



## KING COUNTY AUDITOR'S OFFICE

### Review of King County's Human Services Contracting Practices—2006-01

This audit evaluated human services contracts that are funded exclusively by county current expense and criminal justice funds and administered by the Department of Community and Human Services Community Services Division (CSD). We concluded that CSD has developed effective partnerships with other human services organizations in King County, and further collaboration could improve the information available on the effectiveness of some human services programs in King County. We also found that CSD's current contracting practices adhere to some performance-based contracting best practices. However, CSD could improve contractor accountability by:

- Considering an open selection process,
- Increasing contracts' emphasis on achieving and tracking outcomes,
- Expanding use of contractor performance data to inform management decisions, and
- Strengthening monitoring practices to better assess contractors' performance.

#### **Audit Scope and Objectives**

The primary objectives of the audit were to assess whether the Community Services Division's (CSD) contracting practices are consistent with the county's human services policy framework and goals, as well as with performance-based contracting best practices. We focused exclusively on contracts that receive county current expense and criminal justice funds, because the county has discretion in determining what services to fund and how to select contractors and monitor performance for those contracts.

Our conclusions were based on a review of 16 sample CSD contracts. The contracts covered a range of services, including domestic violence victim support, transitional housing and other services for the homeless, and aging services.

#### **Contracts Were Consistent With County Goals**

We determined that CSD's discretionary contracts were consistent with the department's human services policy framework and goals, which were adopted by the King County Council in 1999. CSD is also collaborating with other entities in King County that adopted the policy goals to develop common outcome measures. This will allow for more consistent monitoring of progress in meeting the goals. Expanded collaborative efforts could further improve the information available on human services outcomes in King County.

#### **County Partially Adhered to Best Practices**

The review of 16 sample contracts demonstrated that CSD's contracting practices partially adhered to performance-based contracting best practices. However, the following issues were identified during the contract review:

- Contracts are currently awarded without a periodic open selection process;
- Contract incentives emphasize outputs rather than outcomes;
- Management use of contractor performance data is limited; and
- Monitoring practices were not sufficient to evaluate contractor performance.

#### **Recommendations**

To improve contractor accountability and performance, we recommended that CSD:

- Consider a competitive selection process;
- Increase contracts' emphasis on outcomes and provide standards and guidelines to staff on developing contracts;
- Provide training for staff on monitoring contractor performance; and
- Expand the use of contractor performance data to inform management decisions.

#### **Executive Response**

The executive concurred with or partially concurred with our recommendations. The executive's explanations for partial concurrence and planned corrective actions were consistent with the intent of our recommendations.