Oregon
Tina Kotek, Governor

**Department of Human Services**
*Office of Resilience and Emergency Management*
em.odhs@odhsoha.oregon.gov

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# Child Welfare After Action Report: A Review of Contracting with Dynamic Life

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## Introduction

In December 2023, the Oregon Department of Human Services (ODHS), Director's Office requested that the Office of Resilience and Emergency Management (OREM) conduct a neutral after-action review of the Department's contractual relationship with Dynamic Life, which served as a provider for temporary lodging supervision and prevention for the Child Welfare Division. ODHS ended its contracts with Dynamic Life in late 2023/early 2024.

The goal of this review was to examine the contracting and procurement practices related to this provider and identify any gaps in ODHS' internal systems that may have hindered ODHS in holding this provider accountable as issues arose.

Since this review was requested in December 2023, further concerns regarding these contracts have arisen and there are additional internal and external actions underway. These include:

- ODHS audits team is also auditing our child welfare contracting processes and regulatory controls over contractors and providers supporting children in or at risk of temporary lodging, at the direction of Director Fariborz Pakseresht.
- The Oregon Department of Justice will be completing a review surrounding concerns related to Dynamic Life contracts.
- A personnel investigation has been opened. We do not have a timeline for its completion. As with investigations, the scope of this personnel investigation may change depending on any new or additional findings of the various reviews underway.

This after-action review identified several areas relating to contracting and procurement where there are clear gaps and provides recommendations for ODHS to begin the work necessary to close those gaps. While developing this report, the team also identified several issues that need further exploration and is recommending those issues get addressed in the subsequent reviews detailed above.

## Methodology

After-action reviews are frequently used in emergency management to review response to an event, identify areas that are in need of improvement, make recommendations to improve it, and capture key lessons learned.

The review team consisted of three OREM personnel; Amber Rawson (Recovery Section Chief), with subject matter expertise from a programmatic and case management service delivery lens having previously worked for the Aging and People with Disabilities; Nathan Reynolds (Deputy Policy Section Chief), with subject matter expertise in policy and investigations from a background in law enforcement and internal affairs; and Max Seiler (Finance and Procurement Chief), bringing subject matter expertise in the following areas in procurement and contract administration and previous experience as a contract administrator in Child Welfare.

The after-action review team conducted interviews with individuals of varying backgrounds in experience and knowledge, ranging in positions and roles related to the Dynamic Life contract. This included staff in local district leadership positions; Child Welfare Division central office; Office of Training, Investigations and Safety (OTIS); Office of Contract's and Procurement (OC&P); and the ODHS Director's Office.

## Scope

This AAR primarily focused on Dynamic's Life contract with Child Welfare for temporary lodging supervision and prevention services (#177918), as early concerns surrounding the organization seemed focused on that array of services. Dynamic Life's other contract with Child Welfare focusing on a mobile childcaring agency and building organizational capacity (#178164) occasionally came up in interviews but not to the same degree as its direct services contract. The second contract will be reviewed in more depth by the other actions detailed above.

## Definitions & Acronyms

“AAR” is an after-action review is a term typically used in the field of emergency management to analyze the response to an incident, summarize observations and key takeaways, and identify potential areas for improvement.

“AAR team” is the team conducting this after-action review.

“BCU” is the Background Check Unit, a Shared Service supporting both ODHS and OHA.

"CW" means the Child Welfare Division within ODHS.

"DD" is a common phrase used in interview and is used to mean intellectual and developmental disabilities. Depending on the context used, it can mean a child presenting with these needs, such as “a child presenting with DD,” or the intellection/developmental disability system such as the ODHS Office of Developmental Disability Services or a county level DD program.

"TL" is temporary lodging, an emergency stop gap until an appropriate placement can be found. It is a place where a minimum of two staff supervise a single young person in a hotel or short-term rental.

“OC&P” is the Office of Contracts & Procurement, a Shared Service both ODHS and OHA.

“ODDS” is the Office of Developmental Disability Services within ODHS.

“ODHS” is Oregon Department of Human Services.

“OREM” is Office of Resilience and Emergency Management within ODHS.

“OTIS” is the Office of Training, Investigations, and Safety within ODHS.

"DAS" is the Department of Administrative Services, the central administrative agency of Oregon state government.

## Situation Overview

The Child Welfare Division relationship with Dynamic Life first developed in 2022 when District 4 – which includes Linn, Benton, and Lincoln counties – was seeking support for a specific child who, because of their severe trauma, had challenging and aggressive behaviors. This child was in temporary lodging while waiting to enter a Stabilization and Crisis Unit (SACU) placement within the Office of Developmental Disabilities Services (ODDS) system. A now former Child Welfare Division provider, LC Beach House, was supporting this child in temporary lodging, but eventually recommended that Nathan Webber provide support to this child. Webber at the time was the CEO of Dynamic Life.

Throughout interviews, Dynamic Life appeared to have successfully supported the child, and as a result, District 4 began utilizing Dynamic Life services to support kids in temporary lodging or at risk of temporary lodging. In October 2022, the district executed a $500,000 contract for temporary lodging supervision and prevention services (contract #177918) with Dynamic Life. Over the next 14 months, other districts began using the contract, and it was amended four times to increase the not-to-exceed (NTE) limit to $12 million. ODHS also added language to the contract in an attempt to hold Dynamic Life to similar standards as licensed entities, such as completing incident reports and daily logs. The quick increase in the NTE of the contract was described as an attempt to project the utilization through the end of the contract based on anticipated usage from District 4 as well as the other districts that were utilizing the contract. Past amendments did not adequately account for the expenditures that actually occurred, so in the later amendments an attempt was made to project the limitation needed in the contract through the end of the contract.

A decision was made by Child Welfare leadership early in 2023 that although the type of service Dynamic Life provided did not fit into any existing type of placement or service, it would be most appropriate for the entity to become a licensed Childcaring Agency (CCA). In February 2023, a new Dynamic Life contract for $1.3 million to develop a pilot model for a "mobile child caring agency" was executed. This contract provided start-up funds to create a formal model and test the model through a pilot program called a "Mobile child caring organization" that would provide stabilization and support services to children and families. The pilot program never started, and this contract expired in December 2023.

In July 2023, concerns were raised regarding the Webbers and some Dynamic Life employees' social media posts, resulting in a letter from the contract administrator requesting that Dynamic Life employees refrain from publicly posting opinions that might be harmful to children in the care of Child Welfare . A month later, in August 2023, concerns were raised regarding background check requirements and clarification was sought from Dynamic Life, noting requirements can differ between types of services and the programs administering these services.

In October 2023, ODHS convened a multi-disciplinary team to conduct an assessment of Dynamic Life and its compliance with contract standards. This team reviewed incident reports, screening reports, the use of restraints and the documentation and process for background checks that occurred under this contract.

On December 11, 2023, ODHS issued a termination letter to Dynamic Life. The termination was effective January 10, 2024, at midnight, with the period in between to allow for transitioning the youth currently being served to other supports.

**It is acknowledged that there may be slight differences in the dates and other timelines, such as the contract timeline below as reported by the Office of Contracts and Procurement (OC&P). These differences may be due to the dates reported to us by those interviewed and actual dates of certain steps in the contracting process. The date of request, date signed, effective date and executed date can all be different*

*dates, and the variance between dates reported by interviewees and OC&P is not a cause for concern. This report utilizes the executed date as reported by OC&P.*

## Contract Details and Timeline

10/11/2022: $500,000.00 (177918.0)

1/09/2023: $1,500.000.00 (177918-1)
- Added funding ($1,000.000.00)
- Revised Statement of Work and Payment Provisions

02/03/2023: $1,300,000.00 (178164-0)

02/14/2023: $2,000,000.00 (177918-2)
- Added funding ($500,000.00)
- Added new service category (Safety Supervision Services)

03/27/2023: $7,000.000.00 (177918-3)
- Extended expiration date
- Added funding ($5,000,000.00)
- Revised Statement of Work and Payment Provisions

07/07/23: (Cure) letter
- 07/19/23 DL responds with policy

12/04/2023: $12,000,000.00 (177918-4)
- Added funding ($5,000,000.00)
- Clarified Payment Provisions
- Changed Contractors address location

12/11/2023: Termination Letter issued for contract 177918

12/21/23: DL submits CCA application

12/31/2023: Contract 178164-0 naturally expired

Unless stated otherwise in a contract, the Not-to-Exceed (NTE) is not a guarantee that ODHS will spend that amount, but rather a projection of the maximum amount it anticipates could be spent based on factors such as utilization of the contract, how many people will be served, duration of services, and other factors. ODHS only pays what has been billed and validated.

## Gaps Identified During Review

### 1. Lack of guidance around multi-district contracting:

As noted in the Contract Details and Timeline section, the contract quickly expanded in both the monetary amount and from one district to at least five different districts. However, District 4 continued to manage the contract with no specific designations of additional supports. Those involved in the development of the contract noted they didn't think it would end up being a statewide contract, and when they executed the contract, they thought it would only be their district.

When a contract crosses the boundary of multiple districts, there does not appear to be a decision point in terms of addressing greater scope, enhanced oversight responsibilities, consideration of increased risk that

may arise from multiple new actors within the contract, or consideration of whether the contract should become centrally managed at a certain point.

Staff interviewed noted each district has their own unique dynamics and approaches to working with contractors, to addressing problems that arise with a contractor or contracted staff, and to temporary lodging generally.

## 2. Incomplete training and guidance for operationalizing the work of contract administration.

There are clear, high-level expectations identified within statute, rule, and DAS' contract administration certificate training for the roles and responsibilities of a contract administrator. However, training and guidance to contract administrators for carrying out each defined element is focused on what they must do, but not how to do it. Contract administrators appear to have to lean on experience gained over time and support from their network of other contract administers and the CW Central Office Contract Consultant Team.

ODHS structure for background checks was described as follows:

- It is the responsibility of the contract administrator – and the Qualified Entity Designee (QED) certified to submit a background check if different than the contract administrator – to monitor the submission and status of a contractor's staff required to undergo a background check.
    - A QED can either be an ODHS employee, or a contractor can be set up within the BCU to submit their own checks.
    - In the case of Dynamic Life, District 4 staff familiar with the contract noted at the beginning, it was ODHS staff submitting the background check requests, but once Dynamic Life began hiring so many people, they had their own arrangement with the BCU to submit background check requests.
- ODHS' Background Check Unit (BCU) receives background check requests, conducts a criminal and abuse records check, and notifies the QED of the result.
- It is the Contract Administrator's (or their designee's) responsibility to monitor the contractor's compliance of background check requirements.

Based on interviews, it appears background checks for Dynamic Life were inconsistently performed until approximately fall 2023 when a team reviewed the background check records and remedied the process with the contract administrator. A potential reason for inconsistency in background checks performed for Dynamic Life was that some staff working under the contract had previously undergone a background check under ODHS' ODDS program. It was some staff's interpretation that the ODDS background check would meet Child Welfare's requirements. The follow-up team that worked to address the background check issue discovered that in some cases even though a contracted staff had been checked under ODDS, ODDS had found new information that changed the status of their background check, but this information was not communicated from ODDS to CW. Additionally, the team addressing the background check issues identified some staff who Dynamic Life did not run a background check for at all because they didn't realize the staff met the criteria for needing a background check.

Overall, there are gaps in understanding how a contract administrator should manage and monitor the background check process. OARs surrounding ODHS' background check process focus on what happens when a check is submitted, but policy does not describe how the process should be managed up to submission. Similarly, the required contract administration training from DAS does not —nor any other internal training to the AAR team's knowledge—provide tools to contract administrators for processing and tracking background checks and monitoring the compliance of all staff on an ongoing basis.

This review also found a lack of consensus of how to address performance issues by a contractor. Again, DAS' Contract Administration training acknowledges the contract administrator is responsible for managing the relationship with a vendor as well as resolving performance issues but provides no training or explanation for how this should be carried out. When serious issues arise, OC&P notes they can issue an official cure letter, which incorporates the specific areas of the contract that are out of compliance and a timeline to address the issue. OC&P will often work with the Oregon Department of Justice (DOJ) on crafting the letter. The staff interviewed at OC&P noted the administrator can also remedy issues on their own and document their actions in their contract administration files. In the case of the letter issued by the contract administrator mentioned in the Contract Details and Timeline section, it was not a formal cure letter from OC&P and the contract administrator did not seek support from OC&P until the contract was terminated. In summary, there are some issues that a contract administrator can and should address on their own and then more serious issues that can be resolved in partnership with OC&P, but exactly when OC&P should be looped into contract performance issues in between those points appears undefined.

### 3. Insufficient resources for contract administration

Contract administration workload was a common issue brought up in interviews. Those interviewed described the contract administration structure as:

- A handful of program managers or analysts managing statewide contracts for their program area,
- Each district having a contract administrator to manage contracts issued with funding from their own district budgets,
- ODHS' Office of Contracts & Procurement, which writes and executes contracts but does not do any upfront work in negotiation or ongoing administration of contracts, and
- A CW Central Office Contract Consultant Team, that provides support and consultation on contract administration to each group but does not write or administer contracts themselves.

The contract administrator is the common thread and ultimately responsible for the contracts they administer, but the district level contract administrators are not dedicated positions assigned to contract administration. They often have many other responsibilities besides contracts.

Interviewees noted Child Welfare does have a Contract Consultant Team, available to provide guidance and assistance with contracts, but it is underutilized or often brought in too late.

## Recommended Courses of Action

The following section breaks down recommended courses of action to address the gaps identified in this report.

### COA 1.1 - Building Consistency in Temporary Lodging/Prevention Contracting

We recommend a workgroup with representatives from the CW Central Office Contract Consultant Team, CW Central Office staff involved in TL and/or general CW practice, OTIS, and District representatives to develop a consistent statement of work and contract template for temporary lodging prevention and temporary lodging supervision, built on best practices in contract administration as well as practice for these types of providers.

### COA 1.2 – Policy on Multi-District Contracting and/or Centralization Criteria

We recommend a workgroup with representatives from CW Central Office, CW Central Office Contract Consultant Team, OC&P, and Districts to discuss and recommend practice and policy tools for contracts for which services span across multiple districts. We recommend a decision be made and communicated regarding who should manage multi-district contracts and how central and regional staff will interact with the new structure.

- If multi-district contracts are to continue being managed locally, we suggest introducing a standardized process. For example, what is the referral process, providing orientation to other districts on the statement of work and other key contract details, how are concerns or conflict between the contractor and other district addressed, understanding of roles and responsibilities, and so on.
- Consider a risk review based on certain criterion and threshold, such as contracts over $X, more than two districts, X# of formal curative actions, or other factors that might lead to higher risk and potential for communication breakdown. When a contract meets this identified threshold, should it be integrated into CW Central Office to be centrally managed?
- Identify clear escalation paths to senior leadership for guidance, oversight, and assistance when situations and/or a contract exceed original scope and intent.
- Develop standard, documented check in structure for District Managers to include monthly report outs on budgets, contracts, and pain points.

### COA 1.3 Workgroup for Background Check Process for Contract Administrators

We recommend a workgroup with representatives from the Background Check Unit, Office of Contracts and Procurement, CW Contract Consultant Team, other agency programs such as DD and District contract administrators to develop a recommended process and tools surrounding background checks within the context of the role of a contract administration. This should include how contract administrators should determine who at the contractor's organization should be checked, how background checks should be received, tracking and monitoring the status of background checks for each background check, frequency of background checks, sharing background check information across programs and policy for rechecking when concerns are brought forward.

We also recommend the Office of Contracts and Procurement specifically prompts the Contract Administrator to review the background check language included in the draft of a contract. We acknowledge that background check specifications are included on the contract request form, and it is the contract administrator's responsibility to know what is in the contract. However, this is a very important area of the contract that should be acknowledged in the same way they should focus on the statement of work, and an additional prompt would create an added layer of verification that the contract administer understands what version of the language is included.

### COA 1.4 - Investing in the Contract Administrator Workforce

Based on our findings in this AAR, we suggest additional investments in building and developing the contract administration workforce, including a model that allows for greater dedication and focus on contract administration responsibilities. A Contract Administrator plays a crucial role with statutory responsibility in ensuring families and children receive the quality and standards they deserve from contractors.

### COA 1.5 Define and Train on Troubleshooting Contractor Performance and Curative Methods

It was clear from our interviews with the Office of Contracts and Procurement and business aspects of Child Welfare that OC&P and the CW Contracts Consultant Team are available to support contract administrators. We suggest a training for all contract administrators on techniques to troubleshoot contractor performance issues, from informal resolution to formal curative methods. The training should both include what curative techniques and tools are available and when to use them. We also suggest these groups should meet to come up with a clearer recommendation for exactly when OC&P and the CW Contract Consultant Team should be integrated to make decisions on curative actions.

## Issues For Recommended Follow Up

Interviews conducted as part of this review surfaced other issues that were out of scope or out of the expertise of this team. We recommend these issues be reviewed separately, or if appropriate, incorporated into the other reviews under way, such as the internal audit, personnel investigation and DOJ review.

- **Fiscal Approval:** Based on our interviews, approval of Dynamic Life's contract and financials were fragmented. It is our understanding that a separate team is evaluating Dynamic Life's invoices and payments, so that is not covered in this AAR.
- **Communications and accountability within ODHS:** Throughout the interviews, there were repetitional communication gaps identified that are internally focused to the Child Welfare program, SSP leadership who manage the DM's and between local office and central supports. In addition, consistent coordination and communication between the ODDS and CW programs relating to policies and procedures for shared clients was recognized as an area in need of improvement.
- **Lack of understanding of how rules and regulations apply to temporary lodging.** Our interviews indicate a potential gap in written policy, procedure, and business infrastructure surrounding youth in or at risk of temporary lodging. The AAR team observed that many aspects of the Dynamic Life contract and the events that occurred were unclear to staff on which statues and rules applied.
- **Temporary lodging solutions and cross-system coordination:** Staff interviewed described children at risk of temporary lodging or in temporary lodging generally present with complex mental health needs, juvenile justice or other behavioral issues, or intellectual and developmental disabilities—often a combination. However, an overwhelming number of the staff interviewed expressed that there are few options for children with complex needs, and Child Welfare is the agency left to take care of them when other systems are unavailable or not offering supports. Lastly, some staff expressed a gap in training and consultation available from these systems partners at the case level in supporting the needs of individual youth. All of these factors lead to extreme stress and harm to Child Welfare workers. It also results in workers seeking out providers like Dynamic Life because there are few providers willing to serve children in temporary lodging.