



PORTLAND PUBLIC SCHOOLS

**The Office of Internal Performance Audit**

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**Internal Audit Report**

**Contracts Audit**

**Contract Management of Personal Services Contracts**





# Audit Highlights



## Audit Highlights: Contracts Audit - Contract Management of Personal Service Contracts

### Why this audit is important

Effective management of personal service contracts, specifically those for direct, ongoing, intensive instructional and support services (e.g., mentoring, after-school programming, and family outreach services) to students and their families with the goal of raising student achievement, demonstrates the school district's commitment to the Portland Public Schools (PPS) Core Values that guide action towards achieving the PPS Vision.

One of the ten PPS Core Values states:  
**Partnerships and Collaborations:** We believe that together, we know we can achieve a great deal, and that by leveraging the collective actions of a group of committed stakeholders, we can achieve our Vision.

**PPS Vision:** A graduate of Portland Public Schools will be a compassionate critical thinker, able to collaborate and solve problems, and be prepared to lead a more socially just world.

### Audit objective

To provide a comprehensive analysis of the school district's contracts for professional services and determine whether the school district is:

1. Compliant with applicable school district policies and procedures,
2. Compliant with the terms and conditions of personal services contracts, and
3. Taking appropriate steps to implement a comprehensive and systematic approach to improve performance management of personal services contracts.

### Audit results

The audit report, issued by the school district's Office of Internal Performance Audit, found overall the school district is compliant with applicable school district policies and procedures, terms and conditions of personal service contracts, and is taking steps to improve performance management of personal services contracts. However, the audit identified instances of noncompliance and also found more needs to be done to implement a comprehensive and systematic approach to improve performance management of personal services contracts. Listed below are the three primary contributing factors to the noncompliance identified in the audit report:

- Inadequate oversight of contract management responsibilities,
- Lack of detailed guidance and expectation of contract management responsibilities, and
- More resources are necessary for Contract Managers to perform contract management responsibilities as expected.

### Promising Developments

Over the last year, the school district's Senior Advisor on Racial Equity and Social Justice (RESJ) performed a review of the school district's RESJ Partnership contracts that focus on providing PPS students with culturally specific services to support student learning and academic outcomes. For the 2019-20 school year, this portfolio of contracts included 19 contracts for approximately \$4.7 million, which accounts for approximately 28 percent of the school district's personal service contracts. This review led to the development of the PPS RESJ Partnership Investment Strategy, which aligns the school district's investments in RESJ Partners with the school district's vision and core values. In April 2020, the school district issued a request for proposal (RFP) for RESJ Partners for the 2020-21 school year. The RFP invites respondents to submit proposals that outline a proposed scope of services that aligns with the strategies detailed in the PPS RESJ Partnership Investment Strategy. In Objective three of the audit report, it is explained how the school district's plans for the 2020-21 school year RESJ Partners specifically addresses recommendations previously made by the Secretary of State's Audit Report issued in January of 2019.

While it is too early to determine the effectiveness of these contracts, the Office of Internal Performance Audit commends the school district for re-imagining its contracting practices with RESJ Partners and taking this step forward in its continuous improvement efforts.

### Recommendations

The audit includes 20 recommendations to the school district related to the development and implementation of internal controls that will ensure there is adequate oversight of contract management responsibilities, and Contract Managers have adequate resources including detailed guidance and expectations to perform contract management responsibilities as expected. The school district agreed 11 recommendations, partly agreed with seven, and partly disagreed with the remaining two. The school district will present an implementation plan to the Audit Committee within the next 60 days that identifies specific steps that will be taken to implement the recommendations.

For more information on the Office of Internal Performance Audit and/or to review the full audit report, please see the PPS Audit Committee web page at: <https://www.pps.net/Page/14443> or email the auditor directly at: [jhsanz@pps.net](mailto:jhsanz@pps.net)





# Thank you!

We extend our appreciation to the staff within the Purchasing & Contracting (P&C) department, as well as Contract Managers throughout the school district for their assistance and cooperation during the course of the audit. We specifically want to mention our appreciation for Emily Courtnage, Director of P&C, and Erica Kreger, P&C's Contract Manager who were incredibly responsive to our request for information and documentation needed to complete the audit. They were also willing to collaborate and provide us feedback that added value throughout the audit.





# Why this audit is important

One of the ten PPS Core Values states:

- ***Partnerships and Collaborations:*** *We believe that together, we know we can achieve a great deal, and that by leveraging the collective actions of a group of committed stakeholders, we can achieve our Vision.*
- ***PPS Vision:*** *A graduate of Portland Public Schools will be a compassionate critical thinker, able to collaborate and solve problems, and be prepared to lead a more socially just world.*





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# Auditing Standards

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS, aka Yellow Book).





# Audit Objectives

The objective of the audit was to provide a comprehensive analysis of District contracts for personal services and determine whether the District is:

1. Compliant with applicable District policy and procedures
2. Compliant with the terms and conditions of personal services contracts
3. Taking appropriate steps to implement a comprehensive and systematic approach to improve performance management of personal services contracts





# Scope

## 2018-19 and 2019-20 Contract Management of Personal Services Contracts

We judgmentally selected 18 personal services contracts for testing.

- Seven of the 18 contracts selected had been renewed for the 2019-20 school year
- Four of the 18 contract were renewed versions of the 2017-18 contracts that were tested in the Secretary of State's Audit.
- Additional information about the District's contracts and our selection of contracts is included in Appendix A – Contract Selection





# Objective 1: Compliance with applicable District policies and procedures

## Auditor Testing and Results:

- All contracts reviewed were approved by all applicable parties (i.e., P&C Department, Contractor, Budget Holder, and if over \$150,000, the Board)
- The contracting training course was not completed by all required staff prior to the established deadline. See details in **Finding 1 – Contracting Training Course**
- The Contract Manager did not always perform a review and evaluation of the contract performance before deciding whether to contract for similar services again. See details in **Finding 2 – Review and Evaluation**
- The Specialized SOW template was not included in applicable contracts as the SOW. See details in **Finding 3 –Scope of Work**
- The SOW included in the contracts did not always include detailed and specific deliverables, performance measures, expected outcomes, and how performance of the contract will be measured. See details in **Finding 3 –Scope of Work**
- The Board Cover Memo template prepared and submitted to the Board for all applicable contracts.
- Mandatory training requirements for contractors were not included consistently in applicable contracts. See details in **Finding 4 – Mandatory Training Requirements for Contractors**





# Objective 2: Compliance with the terms and conditions of the contract

## Auditor Testing and Results:

- The District did not obtain evidence that the mandatory contractor training courses, included in the contract, were completed by the contractors and their staff. See details in **Finding 5 – Completion of Mandatory Training Requirements for Contractors**
- The District did not always obtain evidence deliverables, identified in the SOW, were achieved/delivered. Additionally, for some reports that were obtained as evidence of deliverables, we found:
  - Not all reports obtained included the required information
  - Not all reports obtained agreed with District data
  - Not all of the required reports were obtained (i.e., one or two of the required four reports were not obtained)
- We also found Contract Managers relied on the content in reports from contractors and did not apply appropriate contract monitoring methods to ensure reports, obtained as evidence of deliverables, were accurate and complete. See details in **Finding 6 - Evidence of Deliverables and Contract Monitoring**
- We found no evidence that contract work was performed outside the effective end date of the contract.
- A Release of Information form was not obtained by the District prior to releasing student information to the contractor. See details in **Finding 7 - Release of Information**
- Payments made to the contractor were not always timely as required in the contract. See details in **Finding 8 – Payments to Contractors**





# Finding 9: Key Contributing Factors to Noncompliance

The audit report identifies three key contributing factors to the noncompliance identified:

- Lack of detailed guidance and expectations of contract management responsibilities
  - Contract management responsibilities and expectations are not included in the Contract Manager's position descriptions
- Inadequate supervision oversight of contract management responsibilities
  - Evaluation of the performance of contract management activities is not included in the Contract Manager's annual performance evaluation
- More resources are necessary for Contract Managers to perform contract management responsibilities as expected
  - Contract management appears to be silently added to the positions held by each of the Contract Managers without consideration whether or not the Contract Manager has adequate time to perform the responsibilities given the roles and responsibilities included in their position description





**Audit Objective 3: Steps to implement a comprehensive and systematic approach to improve performance management of personal services contracts**

**Auditor Testing and Results: - Improvements**

In our testing of the 18 contracts selected, we saw evidence of the following improvements District management stated in the response to the SoS report:

- Implementing processes to ensure that work will not begin before contracts are vetted, approved, and signed
- Centralizing contract review and signatory authority for all contracts District-wide
- Clarifying background check requirements for contractors
- Strengthening all contract and scope of work templates to allow more detailed scope descriptions and payment terms





**Audit Objective 3: Steps to implement a comprehensive and systematic approach to improve performance management of personal services contracts**

## Auditor Testing and Results: - Improvements

We noted the District's response to the SoS report also included the following improvement:

- Public posting all contracts on the Board business agenda and providing more detailed information to the Board to increase transparency in contract decisions

See recommendation 20





**Audit Objective 3: Steps to implement a comprehensive and systematic approach to improve performance management of personal services contracts**

**Auditor Testing and Results: - Improvement Initiatives**

In the District's response to the SoS report, District management stated PPS will continue to build on these improvements, with a particular focus on staff contract performance oversight and management. Improvement initiatives currently in process include:

- The Board Cover Memo was created and implemented.
- A specialized SOW template was created and posted to the P&C department web page under Contract Forms.
- The Board approved a contract for the purchase of contract management software in the Board meeting on September 23, 2019.





**Audit Objective 3: Steps to implement a comprehensive and systematic approach to improve performance management of personal services contracts**

**Auditor Testing and Results: - Additional steps**

- Review of the District's contracts with Racial Equity and Social Justice (RESJ) Partnership.
  - Development of the PPS RESJ Partnership Investment Strategy
  - Request for Proposal (RFP) for RESJ Partnerships issued in April 2020 for school year 2020-21 contracts





# Conclusion

- Overall the District is compliant with applicable District policies and procedures and the terms and conditions of the personal services contracts.
- The District has taken steps, and continues to work on improving contract management of personal services contracts.
- However, our testing identified instances of noncompliance and we also found more needs to be done to implement a comprehensive and systematic approach to improve performance management of personal services contracts.





# Conclusion

We identified three key contributing factors to the noncompliance identified:

- Inadequate oversight of contract management responsibilities
- Lack of detailed guidance and expectation of contract management responsibilities
- More resources are necessary for Contract Managers to perform contract management responsibilities as expected





# Recommendations

## Background Information:

- District management has the primary responsibility to establish, implement, and monitor internal controls.
- Internal Audit's function is to assess and test those controls in order to provide reasonable assurance that the controls are adequate and operating effectively.





# Recommendations

The audit includes 20 recommendations to the school district related to the development and implementation of internal controls that will ensure there is adequate oversight of contract management responsibilities, and Contract Managers have adequate resources including detailed guidance and expectations to perform contract management responsibilities as expected.





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# Management Response to Recommendations

The school district:

- Agreed 11 recommendations
- Partly agreed with seven
- Partly disagreed with the remaining two

In addition to the 20 recommendation we provided the District with several recommendations for consideration.





# Recommendations

**Contracts Audit  
Management Response to Recommendations  
June 25, 2020**

2020 Contracts Audit Recommendations				
#	Abbreviated Recommendation	Response (Agree/Partly Agree/Disagree/Partly Disagree)	Responsible Administrator / Manager	Comment
1	1. Re-evaluate internal controls to ensure all District staff who manage or work with contracts complete the mandatory contracting training course prior to the established deadline.	Agree	Emily Courtnage, Director of Purchasing & Contracting	We agree with the recommendation and will include implementation actions in our implementation plan presented to the Audit Committee within 60 days.
2	2. Maximize the benefit of the training course, by requiring the training course applicable for the contract term, to be completed by the required staff prior to initiating the contract.	Agree	Emily Courtnage, Director of Purchasing & Contracting	We agree with the recommendation and will include implementation actions in our implementation plan presented to the Audit Committee within 60 days.
To achieve recommendation 2, we recommend the District consider the following:				
2 a)	Consider changing the deadline for the required training course to August 1st of the applicable year.	Partly Agree	Emily Courtnage, Director of Purchasing & Contracting	We agree with the recommendation to change the course deadline and will include implementation actions in our implementation plan presented to the Audit Committee within 60 days. However, we do not agree that August 1st is a realistic course completion deadline, particularly for school staff and administrators. We will propose a new annual course update schedule and completion deadline designed to better address Recommendations 1 and 2.
3	Develop and implement internal controls that will ensure a thorough and robust review and evaluation of the contracts performance is completed and documented prior to deciding whether or not a similar contract should be negotiated in the future	Agree	Instructional Leadership, RESJ leadership	Instructional Leadership agrees with the recommendation and will include action steps within our implementation plan presented to the Audit Committee within 60 days.  As noted in the Audit, the personal services contracts that include RESJ Partnerships are currently part of a robust review and reimagining. All contracts are currently subject to a competitive process where proposers are asked to submit documentation of both proposed and prior contract performance to complete a scope of work. The request for proposals includes required narrative and a logic model that describes the contract outputs (service delivered) and intended student outcomes that will form the basis of the contract reporting and district evaluation for awarded proposers. This competitive process will provide the basis for contract awards for up to three years upon successful completion of required contract deliverables each school year. The basis for contract negotiation is outlined in both the PPS RESJ Partnerships Investment Strategy and the 2019-2700 RESJ Partnerships solicitation.
To achieve recommendation 3, we recommend the District consider the following:				
3 a)	Update the contracting training course to include additional guidance and expectations related to review and evaluations	Agree	Emily Courtnage, Director of Purchasing & Contracting	We agree with the recommendation and will include implementation actions in our implementation plan presented to the Audit Committee within 60 days.





# Recommendations

3 b)	Utilize the content of the Board Cover Memo to create a template for Contract Managers to document the review and evaluation for all contracts.	Agree	Emily Courtnage, Director of Purchasing & Contracting	We agree with the recommendation as it applies to large instructional, family engagement, and student services contracts (for which the Board Cover Memo was designed) and will include implementation actions in our implementation plan presented to the Audit Committee within 60 days.
3 c)	Require the review and evaluation be reviewed and approved by the Contract Manager's supervisor and submitted to the P&C Department for record keeping.	Partly Agree	RESJ Leadership & Instructional Leadership & Emily Courtnage, Director of Purchasing & Contracting	<p>Purchasing &amp; Contracting agrees with the recommendation that contract reviews and evaluations should be saved with other contract documents in a central and accessible location, and we will include implementation actions in our implementation plan presented to the Audit Committee within 60 days. However, while P&amp;C can provide instruction to contract managers and a central and accessible repository for all contract related documents, P&amp;C does not have contracting staff capacity to manage the collection, submission, and supervisor approval of contract performance reviews for all instructional contracts nor the subject matter expertise to judge the content or accuracy of such reviews.</p> <p>Instructional Leadership agrees that there will be a review and evaluation of the contract by the contract manager and that they will inform their supervisor when they have completed that process and uploaded the information. We disagree that the supervisor of the contract manager will also review and evaluate the contract as this is redundant work and that the contract manager is capable of doing this.</p> <p>RESJ leadership agrees with the recommendation to document contract compliance activities, however given the capacity of the respective departments has reservations about creating processes to add another layer of compliance. We do however commit to continuing to work in collaboration across departments to ensure effective contracting.</p>
3 d)	d) Increase transparency by saving all review and evaluations in a central and accessible location so they can be easily accessed and reviewed by stakeholders	Partly Agree	Emily Courtnage, Director of Purchasing & Contracting	We agree with the recommendation that contract documents, including any reviews and evaluations provided by contract managers, should be saved in a central location and readily accessible to District staff, and we will include implementation actions in our implementation plan presented to the Audit Committee within 60 days. However, while P&C can provide instruction to contract managers and a central and accessible repository to facilitate compliance with this recommendation, P&C does not have contracting staff capacity to manage and ensure the collection and submission of contract performance reviews for all instructional contracts.





# Recommendations

4	Develop and implement internal controls that will ensure all contracts include appropriate and specific deliverables, performance measures, expected outcomes, how the performance of the contract will be measured, and reporting requirements tailored to the particular contract.	Agree	Instructional Leadership & Emily Courtnage, Director of Purchasing & Contracting & RESJ leadership	<p>Purchasing &amp; Contracting agrees with the recommendation that our internal controls (including mandatory templates and training and the contract approval process) should help ensure that instructional, family engagement, and student services contracts include appropriate deliverables, performance measures, and expected outcomes, and we will include implementation actions in our implementation plan presented to the Audit Committee within 60 days.</p> <p>Instructional Leadership agrees and will include implementation actions to ensure all contracts include appropriate and specific deliverables, performance measures, expected outcomes, how the performance of the contract will be measured, and reporting requirements tailored to the particular contract.</p> <p>RESJ - Agree with the recommendation. The current competitive process scores and evaluates proposed scope of work and deliverables measured against a proposed logic model that describes expected outcomes and measures for which ongoing reporting will be required. Once selected, contractors will negotiate final terms and in partnership and RESJ will collaborate with the Office of School Performance to develop system measures to gauge the impact of all RESJ partners and strategies.</p>
To achieve recommendation 4, we recommend the District consider the following:				
4 a)	Require the use of the Specialized SOW template.	Agree	Emily Courtnage, Director of Purchasing & Contracting	We agree with the recommendation and will include implementation actions in our implementation plan presented to the Audit Committee within 60 days.
4 b)	Require the appropriateness of the specific deliverables, performance measures, expected outcomes, how the performance will be measured, and reporting requirements tailored to the particular contract be reviewed and approved by a qualified Educational Specialist who is not involved with the management of the contract.	Partly Agree	Instructional Leadership	Instructional Leadership partly agrees with this recommendation. Staff outside of the contract that are qualified educational specialists do not have time in their current workload to review and approve the specific deliverables, performance measures, expected outcomes, how the performance will be measure and reporting requirements. The Executive Instructional Leadership Team (EILT) made up of the Deputy Superintendent, Chief of Schools, Chief Academic Officer, and Chief of Student Support Services will review and approve these elements on contracts going to the Board for approval.
4 c)	Increase transparency by saving the completed Specialized SOW template in a central and accessible location so they can be easily accessed and reviewed by stakeholders.	Agree	Emily Courtnage, Director of Purchasing & Contracting	We agree with the recommendation that contract documents, including statements of work, should be more readily accessible to District staff and will include implementation actions in our implementation plan presented to the Audit Committee within 60 days.
5	Provide an update to the Board to communicate the District's phased implementation of the mandatory training requirements for contractors and the delay in full implementation.	Partly Agree	Legal - Mary Kane	We agree with the recommendation to the extent it applies to those contractors that have direct and substantive interaction with students and will include implementation actions in our implementation plan presented to the Audit Committee within 60 days.



# Recommendations

6	Develop and implement internal controls to ensure all mandatory training courses are included in all contracts that require interactions with students.	Partly Agree	Legal - Mary Kane and Emily Courtnage, Director of Purchasing & Contracting	We agree with the recommendation to the extent it applies to those contractors that have extensive and substantive interaction with students. We will continue to work with a group of leaders already convened from multiple departments to develop appropriate systems and guidance. We will include implementation actions in our implementation plan presented to the Audit Committee within 60 days.
To achieve recommendation 6, we recommend the District consider the following:				
6 a)	District Management develop detailed guidance and expectations related to the mandatory training requirement for contracts that require contractors and their staff to interact with PPS students.	Partly Agree	Legal - Mary Kane	We agree with the recommendation to the extent it applies to those contractors that have extensive and substantive interactions with students; however, we will not be able to develop the guidance and expectations related to mandatory training within the next 60 days.
6 b)	The P&C department communicate the detailed guidance and expectations to Contract Managers throughout the District	Agree	Emily Courtnage, Director of Purchasing & Contracting	We agree with the recommendation and will consider including implementation actions in our implementation plan presented to the Audit Committee within 60 days. However, P&C cannot implement this recommendation until the internal controls and detailed guidance and expectations referenced in Recommendation 6 and 6(a) are developed.
6 c)	Update the contracting training course to include guidance and expectations related to the inclusion of the mandatory training courses in applicable contracts; including if or when exceptions can be made and the process for obtaining an exception.	Agree	Emily Courtnage, Director of Purchasing & Contracting	We agree with the recommendation and will consider including implementation actions in our implementation plan presented to the Audit Committee within 60 days. However, P&C cannot implement this recommendation until the internal controls and detailed guidance and expectations referenced in Recommendation 6 and 6(a) are developed.
6 d)	Establish a clear and mandatory channel of communication between the P&C department and Contract Managers (in addition to the annual contracting training course) to communicate and distribute guidance and expectation for Contract Managers on topics related to contracting	Disagree	Emily Courtnage, Director of Purchasing & Contracting	We agree that it is important to have clear channels of communication between the P&C Department and contract managers. However, multiple channels of communication are already in place and regularly utilized: (1) The mandatory annual contracting training course; (2) The frequently updated P&C website with announcements, Quick Guides, and new contract templates and forms with instructions; (3) Admin Connect, where we post announcements related to the contract course and other new contracting guidance generally applicable to contract managers; (4) Emails sent via the Communications Department email lists to all BESC staff, all school administrators, and all principals' secretaries; (5) Back to School and Finance trainings for principals' secretaries and admin assistants and New Leaders trainings for new school administrators; and (6) Emails sent to specific contract managers when a new initiative or requirement (such as the Board Cover Memo) is applicable only to a few contract managers. We regularly utilize all of these channels and do not believe any additional communication channel is required.
7	7. Develop and implement internal controls to ensure the District obtains evidence that the contractors and their employees have completed the mandatory training course as required in the contract.	Agree	Legal - Mary Kane and Emily Courtnage, Director of Purchasing & Contracting	We agree that contract managers need clear guidance on when and how to ensure that contractors have completed any required training courses before beginning work. We will continue to work with a group of leaders already convened from multiple departments to develop appropriate systems and guidance. We will include implementation actions in our implementation plan presented to the Audit Committee within 60 days.
To achieve recommendation 7, we recommend the District consider the following:				





# Recommendations

7 a)	Develop adequately detailed guidance and expectations and communicate that content with Contract Managers.	Agree	Legal - Mary Kane and Emily Courtnage, Director of Purchasing & Contracting	We agree that contract managers need clear guidance on when and how to ensure that contractors have completed any required training courses before beginning work. We will continue to work with a group of leaders already convened from multiple departments to develop appropriate systems and guidance. We will include implementation actions in our implementation plan presented to the Audit Committee within 60 days.
7 b)	Include the list of mandatory training courses in applicable RFPs (or ITB).	Agree	Emily Courtnage, Director of Purchasing & Contracting	We agree with the recommendation and will consider including implementation actions in our implementation plan presented to the Audit Committee within 60 days. However, P&C cannot implement this recommendation until the internal controls and detailed guidance and expectations referenced in Recommendation 6, 6(a), 7, and 7(a) are developed.
7 c)	Consult with the Office of Technology & information Services (OTIS) to develop a streamlined process for the activation of the necessary PPS email addresses for the contractor and their staff to access the training courses in Pepper PD.	Agree	Legal - Mary Kane	We agree with the recommendation and a process has already been implemented through the adoption of Rapid Identity, a new identity automated management system.
8	8. Develop and implement internal controls that will ensure: • Evidence of deliverables identified in the SOW are achieved/delivered, and • Reports obtained by the District as evidence of deliverables include all required information, agree with District data, and all required reports are obtained (i.e. all four of the four reports are obtained).	Agree	Instructional Leadership	We agree with the recommendation and will include implementation actions in our implementation plan presented to the Audit Committee within 60 days.
9	We also recommend the District management develop and implement internal controls that will ensure contract management responsibilities are being performed.	Agree	Instructional Leadership	We agree with the recommendation and will include implementation actions in our implementation plan presented to the Audit Committee within 60 days.
10	We recommend the District develop and implement internal controls that will ensure the District has received a signed ROI form prior to releasing any student information and continue to prioritize obtaining ROI forms, until a signed ROI form is obtained for each student.	Partly Agree	Legal - Mary Kane and potentially others	We believe the appropriate next action is that the Legal Department assess how and whether ROI forms need to be used in contracts and consult with appropriate departments on development of any necessary internal controls resulting from that assessment. See 11(a), below.
11	We recommend the District perform and document an analysis of the District's obligation to secure student information from unauthorized re-disclosure under FERPA laws.	Agree	Legal - Mary Kane	We agree and believe we can implement this into our implementation plan presented to the audit committee within 60 days.
11 a)	We recommend the District consider specifically addressing each of the examples identified in the finding in its analysis.	Agree	Legal - Mary Kane	We agree and believe we can implement this into our implementation plan presented to the audit committee within 60 days.
12	We recommend the District develop a clear criteria for determining when a signed ROI form is required.	Agree	Legal - Mary Kane	We agree and believe we can implement this into our implementation plan presented to the audit committee within 60 days. See 10, above.
13	Develop and implement internal controls that will ensure the consistent application of a signed ROI form in applicable contracts.	Agree	Legal - Mary Kane and Emily Courtnage, Director of Purchasing & Contracting	We agree that contract managers need clear guidance on when to include the requirement of signed ROIs in their contracts. We will include implementation actions in our implementation plan presented to the Audit Committee within 60 days.
To achieve recommendation 13, we recommend the District consider the following:				
13 a)	We recommend the District consider providing Contract Managers with training that will detail guidance and expectations to ensure they have an adequate understanding of the criteria for which a signed ROI form is required and the District's obligation to secure student information from unauthorized re-disclosure under FERPA laws.	Partly Agree	Legal - Mary Kane	We agree subject to the conclusions reached in the analysis required in 10 and 11(a), above; however, training may not be implemented within 60 days.





# Recommendations

14	We recommend the District review contract payment processes and procedures for process improvements and efficiencies to ensure payments to contractors are made timely as required in the contract. Additionally, we recommend the District document the date the invoice was received.	Agree	Tracy Pinder, Director of Financial Services	We agree with the recommendation and will include implementation actions in our implementation plan presented to the Audit Committee within 60 days.
15	We also recommend the District consider centralizing the receipt of contract invoices.	Partly Agree	Tracy Pinder, Director of Financial Services	We partly agree with the recommendation, as centralizing receipt of invoices is a suggested best practice. However, implementation would be a significant shift in current practice and would require additional central office FTE to manage all District invoices centrally.
16	To ensure contract management responsibilities are being performed as expected, we recommend the District develop and communicate detailed guidance and expectation related to contract management responsibilities.	Partly Agree	Emily Courtnage, Director of Purchasing & Contracting	We agree with the recommendation that P&C should build on, and provide more detailed guidance in, our training materials and templates related to contract management responsibilities, and we will include implementation actions in our implementation plan presented to the Audit Committee within 60 days. However, while P&C can instruct contract managers on contract management responsibilities and best practices and provide tools to assist with contract management, it does not have capacity to supervise or oversee contract managers' management of their own contracts.
To achieve recommendation 16, we recommend the District consider the following:				
16 a)	a) Identify personal services contracts for student services as complex contracts and increase requirements for those contracts to include: o Develop an additional contract management training course that Contract Managers of complex contracts are required to complete prior to initiating the contract. o Require complex contracts include a contract administration plan (similar to that used by the State of Oregon) that is review and approved by the Contract Manager's supervisor and submitted to P&C for recordkeeping.	Partly Agree	Emily Courtnage, Director of Purchasing & Contracting	We partly agree with the recommendation and will consider including implementation actions in our implementation plan presented to the Audit Committee within 60 days. However, we do not believe it will be effective to add to the already significant time burden of mandatory online trainings for staff. We will consider different methods of providing additional specialized instruction or advice to the relatively few contract managers who manage complex instructional contracts.
17	Develop and communicate oversight of contract management responsibilities, including how performance of contract management responsibilities will be evaluated. To achieve this, we recommend the District consider updating position descriptions to include contract management responsibilities and include an evaluation of the performance of these responsibilities in the staff member's annual performance evaluation.	Partly Disagree	Instructional Leadership & RESJ leadership	In most cases, the responsibility of contract management is not specific to a job. For example, we may have an Academic Program Manager who has responsibility for a contract but the majority of individuals who are Academic Program Managers do not have this responsibility. We do not have the ability to track every single assigned duty in a job description.  Instructional Leadership partly agrees with the recommendation to include contract management in performance evaluation. Depending on the contract manager and the situation, contract management will only be included in performance evaluation where appropriate.  RESJ Leadership partly agrees that contract managers for RESJ partnerships will provide oversight and compliance duties related to the deliverables in each contract assigned. Overall efficacy and evaluation of the impact of the RESJ strategies will be done in collaboration with the Instructional Leadership, the Office of Systems Performance and district leadership.





# Recommendations

18	Prior to assigning a Contract Manager, supervisors of the proposed Contract Manager should evaluate the positions' other roles and responsibilities to ensure those assigned contract management responsibilities have adequate time to perform the contract management responsibilities while also performing the roles and responsibilities in their position descriptions	Partly Disagree	Instructional Leadership & RESJ leadership	Instructional Leadership partly agrees with this recommendation. Supervisors will review workload with managers in general, but it is incumbent upon the manager to ensure that they have completed all duties of contract management and to surface any challenges with their supervisor.
19	We recommend the District take additional steps to implement a comprehensive and systematic approach to improve performance management of personal service contracts. To achieve this we recommend the District consider scaling the District's comprehensive and systematic approach to improve performance management of personal service contracts identified by the District as RESJ partnership contracts to include all of the District's personal service contracts with educational partners.	Partly Agree	Instructional Leadership & RESJ leadership	Instructional Leadership and RESJ leadership agree to partner on the updated processes for personal service contracts. RESJ leadership has collaborated with Instructional Leadership in the development of the RESJ Partnerships Investment Strategy as well as the RFP process. Instructional Leadership staff and members participated in the RFP scoring process and has committed to working in collaboration with RESJ to support ongoing relationship development with contractors at school sites. This includes participation in quarterly data review meetings and convenings aimed at increasing collective impact. We will have an implementation plan within 60 days.
20	To address the SoS audit's call for increased transparency and oversight for the District's contracts we recommend the District consider publicly posting the review and evaluation of contracts (via the Board Cover Memo) and the SOW for contracts listed on the Board agenda for Board approval. This could increase transparency in contracting decisions while still safeguarding the majority of the content related to contractor payments.	Partly Agree	Emily Courtnage, Director of Purchasing & Contracting	We agree with the recommendation as it applies to large instructional, family engagement, and student services contracts and, after consultation with the Board Office, will consider including implementation actions in our implementation plan presented to the Audit Committee within 60 days.





# Next Steps

- Implementation Plan:
  - The school district will present an implementation plan to the Audit Committee within the next 60 days
  - Implementation plan will identify specific steps that will be taken to implement the recommendations





# Questions

