



16.10

General Policies for Client Service Contracting

16.10.10

July 1, 2007

Authority for these policies

State agencies are to effectively and efficiently manage their client service contracts as set forth in chapter 39.29 RCW. Chapter 16 forms the uniform guidelines required by RCW 39.29.100 for the effective and efficient management of client service contracts.

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Special definitions

Agency – Any state office or activity of the executive and judicial branches of state government, including state agencies, departments, offices, divisions, boards and commissions, and educational, correctional, and other types of institutions.

Client Services – Services provided **directly** to agency clients including, but not limited to, medical and dental services, employment and training programs, residential care, and subsidized housing. Clients are considered to be those **individuals** who the agency has statutory responsibility to serve, protect, or oversee.

Client Service Contract – An agreement, or any amendment thereto, with a firm or individual for the rendering of **direct** services to clients of the state agency.

Contract Management – Activities related to contracting, including the decision to contract, contractor screening and selection, contract preparation, contract monitoring, auditing and post-contract follow-up.

Contract Manager – Any state agency staff involved in the contracting process (e.g. contract specialists, program managers, state agency executives, etc).

Contract Monitoring – Planned, ongoing or periodic activity that measures and ensures contractor compliance with the terms, conditions, and requirements of a contract.

Contractor – Any business entity, whether a sole proprietor, partnership, corporation, etc., that is providing client services to state agencies. May also be called a “service provider” or “vendor.”

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Who is a client?

16.10.20.a

Clients are individuals, external to state government, who have social, physical, medical, economic, or educational needs. These individuals require some government assistance to meet their needs. State agencies have statutory responsibility to serve different types of needs for individuals, thus often serve different clients.

Examples of clients served by different agencies include, but are not limited to, the following:

- Clients of the Department of Social and Health Services include nursing home patients, institutionalized individuals, and children in need of therapy;
- Clients of the Employment Security Department include unemployed and displaced workers;
- Clients of the Department of Veterans Affairs include disabled veterans and widows of veterans;
- Clients of the Department of Community, Trade and Economic Development include homeless individuals and crime victims;
- Clients of the Office of Superintendent of Public Instruction include K-12 public school students and their parents; and
- Clients of institutions of higher education include their students.

The contractor must provide **direct** services to agency clients for the contracts to be classified as client service contracts. Direct service means the contractor is in direct contact with the individual client as part of providing the client service.

For some state agencies where identifying clients may be difficult, it is helpful to review the agency's implementing statute. State agencies that only serve other state agencies do not have client service contracts.

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The following are not considered clients under this policy:

- **Providers of services.** For example, if a state agency contracts with a firm to provide training to contractors (service providers) who provide counseling services to clients, the contract with the firm to provide the training is not a client service contract.
- **Federal, state, or local government employees.** An exception would be if an employee qualifies for food stamps. In that sense, they are clients of an agency.
- **Firms/businesses.** When state agencies are contracting to assist private businesses in increasing their business or trade opportunities, those services are not considered to be client service contracts.
- **General public.** Contracts for services that do not meet the needs of specific individuals under an agency's statutory responsibility, but rather provide services to, or on behalf of, the general public or community groups are not considered client service contracts.

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Contract procurement

16.10.25.a

Agencies need flexibility in selecting contractors to effectively and efficiently meet the needs of state clients. Therefore, agencies may select client service contractors by using procurement methods most appropriate to their needs, e.g., competitive, non-competitive (direct award) or sole source methods. Federal funding rules and internal agency policies may require a competitive process for certain client service contracts.

16.10.25.b

In general, the higher the dollar amount of the potential contract, the longer its duration, and the more complex the services, the greater the need for formality and competition.

16.10.25.c

Non-Competitive and Sole Source Procurements

Non-competitive or sole source award processes for client service contracts are appropriate to use since competition is not required for these services pursuant to RCW 39.29.040 (6).

Some client service contracts are continually renewed year after year based on a non-competitive or sole source award. These contracts should be reviewed periodically to determine whether competition is warranted.

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Non-competitive award means a direct award to a contractor when multiple firms are available to provide the same or similar type of service. Multiple contracts for the same or similar services may be awarded using this approach depending on client needs.

Sole source contracts are those which are of such a unique nature that the contractor is clearly the only practical source for the service. Unique services would be those that are highly specialized or one-of-a-kind. Other factors that may be considered include past performance, cost effectiveness (learning curve), and/or follow-up nature of the required services

16.10.25.d

Competitive Procurement

When competition is deemed appropriate in contracting for client services, the competitive process may be conducted informally or formally. Informal competition may include telephone solicitation, with responses recorded on a standardized form. It may also consist of e-mail and/or facsimile transmissions describing the services needed, proposed schedule, request for qualifications and fees, and due date and time for submission of a response.

For formal competition, agencies may issue a solicitation document such as a Request for Proposals or Request for Qualifications and Quotations to a reasonable number of contractors. Proposals submitted are evaluated based on the evaluation criteria set forth in the solicitation document.

Complex client services may warrant issuance of formal solicitations and advertising, at the agency's discretion, on agency websites, in newspapers, the Department of General Administration's Washington's Electronic Business Solutions (WEBS) Bid Posting and Vendor Notification System, minority interest publications, etc.

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Screening contractor qualifications

Contractor screening criteria and methods will vary depending on program requirements, contract risk, and the type of selection process used. Using screening criteria and methods helps ensure the selection of contractors who are qualified to meet program performance expectations.

Using appropriate screening methods will help contract managers select contractors who are able to meet the following standards:

- The contractor has the appropriate experience, licensure, staffing, technical qualifications, subcontractor relationships, and facilities.
- The contractor is able to comply with the proposed or required time of delivery or the performance schedule.
- The contractor has adequate financial capability, financial management practices and internal controls, and is in sound financial condition.
- The contractor has a satisfactory record of integrity, judgment, and performance.
- The contractor has resolved all audit findings from previous contracts.
- The contractor is otherwise qualified and eligible to receive a contract under applicable laws and regulations.
- The contractor is not on the federal suspended/debarred list, which identifies contractors who cannot be given federally funded contracts, if the contract will be funded with federal money.

Contract managers may also want to require contractors to disclose details of any indictment or litigation against the organization, or criminal investigations.

Contract managers should maintain documentation applicable to the contract, considering the type of services, and risks associated with the contract. Examples of screening documentation could include resumes of contractor staff, proof of professional licenses or accreditation, and/or copies of background clearances, if required by the contract and/or state law.

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Training on client service contracts

16.10.40.a

Training on client service contracts is required for all state agency staff who execute or manage client service contracts. Those employees must complete OFM client service contract training or agency-approved training prior to executing or managing client service contracts. OFM provides ongoing client service contract training for state agency personnel responsible for executing or managing these contracts. The training covers topics from contract planning and procurement through effective and efficient contract management and contract completion.

Agencies may provide their own client service contract training, if the course is approved in writing in advance by OFM. If agencies provide contract training, names of staff who have attended the client service training must be reported to OFM.

16.10.40.b

State agencies shall require agency employees responsible for executing or managing client service contracts to complete the applicable training course to the satisfaction of OFM prior to executing or managing these contracts. (Training is also required for those who execute or manage personal service contracts, so those classes are also listed below.) Staff who execute contracts are those who sign contracts. Staff who manage contracts are those who have responsibility for the day-to-day activities of the client service contract. These activities may include conducting the procurement, providing technical assistance to contractors, monitoring contractor activities, reviewing and approving invoices, etc.

Staff who only execute or manage client service contracts of less than \$5,000 are not required to take the training, however, the training is recommended. Staff who make payments against contracts or log or track contracts, but who do not engage in other contract management activities, are not required to take the training.

Executive Management training is available to a more limited audience of agency directors and assistant directors (or the management equivalent) who execute but do not manage contracts.

Client Service Contracts

The following table provides further information about required classes.

Contract Responsibility	OFM Training Class*
Manage client service contracts	Introduction to Client Service Contracts (1/2 day) or Client Service Contract Overview (full-day)
Manage personal service contracts	Introduction to Personal Service Contracts (1/2 day) or Personal Service Contract Overview (full-day)
Execute client service contracts and personal service contracts	Contracting for Mid-Level Managers (1/2 day) or the client service or personal service classes listed above
Execute client service contracts and personal service contracts for Agency Directors or Assistant Directors (or management equivalent) only	Executive Management Contract Training (1 hour) or the client service or personal service classes listed above
Manage both client service and personal service contracts	One of each class required to manage each type of contract

* If an agency provides its own OFM approved contract training, then that training satisfies the requirements.

State agency staff may register for OFM training through the OFM website at: <http://www.ofm.wa.gov/accounting/training.asp>.

All internal agency procedures for requesting training must be followed prior to registration with OFM.

Attendance at the half-day *personal* service contracts training offered by OFM will not meet the training requirement for staff who manage or execute *client* service contracts. Likewise, staff who only manage or execute *personal* service contracts would not meet the training requirement by attending the *client* service classes.

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Any request for an employee to be exempt from this training requirement must be submitted to OFM in writing. OFM must grant approval to the agency prior to the employee executing or managing contracts, with few exceptions.

The exemption is to be considered temporary. The employee granted the exemption must attend contract training as soon as feasible after receipt of the exemption from OFM. Multiple requests for exemption for an individual will not be approved. State agencies are responsible to ensure that staff attend the training as soon as possible after receiving the exemption.

16.10.50 Annual contract procedures report

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16.10.50.a RCW 39.29.110 requires state agencies that have awarded or renewed client service and/or personal service contracts during a calendar year (January to December) to provide a report to OFM detailing the procedures the agency employed in awarding, renewing, and managing the contracts. The contract procedures report is due to OFM by **January 31** of each calendar year.

16.10.50.b This policy addresses client service contracts, but the report applies to both client service and personal service contracts, so both items are included below.

The following items will be required as part of submitting the Annual Contract Procedures Report:

1. **Contract procedures.** A copy of, or a website link for, the agency's procedures on client service contracts; or if an agency does not have written internal contract procedures in place, but the agency utilizes the policies in Chapter 16, those policies should be referenced.
2. **Contract totals.** The total number of and total dollar value of client service contracts awarded by the agency during the calendar year period of January – December. Contracts to be included in these totals are those in the amount of \$5,000 or more.

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Risk-based audits

OFM conducts risk-based audits of the contracting practices associated with individual client service contracts to ensure agency compliance with the provisions of this Chapter. A risk-based audit means a review of the management and fiscal controls and contracting practices associated with client service contracts.

OFM determines the number of audits to conduct and which agencies to include based on funding provided.

OFM forwards the results of the risk-based audits conducted to the Governor, the appropriate standing committees of the Legislature, and the Joint Legislative Audit and Review Committee.

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Audit and investigative findings

The State Auditor's Office (SAO) and the Attorney General's Office (AGO) shall annually provide a report of agency client service contract audit and investigative findings, enforcement actions, and the status of agency resolution. The SAO and AGO submit the report to the Governor and the Legislative policy and fiscal committees by November 30th of each year.

The audit findings referenced herein are those issued by the SAO and are not related to the risk-based audits conducted by OFM.

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Expenditure coding for client service contracts

Sub-object NB "Payments to Providers for Direct Client Services is to be used for reporting expenditures against client service contracts.

The definition for this sub-object is included in Subsection 75.70.20.

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Standards of ethics and conduct

Chapter 42.52 RCW, “Ethics in Public Service,” applies to all state employees in all branches of state government. State employees contracting on behalf of the state are to maintain strict ethical standards and take caution to avoid any real or apparent conflict of interest situations. State employees must also be aware of requirements and restrictions regarding contracting with current or former state employees. State employees should familiarize themselves with this statute prior to entering into contracts.