



**ASSESSMENT OF THE ADMINISTRATIVE MECHANISM
FINAL REPORT
FISCAL YEAR 2007**

**DENVER TRANSITIONAL GRANT AREA
RYAN WHITE PART A PROGRAM**

PURPOSE OF THE ASSESSMENT

The Health Resources Services Administration (HRSA) requires planning councils to assess the administrative mechanism of the grantee. This means that the Denver HIV Resources Planning Council is responsible for evaluating how efficiently the grantee distributes Ryan White Part A funds in the Denver Transitional Grant Area (TGA). In the Denver TGA, the grantee is the Mayor's Office of HIV Resources (MOHR).

This assessment of the administrative mechanism was conducted in September 3, 2008 and evaluates how efficiently the grantee distributed Part A funds for fiscal year 2007.

ELEMENTS OF THE ASSESSMENT

In assessing the administrative mechanism, the following elements were reviewed:

- The allocation of Part A funds to areas of greatest need based on the priorities defined by the Denver HIV Resources Planning Council.
- The procurement process in the TGA.
- The expenditure or reimbursement process in the TGA.
- Procedures for contract monitoring in the TGA.

HOW THE ASSESSMENT WAS CONDUCTED

Information for the assessment of the administrative mechanism was gathered in the following ways:

- Planning Council staff sent the grantee the required review forms and tables. The forms provide a basis by which the efficiency of the grantee’s administrative mechanism can be assessed by the Planning Council and its staff.
- The grantee’s staff completed the required review forms and tables, supplying end-of-year fiscal data for 2006.
- Planning Council staff and the Council Co-Chair conducted a formal site visit to interview the grantee’s staff and review administrative procedures/tools on September 21, 2007. Two agency files were reviewed: one regular Part A and one Minority AIDS Initiative (MAI).
- The fiscal year (FY) 2006 request for proposals (RFP) released by the grantee was reviewed by Planning Council staff.

PROCUREMENT PROCESS IN THE TGA

The procurement process is one of the most important functions within the administrative system. It is the means by which the priority setting and resource allocation decisions of the Planning Council are translated into service programs for people living with HIV. Based on the proportional allocation of funds recommended for the various service categories, the grantee issues a request for proposals, asking service providers to identify the services they will provide and the total amount of grant dollars they are seeking. The grantee submits its federal Part A grant application to HRSA based on the provider responses that are received. While the grantee waits to hear what level of funding will be awarded to the TGA, a Grant Application Review Committee (GARC) is organized to select the providers who will be funded and to determine the actual amount of funding they will receive. The grantee then begins the process of establishing service contracts with providers to ensure that these contracts will be operational when the HRSA funds actually become available.

In assessing the procurement process in the TGA, the following questions were addressed:

- **Does the grantee follow the proportional allocations determined by the Planning Council’s priority setting and resource allocation process in the request for proposals that are sent out?**
- **Does the grantee make awards across each service category, following the proportional allocations determined by the Planning Council’ priority setting and resource allocation process?**
- The grantee followed the proportional allocations determined by the Planning Council’s priority setting and resource allocation process in the request for proposals that were sent out. Awards were made across all service categories chosen by the Council.
- **Does the grantee seek out opportunities to identify new service providers and enhance their capacity to respond to requests for proposals for Ryan White service delivery?**
- **How and to what extent are special considerations of the Planning Council reflected in the RFP and in service contracts?**
- **Is the proportion of administrative costs taken out of the total grant by the grantee kept at a minimum?**

REIMBURSEMENT AND EXPENDITURE PROCESS IN THE TGA

Once the contracts have been awarded to service providers, another critical administrative function is ensuring that these providers receive the funds they need to operate and to serve clients. Within the TGA, the mechanism that allows dollars to flow are the invoices from providers, submitted to and reviewed by the grantee, forwarded to the Piton Foundation (the grantee’s fiscal agent), then used by the grantee to “draw down” funds from the federal government. Invoices at each of these levels create a “paper trail” by which payments are made. Since the grantee is part of the city bureaucracy and funds are obtained from federal funding sources, careful reviews are conducted to ensure that the invoices are correct, stay within the provider’s agreed-upon budget, correlate with the number of clients seen and are submitted on a regular basis. The primary issue related to expenditure and reimbursement relates to the timing of payments and the efficiency with which funds are distributed.

In assessing the reimbursement and expenditure process in the TGA, the following questions were addressed:

- Does the grantee anticipate the amount of funds that need to be drawn down from HRSA?
Are invoices submitted on a regular basis?
- How often does it occur that reimbursements to services must be delayed because of an insufficient draw down?
- To what extent does the grantee work with service providers in order to anticipate their reimbursement needs?
- To what extent do delays from HRSA affect the availability of funds for reimbursement to providers?
- How expeditiously does the grantee enter into a contract with the fiscal agent (Piton Foundation) to enable an efficient reimbursement system to be created? Does the grantee anticipate potential delays in the city contracting process to avoid unnecessary delays in the process of contracting with the fiscal agent?
- How expeditiously do the grantee and the fiscal agent respond to the following reimbursement issues: regular invoices from the service providers, subsequent invoices from the fiscal agent to the grantee, and draw downs by the grantee from HRSA.
- What are the average times for reimbursement and the acceptable maximum days before payment for service providers?

CONTRACT MONITORING PROCESS IN THE TGA

A final critical administrative function carried out by the grantee is the monitoring of service providers both from a financial and service delivery point of view. In other words, once the contracts with service providers are in place, how and in what ways does the grantee assess whether the array of services are being provided as set forth in the service contracts? This review is generally limited to a consideration of whether service providers are meeting their contractual obligations. Other mechanisms are in place to monitor the content or quality of care that is provided. For example, the Metro Denver AIDS Services Coalition has developed standards of care that define the ways in which services should be provided to persons living with HIV. The Coalition has also developed quality management indicators for all service categories, which will be included in FY 2005 contracts with providers. Volume of services provided to clients is monitored through the CAREWare system, and yearly site visits to agencies are conducted to review fiscal operations and organizational structure.

In assessing the contract monitoring process in the TGA, the following questions were addressed:

- What are the factors considered by the grantee in the review of the monthly invoices submitted by service providers?
- What are the factors considered by the grantee during the yearly fiscal review of the service providers?
- By what standards is the adequacy of service volumes assessed? What actions are taken when service providers are out of compliance with their contract requirements?
- How quickly does the grantee respond to changes in service volume within specific service provider organizations?

FINDINGS

The following important features of the Denver TGA should be noted:

- The grantee operates within a city bureaucracy that has rules regarding how contracts are issued and invoices are reimbursed. Like many city bureaucracies, there are checks and balances in this system that can add extra time to administrative procedures.
- The grantee has developed a number of unique administrative procedures to facilitate the awarding of contracts and the distribution of funds to HIV service providers. For example, the Piton Foundation is used as the fiscal agent to expedite the processing of invoices and subsequent payment to providers.

Analysis of the required administrative forms/tables, review of the RFP, interviews with the grantee's staff, and review of agency files reveal the following findings:

- The grantee has in place a number of administrative mechanisms and patterns of work that are efficient and permit the disbursement of contracts and grant dollars in a minimum amount of time.
- Invoices from providers are submitted on a regular basis. Careful reviews are conducted to ensure that invoices are correct and correlate to the submitted budget.

- The turnaround time for payments to providers is remarkably quick. The average days from receipt of a bill to payment was 6.74 days (the shortest was 5 and the longest was 15). There is a concerted effort made to process payments more quickly to smaller agencies.
- Reimbursement of services was delayed in March and April in the beginning of the fiscal year due to a threshold limit instituted by the City Auditor that the grantee must meet before drawing down city funds. This is a normal occurrence at the beginning of each fiscal year, as the grantee must have \$200,000 in invoices before an initial draw down can be made.
- In anticipation of late award notification by HRSA, MOHR had prepared paperwork to enter into 6-month contracts with service providers. However, this contingency plan was not put into action as the award was received in time.
- The grantee followed the proportional allocations determined by the Planning Council's priority setting and resource allocation process in the request for proposals that were sent out. Awards were made across all service categories chosen by the Council.
- Administrative costs were kept within the HRSA cap of 5% by the grantee. In FY 2006, the grantee took 4.25% of the total Part A grant for administrative costs. Beginning in FY 2002, HRSA has allowed grantees to take an additional 5% of the total grant award or \$3,000,000 (whichever is less) for quality management activities. In FY 2006, the grantee took \$138,035 or 3.22% of the total grant award for quality management activities.
- In FY 2006, the TGA had no carry-over. The main reason for the low carryover is the flexibility the Planning Council has given the grantee to reallocate funds to areas of need. This allows the grantee to respond much quicker to service needs. Additionally, the grantee is reallocating at earlier times during the fiscal year.
- The grantee continuously seeks out opportunities to identify new service providers, particularly for MAI funds, by networking with various community organizations. An extensive RFP mailing list of over 100 organizations is maintained by the grantee.
- A Bidders Conference was conducted to enhance provider ability to respond to the RFP.
- The MAI special consideration from the Planning Council that 100% of MAI funds go to agencies that provide services to at least 65% people of color was reflected in the RFP.
- A number of mechanisms are in place to monitor the content of quality of care that is provided. Compliance to the Standards of Care is written into provider contracts. Volume of services is monitored through the CAREWare system and site visits are conducted to review

fiscal operations and organizational structure. Additionally, mid and end-of year reports are required of all providers. Changes in service volume or additional need within service categories and organizations are identified through the mid-year reports submitted by providers and are handled through the reallocations process.

- Site visits were completed with all providers in FY 2006.
- CAREWare data reports were generated quarterly for each funded organization.
- In FY 2006, no agencies were found to be out of compliance with their contractual requirements.
- Of the two agency files that were reviewed, both contained the following: grant application, memorandum of understanding, budget/budget revisions, certification showing that the organization was in good standing with the State, and quarterly CAREWare reports.

RESULTS

The results of the assessment of the administrative mechanism showed the grantee allocated FY 2006 Part A funds to the areas of greatest need based on the priorities defined by the Denver HIV Resources Planning Council and funds were efficiently distributed.