

**Contract and Grant Monitoring:  
Steps for Success**  
*Florida Department of Financial Services  
Bureau of Auditing*

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**Department of Financial Services**  
*Bureau of Auditing*



Introductions  
Housekeeping



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**Department of Financial Services**  
*Bureau of Auditing*



Today's Agenda  
1. Scope of Work  
2. Deliverables  
3. Monitoring Plan



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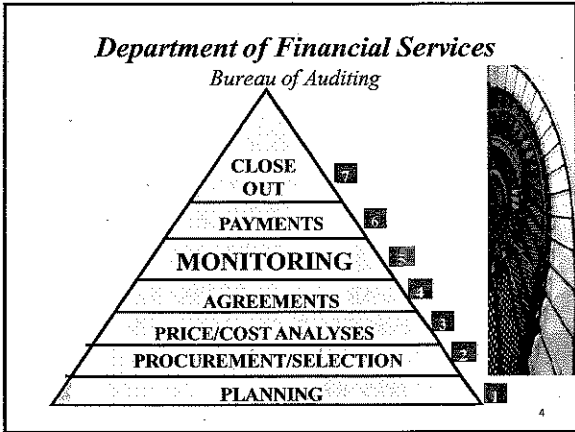
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**Monitoring: Real-life Scenario**

Based on the following scenario, what were the:

1. required tasks/services?
2. performance standards?

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**Monitoring Scenario**

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### *Discussion*

Now that you know the purpose of the agreement . . .

1. Did we get what we were paying for?
2. How effective was the monitoring?



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### *Scope of Work*

The most critical element of the contract, because

- it plays a major role in all areas of the project, including
  - allowable activities, allowable costs, payments, monitoring, auditing, and close-out.
- it establishes blueprint for work to be accomplished.
- it provides details for implementing project.
- it provides documentation requirements.
- it is the foundation of accountability!



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### *A Good Scope of Work*

Characteristics of a good scope of work

- Specifies obligations/responsibilities
- States in detail all required tasks/services
- Provides specific instructions regarding how work is to be accomplished
- Specifies/provides examples of documentation required to evidence efforts, and successful performance

Please see sections 215.971 and 287.058 (1), F.S.



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### Scope of Work Tips

Suggestions for developing a good scope of work

- Avoid ambiguous language
- Use active voice
- Avoid "either," "and/or," and "etc."
- Define acronyms and abbreviations
- Use direct, correct, and concise language



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### What did we mean to say?



We spent most of our time sitting on the back porch watching the cows playing *Scrabble* and reading.



The body was found in an alley by a passer-by with a bullet in his head.

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### Scope of Work - Example

Objective

- Provide an afterschool study program for at-risk children.



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### Scope of Work – Example Tasks

#### Step One – the Big Picture

1. Provide a safe and suitable environment for the afterschool program.
2. Provide supervision for 30 children.
3. Provide activities for 30 children.



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### Scope of Work – Example Specifics

#### Step Two – the Details

1. Provide a safe and suitable environment for the afterschool program.
  - a. The recipient/vendor shall
    - i. Provide indoor and outdoor activity space.
    - ii. Provide appropriate materials for activities.
    - iii. Submit and document compliance with security policies and practices manual.
    - iv. Submit and practice an emergency plan.



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### Scope of Work – Example Specifics

#### Step Two – the Details

2. Provide supervision for 30 children.
  - a. The recipient/vendor shall
    - ii. Provide afterschool supervision and program activities from 2:30 pm to 6:30 pm each school day for the 2012-2013 school year.
    - iii. Provide one supervisor who meets experience and educational credentials outlined in Attachment B.
    - iv. Provide one teaching assistant per six children enrolled. The teaching assistants will meet the experience/credentials outlined in Attachment B.



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**Scope of Work – Example Specifics**

**Step Two – the Details**

- 3. Provide activities for 30 children.
  - a. The recipient/vendor shall
    - ii. Provide a planned schedule of activities for all participants, including rotation of groups, if needed.
    - iii. Provide at least one hour of supervised homework assistance for each child each day.
    - iv. Provide at least one hour of supervised outdoor activities for all children each day.
    - v. Provide at least one-half hour of enrichment activities for each child each day.
    - vi. See Attachment D for report forms.



16

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**Scope of Work – Example Documentation**

**Step Three – the Evidence**

- 1. Provide a safe and suitable environment for the afterschool program.
  - a. The recipient/vendor shall
    - i. Provide a copy of an executed lease agreement or MOA for use of space.
    - ii. Maintain detailed receipts for all purchases.
    - iii. Receive Agency acceptance of the Security Policy and Practices Manual by August 1, 2012. Document daily security practices as outlined in this manual.
    - iv. Receive Agency acceptance of the Emergency Plan by August 1, 2012. Document quarterly emergency plan drills as outlined in this plan.



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**Scope of Work – Example Specifics**

**Step Three – the Evidence**

- 2. Provide supervision for 30 children.
  - a. The recipient/vendor shall
    - ii. Maintain project timesheets for all staff to reflect 100% of time worked.
    - iii. Maintain personnel records to include resume, transcripts, and background check clearance.
    - iv. Maintain sign-in/out for daily participant attendance.
    - v. Maintain student portfolio to include daily participation in homework assistance, outside activities, and enrichment activities.



18

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**Scope of Work – Example Specifics**

**Step Three – the Evidence**

3. Provide activities for 30 children.

a. The recipient/vendor shall

- i. Post the planned schedule of activities, including rotation of groups if needed, in a highly visible place for students and parents to see.
- ii. Establish an activity recordkeeping portfolio for each participant to document the following required activities:
  - i. At least one hour of supervised homework assistance (see Attachment C).
  - ii. At least one hour of supervised outside activities (see Attachment C).
  - iii. At least one-half hour of enrichment activities (see Attachment C).



19

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**Group Activity Process**

**Our Tasks Today**

1. Scope of Work
2. Deliverables
3. Monitoring Plan

**Process**

1. Read and understand the assignment
2. Work cooperatively as a group to discuss and record ideas
3. Finalize work on poster paper
4. Select presenter(s)
5. Make changes or additions based on class discussion



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**Scope of Work – Group Activity**

**Assignment**

1. For your assigned scenario, create a scope of work for an agreement/contract
  - a. Articulate responsibilities
  - b. List tasks
  - c. Provide specific instructions and requirements
  - d. Identify documentation requirements



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### *Deliverables*

**Another critical element of the contract, because deliverables**

- evidence progress.
- demonstrate performance.
- trigger payment.
- are a tool to ensure ongoing accountability!
- include financial consequences for vendor contracts.



22

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### *Deliverables*

**Deliverables must be**

- directly related to the scope of work.
  - specific
  - quantity and quality
- performance based.
  - quantifiable
  - measurable
  - verifiable
- documented.



Please see sections 215.971 and 287.058 (1), F.S.

23

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### *Deliverables - Example*

**Related to the scope of work, quantifiable, and measurable**

- Deliverable: the provision of one month of services meeting scope of work criteria:
  - 30 full-time at risk children
  - school days
  - Monday thru Friday 2:30 to 6:30 pm
  - study time
  - outdoor activities
  - enrichment activities
  - at the providers location
  - with 1 supervisor and 6 tutors



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***Deliverables - Example***

**Triggers payment, evidences progress and evidences performance**

- Payment amount: \$6,000 per month for performing in accordance with the SOW
  - The provider will submit an attestation report (see Attachment D).
  - The provider will submit a student portfolio(s) as requested. The provider will scan and email the portfolio(s) to the contract manager on the date of notification (see Attachment D).



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***Deliverables - Example***

**Financial consequences**

- Payment will be reduced by \$x for each enrollment vacancy, \$x for each vacant/unqualified staff position, and \$x for each day enrichment activities are not provided.



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***Deliverables - Example***

**Verifiable – SOW documentation may be requested at any time**

- Copies of participant sign-in/out sheets
- Copies of staff project timesheets
- Detailed receipts for all purchases
- Participant portfolios



27

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### *Deliverables - Example*

**Performance Standards – from the SOW**

- Serve 30 participants.
- Provide afterschool supervision and program activities from 2:30 pm to 6:30 pm each school day.
- Provide at least one hour of supervised homework assistance for each child each day.
- Provide at least one hour of supervised outside activities for all participants each day.
- Provide at least one-half hour of enrichment activities for each child each day.



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### *Scope of Work to Deliverables*

| Scope of Work Responsibilities/Tasks  | Deliverables   |
|---|--|
| <p><b>#1 Full-time Students</b></p> <p>Eligibility and attendance documented.</p> | <p><b>Deliverable:</b> one month of service meeting SOW criteria</p> <p><b>Payment Amount:</b> \$6,000 per month</p> <p><b>Documentation:</b> monthly attestation report &amp; portfolio</p> <p><b>Performance:</b></p> <p>1. Level of Service</p> <p>a. # full-time participants</p> <p>b. staff ratio</p> <p>c. study time</p> <p><b>Financial Consequences:</b></p> <p>a. # full-time participants</p> <p>b. staff ratio</p> <p>c. study time</p> |
| <p><b>#2 Staff Ratio</b></p> <p>Qualifications and work hours documented.</p>     |  |
| <p><b>#3 Study Time</b></p> <p>Activities documented.</p>                         |  |

29

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### *Deliverables – Group Activity*

**Assignment**

- Articulate contract/agreement deliverables

**Decisions**

- Documentation
- Method of Payment
  - Fixed-price
  - Fixed-rate
  - Cost Reimbursement
  - Combination
- Minimum Level of Performance
- Compensation Amount
- Financial Consequences
  - Required pursuant to Section 287.058(1), F.S.



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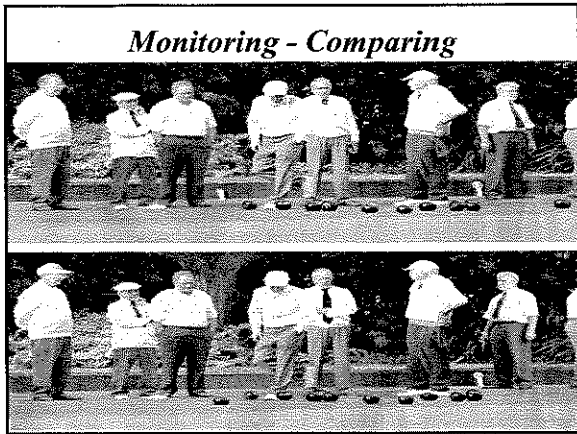
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**Monitoring**

**The Purpose**

- To ensure the provider's performance and compliance with the requirements in the agreement.



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**Monitoring**

**It is not an isolated event!**

- Monitoring is an ongoing process that is both interactive and proactive.

**It is not an exact science!**

- There are different ways of utilizing various activities to effectively monitor your agreements.



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***Monitoring Activities***

- Provider Report Reviews
- Onsite Reviews and Observations
- Desk Reviews
- Periodic Contact with Provider
- Audit Report Reviews
- Invoice Reviews
- Client Surveys



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***Monitoring***

**Two Aspects**

- Fiscal
  - Vendor Contracts
    - Determines if expenditures within limits set by the contract.
  - Cost reimbursement, recipient, sub-recipient agreements
    - Determines if expenditures within limits set by the agreement.
    - Determines if funds have been accounted for and used appropriately.
- Programmatic
  - Determines compliance with terms and conditions, and service delivery related requirements.



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***Monitoring***

**Fiscal**

- Cost reimbursement, recipient, and sub-recipient agreement expenditures must be
  - in compliance with applicable laws and rules.
  - authorized by the agreement.
  - within limits set by the agreement.
  - directly related to the project.
  - accounted for properly (project costs/separate accounts).
  - documented properly.



36

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**Monitoring**

**Fiscal –**  
Cost reimbursement, recipient and sub-recipient agreements

- Common Expenditures Issues
  - insufficient documentation
  - expenditures not relevant to the agreement
  - consultant agreements in which rates are not supported or justified
  - transactions such as leases, consultants, sub-contracts, sub-grants with related parties require extensive justification and/or documentation.



37

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**Monitoring**

**Programmatic**

- Compliance with laws and rules
  - Client eligibility
  - Activities allowable (per agreement)
  - Business and staff qualifications/requirements
- Provider Performance
  - Scope of work
    - number of clients
    - hours worked/services provided
    - activities satisfactorily completed
  - Deliverables
    - milestones met (phases, level of completion)
    - achievements met (completion of bundle services)



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**Monitoring**

**Programmatic**

- Common Issues
  - services performed prior to execution of the agreement
  - insufficient documentation
  - performance/deliverable based agreements – not documenting effort provided to achieve deliverables
  - clients ineligible for services



39

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**Monitoring**

**Monitoring Preparation**

With limited resources, agencies must determine which providers will receive the most of their monitoring resources.

- Which providers need the most assistance?
- What is the most effective, efficient use of your resources?



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**Monitoring**

**Risk Assessment**

- Evaluate each agreement using established criteria to determine the level or risk (e.g. low, medium, or high.)
- It is the foundation of your monitoring plan.
- Helps determine the timing, nature and extent of monitoring.
- Results in a ranking of agreements and contracts.



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**Monitoring**

**Examples of Risk Factors**

- Complexity of services
- Potential risk to clients and the public
- Provider's past performance
- Provider's experience and expertise
- Dollar amount of the contract/agreement
- Fiscal requirements of the funding source
- Monitoring requirements of the funding source



42

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**Monitoring**

**Risk Assessment – Score Sheet Example**

| Provider              | Score | Risk Level |
|-----------------------|-------|------------|
| We Care, Inc.         | 45    | High       |
| Educating Youth Today | 40    | High       |
| Seminole Center       | 33    | Medium     |
| ABC Moving Company    | 26    | Medium     |
| R.E.A.D.              | 18    | Low        |



43

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**Monitoring**

**Monitoring Plan**

After assigning a level of risk to each agreement, a monitoring plan is completed to identify the timing, nature and extent of monitoring activities . . . .



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**Monitoring**

**Monitoring Plan Example**

**Example**

- Based on the ranking, monitoring activities are applied to address the risk level
  - Low risk
    - annual desk monitoring, review monthly invoice processing with budget, quarterly reports, and audit report
  - Medium risk
    - quarterly desk monitoring, selective deliverable review (with source documentation), and audit report review



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**Monitoring**

**Monitoring Plan Example, continued**

**Example**

- Based on the ranking, monitoring activities are applied to address the risk level
  - High risk
    - annual on-site review, selective deliverable review (with source documentation), audit report review, monthly expenditures review, monthly invoice processing with budget review, and quarterly review of reports

Note: Program laws and rules may impact the monitoring plan.



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**Monitoring**

**Monitoring Tool**

- Documents the process used to determine compliance with requirement including sampling, testing, reporting and corrective action.



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**Monitoring**

**Monitoring Tool**

- Serves as the documentation and testing instrument!
  - Records detailed information about the monitoring activity
    - agreement, date, location, monitor
  - Specifies programmatic and fiscal compliance requirements
    - from the agreement
  - Records source documentation examined
    - required in the agreement
  - Records compliance and/or noncompliance with requirements



48

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### Monitoring

#### Important Monitoring Tips

- Monitoring tool should only assess the provider on requirements stated in the agreement.
- Address requirements that could have a material effect on your project.
- Compliance/non-compliance should be based on evidence and documented observations, not on assumptions.



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### Monitoring - Example

#### Afterschool Program Monitoring Tool

1. Participant sign-in/out sheets evidence 30 participants served each month?  
Y N
2. Hours of operation 2:30 to 6:30 pm?  
Y N
3. Student Portfolio Review
  - a. One hour of homework assistance?  
Y N
  - b. One hour of outdoor activity?  
Y N
  - c. One-half hour of enrichment activity?  
Y N



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### Monitoring - Example

#### Afterschool Program Monitoring Tool

4. Lease agreement current/signed? Y N
5. Daily security practices recorded? Y N
6. Quarterly emergency plan drills documented? Y N
7. Detailed receipts evidence all sampled expenditures? Y N
8. Project timesheets/sign-in/out sheets evidence compliance with staffing requirements? Y N
9. Personnel records comply with staffing requirements? Y N



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### ***Monitoring Tool – Group Activity***

#### **Assignment**

- Develop Simple Monitoring Tool
  - Use scope of work and deliverables
  - Articulate requirements to be tested
  - Specify the documentation to support compliance or noncompliance



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### ***Monitoring***

#### **Concerns, Recommendations, or Findings**

- Health or safety concerns?
- On track to meet deliverables?
- Other program or fiscal concerns?
- Document monitoring with correspondence or report.
- Apply financial consequences, if appropriate.
- Conduct corrective action plan follow up.
- Note potential or necessary agreement revisions.



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### ***Thank you!***

**for using best practices in contract and grant management to ensure accountability of state treasury resources!**

#### **Questions?**

- Bureau of Auditing
  - [www.myfloridacfo.com/audit/bureau\\_audit.htm](http://www.myfloridacfo.com/audit/bureau_audit.htm)
  - [accountability@myfloridacfo.com](mailto:accountability@myfloridacfo.com)



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