

Los Angeles County Community & Senior Services



CONTRACT MONITORING MANUAL

**COMMUNITY AND SENIOR SERVICES OF LOS ANGELES COUNTY
PROCEDURAL MONITORING MANUAL**

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MONITORING AT-A-GLANCE

I. COMMUNITY AND SENIOR SERVICES (CSS) MISSION

1. CSS receives Government funds to provide services to targeted Los Angeles County residents.
2. Contracts, both line-item and fixed-unit are the legal agreements made between LA County and various organizations/entities for the purpose of securing exceptional delivery of services to these residents.
3. CMS ensure that Contractors comply with contract provisions
 - a. Monitoring is a tool used by CSS to govern and modify the manner in which contracted organizations provide agreed-upon services to LA County residents and do so in a manner that is legal, practical, effective, Goal-oriented, quality-assured and reliable as well as to protect the interest of both the residents and the County

II. FUNCTIONS OF COUNTY MONITORING STAFF (CMS)

1. Liaison
2. Reporter
3. Resource Person
4. Duties:
 - Perform Desk Reviews
 - Initiate Site Visits
 - Provide In-House Consultation
 - Review Contracts, Modifications, Amendments and Performance Reports
 - Provide Technical Assistance
 - Complete Special Assignments

III. MONITORING PROCEDURES

1. In-House Functions
2. Types of contracts
3. Monitoring System
 - A. Desk Review
 - B. On-Site Monitoring
 - C. Frequency On-Site Reviews
4. Contracts
 - A. Negotiation, Preparation and Execution
 - B. Advances
 - C. Waivers
 - D. Modification Guidelines
 - E. Amendments
5. Monitoring Procedures

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MONITORING AT-A-GLANCE

- A. In-House Monitoring
- B. Entrance Conference
- C. Program Reviews
- D. Fiscal Systems
- E. Exit Conference
- F. Monitoring Review Report
- G. Site Visit
- H. Corrective Action Plan
- I. Monitoring Third-Party Contracts
 - 1. Space
 - 2. Rental, Lease and Equipment Purchases
 - 3. Consumable Supplies
 - 4. Other Costs
- J. Prepare Summary of Findings and Assessment Rating.
- K. Conduct Exit Conference With Contractor.
- L. Prepare Monitoring Review Report, list results of Contractor review.
- M. Request a Corrective Action Plan (If Applicable)
 - 1. Summarize finding and recommendations.
 - 2. Corrective Action Plan is needed from Contractor if there are areas of noncompliance discovered in the review.
 - 3. Follow-up Site Visits(s)
 - 4. Sanctions may be imposed for non-compliance
 - a. Probation
 - b. Withholding of Funds
 - c. Suspension of Contract Activity
 - d. Termination
- N. CMS third-party contractors
- O. Verification of contract expenditures
- P. Provide Technical Assistance As Needed
- Q. Early Warning System incorporates internal control systems to identify weaknesses/deficiencies
- R. Verification of Expenditures
- S. Staff Training
- T. Workload Standards
- U. Manual Revision
- V. Using forms in this manual

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INTRODUCTION

General

1. The Los Angeles County Department of Community and Senior Services, hereafter referred to as either CSS or the Department, is the recipient of funds from various federal and state Contractors. These funds are made available so that the County can provide services to low-income persons, combat poverty, and assist the elderly and other populations in need. To meet these objectives, CSS contracts with cities, school districts, private Contractors, and community-based organizations.
2. The contract document is the vehicle through which federal, state or local government grant funds are translated into services to County residents. It is the responsibility of the Contractor (also referred to as Service Provider) to comply with all provisions of the contract.
3. Contract monitoring is the process used to determine compliance. The Department's staff reviews Contractor programs and verifies that Contractors are complying with contract obligations.

Purpose

1. The purpose of this Manual is to assist Community and Senior Services Monitoring staff (CMS) in fulfilling their monitoring responsibility in a way to ensure that:
 - a) Programs funded under federal, state and local grants administered by CSS are implemented and carried out in accordance with the applicable federal, state and local regulations, policies and guidelines.
 - b) Service Providers, contracting with CSS and their subcontractors are in compliance with the terms of their contracts.
 - c) Prompt and effective corrective action is taken in cases where Contractors are found not to be in compliance with contract requirements.
 - d) Funds provided to Contractors by CSS are not misused and services are provided to clients as contracted.

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CSS MONITORING STAFF FUNCTIONS

CSS staffs have the primary responsibility to CMS Contractors to ensure full compliance with their County contracts. Regular monitoring of the Contractor's performance is necessary not only for contract compliance, but also for maintenance of effective programs. The CMS's functions include:

Liaison

CSS monitoring staff (CMS) is the primary liaison between Contractors and CSS. The Contractors address all problems and requests for technical assistance to the CMS. The CMS is responsible for locating all relevant material and arranging for any technical assistance within the Department necessary to respond to these needs.

The CMS is the primary translator of program guidelines, fiscal requirements and departmental policies to Contractors. The CMS provides technical assistance to Contractor's by interpreting regulations and clarifying procedures.

Reporter

Using appropriate monitoring instruments, the CMS are responsible for documenting program goals and objectives, methods of operations including financial systems and procedures, level of program achievements and day-to-day delivery of services. Special circumstances, constraints and obstacles are also to be reported by the CMS to CSS Management in order to provide a complete overview of the Contractor's program operations.

Resource

The CMS is available to Contractor's to provide technical assistance for the purpose of meeting goals and objectives. Technical assistance will be provided during monitoring visits and by telephone as necessary. Additional on-site technical assistance visits will be made if the issue cannot be resolved by telephone. Technical assistance may include such areas as interpretation of regulations and instruction on the completion of forms.

Duties

The CMS's duties include conducting desk reviews and site visits; reviewing and analyzing contract modifications, waivers and amendments; preparing reports; reviewing monthly and quarterly performance reports; providing technical assistance; and performing special assignments as required.

These duties, which are later detailed, are intended as a guide only. Each Program Unit is responsible for establishing specific duties and assignments for its staff CMS. In some instances, the functions of Monitoring and Program staff overlap; however, the

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CMS should always be knowledgeable in the various aspects of program compliance.

Monitoring Procedures

In-House Functions

Monitoring is a combined activity that includes the review of both program and fiscal operations and the determination of compliance with both of these aspects of the contract.

- Program monitoring involves reviewing contractor's program administration as well as the delivery of services, and assessing program performance relative to contract goals and program objectives.
- Fiscal monitoring involves reviewing the Contractor's fiscal records to determine whether contract funds are utilized in accordance with applicable federal, state or local regulations and requirements. CMS verify information reported by the Contractors through the review of Contractor's records and by utilizing test work sampling techniques.

Types of Contracts

CSS uses two kinds of contracts with Contract Contractors:

1. Cost Reimbursement (with line-item budget)
2. Performance-Based (with fixed-unit price)

All aspects of both types of contracts are monitored, but the central focus of the monitoring differs. The cost reimbursement contract requires a closer look at the appropriateness of the Contractor's program activities and expenditures incurred in providing services, whereas the performance-based contract requires greater emphasis on the verification of program outcomes. Both types of contracts require evaluation of program effectiveness, including the quality of service provided and client satisfaction, etc.

Monitoring Memorandum of Understanding

In addition to cost reimbursement and performance-based contracts, CSS also enters into Memoranda of Understanding (MOU). A Memorandum of Understanding is a contractual agreement between County departments to provide services detailed in the agreement. CSS becomes a party to an MOU two ways: 1) awarding an MOU to another County department, or 2) as a recipient of an MOU from another County department. When CSS is the recipient of an MOU, it may perform the service itself or subcontract with Contractors to provide the services required under the MOU. Like other contracts, the MOU established programmatic and fiscal requirements to be met by each party. Parties who are subject to the terms of these agreements must be

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monitored like any other Contractor, whether it is CSS itself, a CSS subcontractor or another County department.

Monitoring System

Monitoring staff carry out their responsibility to assess contract compliance by performing desk reviews, conducting on-site reviews of program and fiscal performance, reviewing Contractor administrative policies and procedures and analyzing Contractor performance data.

Desk Review

In preparation for on-site monitoring visits, CMS perform desk reviews. The desk review includes reviewing the contract file to ensure that all required documents (Index B On-Site Monitoring Tools) have been submitted and are consistent with contract requirements. Additionally, performance data reports are reviewed on a monthly and quarterly basis to ensure that the project is on target as the contract term progresses and that billing is done in a timely manner.

On-Site Monitoring Visits

On-site monitoring visits are the extension of the desk review. On a site visit, program and fiscal activities are examined on location. Program effectiveness and contract compliance are confirmed by observation and documentation using the instruments and forms included with this Manual. The instruments serve both as guides for monitoring and worksheets for verifying that program services are supported by proper documentation.

The visits are formal, comprehensive and may take several days to complete. They include reviewing and analyzing both program and fiscal information.

Frequency of On-Site Monitoring Visits

At a minimum, two (2) on-site visits will be performed annually for every CSS program and Contract Contractor. The initial visit will be scheduled with the Contractor and the second may be either (1) unannounced, as a follow-up to resolve any prior instances of non-compliance or (2) scheduled. Additional visits shall be made as required by each program's standards, regulations and practices, as resources are available or if circumstances such as required corrective measures dictate that additional visits are necessary. The scheduling of visits will be completed by the CMS and coordinated with the CSS Unit Supervisor to ensure the required number of visits is made to each Contractor during the funding period.

When necessary, the CMS will adjust the site visit date and/or time to coordinate with a Contractor's peak activity period. For example, if the Contractor's program activities take place during evening hours, the CMS will have to adjust his/her on-site schedule to that timeframe to be able to observe and document the services rendered to clients.

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CONTRACTS

Negotiation, Preparation, Execution

Meeting with the Contractor

In most cases the Program CMS will negotiate contracts. However, the CMS will be involved in the process, beginning with the initial meeting with the prospective Service Providers. The Planning Unit's Program Manager usually oversees the negotiation process, but the CMS participates and must be ready to provide information and to contribute assistance as needed. CMS should approach the initial meeting fully prepared with the following data: (1) the prior performance of the Contractor, if the Contractor has had prior contracts with CSS; (2) the proposed funding amount for the new contract; and (3) the approved level of service or proposed unit price in the Contractor's proposal. In addition, the CMS should be familiar with all aspects of the contract document as follows: general and special provisions, all contract attachments (especially the Statement of Work) and if a fixed-unit price contract, the method of compensation and payment. The same process applies when an MOU is negotiated with another County department or when CSS subcontracts with other Contractors to provide services under an MOU.

In addition to coming to an agreement on the level of service to be provided (or fixed-unit price, when applicable), the purpose of the negotiation meeting is to explain the contract to the Service Provider and to show the Provider how to fill out the contract document and its attachments. (*Index G*) The contract negotiation meeting (or meetings, if more than one is necessary) is also a training session in which CSS trains the Contractor's staff on how to prepare the contract document for execution. At this time, CSS staff must also provide the Contractor with a list of supplemental documents (e.g., insurance certificates, list of subcontractors, etc.) that must be submitted to CSS before the contract can be executed.

Preparing the Contract Document

It is the responsibility of the Contractor to prepare the contract document for execution and to provide CSS with eight (8) copies of the completed document with original signatures on each copy of the document(s). CSS may provide the Contractor with one or two blank copies of the contract document for this purpose.

Generally, the Contractor is asked to fill in one (1) of the blank copies of the contract document in a pencil draft to be reviewed by CSS staff before the Contractor proceeds to prepare the final copies. The draft shall include the following items:

- Contract amount, fixed-unit price and level of services.
- Date contract entered into -- this is the date on which the Board of Supervisors voted to approve the allocation of funds. The

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Contractor must be told what date to use during the negotiation meeting.

- Beginning and ending dates of the contract period (the dates are provided by CSS during the negotiation meeting).
- The name of the contracting Contractor.
- The name and address of the Contractor contact person.
- The name and address of the Chairperson for the Board of Directors.
- Page numbers -- although most pages are pre-numbered on the contract forms, the number of pages in the contract attachments may vary; therefore, Contractors are required to number the pages on the attachments in the sequence already established in the boilerplate. It is imperative that all pages are numbered.
- All other contract blanks -- the standard contract documents, particularly the attachments, contain many blank spaces to be filled in with program-specific information. These figures must be checked carefully to verify calculation, to ensure consistency with the Contractor's proposal and to verify that they reflect an appropriate level of service.

Reviewing the Contract Document

Upon receipt of the draft copy, the CSS Reviewer makes any necessary changes or corrections on the pencil draft and returns the entire package to the Contractor for completion. When the Contractor returns the typed copies of the contract with original signatures on each copy, the Reviewer must first check each copy to be sure that all original signatures are in place. If each copy has been signed, the Reviewer then takes one copy of the document and repeats the same review conducted of the pencil draft to ensure that all changes and corrections have been made. For this purpose it is useful for the Reviewer to keep a copy of the original corrections.

Any minor corrections that are necessary may be made in-house by retyping information on the page(s) affected and substituting a copy of the corrected page for each corresponding page in the additional copies. If more extensive corrections are necessary, all copies shall be returned to the Contractor for correction. Whenever corrections are made in-house, the Service Provider will be informed and given copies of the revised document upon final approval. Once the Reviewer is satisfied that the contract is in order, all copies are forwarded to the Unit Supervisor for review/approval and subsequently to the Unit's Program Manager for approval. Following approval by the Manager, all copies of each contract must be forwarded to the Office of the County

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Counsel for review.

Contract Execution

When signed copies of the contract are returned by the County Counsel to the Contract Officer, a final review is performed by the Contract Officer of the contract document and its file to see that all necessary supplemental documents (insurance certificates, etc.) have been submitted by the Contractor.

When all of the necessary supplemental documents have been received, copies of the contract are forwarded to the CSS Department Director for execution. The Director or his authorized representative will then execute the contract document by signing each of the eight (8) copies.

Contract Document Distribution

Copies of the executed contract document are to be distributed as follows:

- Unit Program Manager
- Contract Contractor
- CSS Program Planner
- CSS Fiscal CMS
- CSS Program CMS
- CSS Program Accounting Section (2 copies)
- CSS Program Contract Unit
- CSS Central Files

ADVANCES

New Contractors or Programs

Any CSS program, at the sole discretion of the Director and upon the approval of the advance contract by the Board of Supervisors, will allow new Contractor(s) to request a 1/6 (two months) advance of their grant award, after contract negotiations and prior to receiving their executed contract.

First year Contractor(s) must affirm that they require the funds in order to initiate operations pending receipt of reimbursement for earned revenues, and agrees to provide requested documentation of its financial status.

In the event that either party, for whatever reason does not execute the program contract, first year Contractor(s) must reimburse the County the full amount of any funds received under this agreement.

First year Contractor(s) agrees that prior to receipt of funds authorized under this agreement, it will obtain and maintain the required liability and worker's compensation

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insurance. Certificate of such insurance shall be provided upon execution of this agreement and shall name the County of Los Angeles as an additional insured entity and shall notify the County of Los Angeles within a minimum of thirty (30) days in advance of any modification or termination of insurance.

First Year Contractor(s) requesting an advance must complete the Justification for Advance form and the Agreement to Accept Advance Contract Payment document and return the forms with the completed application and budget to the CMS. (*Index D: Administrative Tools-Contractor Notifications*) The CMS will review the request and obtain the Unit Supervisor's approval prior to making the final approval. The CMS will notify, in writing, the Program Accounting Unit and provide them with the approved advance amount. The Program Accounting Unit will issue the payment and a letter to the Contractor's Project Director showing the amount advanced and indicating the timeframe for recovering this amount.

All advanced funds will be recovered prior to the reallocation process. During reallocation, funds are shifted from under-achieving Contractors to over-achieving Contractors to ensure the fullest expenditure of grant funds.

Existing Contractors or Subsequent Year Contracts

The applicable CSS program, at the sole discretion of the Director and upon approval of an award by the Board of Supervisors, will allow existing Contractors to request a 1/6 (two months) advance of their grant award, after contract negotiations and execution of their contract.

The existing Contractor(s) must affirm that it does not have the funds necessary to sustain operations pending receipt of reimbursement for earned revenues, and agrees to provide requested documentation of its financial status.

The advance payment will be automatically deducted from Contractor's subsequent reimbursement payments from September through December, or as determined by the County.

An existing Contractor(s) agrees that prior to receipt of funds authorized under this agreement, it will obtain and maintain the required liability and worker's compensation insurance. Certificate of such insurance shall be provided upon execution of this agreement and shall name the County of Los Angeles as an additional insured entity and shall notify the County of Los Angeles within a minimum of thirty (30) days in advance of any modification or termination of insurance.

The existing Contractor(s) requesting an advance in subsequent years must complete the Justification for Advance and the Agreement to Accept Advance Contract Payment document and return the form with its completed application and budget to the CMS. (*Index D: Administrative Tools-Contractor Notifications*) The CMS will review the request and obtain the Unit Supervisor's approval prior to making the final approval. The CMS will notify, in writing, the Program Accounting Unit and provide them with the

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approved advance amount. The Program Accounting Unit will issue the payment and a letter to the Contractor's Project Director showing the amount advanced and indicating the timeframe for recovering this amount.

All advanced funds will be recovered prior to the reallocation process. During reallocation, funds are shifted from under-achieving Contractors to over-achieving Contractors to ensure the fullest expenditure of grant funds.

WAIVERS

Initiating Waivers

There are a few provisions of CSS contracts with Service Providers that may be waived, with justification. The specific provisions that may be waived vary among the different programs. Depending on the program, examples of such provisions are:

- Residency
- Length of participation time
- Citizenship requirements

On the other hand, there are certain elements of the contract that cannot be waived. These include:

- Contract amount
- Period of performance
- Fixed-unit price
- Scope of service

Additionally, limitations established in the funding legislation and regulations may not be waived unless specifically authorized in writing by the state or federal entity responsible for implementing the legislation.

The Contractor initiates the waiver by discussing the request with the Program CMS. If it appears that the request is feasible, the Program CMS will advise the Contract Contractor to submit its request in writing. Written requests should be sent to the Program CMS and shall include the following items:

- The specific contract provision for which the waiver is sought.
- The justification for the waiver.
- If the waiver concerns a specific case or individual then this case/individual must also be identified.

Approving Waiver Requests

Once the formal request is received, the CMS should process the waiver requests within ten (10) working days. The Program CMS makes the judgment as to the

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feasibility of the request if it falls under one of the provisions mentioned in paragraph (1.a.) above, subject to program regulations. If the waiver falls outside of these provisions, the Program CMS shall consult with the Unit Supervisor or Program Manager.

If the waiver is determined to be feasible, the Program CMS must consult with the appropriate sections (such as Planning or Fiscal) if the proposed waiver affects those sections. Incorporating the Planning/Fiscal section's input with the Program CMS's review, the Program CMS will make a recommendation regarding approval to the Unit Supervisor. The Unit Supervisor will review the recommendation and, if the waiver is approved, the Supervisor will forward the recommendation to the Program Manager. The Program Manager will be the final level of approval.

Disposition of Waiver Requests

If the waiver is approved, the CMS has three (3) working days to prepare and send a letter with the Program Manager's signature apprising the Contractor that the waiver has been granted. This letter must cite the specific contract section, paragraph, subparagraph, etc., for which the waiver is approved. A copy of this letter should be filed with the original request letter in the CMS's Contractor file. Another copy shall be filed with the contract. Additional copies go to all recipients of the original contract. (*Procedural Monitoring Training Manual: Section II.A.5.a*)

The CMS will prepare and send a letter to the Contractor within three (3) working days stating that the waiver was not approved and the reason for the denial.

MODIFICATION GUIDELINES

Definition

A contract modification is a change to an executed contract that is within the administrative authority of the Director or his Designee. A modification is differentiated from a contract amendment in that the latter requires approval from the Board of Supervisors.

Policy

The scope of the Director's authority to grant contract modifications is specified in the contract document itself. This language is permissive.

The decision to grant or deny a request for contract modification is made on a case-by-case basis and no single action on a modification request will be construed as establishing a precedent.

The Department will respond in writing to each contract modification request within thirty (30) calendar days of receipt of the request.

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Responsibility

The CMS is responsible for receiving and processing the contract modification request. The Program Manager's approval or denial is required for the processing of all such requests.

The following are general criteria that must be met before a contract modification is granted. In individual cases there may be additional factors to be considered.

The Department Head or his Designee can grant the request for contract modification only if the request falls under the scope of his administrative authority. If there is any question as to the Department Head's authority in an individual case, the County Counsel will advise the Department on how to proceed with the request.

Changes in total contract funding amounts and time extensions are always classified as amendments requiring Board approval, unless the Board has previously delegated modification authority for these actions to the Department Director. Similarly, the contract modification process may not be employed to change the kinds of services to be provided by the Contractor as specified in the contract's Statement of Work.

The requested modification must be in the best interests of the County, the funding Contractor and the recipients of the services that the Contractor is funded to provide. Requests for modifications that would reduce services to program participants or reduce the number of participants must be reviewed very carefully in this context. If such a modification is granted, there must be an overriding reason that is documented in writing.

All requests for modification must be accompanied by a written justification which documents one or more specific positive outcomes which will result if the modification is granted, i.e., more persons served, more program services provided, more efficient program management, etc.

The modification must be permissible within the County's plan or other agreement with the funding Contractor.

The requested modification should be submitted in writing to the Department at least one (1) month prior to the required effective date of the modification. If a modification request is submitted late, the justification for the modification must include the reason for its late submission.

NOTE: It is not the policy of the Department to grant retroactive modification requests. Retroactive request will not be granted. The justification should indicate reasons beyond the Contractor's control that prevented submission of a timely modification request

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Requests for Contract Modifications

The Department utilizes two types of contracts: (1) performance-based or fixed-unit price contracts and (2) line-item contracts. The information below generally summarizes contract modifications, which may be granted for either contract type.

Changes to the budget: Budgets can be modified to move funds from one budget category to another. The specific authority to make line-item modifications and the maximum amount of funds that can be affected by a modification must be stated in the contract. In general, the limit is 15% of the line item but it is not to exceed \$20,000.00.

Change in the number of program goals: Program goals can be modified (number of goals or the amount of services provided) and must be requested one (1) month before the quarter it is to take effect.

When a modification is approved, the approval must clearly state whether all or part of the request is being approved and if any conditions apply. Additionally, the contract reference being modified must be specified as well as the precise change in contract provisions that the modification brings about, and the effective date and term of the modification approval.

Maintenance of Records

Copies of responses to requests for modifications whether approved or denied must be provided to all the recipients of the executed contract document as follows:

- Unit Program Manager
- Contract Contractor
- CSS Program Planner
- CSS Program CMS
- CSS Fiscal CMS
- CSS Program Accounting Section (2 copies)
- CSS Program Contract Unit
- CSS Central Files

The response letter will be filed with the contract.

AMENDMENTS

Initiating Amendments

CSS management or the applicable program Policy-Making Body normally initiates contract amendments. Common amendments are: (1) those that increase funding amounts when additional funds become available from the funding source during the program year or (2) those that reduce contract amounts when funds are unexpectedly curtailed.

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Most commonly, contracts are amended to extend the contract term where permitted by funding arrangements and within the County's best interest. This is not to say that Contractors can never request an amendment, but that they rarely have an occasion to do so.

Approval of Amendments

Contract amendments can be approved only by the Board of Supervisors and require the recommendation of the Policy-making Body (where there is such a Body) as well as the recommendation of the Department Head.

Policy-Making Body Approval

Under most circumstances, the proposed amendment will be placed on the regular meeting agenda of the Policy-making Body for review and approval. The Policy-making Body may request that the Contractor Director or Chief Executive appear before the Body to answer questions regarding the proposed amendment and to explain why approval would be in the best interest of the program. The Body must vote on its recommendation and the action will be noted in the minutes of the meeting. If the recommendation is approved a Board letter will be prepared for the Department Head signature. The letter will indicate the approval of the Policy making body.

In cases in which there is no Policy-making Body to oversee the program, the formal written request for a contract amendment is submitted through the appropriate channels to the Department Head or his Designee who will sign a Board letter recommending that the amendment be approved.

Board Approval

The CMS or designated Program Unit staff person will draft and process the Board letter pursuant to the CSS Department Policy and Procedure Manual (Section 100) and prepare the amendment document along with the attachments. The CMS or Designee will use the standard approved boilerplate to complete these contract amendments. Amendments, like other contract documents, must be approved by the County Counsel (as to form) and by the Board of Supervisors before execution.

Disposition of Amendments

After the Board of Supervisors has approved the Board letter and the amendment has been executed by the Department Head, the Contract Officer submits a copy of the contract amendment document to the Contractor. A copy of the executed amendment document is also provided to each recipient of the original contract document. (*Procedural Monitoring Training Manual: Section II.A.5.a*)

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MONITORING PROCEDURES

In-House Monitoring

File Maintenance

Each CMS must keep an up-to-date file of federal, state and county issued documents. These include policies, bulletin regulations, guides, directives and alerts, which affects monitoring an/ or contractors in general.

CMS must keep up-to-date files for each assigned Contractor. The files should contain the following documentation:

Contract: A current contract is to be kept in the file at all times including approved budget exhibits, suspension and debarment verification, any approved amendments, modifications or waivers, plus all required supplemental documents as listed below. This is to enable any authorized County representative to reference the contract, if needed.

Supplémentaire Contract Documents:

The following documents are to be on file:

- Articles of incorporation and by-laws
- List of Board of Directors and Officers
- List of persons with job titles and signatures who are authorized to sign contracts
- List of contract staff positions, job descriptions and salary ranges
- List of subcontractors and funding amounts, CSS approved consultant/subcontract service agreements
- Joint Funding Statement (where applicable)
- Joint Powers Agreement (where applicable)
- Affirmative Action plan
- Assurance of nondiscrimination on basis of handicap
- Personnel policies
- Contractor organizational chart
- Justification for Advance Payment, Agreement to Accept Advance Contract Payment
- Space and lease agreements
- Certificates of Insurance:
 - Workers Compensation
 - General Liability
 - Crime coverage (fidelity bond)
 - PERSONAL Property coverage (fire and theft), vehicle coverage, Professional Liability Coverage
 - Other (as may be required by program)
- Cost Allocation Plan

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- Reports: All monthly, quarterly, annual and follow-up reports along with documentation and monitoring instruments are to be kept in an organized manner so that they may be referenced, if needed.

Correspondence

Any correspondence between the Monitoring Unit and the Contractor shall be kept in the Contractor's file. These include, but are not limited to the following:

- Reports: Monitoring reports, monthly and quarterly activity reports, annual reviews (including Single Audits) and ADA compliance reviews.
- Response Letters: Letters received from Contractors in response to monitoring site visits/reviews.
- Compliance/Non-Compliance Letters: Letters that are issued to Contract Contractor after a specific monitoring visit or given situation arises where the CMS indicates whether the Contractor is in compliance or not in compliance.
- General Correspondence: Any correspondence received from the Contractor or sent to the Contractor.
- Notification: Letters, memorandums or policies announcing a change in the program and/or any upcoming event.
- Invoices/Billings: A separate file should be maintained which includes all Contractor invoices and billing printouts for the contract year.

Site Visit/Corrective Action Log: All site visits, including follow-up visits, conducted during the year shall be logged with the dates for each visit. (*Index E: Administrative Tools-In-House Logs*)

Contact Log: The CMS must document all activity between the Monitoring Unit and the Contractor. Information provided in the Contact Log includes but is not limited to the following: date invoice is received and processed, correspondence received or sent, telephone calls received or made and dates of site visits and verification of corrective action report. (*Index E: Administrative Tools-In-House Logs*)

Invoice Processing (Please refer to your Unit's specific policy manual for instruction.)

The Contractor is required to submit both its invoices and general ledger (G/L) for billing on a monthly basis. They are received and reviewed by the CMS and processed by the Program Accounting staff. Upon receipt of an invoice, the CMS documents in the Contact Log the date and time the invoice was received. The CMS must then reconcile the amounts claimed on the invoice with the Contractor's G/L and the record of reimbursements made to the Contractor.

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The amounts claimed on the invoice should match the Contractor's G/L expenditures and be consistent with CSS reimbursement records. This is the amount that should be paid to the Contractor.

Review of Policies and Procedures

CMS are required to review all new and existing regulation, policies and procedures relating to their program and be knowledgeable about their contents.

Desk Review

Review of Documents and Reports

Before scheduling the monitoring visit, the CMS performs a desk review as outlined in the CSS Generic Monitoring Instrument. (*Index B: On-Site Monitoring Tools*) The CMS completes each item in Parts III and IV of the Instrument, making note of the following:

- Any missing contract/supplemental documents
- Any incomplete contract/supplemental documents
- Insurance documents: appropriate coverage amounts, expiration dates (insurance must be current), and policies must name County as additional insured and provide for not less than a 30-day cancellation notice.
- Consultants/subcontract agreements: work to be completed is fully explained, hours and rate of payment indicated, maximum payment does not exceed contract budget, period of performance is specified, agreement is signed by all parties.
- Advanced payments: if received, has advance been recovered, have all invoices been submitted, are invoices accurate and timely.
- Single Audit: If provided, are there issues/findings, has a corrective action plan been submitted, implemented, verified?
- Verification of Expenditures: If completed, were any discrepancies discovered, is general ledger received with invoices, do billing reconcile with general ledger, amounts remitted?

Verification of Corrective Action: has form been completed?

The notions will serve as reference for later discussion with Contractor staff at the time of the site visit.

Determining Type of Visit

The CMS should determine the main focus of the site visit and collect all necessary checklists and other documents that may be needed during the site visit. In order to determine the main focus, the CMS must determine which of the following situations applies to the visit: 1) a regularly scheduled review of either program or fiscal operations, 2) an unannounced visit to review either program or fiscal compliance (one

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unannounced site-visit may be conducted in lieu of a second scheduled visit to those Contractors that operate 12-month programs) or 3) a follow-up visit to review the implementation of corrective actions for prior findings.

Scheduling On-Site Visits

The CSS Unit Supervisor will maintain the Master Site Visit/Corrective Action Log (annual monitoring log), which will track the progress of planned and actual site visits during the contract period. (*Index E: Administrative Tools-In-House Logs*) Each CMS will be responsible for maintaining his/her Site Visit/Corrective Action Log to correlate with the Unit's Master Site Visit/Corrective Action Log and for coordinating with the CSS Unit Supervisor when scheduling on-site visits.

The Unit Supervisor shall maintain an Out-of-Office Log that accounts for activities of the monitoring staff away from the office for reasons of site visits, meetings, conferences/seminars or special assignments. (*Index E: Administrative Tools-In-House Logs*)

Frequency of On-Monitoring Visits

At a minimum, two (2) on-site visits will be performed annually for every CSS program and Contract Contractor. The initial visit will be scheduled with the Contractor and the second may be either (1) unannounced, as a follow-up to resolve any prior instances of non-compliance or (2) scheduled, where there are multiple sites. CMS must arrange to visit each site or a representative sample of sites, during the contract year.

Additional visits shall be made as required by each program's standards, regulations and practices, as resources are available or if circumstances such as required corrective measures dictate that additional visits are necessary. The scheduling of visits will be completed by the CMS and coordinated with the CSS Unit Supervisor to ensure the required number of visits is made to each Contractor during the funding period.

When necessary, the CMS will adjust the site visit date and/or time to coordinate with a Contractor's peak activity period. For example, if the Contractor's program activities take place during evening hours, the CMS will have to adjust his/her on-site schedule to that timeframe to be able to observe and document the services rendered to clients. Visit/Corrective Action Log (annual monitoring log), which will track the progress of planned and actual site visits during the contract period. (*Index E: Administrative Tools-In-House Logs*) Each CMS will be responsible for maintaining his/her Site Visit/Corrective Action Log.

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The Unit Supervisor shall maintain an Out-of Office Log that accounts for activities of the monitoring staff away from the office for reasons of site visits, meetings, conferences/seminars or special assignments. (Index E: Administrative Tools-In-House Logs)

Entrance Conference

At the on-site entrance conference, the CMS meets with the Contractor representative to discuss the purpose of the monitoring visit and other significant matters noted during the desk review. The CMS shall advise the Contractor representative that there will be an exit conference at the close of the site visit for the purpose of discussing significant problems and findings.

Program Review (As applicable to your Unit's program regulations)

Program Administration

The CMS reviews items related to Contractor administration, listed under Program administration Resources, Part V of the CSS Generic Monitoring Instrument. These include, among others, personnel policies and practices, Board of Directors practices, Contractor records and filing system. The CMS then documents compliance/noncompliance with appropriate checkmarks in the CSS Generic Monitoring Instrument and documents significant findings and comments on program administrative matters requiring follow-up.

Note: The CSS Generic Monitoring Instrument should be used as guide, while incorporating each Program Unit's individualized instrument and procedures. (*Index B: On-Site Monitoring Tools*).

Program Operations, Observations and Feedback

Monitoring an Contractor's program includes: reviewing and analyzing documents and program records; observing program activities; and obtaining feedback through interviews and questionnaires, from clients, staff and other Contractors/employers with which the Contractor is subcontracting or networking, through interviews and questionnaires. The CMS shall complete each statement in the Program Operations and observations of Contractors services/staff and client feedback sections of the CSS Generic Monitoring Instrument and utilize on-site monitoring forms for conducting questionnaire and interview surveys of selected respondents. The following forms are used to solicit feedback from clients and Contractor staff: 1) Client Feedback Questionnaire and 2) Volunteer and Staff Questionnaire. (*Index C: On-Site Monitoring Tools*) Sample questions used to conduct interviews of clients and Subcontractors are listed in the following forms: 1) Client Interview Questionnaire and 2) Third-Party Vendor Interview Questionnaire. (*Index C: On-Site Monitoring Tools*)

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Client, Staff and Other Contractor Feedback Interviews

Contractor staff and clients must be interviewed and surveyed in order to determine compliance with contract provisions and assess program effectiveness unless it is prohibited by the program's regulations. CMS will use questionnaires including the Client Feedback Questionnaire, the Client Interview Questionnaire and the Volunteer and Staff Questionnaire to record these responses; additionally, the CMS will interview clients and third-party vendors for those Contractors who provide services such as on-the-job training by using Subcontractors/vendors, using the Third-Party-Vendor Questionnaire (Index B and Index C: On-Site Monitoring Tools). The number of clients surveyed should be determined using the client file; review sample size "see Client File Review Procedures" below, staff and third-party vendors should be sampled as a correlation of clients surveyed.

Respondent's significant comment should be captured in the Observation of Contractor's Services, Staff and Client Feedback section of the CSS Generic Monitoring Instrument. Considerable weight should be given to consensus comments, which indicate program services are inadequate or are not provided in accordance with the terms of the contract. The questionnaires are to be collected by the CMS in order to maintain confidentiality. These questionnaires, once reviewed, will be files in the contract folder maintained by the CMS.

Verification of Program Services

Providing services is the primary function of the Contractor. It is the CMS's responsibility to measure and verify the quantity, quality and effectiveness of the Contractor's efforts.

- The clients do exist
- They receive the services they need
- CSS does not pay for services not rendered

Client /File Review Procedures

The client file review is a monitoring process that is used:

Verify the provision of services to program clients

Verify the eligibility of clients for services rendered

Determine the accuracy of quantitative data by comparing it with data in client files.

Assess the delivery of services to determine whether the Contractor is meeting its contractual obligations. Each program has established specific criteria for reviewing client, participant or case files. Always refer to your program's guidelines for these criteria. The guidelines listed here are generic in nature and should not be used in lieu of your program's standards of review.

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Monitoring documents utilized in the file reviewed include the CSS Generic Monitoring Instrument and the client file review worksheets for individual programs that are included in Index C. For programs that do not have a worksheet, the generic "Client/Participant File Review Checklist" is provided.

Determine the sample size of client files to be reviewed. Use your program's criteria for the client population sizes to select the appropriate sample size. The following is an example of standard sample sizes:

Population Size: Minimum Sample Size

- Less than 10 files: review all case files
- 10 – 100 files: a minimum of 10 files
- 101 or more: review 10% of case file population

NOTE: The sample size population must correlate to a minimum of one month's activity.

Use a random or interval sampling method that focuses on the selection of client files utilizing every "nth" case, where the "nth" is the percentage of the population wanted in the sample. For example, if the sample is 10% of the population size then you will select every 10th client file.

To fill out your program's client file review worksheet, list each client's name separately, or where confidentiality is an issue, list the client's case file number in the Unduplicated (new clients) Clients/case number column of the Client File Review Worksheet. Client intake during the previous contract shall be classified as "Unduplicated Clients" and recounted again as new clients for a new contract period.

Review the client file and verify its completeness for items specified in your program's guidelines. Examples are:

Intake Form -The Intake Form should list the participant's:

- Name
- Address and Supervisorial District
- Ethnic background
- Income (individual monthly)
- Sex
- Age
- Referral source (name of person or Contractor that referred client)
- Type of services provided (i.e. mediation, in-home services, job placements, etc.)

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Correspondence

Information and Referral Forms and/or Log

For the review and the verification of service activities, complete the following steps:

- Compare the current monthly performance report service activity totals to the following; utilizing completed client file review worksheets where applicable:
 - Intake/problem assessments (complete client file worksheets)
 - Follow-up forms
 - Public education (administrative files: logs, attendance sheets, fliers, etc.)
 - Information and referral log and/or forms

Other service activities of your program

Note applicable findings in the CSS Generic Monitoring Instrument “Client Records”.

Review and analyze the contract/agreement Statement of Work to determine if the Contractor is meeting its goals and objectives. Compare planned versus actual for the month and year-to-date plan.

Enter the achievement results in the “Client Records” assessment area in Section II of the CSS Generic Monitoring Instrument using the Assessment Rating Scale provided. (Index B: On-Site Monitoring Tools)

If the percentage of attainment for a particular service category is below 70%, a corrective action plan is needed. (See Section III. 1. of this Manual.

NOTE: Test work tick mark reference symbols may be recorded on the client file review worksheet when conducting the test review of client records. *(Refer to Index C: On-Site Monitoring Tools: Client/Participant File and Client File Review Test work Reference*

FISCAL SYSTEMS/RECORDS REVIEW

Introduction

The examination of the Contractor’s fiscal systems and records is conducted to determine if adequate financial record keeping is in place, to determine the accuracy and legitimacy of contract costs, to identify fiscal problems or questionable costs and to disclose any misuse of funds governed by the contract.

Fiscal monitoring, like auditing, is directed towards the identification of existing or potential problems.

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However, the fiscal monitoring review differs from an audit in that it is conducted during the period in which the project is active, whereas, audits are usually performed after the fact. Additionally, it differs from audits in that it focuses on the resolution of the problems identified and often requires the provision of technical assistance to either correct significant problems or minimize the consequences of those problems.

The fiscal review is not designed to be conducted at the detail-level of an audit. However, when a significant or potential problem is identified, the follow-up action should be as thorough and detailed as necessary to resolve the situation.

Preliminary Accounting Inspection-New Contractors

This type of an accounting inspection is conducted for Contractors that receive County or grant funds for the first time. The review should take place prior to the execution of the contract. It includes reviewing the Contractor's accounting records and internal control system and determining if the Contractor has an acceptable fiscal system to control contract funds.

In-House Review of Financial Information-All Contractors

The CMS must review all contract documents, budgets, relevant correspondence, prior year Single Audit reports, monthly fiscal and program performance reports and current monitoring reports including the Verification of Corrective Action Report to determine if there are any outstanding matters requiring special attention or correction. (*See Index C: On-Site Monitoring Tools for a sample of the Verification of Corrective Action and section I.2. Verification of Corrective Action in this Manual*). Additionally, consultation with other department staff may be necessary for clarification of cited problems. Analysis of the above documents and information is made to determine if reported costs are being charged in accordance with the contract plan and budget. If not, findings should be noted in the appropriate sections of the CSS Fiscal Review Monitoring Instrument. (Index B: On-Site Monitoring Tools).

On-Site Review

Contract Payments

The CMS shall perform the following:

- Review and test check the Contractor's cash receipts journal and/or cash receipt records of contract funds received.
-]
- Trace cash receipts (which have been reviewed) to the Contractor's fiscal reports to determine the accuracy of cumulative funds received during the contract period.
- Carefully analyze reimbursed amounts received that exceed the Contractor's billings in order to determine any overpayment.

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- Make appropriate references in the General Financial Controls section of the CSS Fiscal Review Monitoring Instrument. (*Index B: On-Site Monitoring Tools*)

Program Expenditures - Personnel Costs

The CMS shall perform the following:

- Review quarterly IRS and state tax reports and determine if the Contractor is filing tax reports as required.
- Review and determine whether personnel positions and salary changes are in agreement with the latest approved budget.
- Trace actual salaries to payroll records to ensure that salaries are expended.
- Test check applicable fringe benefit costs (FICA, SUI, and Health Insurance) against paid invoice documents.
- Determine if salary rates are in accordance with the contract budget.
- For performance-based contracts, ensure that salary levels and positions are in agreement with the level of services provided and related fixed price rates.
- Make appropriate references in the Program Expenditures – Personnel Costs of the CSS Fiscal Review Monitoring Instrument. (*Index B: On-Site Monitoring Tools*)

Consultant/Contract Services and Supplies

The CMS shall examine and perform the following for consultant/contract agreements:

Examine:

- Statement of work to be performed
- Statement of hourly rate for services
- Performance period covered by agreement (start and termination dates)
- The signatures of all parties (as required by nature of the contracting parties)

Perform:

- Review all pertinent data relating to the method of making awards to consultants and other Contractors by verifying the number of proposals obtained and determine whether the contract award was made to the lowest bidder. If the award was not made to the lowest bidder, the Contractor must provide reasonable justification for their decision.

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- Ascertain whether payments made to consultants and contractors are in accordance with the terms of the contract.
- Determine whether invoices which detail hours, type of work performed, dates of work performed and amount of work performed support payments made to consultants and contractors.
- Determine whether supplies ordered are provided for in the latest approved budget.
- Test check invoice charges to supporting documentation (purchase orders, invoices, etc.) and determine if charges are correct and reasonable.
- Make appropriate references in the Consultant/Contract Services and Supplies section of the CSS Fiscal Review Monitoring Instrument. (*Index B: On-Site Monitoring Tools*)

1) **Travel Costs** - The CMS shall perform the following:

Determine whether local and/or out of town travel is an approved budget cost item.

Test check auto mileage vouchers or reports to verify that they are signed by both the employee and by a person authorized to approve them.

Review documentation to determine if charges are supported by invoices and have received prior CSS approval (where required).

Make appropriate references in the Travel section of the CSS Fiscal Review Monitoring Instrument. (*Index B: On-Site Monitoring Tools*)

2) **Space Costs** - The CMS shall perform the following:

Examine:

Lease or rental agreements for the rental or lease period

The address or legal description of the property involve

The agreed rate per month/year

The signature of authorized parties

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Perform

Verify that the amount charged agrees with rental/contract lease.

Verify that utility and custodial service charges are applicable to the building for which rent is charged, and are supported by receipts and/or bills.

Make appropriate references in the Space Costs section of the CSS Fiscal Review Monitoring Instrument. (Index B: On-Site Monitoring Tools)

Rental, Lease and Purchase of Equipment

The CMS shall perform the following:

- Examine rental/lease agreements for amounts, dates, rental periods, type of equipment rented and the signatures of authorized parties. If there are purchases, review the purchase order and determine if the equipment is an approved purchase.
- Determine whether the equipment charges are provided for in the latest approved budget.
- Make appropriate references in the Rental, Lease and Purchase Section of the CSS Fiscal Review Monitoring Instrument. (*Index B: On-Site Monitoring Tools*)

Other Costs

Other costs include items such as telephone costs, meals expenses or other cost items, which cannot be classified under any of the other line-item cost categories. These cost items require a review to determine if charges are allowed according to the latest approved budget. Analyze and test the application of administrative or overhead cost rates for all categories of expenditures.

Insurance costs must be reviewed and verified to determine if premiums have been paid and if all required coverage's are in force. Also, the CMS must verify that the County is a named insured for liability coverage.

Make appropriate references in the CSS Fiscal Review Monitoring Instrument. (*Index B: On-Site Monitoring Tools*)

Cost Allocation Plan

If the Contractor has a negotiated indirect cost rate approved by the federal Contractor, it shall submit a copy of the approval letter when requested by CSS. If the Contractor does not have a negotiated indirect cost rate, Contractor shall submit to CSS Program Manager an annual Contractor-wide Cost Allocation Plan.

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This document shall be submitted by May 1st for the fiscal years beginning on July 1st or August 1st for the federal fiscal Year (October 1 – September 30). For the first-time Contractors, the plan for the initial Agreement year must be submitted within ninety days of the Agreement execution. CSS Program Manager may revise the timeframes upon written notice. The Cost allocation Plan shall be prepared in accordance with CSS instructions and the applicable OMB Circular and include the following information:

- 1) Contractor general accounting policies:
 - Basis of accounting (cash or accrual)
 - Fiscal Year
 - Method for allocating indirect costs (simplified, direct, multiple, negotiated rate)
 - Indirect cost rate allocation base
- 2) Identify the Contractor's direct and indirect costs (by category) and describe the cost allocation methodology for each category.
- 3) Signature of the Contractor management certifying the accuracy of the plan.
- 4) If Contractor has a Federally approved indirect cost rate, Contractor shall submit a copy
- 5) Of the approval letter County upon request in lieu of the requirements of this section.

Exit Conference

The CMS shall meet with the Contractor or contact person at the conclusion of the monitoring review visit to go over any noted findings and planned corrective action deadlines.

During this meeting the CMS shall review and discuss the findings with the Contractor, shall answer any questions and detail the consequences of failing to implement required corrective actions. If it is a fixed-unit price contract, the CMS will point out the total number of service units questioned and translate this into dollars at the fixed unit price, so that the Contractor will know how much money is involved.

After the Contractor has read and discussed the findings and recommendations, he or she must sign the Contractor Site Visit Report. A copy of the report showing the CMS's comments, the Director's signature, and date that the report was signed, will be made and left with the Director or contact person. (*Index C: On-Site Monitoring Tools*)

Monitoring Review Report

Subsequent to the exit conference, the CMS shall prepare a letter to the contractor (the Monitoring Review Report) from the information contained in the Contractor Site Visit Report.

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The Monitoring Review Report formalizes the presentation of findings disclosed and includes recommendations for correction.

(Index D: Administrative Tools – Contractor Notifications)

In addition to the information contained in the Contractor site visit reports some or all of the following elements will be included, depending upon the focus of the site visit. The Monitoring Review Report shall include a narrative description of the Contractor's overall progress and activity since the last review.

The narrative shall also include a statement regarding any complaint received against the Contractor and how those complaints were resolved. The narrative shall address the Contractor's progress toward meeting its program objectives and whether or not technical assistance is needed or has been provided. The CMS will discuss deficiencies, which must be corrected in the Contractor's performance.

The noted findings shall include required dates for correction. On subsequent follow-up visits, the CMS will verify that corrections were completed.

The CMS shall analyze and determine the appropriate assessment rating commensurate with the findings cited.

The CMS shall indicate one of the following for the elements reviewed:

- Full compliance: This means that the Contractor is in full compliance with the contract, for the elements reviewed, and that there were no significant findings observed during the monitoring review.
- Substantial compliance: This means that the Contractor is in substantial compliance with the contract, for the elements reviewed, and that there are only a few minor findings with no measurable impact on program performance. The following examples may be considered minor findings:

Board of Director minutes are not posted as required by the contract

Equal Employment notices are not posted in visible areas

Client file is missing a feedback questionnaire form

Marginal compliance: This means that the Contractor will require follow-up action to be in compliance with the contract, for the elements reviewed, but a formal written corrective action plan is not needed. This rating is used only when the Contractor has agreed to take the necessary remedial actions by the prescribed due date and has signed the Contractor Site Visit Report containing the information for follow-up. *(Index C: On-Site Monitoring Tools)*

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Corrective action required: This means that the Contractor's degree of noncompliance causes a negative impact on program performance, may create liability risks for the Contractor or the County, is indicative of management deficiencies or result in other negative consequences. Therefore, the CMS will prepare a Monitoring Review Report – CAP Required, requiring the submission of a corrective action plan from the Contractor. *(Index D: Administrative Tools – Contractor Notifications)*

The Monitoring Review Report shall be reviewed by the CSS Unit Supervisor and signed by the Program Manager prior to its release.

The Monitoring Review Report shall be completed, approved and sent to the Contractor within ten (10) days after the site visit.

CMS will be required to complete all outstanding Monitoring Review Reports before they return to the field for site visit reviews.

Site Visit/Corrective Action Log Procedures

Introduction

The Site Visit/Corrective Action Log (or Log) is the instrument utilized by monitoring staff to track planned and actual monitoring site visits and follow-up activities. *(Index E: Administrative Tools – In House Logs)* Monitoring Unit Supervisors will maintain a duplicate Log to assist them with tracking the monitoring process for the Unit as a whole. The Log will provide Supervisors accurate records of staff site review assignments and related responsibilities.

General Procedures

The Unit Supervisor will maintain an annual Log, the Master Site Visit/Corrective Action Log, for each Program's Service Providers. *(Index E: Administrative Tools – In-House Logs)*

The annual Log will contain a list of all program Contractors, showing their respective scheduled monitoring site visit dates.

The pre-scheduled site visit dates will conform to the required number of visits indicated in the Unit's monitoring manual (Department policies require a minimum of two annual visits).

The remainder of the Master Log will indicate the CMS assigned to each Contractor listed.

The Log is formatted into columns as follows:

- Type of Visit: Initial, Follow-up or Unannounced Visit
- Planned or Actual Site Visit

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- Letter Sent After Site Visit
- Corrective Action Plan Requested
- Corrective Action Plan Due Date
- Corrective Action Plan Response Received Date
- Follow-up Date

Site Visit/Corrective Action Log used by individual CMS is formatted and used in the same way as the Master. The Log will show the dates for: (1) planned site visits, (2) actual site visits and (3) letter(s) to Contractor as events occur.

The planned dates will indicate month/year, with actual site visit and letter dates indicating month/day/year of occurrence.

The Monitoring Review Report prepared by the CMS, shall be reviewed, approved and sent to the Contractor within ten (10) days of the site visit.

As indicated in the Monitoring Review Report, the CAP, if one is required, is to be submitted by the Contractor within ten (10) calendar days from the date on the Review Report letter.

When the CMS receives the CAP, the date received will be entered in the "Response Received" date column.

The scheduled CAP Follow-up Date is also entered. The follow-up date for the on-site CAP review will usually be within a 30-day period after the date the CMS receives the CAP.

The dates of special monitoring site visits will also be recorded as they occur. Special monitoring site visits are reviews made of an Contractor when the Department has received information or allegations, from the Board of Supervisors or other sources, about the Contractor's activities considered detrimental to either program operations and/or guidelines, or County contract standards. Such reviews may also be made when program emergencies occur.

Each CMS uses an individual Site/Visit Corrective Action Log to record planned and actual site visits and related events for his/her assigned Contractors. The CMS advises the Supervisors, as events occur to insure that the Master Log is up to date.

Summary

The Site Visit Corrective Action Log is used to ensure that all the Monitoring Section's reviews are completed in a timely manner. Other information which can be derived from its use includes: establishing workload standards; determining the frequency of site visits to Contractors, particularly problem Contractors; justifying contract sanctions or other disciplinary actions imposed on Contractors; accounting for documenting staff

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monitoring activities; staff training analysis; planning of program monitoring assignments; and reporting pertinent data to Management. (*Index E: Administrative Tools – In-House Logs*)

Corrective Action

Corrective Action Plan (CAP)

Corrective Action Plans (CAPs) are required when a Contractor's performance falls significantly below contract performance standards or when there is evidence of significant mismanagement that could lead to the Contractor's failure to meet its goals.

Not all problems require a CAP. If the CMS, for example, finds minor discrepancies during the monitoring review, the CMS will make appropriate references/notations on the CSS monitoring instruments for subsequent follow-up and will discuss the deficiencies with the Contractor during the exit conference. (*Index B: On-Site Monitoring Tools*)

On the other hand, a CAP would be required, for example, when the CMS discovers numerous errors in the maintenance of Contractor and client records and also finds the Contractor to be consistently late in reporting data. This is serious enough to justify a CAP, even without disallowed costs.

To begin the corrective action process, the CMS prepares the Monitoring Review Report listing the deficiencies noted during the site visit and requiring that the Contractor respond with a Corrective Action Plan. The letter is signed by the Program Manager and is addressed to the Director or Chairperson of the Contract Contractor's Board of Directors. This letter must include the following elements:

- A precise description of the problem(s) that need to be corrected.
- A request for a specific plan that will address the problem and resolve it.

Deadlines--both as to when the plan is due and with respect to the implementation of the necessary corrections. The Contractor has ten (10) working days, from the date on the Review Report letter, to respond with a CAP and once the CAP is approved by the CMS, the Contractor has thirty (30) days, from receipt of the letter notifying the Contractor that the CAP is approved, to correct the finding(s). Depending on the nature of the finding (s), the corrective action timeframe may be shortened (i.e. usually shelters and meal centers that deal with highly sensitive and crucial services require immediate corrective actions) or extended (up to 60 days maximum) as permitted by the program's guidelines.

In addition, the CMS may offer suggestions that help the Contractor find solutions. Assisting the Contract Contractor in developing its CAP is a legitimate part of the CMS's responsibility to provide technical assistance.

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The CMS is responsible for seeing that the Contract Contractor responds by submitting a plan within the time allowed and for reviewing the plan to determine if the actions proposed will effectively correct the deficiencies. The CMS may request changes to the plan. When the plan is acceptable, the CMS approves it and advises the Contractor. The CMS may also request periodic reports from the Contract Contractor on its progress in implementing the plan.

In the event that a CAP is not submitted on time, the CMS should consult with the CSS Unit Supervisor regarding the imposition of sanctions.

Once the plan is implemented, the CMS must perform a follow-up review to determine whether the deficiencies have been corrected.

The follow-up visit need not coincide with the corrective action deadline, but it obviously must not precede the deadline for any given correction. It may be that the follow-up will be deferred until the next visit, which may be unannounced.

Verification of Corrective Action

After the follow-up site visit, the Verification of Corrective Action form and the Contractor Site Visit form must be completed indicating what items were to have been corrected and the extent to which corrections were made. (*Index C: On-Site Monitoring Tools*) The CMS must detail the following: the date of the follow-up site visit; the review period being covered; the source of the finding as to whether it resulted from a previous on-site review or an audit report; a description of each finding; a narrative detailing verification of the corrected action, and the disposition of the finding whether it is resolved or requires further action. Once the form has been completed, it will be filed in the Contractor's folder and a letter will be issued to the Contractor within ten days of the visit informing them of the results of the follow-up review.

Follow-up

In the event that corrections have not been fully implemented, the CMS must decide whether it is reasonable to extend the deadline. An extension is reasonable if the Contractor has shown a good faith effort to make corrections and substantial progress is evident.

In cases where there is no evidence that the Contractor has attempted to make the required corrections, the CMS must advise the Contractor Director that sanctions may be applied. Possible sanctions include the following actions:

- Placing Contractor on probationary status
- Withholding funds
- Suspending contract activity
- Terminating the contract

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Sanctions cannot be applied without management approval. The CMS cannot advise the Contractor that any specific sanction will be imposed, but must advise the Contractor of the possible penalties and the reason(s) for which this action may be taken.

This information should be written on the follow-up Contractor Site Visit Report, which must be signed by the Contractor Director or other contact person. (*Index C: On-Site Monitoring Tools*)

Sanctions

CSS imposes penalty actions when corrective action plans are ineffectively applied, and in cases involving fraud and abuse. The Department may also impose sanctions as a precautionary measure when such action is necessary to protect the County from a potential loss of funds. Selection of a penalty is based upon the severity of the contract deficiency and need not be applied progressively. There are four (4) types of penalty actions, based upon contract authority, which may be imposed by CSS:

- Probation Action
- Withholding of Funds
- Suspension of Contract
- Termination of Contract

Note: These actions need not be applied in any particular order; any action may be taken at anytime, depending on the circumstances.

Probation Action

The CSS Assistant Director may approve placing a Contract Contractor on probation. The condition and duration of the probationary status may vary according to the requirements of the funding source or Advisory Body, except that all shall contain the following elements:

- A description of the terms, conditions, and duration under which probationary status is to be applied.
- A formal notification process to advise the Contractor's Administrative and Policy Board of the proposed action, reasons for the action and the conditions of probation, including required corrective action.
- An explanation of the appeal process, should the Contractor dispute the proposed action.

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Withholding Funds

Withholding of funds is a temporary delay in honoring a Contractor's request for funds and may be authorized by the Program Manager. Withholding of funds may be authorized when:

- The Contractor fails to take corrective action, which, if left unattended, may realistically lead to disallowed costs, and/or significantly curtailed program services.
- It can be assumed that a temporary interruption in funding will lead to prompt compliance with contractual obligations on the part of the Contractor.
- There are additional circumstances that may require withholding funds (such as recovery of disallowed costs), which are addressed by other policy documents.
- Contractors will be notified, in writing, the day that the withholding is placed in effect.
- Withholding will be lifted under one of the following circumstances:
 - Contractor completes required corrective action.
 - A Notice of Intent to Suspend funds has been issued.
 - Suspension of Contract Activity

The suspension penalty is an administrative action the Department imposes when a serious breach of contract or impropriety is confirmed. The contract terms and conditions indicate that a suspension is imposed due to: "failure to comply with the terms and conditions of the contract". This action suspends all or part of a Contractor's program operations and limits the authority of a Contractor to obligate or expend monies under its contract(s) with Los Angeles County.

When a decision is reached to recommend suspending contract activities with a Contractor, the CSS Assistant Director submits the recommendation to the CSS Director for approval. If the recommendation is approved, the staff CMS is responsible for:

- Notifying the Contractor by telephone and confirming in writing on the same day that the Department is suspending the Contractors contract activities by issuing a Notice to Suspend Funds. The notice must include the reason for and conditions of the suspension, including required corrective action effective dates and also notifying the Board of Directors.

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- Notifying each CSS Assistant Director of the suspension by memo.
- Notifying by telephone Board offices whose districts receive services from the Contractor and the offices of the Chair of the Board.
- Preparing a written notice signed by the CSS Director in the form of an "information only" memo to the Board of Supervisors; copies of the Board memo are sent to the Chief Administrative Office, County Counsel and the Auditor-Controller.
- Planning and coordinating activities with the Contractor to implement the suspension.
- A suspension shall remain in effect until the Contractor takes the required corrective action, within ten working days, satisfactory to the Department, or gives evidence that such corrective action will be taken, or until the Department terminates the contract.

If the CSS Director does not approve the suspension recommendation, CSS program CMS is responsible for developing corrective action planning and monitoring activities with the Contractor to ensure that the Contractor complies with its contract and that the County is protected against any loss of funds.

Action Taken (Termination of Contract)

Definition

This is a final action by the Board of Supervisors, based on the recommendation of the CSS Director, which terminates a legal contract between the County and a Contract Contractor.

A recommendation to terminate is automatic at the end of three (3) consecutive months under suspension or if the failure to comply is deemed sufficiently critical as in: (1) as in the case of threat to the public welfare; (2) where there is clear evidence of fraud or other malfeasance; or (3) where the contractor has materially failed to comply with the terms of the contract (4) where failure to comply is deemed flagrant and deliberate (5) the department determines that the funds are not available for the contractor (6) the contractor fails to initiate delivery of services within thirty (30) days of the commencement date of the contract. Either party may terminate the contract in whole, or in part, the county or the Contractor.

Contracts may be terminated in whole or in part only as follows:

By the Department upon giving thirty-day (30) written notice to the Contractor.

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By the Contractor upon giving thirty-day (30) written notice to the Department. In the case of partial termination, if the Department determines that the remaining portion of the contract will not be fulfilled, the Department may terminate the contract in its entirety.

The Department determines that funds are not available for the Contractor.

The Contractor fails to initiate delivery of services within thirty (30) days of the commencement date of the contract.

When CSS is recommending termination of an Contractor's contract, the monitoring staff is responsible for:

- Notifying the Contractor by telephone on the day of the decision and confirming the decision in writing within one day. The 30-day notice must include the reason(s) for the recommended termination, effective date, the name of the CSS Closeout Coordinator and the Contractor's appeal rights.
- Notifying the CSS Assistant Directors, Board offices, CAO, County Counsel and the Auditor-Controller by memo of the recommended termination.
- Preparing a Board letter recommending termination.
- Sending the Contractor and the Contractor's Board of Directors a formal written notice of the recommended termination action, including a copy of the Board letter.
- If the Board of Supervisors approves the termination recommendation, the program CMS sends a formal Notice of Termination to the Contractor's Director or Chairperson by certified mail or telegram. The Notice of Termination will specify the effective date, reason(s) for termination directions for protection and preservation and/or dispersal of Contractor's records. Additional instructions may be included as conditions warrant.

Appeals

CSS staff shall develop an appeals process for contract suspension and termination. The process may differ with the conditions of funding or the policies of advisory groups, but shall contain the following elements:

- A request for hearing may be made in writing by the Contractor within fifteen (15) calendar days of receipt of the Notice of Sanction. Such a request should set forth the action(s) being protested, the reasons the Contractor finds such action(s) unsatisfactory and a suggested alternative course of action.

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- The Program Manager will verify timeliness and within fifteen (15) days of the receipt of request for hearing, will set a location and a mutually convenient time and date for the hearing. The CMS will mail a Notice of Hearing so as to be received by the Contractor at least ten (10) days prior to the hearing.

The CSS Director or the Director's designee will conduct the hearing. The Designee should be an individual who is not in a line position of authority over the staff member(s) who developed the recommendation leading to the Department's action(s) being protested. The following guidelines will be used:

- Basic standards of order will be observed.
- The Contractor or a representative of choice will be assured of a fair opportunity to present written and oral testimony.
- A written decision based on the findings of the Hearing Officer will be transmitted to the Contractor within fifteen (15) calendar days after the hearing.
- The decision of the Hearing Officer will become final within thirty (30) days after it is delivered or mailed to the Contractor.
- The filing of an application for hearing will not affect the authority of the County to suspend or terminate a contract or place a Contractor on probation.

Monitoring Third-Party Contracts

Some Contractors contracting with CSS are authorized to subcontract with other entities to provide direct services to clients and also to the Contractor.

Only those Contractors whose contracts specifically authorize third party contracting may enter into such contracts.

Prior to the execution of a contract with CSS, Contractors shall submit to CSS a complete listing, with names and addresses, of all proposed and existing Subcontractors and the proposed subcontract amounts.

CSS CMS may visit Subcontractor sites if the CMS encounters irregularities in their normal review or upon hearing of alleged irregularities from other sources.

It is, however, the responsibility of the Contractor to CMS all of its Subcontractors. The CSS CMS, when visiting the Contractor, will look for evidence of a monitoring system, including evidence obtained from the contractor's regularly scheduled sub-contractor's site visits and the resulting review reports. The CSS CMS will also review all subcontract documents to ensure that an adequate contract document exists for each Subcontractor and that the provisions of the contract are reasonable and appropriate.

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In particular, the CSS CMS will verify the inclusion of an indemnification clause in the subcontract, which holds the County, its officers and employees free from any liability or claims of liability arising from the activities of the Subcontractor.

The CMS will also verify that the subcontract specifies that the Subcontractor shall provide all of the necessary insurances of the correct type and in the proper amounts, naming the County as additional insured and providing that the County shall be notified thirty (30) days in advance in the event that the insurance is cancelled.

The CSS CMS must ensure that Contractors are taking prompt and effective action to correct any Subcontractor deficiencies when necessary.

CSS CMS will look for evidence of subcontractor corrective action plans where the CMS finds, through direct monitoring activities, that there is a need for one.

Technical Assistance

The Need for Technical Assistance

An important aspect of the CMS's duties and responsibilities is to provide technical assistance to Contractors in a timely and effective manner. The CMS must be able to see the need for assistance if it arises and must step in with the appropriate advice or referral. For example, CMS must realize that new Contractors that have not contracted with CSS previously or in the recent past need considerable help in understanding how the Department's contract administration system works and how to relate to it.

CMS should adjust their site visit schedules so that new Contractors are visited as early in the program year as possible. This provides the CMS an opportunity to go over the Contractor's administrative file with the monitoring instrument or file checklist and informs the Contractor which documents may still be needed. It is also an opportunity for the CMS to explain how to set up files and how to prepare the various forms used by CSS in reporting contract performance and other information. The early visit is an important tool designed to start the Contractor off on the right foot.

For both new and experienced Contractors, the CMS must be aware of problems that may come up. Issues that CMS must be aware of include:

- The quality of program administration as reflected in the condition of the Contractor's files, timeliness and accuracy of reports, etc.
- The level of the Contractor's performance as measured by the current actual level compared with the current planned level.
- Performance below planned levels may indicate circumstances, which, if not corrected, could result in the Contractor's failing to meet overall contract goals. This is the point at which the CMS should initiate action to provide technical assistance.

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Providing Technical Assistance

There are several kinds of technical assistance that a CMS can offer, but the primary type of assistance is to provide information to Contractors. If a CMS is not sure of the answer to a Contractor's question, the CMS should either research the answer or refer the Contractor staff person to an appropriate source.

The CMS must be aware of the difference between providing technical assistance and actually doing the work that should be done by Contractor staff (i.e., setting up file systems, training staff, etc.) The Contractor is solely responsible for performing the work required by its contract. For example, a CMS can advise a Contractor regarding the need for a filing system, but the CMS does not set up or maintain the files. The appropriate kind of technical assistance is to advise the Contractor of the standards for file maintenance reflected in the CSS Generic Monitoring Instrument and require the Contractor to take corrective action to see that its files are maintained in this manner. *(Index B: On-Site Monitoring Tools)*

In essence, providing technical assistance is being helpful to the Contract Contractor by providing information, without allowing Contractor staff to become dependent on continuing help from the CMS in routine activities.

The time frames within which most technical assistance is to be provided can vary widely depending on the kind of assistance. Normally, CMS are expected to respond to verbal or written requests for assistance within three (3) working days with either the information requested or a written response indicating that the technical assistance requested is inappropriate as described.

EARLY WARNING MONITORING SYSTEM

An Early Warning Monitoring System is a process designed to have feedback mechanisms and internal controls to identify areas of concern related to Contract Contractors prior to the development of full-blown problems. The internal control system that will be utilized within the Department will include the maintenance of a Program Log. *(Index E: Administrative Tools – In-House Logs)* The Program Log will contain information such as grant amounts, expenditure amounts, contract period, assigned staff CMS and a reference section for significant problems. The Program Log will be utilized to update significant matters of concern impacting Contractor performance. Each program's Monitoring Unit will generate a monthly Program Log citing areas of concern and potentially problematic Contractors. Copies will be made available to each Unit's Management and all staff CMS.

During the Monitoring Unit's regular staff meetings, agenda time will be established for the discussion of significant Contractor problems.

The aforementioned will form the nucleus for an information sharing system to be developed for use among the Department's three branches. Eventually this system will be expanded to include other County departments.

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VERIFICATION OF CONTRACTOR EXPENDITURES

Purpose

The objective is to determine whether actual program costs billed to CSS, during the previous contract period, are properly documented and allowable under the contract and applicable federal, State and local guidelines.

Methodology

The CMS will review Closeout reports to determine if all funds were expended and verify if there is sufficient/acceptable documentation to support the amount expended through review of the Contractor’s audit report and/or fiscal accounting records.

Completing the Verification of Contract Expenditures Report

Verification of Contract Expenditure Reports are to be completed by September 30, 20XX. (*Index B: On-Site Monitoring Instruments*)

In-House Source Documents

The CMS must obtain copies of the Contractor’s contract and of CSS Program Accounting’s final reconciled Funding Requisition/Invoice and final reconciled Close-out Report for the previous contract period. These are used as source documents to complete the Verification of Contract Expenditures Report.

The CMS must obtain a copy of the contractor’s single or Program Financial audit, if one has been submitted. Table A and Table B identify the audit requirements that apply to Contractors, in accordance with their funding source and grant amount.

Table A

Grant Amount	Audit Requirement	Basis for requirement		
		OMB Circ.	Auditor-Cont	CSS Contract
\$300,000 +	Single Audit	X	X	X
\$100,000 - \$299,999	Program Financial Audit		X	X
Under \$100,000	Program Financial Audit within the RFP period		X	X

Table B

Public Entities	Audit Requirement	OMB Circ.	Auditor-Cont	CSS Contract
\$300,000 +	As Determined by Program		X	X
\$100,000 - \$299,999			X	X
Under \$100,000			X	X

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SITE VISIT

On-Site Visit

A site visit will be conducted even if a single audit or program financial audit has been submitted. Complete Sections II and III of the Verification of Contract Expenditures form.

Make an Appointment

Contact the Contractor to make an appointment. Send a confirmation letter of the appointment and identify the financial records that must be readily accessible, and the date and time of site visit.

At the site, complete the Section II and III of the Verification of Contract Expenditures form.

Contractor's Financial Records Not Available

If records are not available during the site visit, contact your Supervisor to discuss the situation and determine the appropriate corrective action.

Site Visit Report Form

At the end of the site visit, complete the monitoring Contractor Site Visit Report form, and conduct an exit interview with the Contractor's Executive Director as to the result of the visit. (*Index C: On-Site Monitoring Tools*)

Site Visit Follow-up Letter

A formal letter must be sent within ten (10) business days of the site visit. The letter reaffirms the findings (if any); what was discussed; and who the Contractor's representative(s) were during the site visit.

Contractor's File

Upon completion of the Verification of Contract Expenditures assignment, the following documents must be in the file maintained by the CMS for the contractor:

- Letter informing the Contractor of the Site Visit
- Verification of Contract Expenditures form with the appropriate documentation attached

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- Site Visit Report
- Site Visit Follow-up Letter
- Any additional material used or needed for the review

STAFF TRAINING

Generally, the training of Monitoring staff will be classified as follows:

- Specific training for new staff
- On-going training for experienced CMS
- Supervision and administrative training for monitoring Supervisors

Specific Training for New Staff

Training will be initiated through a formal orientation session.

Each new staff member will be provided a copy of the Procedural Monitoring Training Manual as well as the specific Program Unit's guide for monitoring as a reference.

Initial "hands-on" training will be conducted by the Unit Supervisor to train new staff in the rudiments of monitoring programs and Contractors.

During the early phases of training, new staff will be teamed with an experienced CMS for a minimum of thirty (30) days, during the conduct of on-site Contractor reviews.

Formal training sessions will be developed for both new and experienced staff in the use of personal computers, fiscal audit techniques, facility inspection reviews, client interview techniques and other related technical training.

As of the date of this revised Manual, a formal contract monitoring training program is being developed in conjunction with the Department of Human Resources (DHR) and the Auditor-Controller (A-C) to familiarize Monitoring staff with contract fraud awareness. The training program will cover the review areas listed in the monitoring instruments. (*Index B: On-Site Monitoring Tools*) For more information contact the Unit's Supervisor or the Department's Training Coordinator in the Human Resources unit.

On-Going Training for Experienced CMS

Monthly, on-going training sessions will be conducted with staff on various aspects of program and fiscal monitoring.

Formal course instruction will be developed to train staff in basic accounting and audit principles, contract negotiation standards, and specialized monitoring techniques.

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Staff will receive formal orientations to all new programs coming to the Program Units. Orientations will be incorporated with monthly training sessions.

Staff participation will be strongly encouraged in the development of training information and subject matter.

Supervision and Administrative Training

Specifically designed instructional training in the fundamentals of supervision and management practices will be held for Unit Supervisors by the Department's personnel training staff.

Unit Supervisors will take the lead in conducting the informal training activities for the Monitoring staff. Besides strengthening the skills of monitoring staff, these efforts will assist in the development of the Supervisor's management skills.

WORKLOAD STANDARDS

Workload standards for CMS will be scaled to meet the level of the CMS's position. Basically, the monitoring staff will include two levels of positions: (1) the entry level shall be as a Community Services Analyst I (CSA I) and (2) the journeyman level as a Community Services Analyst II (CSA II). The CSS Unit Supervisor is staffed at the level of Community Services Analyst III (CSA III).

Workload measurement shall basically correlate to the number of contracts each CMS is assigned with program complexity and size being contributing factors. These standards are to be used as a guide by each program unit. The actual number of assigned contracts will vary according to the number of contracts and available monitoring staff for each Program Unit. At a minimum, the following scale of contracts assigned to CMS will be utilized as the foundation for general workload standards:

- CSA I – 10 to 20 Contracts
- CSA II – 15 to 30 Contracts

The CSS Unit Supervisor shall maintain overall supervision of the monitoring unit and may carry monitoring responsibility for contracts requiring minimal review. Periodic work measurement analysis will be made for the purpose of reviewing and modifying workload standards.

MANUAL REVISIONS

The development of new or supplemental procedures will be on going and incorporated in the training Manual, annually. Updates to this Manual will be coordinated through the program Branch's Assistant Director. Revisions, corrections or suggestions should be discussed with the Program Manager and subsequently forwarded to the Branch's Assistant Director. The Assistant Director will incorporate the modifications in the Manual upon approval.

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Because each Program Unit has developed it's own specific procedures and guidelines, any proposed changes to this Manual should be as generic as possible; modifications which are program specific must be forwarded to the Program Unit for inclusion in it's own procedural manual.

Each CMS will receive a copy of this Procedural Monitoring Training Manual. The Manual, the generic and fiscal monitoring instruments as well as most of the sample forms attached to them are also available on the Department's intranet website which may be accessed at <http://intranet.dcss.co.la.ca.us>.

USING FORMS IN THIS MANUAL

The instruments, forms, letters and logs included in this Procedural Monitoring Training Manual have been designed to provide a generic guide for all Program Units to follow during the monitoring process. These tools should be adapted or modified to conform to the Program Unit's specific guidelines as required. For example, when referring to the Performance Data section in the *CSS Generic Monitoring Instrument, Section III*, under the column labeled "Service Activity Goals", the program categories (Program Category 1, Program Category 2, etc.) would be replaced with the specific program activities.