

**UNIVERSITY OF CALIFORNIA, SAN FRANCISCO  
AUDIT SERVICES**

**Center for the Health Professions  
Contracting Practices  
Audit Services Project #14-032**

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**Center for the Health Professions  
Contracting Practices  
Project #14-032**

**MANAGEMENT SUMMARY**

As a planned review for Fiscal Year 2014, Audit Services completed a review of contracting procedures within Center for the Health Professions (CHP). The objectives of the review were to evaluate the effectiveness of CHP's contracting practices, ensure that they are in compliance with applicable University policies and that there is proper oversight of the contracting process, including proper accounting of revenue and expenses of the department's contracts and programs.

CHP has been in existence at UCSF since 1992 with a mission to provide constructive approaches to healthcare challenges through three distinct platforms, including leadership programs, research services, consulting and executive coaching services. The department is staffed by 21.2 full time employees, including a Director, a Health Policy and Law Director and various Program Directors, Managers and Program Analysts/Assistants. The Director serves as the Principal Investigator (PI) and directly oversees the execution of some of the programs; alternatively, for programs with different PIs, a reporting relationship with the program staff is maintained to ensure appropriate oversight and transparency on the programs. Between July 2013 and February 2014, CHP had executed approximately 121 contracts for professional services and 40 contracts for rental facilities.

CHP's work, which extends beyond just the UCSF community, has helped to continue a valuable presence in the healthcare industry and created partnerships with other healthcare professionals that did not previously exist. As their programs often require partnerships with others to execute their purpose, it is important that their contracting process is effective, well controlled, and in compliance with University policy.

In the process of our review, we found areas in need of improvement to ensure the department minimizes its exposure to risk in its contracting practices. CHP does not currently have documented policies and procedures for their contracting practices, nor do they centrally maintain a current list of all active contracts to allow for reasonable oversight of contract management. Additionally, CHP is not processing all purchases of services through the BearBuy System, which is the UCSF adopted and approved procurement system. Lastly, we found that the department is also not maintaining signed Statements of Work for their contracts for reference and accountability purposes.

Additional information regarding the observations and management corrective actions is detailed in the body of the report.

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## **I. BACKGROUND**

As a planned review for Fiscal Year 2013-2014, Audit Services completed a review of contracting procedures within Center for the Health Professions (CHP). CHP has been in existence at UCSF since 1992. Their mission is to provide useful and constructive approaches to healthcare challenges through three distinct platforms: leadership programs to provide leadership development for a range of health professionals; research services, which provide data and analysis via a team of experts to help industry professionals better understand and address issues that impact the health care system; and consulting and executive coaching services, which provide an opportunity for health care leaders to receive individualized, ongoing support in their development. CHP currently operates eight leadership and assessment programs and fourteen research projects, which utilize UCSF faculty and staff as well as other contracted support from healthcare industry leaders. CHP receives funding from a number of sponsors in the healthcare community to help execute their programs.

The department is staffed by 21.2 full-time employees and a small number of other part-time staff, including a Director, a Health Policy and Law Director and various Program Directors, Managers and Program Analysts/Assistants. The Director serves as the Principal Investigator (PI) and directly oversees the execution of some of the programs; programs with other PIs she maintains a reporting relationship with the program staff to ensure appropriate oversight and transparency on the programs and keeping track of their progresses. Additionally, there is a standing meeting of Program Directors where reporting and dialogue on the current programs takes place. Between July 2013 and February 2014, CHP had contracted approximately 121 professional services and 40 rental facilities.

## **II. AUDIT PURPOSE AND SCOPE**

The objectives of the review were to evaluate the effectiveness of CHP's contracting practices, ensure that they are in compliance with applicable University policies, and ensure proper oversight of the contracting process, including proper accounting of revenue and expenses of the department's contracts and programs.

In conducting this review, the following procedures were performed:

- Reviewed the University policies to determine policy requirements applicable to CHP's contracting practices;
- Determined if CHP has proper internal policies, systems and procedures in place;
- Interviewed relevant staff to obtain further understanding of accountability, oversight, and management of the contracting process, including the following functions:
  - Contract initiation;
  - Approval authority;
  - Monitoring of deliverables;
  - Revenue and expenditures, monitoring/review to ensure compliance with contract provisions;
  - Contract termination (to ensure contracts are terminated timely, based on contract stipulations).
- Evaluated whether there is sufficient oversight in place to ensure effective, comprehensive management of the contracting process, from contract inception to completion;

- Tested a sample of contracts to determine if proper approvals were provided and ensured that contracts had the required and necessary documentation (Purchase Orders, formal contracts, etc.);
- Assessed if contract deliverables were monitored and contract stipulations were adhered.

The scope of the review encompassed records and activities occurring during the period of August 2013 through March 2014. Fieldwork for this review was completed in March 2014.

### **III. CONCLUSION**

CHP provides valuable resources through its innovative platform of delivering research expertise, education, leadership training, and coaching services. Their work, which extends beyond just the UCSF community, has helped to continue a valuable presence in the healthcare industry and created partnerships with other healthcare professionals that did not previously exist. As CHP programs often require partnerships with others to execute their purpose;, their contracting process must be effective, well controlled, and in compliance with University policy.

Based upon work performed controls enhancements could be made over the departments' management of the contracting process to ensure exposure to risks is minimized. The department does not currently have documented policies and procedures for their contracting practices, nor do they centrally maintain a current list of all active contracts to allow for reasonable oversight of contract management. Also, we found that the department is not maintaining signed Statements of Work for their contracts for reference and accountability purposes. Additionally, they are not fully compliant with University policy as purchases were not always processed through the BearBuy System, which is the UCSF's adopted and approved procurement system.

### **IV. OBSERVATIONS AND MANAGEMENT CORRECTIVE ACTIONS**

#### **A. Written Policies and Procedures**

***The department does not have written policies and procedures to outline their contracting process.***

There are no written policies and procedures documenting CHP's contracting requirements and processes. Instead, they have provided guidance to their employees to process any purchases of service over \$5,000 through BearBuy, while anything below \$5,000 can be completed internally with a Statement of Work outlining the description and objectives of the work to be completed, which is then signed by the Program Managers. Based on information received from a number of CHP employees, there is no clarity on their delegated authority outside of BearBuy, nor is there an understanding of what needs to go through BearBuy, other than just the dollar thresholds that have been established. Additionally, each of the employees interviewed expressed a desire for documenting procedures so that there is guidance on their roles and responsibilities.

Without instituting and maintaining written policies and procedures for guidance, training, and reference purposes, there is an increased risk that inconsistencies in processes will occur between staff members within each of the different programs.

**Management Corrective Action**

By September 30, 2104, CHP will develop written policies and procedures to outline their contracting process, roles and responsibilities, and signing/approval authority.

**B. Contract Documentation****1. *The department does not maintain a comprehensive list of its current contracts.***

The department was not able to provide a list of its current contracts upon request as they do not centrally maintain an inventory of their current contracts or vendors. Instead, the individual Program Managers manage their lists of programs and related documentation, including Scopes of Work, etc. Additionally, they were unable to provide information for past programs.

Not maintaining a central repository of contracting records limits the department's ability to fully capture their contracting activities and effectively monitor and ensure that correct procedures have been followed and complies with University policies.

**Management Corrective Action**

The department will perform an inventory of their current contracts, including contracts processed through BearBuy and centrally maintain the current list that can be made available when needed. This will be completed by September 30, 2014.

**2. *CHP is not signing or retaining signed Statements of Work.***

Out of the six contracts under \$5,000 that were included in the sample where the only documentation available for review was a Scope of Work, five were not signed by a CHP Program Manager.

Maintaining proper and complete documentation of all contract activity helps to ensure proper authorization and accountability for programs.

**Management Corrective Action**

By September 30, 2104, CHP in conjunction with creating a central repository of contracts will perform monthly verifications to ensure all Statements of Work are signed by the approving Director, and signed copies should be retained in the department for future reference.

## C. Policy Compliance

### 1. *The department is not processing all contracting transactions through BearBuy.*

Until November 2013, the department was not putting all necessary transactions through Bear Buy. There was one contract in our sample where an agreement for services was made via email communication only and a number of others were not put through BearBuy because the amount was under \$5,000.

BUS-77 provides guidance for the use of Independent Contractors, including proper procedures for utilization and payment for services. Specifically, the types of services CHP typically procures, such as speakers for education and training seminars, would qualify as independent contractors, and therefore an independent contractor agreement may be necessary to procure such services. Additionally, these types of transactions should always be processed through BearBuy (other than faculty honoraria) to ensure that proper documentation is completed, approvals given and, competitive pricing is obtained.

#### **Management Corrective Action**

By May 30, 2014, CHP will ensure that all future transactions with the exception of honoraria to faculty are processed through BearBuy and additionally, will work with Procurement on when the use of an independent contractor agreement is appropriate.

### 2. *Purchase orders are being utilized instead of a contract.*

The department has executed a number of purchase orders in close succession with the same vendor that could have been combined into one comprehensive contract to procure services.

Total payments over the past three years to the vendor were:

- Calendar Year 2014 - \$54,578.55
- Calendar Year 2013 - \$60,549.26
- Calendar Year 2012 - \$48,440.00

#### **Management Corrective Action**

By September 30, 2104, CHP will examine their current vendors and execute contracts for those vendors that will continue to be utilized regularly and determine if a single contract would be more appropriate and efficient.

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