COMPLIANCE GUIDELINES

FIRST 5 LA
Champions For Our Children
Los Angeles County Children and Families First – Proposition 10 Commission

COMPLIANCE GUIDELINES

Commission’s goal is to assist its Contractors, Strategic Partners and Grantees (collectively referred to as “Contractor”), in successfully achieving and sustaining identified outcomes for children, families, and communities in Los Angeles County. As a steward of public funds, Commission is also responsible for ensuring that Contractor complies with applicable regulations, policies and contractual requirements. Contractor shall adhere to requirements listed in the Grant Agreement or Contract (collectively referred to as “Contract”), whichever is applicable.

The purpose of the Compliance Guidelines is to provide an overview of Commission’s expectations regarding contract compliance, as well as the steps that Commission will take to prevent or address non-compliance. By providing these guidelines and expectations, Commission hopes to proactively identify issues that may impede or delay the progress of a program, project or other deliverables.

For purposes of these Compliance Guidelines, “contract compliance” shall mean being in accordance with all of the terms and conditions of the Contract. Further, unless the context clearly requires otherwise, (a) the words “shall” or “will” are mandatory, and “may” is permissive; (b) “or” is not exclusive; and (c) “includes” and “including” are not limiting.

I. METHODS USED TO ASSESS CONTRACTOR’S COMPLIANCE

Commission staff may use any, all or a combination of the following methods to monitor contract compliance:

A. Timely Submission of Required Documents

Contractor shall submit required documents, as requested by Commission, in a timely manner. Contractor shall provide revised or updated documents as needed throughout the course of the Contract period, some of which may require Commission’s approval.

B. Timely Submission of Completed Products and Deliverables and Provision of Services

The Contract’s Performance Matrix or Scope of Work often requires the submission of products or deliverables or the provision of services within a specified timeline. Contractor shall adhere to the timelines as outlined in the Performance Matrix/Scope of Work. If Contractor is unable to submit deliverables or products, or provide services, within the timelines set forth in the Performance Matrix/Scope of Work, Contractor shall immediately provide Commission staff with written notification of such delay. Upon receipt of Contractor’s notification of delay, Commission staff will determine the extent to which Contractor has achieved the program or project detailed in the Performance Matrix/Scope of Work and review the quality and quantity of products and deliverables submitted or services provided.

C. Meetings and Conference Calls

Commission staff may require meetings and conference calls with Contractor in order to monitor Contractor’s progress in implementing Contractor’s program or project in accordance with the Performance Matrix/Scope of Work or discuss a particular issue, product, deliverable, service or evaluation. Commission staff may require in person meetings with Contractor at Commission’s office.

D. Site visits
Los Angeles County Children and Families First – Proposition 10 Commission

COMPLIANCE GUIDELINES

Commission staff may conduct site visits in order to monitor Contractor’s progress in implementing Contractor’s program or project and assess the degree to which a project or program is being implemented in accordance with the Contract and its incorporated exhibits (e.g., Performance Matrix, Statement of Work, Scope of Work). During a site visit, staff may: (1) review and discuss Contractor’s implementation of program or project activities; (2) interview program or project staff and participants; (3) review supporting documentation regarding program or project functions (e.g., data collection methods, documentation of program activities); (4) review financial documents related to the Contract; and (5) review applicable supporting documents to ensure compliance with local, state and federal laws applicable to the program or project (e.g., HIPAA compliance, IRB Compliance, Human Subjects Compliance).

E. Document Review

1. Contract Exhibits and Required Documents

Contract documents shall be subject to review by Commission staff, including the following:

- **Progress Reports**: Some contracts require contractors to submit progress reports. Reporting timeframes vary. Contracts may require the submission of reports on a monthly, quarterly or semi-annual basis, as directed by Commission. Progress reports shall summarize Contractor’s progress in the implementation of a program or project, or the submission of deliverables. Additionally, reports shall describe how measurable goals and objectives have been accomplished during the program or project year in accordance with the Contract’s Performance Matrix/Scope of Work. If required under a Contract, Contractor shall submit progress reports to Commission on the due dates set forth in the Performance Matrix/Scope of Work.

- **Invoices**: Contractor shall submit invoices to Commission no later than the last business day of each month, unless otherwise provided in the Contract or approved in writing by Commission.

- **Memorandums of Understanding (MOU)**: Contractor shall enter into MOUs with all collaborative partners and subcontractors that receive funding for the program or project implemented under the Contract. Contractor shall submit MOUs to Commission in accordance with the Contract’s requirements.

- **Insurances**: Contractor shall provide proof of insurance to Commission and maintain insurance at their own expense during the Contract term. Contractor’s insurance coverage shall meet the minimum coverage standards required under the Contract.

Contractors shall submit the following required documents to Commission for review by Commission staff prior to the Contract’s effective date:

- Documents Describing Involvement in Litigation or Contract Compliance Difficulties (signed by authorized signatory)
- Child Care Center License (if applicable)
Los Angeles County Children and Families First – Proposition 10 Commission

COMPLIANCE GUIDELINES

- By Laws (if applicable)
- Articles of Incorporation (if applicable)
- List of Current Board of Directors (if applicable)
- Signature Authorization Form
- IRS Account Determination Letter (submitted by all charitable non-profit organizations)
- State and Federal Identification Numbers (submitted by schools districts, public entities, universities, etc.)
- Independent Agency-wide Financial Audit for the prior year with the report of independent auditors, including single source audits (if applicable)
- W-9
- Business License (if applicable)

2. Written Deliverables

If applicable, Contractor shall submit other written deliverables (e.g., reports, memos, surveys) in accordance with the Contract’s Performance Matrix/Scope of Work, which deliverables will be reviewed and approved by Commission staff, or, in some cases, a Quality Assurance review conducted by Commission, as specified in the Contract.

Unless Contractor obtains prior approval from Commission staff to delay the submission of a deliverable, Contractor’s significant delay in submitting a deliverable (beyond 30 calendar days) is grounds for non-compliance.

Based upon Commission staff’s findings from any, all or a combination of the contract compliance monitoring methods above, Commission may:

- Propose a modification to the Contract’s Performance Matrix/Scope of Work for agreement by both parties;
- Place Contractor in non-compliant status; or
- Terminate the Contract.

II. CONTRACTOR’S PLACEMENT IN NON-COMPLIANT STATUS

Commission shall deem Contractor non-compliant due to any of the following: 1) Contractor’s failure to comply with the Contract’s terms and provisions; or 2) Contractor’s failure to effectively implement and manage the Commission-funded program or project or failure to submit a product or deliverable or provide a service, as described in the Contract’s Performance Matrix/Scope of Work.

There are two levels of non-compliant status: Level 1: Area of Concern Status and Level 2: Contingency Status. Typically, if Contractor is deemed non-compliant for the first time during the Contract term, Contractor will be placed in Level 1 non-compliant status. If, however, Contractor’s first instance of non-compliance is particularly egregious, Contractor may be placed in Level 2 non-compliant status or
Los Angeles County Children and Families First – Proposition 10 Commission

COMPLIANCE GUIDELINES

Commission may terminate the Contract. Further, if Contractor does not comply with corrective action plans when deemed Level 1 non-compliant, Contractor may be placed in Level 2 non-compliant status. Contractor’s placement in either Level 1 or Level 2 non-compliant status may impact Commission’s current and future funding considerations with Contractor.

Commission staff is responsible for Contractor’s placement in and removal from non-compliant status in accordance with these Compliance Guidelines. Commission staff will inform Contractor in writing of Contractor’s placement on non-compliant status, Contractor’s level of non-compliance and the reasons for staff’s determination of non-compliance. Commission staff and Contractor shall timely address Contractor’s non-compliance in a constructive and collaborative manner to avoid further Commission action as set forth in Section IV of these Compliance Guidelines.

A. Level 1: Area of Concern Status

Commission staff may place Contractor in Level 1 non-compliant status as a result of, but not limited to, any of the following:

- Contractor makes modifications to the approved budget or Performance Matrix/Scope of Work without submitting a request for Performance Matrix/Scope of Work or Budget Modification and without prior written approval from Commission staff (e.g., eliminating significant components of the funded program, project or deliverable, adding or eliminating key staff positions that are critical to the program or project).
- Contractor, without adequate justification, fails to demonstrate adequate progress in the implementation of the program or project objectives or submission of deliverables (e.g., not meeting deadlines, not submitting deliverables on time, not notifying Commission of delays).
- Contractor fails to comply with Commission’s fiscal requirements as stated in the Contract (e.g., substandard or inadequate accounting procedures).
- Contractor fails to submit required documents within the timelines specified in the Contract:
  o Contract Exhibits
  o Contract Required Documents
  o Deliverables
  o Invoices (see also Section III.A).
- Contractor, without adequate justification, fails to implement key evaluation activities or components (e.g., hiring an evaluator, collection and submission of participant and outcome data).
- Contractor fails to disclose information or situations (e.g., entity structure changes, entity financial changes) that may impact the implementation of the program or project or the submission of deliverables. Notwithstanding the preceding sentence, Contractor’s failure to disclose conflict of interest information may cause Contractor to be placed in Level 2 non-compliant status.
Los Angeles County Children and Families First – Proposition 10 Commission

COMPLIANCE GUIDELINES

Commission staff may place Contractor in *Level 2* non-compliant status as a result of Contractor’s actions or inactions listed above depending on the severity or the frequency of Contractor’s non-compliance.

B. **Level 2: Contingency Status**

Commission staff may place Contractor in *Level 2* non-compliant status if Contractor fails to correct Contractor’s *Level 1* non-compliant status. Commission staff may place Contractor in *Level 2* non-compliant status as a result of, but not limited to, the following:

- Contractor fails to disclose a conflict of interest that may jeopardize the implementation or funding of the program or project or submission of deliverables.
- Contractor, while deemed *Level 1* non-complaint, fails to timely complete Corrective Action Plans.
- Contractor, while deemed *Level 1* non-complaint for failure to submit timely invoices, continues to submit late invoice(s).
- Contractor is deemed *Level 1* non-compliant more than twice within twelve (12) months.
- Contractor, while deemed *Level 1* non-compliant, fails to submit a timely invoice in accordance with the Contract.
- Contractor fabricates or falsifies documents.
- Contractor fails to comply with applicable local, state and federal laws or regulations.
- Contractor misuses or mismanages funds.
- Contractor uses Commission funds to supplant funds from other sources.

III. **PROCEDURES FOR NON-COMPLIANCE**

Commission staff will inform Contractor in writing of Contractor’s placement on non-compliant status, Contractor’s level of non-compliance and the reasons for staff’s determination of non-compliance.

Commission staff may request a meeting with Contractor to address one or more of the following:

- Contractor’s non-compliance.
- Unresolved issues.
- Development of a Corrective Action Plan.
- Commission staff’s request for additional information.
- Possible sanctions (see Section IV).

Contractor shall develop a written Corrective Action Plan, subject to Commission staff’s review and approval. Commission staff may provide technical assistance in the development of a Correction Action Plan when appropriate as deemed by Commission staff. Corrective Action Plans shall specify actions to be taken by Contractor to correct Contractor’s non-compliance and include deadlines for completion of
COMPLIANCE GUIDELINES

each corrective action. Commission staff may track Contractor’s progress on completing each corrective action by using a variety of methods, including reports, meetings or site visits, as needed.

If Contractor continues to be non-compliant, the Senior Program Officer, Department Director, Division Chief or the Chief Executive Officer may request a meeting with Contractor and Commission staff to address one or more of the following:

• Unresolved issues.
• Development of a Corrective Action Plan.
• Request for additional information.
• Possible sanctions (see Section IV).

A. Procedures for Invoice Non-Compliance

Contractor shall submit invoices within the timeframe set forth in the Contract. If Contractor fails to submit invoices within the timeframe set forth in the Contract, Commission staff may place Contractor in Level 1 or Level 2 non-compliant status in accordance with Section II of these Compliance Guidelines. If Contractor, while deemed Level 1 non-compliant for failure to submit timely invoices, continues to submit late invoices, Commission staff shall place Contractor in Level 2 non-compliant status in accordance with Section II of these Compliance Guidelines. Commission may impose a penalty on Contractor not to exceed five percent (5%) of each undisputed late invoice amount in accordance with the Contract or Section IV of these Compliance Guidelines.

Commission staff may remove Contractor from non-compliant status once Contractor submits invoices in a timely manner as required under the Contract for two (2) consecutive months.

If Contractor (i) is placed in non-compliant status more than twice within the term of the Contract or (ii) continues to submit late invoices to Commission, Commission may terminate the Contract.

IV. SANCTIONS

Commission may impose sanctions if Contractor is placed in either level of non-compliant status. Sanctions may include the following:

• Withholding of payment or suspending work until Contractor makes corrective actions.
• Disallowing or reducing allowed expenses or disallowing expenses for activities that are not in alignment with the Contract.
• Non-renewal of the Contract.
• Suspension or termination of Contract.
• Debarment from future funding by Commission for a specified period of time starting from the effective date of termination.
• Recovery of Contract funds.
A penalty not to exceed five percent (5%) of each late invoice amount (see Section III.A.).

Commission’s termination of the Contract may influence Commission’s future funding considerations for Contractor. Commission may defund or refuse to re-fund Contractor or decrease the Contract award for Contractor’s failure to perform or meet compliance requirements. Commission may terminate or suspend the Contract, without providing Contractor with an opportunity to make corrective actions, for Contractor’s actions or behavior that put the integrity of the program or project at risk, including, client, child and staff endangerment, inappropriate and reckless staff behavior, contract non-compliance, fraud or embezzlement, health code violations or any other significant legal or regulatory violation.