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OFFICE OF INSPECTOR GENERAL

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Follow-up to OIG's Audit of the Department of Family and Support Services' Strategic Contracting

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I | Introduction

The City of Chicago Office of Inspector General (OIG) has completed a follow-up to its August 2022 audit of the Department of Family and Support Services' (DFSS) Strategic Contracting. Based on the Department's responses, OIG concludes that DFSS has fully implemented the corrective actions related to the audit findings.

DFSS connects Chicagoans in need to resources covering a variety of categories, including senior health and wellness, housing, youth mentoring, and early childhood education. DFSS "works to promote the independence and well-being of individuals, support families and strengthen neighborhoods by providing direct assistance and administering resources to a network of community-based organizations, social service providers and institutions."¹ DFSS enlists the services of organizations through requests for proposal (RFPs) in a competitive process. The Department evaluates applications to each RFP, selects delegate agencies for each program, and awards payment for their services through a contract. As of January 2022, the Department reported working with 350 such delegate agencies under 1,600 contracts, with a total annual community investment of \$346 million. DFSS' services and programs include the following:

- Children Services – provides children of all ages with access to early learning programs.
- Community Service Centers – assists individuals and families with shelter, food, clothing, job training, scholarships for higher education, and other services.
- Division on Domestic Violence – operates a 24-hour, toll-free, and confidential help line and provides counseling, legal, and advocacy services.
- Senior Services – provides information and connections to assisted living, caregiving, dining programs, insurance counseling, and various other services.
- Services for People Experiencing Homelessness – provides short-term financial assistance for rent and utilities, performs outreach services, funds shelters, and connects clients to services for behavioral health, substance abuse, and more.
- Veterans Resources – supports veterans through programs including housing, entrepreneurship, employment, education, legal assistance, and health care.
- Workforce Development and Ex-Offender Programs – provides resources to various workforce development initiatives to support disadvantaged Chicago residents and ex-offenders transitioning back into the workforce.
- Youth Services – supports youth with enrichment activities after school, on weekends, and during school breaks and works with other government institutions, community-based organizations, and employers to offer employment and internship opportunities.

In 2016, DFSS launched its Commitment to Outcomes initiative to clearly describe, measure, and report on the outcomes the Department wants to achieve through its social service programs. Developed with partners and stakeholders, including the Civic Consulting Alliance and Harvard Kennedy School Government Performance Lab, the Commitment to Outcomes is described by DFSS as an "outcome-oriented model that focuses on how many people leave better off after receiving DFSS services, versus how many people come through the door." The ultimate goal of the Commitment to Outcomes' is to achieve better results for vulnerable Chicagoans by refocusing services on outcomes.

¹ City of Chicago, Department of Family and Support Services, "Our Structure," accessed February 12, 2024, https://www.chicago.gov/city/en/depts/fss/auto_generated/fss_our_structure.html.

Strategic Contracting is one phase of the Commitment to Outcomes. By connecting the Commitment to Outcomes and the Strategic Contracting process, DFSS seeks to ensure that its requests for proposal (RFPs) and contracts reflect the outcomes the Department seeks. The Strategic Contracting process involves the following steps:

1. DFSS' Strategic Planning and Impact (SPI) division and its program divisions collaborate on RFP templates, which the program divisions use to develop each RFP. These templates contain 13 Strategic Contracting elements that are designed to encourage results-driven contracting.
2. DFSS releases RFPs to the City's eProcurement website, inviting potential delegate agencies to submit proposals.
3. Once the application period is over, evaluators score the applications based on the scoring guidance. Management and program staff decide which applicants will receive grant awards based on their final scores, ability to serve targeted communities, available funding, and staff diversity and qualifications.
4. DFSS sends award letters and notifies the applicants who were not selected. Once a delegate agency accepts the award, DFSS's Contracts and Finance division finalizes the contract, which is based on a boilerplate from the City of Chicago's Department of Law.

The purpose of OIG's 2022 audit was to determine whether DFSS' contracting processes align with the Department's Commitment to Outcomes, in which the Strategic Contracting process plays a part.

OIG found that the SPI division's involvement in developing DFSS' RFPs and evaluation tools—critical steps in the Strategic Contracting process—helps align those steps with the Commitment to Outcomes. However, OIG determined there was room for improvement. OIG found the division could provide more guidance for the evaluation of RFP applications. In addition, the division could improve the RFPs, evaluation tools, and contracts by ensuring inclusion of the Commitment to Outcomes' key elements.

Based on the results of the audit, OIG recommended that DFSS ensure that its program divisions share an understanding of the key elements of the Commitment to Outcomes—namely, outcomes-based goals, outcome metrics, and data requirements. OIG also recommended that DFSS develop procedures to ensure it includes all key elements of the Commitment to Outcomes in all future RFPs, tools used to evaluate RFP applications, and contracts. Finally, OIG recommended that DFSS develop procedures to ensure that evaluators score applications according to the Department's scoring guidance and include written justification for their scores. In its response to the audit, DFSS described the corrective actions it would take.

In August 2023, OIG inquired about corrective actions taken by DFSS in response to the audit. Based on DFSS' follow-up response, OIG concludes that DFSS fully implemented the corrective actions. Specifically, in Summer 2022, DFSS hosted a staff training on outcomes-based goals and key elements of the Commitment to Outcomes. SPI staff developed regular RFP kick-off meetings to ensure that the DFSS personnel responsible for writing and managing RFPs understand key elements of the Commitment to Outcomes and how each RFP fits into this plan. The Department also stated it implemented quarterly and annual meetings for DFSS and program leadership to review outcome data and assess each program's performance towards its goals.

DFSS stated that the director of strategic planning was responsible for training the executive team “who regularly review contract scope language and are best positioned to ensure that all relevant and appropriate RFP elements” are included in contracts. However, the training had been delayed due to a vacancy in the director role. DFSS has since created and filled two new roles—the director of strategic planning and impact, and the senior director of strategy, policy, and equity—to fulfill the responsibilities of the director of strategic planning, including training the executive team. The director and senior director stated that the Department updated its core RFP training to provide additional guidance on the connection between the RFP and the contract and hosted a training on February 27, 2024. DFSS intends to repeat these trainings quarterly. Additionally, DFSS updated its RFP kick-off materials to reinforce that guidance. These updated kickoff materials have been in use since November 2023. Finally, the director and senior director stated that Deputy Commissioners were provided contract review guidance as part of a February 2024 Senior Staff meeting. Below, OIG summarizes its audit findings and recommendations, as well as DFSS’ response to the follow-up inquiry.

OIG thanks the staff and leadership of DFSS for their cooperation during the audit and their responsiveness to the follow-up inquiries.

II | Follow-Up Results

In August 2023, OIG followed up on its August 2022 audit of DFSS' Strategic Contracting.² DFSS responded by describing the corrective actions it has taken and providing supporting documentation. Below, OIG summarizes the original finding, the associated recommendations, and the status of DFSS' corrective actions in response to those recommendations. OIG did not observe or test implementation of the new procedures in this follow-up; thus, it makes no determination as to their effectiveness, which would require a new audit with full testing.

| Finding 1: DFSS Largely Applies Its Strategic Contracting Process in Accordance with the Commitment to Outcomes, but There Is Room for Improvement

OIG Recommendation 1 |

OIG recommended that DFSS develop procedures to ensure that its program divisions understand the outcomes-based goals, outcome metrics, and data requirements that are key elements of the Commitment to Outcomes. DFSS should also ensure these procedures are implemented on an ongoing basis, to ensure understanding is maintained as time passes and personnel change.

State of Corrective Action 1 | Fully Implemented

In Summer 2022, the director of SPI hosted a training "outlining the integration of outcomes-based goals, metrics, and data into the strategic contracting process." DFSS stated that it recorded this training and will make it available for future staff. The Department also stated that it implemented a practice of regular RFP kickoff meetings. In these meetings, SPI team members provide guidance to staff who write and manage RFPs on the connection between RFPs and the goals and metrics of the Commitment to Outcomes. DFSS stated that these kickoff meetings are informed by process improvements identified during quarterly and annual outcomes meetings. Quarterly division-level outcome meetings provide an opportunity for division leadership, relevant division personnel, and the supervising member of the Department's executive team to review data and determine whether programs are meeting their outcomes-based goals. Annual division-level outcomes meetings attended by DFSS executive team and each deputy commissioner also allow leadership to review outcomes data and plan process improvements for the following year.

OIG Recommendation 2 |

OIG recommended that DFSS develop procedures to ensure that its program divisions include all key elements of the Commitment to Outcomes in future RFPs and tools used to evaluate RFP applications.

State of Corrective Action 2 | Fully Implemented

As mentioned in response to recommendation 1, DFSS stated that SPI staff host RFP kickoff meetings to ensure that staff responsible for writing and managing RFPs understand key elements

² City of Chicago Office of Inspector General, "Audit of the Department of Family and Support Services' Strategic Contracting," August 9, 2022, <https://iqchicago.org/wp-content/uploads/2023/08/Audit-of-the-Department-of-Family-and-Support-Services-Strategic-Contracting.pdf>.

of the Commitment to Outcomes and how each RFP fits into those goals. DFSS emphasized that the decision to include specific elements of the Commitment to Outcomes in an RFP is the responsibility of the RFP writing teams, who are the subject matter experts. In addition to the training provided during RFP kickoff meetings, RFP writing teams are “provided with the RFP template that includes all relevant RFP elements, to support their determination of which elements are relevant and appropriate” and should be included in the RFP.

OIG Recommendation 3 |

OIG recommended that DFSS develop procedures to ensure that evaluators score applications according to the scoring guidance and include written justifications for their scores.

State of Corrective Action 3 | Fully Implemented

DFSS stated that its leadership, including the commissioner, managing deputy commissioner, and division deputy commissioner, review scoring guidance for all RFPs to ensure instructions are clear. If RFPs require additional readers to supplement the RFP team, program staff are assigned to explain the RFP, evaluate questions, and provide scoring guidance. RFP award recommendation memos also include tables or appendices documenting scoring justifications from all readers. DFSS stated that its leadership reviews all recommendation memos to ensure that the RFP teams document their scoring justifications.

OIG Recommendation 4 |

OIG recommended that DFSS develop procedures to ensure that divisions include all key RFP elements in program contracts.

State of Corrective Action 4 | Fully Implemented

DFSS stated that its director of strategic planning was responsible for training the DFSS executive team “who regularly review contract scope language and are best positioned to ensure that all relevant and appropriate RFP elements” are included in contracts. However, this training had been delayed due to a vacancy in the director role from July 2022 to May 2023. DFSS has since created and filled two new roles—the director of strategic planning and impact and senior director of strategy, policy, and equity—to take on the responsibilities of the director of strategic planning, including training the executive team. The director and senior director stated that the Department updated its core RFP training to provide additional guidance on the connection between the RFP and the contract and hosted a training on February 27, 2024. DFSS intends to repeat these trainings quarterly. Additionally, DFSS updated its RFP kick-off materials to reinforce that guidance. These updated kickoff materials have been in use since November 2023. Finally, the director and senior director stated that Deputy Commissioners were provided contract review guidance as part of a February 2024 Senior Staff meeting.



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