

DEPARTMENT OF SOCIAL SERVICES
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June 28, 1985

ALL-COUNTY LETTER NO. 85-72

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: County/Third Party Contracting

REFERENCE: All County Letter Number 74-151

The purpose of this letter is to outline a change of policy toward county contracting for social, professional, and management services. Starting next fiscal year (July 1, 1985), counties will be given more responsibility for contracting, by limiting prior state review of most contracts and procurements. Prior review will generally be limited to those contracts where such review is specifically required by law or federal policy. The following information details the policy change:

PRIOR REVIEW WILL NO LONGER BE REQUIRED FOR THE FOLLOWING TYPES OF CONTRACTS

- Title XX Child Welfare Services and County Services Block Grant
- Refugee Social Services
- Management Studies
- Management or Business Services
- Professional Services
- Training Services

PRIOR REVIEW WILL CONTINUE FOR THE FOLLOWING TYPES OF CONTRACTS

- o In-Home Supportive Services (The Contracts Bureau will continue reviews.)

- o Electronic Data Processing Services (The Systems Analysis and Approvals Bureau will continue reviews.)
- o Food Stamp Storage and Issuance Services (The Food Stamp Program Management Branch will continue reviews.)

A.B. 1733 CHILD ABUSE CONTRACTS

Prior review of A.B. 1733 Child Abuse Prevention and Intervention contracts (Welfare and Institutions Code (W&IC) 18962 and 18963) is currently required by the control language of the 1984/85 state Budget Act. Counties should proceed on the assumption that the Legislature will not require prior state review for 1985/86. Counties will be notified if this changes.

FUTURE CONTRACTS

If future legislation, budget control language, or state and federal regulations require prior contract review for new or existing programs, counties will be notified at that time.

MONITORING AND AUDIT RESPONSIBILITIES

The Department retains the responsibility to monitor and audit county contracts. Executed contracts, and county monitoring, evaluation and audit reports will be reviewed by individual program and support bureaus on an as needed basis. However, counties retain the primary responsibility for monitoring, evaluating and auditing their own contracts.

CONTRACTING FOR ELIGIBILITY DETERMINATION AND NEEDS ASSESSMENT

The restrictions against contracting out for eligibility determination and needs assessment, (SDSS Manual of Policies and Procedures (MPP) Section 10-201.2 and W&IC 16501) remain in effect for all SDSS funded programs.

REGULATORY RESPONSIBILITY

The Department will continue to maintain contract regulations and enforce them through monitoring and audit. The County Welfare Departments (and other county departments receiving direct grants) will still have the primary responsibility for ensuring compliance with the regulations. The pending MPP Chapter 23-600 and Section 63-601 contract regulation packages reviewed by counties last year will be updated to limit prior state review, and submitted again for public hearing. Until new regulations take effect, MPP Sections 10-200 through 10-203 and Section 63-601 (for the Food Stamp Program), continue to apply.

USE OF FEDERAL REGULATIONS

In addition to applicable MPP Sections stated above, counties must also follow the federal procurement regulations contained in 45 CFR Part 74, Subpart P, (including Appendix G), for programs funded by the U.S. Department of Health and Human Services. Until new state regulations are in place, these federal standards shall also be applied to the Title XX Block Grant contracts.

These Federal regulations allow federal grantees to use either competitive bidding (Invitation for Bid (IFB)) or competitive negotiation (Request for Proposal (RFP)), method for procurements. State approval to use the competitive negotiation (RFP) mode will no longer be required, except that In-Home Supportive Service contracts must still be selected through an IFB.

The federal regulations for determining the appropriateness of contracts procured through non-competitive negotiation are found in 45 CFR Part 74, Appendix G.11(d). Prior SDSS approval will continue to be required for single source procurements unless the county has conducted a publicly advertised pre-bid survey. This must be applied on a yearly basis.

In addition, Counties will still need prior state and, when appropriate, federal approval for "innovative procurement methods" under 45 CFR Part 74, Appendix G 11(e).

To assist you in using these regulations, we suggest that you order a copy of 45 Code of Federal Regulations, Public Welfare if you do not already have one. It can be purchased directly from:

Superintendent of Documents
U.S. Government Printing Office
Washington, D.C. 20402

CONSULTATION

Contracts Bureau analysts will still be available for consultation and interpretation of state and federal procurement regulations and to review required contracts. However, since state resources in this area will be limited, we will not be able to review individual contracts or procurement documents on a voluntary or courtesy basis.

In addition, various program consultants remain available to advise you on the programmatic aspects of contracting, and our Fiscal Policy and Procedures Bureau staff will advise on claiming contract costs.

EFFECTIVE DATES OF NEW POLICIES

Counties should continue to submit procurement documents, selections, and contracts, where currently required, for contracts with starting dates in the 1984/85 fiscal year. We will start applying the policies set forth in this letter to contracts with starting dates in the 1985/86 fiscal year.

If you have questions concerning this letter, please call Dennis Gilliam or your assigned Contracts Officer in our Contracts Bureau, at (916) 322-4801. We wish you the best in your continuing efforts for responsible and effective contracting for services.



ROBERT T. SERTICH
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Administration

cc: CWDA
Division of Audits, Office of
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