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June 6, 2008

TO: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Acting Auditor-Controller

SUBJECT: **DEPARTMENT OF CHILDREN AND FAMILY SERVICES GROUP HOME AND FOSTER FAMILY AGENCY CONTRACT SOLICITATION REVIEW (Board Agenda Item No. 98-A, May 6, 2008)**

At the May 6, 2008 meeting, your Board instructed the Chief Executive Officer (CEO), in conjunction with the Auditor-Controller (A-C), County Counsel, the Department of Children and Family Services (DCFS), and the Probation Department (Probation) to review DCFS' Group Home (GH) and Foster Family Agency (FFA) contract solicitation process. The review was requested in part as a result of 39 existing GH and FFA contractors not submitting a response to DCFS' Request for Statement of Qualifications (RFSQ).

Our review included evaluating DCFS' RFSQ solicitation process, determining whether current contractors were notified about the RFSQ solicitation, and identifying the reasons the 39 agencies did not submit RFSQ responses. Our review also included interviewing DCFS, Probation, and County Counsel, reviewing relevant policies and procedures, and evaluating GH and FFA mailing lists and other relevant documentation. We also interviewed the 39 existing GH and FFA contractors that did not submit a mandatory response by the solicitation's deadline.

Background

On August 31, 2007, DCFS released a RFSQ for GH and FFA contracts. The purpose of the RFSQ was to obtain qualified contractors to provide foster care services for DCFS and Probation. The current GH and FFA contracts expire October 31, 2008. A

total of 143 agencies (76 GHs, 44 FFAs, and 23 GH/FFAs) submitted a Statement of Qualification (SOQ or response) to the RFSQ by the mandatory 6:00 p.m. deadline on February 29, 2008. DCFS is currently evaluating the RFSQ responses to determine if they meet the minimum qualifications.

According to the RFSQ requirements, SOQs received after the submission deadline will not be reviewed for the initial contract term. Thirty-nine agencies with existing GH and FFA contracts did not submit a SOQ by the mandatory deadline. As a result, the 773 children (as of May 8, 2008) placed with these 39 agencies may have to be transitioned to agencies that will have GH and FFA contracts beginning November 1, 2008.

Review Summary

RFSQ Solicitation Process

DCFS complied with County contracting requirements by appropriately advertising the GH and FFA solicitation in the newspaper and posting the solicitation on the County's website. County contracting policy does not require departments to mail notification to existing contractors of a solicitation. Although not required, DCFS indicated that they also mailed solicitation notifications of the RFSQ to approximately 252 current and potential GH and FFA contractors.

County Counsel indicated that based on current contracting policy, DCFS met the RFSQ notification requirements by advertising the solicitation in the newspaper and posting the solicitation on the County's website. Since County contracting policy does not require departments to mail current contractors of a solicitation, County Counsel indicated that there is no legal reason to reopen or amend the solicitation for additional RFSQ responses.

Contract Notification and Responses

We reviewed the notification mailing process and interviewed the 39 agencies that did not submit a SOQ by the RFSQ deadline and noted the following:

- Seven agencies did not want to continue contracting with the County.
- Nine agencies stated that they were aware of the solicitation. However, they did not submit a SOQ by the required deadline.
- Three agencies closed.
- Twenty agencies stated that they were not aware of the solicitation. Based on our review, for 16 agencies the addresses we verified matched the addresses on DCFS' mailing list. For the remaining four agencies, their mailing addresses did

not match the addresses we verified. However, three of the four agencies had their e-mail addresses recorded on the County's vendor registration system (system). DCFS indicated that automated e-mail notification of the RFSQ solicitation is sent to existing GH and FFA contractors when contractors' e-mail addresses are recorded in that system. The fourth agency's e-mail address was not in the system.

RFSQ Requirements

The RFSQ allows for subsequent annual submission of SOQs. The first annual submission is scheduled for the first two weeks of August 2009. The RFSQ also indicates that the County, at its sole discretion, can adjust the schedule for SOQ submission, based on the needs of the County.

As noted earlier, DCFS is currently evaluating the RFSQ responses to determine if they meet the minimum qualifications to be awarded a new contract. DCFS will also determine if the projected GH and FFA capacity under the new contracts will be sufficient to meet the projected needs of the County. If the projected capacity does not meet the needs of the County, DCFS has the discretion to adjust the schedule for SOQ submission to allow additional agencies to submit a SOQ.

RFSQ Notification

County contracting policy requires departments to advertise contract solicitations in a local newspaper and post the solicitations on the County's website. Although not required, DCFS also mailed notification of the RFSQ solicitation release and related addenda to existing GH and FFA contractors. DCFS indicated that automated e-mail notification of the RFSQ solicitation was also sent to the current GH and FFA contractors that had their e-mail addresses recorded on the system.

Since mailing notification to current contractors is not a County contracting requirement, DCFS did not send the solicitation notification via registered or certified mail. DCFS also did not require agencies to notify them acknowledging receipt of the notice. Based on County contracting requirements, DCFS followed the appropriate steps to publicize the RFSQ. For example:

- On April 19, 2007, DCFS mailed notification of the pre-release of sample GH/FFA contract terms/conditions and statements of work to current and potential contractors.

- On August 31, 2007, DCFS mailed notification of the RFSQ to current and potential contractors on DCFS' mailing list of 252 agencies, posted the RFSQ on both the DCFS and ISD websites, and sent e-mail notification to all current

contractors that had their e-mail address recorded on the County's online vendor registration system.

- Between September and November 2007, DCFS placed newspaper advertisements of the solicitation on multiple occasions in several publications including the Los Angeles Times, Hoy, the Compton Bulletin, and the Chinese Daily News.

- Between September 20, 2007 and January 30, 2008, DCFS mailed notification of several addenda to current and potential contractors notifying them of changes to the solicitation such as splitting the voluntary Proposer Conference into two separate conferences for GHs and FFAs, extending the date of the Proposer Conferences, and extending the mandatory deadline to submit responses from the original deadline of October 26, 2007 to February 29, 2008.

- On November 21, 2007 and January 9, 2008, DCFS held the voluntary Proposer Conferences for GHs and FFAs, respectively. According to the sign-in sheets, representatives from 97 GHs and 68 FFAs attended the conferences.

Current GH/FFA Agencies - No Response

As previously mentioned, 143 contractors submitted a SOQ by the RFSQ's required deadline. However, 39 existing GH and FFA contractors failed to submit a SOQ within the RFSQ's required timeframe. The following chart illustrates the reasons the 39 agencies did not submit responses based on our review.

39 AGENCIES THAT DID NOT SUBMIT A SOQ BY DEADLINE	AGENCIES
Aware of RFSQ but does not want to contract	7
Aware of RFSQ but missed deadline	9
Business Closed	3
Not aware of RFSQ (see further information below)	20
Total number of agencies	**39**

For the 20 agencies that indicated they were not aware of the RFSQ:

- Sixteen agencies' mailing addresses matched the addresses on DCFS' mailing list. In addition, these addresses matched the County's eCAPS addresses where the agencies' County payments were sent. These addresses also matched the addresses in the system.

- Four agencies' mailing addresses did not match the addresses on DCFS' mailing list, eCAPS, or the system. However, three of the four agencies had their e-mail addresses recorded in the system, as required by the County GH & FFA contracts. As noted earlier, DCFS indicated that automated e-mail notification

was sent to contractors in the system. The fourth agency's e-mail address was not in the system.

County Counsel indicated that based on current contracting policy, DCFS met the RFSQ notification requirements by advertising the solicitation in the newspaper and posting the solicitation on the County's website. Since County contracting policy does not require departments to mail current contractors of a solicitation, County Counsel indicated that there is no legal reason to reopen or amend the solicitation for additional RFSQ responses.

It should be noted that five of the 39 contractors that did not submit a response to the RFSQ provide highly specialized services to children who need intensive treatment or specialized care. Since there are a limited number of contractors that can provide these specialized services, DCFS and County Counsel should review existing County contracting policies for remedies that would allow DCFS to continue to contract with the five contractors for these specialized services beyond November 1, 2008.

Review of Report

We reviewed our report with DCFS, Probation, CEO, and County Counsel management. They generally agreed with the results of our review. We thank DCFS, Probation, CEO and County Counsel management and staff for their cooperation and assistance in completing this review.

Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1102.

WLW:MMO:DC

c: William T Fujioka, Chief Executive Officer
Patricia S. Ploehn, Director, Department of Children and Family Services
Raymond G. Fortner, Jr., County Counsel
Robert B. Taylor, Chief Probation Officer
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