



COUNTY OF LOS ANGELES
WORKFORCE DEVELOPMENT, AGING AND
COMMUNITY SERVICES



CONTRACT COMPLIANCE DIRECTIVE

DATE: June 13, 2019

NUMBER: WDACS-CCD 18-09

Contractor Alert Reporting Database

EXECUTIVE SUMMARY

The purpose of this Directive is to provide all Workforce Development, Aging and Community Services (WDACS) contractors with the most up to date Contractor Alert Reporting Database (CARD) Policy.

This Directive supersedes CCD-15-2, dated May 8, 2015, "Contractor Alert Reporting Database Procedures" and is effective on the date of release.

APPLICATION

This Directive applies to all WDACS subrecipients. **Note: This Directive refers to subrecipients as 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.

POLICY AND PROCEDURES

CRITERIA FOR PLACING A CONTRACTOR IN CARD

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

WDACS 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.
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
 - Consistently poor program performance
 - 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 (or receive the Department's approved extension to submit) a Single Audit Report
 - Non-payment of vendors (financial viability concerns, NSF checks, etc.)
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:
 - Terminating a contract for default
 - Suspending the subaward
 - Reducing the subrecipient's funding

- Not renewing the contract
- Assessing liquidated damages
- Referring the contractor to the Los Angeles County Treasurer and Tax Collector (TTC)

INTERNAL CONTROL PROCEDURES

WDACS Contract Compliance Division (CCD) will issue two warning letters/e-mails notifying the contractor of the pending action including an explanation of the contractual section that is delinquent. Each warning notification allows the contractor ten (10) business days to respond.

Before placing a contractor in CARD, CCD will also notify the WDACS Contracting Services Branch Assistant Director of the pending CARD placement. CCD will prepare the notification letter to be signed by the Assistant Director.

SUPPORTING DOCUMENTATION FOR CARD PLACEMENT

WDACS will maintain documentation to support placing the contractor in CARD, which may include, but is 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 WDACS documenting collection or other efforts to resolve outstanding findings
- Bankruptcy filings
- Cancellation of required licenses, insurance, etc.

PLACING A CONTRACTOR IN CARD

WDACS will place a contractor in CARD following these protocols:

- WDACS will determine that CARD is justified based on the criteria listed above.
- WDACS will send the CARD Placement Notification Letter (Exhibit 1) ten business days before CARD placement via certified US mail. The letter will advise the contractor the reason for the CARD placement.

- If the issue is not disputed, the contractor will be placed in CARD ten business days after the date the letter was mailed.
- If requested by the contractor, WDACS will schedule a meeting to discuss CARD placement and what is needed to resolve the outstanding issues to avoid CARD placement. If the contractor cancels the meeting, CARD placement will continue as originally scheduled.
- If the issue is not resolved within ten business days, the contractor will be placed in CARD.
- WDACS 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, WDACS will respond to the contractor within 5 business days of their initial request. WDACS staff will also explain what the contractor must do to resolve the issue(s). After the contractor has taken the steps necessary to resolve one or more of their CARD issues, WDACS staff will update the contractor's CARD records and notify the contractor that the update is complete. The contractor's name remains in CARD, however the update indicates which issue(s) were resolved.

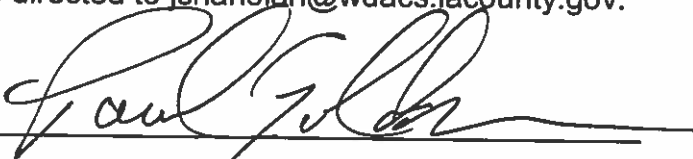
Please forward a copy of this Directive to all staff involved with the administration of programs operated on behalf of WDACS.

ACTION

All WDACS subrecipients must ensure the requirements described herein are communicated throughout the operations, management and governance structure of their respective organization and that this Directive is adhered to until further notice.

INQUIRIES

Inquiries regarding this directive and the policies and procedures described herein should be directed to jshahojan@wdacs.lacounty.gov.



**Paul Goldman, Assistant Director
Contracting Services Branch**

Attachment:

1 CARD Placement Notification Letter Sample

CARD PLACEMENT NOTIFICATION LETTER SAMPLE*DEPARTMENT LETTERHEAD*

DATE

TO: *CONTRACTOR*FROM: *DEPARTMENT REPRESENTATIVE*
*DEPARTMENT NAME*SUBJECT: **CONTRACTOR ALERT REPORTING DATABASE PLACEMENT
NOTIFICATION**

This letter serves as notification that unless *CONTRACTOR* resolves an outstanding contract issue by *DATE*, *CONTRACTOR* will be placed on the County of Los Angeles' Contractor Alert Reporting Database (CARD). CARD placement is a result of *CONTRACTOR* meeting one or more of five CARD criteria. The CARD criteria applicable to *CONTRACTOR* is/are checked below:

- 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.
- Contractor has not taken appropriate and timely steps to correct significant documented instances of contract non-compliance in a timely manner. 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.
- Contractor and/or principal owners are currently debarred by other governmental entities.
- Contractor has experienced financial, administrative, programmatic or legal issues that affect their ability to comply with the County contract requirements.
- County has imposed contractual remedies against the contractor for non-compliance with the County contract requirements.

CARD will be used when evaluating the performance history of a contractor participating in a County contract solicitation. Therefore, placement in CARD may negatively affect *CONTRACTOR*'s score during future contract solicitation evaluations. Our prior efforts and requests for *CONTRACTOR* to resolve the issue(s) above have been unsuccessful. To avoid CARD placement, *CONTRACTOR* must resolve the above issue(s) by *DATE*. If you have any questions, please contact:

NAME(S)
ADDRESS
PHONE
EMAIL

ADMINISTRATIVE DEPUTY/DESIGNEE SIGNATURE

ANALYST NAME _____
 SOLICITATION # _____

NON-COUNTY SERVICES EVALUATION CHECKLIST – CARD

Firm Name:	
Services Provided:	
Contracting Agency:	
Agency Contact and Title:	Telephone/Email:
Evaluation Period From:	To:

CARD CRITERIA	ACTIVE ISSUE	ISSUE RESOLVED IN THE LAST 5 YEARS
1. The Contractor owes your agency/company for overpayments and/or questioned costs and has not entered into a repayment agreement or agreed to pay you back, or has been referred to collection.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
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.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
3. The contractor and/or their principal owners are currently debarred by other governmental entities.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
4. The contractor has experienced financial, administrative, programmatic or legal issues that affect their ability to comply with your contract requirements. Examples of these issues include, but are not limited to, the following: <ul style="list-style-type: none"> • Bankruptcy • Loss of licenses • Failure to pay property or payroll taxes • Financial Viability concerns • Lack of qualified staff • Amount of disallowed or undocumented costs • Lack of required insurance • Poor program services • Assessment of any fines and/or penalties by public entities 	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
5. Your agency/company has imposed contractual remedies against the contractor for non-compliance with your contract requirements. Examples of these contract remedies include, but are not limited to the following: <ul style="list-style-type: none"> • Termination for default • Assessing liquidated damages • Adjusting the contractor's funding 	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> N/A <input type="checkbox"/>

PLEASE PROVIDE SUPPORTING DOCUMENTATION FOR ANY CRITERIA MARKED "YES"