



COA Contracting Standards Tip Sheet

The purpose of the Tip Sheet is to clarify the applicability of COA's contracting standards, as well as provide additional information about standards related to contracting. The issues that will be covered are 1) contracting practices, 2) contract monitoring, and 3) ethical practices.

Contracting Practices

Note: The contacting standards discussed in this Tip Sheet are not applicable to contracts with individual consultants and independent contractors. These are addressed in Human Resources (HR).

Standard	Topic	Applies To	Additional Information
RPM 9.01, 9.02, and 9.03	Standardized Contracting Practices	<p>All contracts entered into by the organization, with the exception of contracts for individual consultants and independent contractors.</p> <p>These include contracts for:</p> <ul style="list-style-type: none"> ▪ the purchase of social and human services by the organization; ▪ the provision of social and human by the organization to another organization; and ▪ support services such as maintenance or transportation services. 	<p>Contracts typically involve an exchange of money between the purchaser and vendor of services.</p> <p>In contrast, service agreements (MOUs) typically involve the sharing of information and/or services rather than an exchange of money between the organization and the service provider.</p>
FIN 7.04	Use of Competitive Bidding	<p>All contracts for the purchase of services with the exception of contracts for individual consultants and independent contractors.</p> <p>These include contracts for:</p> <ul style="list-style-type: none"> ▪ the purchase of social and human services by the organization; and ▪ support services such as maintenance or transportation services. 	<p>Competitive bidding may not be applicable in all circumstances, such as in a rural area where the number of providers is limited.</p> <p>The use of competitive bidding may be subject to legal or regulatory requirements.</p>
FIN 7.10	Safeguards Against Over- and Under-Billing	Contracts where the organization acts as a vendor of social and human services to another organization.	
RPM 9.04	Service Agreements / Memoranda of Understanding (MOUs)	Service agreements also known as Memoranda of Understanding (MOUs) are sometimes used when no money is exchanged between the organization and the service provider. Typically, the service provider is paid by another source such as third party payments or by contract with a governmental or other funder to provide a service to another agency.	<p>An example might a shelter that enters into an agreement with an outside agency that is funded by the state to provide housing counseling to residents in emergency shelters. The shelter does not pay for these services out of its budget, therefore it may not enter into a formal contract with the outside provider.</p> <p>See also RPM 2.01(m).</p>



Contract Monitoring

Contract monitoring includes contract oversight as well as risk management reviews of the organizations contracting practices.

Standard	Topic	Applies To	Additional Information
RPM 10 including 10.01, 10.02, 10.03, and 10.04	Quality Monitoring of Purchased Services	These standards apply to contracts for the purchase of social and human services from another organization.	
RPM 2.01(d)	Annual review of Risk	Applies to all contracts including contracts for: <ul style="list-style-type: none"> ▪ the purchase of social and human services by the organization; ▪ the provision of social and human by the organization to another organization; and ▪ support services such as maintenance or transportation services. 	
GOV 6.08	Governing Body Responsibilities	All contracts. Governing body responsibilities include evaluating risk to the organization related to its contracting practices.	The governing body may exercise its responsibilities through the risk review process outlined in RPM 2.01.
GOV 7	Oversight of Investments	The governing body establishes criteria for contracting with investment firms or advisors.	

Ethical Practices

COA's standards relevant to ethical practices in contracting are primarily found in ETH 2.

Standard	Topic
ETH 2	"The organization prevents the enrichment of insiders and other abuses through the adoption and enforcement of a conflict of interest policy consistent with state laws and regulations."
ETH 2.01 and 2.02	Organizations are expected to establish a conflict of interest policy and procedures that ensure that "contracts and business arrangements serve the organization's and service recipient's best interests, not private interests."
ETH 2.03	The organization's conflict of interest policy and procedures also direct anyone with a financial interest in its "assets, business transactions, leases, or professional services" to disclose such information, and to recuse themselves from "any discussion or vote taken with respect to such interests."

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