

ESA CONTRACT RISK ASSESSMENT WORKSHEET (revised 6/11/2007)

- See Instructions on Reverse Side -

Contractor Name: _____ Contract # _____
 Start/End Date: _____ Contracted Service(s) Provided: _____
 Risk Assessment Type: Screening/Pre-Selection (Optional) Initial Revised

	SERVICE RISK FACTORS & ASSIGNED RISK VALUES	Pts.	RISK VALUE	RESPONSE STRATEGIES (Suggested Action Steps for contract and on-site review)
1	This is a new program or service, or a significant change to an existing service (within the past year)	(3)		New programs or services may require early monitoring to ensure any technical assistance issues are addressed adequately
2	Statement of Work is complex – there are multiple components to the service to be provided	(2)		Complex programs or services may require early monitoring to ensure any technical assistance issues are addressed adequately
3	Unsupervised access to clients	(5)		May include services provided in client’s home or under circumstances in which contractor has unsupervised access to clients. Assess the degree of vulnerability of the clients served by the program. Background check may be required.
4	Clients may be exposed to safety risks – e.g. the service includes transportation of clients, or training involves machinery	(5)		The contract should address this risk by ensuring that adequate insurance is required.
5	Contractor(s) for this service will determine who will receive services and/or what services each client will receive	(2)		This situation may require close monitoring of billings to ensure contractor stays within contract or program expenditure limits.
6	Federal funding is used for this program or these services	(3)		Federal funding requirements must be evaluated to ensure all federally required reporting and controls are included in contracts and monitoring tool
7	Contractors are subrecipients of federal funds for these services (SPECIAL MONITORING REQ.)	(1)		Subrecipients must be monitored to ensure receipt of the Federal Funding Inventory Form, annual updated Indirect Cost Rate Certification, and annual receipt of A-133 Audits.
8	Payment method to be used: <ul style="list-style-type: none"> • Performance Based • Fee for Service • Cost Reimbursement 	(0) (1) (2)		<ul style="list-style-type: none"> • Perf. Based - Contract must include adequate reporting to ensure required performance is achieved. • FFS – Reporting must include adequate tracking of services performed[• Cost Reimb. – Contract must include language to track progress toward achievement of contract to ensure budget isn’t overspent in early stages.
9	Contracts will be awarded for this program or these services utilizing: <ul style="list-style-type: none"> • Competitive Procurement • Non-competitive or Sole Source 	(0) (1)		If contractor is non-competitive or Sole Source, documentation of the basis for the award should be included in the contract file for client services as well as personal services. There is a higher risk of scrutiny or protest for non-competitively awarded contracts, even with client services.
10	Contractors for this/these services must maintain accreditation or licensure requirements (Also requires check for #28 below)	(1)		Contract must address the requirement, and consequences if the accreditation or licensure is not maintained for the life of the contract. Must be checked during monitoring to ensure these are still in effect.
11	Program or Service has a high profile or negative press	(5)		Determine the program and fiscal implications of negative press. May need to temporarily suspend contract activity, i.e., limit referrals if client health and safety compromised.
12	Contractors will have access to DSHS/ESA data that includes client personal information.	(1)		Data-share language must be included in each contract and Contract must be monitored for compliance.
13	Fiduciary responsibility for client funds.	(24)		These are Protective Payee contracts that are monitored at the HIGH-risk level, required by policy to have an on-site review every 6 months due to handling client funds. Determine if sound fiscal system in place. Ensure no conflict of interest.
14	Other Risk Factors (explain & assign value):			
	TOTAL SERVICE RISK SCORE			
	CONTRACT RISK FACTORS & ASSIGNED RISK VALUES	Pts.	RISK VALUE	RESPONSE STRATEGIES (Suggested Action Steps for contract and on-site review)
15	This contract will represent a significant portion of the total program funding for this service	(5)		Determine the potential impact on the program if a contractor does not meet their obligation, and determine what progress should be checked during monitoring.

16	Contract Maximum Consideration over \$200,000	(1)		
17	Contract has Multiple Services/Statements of Work	(2)		Determine whether contractor staff has sufficient understanding of the various services provided.
18	Contractor will be allowed to subcontract key activities of this service	(1)		If subcontractors are allowed, identify in the contract the monitoring that the contractor must complete to ensure subcontractors are compliant with all requirements.
TOTAL CONTRACT RISK SCORE				
CONTRACTOR RISK FACTORS & ASSIGNED RISK VALUES		Pts.	RISK VALUE	RESPONSE STRATEGIES (Suggested Action Steps for contract and on-site review)
19	Contractor is providing these services for the first time	(3)		If new, determine whether contractor staff have sufficient understanding of the service requirements. May need to expand planned technical assistance.
20	Contractor has multiple active state contracts	(2)		Check OFM Client Services Database. If yes, does the contractor have sufficient staff and management structure to handle many contracts at the same time?
21	Contractor has multiple funding sources for similar services	(2)		Identify state funding through OFM database. Determine risk of multiple payments for same or similar services. Ensure adequate internal controls in place to track funding sources.
22	Contractor has defaulted on contract(s) within the last five years	(5)		Identify the reason for the default(s) and assess whether similar situations would endanger the success of this contract. Identify any additional monitoring requirements needed to address this.
23	Contractor has received audit findings (within the past two years) indicating weaknesses in internal control over federal or state programs	(3)		Review audit findings to determine whether the weaknesses have been corrected, or whether additional requirements need to be addressed in the contract.
24	Contractor has received program monitoring findings (within the past two years) for state contracts	(5)		Review monitoring findings to determine whether the weaknesses have been corrected, or whether additional requirements need to be addressed in the contract.
25	No on-site monitoring visit by ESA for client service contracts within: <ul style="list-style-type: none"> • past 2 years • past 4 years (See explanation on right)	(2) (4)		Not applicable to new contractor. Enter score if contractor has had a contract with ESA for 2 years or more and <u>no</u> site visit. If contractor has multiple contracts, contact other contracting sources to determine if they have monitored & what were the results.
26	Unresolved client or agency complaints	(3)		Determine if corrective action was taken & outcome. If possible, identify the nature of complaints and if contractually based.
27	Past performance problems – most recent 2 years. N/A if already identified in #24 above.	(2)		If performance history is poor, determine whether an alternative contractor would be appropriate. If not, plan on additional technical assistance to contractor and more frequent on-site monitoring.
28	If Item 10 is affirmative, Licensing or Accreditation Organization has documentation of actions against the Contractor in the past 2 years	(2)		Check with licensing or accrediting organization to determine whether there have been complaints filed.
29	No BAQ (when required by policy) or negative results	(5)		Business Assessment Questionnaire not submitted to ORM or ORM report cites issues. Obtain from contractor an explanation and/or plan to address identified issues.
30	Contractor has had lawsuits filed or pending against them in the past 12 months (N/A if reported as negative result in BAQ)	(2)		Assess whether issues addressed in lawsuits would impact the decision to utilize the services of the Contractor for this service, or would place the Contractor in financial difficulties.
31	Significant staff turnover (>25%) in the past year (N/A if reported as negative result in BAQ)	(1)		Has there been frequent/high turnover of contractor management, or key program personnel? Has contractor experienced recent rapid growth or downsizing? Has contractor experienced reorganization within last 12 months? Has contractor changed major subcontractors recently? Assess what impact these changes may have on the contract.
32	Other Risk Factors (explain & assign value):			
TOTAL CONTRACTOR RISK SCORE				
GRAND TOTAL RISK SCORE			RISK LEVEL: <input type="checkbox"/> LOW (0-12) <input type="checkbox"/> MEDIUM (13-23) <input type="checkbox"/> HIGH (24 or >)	
Comments:				

Form Completed By: Date: Region/HQ:

Monitoring Method: Desk Desk and MIS On-site Other – Document other appropriate
monitoring methods that will be used for this contract.

Instructions

1. Complete all contractor information at the top of the worksheet. Select the risk assessment type according to the following descriptions: **screening/pre-selection** (optional, complete prior to contracting in order to decide whether or not to contract with a prospective contractor), **initial** (first assessment on new contract), **revised** (completed when new risk factors are identified due to significantly amending the Statement of Work or Special Terms and Conditions of a contract or following a site visit in which there are findings).
2. **Identify** risk factors that you **know** pertain to this contractor **or** contract, and enter the corresponding number (in parenthesis) in the **RISK VALUE** column.
3. If **no** factors apply, leave the box empty; if you believe the risk value should be adjusted higher/lower enter that number and explain circumstances in comment section below.
4. **Add** the risk value numbers and enter the total score below – Enter a total score of “**0**” if no factors applied. Using the scoring system below, place an (**X**) in the appropriate box to indicate the level of risk.
5. Check the appropriate box(s) next to “monitoring method” (see # 8 under General Guidelines below).

Service Risk Factors Section

1. If there will be multiple contracts written for a specific service, program staff may create a template to be used for all such contracts by leaving the information at the top of the worksheet blank, and entering risk values in this section based on the specific service. This can be saved as a template, and used to complete all of the contract specific assessments for this service. For each contract, the information at the top of the worksheet would be filled in, factors 1 – 14 would already be filled in with the template, and then only risk elements 15 – 32 would be added. The final risk value would be the total of all three sections.
2. If a contract will have more than one service, staff should use the risk factors for the service that has the highest score in this section, but there is no need to include total scores for all services. The total risk will just reflect the most risky service.
3. Question 7. If federal funding is included in this contract, but you are unsure whether contractor will be considered subrecipient, please contact your fiscal staff to assist with this determination.

Contract Risk Factors

These are factors associated with the value and complexity of services in the contract.

Contractor Risk Factors

These are risks associated with the specific Contractor.

1. Question 20 - 27. To determine whether the contractor has any of these risk factors, search for other contracts with this contractor in the Agency Contracts Database as well as the OFM Client Services Contracts Database (CSCD). Information on using the OFM CSCD can be found at <http://www.ofm.wa.gov/contracts/client/cscd.asp> These databases include information on services, audits, monitoring findings, or other unresolved complaints. When determining values for these factors, staff can also check with other ESA contract managers who have dealt with the contractor previously.
2. Question 28. If accreditation or licensing is required, staff can check with the accreditation or licensing organization to determine if there have been actions taken against the contractor within the previous two years.
3. Question 29. If the ACD does not indicate that a Business Assessment Questionnaire has been done, or to check results, contact the DSHS Office of Risk Management at 360 902-7756.
4. Question 31. This question can best be answered by the Contractor.

General Guidelines

1. A risk assessment worksheet is required for each contract (identified by contract number), even when there may be multiple contracted services under a single contract.
2. Risk assessment is conducted early in the process of contract development.
3. Using the risk assessment worksheet prior to contract development is an effective screening/selection strategy for contract managers, and identifies unique risks that may be mitigated by the addition of Special Terms and Conditions.
4. Risk assessment can be revised at any time, especially when renewing or significantly altering a contract, or when new risk factors are identified and considered significant.
5. In determining the risk value, the contract monitoring staff's judgment may be a determining factor. If new factors are identified that do not appear on the list, use the "Other Risk Factor" space to explain.
6. While the risk level largely determines the type and frequency of monitoring method used, the contract type (i.e., client, personal or purchased) may also influence the monitoring method used. For example, a purchased service janitorial contract(or) would not likely require an on-site review, nor would a personal service contract for a conference speaker.
7. Risk level ratings may be adjusted either up or down during the life of a contract.
8. Once the risk level is assigned, an appropriate **monitoring method** must be developed & implemented as follows:

Risk Level	Desk	MIS	On-Site Review		
Low	X				
Medium	X	X	Once during the life of the contract		
High	X	X	For 1 year contracts: First 90 days and follow-up at 6 months	For contracts 2 or more years: First 90 days and annually thereafter	Protective Payee contracts: Every 6 months

Note: N/A is used to indicate an Exception to Policy has been requested and approved. Must have an explanation in the "Comments" section.

9. Each risk factor can be mitigated by some action or response by contract monitoring staff, either before or after the contract is executed. This action or response can take the form of training, technical assistance, special contract requirements/conditions/limitations.
10. Regardless of a contractor's risk level, contract staff are encouraged to provide technical assistance throughout the contracting process as an effective risk management strategy. Technical assistance can be combined with a desk, MIS or on-site monitoring activity.

Monitoring Responsibility:

Monitoring responsibility goes with the authority to negotiate/write the contract – unless these functions are shared between the region and HQ, in which case there is dual responsibility for monitoring.

General Rule: If contract negotiated by HQ – then it is monitored at HQ: If negotiated by Region – it is monitored at Region: If negotiated by Region and written at HQ – then there is dual responsibility.

Note: Monitoring responsibility held at DCS HQ's for all DCS contracts.

A copy of the risk assessment and monitoring report will be maintained with the contract. Copies will be forwarded to OSD, Contracts Compliance and Analysis Unit – MS 45445.