

# Contract Oversight Monitoring Guide

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## Why does TWC Monitor/Audit VR Contractors?

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First and foremost, Texas Workforce Commission (TWC) monitors and audits Vocational Rehabilitation (VR) Contractors to ensure quality goods and services are provided to VR customers.

[Texas Labor Code, Title 4, Section 352.053\(b\)](#), requires that TWC monitor a VR provider's performance under a contract. The Labor Code requires that TWC use a risk-assessment methodology to institute statewide monitoring of contractor compliance.

[Texas Administrative Code, Title 40, Chapter 858](#), establishes Vocational Rehabilitative Services (VRS) contract management requirements for customer goods and services contracts with the Texas Workforce Commission. Specifically, [Section 858.7, Contract Monitoring](#), of the Commission Rules state that any service purchased or reimbursed by TWC may be monitored at the discretion of TWC.

As it relates to the type of monitoring and auditing outlined in this guide, the division within TWC that has been charged with monitoring VR Contractors is Fraud Deterrence and Compliance Monitoring (FDCM), and the department within FDCM that conducts VR monitoring reviews or audits is Contract Oversight and Support (COS). Other TWC divisions and departments may also conduct monitoring and technical assistance of TWC Contractors, including VR Contractors.

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# Contract Oversight Monitoring Lifecycle

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The Contract Oversight Monitoring Lifecycle consists of five phases as described below:

## Annual Risk Assessment

- Cross-Divisional work to identify areas of fiscal and program risk to the Vocational Rehabilitation System.

## Pre-Review

- Scheduling; Engagement Letter; cross-divisional pre-planning coordination; and Cases for Review document request.

## Review

- Desk or on-site review, or a hybrid combination, including an entrance conference and exit conference discussing preliminary findings and potential improper payments.

## Post Review

- Additional review of documents and records from the review; quality assurance review of report; cross-divisional review-and-comment period; issuance of Preliminary Report and Findings Report.

## Audit Resolution

- Review of Contractor Corrective Action Plan (CAP) and resolution of improper payments, if assessed. Support provided to contractors as needed to ensure resolution of issues. Closeout Report issued.

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## Phase 1: Annual Risk Assessment

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TWC has more than 1,500 contractors to provide goods and services to its VR customers. A risk assessment is conducted each year to create a list of contracts to be monitored. A contract is identified for review for a variety of factors such as type of services provided, financial information and date of most recent monitoring review. Being selected for a monitoring review as part of COS's annual risk assessment process does not mean that TWC has any preconceived concerns with the contract or the Contractor.



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## Phase 2: Pre-Review

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In the pre-review phase, the Contract Oversight (COS) Manager and Monitoring Team develop the schedule and monitoring plan; this is the phase where the monitoring project is initialized.

Major milestones of this phase are:

### **Scheduling and Engagement**

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The COS Manager assigns reviews to each Lead Monitor. The Lead Monitors schedule a meeting to coordinate with the monitoring team members to establish dates to conduct each review. COS is mindful of Contractors' commitments and endeavor to schedule a date that provides limited conflict and affords the Contractor sufficient advance notice to have relevant Contractor staff available to participate in the review.




No later than **25 business days before the review**, the Engagement Letter, Attachment A, and sample Contract Oversight checklists are emailed to the Contractor.

- The **Engagement Letter** serves as the official notification to the Contractor regarding the scope of the review and when the review will occur. The Contractor is expected to acknowledge receipt of the Engagement Letter ***within 3 business days*** and provide a contact person and email address.
- The **Attachment A** contains instructions on how to upload customer files and documents to the Contract Oversight (COS) SharePoint site and contains a list of the types of documents and records that need to be uploaded for review.
- The **checklists** are provided as a courtesy. They are the tools that monitors use when reviewing case files and organizational documents; they do not need to be completed by the Contractor.

## **Review Reminder and Cases for Review**

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An email reminder and Cases for Review (Customer Case List) document is emailed to the Contractor ***10 business days prior to the review***. The Cases for Review document lists the Case IDs and the customer initials for each case selected for review. Documents commonly requested for the cases selected for review include referrals, all service reports, service plans, invoices, and service authorizations. Other items needed are contractor business records, TWC Forms, staff information and certifications. In some cases, curriculums, attendance records and lessons plans need to be sent. Contractors have a maximum of two weeks to upload the requested documents to the COS SharePoint page.



Please note that it is important that Contractors submit all requested documents timely. Participation in audits is required by contract terms. If a Contractor does not submit requested documents, they could face adverse action.

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## Phase 3: Review

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The Review phase typically lasts **5 business days** and begins with an Entrance Conference and ends with an Exit Conference. In the time between the entrance and exit conferences, the review team will be auditing documents submitted by the Contractor to assess compliance with contract terms and VR standards. Most of the work during the review will be done remotely as a desk review. If a Contractor has a facility, such as a residential facility, COS may make an on-site visit during the review.

### Entrance Conference

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When the date of the review arrives, the Lead Monitor will conduct an Entrance Conference via Microsoft Teams. The Entrance Conference is the opportunity for the team to introduce itself to Contractor staff. Utilization of cameras during this meeting is recommended to build rapport. The team will lay out the parameters for the review, establish points of contact for document requests or information-gathering, and answer questions about the process for the Contractor staff.

The Lead Monitor will also send an Entrance Conference Agenda which outlines the process and steps for the week of the review.



### Exit Conference

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At the conclusion of the review, the Lead Monitor will schedule an Exit Conference with the Contractor and provide an Exit Conference Agenda. The Exit Conference will be scheduled by the Lead Monitor via Microsoft Teams. Identified issues and potential improper payments will be discussed during the conference. Next steps will also be discussed. The Contractor will have the opportunity to explain or clarify specific customer cases and situations, their business practices and/or service delivery and billing practices.

COS's goal is to be clear and descriptive in the Exit Conference and Agenda regarding any potential issues identified during the review. COS Staff may request additional documentation, if needed, to clarify or further research any issues notated during the Exit Conference.

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## Phase 4: Post Review

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Following the review, the monitoring team meets to review customer files and reports and conduct further analysis and research of issues identified during the review. As needed, the team coordinates with TWC subject-matter experts, the VR Standards Team and COS Quality Assurance to gain clarification on the issues noted to determine whether an actual compliance issue (finding) exists. COS may continue to research and evaluate our results from the review. This may necessitate contacting Contractor staff or the Vocational Rehabilitation Counselor to aid in any further research.

### Internal TWC Coordination

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COS will provide an internal copy of the monitoring report, called the Executive Summary, to applicable TWC staff for a **10-business day review** and comment period. This ensures internal stakeholders and subject matter experts can review and comment on reported issues prior to Contractor dissemination.

### Preliminary Report

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After internal TWC coordination, a **Preliminary Report** is sent to the Contractor via email.

The Contractor has **10 business days** to respond to the Preliminary Report and rebut any findings and/or provide additional documentation. This is the



Contractor's opportunity to work with COS to clarify any issues if needed before the official monitoring report is issued. Rebuttal at this phase is not an appeal. Additionally, no corrective action plan is required at this phase.

### Findings Report

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After the Preliminary Report phase, the **Findings Report** will be sent to the Contractor. If the Contractor successfully rebuts a finding from the

Preliminary Report, it will not be included on the Findings Report. If the Contractor attempts to rebut an issue from the Preliminary Report but provides information that does not resolve the finding, the Finding Report will include that finding(s) and will indicate why the rebuttal was unsuccessful.



The Findings Report is the official monitoring report. This report contains all findings, any assessed improper payment(s), and recommendations that the Contractor must follow to ensure appropriate corrective action for each noted finding.



The Contractor will have **20 business days** to create a Corrective Action Plan (CAP) for each finding and repay any improper payments. If an improper payment is over \$750.00, a repayment plan will be offered. Contractor CAPs will be reviewed by the Audit Resolution Specialist for acceptance.

If an improper payment(s) is assessed and noted on the Findings Report, the Contractor will be afforded an opportunity to appeal at this phase. If applicable, the Contractor will receive an attachment with instruction on how to file an appeal. Appeals must be submitted within 28 calendar days of receiving the Findings Report.

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## Phase 5: Audit Resolution

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After the Findings Report is issued, the Audit Resolution process begins. An Audit Resolution Specialist (ARS) will review the Contractor Corrective Action Plan (CAP) and track repayment of improper payments. If the Contractor needs support in developing their CAP, they may request a meeting with the ARS. The ARS will coordinate internally with VR staff to ensure adequate guidance and support is provided to the Contractor. This will ensure Contractor success and provision of the best possible goods and services for our VR customers. Requesting a meeting does not remove the requirement

to submit a CAP within **20 business days** of receiving the Findings Report. Therefore, it is very important that the Contractor communicates that extra support is needed and requests a meeting immediately after receiving the Findings Report. Instructions on how to request a meeting will be included in the Findings Report.

If the Contractor submits an unacceptable CAP, the ARS will send a CAP Response letter to the Contractor. If a Contractor does not respond timely with an acceptable CAP, adverse action can occur. It is important that the Contractor addresses all issues promptly to avoid adverse action.

Once an acceptable CAP has been received and any improper payments have been repaid, the Contractor will receive a **Closeout Report** and a Customer Service Survey. COS uses responses to the Customer Service Survey to improve our operations.

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## Monitoring Tools and Resources

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COS monitoring checklists are available by requesting them from COS, or they may be sent to the Contractor during the monitoring review process. Contractors can use COS monitoring checklists as self-evaluation tools to discover any potential findings before COS monitors. COS checklists contain all the Vocational Rehabilitation Standards and state regulations that COS uses to audit. COS's goal is to help Contractors identify issues and improve processes and services provided to our VR customers.



Please note that checklists are updated frequently to reflect standard changes and form updates. It is also important to note that COS is reviewing actions that have already occurred. Therefore, when COS is determining compliance, standards may be utilized that have since changed. COS determines compliance at the time the good or service was provided.



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## Additional Questions?

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- Refer to this link ([Vocational Rehabilitation Provider Resources - Texas Workforce Commission](#)) on the VR Provider Resource page for additional information and resources.
- For monitoring related questions, you can also contact the COS mailbox at Contract Oversight & Support [contract.oversight@twc.texas.gov](mailto:contract.oversight@twc.texas.gov).
- For service-related questions, please contact your Regional Quality Assurance Specialist, Regional Program Support Specialist, or the VR Standards Mailbox at [vr.standards@twc.texas.gov](mailto:vr.standards@twc.texas.gov).

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## Quick Tips for a Successful Review

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- Confirm receipt of the Engagement Letter within 3 business days and provide name(s) and email address(es) of your points of contact.
- Attend the Entrance Conference and Exit Conference.
- Respond promptly to all documentation requests.
- Review and respond to your Preliminary Report if you disagree with a finding or have additional information or documentation previously not shared.
- If you are unsure about what is needed for a Corrective Action Plan (CAP), ask for a meeting with the Audit Resolution Specialist (ARS) so that they may provide you additional support.
- Submit your CAP within the required timeframe.
- Timely repay any improper payments.
- Complete the Customer Service Survey at the conclusion of your review so that Contract Oversight and Support (COS) can improve their processes.
- When in doubt of what to do or if you have questions, email your assigned Lead Monitor or the COS mailbox at [contract.oversight@twc.texas.gov](mailto:contract.oversight@twc.texas.gov).