



STATE OF WISCONSIN
Department of Employee Trust Funds
Robert J. Conlin
SECRETARY

Wisconsin Department
of Employee Trust Funds
PO Box 7931
Madison WI 53707-7931
1-877-533-5020 (toll free)
Fax 608-267-4549
etf.wi.gov

Correspondence Memorandum

Date: August 21, 2020
To: Audit Committee
From: Timothy Steiner
Bureau of Budget, Contract Administration, and Procurement (BCAP)
Subject: OIA Contract Administration Consultative Review Follow-up

This memo is for Audit Committee review and discussion. No action is required.

In June 2019, the Office of Internal Audit (OIA) completed a consultative review of BCAP's contract administration function. Though not a formal audit, OIA made several recommendations for improvement. Since OIA's review, BCAP continues to improve its contract administration function and reports the following:

1. Develop and Implement a Contract Administration Plan (CAP)

OIA Recommendation:

BCAP should develop a CAP template to use as a systematic assessment tool for all contracts to ensure critical contract risks and deliverables are consistently identified, assigned, and monitored.

BCAP Progress:

- A Contract Administration Plan (CAP) template has been created and tested with several contracts; however, BCAP does not believe that a CAP is necessary for all contracts.
- Standards for determining whether a contract warrants a CAP (e.g., based on dollar amount, impact on members, etc.) will be further developed and refined.
- The CAP is anticipated to be used for the Insurance Administration System (IAS) contract, which will likely be signed in fall 2020. The BCAP director will subsequently review the use of the current CAP template and meet with BCAP staff to discuss and make necessary revisions.
- Future consideration will be given to systematizing the development and maintenance of the CAP. Contract management software likely incorporates this functionality and would offer better reporting, collaboration, and record maintenance capabilities.

Reviewed and approved by Pamela Henning, Assistant Deputy Secretary

Pamela L Henning

Electronically Signed 8/31/20

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2. Enhance Tracking of Contract Information in the BCAP Contract Ledger

OIA Recommendation:

BCAP should revise the BCAP Contract Ledger to track consistent and meaningful contract values and the status of contracts and contract amendments, for better management reporting.

BCAP Progress:

BCAP initiated a Business Intelligence (BI) project with ETF's Data Management team and the Office of Strategic Health Policy (OSHP) to develop a contract administration data set and dashboard to replace the current contract ledger. The primary objective of this project is to enhance the tracking and reporting of contract information to ETF stakeholders.

- The first phase of the dashboard is complete; it includes creating a common data set on SharePoint to maintain all contract ledger data.
- This data set is being used to drive a dashboard visualization that tracks contract expiration dates to provide advance notice to staff, who can then take appropriate action to ensure continuity of services.
- In a future update, the team will incorporate contract audit information and investigate incorporating contract expense information.

3. Improve Consistent Use of Contract Monitoring Tools

OIA Recommendation:

BCAP should continue to evolve the contract administration process by:

- Consistently identifying when administration tools identified in BCAP procedures should be used;
- Promoting the tools for agency-wide use; and
- Utilizing identified tools.

BCAP Progress:

- BCAP will update its procedures to include criteria for when each of the tools below is relevant and helpful to accomplishing strong contract administration.
- Current BCAP contract monitoring tools, include:
 - Vendor Scorecard: A scorecard is used in select instances when requested by the program area.
 - Deliverables Matrix: BCAP has guidelines on when to create a deliverables matrix, who to share the matrix with, and how to monitor the matrix.
 - Contract Closeout Checklist: A contract close-out checklist will not be used for every contract. BCAP will use a close-out checklist for select contracts based on established criteria.
- As noted earlier, BCAP has developed a CAP template. The CAP template will require that the contract administrator assess the appropriateness of using specific contract monitoring tools and closeout processes.
- The CAP will be reviewed by the BCAP Director and will include input from the appropriate program staff. This will help ensure more consistency in the identification and application of the appropriate contract monitoring tools.

4. Provide Training for BCAP Contract Specialists and Program Managers

OIA Recommendation:

BCAP should provide:

- Program knowledge training to BCAP contract specialists; and
- Contract administration training to program managers, as needed.

BCAP should continue to pursue external training opportunities for BCAP contract specialists to further enhance their contract administration knowledge.

BCAP Progress:

- BCAP conducts the following activities to enhance staff program knowledge:
 - BCAP staff attend regular and ad hoc meetings with ETF program areas where general program knowledge is shared.
 - BCAP staff often attend governing board meetings to keep apprised of program updates.
 - BCAP staff attend internal/external trainings on program topics, such as: Life Insurance 101, third-party training webinars, and International Foundation of Employee Benefit Plans (IFEBP) certification in Public Plan Policy.
- BCAP staff conduct the following activities to generally increase ETF staff awareness about the procurement and contract administration process:
 - For major procurement activities (and as otherwise needed), BCAP staff provide program staff with an overview of procurement, purchase order setup/maintenance, and invoice review processes. These reviews have been formally incorporated into OSHP's project planning process.
 - BCAP staff have consistent communication with program staff on their contract status. Each contract is assigned a BCAP and program area representative and regular contact is established so issue resolution can occur quickly.
- BCAP staff have taken several training courses to increase their awareness of contract administration principles.
 - Since the OIA audit, BCAP has joined (or re-joined) the following professional organizations that offer access to contract administration-related training:
 - National Contract Management Association (NCMA)
 - NIGP – The National Institute of Governmental Purchasing (NIGP)
 - Wisconsin Association for Public Procurement (WAPP)
 - National Association of State Procurement Officials (NASPO)
 - BCAP staff regularly take training courses offered by DOA and the sources identified above on contract administration-related topics.

5. Other Agency-wide Improvements

OIA Recommendation:

In addition to BCAP-specific recommendations, OIA also recommended the following agency-wide improvements:

- ETF should develop and implement a policy that requires contracts to be signed before the actual start date of the contract term.
- BCAP and the Office of Legal Services (OLS) should work together to develop criteria on when contract amendments should be written to codify contract changes.
- BCAP, program managers, and OLS should work together to develop a contract closeout and transition framework that can be referenced as needed.

BCAP Progress:

- BCAP continues to enhance outreach to program staff that a signed contract or contract amendment must be executed prior to a contractor starting work.
- BCAP has added language in ETF contracts stating that work done outside of what is described in the contract, a signed statement of work, or change order, is gratuitous.
- BCAP has developed a draft contract amendments policy and is working with the Office of Policy, Privacy, and Compliance (OPPC) to seek internal review, approval, and adoption of the policy. OLS will assist with development and review of the proposed policy.
- BCAP added a sentence to the contract signature block indicating that the effective date of the contract is the date of the last signature on the contract. However, in some cases, a contract may be signed prior to the start date of the contract term. For example, health plan contracts are signed months prior to the start of the contract term, which is January 1.
- BCAP has determined that not all contracts require a transition framework. Transition work will differ for each contract; therefore, a standard framework is not possible.
- Contracts are reviewed on a case-by-case basis to determine the appropriate closeout and/or transition framework. Transition services are customized for a contract, as needed and as required by the program area.