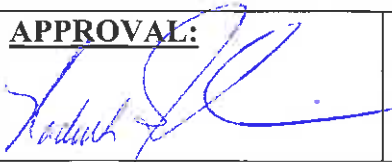




## Policy and Procedures

<b>DEPARTMENT NAME:</b> Utilization Management / Contracts		
<b>SUBJECT:</b> Contract Monitoring	<b>POLICY NUMBER:</b> CON-002	
<b>APPROVAL:</b> 	<b>EFFECTIVE DATE:</b> <p style="text-align: center;">12/2/11</p>	<b>REPLACES :</b> CFOP 75-8 CON-002, April 5, 2006 CON-002, December 10, 2009

**I. Purpose:** This operating procedure describes policy and furnishes the procedures to ensure that the Children’s Network of Southwest Florida, through its monitoring process, protects the funds it receives and disburses, derives the maximum return of services from those funds, and is in compliance with applicable state and federal laws, rules, and regulations governing contracts for services.

**II. Contact:** Chief Operating Officer

**III. Persons Affected:** Lead agency staff and contracted providers.

**IV. Policy:** The Children’s Network of Southwest Florida utilizes its financial resources to the fullest extent possible to support the mission of safety, permanence and well being for the families that it serves. Proper application of the provisions of the Contract Monitoring System will aid in accomplishing this objective and ensure compliance with applicable contract requirements. Every contract issued by the Children’s Network of Southwest Florida for services to children and their families shall be monitored. The frequency and intensity of the monitoring is based upon the risk the Children’s Network assumes in its contract(s).

**V. Rationale:** Contract monitoring promotes accountability and ensures services provided are in compliance with contract requirements and effective in meeting the needs of children and families served.

**VI. Reference:** Contract HJ90R between The Children’s Network of Southwest Florida and the Florida Department of Children and Families: CFOP 75-8

**VII. Definitions:**

**Accreditation-** Recognition issued by a national accrediting organization to behavioral healthcare and human service providers for their compliance with the established evaluation criteria for service quality. Commonly known accrediting organizations include the Rehabilitation Accreditation Commission (CARF), the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), and the Council on Accreditation (COA).

**Children's Network of Southwest Florida  
Contract Monitoring**

**Administrative monitoring-** Review that assures the provider's administrative systems are adequate to manage the contract funds. This includes a review of the provider's basic accounting records along with the provider's financial policies and procedures.

**Attachment I-** The unique, program-specific part of the contract that contains the statement of work for each provider. Required sections are services to be provided, manner of service provision, method of payment, and special provisions.

**Audit Trail-** Written evidence of a transaction from initiation to finalization including supporting documentation to justify each transaction.

**Breach of contract-** A condition that results from failure of parties to a contract to abide by all material terms or conditions of the contract. A breach may be indicated by one or more findings contained in a final contract monitoring report by the contract holder or other recognized agency monitoring report or breach of obligation, performance, or time constraints by the contractor in regard to the terms and conditions of the contract. Breach is a sufficient condition for contract termination but not automatic grounds.

**Budget-** A plan that outlines expected revenues and expenditures.

**Compliance-** The fulfillment of the terms and conditions of the contract in accordance with the contract holder's policies, rules and regulations, specification, standard or law.

**Confidence interval-** The range of error a sampler is willing to tolerate in a representative sample drawn from a population of records. Expressed as a percentage, usually as plus or minus as in  $\pm 5\%$ .

**Confidence level-** The possibility that the sample findings are within the certainty specified. For example, the 95% confidence level indicates that the sampler can be confident 95 of 100 times that the sample findings represent what would have been found in the whole population

**Confidentiality-** All materials obtained and compiled by the contract monitors are classified and not discussed with anyone except the contract monitor's supervisor during the period of contract monitoring. After the final report has been submitted, records which are restricted, such as client identification or other information deemed confidential by federal or state laws shall remain confidential; other working papers are public record.

**Contract manager-** A Children's Network of Southwest Florida's employee responsible for enforcing the performance of contract terms and conditions. The contract manager is the Children's Network of Southwest Florida's primary point of contact through which all contracting information flows between the Children's Network of Southwest Florida and the provider.

**Contract compliance monitoring-** This aspect of monitoring looks at required reports, personnel files, special provisions and any other contract requirements that have not been covered in either programmatic or administrative monitoring.

**Children's Network of Southwest Florida  
Contract Monitoring**

**Contract monitor-** A Children's Network of Southwest Florida's employee responsible for acquiring and reporting information necessary to evaluate whether the provider is in compliance with the terms and conditions of the contract.

**Corrective action plan-** Document prepared by the provider and approved by the Children's Network of Southwest Florida, the mutually agreed-upon plan by which corrective action will be accomplished.

**Corrective actions-** Acts of remediation the provider is required to make in response to the Children's Network of Southwest Florida's findings of unacceptable performance, nonperformance or noncompliance with the terms and conditions of a contract.

**Department-** Florida Department of Children and Families, unless otherwise stated.

**Final report-** The contract monitoring report and transmittal letter submitted to the provider detailing the results of the contract monitoring review and specifying any required corrective actions.

**Findings-** Conclusions and observations derived from the contract monitoring process that identifies the results, including non compliance with specific terms and conditions of the contract which relate to the provider's service delivery, operations and financial stability. A finding requires a recommendation for corrective action.

**Florida Safe Families Network (FSFN)-:** The state automated child welfare information system which is the official electronic file of record for each child/family receiving services.

**Joint contract monitoring-** Administrative and programmatic oversight and review shared among funding partners or monitoring conducted with another agency.

**Lead agency-** Children's Network of Southwest Florida, LLC. (CNSWF), a not for profit community-based care provider responsible for the provision of support and services for eligible children and families through the coordination, integration and management of a local system of supports and services for eligible children and their families

**Licensing:** As defined by subsection 120.52(10), F.S., the issuance, denial, renewal, revocation, suspension, annulment, withdrawal, or amendment of license or imposition of terms for the exercise of a license.

**Licensing agency-** As defined by subsection 435.02 (3), F.S., any state or county agency which grants licenses or registration permitting the operation of an employer or is itself an employer. When there is no state licensing agency or the county licensing agency chooses not to conduct employment screening, "licensing agency" means the Department of Children and Families.

**Major errors-** Contractual performance discrepancies that indicate the interruption of service delivery and/or the receipt of public funds for program services not delivered. These discrepancies require a corrective action plan or penalties.

**Children's Network of Southwest Florida  
Contract Monitoring**

**Monitoring levels-** The intensity and frequency of administrative compliance reviews (low, medium or high) assigned to each provider according to the amount of risk assumed by the Children's Network of Southwest Florida with each contract.

**Monitoring plan-** The activities to be conducted and instruments to be used for each contract monitoring. Also referred to as a work plan.

**National standards-** Criteria established by national accrediting organizations, (i.e., the Council on Accreditation, the Rehabilitation Accreditation Commission, the Joint Commission on Accreditation of Healthcare Organizations, the National Committee for Quality Assurance and the Utilization Review Accreditation Commission) to evaluate organizational and service delivery quality.

**Performance specifications-** The section in the Attachment I that specifies the Children's Network of Southwest Florida's approved performance standards, definitions of performance measurement terms, and information about evaluating each performance measure.

**Performance standards-** Quantitative statements that specify the level of accomplishment of an outcome or output measure contained in the Attachment I of the contract.

**Personnel review-** The evaluation and validation of the contractor's staff which are funded in whole or in part by the Children's Network of Southwest Florida (i.e., position descriptions, salaries, benefits, and daily time and attendance records to ensure accuracy of time charges if positions are cost allocated).

**Policies and procedures-** The provider's written internal and external processes used to ensure program compliance.

**Population-** The aggregate of all cases that conform to a designated set of specifications.

**Primary point of contact-** For the Children's Network of Southwest Florida, the primary point of contact is the contract manager who is responsible for enforcing the performance of the contract terms and conditions and serving as liaison with the provider. The provider's primary point of contact is the employee delegated to serve as the provider's representative and liaison to the Children's Network of Southwest Florida.

**Probability sample-** A subset of the population whose likelihood of having the same mean as that of the whole population can be estimated. A probability sample makes it possible to estimate the extent to which the findings of one sample are likely to differ from what would have been found by studying the entire population.

**Programmatic contract monitoring-** The review, evaluation and validation of the provider's actual program performance against the specific program goals and expected outcomes required by the contract.

**Children's Network of Southwest Florida  
Contract Monitoring**

**Quality Management-** A process by which the Children's Network of Southwest Florida reviews the effectiveness and the quality of its service provisions and deliverables in order to meet the needs of its clients.

**Ratios-** Measurement tools to evaluate and validate a provider's financial performance.

**Reference and cross reference-** The use of an index to track all work papers developed or obtained during contract monitoring.

**Risk assessment-** The systematic method used for determining the frequency and intensity of contract monitoring by assigning pre-established criteria to each contract or provider.

**Sampling-** Selection and evaluation of a limited number of records to validate the provider's compliance with the terms and conditions of the contract.

**Self-Evaluation-** A required administrative contract monitoring instrument that must be completed by the provider and returned to the Children's Network of Southwest Florida.

**Subcontract-** A written contract between the provider and another entity to deliver program services. The subcontract must contain all required terms and conditions of the original contract. Prior approval must be obtained from the Children's Network of Southwest Florida for the use of subcontractors in performing services under the contract.

**Terms and conditions of contract-** Administrative and programmatic requirements that are mandated for the signers of a mutual agreement.

**Unallowable expenditures-** Expenses that are not included in the contractual agreement and, therefore, are deemed inappropriate for payment.

**Unqualified audit opinion-** Provides reasonable assurance that the financial statements of an entity present fairly the financial position, results of operations, and cash flows in conformity with generally accepted accounting principles.

**Unscheduled visits-** On-site visits which may be conducted by the Children's Network of Southwest Florida staff that are not pre-arranged with the provider.

**Weight-** The value applied to each factor used in the risk assessment instrument.

**Work papers.** The major reference materials used to document the contract monitor's review and also used to enable other appropriate parties to see the evidence that supports the contract monitor's conclusions and determinations.

**VIII. Procedures**

- A. The Children's Network incorporates a variety of activities to provide continuous oversight to provider's service delivery, determined by the nature of the service and the

**Children's Network of Southwest Florida  
Contract Monitoring**

level of risk. These activities may include:

1. On-Site formal monitoring
2. Desk Reviews
3. Provider team meeting
4. Case Management Organization Director's Meetings
5. Unscheduled site visits
6. Client Interviews
7. Quality Assurance reviews in compliance with the Regional Quality Assurance Model Guidelines
8. Special file reviews
9. Monthly expenditure analysis
10. Monthly / quarterly programmatic reports
11. Foster parent licensing reviews
12. Incident Reports analysis
13. Review monitoring /,licensing reports conducted by outside entities

**B. Types of monitoring**

1. Administrative /Fiscal
  - a. This review ensures that the provider has administrative systems in place adequate to manage funds. It includes a review of the provider's basic accounting records along with the provider's financial policies and procedures.
  - b. To ensure programmatic financial integrity is maintained, these items may be considered:
    - i. Accuracy of payments
    - ii. Compliance with the previous year's findings /recommendations and any corrective action imposed.
    - iii. Correction of any previous deficiencies
    - iv. Payroll tax returns and payroll register for administration and program personnel (US Form 941, Federal Quarterly Payroll Return and Unemployment

**Children's Network of Southwest Florida  
Contract Monitoring**

- Compensation Tax) with payment documentation, I-9 Forms and W-4 Forms.
- v. The newest interim financial statements available to the sub-contractor's board of directors.
- vi. The chart of accounts
- vii. Current operating budget and expenditure report
- viii. Records of all sources of income (each fund that contributes to the provision of services and in-kind contribution/match documentation.)
- ix. Records and minutes of board and finance committee meetings
- x. The methodology for service allocation by programs and cost centers along with proper documentation of each service which can include service unit records, logs, reports and client files utilized for billing.
- xi. Copies of statements for agency-supplied employee credit cards
- xiii. Current organizational chart
- xiv. US form 990 (Organization Exempt from Tax or Form 990-T (Business Organization Exempt from Income Tax) if applicable, timely filed.
- xv. The monitor must be able to trace financial transactions from individual purchase orders, vouchers, receiving reports or invoices, journals, general ledger and the income statement to ensure proper interpretation and processing within the subcontracted organization.
- xvi. When an independent audit has been performed in accordance with OMB Circular A-133, Chapter 215.97 (Florida's Single Audit Act) or with CNSWF requirements, monitors may rely on the findings as to the provider's compliance with generally accepted accounting principles and of the adequacy of their internal control systems if the audit opinion is unqualified. The Chief Financial Officer may choose not to accept the audit and request the CNSWF complete a detailed review of the provider's accounting system. If the audit has a qualified opinion, then the CNSWF will complete an in-house review of the problem areas at a minimum.

c. Frequency of Administrative Monitoring.

- i. The CNSWF will ensure that risk is assessed annually for all subcontractors by using a matrix that weights specific factors and is approved by the management team
- ii. The matrix will be revised annually and the weights set prior to assessing the providers
- iii. Cut-off numbers for high, medium, and low-risk providers will be determined prior to the assessment
- iv. If a provider has multiple contracts with the CNSWF, then the highest level of risk for any contract will be assigned to all the provider's contracts.
- v. Factors included in assessing risk:
  - a) Critical Service
  - b) Type of Provider
  - c) Type of Service
  - d) Number of Clients

**Children's Network of Southwest Florida  
Contract Monitoring**

- e) Dollar value of contracts
- f) Corrective Actions
- g) Number of years in contract
- h) Key Organizational Changes
- vi. High risk providers will have a comprehensive administrative on-site monitoring minimally on an annual basis.
- vii. Medium risk providers will have a comprehensive administrative on-site monitoring every two years. When on-site reviews are not completed, a minimum of a desk review will be completed.
- viii. Low risk providers will receive an on-site comprehensive administrative on-site monitoring every three years. When on-site reviews are not completed, a minimum of a desk review will be completed.

**2. Programmatic**

- a. Programmatic monitoring ensures that the provider is delivering quality services in accordance with the terms and conditions of the contract.
- b. A customized monitoring tool will be developed for each program and approved by the Chief Operating Officer or designee. The review, at a minimum, will cover the following areas:
  - i. The provider is delivering the authorized services
  - ii. The provider is complying with all pertinent statutes, regulations or other requirements outlined in the contract.
  - iii. The provider is delivering services to eligible clients
  - iv. The provider is maintaining client records that are current, complete, and reflect specific provisions and restrictions in the contract.
  - v. The provider is in compliance with performance measures.
- c. A statistically valid sample of client files will be used unless an exception is approved by the Chief Operating Officer or designee. If serious issues are uncovered during the monitoring, a larger sample may be reviewed.
- d. Frequency of the programmatic monitoring will be determined at the beginning of each contract year, based on results of previous monitoring, subsequent corrective actions, accreditation, incident reports, exit interviews, stakeholder feedback, results of any specialized reviews, performance measures, and overall risk presented to the lead agency. Normally on-site reviews will be completed, however in lieu of an on-site review; a desk review will be completed. A calendar will be published each year listing anticipated monitoring dates.

**3. Quality Management Reviews**

Case management organization file reviews will be completed to comply with DCF Quality Assurance Model Guidelines and federal requirements in the Child and Family Services Review.

**Children's Network of Southwest Florida  
Contract Monitoring**

4. At any time if there are serious concerns regarding a provider's ability to meet contractual requirements or other circumstances warrant increased oversight, additional monitoring activities can occur as needed, including unscheduled site visits.

**C. Special Provisions**

**1. Providers outside Circuit 20**

The Children's Network will obtain copies of monitoring and/ or licensing reports for providers outside Circuit. As determined appropriate by the Chief Operating Officer, Children's Network may participate in the on-site monitoring or request the monitoring team to review specific areas of concern.

**2. Accredited Providers**

If a licensed Child Placing or Child Caring Agency is accredited by the Council on Accreditation (COA), Joint Commission on Accreditation of Health Care Organizations (JCAHO) or Commission on Accreditation of Rehabilitation Facilities (CARF) administrative monitoring by the lead agency will be limited to once every three years. Accredited agencies will be monitored as necessary with respect to:

- a. Ensuring services for which the Children's Network is paying are being provided.
- b. Investigating complaints or suspected problems and monitoring the subcontractor's compliance with any resulting negotiated terms and conditions.
- c. Ensuring compliance with federal and state laws, federal regulations, or state rules if such monitoring does not duplicate the accrediting organization's review.

**D. Monitoring Implementation**

**1. Monitoring Team**

- a. The Chief Operating Officer will determine the composition of the monitoring team and request assistance from the various departments of the lead agency as needed. The contract manager will generally be the team leader for monitoring unless the Chief Operating Officer makes another selection.
- b. Administrative monitoring will be completed by the Fiscal unit; programmatic monitoring is completed by the contract manager with other agency staff as needed: quality assurance reviews for the case management organizations are completed by the quality assurance staff.
- c. The monitoring team leader is responsible for the following:
  - i. Scheduling the monitoring with the provider and sending a letter requesting required information prior to the monitoring.
  - ii. Meeting with the monitoring team to go over any identified issues, distribute monitoring tools, and coordinating the review.
  - iii. Scheduling entrance and exit interviews

**Children's Network of Southwest Florida  
Contract Monitoring**

- iv. Being the point of contact for the monitoring team and provider during the monitoring activities.
  - v. Consolidating the team's findings and preparing the final monitoring report to issue to the provider with any necessary corrective action.
  - vi. Reviewing, accepting, and monitoring corrective action as needed.
- d. Team members will participate in pre-meetings, on-site monitoring and/or desk reviews, entrance and exit interviews, and any activities needed for the final report and any sanctions as requested by the team leader.
- e. Conflicts of Interest  
The Children's Network of Southwest Florida is sensitive to conflicts of interest that interfere with the exercise of professional discretion and impartial judgment. All employees who are involved in monitoring a contract will complete a Conflict of Interest Statement (Exhibit A).
- f. Employee ethics  
All Children's Network employees are required to follow company ethics rules. All employees must comply with all state, Federal, and administrative rules and regulations.

2. Pre Monitoring Activities

- a. The team lead will send a letter to the provider announcing the date of the monitoring and requesting needed documentation.
- b. The team lead will review the contract file and ensure that all applicable monitoring reports, licensing summaries and other documentation is in the file.
- c.. The monitoring team will meet to review prior reports and any current issues. They will review monitoring tools and determine roles and time lines

3. On-Site Activities

- a. The monitoring team will meet with contractors' staff to go over the purpose, scope and activities planned for the review during the entrance interview.
- b. Monitors may be reviewing a variety of files – client, human resources, financial, as deemed appropriate in the pre-monitoring activities. If falsification of records is uncovered, then it must be brought to the immediate attention of the Chief Operating Officer for appropriate action.
- c. Interviews with staff and/or clients may be conducted
- d. A tour of the facility may be requested
- e.. The team will compile work papers as part of the monitoring. These papers are

**Children's Network of Southwest Florida  
Contract Monitoring**

confidential during the review and must be secured daily. They are included as back-up in the Children's Network file once the monitoring is concluded.

- f. When the on-site review is completed, the monitoring team will review the preliminary results with the provider during the Exit Interview.

**4. Monitoring Report and Follow-up**

- a. Reviewers will document findings on their respective monitoring tools, attaching additional information as needed.
- b. Within 30 days of the exit interview, the team leader will compile a final report and submit to the provider with the monitoring tools and a request for any necessary corrective action.
- c. Corrective action will be due from the provider within 30 days of receipt of the report.
- d. If accepted, the Children's Network will notify the subcontractor, copying the Quality Assurance or Fiscal unit regarding follow-up action. If corrections and updates are needed, the contractor will be notified and an updated corrective action will be requested.
- e. Once the plan is accepted, the Children's Network will follow-up to ensure progress is made.

**5.. Contract monitoring file**

- . Monitoring files will be maintained according to published retention schedules, to include:
  - a. Previous years' monitoring results and corrective actions.
  - b. Current year's results with backup documentation
  - c. Current corrective action plan with backup documentation
  - d. Any special reviews, analysis, meeting minutes, or other activities identified in paragraph VIII that relate to specific provider oversight.

**X. Exhibits**

**A. Conflict of Interest Questionnaire**

**Exhibit A**

**Conflict of Interest Questionnaire**

(Provider)

- |   |  | YES                      | NO                       |
|---|--|--------------------------|--------------------------|
| 1 | Do you, your immediate family, or business partner have financial or other interests in any of the Provider listed?            | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 | Have gratuities, favors, or anything of monetary value been offered to you or accepted by you from any of the Provider listed? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 | Have you been employed by any of the Provider listed within the last 24 months?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 | Do you plan to obtain a financial interest, e.g., stock, in any of the Provider listed?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 | Do you plan to seek or accept future employment with any of the Provider listed?   | <input type="checkbox"/> | <input type="checkbox"/> |
| 6 | Are there any other conditions which may cause a conflict of interest?   | <input type="checkbox"/> | <input type="checkbox"/> |

If you answered "yes" to any of the above questions, attach to this questionnaire a written explanation of your answer below.

I declare all of the above questions are answered truthfully and to the best of my knowledge.

\_\_\_\_\_  
Name (type or print)

\_\_\_\_\_  
Signature & Date