

DHS Contract Process Improvement Report - April 2025

This report provides a summary update of the ongoing efforts and improvements related to contracting, procurement, and timely payment processes within the Department of Health Services (DHS).

1. Status of the Contract Improvement Project

The Department has been actively working to improve contractor/vendor support at all levels including competitive procurements, contracting processes, support with insurance and other documentation requirements, and processes required for invoicing and payment. Key progress items include:

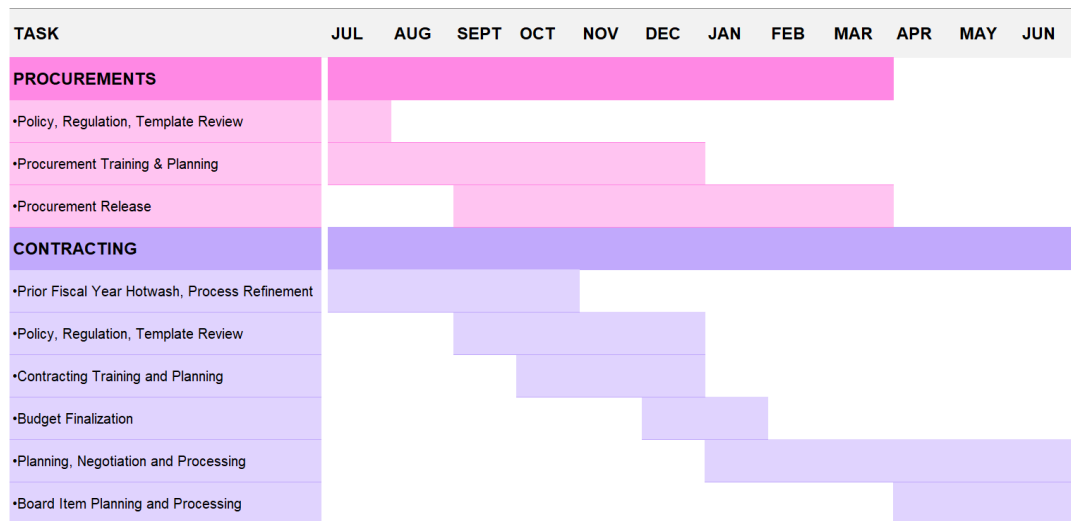
Contract Improvement Steering Committee: The Department has initiated an internal process committee with the following goals:

- Improve DHS contract execution process and timeliness.
- Improve timely payments.
- Improved fiscal processes to ensure accurate contract funding sources.
- Develop and provide ongoing staff training.
- Develop and implement standard operating procedures.
- Develop and provide training for partners/vendors regarding RFPs, contracts, invoicing and documentation requirements and processes
- Develop and integrate an internal Contract Tracking Software System.

Execution of Contracts for FY 25/26: DHS is on track to increase timely contract executions compared to FY 24/25, with a goal of approximately 176 (or 68%) fully executed contracts out of 258 known, new or renewed contracts by June 30, 2025, as DHS strives to align with an updated contracting schedule.

2. Annual Contracting/Formal Procurement Calendar

The Department is developing a comprehensive contracting and formal procurement calendar, which is intended to result in contracts with a July 1 start date being adopted and executed by June 30, prior to the start of each fiscal year. This calendar is a key component in a timely annual procurement and contracting process for all parties involved. DHS is in the discovery and analysis phase currently, evaluating where items get delayed and exploring solutions to improve efficiency and reduce staff time. Final analysis is expected before end of this Fiscal Year. To fully implement and achieve the goal of contract execution prior to the fiscal year start and annual service delivery, DHS estimates that it will take one to two annual cycles (fiscal years) as efficiencies, knowledge and ability of staff increase. The chart below reflects high level key tasks and timelines for these processes.



- **Preparation for Formal Procurements → July - September**
 - Pre-solicitation season would start in the first week of July of each year.
 - This includes training, planning, market research, drafting the solicitations, and obtaining necessary approvals before public release.
- **Formal Procurement Release and Process → September**
 - This covers the formal solicitation process, reviews, document finalization, advertising, proposal evaluations, and vendor selection.
- **Preparation for Contract Processing → October - December**
 - Pre-contracting season would start in the first week of October of each year.
 - This includes training, planning, licensure/certification verifications, and drafting scopes of work and budget exhibits.
- **Contract Processing → January - June 30**
 - This includes negotiation, review, submission, and execution of contracts.
 - All final FY contract requests must be submitted in full by 2nd week of April
 - Note: Homeless Coalition calendar award of their annual NOFA, which occurs at the end of April or start of May each year, would result in contract request submissions later in the year. Staff are reviewing solutions to this calendar challenge.
 - Delayed Budget decisions, protracted rate negotiations, and procurement needs impact timely contracting in Behavioral Health.
- **Contract Execution Deadline → July 1**
 - Contracts with a July 1 term start date must be fully executed by this date.

3. Formal Solicitation and Contract Templates

The Department is coordinating with County Counsel, County Purchasing and other Safety Net departments to develop new DHS-specific Request for Proposal (RFP), Notice of Funding Availability (NOFA) and contract templates designed to expedite the development, review and approval process targeting DHS identified needs and requirements.

These new templates will include clearer requirements, a more transparent process by including more thorough details on reimbursement requests, auditing requirements, and contractor performance expectations and monitoring, as well as a more organized structure to the templates that includes:

- Utilization of various County Counsel and Purchasing approved, DHS-specific contract templates to streamline and shorten County Counsel review times.
- Improved Statement of Work (SOW) template/checklist to assist those developing the SOW and ensure clear contract requirements, and expedite invoice processing
- Improvement to fiscal provisions and exhibits
- Invoice submission instructions included in both procurements and contracts

4. Invoices and Prompt Payment

In addition to improving the overall contract process, the Department is prioritizing improvements to the contract payment process. This issue is inherently tied to the timely execution of contracts and training our partners on invoice submission and required documentation.

Training contract partners on the correct format and requirements for submitting invoices, as well as defining what type of backup documentation is required with invoice submissions, will help reduce delays in payments. Instructions for submitting invoices will continue to be available on the DHS website and included in the contract, and all formal solicitations will contain sample invoices and directions for submitting invoices for reimbursements, supporting the one-on-one contractor trainings detailed above.

A standard operating procedure (SOP) for DHS staff to approve contract invoices has been drafted and is currently under review by DHS Fiscal. This SOP will establish a consistent process for approving and routing contract invoices. In an ideal situation, if the contractor submits their invoice on time with all proper backup, DHS processing of that invoice can be completed within five business days, with an additional three business days for the County Auditor to approve and release payment, making an ideal situation under two weeks from invoice submission to final payment. The average invoice submitted to DHS currently takes approximately 3-4 weeks from submission to payment.

5. Contractor Training

The Department plans to invite partners in other County Departments with similar needs, including County Purchasing, County Risk, and Safety Net Departments (Human Services, CDC, Probation, District Attorney, Sheriff, Superior Court, Child Support Services, Public Defender, Information Systems Department and County Counsel) to develop a comprehensive training program for our contractors (Annual Contractor Conference) including inviting our Community-Based Organization (CBO) partners.

This training will focus on the following areas:

- RFP completion and submission procedures – including an overview of the basic elements of a formal solicitation and the different types of solicitations.
- Contract requirements, insurance, federal funding requirements, etc. – including understanding the critical and consistent parts of County agreements.
- Invoice submission, approval and timing process – including an overview of what is required when submitting a request for reimbursement.

6. DHS Contracts and Payables Progress Report

Contract Execution

When interpreting whether a contract is executed late or on time, it is important to take into consideration that there are two distinct categories of services contracts: known/planned-for services and urgent/unplanned needs.

For the purposes of this report, “on-time” is defined as a contract with an execution date occurring on or before the contract term start date. There are a number of circumstances under which DHS has no control over a contract being executed “on-time.” Example: BRS – Beneficiary Request for Services contracts. These are emergency, behavioral health treatment placements, which require same or next-day placements into a facility. A letter of guarantee is issued as an interim approved method for a client to be placed into treatment, guaranteeing future payment while an official contract is drafted.

The below Historical Data represents a complete picture of all contracts including those which fall into the urgent/unplanned needs category from FY 19-20 to present, with projections through FY 26-27.

Historical Data:

Fiscal Year	No. of New/ Renewals Executed	Total No. of Contracts Executed	Approximate No. of Contracts Executed On Time	Percentage of Contracts Executed On Time
7/1/2019-6/30/2020	310	416	135	32.5
7/1/2020-6/30/2021	282	519	147	28.3
7/1/2021-6/30/2022	261	477	143	30.0
7/1/2022-6/30/2023	312	482	147	30.5
7/1/2023-6/30/2024	359	552	197	35.7
7/1/2024-6/30/2025	258	451*	176*	39.0*

*These numbers are an expected target goal of maximum contracts executed on time, based on current FY status.

Future Fiscal Year Contracting Projections

Future Year Projections	Projected No. New / Renewals	Projected No. of Modifications	Projected Total No. of Contracts	Projected Percentage of Contracts Executed On Time
7/1/2025-6/30/2026	366	185	551*	63.7*
7/1/2026-6/30-2027	346	189	535*	81.3*

*These numbers are an expected target goal of maximum contracts executed on time, based on current processes and planned amendments to current processes and work plans over the next two years.

FY 25/26 projections for new/renewal contracts is an estimate, based on the current known RFP and NOFA plans. The number of contract modifications was calculated by averaging the three prior fiscal years.

FY 26/27 projections for new/renewal contracts and contract modifications were calculated by averaging the three prior fiscal years.

Payables

In late 2024, the DHS Purchasing Team was established to improve the timely processing of payments. The team consists of designated accounts clerks and a centralized DHS Fiscal email inbox for invoice submissions, ensuring that invoices are received by the team as a whole, rather than by a single individual, in order to streamline processes and ensure invoices tied to contracts remained the primary focus for our department.

Key Goals:

- Improve the speed and accuracy of payment processing.
- Ensure invoices are consistently received, reviewed, and processed on schedule.
- Ensure invoices are accurate and include the required supporting documents.
- Communicate quickly when there are invoice questions or discrepancies.
- Continuously monitor, analyze, and refine the process for greater efficiency.

	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25
Items Processed	12,398	15,393	20,082	18,406	18,754	12,237 to date

"Items Processed" refers to the number of invoices processed during the period listed above. The FY24-25 date range includes the period from July 1, 2024, to March 6, 2025, noted as "to date."

FY 25-26 and onward – Timely Payment Goal:

- Timely* payments: payments that are completed within the business standard of net 30 days from date of invoices submitted with all supporting documents provided
- *Note: late invoices, invoices without proper backup documentation, or delays related to non-DHS factors are not considered.