



LOS ANGELES COUNTY
COMMUNITY AND SENIOR SERVICES

DIRECTIVE

Number: CCD-15-2

**Subject: Contractor Alert Reporting
Database Procedures**

Date: May 8, 2015

Effective Date: Immediately

A handwritten signature in black ink, appearing to read "Paul Goldman".

**PAUL GOLDMAN, Assistant Director
Contracting Services**

TO: ALL CSS CONTRACTORS

BACKGROUND

On April 27, 2010, the Board of Supervisors directed the Chief Executive Office, Auditor-Controller, County Counsel and the Director of the Internal Services Department to establish a work group to develop a mechanism to alert departments of poorly performing contractors. As a result, the County developed the Contractor Alert Reporting Database (CARD), which uses the County's existing enterprise-based eCAPS System to track poorly performing contractors.

To comply with County CARD requirements, CSS will be:

- Determining that there is adequate justification for placement in CARD
- Providing contractors with due process prior to placing them in CARD
- Notifying contractors that they may be placed in CARD, and the reasons for the placement
- Placing poorly performing contractors in CARD and uploading documentation to justify/support placement
- Notifying other County departments when a contractor has been placed in CARD

- Working with the contractor to resolve the issues that resulted in placing the contractor in CARD and providing training to help prevent future non-compliance
- Updating contractor records in CARD, and
- Using CARD during each applicable contract solicitation and ongoing monitoring of existing departmental contractors.

CSS has revised its solicitation documents and contracts to update language regarding CARD. CSS has also added CARD review to its solicitation procedures.

CRITERIA FOR PLACING A CONTRACTOR IN CARD

Before placing a contractor in CARD, CSS will provide contractor with due process. CSS will respect the legal rights of contractors and provide an opportunity and a reasonable amount of time for contractors to correct the issue(s).

CSS contractors must meet one or more of the following criteria to be placed in CARD:

1. The Contractor owes the County for overpayments and/or questioned costs and has not entered into a repayment agreement or agreed to pay the County back, or has been referred to the Treasurer and Tax Collector for collection.
2. The contractor has not taken appropriate and timely steps to correct significant documented instances of contract non-compliance. This can also include instances where the contractor corrected their non-compliance but demonstrated a pattern of repeated non-compliance, or corrected their non-compliance but the non-compliance was extraordinarily significant and demonstrated disregard for complying with a material contract requirement.
3. The contractor, its officers, and/or its principal owners are currently debarred by other governmental entities.
 - Principal owner is any person or entity, who or which owns a 10% or more interest in the contractor.
 - Department must update CARD to indicate if/when the issue is resolved once the debarment period of the other government entity expires (if applicable).
4. The contractor has experienced financial, administrative, programmatic or legal issues that affect their ability to comply with the County contract requirements. Examples of these issues include, but are not limited to, the following:

- Bankruptcy
 - Loss of licenses
 - Failure to pay property or payroll taxes
 - Financial Viability concerns
 - Lack of qualified staff (e.g. accounting staff that has necessary understanding of GAAP, 'C' level or equivalent to perform higher-level supervisory functions, etc. etc.)
 - Disallowed or undocumented costs in the amount of \$10,000
 - Lack of required insurance
 - Consistent poor program services
 - Assessment of any fines and/or penalties by public entities
 - Submission of a Disclaimer of Opinion or Adverse Opinion Single Audit Report
 - Failure to submit a Single Audit Report and have not been provided an extension for submission
 - Non-payment of vendors (financial viability concerns, NSF checks, etc. etc.)
 - Referral to the Los Angeles County Treasurer and Tax Collector (TTC)
5. The County has imposed contractual remedies against the contractor for non-compliance with the County contract requirements. Examples of contract remedies include, but are not limited to:
- Termination for default
 - Assessing liquidated damages
 - Adjusting the contractor's funding
 - Not renewing the contract.

INTERNAL CONTROL PROCEDURES

Before placing a contractor in CARD, CSS Contract Compliance Division (CCD) will notify the CSS Contracting Services Branch Assistant Director of the pending CARD placement. CCD will prepare the notification letter to be signed by the Assistant Director. CCD will send the notification letter to the contractor ten business days before CARD placement via certified US mail and e-mail. If the issue is unresolved after the 10 business days, CCD will place the contractor in CARD as described.

SUPPORTING DOCUMENTATION FOR CARD PLACEMENT

CSS will maintain documentation to support placing the contractor in CARD, which may include, but not limited to:

- Funding source reports
- Departmental reports including but not limited to reports on contract performance or fiscal/financial performance
- Annual performance reviews
- Auditor-Controller reports
- Debarment records
- Contractor's audited financial statements
- Contractor's Single Audit Report
- Communication for the contractor stating their unwillingness to comply with requirements
- Communications from CSS documenting collection or other efforts to resolve outstanding
- Bankruptcy filings
- Cancellation of required licenses, insurance, etc.

PLACING A CONTRACTOR IN CARD

CSS will place a contractor in CARD following these protocols:

- Determine that CARD is justified based on the criteria.
- CSS will send the CARD Placement Notification Letter (Attachment A) ten business days before CARD placement via certified US mail and e-mail. The letter will advise the contractor the reason for the CARD placement.
 - If requested by the contractor, CSS will schedule a meeting to discuss and/or dispute the placement in CARD.
 - If the issue is not disputed after the ten business days, the contractor will be placed in CARD.
 - Ten business days after final determination, the contractor will be placed in CARD.
- CSS will notify the Board of Supervisors' Budget Deputies, their respective cluster's Board Deputies, and the Countywide Contracting Network (cardnotify@isd.lacounty.gov) of the CARD placement via e-mail. The Countywide Contracting Network contact will forward the notification to the network.

RESOLVING CARD ISSUES

After placement in CARD, if a contractor expresses interest in resolving any issues, CSS will work with the contractor and indicate the steps necessary to resolve the issues. CSS will respond to the contractor within 5 days.

If and when a contractor has taken the steps necessary to resolve one or more of their CARD issues, CSS will update the contractor's CARD records. After updating CARD, CSS will notify the contractor that the CARD record is updated. The contractor remains in CARD with the issue(s) updated in CARD to indicate they have been resolved.

Please forward a copy of this Directive to all staff involved with the administration of programs operated on behalf of CSS.

If you have any questions regarding this Directive, please contact Adrian Romero at (323) 806-6497 or aromero@css.lacounty.gov