MEMORANDUM

Date: November 8, 2018

To: The Honorable Ally Miller
District 1, Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

Re: Response to Your October 30, 2018 Memorandum regarding Dorothy Kret and Associates, Inc., formerly known as DK Advocates, Inc., Contract with Pima County

Amongst and between extraneous narratives in your memorandum of October 30 are eight questions regarding the Dorothy Kret and Associates or DK Advocates (DKA), contract with Pima County. The questions and the answers to each are delineated below. The attached response letter from Ms. Dorothy Kret, President/CEO of Dorothy Kret and Associates, Inc. provides additional information regarding DKA and its contracts with Pima County.

1. *Who was responsible for reviewing invoice billings commensurate with services performed during the 12-month period July 2016 through June 2017?*

   The Community Services, Employment and Training Department (CSET).

2. *Why were Grants Monitoring staff instructed to delete Finding #3 from Monitor Letter #1 and submit a revised Monitor Letter #2 and Corrective Action Plan, knowing full well the removal of this deficiency gave the appearance the subrecipient was in compliance with contract performance outcomes?*

   Grants Monitoring staff, as a part of Grants Finance, was *not* responsible for programmatic monitoring of DKA. This was CSET's responsibility—and CSET had, and still has, a robust program monitoring system in place. Secondly, even though Grants Finance was *not* responsible for programmatic monitoring, they went ahead and wrote up a programmatic finding—i.e., Finding #3. Finding #3 was based on faulty analysis of the original contract (CT-16*442). This problematic analysis rested on the incorrect assumption that, since DKA "used none of the approved budget line item for transitional job wages and work experience for youth," outcomes related to transitional jobs and work experience for youth were not met. However, the outcomes written in Section 7 of Exhibit A to CT-16*442, were *not* tied to specific participant populations. CSET's approach was to give the subrecipient the flexibility to serve the participants who showed up and to address their individual needs. Once these needs were understood, services and billing against appropriate line items proceeded

accordingly. Therefore, if transitional job wages and work experience for youth line items were not spent down, it does *not* follow that DKA did not meet programmatic outcomes. It simply indicates that these outcomes were met by DKA for other target populations that did not include those needing subsidized transitional jobs (e.g., formerly incarcerated individuals) or youth.

Grants Finance removed the finding because DKA protested Finding #3. On July 19, 2017, Chris Zabramny, Chief Compliance Officer of DKA, responded to Ms. Hutzler's exit letter by taking up each of the desk review's findings, observations and recommendations. Regarding Finding #3, Mr. Zabramny wrote:

> "We disagree with this finding, as it refers to an unused portion of funds that were included in the DKA budget for training activities. This portion of the budget had no assigned program outcomes and was not a part of the contract Scope of Work."

In a letter dated July 25, 2017, Ms. Hutzler wrote, "We will remove Finding #3 and mark the Action Plan as fully corrected."

Finding #3 was removed because the finding itself was incorrect.

3. *Who in Pima County was responsible for ensuring DK Advocates was performing during the 12-month billing period to meet the performance metrics?*

   The Community Services, Employment and Training Department.

4. *If subrecipient DK Advocates was already deficient on performing the outcomes for the transitional job wages and work experience for youth, why was Contract CT-CS-16-442, Amendment #1, increased by $167,948?*

   Subrecpient DKA was not deficient on performing the outcomes for the transitional job wages and work experience for youth. (See response to Question #2, above.)

5. *If subrecipient DK Advocates was already deficient on performing the outcomes for the transitional job wages and work experience for youth (a much needed service in the community), why was Contract CT-CS-16-442, Amendment #2, increased by $170,853?*

   Subrecpient DKA was not deficient on performing the outcomes for the transitional job wages and work experience for youth. (See response to Question #2 above.)

6. *Given the information provided by the Arizona Corporation Commission referenced-above, is it a regular practice of Pima County procurement to re-assign contracts from one corporation to another when the two corporates are reported as separate and distinct entities whose only common trait is the President/CEO, in this case Dorothy Kret, who transited in this role from one corporation to another corporation*?

   An Assignment clause, which allows the County the right to provide written approval of such an assignment, is standard in Pima County Contracts for services.

   Thus, upon the request of Dorothy Kret (based on circumstances set forth in paragraph 7 below) and pursuant to Section 9.0 of the contract, the department found that DKA had the capacity to continue to perform the obligations of the contract and, therefore, sent the Assignment to the Board for final approval.

   It has been the standard practice of Procurement to require an amendment to the contract when the performance obligations of the contractor are assigned to a different entity. Procurement also instructed the department to assign a new contract number, required because of a new contractor. All services will continue to be provided pursuant to the initial response to the RFP and the contract (which may be renewed through 2021).

7. *CT-CS-19-113, Amendment #3 lists the Awardee as DK Advocates with an effective execution date of 9/12/18 by Dorothy E. Kret, CEO. However, as noted above, Dorothy Kret was not the CEO of DK Advocates on September 12, 2018. Therefore, should not CEO Mei Lin Ford be the required signatory for Contract CT-CS-19-113?*

   The Assignment of Agreement incorrectly indicates that DKA was sold to Dorothy Kret and Associates, Inc. (See Recitals in the Assignment.) It was sold to Mei Lin Ford, effective September 1, 2018. An amended Assignment of Agreement can and will be signed by the Procurement Director.

8. *Is this not more evidence as to why the DK Advocate contract CT-CS-16-442 and Amendments #1 and #2d should terminate, and a new procurement process and contract be initiated for CTG-19-113?*

   No.

The numerous questions asked at multiple meetings, and in various memorandums, illustrate the complexity and competitiveness of grants applications and highlight the fact that significant and sophisticated oversight is necessary. It is for this reason the Grants Management and Innovation Department was created to respond to the increasing need for

strategic approaches to not only the grants lifecycle, but also financial and data management and integration.

Attachment

CHH/mp

c: The Honorable Chairman and Members, Pima County Board of Supervisors
Jan Lesher, Chief Deputy County Administrator
Arnold Palacios, Director, Community Services, Employment and Training Department
Regina Kelly, Director, Grants Management and Innovation Department
Dorothy Kret, President/CEO Dorothy Kret and Associates, Inc.

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realizing the power of potential

Mr. Chuck Huckelberry, Pima County Administrator
Ms. Jan Lesher, Chief Deputy County Administrator
130 W. Congress, 10th Floor
Tucson, AZ 85701

November 8, 2018

Dear Mr. Huckelberry and Ms. Lesher,

Thank you for the opportunity to provide additional information regarding my company and our contracts with Pima County's Community Services, Employment and Training department (CSET) in response to Supervisor Ally Miller's October 30, 2018 Memorandum regarding Dorothy Kret and Associates, Inc. f.k.a. DK Advocates, Inc. Contract with Pima County.

Our mission statement is 'We help people become employable and employed'. This has been our mission – and our passion – since Dorothy Kret and Associates, Inc. was incorporated in 1985 and since DK Advocates was formed in 2007. To that end, we provide myriad vocational and training related services to people with disabilities and other barriers to employment and have multiple contracts with the State of Arizona, the behavioral health system and other entities in addition to those with Pima County.

Concern has been raised about the allocation in our budget for the 'transitional job wages and work experience for youth' that was not used. On August 1, 2016, (subsequent to that contract award) we earned our certification from AHCCCS as an LOPC (Licensed Out-Patient Clinic) for the behavioral health system. Due to the inherent rules and regulations involved, this licensure meant that we were no longer able to work with juveniles and, therefore, were unable to move forward with the CSET youth program. Please note that our other contracts with CSET were for adult services and were not affected by this (hence the allocations for Amendments #1 and 2). Also noteworthy is that, although the line item appeared in our contract, we neither billed for nor received any payment from those funds, which were then redistributed through the youth services system of CSET.

Questions have also arisen regarding the sale of DK Advocates to Mei Lin Ford. For the life of my businesses we have had operations and offices in Maricopa County, and for the past five years these were managed by Ms. Ford. Effective September 1, 2018, she bought the Phoenix division and is the new CEO and President of DK Advocates, Inc. (which now operates only in Maricopa County.) Programs, contracts and services in Tucson and Pima County are identical to what they were prior to the

sale, except that we are now known as Dorothy Kret and Associates, inc., under which we operated from 1985 until 2007. Neither DK Advocates nor Mei Lin Ford will be doing business in Pima County nor with Pima County going forward.

I hope that this information clears up and answers the questions and concerns raised by Supervisor Miller. Please advise if there is anything further you need. Thank you for the opportunity to clarify these issues.

Sincerely,

Dorothy Kret, MRA, CDMS, CCM
President/CEO
Dorothy Kret and Associates, Inc.

Cc: Arnold Palacios, Director, Community Services, Employment and Training
Regina Kelly, Director, Grants Management and Innovation Department