***PURCHASE OF SERVICE (POS)***

***CONTRACTING QUALIFICATION INSTRUCTIONS FOR***

***POTENTIAL NEW PROVIDERS***

***September 1, 2021***

*These instructions are for use with the Contracting Qualification Form which is accessible on the Department of Developmental Services (DDS) POS web site. As part of the RFR/BID process, DDS will establish a mechanism for identifying bidders who are not already in the system.*

*New Provider submissions are due by the RFR/BID Submission Deadline unless otherwise specified in the RFR/BID posted on COMMBUYS.*

# Overview

While the Request For Response (RFR) process evaluates the programmatic capabilities of bidders proposing to provide contracted human services to one or more of the agencies under the Executive Office of Health and Human Services (EOHHS) secretariat umbrella, there are also numerous federal and state administrative requirements surrounding the expenditure of public funds with which DDS and their contracted and subcontracted service provider organizations must comply. This “qualification” review is used to evaluate the bidder’s administrative and financial capabilities to assume these responsibilities and to ensure that various contracting administrative preconditions are fulfilled. Qualification instructions are distributed to potential new providers as part of the Request for Response (RFR) also referred to a BID solicitation process. Technical assistance is provided by the Department as needed to assist these organizations in completing the submission process.

When a potential new provider participates in its first human services bid process with an EOHHS purchasing agency, that agency becomes the "Principal Purchasing Agency" (PPA) and is responsible for processing the bidder's qualification submission prior to any contracting award determination. The bidder's qualification submission is due no later than the submission deadline for the bid response submission.

The contracting qualification review for potential new providers is performed to:

1. Ensure the financial and program integrity of the Purchase of Service (POS) System;

1. Minimize financial and administrative risk to the Commonwealth and the people served through the POS system; and

1. Maintain current, accurate information on Purchase of Service organizations, including addresses, contact names, and other information critical to the effective and efficient management of the POS System.

If the organization is awarded a contract and becomes a POS provider, an annual qualification process will be conducted by the PPA and serves to update organizational and risk assessment status information and provides a means for resolving any identified audit issues. Failure to meet qualification requirements may preclude contract finalization for qualification periods or result in early termination of any existing multi-year contracts. If the organization enters into contracts with other EOHHS agencies, there is no need to duplicate the qualification review since DDS, as the assigned PPA, conducts the process on behalf of all other EOHHS agencies.

New providers are advised to visit the Operational Services Division (OSD) web site at their [Conducting Best Value Procurements](https://www.mass.gov/handbook/conducting-best-value-procurements) to familiarize themselves with the State’s procurement process. Guidance and Policies Specific to Human and Social Services including [808 CMR 1.00 Compliance, Reporting and Auditing for Human and Social Services](https://www.mass.gov/regulations/808-CMR-100-compliance-reporting-and-auditing-for-human-and-social-services). To familiarize themselves with the State financial reporting requirements, new providers should also visit the OSD web site [File My Uniform Financial Report (UFR)](https://ufr.osd.state.ma.us/)

Technical assistance is available from the DDS Provider Qualification staff to help minimize the misunderstandings and managerial complications that occasionally arise while new providers learn the intricacies of governmental human services contracting. For example, organizations that previously engaged CPA firms for routine financial audits under the provisions of the AICPA Audit and Accounting Guide for Not For-Profit Organizations (ANPO) may find that their audits will also be required to be conducted in accordance with Generally Accepted Governmental Auditing Standards (GAGAS, a.k.a. GAS) if the procurement exceeds exemption/exception thresholds established by OSD. Potential new providers can forward questions to: [ddsposprocurement@mass.gov](mailto:ddsposprocurement@mass.gov)

While completion of the provider qualification process by new providers is required in conjunction with the RFR response submission, it is a distinct process and DDS staff are available to provide any necessary one-on-one qualification technical assistance to new bidders. If these instructions fail to answer all your questions, please do not hesitate to contact the Department.

# CONTRACTING QUALIFICATION FORM INSTRUCTIONS

*The following instructions have been structured to be read on a step-by-step basis while completing the PDF Contracting Qualification Form. If necessary, please feel free to contact the Department for assistance.*

## SCOPE OF SUBMISSION

EOHHS purchasing agencies utilize a contracting qualification process that groups the evaluation of commonly controlled, affiliated or related organizations under a single consolidated review using a series of contracting codes for tracking purposes. Financial statement and other submissions must encompass all affiliated/commonly controlled organizations and all related party and significant contracted management or direct service arrangements, regardless of whether or not the other organizations directly provide contracted human services to the Commonwealth. (Certain exceptions to this rule have been established for “YM/WCA” organizations and similar entities that are essentially independent of national umbrella organizations for financial, administrative and governance purposes.) If you have any questions about this requirement, please contact your PPA. **If the potential new provider is in any way associated with an existing organization holding human service contracts with any EOHHS agency, please complete the Supplement to the Contracting Qualification Form for each affiliated organization, since it may be necessary to consolidate qualification reviews, adjust PPA assignments or execute revised documents for the Office of the State Comptroller rather than conduct the usual freestanding qualification process for a new provider.**

**RESPONDING TO (RFR) #**

The RFR response must be completed along with the information and documentation for this form in order to be eligible to contract with an EOHHS agency. After completing the RFR, enter the RFR # in the space provided.

**ISSUED BY EOHHS AGENCY: Enter the Department of Development Services (DDS)**

## I. INFORMATION FOR PRIMARY ORGANIZATION

**Primary Organization Name**: Enter the name of the primary organization using the legal name. Do not enter the DBA name. .

**FEIN/TIN:** Federal Employer Identification Number – a.k.a. “Tax Identification Number”.

*\*\*Where the primary organization is a “non-contracting parent” entity (e.g., a corporation whose child/affiliate organization will be the actual contractor), please check off the appropriate box\*\**

**Organization Type**: Select the applicable category from Non-profit or For-profit

**Organization Type - Secondary**: Select the applicable category **Corporation, LLC, Partnership, Sole Proprietorship, or Other. If you choose Other, please provide a description of your organization type.**

**Organization’s Information**: Please complete all fields:

* Chief Financial Officer (First and Last Name)
* Street Address (Number/Street, City, State, Zip)
* Contact Person (First and Last Name) ***\*\*Type “SAME” if the contact person is the Chief Financial Officer***
* Contact Title ***\*\*Type “SAME” if the contact person is the Chief Financial Officer***
* Contact Telephone #
* Contact Email Address

## II. SUBMISSION MATERIALS

1. 1. Required Documentation **Required Documentation – Submit All**

This section of documents is required for submission. The information provides proof of your established business. In addition, the documentation is required in order to set up your business as a vendor in the Commonwealth’s accounting system.

1. **Required Documentation**

The purpose of this section is to check off and submit proof of filing with Massachusetts Secretary of State and ability to meet financial obligations of the Commonwealth. The documentation submitted will demonstrate if your business is legally able to conduct business in Massachusetts.

**Has your organization been in business for 12 months or more?**

* Check off Yes or No
* If Yes, submit Tier 1 documentation
* If No, submit Tier 2 documentation

**Tier 1:**

Submit copy of most recently completed financial statements and the fiscal year end date.

**Tier 2:**

Submit a Form PC-Mass Office of Attorney General/Division of Public Charities (non-profit agencies only) and a Line of Credit in the Name of the Organization, or,

Financial and Assets for the last 3 months, e.g., bank statements, P&L statements, assets reports, etc.

The level of documentation submitted will impact a provider’s prequalification status. DDS requires an unconditional prequalification status for a new provider to be considered to provide services such as Adult Long Term Residential and Shared Living.

If your business is required to submit Audited Financial Statements, note that if the procurement exceeds exemption/exception thresholds established by the OSD, an audit is required to be conducted in accordance with Generally Accepted Governmental Auditing Standards (GAGAS, a.k.a. GAS), Please refer to the OSD UFR Audit and Preparation Manual [Information and Resources on the Uniform Financial Reports | Mass.gov](https://www.mass.gov/service-details/information-and-resources-on-the-uniform-financial-reports)

**Explanation of Documents Required at Submission**

## a) Federal Employer Identification Number (FEIN) Documentation / W-9

Please enclose documentation of the organization’s FEIN (e.g., IRS notification letter) along with the **W-9** Form (obtainable from your PPA or with COMMBUYS posting) if it has not already been included in the RFR submission. This documentation is required for vendor file set-up purposes. Depending on the circumstances, the PPA may also require the submission of additional forms required by the Office of the State Comptroller (OSC, a.k.a. "CTR") such as signature authorization forms or electronic funds transfer forms.

## b) Articles of Organization/Corporate Bylaws

Please submit copies of these documents. The services and activities of the provider must be within the scope allowed by governance documents. Where organizational activities are governed by additional legal restrictions such as those set forth in affiliation or pending merger agreements, those documents must be submitted as well.

## c) Board/Principals Information

Submit a copy of the most recent Secretary of State, Corporations Division, Annual Report. Note that, unless exempt (e.g., religious organizations and Special Education Chapter 766 schools), annual reports must be filed with the Secretary of State by November 1st of each year for non-profits and within two and a half months of the fiscal year end for for-profits and out-of-state "foreign corporations" doing business in the Commonwealth. **Failure to file as required can result in involuntary suspension by the Secretary of State of the organization's charter to do business in the Commonwealth.**

*New providers should also familiarize themselves with the governance standards appearing in the Terms & Conditions for Human and Social Services (TCHSS) referenced on the Standard Contract Form.* If your organization is exempt from the Secretary of State's reporting requirement, membership changes have occurred since the most recent annual report, or if other disclosures are required (e.g., if the board is temporarily out of compliance with the TCHSS independent governance provisions), please submit the information using an alternative format. Resumes are also required for principals (e.g., Chief Executive Officer and Chief Fiscal/Administrative Officer) of the organization (and, if applicable, any commonly controlled/affiliated entities). Note that this submission requirement is distinct from any requirements for staff resumes that may appear in the RFR.

## d) Organizational Chart

Potential new providers must submit an organizational chart displaying the overall structure of the organization. (The information must cover any commonly controlled/affiliate organization, related party, significant subcontract, management service and assignment relationships for all involved entities, not just those entities directly providing contracted services to the Commonwealth.) This requirement is distinct from any RFR requirements that may call for submission of programmatic organizational structure information as part of the RFR response.

## III. RELATED PARTY DISCLOSURE CERTIFICATION

OSD regulations (808 CMR 1.04(4)) and state law require prior notification to OSD and purchasing agencies of related party arrangements. *OSD Related Party regulations follow FASB 57 standards, which very broadly define “control” to include indirect control, and situations where inter-organizational transactions may be absent. The regulatory definition of "related parties" is substantially broader than the approach commonly used by organizations for IRS tax purposes and failure to comply with prior disclosure requirements may result in payment penalties or other action.* Guidance materials appear in the OSD/UFR package, which may be obtained, along with the regulations, from the OSD web site at [File My Uniform Financial Report (UFR)](https://www.mass.gov/file-my-uniform-financial-report-ufr). Contact the Department or OSD if clarification is needed. Annual qualification disclosure fulfills this requirement in most instances. However, if your organization plans to enter into new related party arrangements prior to the next qualification submission, prior notice must be given as required by law.

## IV. FEDERAL DISCLOSURE, TAX AND OTHER COMPLIANCE CERTIFICATION

The representative formally authorized by the Board of Directors to execute contracts with the Commonwealth must complete this certification by signing in the Authorized Signature field. If you have any question regarding the certification requirement, please contact the Department. Note that purchasing agencies are barred by statute from contracting with entities that are out of compliance with tax filing and payment requirements. If your organization falls out of compliance with tax filing and payment requirements while it is contracting with the Commonwealth, purchasing agencies may have no legal alternative to immediate contract termination.

The Federal Disclosure incorporated into the certification statement is a mandated federal prerequisite to RFR participation and contract award and must be completed before an RFR response can be accepted for federally funded procurements (refer to RFR/BID posted on COMMBUYS).

## SUPPLEMENT TO CONTRACTING QUALIFICATION FORM

This Form is used to record information for any child/affiliate POS contracting organizations (e.g., subsidiaries) included in the qualification review. See **Section I. Information for Primary Organization** for completion guidance.

*The authorized representative for each organization contracting with the Commonwealth must, under penalties of perjury, sign the certification line provided for that organizational Federal Employer Identification Number (FEIN) as required by the preceding instructions for sections III and IV. The PDF version has been formatted to display a signature field whenever an affiliated entity listing utilizes a new FEIN.*

**Forward the signed form(s), accompanied by all other additional submission requirements, to the DDS representative noted in the RFR/BID posted on COMMBUYS.**

# OTHER INFORMATION

## PPA Review and Assignment of Status for New Providers

The Department’s qualification staff will review the submission for financial condition, audit and other risk factor issues and assign one of the following statuses:

**Limited Qualification**: The organization, including affiliates has provided limited information. The limited status may impact a new provider’s ability to be considered to provide specific services. See RFR for more information;

**Unconditional Qualification**: The organization is in satisfactory financial condition and no audit or other restrictions apply;

**Provisionally Qualified**: The organization is qualified for a period not to exceed three months. See Late/Incomplete Submissions;

**Rejected Qualification:** The organization has not met qualification requirements or materials submitted were fundamentally incomplete.

The Department will complete review and assignment of status if a complete package is received within two weeks. Once a status is determined, the Department representative will forward written notice of assigned status to the provider and the RFR evaluation team.

## Late/Incomplete Submissions

***Potential new providers that fail to submit all required information by the deadline established by the purchasing agency may be declared ineligible for a contract award, although contracting qualification submission deadline extensions may be made, at the sole discretion of the PPA, for good cause in exceptional situations.*** *If an organization is unable to meet the filing deadline and believes that exceptional circumstances warrant a brief extension (e.g., FEIN notification has not yet been received from the IRS for a newly incorporated organization or a Corrective Action Plan appears to be required, please contact the Department representative soon as possible.* Providers may be rejected if fail to meet minimum standards or fail to submit all required information before contracting decisions have to be made. In the alternative, where it has not been possible to complete the review due to failure by the provider to complete one or more submission requirements and the PPA has determined that the interests of the Commonwealth justify contracting with a new provider, the provider may be **Provisionally Qualified** for a period not to exceed three months, during which the provider must come into full compliance or contracts shall terminate at the end of the provisional qualification period.

**What happens if information changes after the provider has been qualified?**

A qualification status remains valid until the following year's qualification process is completed unless changes are warranted at an earlier date. Significant changes which are material to a provider's status must be reported at the time of change and may be considered by the PPA in determining whether a provider's status should be changed or whether an existing Corrective Action Plan should be modified. Examples that require reporting at the time of change rather than at the next scheduled contracting qualification cycle include, but are not limited to: UFR filings or re-filings with due dates other than November 15th, changes in debarment or tax and other compliance status, related party changes, merger or other corporate restructuring, significant change in financial position, or issuance of contract monitoring or audit findings (e.g., by the Office of the State Auditor) subsequent to the information relied upon in the most recent qualification determination.

**Prompt reporting of any merger or other corporate restructuring arrangements is required** both for the purpose of reassessing the qualification status of the changed entity and in order to ensure adherence with Commonwealth requirements for rebidding services and updating Terms and Conditions as well as other contracting documents.

**Subcontracting?**

If your organization will be engaged in subcontracting, as defined by 808 CMR 1.00, for EOHHS Human and Social Services, please contact the purchasing agency regarding audit and other requirements applicable to subcontracted services. Please note that the 808 CMR 1.00 definition excludes relief agency and other services that do not constitute an actual program of service.