



**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE**

**Division of Procurement
Room 525, Health & Welfare Building
625 Forster Street
PO Box 2675
Harrisburg, PA 17120**

**Daniel R. Boyd
Director**

**Telephone 717-783-3767
Fax 717-787-3560**

December 22, 2010

FLYER # 1

**SUBJECT: RFP NO. 07-10 CONSULTATION AND TECHNICAL ASSISTANCE FOR
HEALTHCHOICES BEHAVIORAL HEALTH MANAGED CARE PROGRAM**

Dear Prospective Offeror:

The attached package represents a formal issuance of materials related to the Commonwealth of Pennsylvania, Department of Public Welfare Request for Proposal (RFP) 07-10 Consultation and Technical Assistance for HealthChoices Behavioral Health Managed Care Program.

1. Response to the questions posed at the pre-proposal conference of December 15, 2010.
2. Power Point presentation from the pre-proposal conference.
3. Attendance list from the pre-proposal conference.

Additionally, the incorrect version of Appendix B, DPW Addendum to Standard Terms and Conditions, was inadvertently included in the RFP. Please replace with the current attached version which reflects updated current Contractor Partnership Program information.

**NO ADDITIONAL QUESTIONS REGARDING RFP 07-10 WILL BE ACCEPTED OR
ANSWERED EITHER VERBALLY OR IN WRITING.**

All proposals must be received by January 20, 2011 at or before 2:00 p.m., by the Department of Public Welfare, Division of Procurement, Room 525, Health and Welfare Bldg, 625 Forster Street, Harrisburg, Pennsylvania 17120.

Sincerely,

A handwritten signature in cursive script, appearing to read "Daniel R. Boyd".

Daniel R. Boyd, Director
DPW Division of Procurement

Attachment(s)

Consultation and Technical Assistance
for HealthChoices Behavioral Health
Managed Care Program

Request For Proposals (RFP) 07 – 10

Pre-proposal Conference

December 15, 2010

Introductions

- Valerie Vicari – Project Officer
- Merry-Grace Majors – DPW, BEO
 - Mentor Protégé Program (MPP)
- Gayle Nuppnau – DGS
 - Bureau of Minority and Women Business Opportunities (BMWBO)
- Marcellus Simmons – DPW, OIM
 - Contractor Partnership Program

Agenda

- Housekeeping/Ground Rules
- Information on the Mentor Protégé Program
- Information concerning Small Business Enterprise
- Information concerning Contractor Partnership Program
- Purpose of Today's Meeting
 - Project Overview
 - Critical Points in the RFP
 - Important Reminders
 - Questions concerning the RFP
- Projected timeline
- Preliminary answers to questions
- Adjourn

Housekeeping / Ground Rules

Housekeeping

- Emergency Exit
- Restrooms

Ground Rules

- All questions must be submitted in writing to the Project Officer at the break or at the end of the conference on the forms provided.
- Each question will be read and may be answered today.
- No answers are official until confirmed in writing and posted on the DGS website.

Mentor Protégé Program

Priorities of Small Business Mentorship at DPW

- Maximize DPW resources through collaborative partnerships with our contractors
- Introduce capacity building support to sustain the growth of minority and women owned enterprise

Mentor Protégé Program

Priorities of Small Business Mentorship at DPW

- Stimulate the economy through small business job creation
- Generate added value in the contracting process to further support the citizens of the Commonwealth

Mentor Protégé Program

Mentor Protégé Action Planning to Support Your RFP Response

1. Adopt the Mentor Protégé Program to provide a competitive advantage in your response
2. Appoint a staff person who will drive this initiative internally

Mentor Protégé Program

Mentor Protégé Action Planning to Support Your RFP Response

3. Seek guidance from the BEO Team in developing your plan
4. Follow the MPP checklist outlined in the RFP

Bureau of Minority and Women Business Opportunities

- Participation encouraged
- Disadvantaged Business Submittal
- Enterprise Zone Small Business

PA DEPARTMENT OF PUBLIC WELFARE

**Contractor
Partnership
Program**

What is the Contractor Partnership Program?

- **The Contractor Partnership Program (CPP) was created by Pennsylvania's Department of Public Welfare (DPW) to create additional employment opportunities within the Commonwealth.**
- **CPP is designed to leverage the economic resources of DPW to create jobs for individuals currently receiving TANF cash assistance by maximizing the recruitment, hiring and retention of those individuals by Commonwealth contractors, subcontractors and grantees.**

Who's required to participate in the program?

- All contractors, vendors, organizations, fiscal agents, county governments etc. that receive funding (25,000 or more) from the Department of Public Welfare (DPW) or a DPW funded initiative in the form of a contract, grant, memorandum of understanding or other contracting vehicle

What are the responsibilities of the Contractors?

- To fill new or vacant positions with qualified individuals receiving TANF cash assistance

How do contractors identify qualified candidates?

- **Contractors can partner with the local service delivery providers in their area; the Workforce Investment Agency (WIA) or Community Action Agency Program (CAAP)**
- **Contractors can also work with faith based organizations, host targeted job fairs, post advertisements via newspapers or internet**

Where are candidates located?

- CPP works with individuals throughout the Commonwealth of Pennsylvania

(Note: Contact CPP to locate an agency within your area)

What organizations have hired individuals through the Contractor Partnership Program?

- Educational Data Systems Incorporated
- Keystone Mercy
- Ameri Choice
- Logisticare
- University of Pittsburgh Medical Center
- Health Partners
- Community Behavioral Health
- Multiple County Commissions statewide

What type of positions are typically filled by CPP applicants?

- Outpatient Case Manager
- Customer/Member Service Representative
- Data Entry Clerk
- Help Desk Operator
- Administrative Assistant
- Certified Nursing Assistants

- Receptionist
- Janitorial
- Call Center Operator
- Care Manager
- Security
- Outreach Coordinator
- Home Health Aides

What are the reporting requirements for CPP?

- **Within 10 days of receiving the notice to proceed, Contractors must register in the Commonwealth Workforce Development System (CWDS). In order to register the selected contractor must provide business, location and contact details by creating an Employer Business Folder for review and approval, within CWDS at [HTTPS://WWW.CWDS.STATE.PA.US](https://www.cwds.state.pa.us).**
- **Contractors are required to complete and submit the PA 1540 Quarterly Employment Report Form on a quarterly basis to document the number of TANF cash assistance recipients hired for that quarter.**
- **The form must be completed in its' entirety and forwarded to the Contractor Partnership Program by the fifteenth day of the following month after the quarter ends. If the 15th falls on a weekend or state holiday the report is due the next business day.**
- **A copy must also be sent to the DPW Project Officer**

What are the reporting requirements for CPP?

Cont.

- **All Contractors, regardless of their contract start date, must submit the PA 1540 based on the schedule below. If a contract begins in the middle of a quarter the information reported will be based on activity that occurred from the contract start date through the end of the quarter.**
- **If no activity occurred the form must be completed by stating "No Activity in this Quarter" with the Contractor's comments. This report must be signed by the entity that holds the contract with the DPW; it may not be signed by a subcontractor.**
- **The information submitted on this report will be audited for its' accuracy and the findings will be utilized to determine if the Contractor is meeting its' hiring requirements as noted in the contract.**

CPP Reporting Schedule

- The quarters are based on the Department of Public Welfare's fiscal year and are as follows:

Quarters	Begin Date	End Date	Reports Due
1– First	July 1	September 30	October 15
2– Second	October 1	December 31	January 15
3– Third	January 1	March 31	April 15
4– Fourth	April 1	June 30	July 15

What are the benefits for hiring via CPP?

- Contractor can utilize PA's vast Employment & Training Network to assist in training, hiring and retention at no cost
- Contractors may be eligible for tax credits for hiring individuals receiving cash assistance
- It depends on the specific profile of the individual candidate
 - Information on tax credits can be found at: <http://www.dli.state.pa.us> (Search for Work Opportunity Tax Credit) or call 1-800-345-2555

For Additional Questions and Information

PA Department of Public Welfare
Office of Income Maintenance – BETP
Contractor Partnership Program
Health & Welfare Building
7th & Forster Streets, 2nd Floor West
Harrisburg, PA 17105
Phone: 1-866-840-7214
Email: RA-BETPCPP@state.pa.us

Project Overview

- HealthChoices Began in 1997
- Full Implementation statewide in 2007
- Approximate Members in 2010 – 2.1M
- Annual Projected Costs - \$2.6B
- The 1997 Goals of the Program Remain the Same:
 - Improve Access
 - Increase Quality of Care
 - Stabilize the Rate of Medicaid Spending

Project Overview

- HealthChoices is entering 14th year
- There are 33 separate behavioral health contracts managed statewide.
- DPW is seeking consultation and technical assistance for ongoing operations.
- The contract is a three year contract with two-one year renewals.

Technical Submittal

- Shall be comprised of the following:
 - Statement of the Problem
 - Management Summary
 - Work Plan
 - Prior Experience
 - Personnel
 - Financial Capability

Technical Submittal

- All proposals will be evaluated on the following:
 - Understanding the Problem
 - Soundness of Approach
 - Offeror Qualifications and Capability
 - Personnel Qualifications

Technical Submittal / Work Statement

- There are Five Objectives in the Work Statement.
 - Program Management
 - Information Technology
 - Cross-systems Collaboration
 - Health Outcomes
 - Project Management

Technical Submittal / Work Statement

- Offerors must respond to all five Objectives and the related tasks within the work statement.
- Offerors must describe how they will meet all Objectives and tasks in the work statement.

Critical Points in the RFP

- Each proposal must have 5 separately sealed submittals:
 - Technical
 - Disadvantaged Business
 - Contractor Partnership Program
 - Mentor Protégé Program
 - Cost

Critical Points in the RFP

- Bidders must provide:
 - Original
 - 8 paper copies of Technical Submittal
 - 2 paper copies of Cost, Disadvantaged Business, Mentor Protégé, and Contractor Partnership Program Submittals
 - 2 complete and exact copies of entire proposal on CD-ROM or Flash Drive

Critical Points / Selection Criteria

- Technical Portion = 50% of total points
- Cost Portion = 30% of total points
- Disadvantaged Business = 20% of total points
- Bonus points may be awarded for:
 - Enterprise Zone Small Business = 3%
 - Contractor Partnership Program = 5%
 - Domestic Workforce Utilization = 3%
 - Mentor Protégé Program = 3%

Important Reminders

- No answer given today is official until it is confirmed in writing.
- Proposals must be received by 2:00PM on January 20, 2011.
- Each proposal will consist of 5 separately sealed proposals: Technical, Cost, Disadvantaged Business, Contractor Partnership Program, and Mentor Protégé Program.

Important Reminders

- If you specify that the proposal is not firm for the time period specified, it may be rejected.
- If there are any assumptions in the cost submittal, your proposal may be rejected.
- If you state the proposal is contingent on negotiations of offeror terms and conditions, your proposal may be rejected.
- Do not include any cost data in the technical portion of your proposal.

Questions & Answers

- Please take the next few minutes to finalize your questions.
- We will take a short break and then review the questions.

Questions & Answers

- The written questions will be read and preliminary answers provided.
- No answer is official until it is answered in writing.
- Answers will be posted on the DGS website as an addendum to the RFP.

Project Timeline

- Answers to Potential Offeror
 - COB on 12/22/10

- Sealed Proposals
 - Received by Issuing Office by 2:00 pm on 01/20/11

RFP 07-10

Consultation & Technical Assistance for the HealthChoices BH Managed Care Program

- That concludes the preproposal conference
- Any Further questions must be received in writing by COB today, 12/15/10.
- Answers to all questions posed will be posted to the DGS website at <http://www.dgsweb.state.pa.us/RTA/Search.aspx> by COB on December 22, 2010.
- The Project Officer is the sole point of contact for this RFP

RFP 07-10 QUESTIONS		ANSWERS
1		General Question. Please identify the names of the firms who attended the Pre-proposal conference.
2	Section I-12 Page 3	"... Offerors shall submit two complete and exact copies of the entire proposal... on CD-ROM or Flash Drive in Microsoft Office or Microsoft Office-compatible format." For documents requiring a signature, is it acceptable to submit a PDF of the signature page and a Microsoft version of the rest, or alternatively, an unsigned electronic version? For security reasons, most organizations have a policy that limits distribution of electronic signatures to PDF documents.
3	Part II-2	Requires "a narrative description of the proposed effort"; Part II-3 requires the Offeror to "describe in narrative form your technical plan for accomplishing the work". Please clarify the difference between a narrative description of the effort and a narrative description of the technical plan to accomplish the work, so that we can avoid unnecessary duplication in our response.
4	Part II-6 Page 3	States, "If appropriate, indicate recommended training of agency personnel." Please clarify if "agency" is intended to reference the Offeror, and not OMHSAS.
5	Section II-8, Objections and Additions to Standard Contract Terms and Conditions, on pages 17-18	Indicates, "Regardless of any objections set out in its proposal, the Offeror must submit its proposal, including the cost proposal, on the basis of the terms and conditions set out in Appendices A and B. The Department will reject any proposal that is conditioned on the negotiation of the terms and conditions set out in Appendices A and B or to other provisions of the RFP as specifically identified above." Please confirm that while the proposal will become part of the contract, Offerors would have an opportunity to negotiate mutually agreeable terms and conditions or choose not to contract if the agreement is to be based on the terms and conditions of Appendices A and B with no opportunity to negotiate.

6	Section II-9 Disadvantaged Business information a. ii, on page 18	Indicates, "All businesses claiming status as a Socially Disadvantaged Business must include in the Disadvantaged Business Submittal of the proposal clear and convincing evidence to establish that the business has personally suffered racial or ethnic prejudice or cultural bias stemming from the business person's color, ethnic origin or gender." Please confirm that submission of a BMWBO certificate as required in 11-9, a. i)1. fulfills this request. If it does not, please describe the documents needed.	<p>The business claiming status as a Socially Disadvantaged Business would submit documentation to be evaluated by BMWBO. The documentation would discuss (a) – (c) below.</p> <p>a) Be rooted in treatment that the business person has experienced in American society, not in other countries.</p> <p>b) Show prejudice or bias that is chronic and substantial, not fleeting or insignificant.</p> <p>c) Indicate that the business person's experience with the racial or ethnic prejudice or cultural bias has negatively impacted his or her entry into and/or advancement in the business world.</p> <p>BMWBO shall determine whether the Offeror has established that a business is socially disadvantaged by clear and convincing evidence.</p>
7	Part IV-4: Objective A, Task 1 on page 34	States "the contractor will participate in ongoing HealthChoices contractor monitoring activities", Objective A, Task 3 on page 34 states the Contractor will provide "assistance with preparation of ...onsite clinical reviews" and Objective D, Task 3 on page 36 includes "onsite reviews at the BH-MCO". Can you clarify the difference in focus between A-1, A-3, and D-3?	The focus of Objective A-Task 3 relates directly to the stated Objective of management of the behavioral HealthChoices Program. The focus of Objective D- Task 3 relates directly to the stated objective of improving health outcomes through quality of care initiatives.
8	General	Has the contract been previously awarded to a vendor or is this an entirely new solicitation?	Yes, the contract has been previously awarded to a vendor.

9	General	<p>If this is an existing contract that is up for renewal, can you please provide me with the name and contact information for correct "Right-to-Know" officer who can provide me with a copy of the existing contract?</p>	<p>The Right to know contact information is provided below as per your request.</p> <p>The Department's policy is that it will only accept written RTKL requests. The Department will not accept oral RTKL requests. Requests must be addressed to the Department's Open Records Officer (the "AORO"). The written request to the Department under the RTKL must be addressed or delivered as follows:</p> <p>U.S. Mail: Andrea Bankes Department of Public Welfare Right to Know Law Office P.O. Box 2675 Harrisburg, Pennsylvania 17105-2675</p> <p>Hand delivery: Andrea Bankes Department of Public Welfare Health and Welfare Building, Room 234 Harrisburg, Pennsylvania Attention: Andrea Bankes</p> <p>E-mail: ra-dpwrtkl@state.pa.us</p> <p>Fax transmission: 717-772-2490 Attention: Andrea Bankes</p>
10	Section I-5, type of Contract Pg. 1	<p>Section I-5. Type of Contract, Page 1, indicates the Department proposes to enter into "a fixed price, performance-based contract." Please clarify if fixed price means a contract where the unit price is set but the total price varies because actual quantities purchased may deviate from the quantities estimated to be purchased of a contracted price, no matter the quantity of services purchased.</p>	<p>Yes, this is correct.</p>

11	Section II-4.c. References Pg 15	Section II-4.c. References, Page 15, directs the Offeror to “submit Appendix J, Corporate Reference Questionnaire directly to the contacts listed.” Please clarify that “contact listed” refers to the “Contact Person” for the Corporation/Company under Reference Information on Appendix J.	Yes. The "contact listed" is the "Contact Person"
12	Section II-6 Training Pg. 15	Section II-6. Training, Page 15, addresses “recommended training of agency personnel.” Please clarify “agency personnel to be trained.” Does this include DPW/OMHSAS, county and/or managed care organization personnel?	This is DPW/OMHSAS staff.
13	Section III-3 c.	III-3.c. Disadvantaged Business Participation, Page 27, describes the established the weight for the Disadvantaged Business Participation criterion. Can the Department provide a specific formula for scoring by priority ranking?	No, Offerors are placed into appropriate ranking groups according to their status as outlined in the RFP. Within each ranking group, Offerors are assessed points relative to the other Offerors. Regarding commitments made to Enterprise Zone small businesses, these commitments are scored separately from commitments made to small disadvantaged businesses, although the scoring methodology is the same
14	Section IV. Objective A - Task 1	Section IV-4. Objective A - Task 1: Program-Management Services, Page 34, indicates the “contractor will participate in ongoing HealthChoices contractor monitoring activities with OMHSAS staff.” Will the selected contractor be required to participate in all contract monitoring activities, or only to the extent necessary to provide direction for consistency in unified statewide monitoring practices?	The Offeror should submit within the proposal a plan to address the task. No. The Offeror will not be required to participate in all contract monitoring activities. The selected contractor will participate in contract monitoring to meet the task(s) within the objective to provide direction in the management of the statewide behavioral health program for consistency unified statewide monitoring practices.
15	Section IV. Objective A - Task 1	Section IV-4. Objective D - Task 5: Quality Management Products, Page 36, references “coordination with the federally required external quality review organization”. To what extent is the selected contractor expected to participate in required external quality review activities? For example, are analysis of the data and qualitative feedback provided to the BH-MCOs by the selected contractor or the EQRO?	The Offeror should submit within the proposal a plan to address the task. The Offeror will not be required to participate in all contract monitoring activities to provide direction in the management of the statewide behavioral health program for consistency unified statewide monitoring practices.

16	Section IV-4 Objective E - Task	Section IV-4. Objective E - Task 1: Contract Manager and Responsibilities, Page 37, in addition to monthly meetings referenced under this objective, can the Department provide estimated hours for other OMHSAS meetings related to behavioral health managed care the selected contractor will be requested to participate in and provide consultation?	The total hours for Objective E are 810. The Department will not provide a breakdown of specific hours for tasks within an objective. The Offeror will need to review Objective E in totality and submit a response that is responsive to the Objective E including the listed tasks.
17	Appendix H	Appendix H, Cost Submittal (Pricing Worksheets). Please clarify what input the Department intends to be included under the "Position" in Tab 2. Total Project Costs.	List of the Job Titles
18	Section II - 10	Section II-10. Cost Submittal, Page 22, requests a breakdown between "Direct Labor Costs" and "Consultant Costs." Is it permissible for the Offeror to consolidate into a single component?	No it is not permissible to consolidate into a single component
19	General	In order to develop a responsive and responsible proposal, it is important to anticipate, among other issues, the volume of work that would be required to the level of effort coordination contemplated by OMHSAS (see, for example, Section IV-2). Please elaborate on those non-HealthChoices entities that OMHSAS wishes the successful Offeror to engage.	The selected contractor will have a coordination role with county behavioral health programs, managed care companies, stakeholders, and others. There will need to be cross-systems coordination with physical health entities, children serving agencies, and other programs directly or indirectly related to HealthChoices.

20	Page 1 (paragraph 1-5)	<p>On page 2 (paragraph I-5), the RFP states that the Department proposes to enter into a fixed price contract. In many other sections of the RFP (for example, in Section IV-3 and in Appendices), it provides estimated numbers of hours that "should be used in preparing cost estimates. Furthermore, Section II-10 of the RFP requires that bidders submit the level of detail that is customary for T&M contracts rather than for fixed-fee contracts. Finally, Section IV-3 demands that "no specific tasks will begin without the approval of the Project officer and the establishment of the written scope of work that will also include a budget estimate." What approach does DPW intend to take to assure that numerous effort-focused requirements of the RFP do not violate the integrity of the fixed-fee contract? What protection will the winning bidder have from a situation when individual budget estimates approved by the Project Officer, jointly, exceed the contractual fixed fee? Does the Department anticipate using the funds budget for a future year to offset the surplus of a previous year? If so, how would this affect commitments recorded in submissions defined in Appendices H & I?</p>	<p>The objectives and associated hours proposed in Section IV, the work statement, make up the Department's best estimate for hours needed to accomplish the tasks. The Department intends to work within the hours allotted to each objective through a work order process that would budget hours and costs for each work process. The selected contractor will be responsible for budget management. The annual approved budget cannot exceed the contractual fixed fee. The Department will not use funds budgeted for a future year to offset a surplus from previous years.</p>
21	Section I-27	<p>According to section I-27, "The Department will fix the Effective Date after the contract has been fully executed by the selected Offeror and by the Commonwealth and all approvals required by Commonwealth contracting procedures have been obtained." Is there any approximation as to when this process would occur so vendors would have a general idea as to when the effective date would be initiated?</p>	<p>The bids are due on January 20, 2011 by 2:00 pm. The process to select a contractor will continue through the Commonwealth process with the intent to have the effective date July 1, 2010.</p>

22	Page 27 Paragraph c	<p>On page 27 (paragraph c.), the RFP states that “BMWBO has established the weight for the Disadvantaged Business Participation criterion for this RFP as 20% of the total points” and that “each approach will be evaluated, with Priority Rank 1 receiving the highest score and the succeeding options receiving scores in accordance with the above-listed priority ranking”. In this regard, please clarify:</p> <ul style="list-style-type: none"> • Will proposals submitted by SDB qualify for the maximum of 20% of the total points provided that the SDB does not subcontract out more than 40% of the total estimated dollar amount? • What weights are assigned to Priority Ranks 2, 3, and 4? • What, in the eyes of BMWBO, constitutes a joint venture with a SDB? • What portion of the total dollar amount must be subcontracted to a SDB under Priority Rank 3? 	<p>1. Yes 2. Offerors are placed into appropriate ranking groups according to their status as outlined in the RFP. Within each ranking group, Offerors are assessed points relative to the other Offerors. 3. Attached is a link that will take you to the BMWBO webpage that will provide details on establishing a joint venture http://www.portal.state.pa.us/portal/server.pt?open=512&objID=1360&PageID=245999&mode=2 4. There is no “desired target” or minimum commitment that must be made to disadvantaged businesses. Offeror's will be scored relative to all other Offerors according to the dollar commitment made to DB subcontractors, so it is in the best interest of each Offeror to maximize DB utilization to the extent possible.</p>
23	Appendix I	<p>5. The second Final Cost Submittal Pricing Worksheet is identified as Appendix I, however in the RFP document (and table of contents) Appendix I is identified as the Proposal Cover Sheet. Can you please verify the identity of all Appendices?</p>	<p>The appendices are listed on page ii entitled <i>REQUEST FOR PROPOSALS FOR RFP 07-10</i></p>
24	Section II-4 c	<p>In reference to Section II-4.c. - RFP states that completed Corporate Reference Questionnaires should be returned “in sealed envelopes to the Offeror.” Is it expected that references submit multiple sealed copies to the Offeror in order to fulfill the 1 original and 8 copies requirement of the technical proposal submission or is one set enclosed with the original technical proposal sufficient?</p>	<p>2 Separately sealed copies to the Offeror</p>
25	General	<p>Which company(ies) is (are) the current incumbent(s) for this contract?</p>	<p>Mercer Health and Benefits, LCC.</p>
26	General	<p>How does the holder of this contract interface with PH-Health Choices contractors in the different zones?</p>	<p>The selected contractor will interface with PH-HealthChoices as included within in Part IV - Workstatement beginning on page 32 of RFP 10-07.</p>
27	General	<p>What is the size of the contract in the most recent fiscal year?</p>	<p>\$1.8 million.</p>

28	Memtor Protégé Program	The Member Protégé Program seems designed for DBS acting as subcontractors. If a DB acts as a prime contractor how would their MPP plan be structured?	The Mentor Protégé plan would be structured in the same manner as it would if the prime contractor was not a DB. A DB prime can mentor a M/WBE subcontractor
29	General	Who is the incumbent vendor	Mercer Health and Benefits, LCC.
30	Contractor Partnership Program	Based on the presentation by Mr. Simmons, it is my understanding that a proposal that would not commit to hiring at least one person under the CPP Program would be found irresponsible. Please advise whether this understanding is accurate.	A proposal that does not submit a plan (via fully answering all 14 questions in the CPP section of the RFP) will not be accepted. If there is no intent to hire an individual, it would be difficult for an Offeror to
31	Minority and Women Business Opportunities	Please confirm that the portion allocated to DBE is calculated as a dollar amount.	We ask for both a numerical percentage and a dollar amount, but scoring will be based on the numerical percentage. Please see Section II-9, page 17 of the RFP for requirements.
32	Sections I-24, II-4c,	Section I-24 discusses restriction of contact regarding the RFP. Section II-4.c requests three references. Is it permissible under Section I-24 to request a reference from an individual or individuals within OMHSAS to respond to Section II-4.c?	In such instances, the Department only allows employees to verify factual information but not provide opinions or ratings of the vendors services.
33	Page 16 II-7 Financial Capability	Allows bidders to submit unaudited financial statements if audited statements are not available. Are there other documents that bidders can submit that would provide the Commonwealth the same confidence as audited statements? How will not having audited financial statements affect a bidder's scoring?	Yes Unaudited Financial statements are permissible per Section II-7 Financial Capability. However, an offeror must provide an explanation as to why audited statements are not available.
34	Page 16 II-7 Financial Capability	Asks for documentation of a line of credit? Is a line of credit required for this bid? If bidder's do not have a line of credit, how much cash on hand would a bidder need to satisfy the need for a line of credit?	This will be determined on a case by case basis.
35	Page 16 II-7 Financial Capability	Since bidders are not paying providers why would a line of credit be required? Are there other ways to satisfy the line of credit request?	Per Section II-7 b. If any information requested is not applicable or not available, please provide an explanation.

36	Page 17 II-9 Disadvantaged Business Submittal	Outlines the requirements for DB submittals. If the bidder is a very small DB, does the Commonwealth still expect them to subcontract with a DB?	There is no “desired target” or minimum commitment that must be made to disadvantaged businesses. Offeror's will be scored relative to all other Offerors according to the dollar commitment made to DB subcontractors, so it is in the best interest of each Offeror to maximize DB utilization to the extent possible.
37	Page 19 II-9 (3)	Requires each offeror to submit a numerical percentage which represents the total percentage of the total costs committed to SD subcontractors, and then requires several answers about how the DB will do the work. If the offeror is the DB, should the offeror answer these questions for themselves even though they are the prime?	If an Offeror is submitting under level 1 then they must provide all documentation and information requested in Section II-9 of the RFP to receive credit as a DB prime. If questions ask pertaining to subcontractors don't pertain to the Prime then respond with N/A.
38	Page 20 II-9 (b) Enterprise Zone Small Business Participation	Lays out the requirements for Enterprise Zone Participation. Would companies located in enterprise zones outside of the Commonwealth be eligible for these points, or are these points restricted to PA enterprise zone businesses?	Yes, they are restricted to PA Enterprise Zone businesses only.
39	Page 23 II-12 Contractor Partnership Program	Outlines the requirement for CPP. Is there a threshold at which the CPP requirement is waived?	All contractors, vendors, organizations, fiscal agents, county governments etc. that receive funding (25,000 or more) from the Department of Public Welfare (DPW) or a DPW funded initiative in the form of a contract, grant, memorandum of understanding or other contracting vehicle is required to participate in the CPP by maximizing the recruitment, hiring and retention of individuals currently receiving TANF cash assistance. While the CPP will provide assistance, the Contractor is ultimately responsible for ensuring the goal is met. Attached is an update to RFP 07-10, APPENDIX B, DPW ADDENDUM TO <u>STANDARD TERMS AND CONDITIONS</u> CONDITIONS Q. - Contractor Responsibility to Employ Welfare Client.

40	Page 24 II-13 Mentor Protégé Program	Lays out the requirements for the MPP. Is there a threshold at which the MPP requirement is waived?	There is no threshold for a waiver for MPP.
41	Page 39 IV-7 Reports and Project Control (b, c)	Discusses reports required, are there specific formats desired / required for the reports?	All reports must be professionally prepared, in writing, and formatted to address the specific work statement requirement.. There is no specific format for reports.
42	General	Is there an incumbent or is this a new opportunity?	Incumbent
43	General	Some of the requirements read as if only a large company is desired. Can the Commonwealth describe what they would consider as the "ideal" companies for this opportunity?	The Commonwealth will select the Offeror based on the criteria set forth in the RFP 10-07.

PRE-PROPOSAL VENDOR REGISTER

Agency DPUR - DM4545

Project RFPP 07-10

Chairman Valerie Vicari

Date	Time	Firm Name, Address, and Phone Number	Firm Representatives Signatures
12/15	1:05	BETP/DPW Harrisburg PA 17102 2nd Fl West 717-783-3245	Eric Eble
12/15/10	1:00	DPN Division of Procurement Harrisburg, PA 717-214-7529	Sharon Wilbur
12/15/10	1:00	DPW Division of Procurement Harrisburg PA 717-783-1083	Mary Mitchell
12/15/10	1:00	DPW Bureau of Financial Operations Harrisburg, PA 717-705-3878	Deb Snyder
12/15/10	1:00	Food Services 321 North Fort Street Harrisburg PA 17101 717-230-3861	Tom Green
12/15/10	1:00	DPW/DMH/SHS DGS Annex Complex, Harrisburg PA 17105	Kimberly M Buckel
12/15/10	1:00	DPW/DM/SHS Annex Complex, Harrisburg PA 17105 717-722-7100	Valerie Vicari

PRE-PROPOSAL VENDOR REGISTER

Agency DAW-OMTKAS

Project RFP 07-10

Chairman VAHNE VICARI

Date	Time	Firm Name, Address, and Phone Number	Firm Representatives Signatures
12-15-10	1:03	Excels <u>Excels</u> Lucas <u>Lucas</u> 241 Fourth Avenue <u>241 Fourth Avenue</u> Pittsburgh <u>Pittsburgh</u> PA 15222 T: 412-261-3073 EXICO INC. 5050 CIRCLE DR, NARRISBURG, PA 17112 717/497-3837	<u>ESTACE UKLA</u>
12-15-10	1:03	Jennie Echols <u>Jennie Echols</u> 850 <u>850</u> Murcel <u>Murcel</u> , 2325 East Camelback Rd <u>2325 East Camelback Rd</u> St 600 Phoenix AZ 404-442-3296	<u>Jennie Echols</u>
12-15-10	1:03	Altao Callaway <u>Altao Callaway</u> Boomer <u>Boomer</u> etc <u>etc</u> Inc. <u>Inc.</u> 1974 SPENCER RD SUITE 200, HARRISBURG, PA, 17008 <small>one - 319-1210</small>	<u>Altao Callaway</u>
12-15-10	1:05	Mark Belding <u>Mark Belding</u> AEA, Inc. <u>AEA, Inc.</u> 1974 Spauld Dr, Suite 200, Beersville PA 17008 <u>1974 Spauld Dr, Suite 200, Beersville PA 17008</u>	<u>Mark Belding</u>
12-15-10	1:05	Howard Wehr <u>Howard Wehr</u> RCA Inc. <u>RCA Inc.</u> 1977 Spauld Rd, Ste 200 Beersville PA 17008 <u>1977 Spauld Rd, Ste 200 Beersville PA 17008</u>	<u>Howard Wehr</u>
12-15-10	1:05	Brian Keefer <u>Brian Keefer</u> Momentum, Inc. <u>Momentum, Inc.</u> 2120 Market St Suite 100 Camp Hill, PA 17011 <u>2120 Market St Suite 100 Camp Hill, PA 17011</u>	<u>Brian Keefer</u>
12/15/10	1:05	Murillus Shumans <u>Murillus Shumans</u> 717 705-7110 <u>717 705-7110</u> CPD <u>CPD</u> 2200 PA USSt. Harrisburg PA <u>2200 PA USSt. Harrisburg PA</u>	<u>Murillus Shumans</u>
12/15	1:00	Amerisite <u>Amerisite</u> 2407 Tomoff Rd Harrisburg PA 17110 <u>2407 Tomoff Rd Harrisburg PA 17110</u> 724-422-7678	<u>Barb Burba</u>
12/15	1:00	OPEN MIND <u>OPEN MIND</u> 165 York St. Gettysburg, PA 17325 <u>165 York St. Gettysburg, PA 17325</u>	<u>Parrella Carra</u>
12/15	1:15	Administrative Associates LLC <u>Administrative Associates LLC</u> 3720 Calhoun St, Ste 238 Philadelphia, PA 19104-1516 <u>3720 Calhoun St, Ste 238 Philadelphia, PA 19104-1516</u>	<u>Madina Branch PSA</u>
12/15	1:15	Prime Management, 201 Hunterd Unit 3 19082 (917) 913-7310 <u>Prime Management, 201 Hunterd Unit 3 19082 (917) 913-7310</u> Mike Kaspaus <u>Mike Kaspaus</u> 717-285-0501 <u>717-285-0501</u>	<u>Elizabeth Anwar (Eligh Austin)</u>
12/15	1:05	DAW/CPD <u>DAW/CPD</u> HAW 8145 East F1 West Hg, PA <u>HAW 8145 East F1 West Hg, PA</u>	<u>Paula G</u>

**DEPARTMENT OF PUBLIC WELFARE ADDENDUM TO
STANDARD CONTRACT TERMS AND CONDITIONS**

A. APPLICABILITY

This Addendum is intended to supplement the Standard Terms and Conditions. To the extent any of the terms contained herein conflict with terms contained in the Standard Contract Terms and Conditions, the terms in the Standard Contract Terms and Conditions shall take precedence. Further, it is recognized that certain terms contained herein may not be applicable to all the services which may be provided through Department contracts.

B. CONFIDENTIALITY

The parties shall not use or disclose any information about a recipient of the services to be provided under this contract for any purpose not connected with the parties' contract responsibilities except with written consent of such recipient, recipient's attorney, or recipient's parent or legal guardian.

C. INFORMATION

During the period of this contract, all information obtained by the Contractor through work on the project will be made available to the Department immediately upon demand. If requested, the Contractor shall deliver to the Department background material prepared or obtained by the Contractor incident to the performance of this agreement. Background material is defined as original work, papers, notes and drafts prepared by the Contractor to support the data and conclusions in final reports, and includes completed questionnaires, materials in electronic data processing form, computer programs, other printed materials, pamphlets, maps, drawings and all data directly related to the services being rendered.

D. CERTIFICATION AND LICENSING

Contractor agrees to obtain all licenses, certifications and permits from Federal, State and Local authorities permitting it to carry on its activities under this contract.

E. PROGRAM SERVICES

Definitions of service, eligibility of recipients of service and other limitations in this contract are subject to modification by amendments to Federal, State and Local laws, regulations and program requirements without further notice to the Contractor hereunder.

F. CHILD PROTECTIVE SERVICE LAWS

In the event that the contract calls for services to minors, the contractor shall comply with the provisions of the Child Protective Services Law (Act of November 26, 1975, P.L. 438, No. 124; 23 P.S. SS 6301-6384, as amended by Act of July 1, 1985, P.L. 124, No. 33) and all regulations promulgated thereunder (55Pa. Code, chapter 3490).

G. PRO-CHILDREN ACT OF 1994

The Contractor agrees to comply with the requirements of the Pro-Children Act of 1994; Public Law 103-277, Part C-Environment Tobacco Smoke (also known as the Pro-Children Act of 1994) requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted by an entity and used routinely or regularly for the provision of health care services, day care and education to children under the age of 18, if the services are funded by Federal programs whether directly or through State and Local governments. Federal programs include grants, cooperative agreements, loans or loan guarantees and contracts. The law does not apply to children's services provided in private residences, facilities funded solely by Medicare or Medicaid funds, and portions of facilities used for inpatient drug and alcohol treatment.

H. MEDICARE/MEDICAID REIMBURSEMENT

1. To the extent that services are furnished by contractors, subcontractors, or organizations related to the contractor/subcontractor and such services may in whole or in part be claimed by the

Commonwealth for Medicare/Medicaid reimbursements, contractor/subcontractor agrees to comply with 42 C.F.R.,Part 420, including:

- a. Preservation of books, documents and records until the expiration of four (4) years after the services are furnished under the contract.
 - b. Full and free access to (i) the Commonwealth, (ii) the U.S. Comptroller General, (iii) the U.S. Department of Health and Human Services, and their authorized representatives.
2. Your signature on the proposal certifies under penalty of law that you have not been suspended/terminated from the Medicare/Medicaid Program and will notify the contracting DPW Facility or DPW Program Office immediately should a suspension/termination occur during the contract period.

I. TRAVEL AND PER DIEM EXPENSES

Contractor shall not be allowed or paid travel or per diem expenses except as provided in Contractor's Budget and included in the contract amount. Any reimbursement to the Contractor for travel, lodging or meals under this contract shall be at or below state rates as provided in Rider R, Commonwealth Travel Rates, attached hereto and incorporated herein, unless the Contractor has higher rates which have been established by its offices/officials, and published prior to entering into this contract. Higher rates must be supported by a copy of the minutes or other official documents, and submitted to the Department. Documentation in support of travel and per diem expenses will be the same as required of state employees.

J. INSURANCE

1. The contractor shall accept full responsibility for the payment of premiums for Workers' Compensation, Unemployment Compensation, Social Security, and all income tax deductions required by law for its employees who are performing services under this contract. As required by law, an independent contractor is responsible for Malpractice Insurance for health care personnel. Contractor shall provide insurance Policy Number and Provider's Name, or a copy of the policy with all renewals for the entire contract period.
2. The contractor shall, at its expense, procure and maintain during the term of the contract, the following types of insurance, issued by companies acceptable to the Department and authorized to conduct such business under the laws of the Commonwealth of Pennsylvania:
 - a. Worker's Compensation Insurance for all of the Contractor's employees and those of any subcontractor, engaged in work at the site of the project as required by law.
 - b. Public liability and property damage insurance to protect the Commonwealth, the Contractor, and any and all subcontractors from claim for damages for personal injury (including bodily injury), sickness or disease, accidental death and damage to property, including loss of use resulting from any property damage, which may arise from the activities performed under this contract or the failure to perform under this contract whether such performance or nonperformance be by the contractor, by any subcontractor, or by anyone directly or indirectly employed by either. The limits of such insurance shall be in an amount not less than \$500,000 each person and \$2,000,000 each occurrence, personal injury and property damage combined. Such policies shall be occurrence rather than claims-made policies and shall name the Commonwealth of Pennsylvania as an additional insured. The insurance shall not contain any endorsements or any other form designated to limit or restrict any action by the Commonwealth, as an additional insured, against the insurance coverage in regard to work performed for the Commonwealth.

Prior to commencement of the work under the contract and during the term of the contract, the Contractor shall provide the Department with current certificates of insurance. These certificates shall contain a provision that the coverages afforded under the policies will not be cancelled or changed until at least thirty (30) days' written notice has been given to the Department.

K. PROPERTY AND SUPPLIES

1. Contractor agrees to obtain all supplies and equipment for use in the performance of this contract at the lowest practicable cost and to purchase by means of competitive bidding whenever required by law.
2. Title to all property furnished in-kind by the Department shall remain with the Department.
3. Contractor has title to all personal property acquired by the contractor, including purchase by lease/purchase agreement, for which the contractor is to be reimbursed under this contract. Upon cancellation or termination of this contract, disposition of such purchased personal property which has a remaining useful life shall be made in accordance with the following provisions.
 - a. The contractor and the Department may agree to transfer any item of such purchased property to another contractor designated by the Department. Cost of transportation shall be born by the contractor receiving the property and will be reimbursed by the Department. Title to all transferred property shall vest in the designated contractor. The Department will reimburse the Contractor for its share, if any, of the value of the remaining life of the property in the same manner as provided under subclause b of this paragraph.
 - b. If the contractor wishes to retain any items of such purchased property, depreciation tables shall be used to ascertain the value of the remaining useful life of the property. The contractor shall reimburse the Department in the amount determined from the tables.
 - c. When authorized by the Department in writing, the contractor may sell the property and reimburse the Department for its share. The Department reserves the right to fix the minimum sale price it will accept.
4. All property furnished by the Department or personal property acquired by the contractor, including purchase by lease-purchase contract, for which the contractor is to be reimbursed under this contract shall be deemed "Department Property" for the purposes of subsection 5, 6 and 7 of this section.
5. Contractor shall maintain and administer in accordance with sound business practice a program for the maintenance, repair, protection, preservation and insurance of Department Property so as to assure its full availability and usefulness.
6. Department property shall, unless otherwise approved in writing by the Department, be used only for the performance of this contract.
7. In the event that the contractor is indemnified, reimbursed or otherwise compensated for any loss, destruction or damage to Department Property, it shall use the proceeds to replace, repair or renovate the property involved, or shall credit such proceeds against the cost of the work covered by the contract, or shall reimburse the Department, at the Department's direction.

L. DISASTERS

If, during the terms of this contract, the Commonwealth's premises are so damaged by flood, fire or other Acts of God as to render them unfit for use; then the Agency shall be under no liability or obligation to the contractor hereunder during the period of time there is no need for the services provided by the contractor except to render compensation which the contractor was entitled to under this agreement prior to such damage.

M. SUSPENSION OR DEBARMENT

In the event of suspension or debarment, 4 Pa Code Chapter 60.1 through 60.7, as it may be amended, shall apply.

N. COVENANT AGAINST CONTINGENT FEES

The contractor warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee (excepting bona fide employees or bona fide established commercial or selling agencies maintained by the contractor for the purpose of securing business). For breach or violation of this warranty, the Department shall have the right to annul this contract without liability or, in its discretion, to deduct from

the consideration otherwise due under the contract, or otherwise recover, the full amount of such commission, percentage, and brokerage or contingent fee.

O. CONTRACTOR'S CONFLICT OF INTEREST

The contractor hereby assures that it presently has not interest and will not acquired any interest, direct or indirect, which would conflict in any manner or degree with the performance of its services hereunder. The contractor further assures that in the performance of this contract, it will not knowingly employ any person having such interest. Contractor hereby certifies that no member of the Board of the contractor or any of its officers or directors has such an adverse interest.

P. INTEREST OF THE COMMONWEALTH AND OTHERS

No officer, member or employee of the Commonwealth and no member of its General Assembly, who exercises any functions or responsibilities under this contract, shall participate in any decision relating to this contract which affects his personal interest or the interest of any corporation, partnership or association in which he is, directly or indirectly, interested; nor shall any such officer, member or employee of the Commonwealth or member of its General Assembly have interest, direct or indirect, in this contract or the proceeds thereof.

Q. CONTRACTOR RESPONSIBILITY TO EMPLOY WELFARE CLIENTS

(Applicable to contracts \$25,000 or more)

1. The contractor, within 10 days of receiving the notice to proceed, must contact the Department of Public Welfare's Contractor Partnership Program (CPP) to present, for review and approval, the contractor's plan for recruiting and hiring recipients currently receiving cash assistance. If the contract was not procured via Request for Proposal (RFP); such plan must be submitted on Form PA-778. The plan must identify a specified number (not percentage) of hires to be made under this contract. If no employment opportunities arise as a result of this contract, the contractor must identify other employment opportunities available within the organization that are not a result of this contract. The entire completed plan (Form PA-778) must be submitted to the Bureau of Employment and Training Programs (BETP): Attention CPP Division. (Note: Do not keep the pink copy of Form PA-778). The approved plan will become a part of the contract.
2. The contractor's CPP approved recruiting and hiring plan shall be maintained throughout the term of the contract and through any renewal or extension of the contract. Any proposed change must be submitted to the CPP Division which will make a recommendation to the Contracting Officer regarding course of action. If a contract is assigned to another contractor, the new contractor must maintain the CPP recruiting and hiring plan of the original contract.
3. The contractor, within 10 days of receiving the notice to proceed, must register in the Commonwealth Workforce Development System (CWDS). In order to register the selected contractor must provide business, location and contact details by creating an Employer Business Folder for review and approval, within CWDS at <HTTPS://WWW.CWDS.STATE.PA.US>. Upon CPP review and approval of Form PA-778 and the Employer Business Folder in CWDS, the Contractor will receive written notice (via the pink Contractor's copy of Form PA-778) that the plan has been approved.
4. Hiring under the approved plan will be monitored and verified by Quarterly Employment Reports (Form PA-1540); submitted by the contractor to the Central Office of Employment and Training – CPP Division. A copy of the submitted Form PA-1540 must also be submitted (by the contractor) to the DPW Contract Monitor (i.e. Contract Officer). The reports must be submitted on the DPW Form PA-1540. The form may not be revised, altered, or re-created.
5. If the contractor is non-compliant, CPP Division will contact the Contract Monitor to request corrective action. The Department may cancel this contract upon thirty (30) days written notice in the event of the contractor's failure to implement or abide by the approved plan.

R. TUBERCULOSIS CONTROL

As recommended by the Centers for Disease Control and the Occupational Safety and Health Administration, effective August 9, 1996, in all State Mental Health and Mental Retardation Facilities, all

full-time and part-time employees (temporary and permanent), including contract service providers, having direct patient contact or providing service in patient care areas, are to be tested serially with PPD by Mantoux skin tests. PPD testing will be provided free of charge from the state MH/MR facility. If the contract service provider has written proof of a PPD by Mantoux method within the last six months, the MH/MR facility will accept this documentation in lieu of administration of a repeat test. In addition, documented results of a PPD by Mantoux method will be accepted by the MH/MR facility. In the event that a contractor is unwilling to submit to the test due to previous positive reading, allergy to PPD material or refusal, the risk assessment questionnaire must be completed. If a contractor refuses to be tested in accordance with this new policy, the facility will not be able to contract with this provider and will need to procure the services from another source.

S. ACT 13 APPLICATION TO CONTRACTOR

Contractor shall be required to submit with their bid information obtained within the preceding one-year period for any personnel who will have or may have direct contact with residents from the facility or unsupervised access to their personal living quarters in accordance with the following:

1. Pursuant to 18 Pa.C.S. Ch. 91 (relating to criminal history record information) a report of criminal history information from the Pennsylvania State Police or a statement from the State Police that their central repository contains no such information relating to that person. The criminal history record information shall be limited to that which is disseminated pursuant to 18 Pa.C.S. 9121(b)(2) (relating to general regulations).
2. Where the applicant is not, and for the two years immediately preceding the date of application has not been a resident of this Commonwealth, the Department shall require the applicant to submit with the application a report of Federal criminal history record information pursuant to the Federal Bureau of Investigation's under Department of State, Justice, and Commerce, the Judiciary, and Related Agencies Appropriation Act, 1973 (Public Law 92-544, 86 Stat. 1109). For the purpose of this paragraph, the applicant shall submit a full set of fingerprints to the State Police, which shall forward them to the Federal Bureau of Investigation for a national criminal history check. The information obtained from the criminal record check shall be used by the Department to determine the applicant's eligibility. The Department shall insure confidentiality of the information.
3. The Pennsylvania State Police may charge the applicant a fee of not more than \$10 to conduct the criminal record check required under subsection 1. The State Police may charge a fee of not more than the established charge by the Federal Bureau of Investigation for the criminal history record check required under subsection 2.

The Contractor shall apply for clearance using the State Police Background Check (SP4164) at their own expense. The forms are available from any State Police Substation. When the State Police Criminal History Background Report is received, it must be forwarded to the Department. State Police Criminal History Background Reports not received within sixty (60) days may result in cancellation of the contract.

T. LOBBYING CERTIFICATION AND DISCLOSURE

(applicable to contracts \$100,000 or more)

Commonwealth agencies will not contract with outside firms or individuals to perform lobbying services, regardless of the source of funds. With respect to an award of a federal contract, grant, or cooperative agreement exceeding \$100,000 or an award of a federal loan or a commitment providing for the United States to insure or guarantee a loan exceeding \$150,000 all recipients must certify that they will not use federal funds for lobbying and must disclose the use of non-federal funds for lobbying by filing required documentation. The contractor will be required to complete and return a "Lobbying Certification Form" and a "Disclosure of Lobbying Activities form" with their signed contract, which forms will be made attachments to the contract.

U. AUDIT CLAUSE

(applicable to contracts \$100,000 or more)

This contract is subject to audit in accordance with the Audit Clause attached hereto and incorporated herein.

7090 SUBRECIPIENT AUDITS

AUDIT CLAUSE "A"

AUDIT REQUIREMENTS

Federal Audit Requirements

The Provider must comply with all federal and state audit requirements including: the *Single Audit Act*, as amended, 31 U.S.C. 7501 et seq.; Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*, as amended; and any other applicable law or regulation and any amendment to such other applicable law or regulation which may be enacted or promulgated by the federal government.

If the Provider is a local government or non-profit organization and expends total federal awards of \$300,000 or more during its fiscal year, received either directly from the federal government or indirectly from a recipient of federal funds, the Provider is required to have an audit made in accordance with the provisions of OMB Circular A-133.

If the Provider is a for-profit organization and expends total federal awards of \$300,000 or more during its fiscal year, received either directly from the federal government or indirectly from a recipient of federal funds, the Provider is required to have a program-specific audit made in accordance with the provisions of OMB Circular A-133 and in accordance with the laws and regulations governing the programs in which it participates.

If the Provider expends total federal awards of less than \$300,000 during its fiscal year, it is exempt from these federal audit requirements but is required to maintain auditable records of federal and any state funds which supplement such awards and to provide access to such records by federal and state agencies or their designees.

Department of Public Welfare Audit Requirements

Government, non-profit, and for-profit providers must meet the Department of Public Welfare's (Department's) audit requirements.

Where a Single Audit or program-specific audit is conducted in accordance with the Federal audit requirements detailed above, such an audit will be accepted by the Department provided that: (1) a full copy of the audit report is submitted as detailed below and (2) the prescribed Independent Accountant's Report on Applying Agreed-Upon Procedures (AUP) is included in the audit package submitted. The incremental cost for preparation of the AUP cannot be charged to federal funding streams.

In the absence of a federally required audit, the Provider is responsible for the following annual audit requirements which are based upon the program year specified in this agreement.

If in the connection with this agreement the Provider expends \$300,000 or more in combined state and federal funds during the program year specified herein, the Provider is required to have an audit of those funds made in accordance with generally accepted Government Auditing Standards (The Yellow Book) as published by the Comptroller General of the United States. Where such an audit is not required to meet the federal requirements, the costs related to the Department's requirement cannot be charged to federal funding streams.

7090 SUBRECIPIENT AUDITS

AUDIT CLAUSE "A" (continued)

If in connection with this agreement the Provider expends less than \$300,000 in combined state and federal funds during the program year specified herein, an audit in accordance with Government Auditing Standards (The Yellow Book) is not required. However, the program office has the option to require that the provider submit the attached Independent Accountant's Report on Applying Agreed-Upon Procedures (AUP) where a supplemental schedule (i.e., annual, summary, and/or final report) is required in accordance with this agreement. Information on the content and format of any required financial reports and/or any additional compliance requirements specific to this agreement is contained in the terms and conditions of this agreement. The incremental cost for preparation of the AUP cannot be charged to federal funding streams. Regardless of whether the program office has exercised its option to require an AUP, the Provider is required to maintain auditable records of program activities and to provide access to such records by federal and state agencies or their designees in accordance with the record retention requirements contained in this agreement.

REPORT ON APPLYING AGREED-UPON PROCEDURES

Where specified above, the Provider is required to submit an Independent Accountant's Report on Applying Agreed-Upon Procedures (AUP) for the supplemental schedule (i.e., annual summary and/or final report) required in connection with this agreement. The AUP must be in the format and language provided in Enclosure 1 to Audit Clause A. Where an audit is also required, the AUP should be submitted as a part of the complete audit report package. The incremental cost for preparation of the AUP cannot be charged to federal funding streams.

SUBMISSION OF AUDIT REPORT TO THE COMMONWEALTH

Federally-Required Audit Reports

The Provider shall submit copies of the audit report package to the Commonwealth which shall include:

1. Financial statements and schedule of expenditures of federal awards.
2. Auditor's reports on the financial statements and schedule of expenditures of federal awards, internal control, and compliance as well as a schedule of findings and questioned costs.
3. Summary schedule of prior audit findings.
4. Corrective Action Plan.
5. Management letter comments.
6. Independent Accountant's Report on Applying Agreed-Upon Procedures (where required by the Department of Public Welfare).

In instances where a federal program-specific audit guide is available, the audit report package for a program-specific audit may be different and should be prepared in accordance with the audit guide and OMB Circular A-133.

7090 SUBRECIPIENT AUDITS

AUDIT CLAUSE "A" (continued)

The number of copies to be submitted shall equal one for the Bureau of Audits (archival copy) plus one for each Commonwealth agency which provided federal pass-through awards to the entity, as reflected in the entity's Schedule of Expenditures of Federal Awards. The audit report package should be submitted to the:

Office of the Budget/Bureau of Audits
Division of Subrecipient Audit Review
Bell Tower – 6th Floor
303 Walnut Street
Harrisburg, Pennsylvania 17101
Phone: (717) 783-9120 FAX: (717) 783-0361

After processing of the report by the Bureau of Audits, a copy will be sent to the Department of Public Welfare.

DPW-Required Audit Reports

In the absence of a federally required audit, three copies of the DPW-required audit report package, including the AUP (if required), should be submitted to:

U.S. Postal Service: Department of Public Welfare
Bureau of Financial Operations
Audit Resolution Section
Bertolino Building – Third Floor
PO Box 2675
Harrisburg, Pennsylvania 17105-2675

Special Deliveries: 1401 North Seventh Street
Harrisburg, Pennsylvania 17102

Phone: (717) 787-8890 Fax: (717) 772-2522

GENERAL AUDIT PROVISIONS

The Provider is responsible for obtaining the necessary audit and securing the services of a certified public accountant or other independent governmental auditor. Federal regulations preclude public accountants licensed in the Commonwealth of Pennsylvania from performing audits of federal awards.

The Commonwealth reserves the right for federal and state agencies or their authorized representatives to perform additional audits of a financial or performance nature, if deemed necessary by Commonwealth or federal agencies. Any such additional audit work will rely on work already performed by the Provider's auditor, and the costs for any additional work performed by the federal or state agencies will be borne by those agencies at no additional cost to the Provider.

Audit working papers and audit reports shall be retained by the Provider's auditor for a minimum of three years from the date of issuance of the audit report, unless the Provider's auditor is notified in writing by the Commonwealth or the cognizant or oversight federal agency to extend the retention period. Audit working papers shall be made available upon request to authorized representatives of the Commonwealth, the cognizant or oversight agency, the federal funding agency, or the General Accounting Office.

7090 SUBRECIPIENT AUDITS

AUDIT CLAUSE "A" (continued)

The Provider shall preserve all books, records, and documents related to this agreement for a period of time which is the greater of four years from the agreement expiration date or until all questioned costs or activities have been resolved to the satisfaction of the Commonwealth, or as required by applicable federal laws and regulations, whichever is longer. If this agreement is completely or partially terminated, the records related to the work terminated shall be preserved and made available for a period of four years from the date of any resulting financial settlement.

Records which relate to litigation or the settlement of claims arising out of performance or expenditures under this agreement to which exception has been taken by the auditors, shall be retained by the Provider or provided to the Commonwealth at the Department's option until such litigation, claim, or exceptions have reached final disposition.

Except for documentary evidence delivered pursuant to litigation or settlement of claims arising out of the performance of this agreement, the Provider may, in fulfillment of his obligation to retain records as required by the clause, substitute photographs, microphotographs, or other authentic reproductions of such records, after the expiration of two years following the last day of the month reimbursement to the provider of the invoice or voucher to which such records relate, unless a shorter period is authorized by the Commonwealth.

PERIOD SUBJECT TO AUDIT

A federally-required audit made in accordance with OMB Circular A-133 encompasses the fiscal period of the provider. Therefore, the period of the federally-required audit may differ from the official reporting period as specified in this agreement. Where these periods differ, the required supplemental schedule and Report on Applying Agreed-Upon Procedures must be completed for the official annual reporting period of this agreement which ended during the period under audit and shall accompany the federally-required audit.

CORRECTIVE ACTION PLAN

The Provider shall prepare a Corrective Action Plan (CAP) to address all finding of non-compliance or internal control weaknesses and/or reportable conditions disclosed in the audit report. For each finding noted, the CAP should include: a brief description identifying the finding; whether the Provider agrees with the finding; the specific steps to be taken to correct the deficiency or specific reasons why corrective action is not necessary; a time table for completion of the corrective action steps; and a description of monitoring to be performed to ensure that the steps are taken.

REMEDIES FOR NONCOMPLIANCE WITH AUDIT REQUIREMENTS

The Provider's failure to provide an acceptable audit in accordance with the requirements of this clause may result in the Department's not accepting the report and initiating sanctions against the Provider which may include the following:

- Disallowing the cost of the audit.
- Withholding a percentage of the contract funding pending compliance.
- Withholding or disallowing administrative cost.
- Suspending subsequent contract funding pending compliance.

7090 SUBRECIPIENT AUDITS

AUDIT CLAUSE "A" (continued)

TECHNICAL ASSISTANCE

Technical assistance on the Department's audit requirements and the integration of those requirements with the federal Single Audit requirements will be provided by:

DPW Bureau of Financial Operations
Audit Resolution Section
Bertolino Building – Third Floor
PO Box 2675
Harrisburg, Pennsylvania 17105-2675
Phone: (717) 787-8890 Fax: (717) 772-2522

7090 SUBRECIPIENT AUDITS

ENCLOSURE 1 TO AUDIT CLAUSE "A"

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To (Auditee)

We have performed the procedures enumerated below, which were agreed to by the Commonwealth of Pennsylvania, Department of Public Welfare (DPW) and (Auditee) solely to assist you with respect to the Supplemental Schedule required by this agreement. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the DPW. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

- (a) We have verified by comparison of the amounts and classifications that the supplemental financial schedule(s) and/or exhibit(s) listed below for fiscal period ended (date) have been accurately compiled in accordance with the provisions of this agreement and reflect the audited books and records of the (auditee). We also have verified by comparison to the sample schedules that these schedules/exhibits are presented, at a minimum, at the level of detail and in the format required by the agreement pertaining to this period.

(List schedules/exhibits required to be submitted.
i.e., Schedule of Contractual Service Activity – Exhibit 1)

- (b) We inquired of management regarding any adjustments to the reported information which should be made and/or were not reflected on the reports submitted to DPW for the period in question.
- (c) The processes detailed in paragraphs (a) and (b) above disclosed the following adjustments and/or findings which have (have not) been reflected on the corresponding schedules:

(Detail Adjustments/Findings)

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Department of Public Welfare and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

(Date)

(Signature)

7090 SUBRECIPIENT AUDITS

AUDIT CLAUSE "B"

The Commonwealth reserves the right for State and Federal agencies or their authorized representatives to perform financial and performance audits if deemed necessary. If it is decided that an audit of this contract will be performed, the contractor will be given advance notice. The contractor shall maintain books, records, and documents which support that services provided and fees earned are in accordance with the Contract and that the Contractor has complied with contract terms and conditions. The Contractor agrees to make available, upon reasonable notice, at the office of the Contractor, during normal business hours, for the term of this contract and the retention period set forth in this clause, any of the books, records, and documents for inspection, audit, or reproduction by any State or Federal agency or its authorized representative.

The Contractor shall preserve all books, records, and documents related to this contract for a period of time which is the greater of four years from the contract expiration date or until all questioned costs or activities have been resolved to the satisfaction of the Commonwealth, or as required by applicable federal laws and regulations, which ever is longer. If this contract is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of four years from the date of any resulting final settlement.

Records which relate to litigation or the settlement of claims arising out of performance or expenditures under this contract to which exception has been taken by the auditors, shall be retained by the Contractor or provided to the Commonwealth at the Department's option until such litigation, claim, or exceptions have reached final disposition.

Except for documentary evidence delivered pursuant to litigation or the settlement of claims arising out of the performance of this contract, the Contractor may, in fulfillment of his obligation to retain records as required by this clause, substitute photographs, microphotographs, or other authentic reproductions of such records, after the expiration of two years following the last day of the month reimbursement to the contractor of the invoice or voucher to which such records relate, unless a shorter period is authorized by the Commonwealth.