

**DEPARTMENT OF CHILDREN AND FAMILIES
CONTRACTING BULLETIN AND UPDATE**

December 11, 2012

This communication is designed to keep DCF contracted agencies up to date with a variety of issues and concerns related to contracting with DCF. It will be posted on our website and sent to DCF contracted agencies. As this is the first Bulletin, it will address a large variety of issues including some that have been raised by providers.

We hope that this communication is useful to you in managing your DCF contract, and subsequent updates will be sent out as additional issues or concerns are identified. We believe that it may be useful to meet with providers in small groups to discuss these and other issues, and will plan to do so early in 2013.

Two-Year Contracting: Earlier this year DCF revised its two-year contract policy and is implementing it with some contracts renewing on January 1, 2013. Please contact your Contract Administrator (CA) if you have questions.

Performance Based Contracting: DCF began meeting with selected contracted programs to review, refine and achieve uniformity for the performance objectives in their contracts. We appreciate the time and effort of agency staff to work on this initiative, and we expect that revised performance objectives will be approved within the next few weeks, so that they can be appropriately incorporated into your contracts beginning with July 2013 renewals. We expect that this process will continue during the first half of calendar year 2013, for additional program areas.

Consultant Agreements: All consultant agreements must be included in your contract renewal packages, as they must be approved by DCF. The agreements must include a description of the services, and in particular, how they will assist the agency meet the performance objectives included in the contract. All costs must be reasonable and all payments must be supported by invoices that detail the work that was performed. We remind you that no DCF funds may be used for lobbying activities, and that includes communication with DCF regarding the contract, rates, etc.

Full Agency Budgets: The Annex B must be completed to reflect the provider agency's total financial activities, including Department funded and non-funded components, unless:

1. The Department is charged for only direct costs and not charged for an indirect or general and administrative costs; and
2. The Department is not being charged for any allocated costs of any kind.

If the provider agency's total financial activities are not reflected on the Annex B, the provider may only charge the Department for "direct costs" as defined in Section 4.3 Cost Objectives, Direct Costs.

The general and administrative (G&A) or indirect costs of the provider agency represent costs which are incurred for common or joint objectives and which are not readily subject to treatment as direct costs. Minor direct cost items may be considered as G&A costs for reasons of simplicity and practicality. G&A costs must be distributed based on the relative benefits provided to those programs and activities

Holiday Parties/Legislative Breakfasts: DCF funds may not be used to support staff holiday parties or other similar events such as staff picnics, luncheons or outings. If you have previously inappropriately charged state contracts for these events, please contact your contract administrator to submit a revised final expenditure report. Events for DCF client's are permissible if identified in your approved contract. You must maintain documentation of the purpose of the event, who attended, etc.

Some counties hold legislative breakfasts, designed to advocate with members of the legislature for funding, legislation, etc. While agencies may support these events, DCF funds may not be used for this purpose.

Compensation Guidelines: DCF in conjunction with DHS issued salary compensation guidelines in July 2010, which must be correctly applied in your budgets; we appreciate that applying these guidelines may be complicated-if you have any questions concerning the application of these guidelines to your contracts please contact your CA

Taxes: Agencies must immediately advise DCF if they fall behind in the payment of any federal/state payroll taxes. Failure to satisfactorily address this issue with appropriate government agencies could result in the termination of your contract. In addition, under no circumstances can an agency use current DCF funds to pay prior year tax liabilities

Gift Cards/Specific Assistance to Clients: The use of Gift Cards is undergoing a review by DCF; however, at this time the use of gift cards for clients is permissible as part of your approved agency's program in which the use of gift cards is clearly outlined and supported within the budget (or budget modification.) Agencies are advised that they must maintain strict internal controls over the purchase and distribution of gift cards and that the retail outlet must be appropriate to the population(s) being served. The purchase of gifts for children is also acceptable as long as these purchases are identified in your contract. Agencies should use good judgment in making these purchases with an eye to both cost and appropriateness of the gift.

Facility Costs: Many questions have come up regarding facility costs; additional information will be posted on our website concerning this issue.

Contract Close-out: We expect agencies to meet time frames regarding contract close-out and ask that you provide your CA with an update if you are having difficulties doing so. Within a maximum of 120 days following termination of the contract, a final expenditure report shall be submitted to the Department. Additional information is also being added to our website to address this issue.