COMPLIANCE GUIDELINES FOR CONTRACTORS
The goal of the Los Angeles County Children and Families First – Proposition 10 Commission (aka First 5 LA) is to assist its Contractors and Strategic Partners (hereafter referred to as “Contractors”) in successfully achieving and sustaining identified outcomes for children, families, and communities in Los Angeles County. As the steward for public funds, First 5 LA is also responsible for ensuring that the Contractors and Sub Contractors listed in the Budget are in compliance with applicable regulations, policies, and contractual requirements.

Compliance is defined as the ability of a Contractor to operate a program/project in accordance with all provisions of the Contract including the submission of all exhibits (e.g., Statement of Work, Scope of Work, Budget and other required documents).

The purpose of the Compliance Guidelines is to assist First 5 LA in proactively identifying issues that may impede or delay the progress of a program, project, or other deliverables. During the course of the funding year, a situation may arise as a result of contractual operation of a program / project in which there are issues regarding the Contractor’s operation of a program/project including evaluation. that may only reflect the need to have a question answered or may be serious enough to reflect an Area of Concern. The situation may require verbal clarification or deemed an Area of Concern due to the nature of issue, and thereby necessitate further scrutiny. These issue(s) will be communicated to the Contractor and addressed by both First 5 LA staff and the Contractor in a constructive and collaborative manner. Both the Commission and the Contractor have a responsibility to follow through in a timely manner to address problematic issues before they warrant further action such as, but not limited to, suspension or termination of funding.

One of the Roles of Contracts Compliance Officers (CCO’s) will be to work in collaboration with Program Officers and Research Analysts to collect documentation related to Contractor Compliance. These Guidelines outline polices and procedures that may be used to identify and address Contractor compliance issues. CCO’s will work collaboratively with departments to alleviate compliance issues with Contractors related to First 5 LA’s policies, procedures as well as program and contractual requirements.

**METHODS USED TO ASSESS CONTRACTOR PERFORMANCE**

First 5 LA staff may use any of the following methods discussed below to monitor a Contractor’s performance. CCO’s will work in collaboration with Program Officers and Research Analysts to collect documentation related to Contractor Compliance. Program Officers and Research Analysts will ultimately be responsible for ensuring that tasks and program deliverables are being met in a timely manner. This can be accomplished through the following methods.

**TIMELY RECEIPT AND REVIEW OF DELIVERABLES:**

Scopes of Work for Contractors often list the submission of products or the provision of services within a specific timeframe. The review of products or documentation of services rendered allows First 5 LA staff to determine the degree to which a Contractor has
achieved the activities detailed in their Scope of Work, and is an opportune way to determine if the quality or quantity of work products or services were provided in the proposed manner.

**PROGRESS REPORTS:**

Contractors are required to submit progress reports. Reporting timeframes will vary. Reporting may be monthly, quarterly or on a semi-annual basis, as directed by First 5 LA. Progress reports summarize the progress of program or project implementation and other deliverables. Additionally, reports should describe how measurable goals and objectives have been accomplished during the program/project year in accordance with the Scope of Work agreed to in the Contract.

**MEETINGS AND CONFERENCE CALLS**

Meetings and conference calls are often conducted to update First 5 LA staff on a Contractor’s progress or to discuss a particular issue, product or evaluation results. Some meetings may require your presence at the First 5 LA offices.

**DOCUMENT REVIEW:**

Document review is utilized by First 5 LA staff to analyze a Contractor’s performance and compliance with First 5 LA requirements. The following documents are subject to review:

- Progress Reports
- Invoices
- Evaluation Plans

**ON-SITE VISITS:**

Site visits are most often used with Grantees though can also be utilized as a monitoring tool with Contractors. Site visits can be helpful in assessing if the project or program has been implemented in accordance with the Contract and its incorporated exhibits (e.g., Statement of Work and Scope of Work). During the site visits, staff may: 1) review and discuss implementation of program/project activities; 2) interview program staff and participants; 3) review supporting documentation regarding program/project functions (e.g., data collection methods, and documentation of program activities); and 4) review applicable supporting documents to ensure compliance with local state and federal laws pertinent to the program/project (e.g., HIPAA compliance, IRB Compliance and Human Subjects Compliance etc.).

**INSURANCES:**

Contractors are required to provide and maintain insurance at their own expense during the entire contract term. The insurance coverage must meet First 5 LA’s minimum coverage standards. Contractors are required to furnish First 5 LA with updated proof of minimum coverage. Insurance shall be endorsed naming the *Los Angeles County*
Insurance coverage includes the following:
- General Liability (Add Commission as Additional Insured)
- Business Auto Liability (Add Commission as Loss Payee, as interest may appear)
- Worker’s Compensation
- Crime Coverage
- Professional Liability (Add Commission as Additional Insured)
- Property Insurance (Add Commission as Loss Payee, as interest may appear)

ADDITIONAL REQUIRED DOCUMENTS:

In order to maintain a Contract, Contractors are required to submit the following required documents to First 5 LA:
- Agency Involvement in Litigation and/or Contract Compliance Difficulties (signed by authorized signatory)
- Child Care Center License (if applicable)
- By Laws (if applicable)
- Articles of Incorporation (if applicable)
- List of Current Board of Directors
- Signature Authorization Form
- IRS Account Determination Letter (submitted by all charitable non-profit organizations) or State/Federal Identification Number (submitted by schools districts, public entities, universities, etc.)
- Form RRF-1 Filed with Attorney General’s Registry of Charitable Trusts (for all charitable non-profit corporations)
- Form 990 Annual Information Return Filed with IRS (for the prior year)
- Independent Agency-wide Financial Audit for the prior year with the report of independent auditors, including single source audits (if applicable)
- Memorandum of Understanding (required for all collaborative partners, subcontractors, and/or contracted services listed in the Budget under “Contracted Services” and “Evaluation”)

LEVELS OF NON-COMPLIANCE

Non-compliance is defined as: 1) failure of a Contractor to comply with the terms of their Contract; 2) failure to effectively implement and manage the First 5 LA-funded program/project or failure to submit a deliverable as described in the Scope of Work; and/or 3) failure to comply with First 5 LA policies and procedures.

The following two-level criteria has been developed to provide a uniform approach to monitoring Contractors for regulatory compliance, tracking deliverables and program/project performance. These criteria are not intended to be an all-inclusive guide. First 5 LA staff has the responsibility for placement and removal of Contractors within Level 1: Area of Concern or Level 2: Contingency Status.
First 5 LA has identified the situations noted in Level 1: Area of Concern and Level 2: Contingency Status as conditions that may warrant First 5 LA to impose sanctions if a Contractor fails to follow corrective actions within a specified timeline.

LEVEL 1: AREA OF CONCERN STATUS

The conditions listed below are early warnings that help First 5 LA staff to identify potential issues which may affect the Contractor’s ability to render effective services or meet requirements for deliverables. These conditions may indicate the need for technical assistance or may warrant the development of a Corrective Action Plan. Contractors may be placed on a Level 1: Area of Concern as a result of, but not limited to, any of the following conditions:

- Making programmatic, deliverable, or fiscal modifications to the approved budget and/or Scope of Work (e.g., eliminating significant components of the funded program/project/deliverable, adding or eliminating key staff positions that are critical to the program/project) without submitting proper documentation and without prior written approval from First 5 LA staff
- Failure to comply with First 5 LA’s fiscal requirements as stated in the Contract (e.g., substandard/inadequate accounting procedures)
- Failure to submit required documents (e.g., reports, invoices, insurance certificates, etc.) in a timely manner (30 days after the due date)
- Expenditure of First 5 LA funds to supplant funds from other sources
- Failure to demonstrate progress toward program/project objectives or deliverables without justification (e.g., not meeting deadlines or not submitting deliverables on time, not notifying First 5 LA of delays)
- Delay in implementing the funded program/project or submitting a deliverable beyond 30 days
- Delay in initiation/completion of renovation and/or capital improvement resulting in a postponement in implementing program services
- Delay in the implementation of key evaluation activities/components (e.g., hiring an evaluator and collection and submission of participant and outcome data, etc.)
- Non-disclosure of information and/or situations (e.g., structural, financial, etc.) which may impact the program/project/deliverable
- Evidence of conflict of interest which may jeopardize the implementation and/or the funding of the program/project/deliverable

A Contractor’s refusal to comply with Level 1: Area of Concern corrective action(s) may lead to placement on Level 2: Contingency and subsequently impact current and future funding considerations with First 5 LA.

LEVEL 2: CONTINGENCY STATUS

A Contractor may be placed on Level 2: Contingency if First 5 LA determines that the Contractor has failed to correct unresolved issues from Level 1: Area of Concern. It is
important to note that some situations may warrant a Contractor being placed on Level 2: Contingency without first being placed on Level 1: Area of Concern. Conditions that may result in placement of a Contractor on Contingency include, but are not limited to, the following:

- Failure to comply with Corrective Actions Plan from Level 1: Area of Concern
- Placement on Level 1: Area of Concern more than twice within the year
- Continued failure to submit required documents (e.g., progress reports, invoices, etc.) in a timely manner
- Making changes to the approved Scope of Work or budget (e.g., eliminating critical components of the funded program/project/deliverable) without justification and written approval from First 5 LA
- Non-compliance with First 5 LA’s accounting practices and standards
- Continued delay in implementing the First 5 LA-funded program/project or submitting a deliverable (beyond 60 days)
- Continued failure to demonstrate progress toward program/project objectives or deliverables (e.g., not meeting deadlines or not serving the projected number of clients)
- Personnel issues, including delay in hiring staff, staff turnover and/or vacancies that affect program/project implementation
- Delay in renovation and/or capital improvement resulting in a postponement in implementing the funded program/project
- Delay in implementing critical evaluation activities (e.g., hiring an evaluator, collection and submission of participant and outcome data, etc.)
- Non-disclosure of situations (structural or otherwise) which may impact the program/project/deliverable
- Non-compliance with applicable local, state, and federal laws and regulations
- The integrity, reliability and credibility of the Contractor’s representations, materials, or deliverables developed with First 5 LA funds is called into question
- Fabrication and/or falsification of documents
- Fraud, misuse and/or mismanagement of funds, including supplanting

First 5 LA staff may require Contractors to prepare a Corrective Action Plan that addresses issues that do not comply with the provisions of First 5 LA’s Contract and program/project/deliverable requirements.

PROCEDURES

During the operation of the program/project, an issue may arise that requires further action. Depending on the severity of the issue, First 5 LA staff will provide the Contractor with an informal notice or formal written report regarding the identified issue(s). The Contractor may simply address the issue(s) identified or may be required to develop a formal Corrective Action Plan in partnership with Commission staff. First 5 LA staff and the Contractor will discuss the specific issues and possible corrective measures. First 5 LA staff may track progress using a variety of methods, including reports, meetings, or site visits as needed.
Technical assistance can be provided when appropriate, but a written “Corrective Action Plan” may be required when the deficiency/issue reaches a level of non-compliance. A Corrective Action Plan provides specific actions to be taken to correct the problem and includes a specific time frame for each corrective action. Sanctions may also be imposed if the Contractor continues to be out of compliance with their Contract.

If Contractor continues to be out of compliance, the Department Director, Director of GMLC and the Executive Director (if necessary) may take action with a letter requesting a meeting of the agency with the First 5 LA staff. This meeting may address one or more of the following:

- Unresolved issues
- Development of a Corrective Action Plan
- Request for additional information
- Possible sanctions
SANCTIONS

First 5 LA has the authority to impose sanctions for a Contractor’s failure to meet conditions specified in the Contract. Sanctions can include, but are not limited to, the following:

- Withholding of payment and/or prohibiting Contractor from incurring additional expenses until corrective actions are taken
- Disallowing or reducing allowed expenses for activities that are not in alignment with the Contract
- Denial of request for roll-over of unspent funds
- Non-renewal of the Contract
- Suspension or termination of Contract
- Debarment from future funding by First 5 LA for a specified period of time starting from the effective date of termination
- Recovery of funds

These sanctions may influence future funding consideration. First 5 LA has the authority to defund, refuse to re-fund a Contractor and/or decrease a grant/contract award for failure to perform or meet compliance requirements. First 5 LA also has the right to terminate or suspend a Contractor, without an opportunity for corrective actions, for actions and behavior by a Contractor that put at risk the integrity of the program/project, including but not limited to client, child and staff endangerment, inappropriate and reckless staff behavior, contract non-compliance and health code violations.

PROCEDURES:

If Contractor continues to be out of compliance, the Department Director along with the Director of GMLC and the Executive Director if necessary may take action with a letter requesting a meeting of the agency with the First 5 LA staff. This meeting may address one or more of the following:

- Unresolved issues
- Progress on Corrective Action Plan
- Request for additional information
- Possible sanctions