findings and overall observations become part of the process improvement cycle resulting in system improvements and optimal performance measurements.

System Improvement Ideas

Review current Appendix B and Invoice Requirements to confirm that all data requirements (breakouts of programs, funding sources) continue to be necessary, and represent the most efficient structure, while meeting all the needs of the Cost Report Unit, the Controller's Office and the Invoice Analyst.

- Is there any easier way to report different funding sources, than a separate invoice for each? (there may not be!)
- Is there any flexibility with regards to the same service, but delivered in separate locations, based on availability, in terms of how it is set-up in the contract (that could prevent modifications)?
- We MUST DECREASE Modifications

Review DPH's solicitations process, including the actual solicitation documents (e.g. RFPs) to ensure common requirements are both standardized across DPH sections, and necessary.

Contractor System Improvement Ideas and Technical Assistance Needs?

If Technical Assistance workshops around contracting were to be developed, what would be the most helpful?

What contracting system improvement areas would you prioritize (doesn't have to be anything already mentioned)?