



Performance Audit

Families First Program Audit

Durham County Internal Audit Department

October 2009

EXECUTIVE SUMMARY

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**Durham County
Internal Audit Department
(919) 560-0042**

Why We Did This Audit

The Board of County Commissioners requested this audit after receiving seemingly conflicting information regarding the reasons for discontinuing a contract between the Department of Social Services and a local provider of services to needy families. The contract was discontinued in June 2009 after approximately eleven years.

What Is Recommended

The recommendations identify improvements to management controls over contracting processes and to facilitate resolution of performance issues.

We recommend that the Department of Social Services:

- Define goals in referral documents. Goals identified in the referral document will establish an expected outcome for program participation for the client. The expected outcome can be measured against actual results to determine program success.
- State expected outcomes in contracts. Statements of work should clearly identify what tasks to perform and the expected outcomes. Outcomes are the criteria for contract performance and the initial step in performance monitoring.
- State how performance will be evaluated and develop a monitoring system. Monitoring systems provide a documented and systematic approach to resolving performance issues.
- Clearly communicate requirements in contracts. For requirements such as information, include the type of information, format, and other specifics. This establishes the criteria for performance evaluation and conflict resolution.
- Submit contracts to the County Attorney's Office for review before signature.

For more information regarding this report, please contact Richard Edwards at 919.560.0042 or rcedwards@durhamcountync.gov.

Performance Audit:

DSS Management of the Families First Program

What we found

Statements of work and other tools to manage the Families First Program were not adequately structured to allow for effective management. The contracts were not in accordance with best practices for contract management and performance monitoring efforts were not effective in resolving performance issues.

Specifically, I found

- Referral documents did not address expected outcomes,
- Contracts were unclear regarding ultimate program outcomes,
- The contractor was given the responsibility for determining client goals,
- Performance expectations were not clearly communicated to the contractor, and
- Monitoring efforts were not adequately documented.

Departmental Response

Over the next eight months the department will take the following actions to implement the recommendations:

- Review state best practices for contract development, procurement and monitoring;
- Convene a work group made up of internal staff, state and local experts in contracting to review procedures and recommend steps for restructuring;
- Survey current vendors soliciting feedback on things we do well, areas where we are challenged, and seek ideas for improvement.
- Shift to a performance based model of contracting utilizing models developed by other county departments; and
- Develop and implement uniform contract monitoring tools for all DSS contracts.



COUNTY OF DURHAM

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October 26, 2009

Michael M. Ruffin, County Manager:

The DSS Families First Program contract performance audit was conducted to provide the Durham Board of County Commissioners (BOCC) information about the circumstances surrounding discontinuation of the contract. In June 2009, after approximately 11 years, DSS discontinued its service contract with the Durham Congregations in Action, the agency that provided program services.

During the July 20, 2007 regular meeting the Department of Social Services (DSS) provided the BOCC seemingly conflicting information about the reason for the contract discontinuation. DSS initially cited budget concerns as the reason for discontinuing the contract but subsequently cited contract performance after more in-depth discussions.

The report addresses DSS considerations in 2009 that lead up to the discontinuation decision. The report also addresses broader issues of contracting best practices. The recommendations include better written statements of work and development and use of systematic performance monitoring processes and procedures.

DSS expressed willingness to implement the report recommendations. The department intends to review their processes and begin implementing new processes over the next eight months.

I appreciate the courtesy and cooperation provided by DSS staff in completing this audit.

Richard Edwards
Audit Director

