COMPLIANCE GUIDELINES

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

*Compliance* is defined as the ability of a Contractor to operate a program/project in accordance with all provisions of the Contract including the timely submission of all exhibits.

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. Depending on the nature of issue, First 5 LA may require verbal or written communication from the contractor for clarity or a corrective action plan to address the concern. 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.

**METHODS USED TO ASSESS PERFORMANCE**

First 5 LA staff may use any of the following methods discussed below to monitor a Contractor’s performance.

**TIMELY RECEIPT AND REVIEW OF DELIVERABLES:**

Contractors are expected to submit required documents as requested by First 5 LA in a timely manner. The Contractor must provide revised or updated documents as needed throughout the course of the contract period, some of which require Commission approval.

Scopes of Work for Contractors often list the submission of products, deliverables or the provision of services within a specific timeframe. First 5 LA staff will determine the degree to which a Contractor has achieved the activities detailed in their Scope of Work or Exhibit A, and review the quality or quantity of work products or services to be provided.

**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.
SITE VISITS:

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, 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); 4) review financial documents related to the contract, and 5) 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.).

DOCUMENT REVIEW:

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

- **Progress Reports**: Contractors are required to submit progress reports. Reporting timeframes will vary. Reports may be required 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.
- **Invoices**: Invoices are due according to the Payments Terms in the Contract.
- **Memorandum/s of Understanding (MOU)**: MOUs are required for all collaborative partners and subcontractors receiving funding for the project associated with the Contract.
- **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 as required by the contract.

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 (if applicable)
- 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.)
COMPLIANCE GUIDELINES

- 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)

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 circumstances that define 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, where contractor fails to communicate with the First 5 LA staff
COMPLIANCE GUIDELINES

- 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.

First 5 LA reserves the right to designate any of the conditions described above as Level 2 depending on the severity and/or the frequency of the situation.

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
COMPLIANCE GUIDELINES

- 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 First 5 LA 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 for Grantees, 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 Senior Program Officer, Department Director, Division Chief, and/or the Chief Executive Officer may take action with a letter requesting a meeting with the agency and 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 or Level 1 and/or 2 of this document. 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
- Non-renewal of the Contract
COMPLIANCE GUIDELINES

- 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, health code violations or any other significant legal or regulatory violation.