

CONTRACT MONITORING POLICY

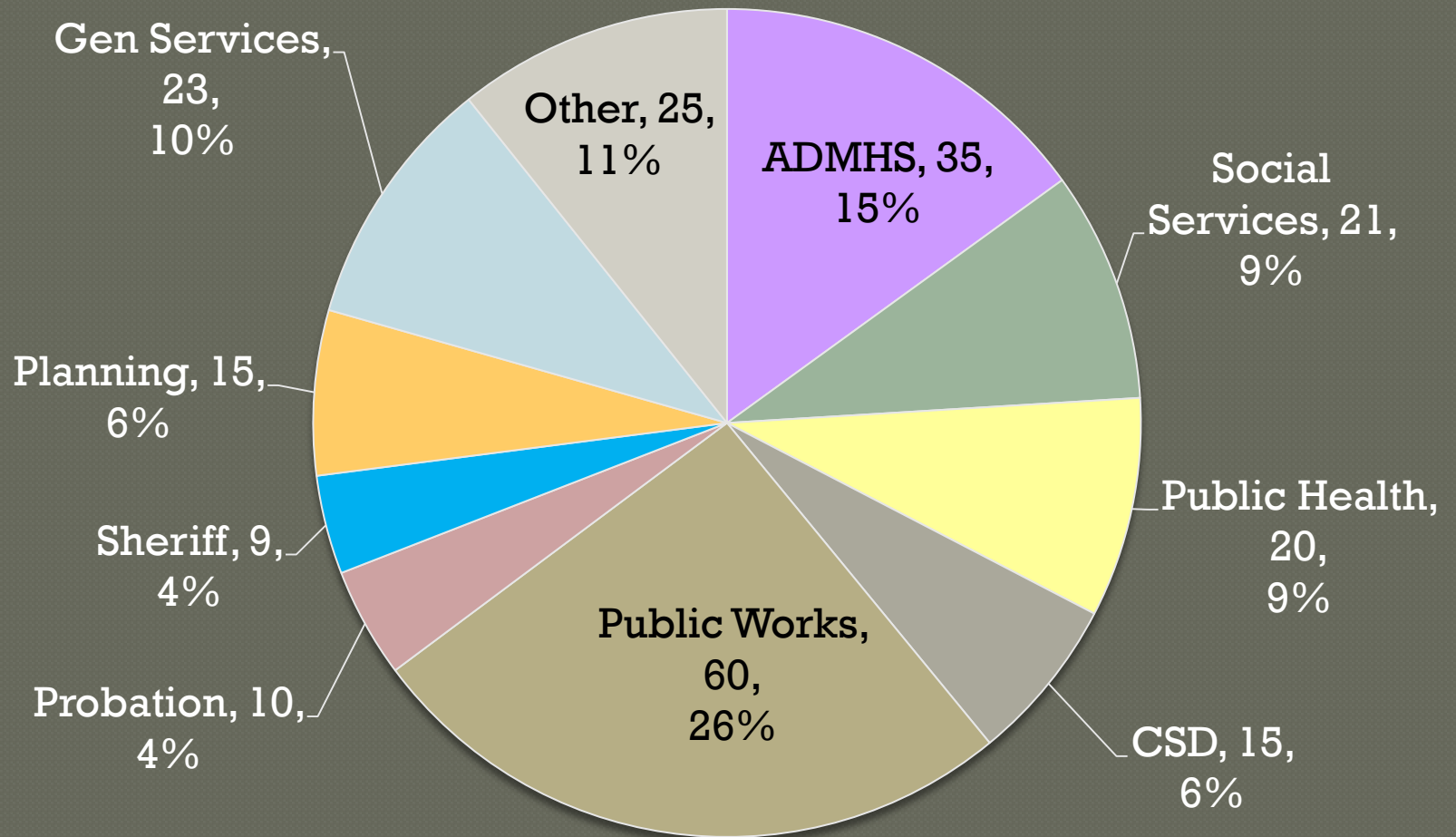
County of Santa Barbara
Board of Supervisors
June 18, 2013

AGENDA

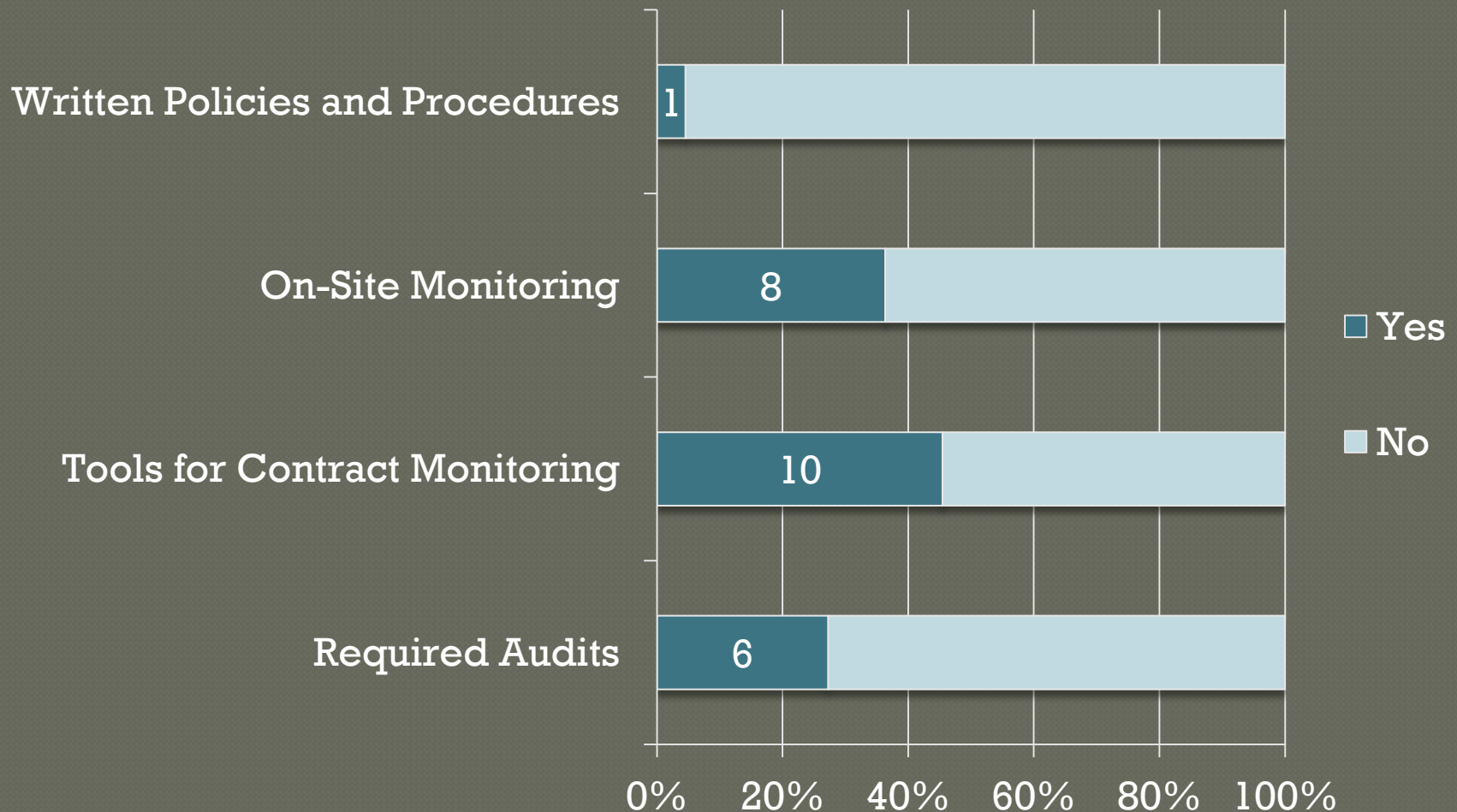
- ◉ Scope of Monitoring
- ◉ Opportunities to Improve Processes
- ◉ Overview Proposed Policy
- ◉ Modifications from Previously Proposed Policy
- ◉ Training

SCOPE OF MONITORING

233 Current Board Contracts



Opportunities for Improvement



PROPOSED POLICY

- Policy applies to BOS approved contracts over \$100,000. Policy is recommended for contracts under \$100,000.
- Purpose of policy is to provide direction to executives and managers in order to:
 - Increase adherence to rules governing spending of public money
 - Mitigate risk of loss
 - Improve enforcement of terms and conditions
 - Achieve intended contract outcomes

PROPOSED POLICY

- ◉ Departments Heads responsible
- ◉ Requires assigned Contract/Grant Managers to perform risk based monitoring
- ◉ Incorporates a process to communicate contract risks to the Board prior to Board approval

PROPOSED POLICY

- Platform for quality and risk management to incorporate the following terms and conditions:
 - Negotiate most financially responsible contract
 - Payments linked to satisfactory performance
 - Consequences for poor performance
 - Recoupment of audit exceptions and disallowances
 - Maintain adequate financial records

PROPOSED POLICY

- Provides tools to departments
 - Evaluate financial position of contractor
 - Improve contract terms and conditions
 - On-going risk assessment tools
 - Focus efforts on highest risk areas
- Documentation
 - Maintain a complete electronic file with adequate supporting documentation

PROPOSED POLICY

- Formal process to report instances of non-compliance to CEO, County Counsel and Auditor-Controller
- CEO and members of Compliance Oversight Committee to oversee non-compliance issues and necessary communications to the Board

BOARD RECOMMENDED MODIFICATIONS

- Added language for contracts < \$100K
- Required evaluation of financial condition
- Implements process for departments to prepare corrective action plans for instances of non compliance
- Contract/Grant Oversight Committee will review and monitor corrective action plans
- Implements requirement to report instances of non-compliance to Board of Supervisors

Training

- ◉ Technical assistance for departments
- ◉ Series of short videos including:
 - Conducting Contract Risk Assessment
 - Assessing Contract Terms and Conditions
 - Monitoring Contract Performance Criteria
 - Evaluating Contract Financial Requirements
 - Responding to Contract Non-Compliance
 - Establishing Compliance Corrective Action Plans

RECOMMENDED ACTION

- Receive, comment on and file a revised *Service Contract and Grant Compliance Management Policy*, and
- Determine that the above actions are not a project under the California Environmental Quality Act (CEQA)