November 8, 2011

The Honorable Michael D. Antonovich
Chairman, Board of Commissioners
First 5 LA
750 N. Alameda Street, Suite 300
Los Angeles, CA 90012

SUBJECT: Staff Response to “Procedures Engagement Phase Two Report” submitted by Harvey M. Rose Associates, LLC on October 11, 2011

Dear Mayor Antonovich:

First 5 LA staff respectfully submits to the Board of Commissioners the attached report in response to “Procedures Engagement Phase Two Report” of October 11, 2011. Staff has reviewed the report in great detail, identified all of the significant findings, comments and recommendations from Harvey M. Rose Associates and has prepared a response to each one. The staff response is formatted in the same order as the Phase Two Report.

My staff and I look forward to the Commissioners’ review of the responses and to continue to work with our Commission to maximize the use of public funds for the benefit of children prenatal to 5 years old throughout Los Angeles County.

Sincerely,

Evelyn V. Martinez
Chief Executive Officer

c: Board of Supervisors
Andrea Ordin, County Counsel
Bill Fujioka, Chief Executive Officer
EXECUTIVE SUMMARY

Introduction

As those charged daily with fulfilling the mission of a unique public entity dedicated to the health, safety and early education of young children, First 5 LA staff members welcome performance evaluation, objective and constructive criticism, and guidance aimed at improving the organization’s daily operations. As indicated in the Phase One staff response to the audit conducted by Harvey M. Rose, Associates, LLC, (HMR), First 5 LA staff understands and acknowledges that every organization has room to improve and/or refine its operations. In their Phase One & Two audit reports, HMR auditors made several recommendations aimed at refining and/or improving the First 5 LA Commission’s fiscal, contractual and programmatic operations that First 5 LA staff agrees should be implemented. These recommendations are addressed at the conclusion of this Executive Summary.

Also as indicated in their Phase One audit report, the HMR firm found that, prior to the audit, First 5 LA staff had already provided sufficient information to Commissioners to determine fund balance, the establishment of which was Mayor Michael Antonovich’s stated purpose in seeking First 5 LA’s Board’s approval for the audit. Moreover, the HMR auditors found no misappropriation of public funds, no malfeasance, nor any other acts of wrong-doing (see page 2, Executive Summary, Phase One, First 5 LA staff response).

Skewed Portrait of First 5 LA

Nonetheless, aside from offering several constructive recommendations that are discussed later in this summary, HMR’s audit reports unfortunately employ half-truths, faulty assumptions, and misleading information to paint a captiously inaccurate picture of First 5 LA’s internal financial accounting – which has been recognized with three government accounting excellence awards (see page 1, Executive Summary, Phase One staff response). In a similar manner, the audit reports baselessly impugn the organization’s contracting procedures and programmatic operations. The audit reports presupposes a variety of incorrect assumptions that may lead the reader and members of the public to false and damaging conclusions, most disturbing of which are the following:

- First 5 LA is “sitting on” more than $800 million;
- The Commission has approved only 28 percent of First LA’s contracts;
- First 5 LA staff fails to maintain critical documents related to contracts.

Therefore, in the interest of truth and transparency, staff offers the following corrections to erroneous implications listed above that may be inferred from the HMR audit reports:

Sitting on more than $800 million – This conclusion stems from the audit’s factually unsupported claim of “programmatic under-spending” (see page I of HRM’s Phase Two audit report). In truth, First 5 LA’s existing dollars have already been committed to multi-year programs. Our Commissioners have been prudent fiduciaries of the public’s dollars and have planned their investments to fund programs on a multi-year basis, thereby creating a fund balance that will sustain the programs through their scheduled end dates.
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In fact, First 5 LA’s largest investment, universal preschool for 4-year-olds, is planned and funded through 2016, and that commitment alone accounts for nearly 30 percent of the current fund balance.

Commission approved only 28 percent of First 5 LA’s contracts – This misconception is based on HMR’s finding that most of First 5 LA’s current 300-plus contracts do not return to the Board of Commissioners before they are signed and infers that Commissioners lack oversight of contracts. In actuality, the Board approves all allocations for investments that lead to contracted services, but frequently votes to delegate to the CEO the authority to then negotiate and execute the resulting contracts, which typically are renewed annually until their termination dates. Delegating to staff the authority to negotiate and execute contracts is a common practice among government entities. First 5 LA’s contracts are awarded based on Board-approved policies and procedures and reviewed by Board-appointed legal counsel. The Board of Commissioners chooses to delegate contracting and contract renewal activities to the CEO in an effort to minimize delays in providing First 5 LA-funded services to children and families. Moreover, all contracts are public records, readily available to Commissioners and all members of the public.

First 5 LA staff fails to maintain critical documents related to contracts – This implication derives from the auditor’s failure to locate on their own accord documents related to contracts on First 5 LA’s electronic content management system and, even more unfortunately, their failure to ask First 5 LA staff to provide the documents when they could not find them by themselves. The Phase Two audit report further claims that the alleged “absence” of certain records documenting competitive bidding “raises the risk that contracts and grants have been awarded without complying with agency competitive bidding requirements.” This is factually inaccurate. First 5 LA staff is fully compliant with the Board of Commissioners-approved record retention policy. Documents related to competitive bidding are maintained within the departments managing the contracts. As stated above, the auditors’ claim that First 5 LA does not maintain the information was based solely on their incorrect assumptions about where the materials are held. Moreover, HMR auditors ignored First 5 LA staff members’ attempts to correct the gross mischaracterization that staff categorically fails to retain critical documents.

HMR’s generally skewed portrait of First 5 LA – one that may understandably lead audit report readers to the damaging conclusions listed above – is accentuated by a number of “Risk Assessments” outlined in the latest HMR report that are based on fallacious characterizations, erroneous assumptions, incomparable data points, and/or inappropriate and even irrelevant correlations. Examples of these include but are not limited to the following:

- Fallacious Characterizations – Both Phase One & Two audit reports claim that the Board of Commissioners does not receive sufficient information from staff to ensure adequate oversight of agency spending, programmatic activity and outcomes (see Executive Summary, page V, Phase Two audit report). The reports also claim that budgetary information provided to the Commissioners is insufficient in detail.

Staff Response: Staff’s practice is to provide Commissioners with robust documentation on operational and programmatic budgets and activities, monthly
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financial reports, a fund balance report resulting from its regular annual audit, as well as any additional financial detail Commissioners may request. As indicated on page 3 of staff’s response to the Phase One audit, HMR auditors predicated the false characterization on their review of a small sampling of documents that were assessed without regard to the full context in which they were created (often at the direction of Commissioners and, in the case of the Countywide Augmentation Proposals, by Commissioners themselves). In this case, the superficial, limited and rushed nature of the HMR auditors’ document review apparently resulted in a total mischaracterization of the level of access First 5 LA’s Commissioners have to the financial data needed for sound fiscal decision-making.

- **Erroneous assumptions** – Incorrect assumptions about staff responsibilities and even the number of dollars involved in the scope of staff’s work on various projects abound throughout the Phase Two audit report. For example, the report incorrectly states that “staff in the Community Investments Department (CI) will only be administering the grants approved as part of the Matching Grants Program.” The report goes on to recommend that the relatively small staff size in that department – which is essentially charged with leveraging the full portfolio of First 5 LA dollars to bring more monies and other resources into the county to support children and families – should therefore be reduced.

**Staff Response**: In fact, the CI Department staff is responsible for overseeing contracts associated with numerous investments and anticipates a significant increase in its contractual load due to impending projects approved by the Board of Commissioners, including the LA Place-Based Learning Group, LA Neighborhood Revitalization Workgroup, Donors Choose, LA Partnership for Early Childhood Investment, Advancement Project, Oral Health & Nutrition, American Recovery Reinvestment Act, Community Gardens, and Veggie Vouchers. The total portfolio of First 5 LA funding that the CI Department is responsible for is in the range of $25.5 million, not the $4 million indicated in the Phase Two audit report.

- **Incomparable data points** – Among the most problematic of these are administrative spending, programmatic spending, and population served comparisons HMR auditors made between First 5 LA and Proposition 10 Commissions in other counties that serve incomparably smaller, less diverse and, in most cases, less geographically dispersed populations than does First 5 LA. In a number of areas, the HMR auditors compared First 5 LA’s performance against the “median” in a cluster of only eight other First 5 Commissions.

**Staff Response**: Statistically, it is extremely problematic to compare any number against the median when the sample size is too small and the distribution is extremely skewed, as is the case in the comparisons with other First 5 Commissions made in HMR’s Phase Two report. Such comparisons are only meaningful when they are within a group that is similar on an important variable such as target population, like the numbers of children 0-5. But even when taking into account the number of children served, comparisons with other Commissions are difficult because some Commissions conflate and/or multi-count multiple services delivered
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to a single child and/or fail to distinguish between “light touch” and more intensive services, as First 5 LA does in the totals of numbers served that it reports.

- **Inappropriate and irrelevant correlations** – HMR based much of its assessment of First 5 LA’s department staffing levels on a strict project dollar value to staffing analysis, creating the implication that some departments – particularly Research & Evaluation and Public Affairs – are over staffed.

**Staff Response:** Assessing staffing levels based on the value of assigned projects handled by First 5 LA program officers and other staff members without consideration of staff function, role and the labor intensiveness of executing project-related activities relative to the significant variance in the objectives of respective projects is a one-dimensional approach to determining appropriate staffing levels. The dollar value of a project or initiative does not necessarily correlate to labor intensiveness. For example, a $1 million contract may be more labor intensive to manage than a $15 million project, depending on the nature of the work involved. Similarly, a project still in design phase may require less staffing than one in implementation. Moreover, the HMR auditors apparently failed to recognize that certain departments, such as Community Investments, Research & Evaluation and Public Affairs, have been given significant additional responsibilities beyond the management of grants and contracts and provide support to activities across the entire agency.

**Audit Recommendations**

Despite the significant and damaging deficits of the HMR audit identified above, First 5 LA staff appreciates and concurs with several suggestions made by the auditors and would urge the Board of Commissioner’s support for the following constructive audit report recommendations:

- Create policies and procedures for Board approval of changes to existing allocations and establishing new allocations and standardized approaches to recording and maintaining records of Board approvals (see page 4 of Phase One staff response).

- Create policies and procedures for Board approval outlining the Board approval process for new grant agreements and contracts with clearly designated annual dollar thresholds.

- Several human resources-related recommendations, including the presentation of HR indicators to the Board of Commissioners on an annual basis within appropriate parameters, regular compensation surveys and revisions to existing compensation schedules and ranges.

Unfortunately, a number of other recommendations made by the HMR staff “auditors”–none of whom, it should be noted, are Certified Public Accountants, nor do they apparently hold accounting degrees–do not reflect accounting best practice principles or are otherwise impracticable. These include an HMR recommendation advocating for quarterly close outs of First 5 LA’s fiscal’s books, a reconciliation practice that is not industry standard for
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government entities and one that, staff believes, would be burdensome to First 5 LA grantees (many of whom are small community-based service providers lacking resources for sophisticated financial systems), while also failing to achieve its stated objective – namely, to provide the Board of Commissioners with timely verifications of First 5 LA’s fund balance (see page 5 of Phase One staff response). With regard to the suggested quarterly close outs and other ill-advised HMR recommendations, staff would offer an alternative recommendation: *To work with Commissioners to develop appropriate and efficient protocols and procedures to achieve mutually desired outcomes.*

First 5 LA Staff respectfully submits the following point-by-point response to findings and recommendations in the HMR’s auditors Phase Two report.
1. Comparative Use of First 5 LA Resources

HMR Risk Assessment:

With programmatic under-spending occurring and the buildup of a significantly larger fund balance than found at other First 5 agencies in recent years, the organization is at risk of not fulfilling its mission and goals to the extent possible and consistent with Board of Commissioners policy and program objectives.

In general, First 5 LA costs are higher than at comparison agencies though administrative costs do not appear to explain the difference. However, the agency is incurring higher program and evaluation costs compared to other First 5 agencies reviewed.

The population served by First 5 LA appears comparable to other First 5 agencies though at a higher cost per child, putting the agency at risk of not maximizing the number of children served due to a higher cost structure.

HMR Summary of findings:

- A review of financial data for a sample of First 5 agencies showed that for the past three years, First 5 Los Angeles has expended less of its programmatic resources and maintained a higher fund balance than the next 10 largest First 5 agencies in California, both in terms of the dollar amount and as percentages of expenditures and revenues. First 5 LA’s fund balance was five times greater than expenditures in Fiscal Year (FY) 2009-10 compared to a median fund balance 2.5 times greater than expenditures for other First 5 agencies.

- For the past five years, First 5 LA revenues have consistently exceeded actual expenditures and, between FY 2007-08 and FY 2009-10, the agency under spent compared to its planned programmatic expenditures at rates between 9.89 and 39.5 percent. Programmatic expenditures for FY 2010-11 appear to also be substantially below planned amounts for the year and prior year actual expenditures. The Board of Commissioners (Board) is not able to monitor and oversee programmatic expenditures against an approved budget since monthly programmatic expenditures are not presented relative to a budget. Further, before FY 2011-12, the Board did not receive detailed programmatic budgets for approval.

- Based on administrative expenditures reported to First 5 California, other large First 5 agencies have higher administrative costs relative to total expenditures and children served than First 5 LA. However, First 5 LA’s programmatic under-spending and administrative over-spending in FY 2009-10 resulted in the agency’s administrative spending, as reported to First 5 California, exceeding five percent of total expenditures, in violation of agency policy. The comparison with other agencies also shows that First 5 LA has higher program, evaluation and total costs per child served than the median for comparison First 5 agencies.

- First 5 LA serves less than the median percentage of children 0-5 served by other large First 5 agencies and the cost per child served by First 5 LA is higher than the median for the other jurisdictions. However, the population served results may be
unreliable due to some double-counting by the other agencies. A comparison of the number of children served by just the School Readiness Initiative allows for an analysis without double-counting. First 5 LA was above-average in terms of the percentage of the population of children ages 0-5 participating in School Readiness programs (4.3% in LA versus a median of 3.7%), though its cost per person served was 24.2% higher than the median for the other counties ($446 in LA versus a median of $359).

Based on the above findings, it is recommended that the First 5 LA Board of Commissioners:

1.1 As also recommended in the Phase One Procedures Engagement report, direct management to conduct formalized and methodical quarterly reconciliations and compilations for financial reporting purposes, and include monthly comparisons of actual expenditures to budgeted amounts, by initiative or program.

1.2 Direct Finance Department staff to use consistent definitions and standards when calculating and reporting administrative expenditures and percentages. Internal references to administrative cost amounts should not differ from those reported to First 5 California.

1.3 Direct Finance Department and Grants Management staff to: (a) maintain an inventory of all contractors and grantees that consistently fail to meet annual budgeted expenditure goals; (b) conduct an analysis of all under-spending programs; and, (c) make recommendations to grantees and contractors in the areas of technical support, capacity building, or other services that will address under-spending.

1.4 Direct staff to develop policies and procedures that will assist in preparing an annual Business Plan to be issued to the Board prior to the annual budget approval that includes: (a) a Work Plan for the upcoming year; (b) a Resource Plan to assist in carrying out the Work Plan; (c) a comparison of accomplishments to goals; and (d) a summary of proposed budgets including an analysis of actual versus budgeted expenditures for the prior year and an analysis of all proposed new expenditures.

1.5 Establish a standing Budget and Finance Committee to review, at minimum: (a) the recommended quarterly financial updates; and (b) the proposed annual Business Plan that includes a detailed analysis of budgeted versus actual spending to inform the June budget approval process.

**STAFF RESPONSE:**

On page 3 of the HMR phase two report, it is difficult to substantiate the conclusion that First 5 LA served less than the median percentage of the target population since their report openly recognizes the use of unreliable data estimates inherent within the Statewide Data reporting process. The lack of reliability is driven by the inability to differentiate between duplicated and unduplicated service counts which are significantly overestimated in medium (constituting a large portion of the surveyed agencies) and small counties and underestimated in Los Angeles County.
In addition, there has been a longstanding disagreement and misunderstanding between the County Commissions and the State Commission about what constitutes a service and that also contributes significantly to the unreliable estimates noted in the report. Some County Commissions include low intensity participation in programs as a service delivered (i.e. participation in a community health or information fair) where the likelihood of producing a meaningful outcome is minimal. The criterion for what constitutes a service varies significantly across counties. Although there would be some service intensity variation within an individual county our practice within Los Angeles County is to count services that are comprehensive and have high levels of intensity and therefore likely to lead to meaningful and sustainable outcomes.

This is also a reflection of the First 5 LA Commission’s desire to fund more comprehensive “evidence based” programs. This definition difference is likely observed in the extremely high numbers served by Orange County and low to moderate number for the other comparison Counties. The limited reliability in these data makes comparisons used in this section (pages 3-14) extremely suspect and calls into question the credibility of any conclusions reached by the audit team.

The use of School Readiness as a proxy for program efficiency is also extremely problematic due to the wide variation in program types implemented within the Statewide School Readiness initiative. The programs are not uniform within and between county commissions. The cost variation is most likely due to the variation in program types. For example, program models using paraprofessionals to implement a program would cost significantly less than a program using highly educated staff with more credentials. The State Commission did not provide restrictions on the variety of program models that could be implemented within School Readiness. In addition, the cost comparison does not adjust for cost of living differences between the counties, risk status of the populations served or outcomes generated. Not only is it apparent that First 5 LA has significantly more children 0-5 to reach, but Los Angeles County has a disproportionally higher number of high risk children 0-5 than the other counties in the comparison chart.

Statistically, it is also extremely problematic to compare any number against the median when the sample size is too small and the distribution is extremely skewed as is the case in the comparisons used in this report. Comparisons made in this report are only meaningful when they are within a group that is similar on an important variable such as target population (i.e. numbers of children 0-5).

- As stated in the staff response to the first phase of the procedures engagement report, compliance with recommendation 1.1 would require a “hard close” of the books very similar to the process staff conducts at the end of each fiscal year. This would take approximately two months to complete and additional staff resources would be required. The timeliness of information would be compromised because of the time required to prepare the quarterly statements as suggested above. Commissioners would not receive the information until three or four months after the close of each quarter.

- The Board of Commissioners is already able to monitor and oversee programmatic expenditures against an approved budget as programmatic expenditures are presented relative to a budget in the Monthly Financial Reports presented at each regularly scheduled meeting of the Board of Commissioners.
• Administrative expenditures have not exceeded 5% in FY 2010-11 and as a result have not violated the agency’s policy. First 5 LA policy adopted by the Commission in June 2006 and a calculation of administrative expenditures showing them not in excess of 5% for the current fiscal year is attached (Attachment A). There are consistent definitions and standards when calculating and reporting administrative expenditures and percentages as indicated in the attached policy. Required formatted reporting to First 5 California does not allow for comparison reporting as the Commission adopted policy mandates a different formula and presentation.

• It is important to point out that the approval of the FY 2010-11 Programmatic Budget in June 2010 governing annual expenditures for programs was a new process documented and approved as part of the Implementation Plan for the FY 2009-2015 Strategic Plan. While the FY 2004-2009 Strategic Plan provided broad allocations, as programs came to fruition, further refinements to these broad allocations were approved. This approval process of refined allocations was not necessarily on an annual or even cyclical basis. Prior to June 2010, the approval of an annual Programmatic Budget was not part of the budgeting process.

• An accessible record of providing a history of Board approval, facilitating the review of annual changes in allocations and ensuring that staff is adhering to Board policy direction has been created by Finance Department staff and is available for review.

2. Staffing

HMR Risk Assessment:

Current staffing is not configured to best enable development and administration of new programs and initiatives, particularly the Countywide Augmentation programs authorized by the Board of Commissioners in 2010. This is contributing to delays in program commencement and programmatic under-spending.

Overall staffing at First 5 LA is high relative to other First 5 LA agencies, particularly in departments such as Public Affairs and Research and Evaluation. Combined with low staffing levels in Program Development, staff resource allocations are at risk of not reflecting Board of Commissioner policies and goals.

HMR Summary of findings:

• The allocation of staff is disproportionate across First 5 LA departments based on the funding allocated to the projects and the priority of the work being performed. The Program Development Department is responsible for launching approximately $227 million worth of new Countywide Augmentation programs and administering $286 million worth of programs, but only has nine positions. This is fewer than the average of 19 positions each for three departments responsible for fewer contracts and grants and lower levels of funding: the Best Start Communities, Public Affairs and Research and Evaluation Departments.
• While the work of all departments is important and the value of contracts is only one measure of responsibility, one of the consequences of the relatively low level of staffing in the Program Development Department is that implementation of Countywide Augmentation programs approved by the Board of Commissioners in fall 2010 are not being achieved. Only $15 million is anticipated to be disbursed for those programs in FY 2011-12, or 6.6 percent of the total funding allocated for those programs through 2017. Implementation of these new programs should be expedited, possibly with reallocation of existing staff. Agency management reports that it has recently reallocated five positions, including four that were vacant from other departments, and is currently recruiting new staff. Further reallocations may be needed depending on a full assessment of the relative workload of all departments by agency management.

• While Program Development Department staffing is low relative to its responsibilities, staffing at First 5 LA overall is high compared to the next four largest First 5 agencies statewide. First 5 LA receives 4.6 times the annual revenue of the other agencies but has 5.2 times the number of staff. While each First 5 has its own priorities and plans, the other First 5 agencies can serve as benchmarks for determining baseline staffing and costs unless higher staffing levels and costs reflect policy decisions by the Board of Commissioners based on expected benefits commensurate with the higher costs.

• With 28 positions between them, Public Affairs and Research and Evaluation department staffing at First 5 LA is higher than those functions at four comparison First 5 agencies. Both of these departments also utilize contract consultants for work that is likely duplicating the work of existing staff members. Consolidating and delegating some work now performed by staff to these consultants, as well as identifying process and procedures efficiencies, could help the agency reduce its staffing levels and/or reallocate positions to Program Development.

Based on the above findings, it is recommended that the First 5 LA Board of Commissioners:

2.1 Direct management to prepare a current analysis of the basis of staff allocations associated with each department to the Board of Commissioners and obtain approval for continuing the current structure or making changes in the allocation or total number of positions. The same information should be submitted to the Board of Commissioners annually as part of staff’s proposed budget.

2.2 Direct management to conduct an assessment and present it to the Board of Commissioners covering staff allocations and identifying: (a) functions assigned to existing staff that are redundant or duplicated through existing professional services contracts; and, (b) efficiencies in processes and procedures so that less staff would be required to perform the same functions within a department.

2.3 Direct management to develop a clear staffing plan for the Best Start Communities and Grants Management Departments given the anticipated changes in workload for the staff in each department. The staffing plan should then be presented to the Board of Commissioners for approval.
2.4 Direct management to, based on the results of an assessment of staffing allocation, reduce staffing in departments accordingly by (a) reassigning staff to other departments that may be in need of additional staff to complete its current workload in a timely manner, such as the Program Development Department, and (b) eliminating unnecessary positions through attrition.

STAFF RESPONSE:

Staff does provide staffing information annually as part of the adoption of the operating budget. A list of authorized positions was provided to the Board of Commissioners as part of the proposed FY 2011-12 Operating Budget which the Commission approved earlier this year.

_HMR Comment/Recommendation: Allocation of staff disproportionate across F5LA departments based on the funding allocated to the projects_

The use of only the funding allocated to initiatives as a proxy to assess staff allocation is an inappropriate approach because it assumes that “managing projects” is an activity equally performed by all the functions within First 5 LA. Most departments either provide “support” to the projects or support the accomplishment of First 5 LA’s non-project related agency wide goals such as the promotion of public policy, public education, capacity building, leveraging of resources, community strengthening, and initiative evaluation. In addition, funding allocated to the projects does not consider another key factor for staff allocation such as what “stage” the project is in the project lifecycle. Stating that Program Development staff is responsible for launching $227 million worth of new initiatives does not provide an accurate picture if this important point is not taken into account. The initiatives referred to in the audit report are projects that are in the “design” phase, not in the management phase and require a different level of staffing. Similarly, only stating that the Program Development department is administering $286 million worth of programs, without stating what “type” of programs they are or at what stage of implementation they are in, does not accurately reflect the relationship between funding allocations and staff required.

_HMR Comment/Recommendation: Allocation of staff and workload_

The funding per position analysis presented in Exhibit 2.1 lacks the same level of depth necessary to arrive at the conclusions that the auditors arrived at. This table is a clear illustration of how the use of the funding allocated to the projects and/or contracts and grants does not take into consideration the “type” of function that each department performs, assuming that all departments are equally charged with managing projects and/or contracts and grants.

Similarly this exhibit is also a clear illustration of why a staff allocation analysis, unlike the ones performed by the auditors, must consider the “actual” funds being managed and not the “allocation” for the projects and/or contracts and grants.

_HMR Comment/Recommendation: Staffing at First 5 LA overall is high compared to the next four largest First 5 agencies_
Although all First 5 agencies were created with the same purpose, there are a variety of approaches on how each County decided to implement the agency's activities. These variations range from the level of independence in the respective Counties, to staffing approaches. Some First 5 agencies keep a core staffing team, outsourcing to consultants most of its operational activities (Orange County), while others have higher level of staffing whose work is complemented by consultants. In the specific case of First 5 LA, the Commissioners and management have worked together in deciding the level of core staffing, which is complemented by consultants as additional resources. As the First 5 commission with the largest share of Prop. 10 tax revenue and the greatest number of children 0-5 in their county, First 5 LA has also taken a leadership role in developing resources that can be used by other First 5 commissions and agencies statewide.

Public Affairs:

The statement that the Public Affairs department is utilizing consultants for work that is likely duplicating the work of existing staff members is incorrect. The Commission-approved staff reorganization of just over one year ago specifically approved a Public Affairs staffing plan to provide sufficient in-house resources to accomplish the goals of the current strategic plan. Two vacant positions in Public Affairs have already been reallocated to Program Development though this change occurred after approval of the current Operations Budget but prior to the completion of the HMR reports.

The unsophisticated methodology used to evaluate staffing levels is too superficial to draw any useful conclusions about the appropriateness of the number of staff in Public Affairs. To simply divide the total allocation assigned to a department by the number of staff does not take into account the individual job responsibilities of each staff member nor the role of the department as a whole. Public Affairs should be considered as an agency wide support function and its costs should be allocated across the entire balance of allocations rather than against only the allocations that have been assigned to the department. In addition, four public affairs staff members work strictly to support the Best Start effort so should not be counted against the $15,547,591 allocation in Exhibit 2.1 but against the $27,895,008 allocation for Best Start Communities shown in Exhibit 2.1 of the HMR report.

In addition, the Phase Two Procedures Engagement does not take into account two additional Commission approved allocations totaling $2 million that are also to be implemented by Public Affairs staff for the Infant Safe Sleeping countywide initiative and the Safe Surrender Program public education program.

Consideration of an in-house staffing model vs. a contracted services staffing model involves much more sophisticated analysis than what the HMR firm has conducted and should include analyses of employee benefit expenses, independent contractors vs. contracted firms, burden on contract management, employer liability, infrastructure costs/savings and the needs of the agency and what job functions are needed to fulfill those needs.

Best Start public affairs staff is assigned to provide overall public education and communications support to each Best Start community team. This not only includes the tasks described in the HMR report but also includes each staff member managing a different component of the Fenton Communications team, providing strategic counsel and guidance on communications issues to each Community Partnership, provide training and
capacity building to Partnership members, developing and implementing marketing and communications plans for each Partnership, developing, coordinating and implementing multiple local community events for each community and attending multiple community events in each community.

Research & Evaluation:

It should be noted in the staff ratio comparisons with other First 5 Commissions that functions, duties and responsibilities of the respective Research and Evaluation (R & E) sections of commissions compared in exhibit 2.4 differ significantly. Staff acknowledges that the Accountability (evaluating the effectiveness of our investments) function is a primary one, but it is not the sole function and duty of the R & E department at First 5 LA. In addition to the accountability role described in the report and outlined in the first bullet on page 71, First 5 LA’s R & E department has devoted significant staff resources and investment towards research that is independent of the accountability work.

For example, First 5 LA’s research agenda has included important work to further develop, pilot and validate measures that can be used not only by First 5 LA but larger systems that serve pregnant women and children 0-5. We have also partnered on countywide, statewide and national research studies to further the field of early childhood development. One example is our developing partnership with the National Children’s Study which is a national longitudinal study aimed to understand environmental and social determinants of child development and associated outcomes.

Another primary role and responsibility of the R & E department is in the area of Data Development. Although this effort supports both the accountability and research work, most of the projects are also independent standalone projects. The major goal of these projects is to support the development of reliable, valid and accessible data in LA County that can help inform policy and improve practice in large systems that address our target population. Another primary goal of these efforts is to integrate data among large governmental systems (i.e. health clinics, schools, child welfare providers) to improve services for families. This effort is categorized within our most recent strategic plan as Data Systems Integration. These projects are separate from the data systems efforts underway to build more robust systems to capture grantee and contractor data which is stated on page 71. Examples of these projects include First 5 LA’s data partnership with WIC and our data partnership projects with the Department of Public Health and the LA County Office of Child Care.

The report does not mention that R & E staff will be responsible for implementing two Countywide Augmentation initiatives (the Data Partnership with Funders and Connecting Risk and Perinatal Services) that were approved in November 2010. These projects will involve considerable staff effort to implement.

Finally, R & E also assumes a significant role in building evaluation and research capacity among our funded partners as well as non-funded partners. The R & E duties include developing and implementing community wide training sessions for agencies that seek to improve their ability to conduct more effective evaluation. In addition, First 5 LA R & E staff acts as a valuable resource to research institutions, county and city governments as well as various non-profit organizations.
It is our understanding that other County Commissions do not invest significant resources (staff time or money) to research, data development data systems integration and evaluation capacity building. The primary role of the R & E units in other County Commissions outlined as comparisons in exhibit 2.4 is only accountability. It is another department whose function should be seen as an agency wide support role rather than associated to specific project or program allocations.

The report also does not accurately reflect the total number of staff within R & E. The total number is 14 not 15. One staff member from R & E was transferred to Planning and Development.

Community Investments:

*HMR Comment/Recommendation:* “The core functions of the staff in the Community Investments Department are to build relationships and share information with organizations in order to facilitate leveraging of fiscal and non-fiscal resources.”

*Staff Response:* As communicated to the auditors, the core function of the Community Investments Department is to initiate, develop and sustain strong and effective fiscal and non-fiscal resource leveraging partnerships with like-minded groups, organizations, individuals that have a shared strategic value to First 5 LA at a local, state and national level. CI has staff that is charged with engaging with external entities to identify ways to make the best use of dollars already available to the early childhood development and family support system. The Department’s function is to seek out opportunities to align these resources in a way that will support First 5 LA’s full investment portfolio.

Building relationships and sharing information with possible partners are only two strategies the CI Department uses to achieve its goals; grant making is the third strategy. The Commission approved an initial investment of $11 million to act as a lever and to incentivize others to possibly co-invest or co-fund programs or systems-type projects that could support children 0-5 and their families across LA County. During the 2010-2011 fiscal year, the CI Department utilized a portion of that allocation to develop grant opportunities such as the matching grant program, the challenge grants and the social enterprise program. Additionally, funding from that initial investment was used to support the expansion of the LA Partnership for Early Childhood Investment, which is a collaborative group of funders that have agreed to pool a portion of their resources to further support non-profits and CBOs that provide services to young children and their families. By coordinating resources, opportunities such as the LA Partnership for Early Childhood Investment ensure that First 5 LA is not the sole funder of programs.

*HMR Comment/Recommendation:* “In addition, the Community Investments Department provides grants to other organizations through a strategic partnership with Los Angeles Partnership for Early Childhood Investment as well as three competitive grant programs: Challenge Grants, Matching Grants, and Social Enterprise Grants Programs. Finally, the Community Investments Department is co-managing the Oral Health and Nutrition Expansion, an allocation from the previous strategic plan that was continued as part of the FY 2009-2015 Strategic Plan, and the Healthy Food Initiative, one of the Countywide Augmentation programs. The Challenge Grants, Matching Grants, and Social Enterprise
Grants Programs differ significantly from the grant programs designed in the Program Development Department. These grant making programs do not require the Program Officers in the Community Investments Department to design programs that will provide direct services and then find potential contractors or grantees to provide those services. Rather, the Program Officers in the Community Investments Department are managing a competitive grant program open to organizations that meet specific requirements for leveraging funding from other sources, whether it is other grant funding or revenue generated by the organization.”

Staff Response: This statement does not provide a complete picture of the work associated with staff in the Community Investment Department. Unlike the Program Department staff, CI Program Officers do not design initiatives or direct service programs. However, CI staff is responsible for the research, design and implementation of other grant making opportunities. Moreover, once partners are identified, CI staff continues to manage, oversee and support these relationships.

Additionally, CI staff is responsible for identifying and implementing strategic partnership opportunities on behalf of the Commission. The time involved in cultivating new opportunities includes an extensive time in participating in external meetings, identifying potential partners with decision making authority, and strategically planning leveraging activities. There is also a level of due diligence associated with implementing these strategic partnerships. It includes identifying the opportunity and partners involved; verifying the uniqueness and timeliness of the opportunity; confirming other partners’ fiscal and non-fiscal commitment; and working with First 5 LA Executive Leadership and contracts staff to ensure that all appropriate evidence is in place. Again, once the strategic partnership opportunity is approved, CI staff executes, manages and oversees the contracts associated with the opportunity.

HMR Comment/Recommendation: “The Community Investments Department released a Request for Qualifications on May 18, 2011 to identify an intermediary to serve as the contract Program Administrator for both the Challenge Grants and Social Enterprise Grants Programs. Therefore, of the Department’s four grantmaking programs, staff in the Community Investments Department will only be administering the grants approved as part of the Matching Grants Program. The Board approved $4 million for the Matching Grants Program, or 36.4 percent of the total $11 million approved for the Resource Mobilization allocation.”

Staff Response: The Challenge and Social Enterprise Grants Program Administrator (intermediary) was approved at the March 2011 Board meeting because of the following conditions:

- The Commission was interested in identifying an expeditious and cost efficient strategy to disburse funds to CBOs;
- A Program Administrator (intermediary) could leverage the content expertise of external organizations in the area of challenge/matching grants and social enterprise, particularly social enterprise;
- The CI Department could leverage the Program Administrator’s (intermediary) relationships with community organizations;
In addition the Commission has expressed an interest in building the capacity of intermediary organizations in LA County.

Although the intermediary will act as the Program Administrator for the Challenge/Social Enterprise program, CI staff will remain involved in program design and the review process while working with the intermediary during implementation (as noted in the Board approval).

Moreover, the report was incorrect when stating that “staff in the Community Investments Department will only be administering the grants approved as part of the Matching Grants Program.” In fact, the CI Department is responsible for overseeing contracts associated with a number of investments including the LA Place Based Learning Group, LA Neighborhood Revitalization Workgroup, Donors Choose, LA Partnership for Early Childhood Investment, Advancement Project, OHN, the American Recovery and Reinvestment Act (ARRA), Community Gardens and Veggie Vouchers. The total portfolio of First 5 LA funding that the CI Department oversees is in the range of $25,500,000 (see below).

<table>
<thead>
<tr>
<th>CI Projects FY 2010-2011</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>RFPs</td>
<td></td>
</tr>
<tr>
<td>Match Grant Program</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>Challenge/Social Enterprise</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Strategic Partnerships</td>
<td></td>
</tr>
<tr>
<td>LA Place Based Learning Group</td>
<td>$25,000</td>
</tr>
<tr>
<td>LA Neighborhood Revitalization</td>
<td>$20,000</td>
</tr>
<tr>
<td>Donors Choose</td>
<td>$450,000</td>
</tr>
<tr>
<td>LA Partnership for Early Childhood Investment</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>Advancement Project</td>
<td>$15,000</td>
</tr>
<tr>
<td>OHN</td>
<td></td>
</tr>
<tr>
<td>Dental Health Foundation</td>
<td>$1,200,000</td>
</tr>
<tr>
<td>LA County DHS</td>
<td>$300,000</td>
</tr>
<tr>
<td>Children’s Dental Center of Greater LA</td>
<td>$300,000</td>
</tr>
<tr>
<td>Children’s Dental Foundation</td>
<td>$300,000</td>
</tr>
<tr>
<td>The Children’s Clinic</td>
<td>$300,000</td>
</tr>
<tr>
<td>South Bay Children’s Health Center</td>
<td>$300,000</td>
</tr>
<tr>
<td>LA Care Health Plan</td>
<td>$550,000</td>
</tr>
<tr>
<td>Western University</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>Dental Innovation Grant RFP</td>
<td>$3,000,000</td>
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<tr>
<td>Healthy Food Access Initiative</td>
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<tr>
<td>Community Gardens</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>Veggie Vouchers</td>
<td>$2,500,000</td>
</tr>
<tr>
<td>ARRA Grants</td>
<td></td>
</tr>
<tr>
<td>Matching Grants</td>
<td>$2,200,000</td>
</tr>
<tr>
<td>Total</td>
<td>$25,460,000</td>
</tr>
</tbody>
</table>
Finally, as noted in the table above, the CI Department has a number of proposed leveraging opportunities, estimated to be over a possible $8 million, that are proposed for FY 2011-2012. These projects were included and approved by the Commission during the September 2011 Board meeting. The projects will require staff to continue its due diligence, develop the funding mechanism and oversee implementation.

**HMR Comment/Recommendation:** “Therefore, First 5 LA management should require that Community Investments Department staff assume responsibility for more grants per staff person and reduce the total allocation of Program Officers within this Department.”

**Staff Response:** The current staffing baseline for CI reflects the policy decision by the Board on the level of human resources needed to secure the expected benefits this Department brings to leverage other assets in support of the strategic plan implementation in its entirety, i.e., leveraging the fiscal and non-fiscal components of place based, countywide initiatives, and countywide strategies. The functions and responsibilities and ultimate fiscal and non-fiscal leveraged resources that could potentially be produced by the CI Department need to be determined by the scope and potential impact of the project and programmatic investments. It is misleading to assess staffing to funding ratio, dollars managed or the administration of grants alone. Staff functions cannot be determined by the objectives of an initiative/grantee/contract in terms of a dollar amount – these are not necessarily correlated. As previously noted the value of managing our grants is only one measure of the entire scope of responsibility for initiating and expediting projects created by the CI Department staff.

**Best Start Communities:**

**HMR Comment/Recommendation:** Use of professional services contracts – Best Start Communities

**Staff Response:** In this section HMR analysts stated that “two program officers in the Best Start Communities Department are assigned to each community.” This statement is incorrect as none of the Best Start Communities have two Program Officers assigned to them. As reflected in Table 1, eight (8) out of 14 communities have only one Program Officer assigned, and six (6) communities have the equivalent of 1.5 FTE Program Officers.
The number of Program Officers assigned to each Best Start Community is based on many factors including the geographic expansiveness, political and racial tensions, size of the partnership, and the community’s level of readiness. Program Officers are responsible for ensuring that communities come together to form partnerships that will make decisions about how Best Start is implemented in their communities. This involves a number of critical tasks including, but not limited to:

- **Conducting outreach** to parents, residents, community-based organizations, county agencies, educational institutions and others to join the communities' efforts to develop strong Best Start Partnerships.

- **Cultivating and maintaining relationships** with new partners including those who have not historically worked with First 5 LA, including faith-based and businesses.

- **Assisting communities in formalizing their Community Partnerships.** This includes developing membership criteria, determining decision-making processes, selecting a leadership or guidance body, and other tasks that are critical to ensuring that the communities are able to assume the role of managing their Best Start efforts.

### 3. Governance Structure and Information Flow

**HMR Risk Assessment:**

The Board of Commissioners does not receive sufficient information from staff to ensure adequate oversight of agency spending, programmatic activity and outcomes. Budgeted and
actual expenditure information provided to the Board of Commissioners does not provide
sufficient detail or context to allow needed oversight of agency operations. Board
effectiveness and efficiency could be hampered by the current composition and structure of
the Board of Commissioners.

HMR Summary of findings:

- Staff information provided to and communications with the First 5 LA Board of
  Commissioners (Board) varies in terms of accuracy, clarity and level of detail,
  creating obstacles to the staff and Board’s ability to make informed and clearly
  understood fiscal and programmatic decisions. Transmittals do not include key data
  needed to enable effective oversight of key agency functions. Board decisions are not
  always clearly communicated and/or documented by staff.

- Information on revisions to existing initiatives and allocations or proposed new
  initiatives and allocations is inconsistently presented to the Board. Most grant and
  contract awards, representing hundreds of millions of dollars of annual agency
  expenditures, are not submitted for Board approval or review. Until the current
  fiscal year, detailed annual programmatic budgets were not submitted for approval.
  The Board of Commissioners has little systematic input into plans for evaluating
  initiatives, allocations, grants and contracts, and program evaluation results are not
  consistently reported to the Board.

- In comparison with First 5 organizations in other counties, First 5 LA could engage
  in additional collaboration with other agencies in Los Angeles County to leverage
  funds and services for children aged five and under and their families.

- Improved governance policies should include additional rationale and requirements
  for the composition of the full Board to include additional County agency
  representation, as well as a reconsideration of the structure, role and membership of
  committees used to support the Board. The Board should also develop policies
  related to committee attendance, agenda setting, and recordkeeping, particularly
  pertaining to Board decisions.

Based on the above findings, it is recommended that the First 5 LA Board of
Commissioners:

3.1 Direct management to develop detailed policies and reporting templates for information
transmitted to the Board of Commissioners in the areas of program development, new and
amended initiative and program allocation approvals, budget approval and research and
evaluation processes.

3.2 Direct management to assess the costs and benefits of using County support services in
lieu of strictly in-house services so Board of Commissioners can assess the advantages and
disadvantages of remaining an independent agency.

3.3 Direct management to initiate trainings that ensure staff is familiar with all
recommended governance policies.
3.4 Direct management to initiate methods of increased collaboration, such as participation in childcare advisory groups, with other County entities that provide early childhood services and resources, and to regularly report results of collaboration efforts to the Board of Commissioners.

3.5 Consider developing additional or alternative requirements for the composition of Board of Commission members such as including representatives of the Department of Children and Family Services and the Department of Public Social Services on the First 5 LA Board of Commissioners.

3.6 Consider strengthening the structure and role of committees used to support the Board, and develop detailed policies related to committee attendance, agenda setting, and record-keeping.

**STAFF RESPONSE:**

With the exception of the comment about evaluation, the first two “findings” bullets under governance are reiterative of those made in Phase 1 of the audit, which were addressed on pages 3-4 of the Executive Summary in the Phase 1 staff response. With regard to evaluating initiatives, the Commission did in fact approve an evaluation framework (Accountability and Learning Framework) under the new strategic plan to evaluate both place-based and countywide strategies, thus providing “systematic input” into how program evaluation would be conducted. First 5 LA staff members are committed to working with the Commission through the existing committee structures to obtain feedback and develop a revised Accountability and Learning Framework that includes evaluation and research activities for the new Countywide Augmentation projects, many of which currently are in design phase.

The third bullet “states that First 5 LA could engage in additional collaborations with other agencies in Los Angeles County to leverage funds and services.” Staff agrees with that assessment and in fact has increased collaborative efforts with external stakeholders in the past year. As part of the strategic plan adopted in 2009, the Commission identified resource mobilization/leveraging as a priority. The Community Investments Department was established following the adoption of the plan in order to leverage additional dollars and services for young children and families in Los Angeles County. In 2009-10, the newly created department successfully leveraged $8 of $11 million, in less than a year. Also, during the same fiscal year, the CI Department utilized a portion of that allocation to develop a variety of collaborative grant opportunities to generate additional revenue and social assets to expand on First 5 LA programs for children and their families. This collaboration increases the pool of resources available to this target population and ultimately the impact.

An investment of value to First 5 LA and agencies in Los Angeles County is our contract with LA Partnership for Early Childhood Investment, which is a collaborative group of public and private funders that have agreed to pool a portion of their resources to further support non-profits and CBOs that provide services to young children and their families. Representatives of Los Angeles County Departments include the Department of Public Health, Department of Mental Health, Department of Children and Families, CEO – Service Integration Branch and the Office of Child Care. Also, staff assigned to the Policy
and Public Affairs departments, as well as other departments, also participate in a variety of collaborative advocacy and education efforts as time and resources permit.

In total, First 5 LA is collaborating with a number of county, state and national organizations. Los Angeles County departments include the Department of Health Services, Department of Public Health, Department of Mental Health, Department of Children and Family Services, Los Angeles County Office of Child Care, the Los Angeles County Office of Education, the Los Angeles Unified School District, Los Angeles County – Chief Executive Officer – Service Integration Branch and private foundations such as The California Endowment, California Community Foundation, The Annenberg Foundation and many others.

The fourth bullet points to the potential for including representatives from additional/other County agencies on the Board of Commissioners – something that would be determined not by the Board of Commissioners, as the audit appears to suggest, but by the Board of Supervisors, which is responsible for the composition of the Board of Commissioners. Staff agrees that the Commission should set policies related to the committees governed by Commissioners.

**HMR Recommendation 3.1 Direct management to develop detailed policies and reporting templates for information transmitted to the Board of Commissioners in the areas of program development, new and amended initiative and program allocation approvals, budget approval and research and evaluation processes.**

**Staff Response:** As indicated above, the first two findings related to this recommendation were largely duplicative of those made in Phase 1 of the audit. As such, please see the corresponding staff response to the recommendations on Page 4 of the Phase 1 Staff Response document. Such a template should include “standardized financial information,” program/budget allocation approvals, as well as information on research and evaluation processes where possible.

**HMR Recommendation 3.2 Direct management to assess the costs and benefits of using County support services in lieu of strictly in-house services so Board of Commissioners can assess the advantages and disadvantages of remaining an independent agency.**

**Staff Response:** Should the Board of Supervisors allow the Commission to rely on “County support services,” staff would be pleased to conduct a cost-benefit-analysis of utilizing County rather than in-house support.

**HMR Recommendation 3.3 Direct management to initiate trainings that ensure staff is familiar with all recommended governance policies.**

**Staff Response:** It is unclear what “governance policies” the Rose Firm is referencing in this recommendation and, therefore, staff is unable to assess whether this recommendation has merit.

**HMR Recommendation 3.4 Direct management to initiate methods of increased collaboration, such as participation in childcare advisory groups, with other County entities that provide early childhood services and resources, and to regularly report results of collaboration efforts to the Board of Commissioners.**
Staff Response: As indicated above, staff favors and urges engagement in a variety of collaborative opportunities and has stepped up those activities since the adoption of the current strategic plan. Staff members in the Community Investment department are charged with establishing collaborations that yield leveraging opportunities, and participate in as many collaborative opportunities as resources and time permits. Staff assigned to the Policy and Public Affairs departments, as well as other departments, also participate in a variety of collaborative advocacy and education efforts as time and resources permit.

_HMR Recommendation 3.5 Consider developing additional or alternative requirements for the composition of Board of Commission members such as including representatives of the Department of Children and Family Services and the Department of Public Social Services on the First 5 LA Board of Commissioners._

Staff Response: As stated above, the Board of Supervisors determines the composition of First 5 LA’s Board of Commissioners. Each Supervisor appoints a Commissioner to represent their respective supervisory districts. In addition, two county department heads—Public Health and Mental Health—are voting Commissioners. Another voting member represents the Los Angeles County Office of Education. Each Supervisor chairs the Commission for a full year on a rotating basis. Two Commissioners who represent the third and fifth supervisory districts have been on the Board of Commissioners since First 5 LA’s inception and have not been replaced by their respective Supervisors, despite the fact that their terms expired.

_HMR Recommendation 3.6 Consider strengthening the structure and role of committees used to support the Board, and develop detailed policies related to committee attendance, agenda setting, and record-keeping._

Staff Response: Staff fully supports the “role of committees to support the Board” and, as it has in the past, remains ready to help the Board of Commissioners develop policies and procedures for committee functions.

4. Contract and Grant Agreements

HMR Risk Assessment:

With over $200 million in contracts awarded in FY 2010-11, the absence of reporting all contract and grant awards to the Board of Commissioners raises the risk of agreements being in place for inappropriate purposes or with unqualified vendors or grantees. The absence of documentation that competitive bidding took place raises the risk that contracts and grants have been awarded without complying with agency competitive bidding requirements.

HMR Summary of findings:

- Review of contracting policies and procedures shows that First 5 LA does not adequately ensure bids for grantee and contractor services are obtained using a consistent set of procedures and cannot document that fair competitive bidding
processes are taking place for all contractor and grantee agreements. Outreach and bid documentation from other bidders was not on file for six of the ten sample contract files reviewed. Timeline records were not on file that would allow a complete evaluation of time required for the bidding process.

- Although First 5 LA policy calls for competitive bidding of its contracts and grants, agency records show that at least 58 contacts and agreements in effect in Fiscal Year (FY) 2010-11, with a value of approximately $79 million, were awarded without competitive bidding. Information on file detailing the justification for exemption from competitive bidding requirements is not sufficient.

- Furthermore, while First 5 LA policy requires that the Board of Commissioners approves all new contracts over $25,000, the contracting process is not governed by formal Board approval, and many new contracts and grant agreements are approved only by staff. Many grants and contracts are multi-year. Although new grant agreements and contracts are typically executed on an annual basis for single and multi-year agreements, no consistent re-approval process exists in the form of issuing new solicitations or obtaining specific approval from the Board of Commissioners.

- First 5 LA does not have sufficient guidelines in place for contract and grant solicitation and approval processes, reporting and record-keeping. While most required contract and grantee documents are on file, others such as insurance and tax forms are not consistently maintained in the agency’s database system.

- Monitoring of grantee and contractor compliance does not adequately ensure First 5 LA or its contractors are in compliance with internal policies and procedures. Fiscal and performance evaluation documentation, including annual budgets, invoices, Mid- and Year-End performance reports, is not submitted in a complete and consistent manner. Further, staff are not adequately familiar with the existing policies and do not ensure that the contractor and grantee monitoring documentation on file is current and meets existing requirements.

Based on the above findings, it is recommended that the First 5 LA Board of Commissioners:

4.1 Direct management to prepare policies and procedures for Board approval outlining the Board approval process for new grant agreements and contracts with clearly designated annual dollar thresholds, even for multi-year agreements, and other characteristics triggering required Board approval.

4.2 Direct management to include a consent item for approval on the monthly Board of Commissioners agenda listing all grantee and contractor agreements and amounts to be approved, whether Board of Commissioner approval is required or not, so that information about all agreements is disclosed and any agreement can be further scrutinized at Board meetings if so requested by any member of the Board of Commissioners. Bidding process dates and other milestones should also be reported.

4.3 Direct management to prepare a protocol addressing the preparation and maintenance of documentation related to all sole source contracts and grants, regardless of their
characterization as AB 109 Exceptions, Strategic Partners, or others, and ensure staff familiarity with and adherence to these policies.

4.4 Revise current policy so that all solicitation materials, outreach effort documentation, proposals from all bidders, agreements and contracts, and agreement monitoring documentation is kept on file until two years after the termination date of the agreement. This documentation can serve as a valuable management tool for assessing the efficiency of the contracting process and compliance with competitive bidding requirements.

4.5 Direct Contract Compliance staff to develop staff trainings that ensure the First 5 LA staff monitoring contracts and grant agreements are aware of all compliance requirements and understand the necessity of updating the database with current contractor and grantee information.

4.6 Direct staff of the Finance and Grants Management departments to develop requirements that ensure contractors submit and adhere to an itemized budget and consistent performance metrics.

STAFF RESPONSE:

HMR Comment/Recommendation: Review of contracting policies and procedures shows that First 5 LA does not adequately ensure bids for grantees and contractor services are obtained using a consistent set of procedures and cannot document that fair competitive bidding processes are taking place for all contractor and grantee agreements. Outreach and bid documentation from other bidders was not on file for six of the ten sample contract files reviewed. Timeline records were not on file that would allow a complete evaluation of time required for the bidding process.

Staff Response: First 5 LA ensures that public funds are adequately spent and services are procured in alignment with the Commission’s adopted Procurement Policy.

Per the adopted procurement policy, staff is required to follow policies so that there is a fair competitive bidding process for all contractors and grantee agreements. When another procurement method is “deemed appropriate” it requires approval through a formal internal memo process.

Staff cannot comment on the six files mentioned in the report because they were not informed which files were reviewed by HMR staff. Staff can comment and note that outreach and bid documentation varies based on the procurement “method of funding”. For example, if the funding opportunity was processed through a competitive bidding process (RFP/RFQ), the bidding and outreach information is housed with the department responsible for the funding opportunity. First 5 LA staff does not believe HMR staff completed a thorough assessment and did not request to review the bidding and outreach information from each department. If the funding opportunity was processed as a Strategic Partnership or AB 109 Exception, outreach and bidding information would not be available for those methods of funding because a formal bidding process is not required.

In addition, each Department collects at least three bids for all expenses over $500 to $4,999. This procedure is in the Procurement Training presented to First 5 LA staff. The Contract Compliance Department has developed, implemented and recently provided
training to all First 5 LA staff on Procurement Policies and Procedures summarized in the detailed First 5 LA Procurement Overview and Flow Chart which has been distributed to all staff and is available for review.

The Contract Compliance Department ensures that proper documentation is collected by the departments. New contracts and grants are not processed if the documentation is not complete. First 5 LA staff is provided with checklists to ensure that documentation is collected at each level of review. Timelines vary according to the funding opportunity and the different levels of review each one requires. Documentation of a fair bidding process is collected and filed with each department. The information is also noted in the Summary Report for the funding opportunity or the Board report. At no point during Phase 2, did HMR analysts request to review the departmental folders. For clarification, files of Non-Funded Applications are also managed by each respective department. That documentation is not required to be part of the official contract file for the selected applicant according to current First 5 LA policy.

Additionally, if a contract/grant is more than two years old, Staff will go to the Board of Commissioners for approval to destroy documents. Documents are disposed of with approval of legal counsel and in a manner consistent with the First 5 LA Records Retention Policy.

**HMR Comment/Recommendation:** Although First 5 LA’s policy calls for competitive bidding of its contracts/grants, agency records show that at least 58 contracts and agreements in effect...

**Staff Response:** Per section 5 of the Procurement Policy (Attachment B), exceptions are allowable if the service is (1) unique (2) sole source, (3) an emergency. Furthermore, a significant majority of our contracts and grants have been administered through a competitive bidding process.

**HMR Recommendation 4.1 Direct Management to prepare policies and procedures for Board Approval outlining Board Process for new grant agreements and contracts with clearly designated annual dollar thresholds, even for multi-year agreement, and other characteristics triggering Board Approval.**

**Staff Response:** Staff endorses the recommendation to prepare policies and procedures for Board approval of new grant agreements and contracts with clearly designated annual dollar thresholds, even for multi-year agreements. Board adoption and implementation of such practices would help clarify and document allocations (this response was also provided to the same recommendation from the HMR Phase 1 report). Until now, the Commission has chosen to approve program allocations and provide the CEO with authorization to negotiate the resulting contracts and agreements according to existing First 5 LA procurement policies and procedures without returning to the Commission for additional review or approval. Below are several examples of items other public agency governing boards have recently approved where authorization to proceed with contracts or agreements has been granted to the CEO:

**Metrolink:**
“Staff recommends the Board authorize the Chief Executive Officer to award Contract No. C3111-12 for the Valley, Ventura and East San Gabriel Communications Backhaul Project
to the lowest responsive and responsible bidder Parsons Commercial Technology Group (Parsons) in the amount of $20,151,180.47, plus a fifteen percent contingency of $3,022,677.07, for a total amount not-to-exceed $23,173,857.54. Award is subject to resolution of any protest timely filed.”

Irvine Ranch Water District:

19. **LANDSCAPE AND IRRIGATION MAINTENANCE CONTRACT AWARD**

Recommendation: That the Board authorize the General Manager to execute three-year landscape and irrigation maintenance contracts with Tropical Plaza Nursery, Inc. for $631,440, Pinnacle Landscape for $240,923 and Merchants Landscape Services for $262,080.

20. **CONSTRUCTION MANAGEMENT CONSULTANT SERVICES**

Recommendation: That the Board authorize the General Manager to execute a Professional Services Agreement with CH2M Hill in the amount of $300,000 for construction management consultant services.

Los Angeles County of Board of Supervisors:

23. Recommendation: Approve and authorize the Director of Public Works to execute an agreement with SCS Engineers to provide environmental engineering services to design a landfill gas control system for the Eastern Avenue Hill Improvements Project (1), for a fee not to exceed $335,000, funded by a one-time Net County Cost currently appropriated within the 2011-12 Capital Projects/Refurbishments budget under Capital Project No. 86970; and find that the proposed project is exempt from the California Environmental Quality Act. *(Department of Public Works) (11-4083)*

24. Recommendation: Award and authorize the Director of Public Works to execute a contract with California Dining Services for Operating Food and Vending Machine Services at the Department of Public Works Headquarters (5), for a total annual revenue estimated at $200,000, for a period of one year commencing on October 7, 2011, or execution by both parties, whichever occurs last, with four one-year renewal options and a month-to-month extension up to six months for a maximum potential total contract term of 66 months. Also, authorize the Director to renew the contract for each additional renewal option; approve and execute amendments to incorporate necessary changes within the scope of work; and find that the project is exempt from the California Environmental Quality Act. *(Department of Public Works) (11-4071)*

*HMR Recommendation 4.2 Direct management to include a consent item for approval on the monthly Board of Commissioners agenda listing all grantee and contractor agreements and amounts to be approved, whether the Board of Commissioner approval is required or not, so that information about all agreements is disclosed and any agreement can be further*
scrutinized at Board meetings if so requested by any member of the Board of Commissioners. Bidding process dates and other milestones should also be reported.

Staff Response: Staff will implement this recommendation at the direction of the Commission Chairman beginning with the November 2011 Commission meeting.

HMR Recommendation 4.3 Direct Management to prepare a protocol addressing the preparation and maintenance of documentation related to all sole source contracts and grants, regardless of their characterization as AB 109 Exceptions, Strategic Partnerships, or others, and ensure staff familiarity with adherence to these policies.

Staff Response: Staff has prepared and management has approved a protocol addressing the Strategic Partner guidelines, process and documentation that each department is required to prepare and maintain. A review tool has been developed and an interdepartmental team has already begun reviewing the Strategic Partnership requests. Management is working to develop a similar protocol for AB 109 Exceptions. The protocols have been incorporated into the Procurement Overview for First 5 LA staff to ensure that staff is familiar and adheres to the policies.

HMR Recommendation 4.4 Revise current policy so that all solicitation materials, outreach effort documentation, proposals from all bidders, agreements and contract, and agreement monitoring documentation is kept on file until two years after termination date of the agreement. This documentation can serve as a valuable management toll for assessing the efficiency of the contracting process and compliance with the competitive bidding process.

Staff Response: Currently, documentation is retained in compliance with the First 5 LA Record Retention Policy approved by the Board of Commissioners. Management will work with the Commission and Legal Counsel to revise the policy (Attachment C).

HMR Recommendation 4.5 Direct Contract Compliance staff to develop staff trainings that ensure the First 5 LA staff monitoring contracts and grants agreements are aware of all compliance requirements and understand the necessity of updating the database with current contractor and grantee information.

Staff Response: The Contract Compliance Staff has completed a Procurement Training for First 5 LA staff and has provided training to all departments. Annual refresher trainings will be held as well as training provided for any new staff. Contract Compliance staff is currently working with the Grants Management Department and the Finance Department to ensure that all aspects of compliance are captured and additional trainings for staff will be conducted in 2012. The protocols will also be shared with grantees and contractors through a webinar. Staff is also working to develop protocols related to data entry to ensure consistency.

5. Human Resource Management

Risk Assessment:

High turnover and the absence of Board-approved compensation policy updates raises the risk of First 5 LA not being able to attract and retain qualified, high-performing employees.
Staff morale or work environment issues have not been formally reported to the Board of Commissioners. The agency's current salary schedule provides management flexibility in setting staff salaries but is not specific enough to provide the Board of Commissioners with assurances that salaries are competitive and internally equitable.

Summary of findings:

- Like any organization, the effectiveness and success of First 5 LA is dependent on attracting and retaining talented and motivated employees. However, little information about the organization's effectiveness in this regard is formally prepared for review by management or the Board of Commissioners. Key human resource management indicators such as turnover, compensation, staff morale, and performance evaluation results, are not regularly collected and reported to the Board of Commissioners.

- Staff turnover has ranged from 8 to 19 percent per year over the last four fiscal years. These rates are generally higher than rates reported by other surveyed First 5 agencies and national benchmark rates for public agencies. Turnover rates should be regularly reported and analyzed by management to determine if there are human resource issues such as compensation, work environment or lack of advancement opportunities that need to be addressed to attract and retain high caliber employees.

- First 5 LA management does not track and report the next place of employment of separating employees. Staff morale surveys conducted in 2008 for the agency identified work environment issues needing improvement, but those surveys have not been distributed to the Board of Commissioners or used as the basis for improvements.

- It is unclear when the last compensation schedule setting salary ranges for employee classifications was revised based on a salary survey approved by the Board of Commissioners. Documentation was provided showing the Board of Commissioners approved a compensation study in 2001. A compensation schedule that was revised in 2006 was provided, but without documentation of Board of Commissioners approval. Further, a compensation study was conducted in 2007, but First 5 LA management reports that it was not approved by the Board of Commissioners.

- Based on best practices, a compensation schedule that has not been revised in five years or more puts the organization at risk of compensating employees at levels that are not comparable and/or competitive with the market. The current compensation schedule groups disparate staff classifications together and provides broad pay ranges of up to 75.4 percent. This gives management needed flexibility in establishing and adjusting salaries but makes it difficult from a governance perspective to determine if salaries are internally equitable and reasonable compared to market rate salaries. Some employees are currently being paid below or above established pay ranges.

Based on the above findings, it is recommended that the First 5 LA Board of Commissioners:
5.1 Direct management to annually report human resource management performance indicators to the Board of Commissioners including: (a) turnover based on the number of separations relative to actually filled positions; (b) a summary of reasons for turnover; (c) grievance data; (d) a summary of performance evaluation frequency and timeliness; and, less frequently such as every two years, (e) results of independently conducted staff morale and satisfaction surveys. Plans of action should be prepared in instances where high rates of turnover are occurring or staff concerns and issues are identified that could be contributing to staff turnover and/or frequent investigations of grievances.

5.2 Update its compensation policy and direct management to: (a) conduct a compensation survey at least every five years covering salaries and benefits; (b) revise the existing compensation schedule to include more distinctions of different classifications, and (c) update the compensation ranges for review and approval by the Board of Commissioners.

5.3 Direct management to develop an agency-wide training curriculum that addresses both technical skills required to complete responsibilities assigned to each classification, as well as management skills expected for the higher levels of employee classifications. Participation in courses, conferences, or seminars that meet the training curriculum requirements should be centrally tracked for the entire agency.

STAFF RESPONSE:

Management concerns regarding the ability to attract, reward and retain professional staff have been expressed to the Commission; however the Commission has dismissed recommendations regarding a review of compensation and benefits that would be a critical element in addressing this issue.

“Next place of employment” is not typically tracked by HR Departments nor is a departing employee obligated to provide this information. In keeping with standard practices, the HR Department tracks the nature of the separation: voluntary, involuntary and retirement. While additional information and a frame of reference on this item were included on page 64 of the Phase 2 HMR report, the facts in the bulleted item on page 61 require clarification. Furthermore, the statement that the survey results “have not been distributed to the Board of Commissioners” implies that these survey results have been purposefully withheld.

“Further, a compensation study was conducted in 2007, but First 5 LA management reports that it was not approved by the Board of Commissioners”. A review of the minutes for the meeting in which the results of the compensation study were presented will show that the Board never had the opportunity to consider the study, and instead questioned the credentials of the consultant, and the motives of First 5 LA’s management in presenting the study and its recommendations. The Board called for a special review of the consultant’s credentials and methodology and directed legal counsel to hire another consultant to verify the methodology used. The consultant’s credentials and the methodology used in the compensation study were both verified by legal counsel’s consultant; nevertheless, the Commission never requested that the study be brought back for discussion or consideration.

HMR Comment/Recommendation: “Some employees are currently being paid below or above established pay ranges”
Staff Response: HMR analysts failed to note that (1) the compensation schedule does not cap the salaries in the range and that (2) while the Commission did not approve the compensation study, they did enact one recommendation that was made in the study: the salary range for the administrative and clerical personnel was reduced and capped. This action explains why some employees are paid below the pay range listed in the 2006 Compensation Schedule.

HMR Recommendation 5.1 Direct management to annually report human resource management performance indicators to the Board of Commissioners including: (a) turnover based on the number of separations relative to actually filled positions; (b) a summary of reasons for turnover; (c) grievance data; (d) a summary of performance evaluation frequency and timeliness; and, less frequently such as every two years, (e) results of independently conducted staff morale and satisfaction surveys. Plans of action should be prepared in instances where high rates of turnover are occurring or staff concerns and issues are identified that could be contributing to staff turnover and/or frequent investigations of grievances.

Staff Response: Staff concurs with the recommendation that senior management present key HR indicators to the Commission on an annual basis. However, “grievance data” should be restricted to complaints that are filed with external agencies and not personnel issues that are brought forward and resolved through internal channels for resolution due to personnel confidentiality issues.

HMR Recommendation 5.2 Update its compensation policy and direct management to: (a) conduct a compensation survey at least every five years covering salaries and benefits; (b) revise the existing compensation schedule to include more distinctions of different classifications, and (c) update the compensation ranges for review and approval by the Board of Commissioners.

Staff Response: Staff concurs that the Commission should update its compensation policy calling for a regular survey of salary and benefits, and that the existing compensation schedule be reviewed to ensure that it reflects best practices in compensation management.

HMR Recommendation 5.3 Direct management to develop an agency-wide training curriculum that addresses both technical skills required to complete responsibilities assigned to each classification, as well as management skills expected for the higher levels of employee classifications. Participation in courses, conferences, or seminars that meet the training curriculum requirements should be centrally tracked for the entire agency.

Staff Response: Staff has begun the development of an agency-wide training curriculum for the continuing development of professional staff. However, the implementation of a training curriculum that promotes continuing development of staff underscores the importance of having a compensation and benefit program that promotes retention of professional staff.
6. Research and Evaluation

HMR Risk Assessment:

Since program evaluations are not consistently structured, the Board of Commissioners does not receive comparable information for all agency program and initiative outcomes. The agency does not produce an annual evaluation to provide the Board of Commissioners with a comprehensive assessment of key agency-wide outcomes.

HMR Summary of findings:

- The three main types of research and evaluation conducted by or for First 5 LA are: (1) semi-annual or annual program evaluation reports submitted by grantees and contractors to Program Officers for compliance and process improvement; (2) an annual evaluation report submitted by First 5 LA to the State detailing target populations served; and (3) comprehensive evaluations conducted by First 5 LA staff and/or contractors to measure the impact of various initiatives.

- Staff reports that all programs and initiatives are subject to a comprehensive evaluation during their program term. However, some evaluation results for small investments are not reported to the Board of Commissioners and some evaluations for larger investments are not conducted or reported to the full Board of Commissioners until the end of the program, or on an impromptu basis at hearings. As a result of this approach, the Board of Commissioners may not receive an assessment on the impact of a program for several years. The only assessment of agency-wide results the Board of Commissioners receives is the annual report submitted to the State, but this only covers a limited number of performance results.

- First 5 LA staff developed a framework as well as a list of specific research projects and activities for place-based programs. With input from some Commissioners, staff defined the purpose, expected learning outcomes and timelines for each research project prior to approval by the full Board of Commissioners. However, First 5 LA has not developed a similar framework for the more recently approved Countywide Augmentation programs.

- First 5 LA is starting to implement evaluation “dashboards,” or “snapshot” reports with key metrics and performance indicators for each Best Start Community to: (a) monitor First 5 LA’s progress in reaching intermediate and long-term outcomes outlined in the Strategic Plan; and, (b) measure the agency’s effectiveness in a transparent manner that is easily accessible by stakeholders. However, comparable dashboards have not been implemented for countywide strategies and programs.

- Some First 5 agencies in other counties surveyed have implemented electronic data systems for their grantees to input required performance and outcome data. First 5 LA has implemented such a system but it can only be used by the grantees of five initiatives. However, First 5 LA reports that it is currently developing a technology plan and seeking a new data system. This system should be utilized by all grantees and contractors for the efficient use of data for multiple evaluations and to facilitate knowledge sharing among stakeholders.
Based on the above findings, it is recommended that the First 5 LA Board of Commissioners:

6.1 Direct management to develop policies and procedures for a standardized approach to the development and approval of research and evaluation for all new programs that include: (a) the vehicle(s) by which Commissioners may provide feedback in the development of research and evaluation projects prior to formal approval by the entire Board of Commissioners; and, (b) a requirement that all research and evaluation project proposals include the purpose, expected learning outcomes, list of specific activities, and timelines for each activity or phase of the project, prior to approval.

6.2 Direct management to implement the use of annual dashboard reports that incorporate regularly reported output and outcome data from all grantees, contractors, and community partners. Implementation should include written policies and procedures that: (a) require that a compilation of the dashboard data be presented to the Board of Commissioners to provide an annual assessment of agency-wide performance; (b) require the dashboards to be displayed online and easily accessible by various stakeholders; (c) include an additional report on grantees or contractors that have been underperforming; and, (d) require such grantees and contractors to be available for questions and discussion during the presentation of the dashboards at Commission meetings.

6.3 Direct management to implement the Data Systems Integration strategy and ensure that it includes the purchase and development of an electronic system that allows all grantees to input both output and outcome data online so that data from grantees could be collected consistently and efficiently and used in a more efficient way to: (a) assemble the Annual Evaluation Reports to First 5 California; and, (b) complement the data used for more comprehensive evaluations. Further, this data should be accessible to key stakeholders, including grantees to facilitate sharing of best practices and process improvement.

**STAFF RESPONSE:**

*HMR Comment/Recommendation:* “The three main types of research and evaluation conducted by or for First 5 LA are: (1) semi-annual or annual program evaluation reports submitted by grantees and contractors to Program Officers for compliance and process improvement; (2) an annual evaluation report submitted by First 5 LA to the State detailing target populations served; and (3) comprehensive evaluations conducted by First 5 LA staff and/or contractors to measure the impact of various initiatives.”

*Staff Response:* In addition to the types of research and evaluation activities listed here, First 5 LA also monitors trends in Countywide result areas as well as key indicators related to the result areas in order to understand the relationship between the aggregated investments of the entire portfolio and the overall impacts First 5 LA is making in Los Angeles County. The evaluation activities are also supported by a host of research projects that inform planning and policy development, enhance learning in the field of early childhood development and create more robust methodologies to track and measure progress.
HMR Comment/Recommendation: “Staff reports that all programs and initiatives are subject to a comprehensive evaluation during their program term. However, some evaluation results for small investments are not reported to the Board of Commissioners and some evaluations for larger investments are not conducted or reported to the full Board of Commissioners until the end of the program, or on an impromptu basis at hearings. As a result of this approach, the Board of Commissioners may not receive an assessment on the impact of a program for several years. The only assessment of agency-wide results the Board of Commissioners receives is the annual report submitted to the State, but this only covers a limited number of performance results.”

Staff Response: First 5 LA staff acknowledges the intermittent nature of evaluation reporting to the Commission. The reporting of overall progress in one annual comprehensive report that extends beyond the basic process reporting provided to the State Commission is made difficult by the considerable variation in program and initiative types, stages of implementation, target populations, investment amounts and duration of programs and initiatives. Ultimately, any report of this nature is limited in utility by the absence of predetermined and clearly defined levels of success. Thus far the Commission has yet to specifically define success in terms of quantifiable progress made in changing the four primary result areas.

First 5 LA staff is committed to developing and implementing a more uniform and systematic reporting of evaluation results to better inform Commission decision making as well as providing useful information to grantees and other stakeholders.

HMR Comment/Recommendation: “First 5 LA staff developed a framework as well as a list of specific research projects and activities for place-based programs. With input from some Commissioners, staff defined the purpose, expected learning outcomes and timelines for each research project prior to approval by the full Board of Commissioners. However, First 5 LA has not developed a similar framework for the more recently approved Countywide Augmentation programs.”

Staff Response: On page 73, the HMR report acknowledges that the reason why the evaluation plans for the Countywide Augmentation (CWA) projects have not yet been developed is because the details of the CWA projects were not yet defined (and it is very difficult, if not impossible, to develop an evaluation plan when you do not know what it is that is being evaluated). However, this acknowledgement is not reflected in the conclusions or recommendations. The Accountability and Learning framework and the Implementation Plan were developed prior to the approval of the CWA projects. R & E staff has been waiting for more details about the CWA projects before the Accountability and Learning framework and the corresponding Implementation Plan is revised. We are planning to have a revision by February 2012 because we have more details now on the nature of the CWA projects and the timelines.

It should also be noted that the approved Accountability and Learning framework and its’ respective projects is not limited to “place-based” programs but also incorporates the evaluation of Countywide strategies that were part of the June 2010 Strategic Plan approval. The specific Countywide strategies are capacity building, public education, systems integration, data systems integration, workforce development, public policy agenda and resource mobilization.
HMR Comment/Recommendation: “First 5 LA is starting to implement evaluation “dashboards,” or “snapshot” reports with key metrics and performance indicators for each Best Start Community to: (a) monitor First 5 LA’s progress in reaching intermediate and long-term outcomes outlined in the Strategic Plan; and, (b) measure the agency’s effectiveness in a transparent manner that is easily accessible by stakeholders. However, comparable dashboards have not been implemented for countywide strategies and programs.”

Staff Response: First 5 LA is also in the early stage of developing a set of meaningful Countywide dashboards that will track the progress First 5 LA makes in the collective impact of our investments as well as specific Countywide strategies. This effort was described through several activities that were included in the Accountability and Learning Implementation Plan approved in June 2010.

HMR Comment/Recommendation: “Some First 5 agencies in other counties surveyed have implemented electronic data systems for their grantees to input required performance and outcome data. First 5 LA has implemented such a system but it can only be used by the grantees of five initiatives. However, First 5 LA reports that it is currently developing a technology plan and seeking a new data system. This system should be utilized by all grantees and contractors for the efficient use of data for multiple evaluations and to facilitate knowledge sharing among stakeholders.”

Staff Response: As part of the data system integration countywide strategy, First 5 LA has been working since the 2009-2015 Strategic Plan was passed to create a more comprehensive data collection system that will populate data dashboards with more “real time” information on projects and make it easier for First 5 LA to compile more meaningful reports for the Commission, grantees and partners. First 5 LA refrained from developing such a system in the past due to the short term or temporary nature of many of the funded initiatives and the different direction the Commission was taking with its new Strategic Plan.

HMR Comment/Recommendation: “First 5 LA has not developed a clear structure for the development of research and evaluation for the recently approved Countywide Augmentation programs. This contrasts with the approval of a framework for evaluation and specific activities related to the evaluation of initiatives from the old strategic plan and place-based strategies, which included feedback from Commissioners, and the development of the purpose, goals, and timelines for each research project or activity.

Further, evaluation information is not compiled or reported on a comprehensive agency-wide basis to enable the Board of Commissioners to assess overall agency progress in accomplishing its goals each year.

Despite various reporting mechanisms, First 5 LA lacks a process for consistently disseminating the results of research and evaluation projects to the Board of Commissioners and other stakeholders in a format that allows the information to be adequately used for making policy decisions and process improvement. For example, grantees are not able to use data they submit through performance evaluations for obtaining best practices and process improvement, and First 5 LA has not implemented dashboards for all of its programs and initiatives.”
Staff Response: First 5 LA is committed to working with the Commission through the existing committee structures to obtain feedback and develop a revised Accountability and Learning Framework that includes evaluation and research activities for the new CWA projects. First 5 LA will also continue to engage the external Research Advisory Committee (RAC) comprised of national research and evaluation experts that unfortunately was not mentioned in the report as a critical mechanism to shape future research and evaluation work. First 5 LA will also continue to urge the Commission to define larger more specific success criteria to allow for more meaningful annual reporting on progress.

In addition to the development of the dashboards, First 5 LA staff will work to develop more “easy to use” mechanisms to disseminate findings from the research and evaluation work. As part of the June 2010 approved Accountability and Learning Framework First 5 LA outlined a process called “Learning and Improvement” which will work with Commissioners and staff across all departments to better utilize and apply evaluation and research findings.

HMR Comment/Recommendation: “Unlike First 5 agencies in other counties, input of data through an electronic system for use in performance evaluations, the Annual Evaluation report to First 5 California, and comprehensive evaluations is not available to all grantees. However, other First 5 Commissions, such as San Diego and San Francisco, require all grantees to submit data electronically. Further, First 5 LA’s electronic system is limited in its ability to report on data and outcomes that are part of First 5LA’s long-term data needs.”

Staff Response: Although it is our goal to eventually have all grantees and contractors submit data through a comprehensive data collection system, it should be noted that unlike First 5 agencies in other counties, First 5 LA has over 50 major initiatives with over 320 grantees and contractors that span across a multitude of school districts and city jurisdictions with their own complex data collection systems. The size and scope of Los Angeles County is not comparable to a place like San Francisco where the County, City and School district share the same geographic boundary and the number of funded partners are significantly less. Currently San Diego has 15 grantees which allows for a more reasonable expectation to participate in a First 5 sponsored data collection system. Currently 85 grantees submit their data using the First 5 LA DCAR system.

HMR Recommendation 6.1 Direct management to develop policies and procedures for a standardized approach to the development and approval of research and evaluation for all new programs that include: (a) the vehicle(s) by which Commissioners may provide feedback in the development of research and evaluation projects prior to formal approval by the entire Board of Commissioners; and, (b) a requirement that all research and evaluation project proposals include the purpose, expected learning outcomes, list of specific activities, and timelines for each activity or phase of the project, prior to approval.

Staff Response: First 5 LA supports the recommendation to implement a more standardized approach to develop future research and evaluation projects and allow more opportunities for Commissioner and other stakeholder feedback. At the same time First 5 LA recommends that R & E staff be given the flexibility to think broadly about the work and not be limited to creating a series of disconnected categorical evaluations.

HMR Recommendation 6.2 Direct management to implement the use of annual dashboard reports that incorporate regularly reported output and outcome data from all grantees,
contractors, and community partners. Implementation should include written policies and procedures that: (a) require that a compilation of the dashboard data be presented to the Board of Commissioners to provide an annual assessment of agency-wide performance; (b) require the dashboards to be displayed online and easily accessible by various stakeholders; (c) include an additional report on grantees or contractors that have been underperforming; and, (d) require such grantees and contractors to be available for questions and discussion during the presentation of the dashboards at Commission meetings.”

Staff Response: As stated previously, First 5 LA is already in the process of developing dashboards and is currently exploring existing technology mechanisms to support them. In addition, First 5 LA is moving forward with the implementation of a newly developed technology plan that will eventually help staff build the data collection system that is both practical and useful.

Furthermore, First 5 LA will continue to urge the Commission to specifically define success at all the levels (Countywide, Place-Based, Initiative, Grantee etc.) in which it seeks to monitor progress on.

HMR Recommendation 6.3 Direct management to implement the Data Systems Integration strategy and ensure that it includes the purchase and development of an electronic system that allows all grantees to input both output and outcome data online so that data from grantees could be collected consistently and efficiently and used in a more efficient way to: (a) assemble the Annual Evaluation Reports to First 5 California; and, (b) complement the data used for more comprehensive evaluations. Further, this data should be accessible to key stakeholders, including grantees to facilitate sharing of best practices and process improvement.”

Staff Response: First 5 LA supports this recommendation and has been in the process of implementing the Data Systems Integration strategy in cooperation with First 5 LA's Information Technology department. First 5 LA has completed the first phase by creating a detailed technology plan and is now in the process of defining requirements for a RFQ that will be used to identify an entity to support future phases of the data systems work. In addition, First 5 LA will coordinate with the State Commission to ensure compatibility with First 5 CA's new PROOF data collection system that will be rolled out in the next few years.
Los Angeles County Children and Families First Proposition 10 Commission

Board of Commissioners
Policy and Guidelines for
Administrative Costs and Function

1 POLICY STATEMENT

Prior to the beginning of each fiscal year, and following a noticed public hearing the First 5 LA Commission will establish a limit on the percentage of the Commission’s Total Annual Budget that may be spent on the administrative cost function. The Commission will adopt a percent to be used to calculate the maximum Administrative Cost as defined in the FIRST 5 Financial Management Guide Chapter 6: ADMINISTRATIVE COSTS, Sect. 6.2 POLICY STATEMENT.

The Commission will monitor and take necessary action to ensure compliance with the dollar amount determined based on the maximum percentage rate to be spent on the administrative function. Under appropriate circumstances the Commission may need to adjust the maximum percentage rate to be spent on the administrative cost function.

2 PURPOSE

To clearly define the administrative cost and establish appropriate spending limits on such costs and monitor compliance with the adopted maximum percentage to provide assurance that the maximum possible level of resources is spent on direct programs and services.

3 APPLICATION

The policy applies to the Total Annual Budget comprised of the budgeted grantee/contractor program costs, evaluation costs and other budgeted costs minus the budgeted administrative costs.
4 RESPONSIBILITIES

The Finance Department proposes the maximum percentage rate to be spent on the administrative function and monitors and reports to the commission monthly on compliance with the maximum percentage based dollar amount.

The Executive Director reviews and approves the rate proposed by the Finance department.

The Commission, following a noticed public hearing, annually will adopt a maximum percentage rate of the Total Annual Budget to be spent on the administrative function.

5 PROCEDURE

A. Each year, during the annual budget renewal period and prior to the beginning of the new fiscal year the Finance department with approval of the Executive Director will recommend to the Commission a maximum percentage rate to be spent on the administrative function.

B. The Executive Director reviews and approves the proposed maximum percentage rate developed by the Finance Department and presents it to the Operations Committee for review and approval.

C. Prior to the beginning of the fiscal year the Commission provides notice of, and conducts a public hearing regarding the maximum percentage rate of the Total Annual Budget to be spent on the administrative function.

D. The Commission prior to the beginning of the fiscal year will adopt a maximum percentage rate of the Total Annual Budget to be spent on the administrative function.

E. The Finance Department will report to the Commission quarterly on the status of compliance with the maximum percentage rate to be spent on the administrative function. The Operations Committee on behalf of the Commission, has the authority to approve any changes to the Commission’s approved administrative cost maximum rate.
Administrative Cost

Definitions:

Administrative costs. Costs incurred in support of the general management and administration of First 5 LA for a common or joint purpose that benefits more than one cost objective (other than evaluation activities), and/or those costs not readily assignable to a specifically benefited cost objective.

Program costs. Cost incurred by First 5 LA readily assignable to a program or service provider (other than for evaluation activities) and/or in the execution of direct service provisions.

Evaluation costs. Costs incurred by First 5 LA in the evaluation of funded programs based upon their accountability framework and data collection and evaluation for required reporting to state and local stakeholders.

Proposed Administrative Cost Maximum Development Procedure:

The following process for developing an administrative cost maximum and tracking process for First 5 LA:

Step 1: Classify work within the three recommended categories (administrative, program, evaluation) using the definitions included in the First 5 Financial Management Guide (See attached “First 5 LA Cost Category”)

Step 2: Use the “Cost Finding” method to categorize staff work and other expenditures within the three recommended category budgets to determine and adopt the Administrative Cost cap (Allocation Analysis & Time-Sheet.)

Step 4: Review analysis and results with Operation Committee

Step 5: Provide results to Commission and conduct a public hearing, and then adopt percentage limit on administrative costs for First 5 LA.
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<td>Costs incurred in support of the general management and administration of a First 5 commission, for a common or joint purpose that benefits more than one cost objective (other than evaluation activities), and/or those costs not readily assignable to a specifically benefited cost objective.</td>
<td>Costs incurred by local First 5 commissions readily assignable to a program, grantee, contractor, or service provider (other than evaluation activities) and/or in the execution of direct services provision.</td>
<td>Costs incurred by local First 5 commissions in the evaluation of funded programs based upon their accountability framework and data collection and evaluation for required reporting to state and local stakeholders.</td>
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<td>Program outreach and education</td>
<td>Evaluation technical assistance/training</td>
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References – First 5 Financial Management Guide – (http://www.f5ac.org/mguide.).
Methods that may be used for Allocating Administrative Costs

Personnel costs are allocated based on time spent on program versus administrative activities. Each salary (and related fringe benefit) is allocated to administrative activities according to the projected time devoted to such activities.

Equipment Maintenance and Repair is allocated to administrative activities based on projected usage of the underlying equipment for administrative activities.

Printing costs are allocated based on projected printing usage for administrative activities.

Space is allocated based on square footage of office space that is used by staff conducting administrative duties.

Supply costs are allocated based on projected staff time devoted to administrative activities.

Travel expenses are projected to be directly classified according to the purpose of the travel. Travel conducted for both program and administrative purposes will be allocated according to the time devoted to each activity while traveling.

Board expenses are considered 100% administrative costs.

Dues are projected to be directly classified according to the purpose of the dues. Dues expenses incurred for both program and administrative purposes will be allocated according to the usage (time spent) for each activity.

Insurance costs are allocated based on the underlying purpose of the coverage. General liability coverage is allocated between program related coverage and Board related Directors and Officers coverage (administrative).

Meeting expenses are allocated based on the time spent in meetings relating to administrative activities.

Office expenses are based on staff time spent on administrative activities.
Los Angeles County Children and Families First Proposition 10 Commission

Finance Department
Procurement Policy

1 POLICY STATEMENT
A fair and uniform procurement policy allows for a free and open competition among vendors and, when used properly, delivers quality materials and services from responsible vendors in the most cost-effective manner.

2 PURPOSE
This policy establishes a uniform procedure for the procurement of services and materials by the “Los Angeles County Children and Families First – Proposition 10 Commission (“Commission”) aka First 5 LA.”

3 APPLICATION
These procedures apply to all Commission departments, employees and individuals/consultants authorized to do business on behalf of the Commission.

4 RESPONSIBILITIES
The Executive Director and Department Directors are responsible for implementing this policy, and formulating and complying with appropriate procedures and guidelines.

5 PROCEDURES
Unless a specific exception to this policy applies, the Commission shall procure goods and services with a value in excess of $5,000 from the lowest responsible bidder after the issuance of Requests for Proposal (“RFP”) or other method deemed appropriate for a formal bidding process. RFP’s or other method for bidding shall be written to include the scope of work, specifications and terms of the proposed purchase or contract. Each RFP or other appropriate method shall provide sufficient details to
assist prospective bidders in calculating an accurate, unconditioned and stable bid. Each RFP or other method used shall provide explicitly that the Commission reserves the right to reject all bids and re-advertise for bids, and that failure to comply with bid specification shall be grounds for disqualification of bids. Each bidder or proposer shall be required to honor the price and specifications quoted for a minimum of sixty (60) calendar days following submission of the bid. The Executive Director or Commission may waive any irregularity in bids. The Executive Director and user department director shall approve all RFP's or other method used prior to issuance.

5.1 Purchase Requests (PR) are required prior to all purchases or service agreements regardless of the dollar amount. The PR should be properly completed, executed and delivered to the finance department. Proper supporting documentation must be included such as invoices and receipts. The department incurring the expense shall initiate, complete and execute the PR.

5.2 Purchases or services over $5,000 dollars require the solicitation of at least three (3) RFP's or other method used to qualified prospective bidders and receipt by the Commission of competitive bids (less than 3 is acceptable) for comparable goods or services prior to the procurement of the goods or services.

5.3 The Commission's policy against Conflict of Interest apply to all RFP's or other method used and proposals.

5.4 Each RFP or other method issued by the Commission shall contain a sample of the Commission's standard applicable contract for goods or services, with a statement notifying the bidder that the selected bidder shall be expected to execute the contract without substantive alteration.

5.5 If two (2) or more bids received are for the same total amount or unit price, the Commission may accept any one of such bids or may accept the lowest bid made by negotiation with the bidders after bid opening.

The sole exception is when single-source or two-source procurement is justified as provided below or there are less than three (3) qualified suppliers available. Each such exception shall be documented in writing for the approval of the Executive Director prior to the formal procurement.
Exceptions are as follows:

The competitive bid requirement of this policy shall not apply under the following circumstances:

(a) The supplies, equipment or services to be procured are unique because of their quality, durability, availability or fitness for a particular use;

(b) Such supplies, equipment or services are available from only one source;

(c) The Executive Director has determined in writing that exigent or emergency circumstances require the immediate purchase of specific supplies, services or equipment;

(d) Personal services contracts of less than $25,000 annually in the aggregate to any one service provider.

(e) Personal services contracts of $25,000 or more annually in the aggregate if the Executive Director issues a written finding prior to the award of contract that the proposed contractor is so uniquely qualified for the particular project that competitive bidding would not be in the best interests of the Commission.

5.6 Justification for using other than the three bid process for procurement over $5,000 shall be approved in writing by the Executive Director.

5.7 The Executive Director shall approve selection of a bid that is not the lowest qualified supplier or lowest cost of goods supplier from the minimum three bid process.

5.8 Emergency purchases or services for any reason shall be approved by the director of the user department and a PR completed, executed and delivered to the finance department by the next business day (within 24 hours) of the time the costs were incurred.
Los Angeles County Children and Families First Proposition 10 Commission

Records Retention Policy/Procedures

1.0 Policy Statement

The Public Records Policy approved by First 5 LA, on January 24th, 2002 in accordance with the California Public Records Act governs public access to the Commission’s records and provides guidelines for records retention. All public records are to be open for inspection at the Commission offices, as required by law, at all times during regular office hours.

2.0 Purpose

This policy sets forth the guidelines and procedures pertaining to the retention, purging, and destruction of records maintained by the Commission. Additionally, this policy includes records retention schedules and the state and federal codes and statutes pertaining to records retention.

3.0 Policy Guidelines

The Public Records Act is a California statute that affords the public the right to inspect, and be provided a copy of, most of the written information retained by State and local agencies in the course of business. The Public Records Act regulates the public’s access to records and sets out the specific statutory circumstances under which particular records need not be disclosed. The Public Records Act states that public records are open to inspection at all times during the office hours of a local agency.

The Public Records Act applies to every conceivable local government entity. Under the Public Records Act, a “local agency” includes non-profit organizations, and local agencies which are supported solely by public funds. This includes First 5 LA.

“Public Records” includes any writing containing information relating to the conduct of the public’s business prepared, owned, used, or retained by any State or local agency regardless of physical form or characteristics.

“Public Records” include computer data (email, instant messages, Word files, et al.), although such data can be provided in a form determined by the agency. It does not include computer software developed by the agency.

Requester’s rights under the Public Records Act are not unlimited. A local agency is not required to create a document or compare a list in response to a request made under the Public Records Act.
Original Commission records shall remain in the custody of the Commission at all times, ensuring their integrity and accessibility. Review of original Commission files/records by a requestor will be supervised by a Commission employee. If necessary, copies of the original records may be provided upon written request. In all instances, an attempt should be made to have the written request provide specific document identification.

General perusal of the files will not be permitted.

All finance-related documents will be retained and maintained by the Finance Department following generally accepted accounting principles and the standards set forth by independent auditors.

Documents pertaining to records for non-funded grant and contract applicants shall be retained for a minimum of 2 years past date of denial.

All other documents, including records for grantees and funded awarded contracts shall be retained for a minimum of 3 years past the date of grant/contract completion.

Applications that are in the review process are not available to the public. Once grant or contract awards have been awarded by the Commission Board, those applications become public information. Exceptions are in accordance with exemptions identified in the California Public Records Act.

No original Commission document or file, used in a court case, shall be made a part of the court files. If the court requests a document on file, certified copies of the original records shall be submitted. The exception is only to Grand Jury Subpoenas, which shall be referred to the Executive Director, or designee, upon receipt, for review by Commission Legal Counsel.

The release of copies of staff reports or other Commission agenda materials is not allowed before the packets have left Commission office for delivery to the Board members.

Retention, purging, and destruction of records will be done in compliance with the requirements of the Public Records Act and other applicable codes or regulations.

4.0 Applications

Adherence to this policy and procedures is required by all staff and representatives associated with First 5 LA.

5.0 Responsibilities

The Director of Grants Management and Legal Compliance or designee, will monitor the procedures for this policy and coordinate with Directors as required.
Each department will have a single point of contact, responsible for records applicable to the specific department. All media documentation will be coordinated by the Public Affairs department.

6.0 Records subject to and exempt from Disclosure

6.1 Subject to Disclosure

Drafts, personal notes and records are not public records subject to disclosure, as long as those documents are not customarily retained or used by the public agency in the ordinary course of business. Ask whether a document in draft or note is one which:

1. Is normally kept by the agency in the course of business?  
2. Somehow documents or memorializes the day-to-day transaction of the public’s business?  
3. Is merely a temporary step in the process, not necessary for complete and accurate public information?

Documents that fit within category 3 above, are probably not public records.

6.2 Exempt from Disclosure

The following records are not public and public access is not allowed.

a. Preliminary drafts, messages and notes customarily discarded, stenographic notes, tapes used for transcription of a typed document and then discarded or reused, and interagency or intra-agency memoranda which are not retained in the ordinary course of business, provided that the public interest in withholding such records clearly outweighs the public interest in disclosures.

NOTE: Care should be taken to keep such notes and working papers separate from files containing records that are considered public and to label personal working files as such.

b. Records pertaining to pending litigation to which the Commission is a party or claims made pursuant to Government Code Section 810 et. seq., until such litigation or claim has been finally adjudicated or otherwise settled.

c. Personnel, medical, or similar files, the disclosure of which would constitute unwarranted invasion of personal privacy.

d. Records of complaints to or investigations conducted by, or records of intelligence information or security procedures of the Los Angeles Police Department.
e. Test questions, scoring keys, and other examination data used to administer examinations for employment.

f. The contents of real estate appraisals, engineering or feasibility estimates and evaluations made for or by the Commission relative to acquisition of property, or to prospective public supply and construction contracts, until such time as all of the property has been acquired or all of the contract agreement obtained.

g. Records, the disclosure of which is exempted or prohibited pursuant to provisions of federal or state law, including, but not limited to provisions of the Evidence Code relating to privilege.

h. Communications from Commission Legal Counsel to Commission personnel consultants or other parties with whom the Commission has a confidential relationship.

i. Any record that is either exempt from disclosure or not a public record under applicable law.

Note: Once an exempt record is released to any member of the public, disclosure constitutes a waiver of the exemption from disclosure for the document.

7.0 Defining Retention, Purge, and Destruction

7.1 Records Retention

Each record category (Reference Attachment A) has been evaluated based upon its administrative, operational, fiscal, legal, and historical value to determine appropriate retention period. This evaluation has resulted in the following records retention schedule. For each category the schedule identifies the following:

a. Record Description: identifies the type of record to be retained.
b. Legal Authority: identifies relevant state and federal codes and statutes.
c. Retention Period: establishes the period of time which the documents must be retained.

The retention period is indicated by alphanumeric retention codes. The retention codes are used to indicate when the retention period begins and the length of time the record must be maintained. The retention code has two components:

The alpha code represents when the retention period begins:

- Au  After audit
- T   Termination of employment or term of document
- P   Permanent
- CD  Closing date of document
The numeric code represents the length of time in years, that records must be kept after the retention period begins. For example, a retention code of Au+3 means that a record’s retention period begins after completion of the audit and must be kept for three years thereafter.

7.2 Records Purge

In case of grants, care should be exercised to ensure that records are maintained based on the retention period following the completion of the Commission’s audit.

Generally, public access is not allowed to the following identified records and unless public interest requires a document’s retention, the document may be purged. Documents include: preliminary drafts, messages and notes customarily discarded, stenographic notes, tapes used for transcription of a typed document, and the discarded or reused, and interagency or intra-agency memoranda which are not retained in the ordinary course of business. Care should be taken to keep such notes and working papers separate from the files containing records that are considered public and to label working files as such.

7.3 Destruction of Records

Prior to destroying any records, a list will be made of all records that are to be destroyed. This list will be presented to Commission legal counsel who will be asked to review and approve the destruction of the records identified. Once the approval of legal counsel has been obtained, a motion will be brought before the Commission requesting their approval of the request to destroy those records. Duplicate records can be destroyed without Board approval.

8.0 Procedures

8.1 Retention

1. An Electronic Content Management System will be utilized by First 5 LA. IT and Grants Management & Legal Compliance are developing a system for implementation. (08/07/2007)

2. Each department will be responsible for compliance with Electronic Content Management and will be provided with training.

3. The Administrative Assistants will act as lead coordinators, and will be provided training on a semi-annual basis.

4. Staff will be informed on how to request scanning and/or prepare boxes
## Retention Schedule

<table>
<thead>
<tr>
<th>Record</th>
<th>Series</th>
<th>Office Area</th>
<th>Inactive Area</th>
<th>Total Retention</th>
<th>Legal Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Authority</td>
<td>Grants</td>
<td>1 Year</td>
<td>3 Years</td>
<td>Au+3</td>
<td>41 CFR 29-70.203-02</td>
</tr>
<tr>
<td>Financial Records</td>
<td>All general statements, Reports, Ledgers etc.</td>
<td>10 Years</td>
<td>P</td>
<td>P</td>
<td>Gov. Sec. 34090</td>
</tr>
<tr>
<td><strong>Human Resources:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Files</td>
<td></td>
<td>T+1 Year</td>
<td>T+4 Years</td>
<td>T+5 Years</td>
<td>45 CFR 1058.6</td>
</tr>
<tr>
<td>Workers Compensation</td>
<td></td>
<td>T+1 Year</td>
<td>T+4 Years</td>
<td>T+30 Years</td>
<td>29 CFR 1910.20</td>
</tr>
<tr>
<td>Risk Management Claims/against Authority</td>
<td></td>
<td>1 Year</td>
<td>5 Years</td>
<td>Au+5 Years</td>
<td>Gov. Sec. 34090</td>
</tr>
<tr>
<td>Insurance/Benefits</td>
<td></td>
<td>1 Year</td>
<td>3 Years</td>
<td>Au+3 Years</td>
<td>29 CFR 1627.3(b)(2)</td>
</tr>
<tr>
<td>Applicants</td>
<td></td>
<td>CD+1 Year</td>
<td>CD+4 Years</td>
<td>CD+5 Years</td>
<td>29 CFR 30.8</td>
</tr>
<tr>
<td>Employee Discipline</td>
<td></td>
<td>T+1 Year</td>
<td>T+2 Years</td>
<td>T+3 Years</td>
<td>Gov. Sec. 34090</td>
</tr>
<tr>
<td>Discrimination Complaint</td>
<td></td>
<td>T+1 Year</td>
<td>3 Years</td>
<td>Au+4 Years</td>
<td>Gov. Sec. 34090</td>
</tr>
<tr>
<td>General Correspondence and Other Records</td>
<td></td>
<td>1 Year</td>
<td>3 Years</td>
<td>Au+3 Years</td>
<td>Gov. Sec. 34090</td>
</tr>
</tbody>
</table>

**Legend:**

<table>
<thead>
<tr>
<th>Au</th>
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