

Advancing Accountability



Best Practices for Contract and Grant Management

Presented by Florida Department of Financial Services

Training Material

For Class Participants

Cost

Analysis:

Exercise

Background

Middle skills jobs represent approximately 30% of the jobs in America requiring more than a high school degree, but typically less than a four year degree. Students who achieve employment in the middle skills bracket following high school graduation earn almost twice the minimum wage.

Facts

The State of Florida has decided to enter into a one year agreement with *Up, Up and Away, Inc.* to provide a comprehensive Information Technology (IT) skills-building and career placement program for 50 students annually.

Skill Building

The provider will provide a 12-part one (1) year training program for eligible clients. During the program, participants will be supported by staff advisors, professional mentors, and a powerful network of community-based partners.

Participants will develop the technical and professional skills necessary to become qualified for a career in Desktop Support / IT Help Desk. Curriculum shall consist of courses as defined in **Attachment A**.

Career Placement

Following completion of the course and workshop requirements, participants will then apply technical skills learned during a paid internship at one of *Up, Up and Away, Inc.*'s 50+ corporate and government partners (as outlined in **Attachment B**). The Provider shall facilitate placement, in part, by conducting a job fair/matchmaker event for participants and business partners at the end of the program.

Location/Service Dates &Times

Classes will be held at the Provider's location, Monday-Friday, from 2pm – 6pm, excluding state holidays.

Staffing

Staff will consist of:

1. One (1), Part Time Employed (PTE), Program Director
2. Two (2), PTE, Student Instructors/Advisors

Funding

The total contract amount is \$300,000.00 (100% state financial assistance), subject to the availability of funds.

EXAMPLE

Cost Analysis

Budget

Project Director (Salary and benefits)	\$85,000
Instructor (2) (Salary and benefits)	\$70,000
Rent and Utilities	\$17,484
Cellular Telephone	\$3,192
Consultant	\$18,000
Travel	\$1,500
Equipment	\$60,100
Miscellaneous	\$44,724
	<hr/>
	\$300,000

Cost Elements

1. **Project Director** **\$85,000**

- ❖ Works 4 hours a day on this project.
- ❖ $\$85,000 / 1040 \text{ hrs.} = \81.73 per hour salary and benefits.

(Allowable? Reasonable? Necessary? Allocable?)

2. **Instructor (2)** **\$70,000**

- ❖ Works 4 hours a day on this project.
- ❖ $\$35,000 / 1040 \text{ hrs.} = \33.65 per hour salary and benefits each.

(Allowable? Reasonable? Necessary? Allocable?)

3. **Rent and Utilities** **\$17,484**

- ❖ Four-hour daily use (5 days a week) of **facilities**
- ❖ $\$17,484 / 12 \text{ months} @ \1457.00 per month

(Allowable? Reasonable? Necessary? Allocable?)

4. **Cellular Telephone:** **\$3,192**

- ❖ $\$3,192 / 12 \text{ months} = \266.00 per month

(Allowable? Reasonable? Necessary? Allocable?)

5. **Consultant** **\$18,000**

(Allowable? Reasonable? Necessary? Allocable?)

6. **Travel** **\$1,500**

(Allowable? Reasonable? Necessary? Allocable?)

7. **Equipment** **\$60,100**

EXAMPLE - Cost Analysis

Digital Camera, IBM Laptop Computer (65), MacBook Pro (2), Color Printer (4), iMac, 60" Television, Microwave Oven, Refrigerator

(Allowable? Reasonable? Necessary? Allocable?)

8. **Miscellaneous** **\$44,724**

Review the items that make up this category.

❖ Office Supplies (paper, pens, pencils, printer cartridges, copier toner, shredder, scanner, notepads with provider's logo, etc.)	\$12,000
$\$12,000 / 12 \text{ months} = \1000 per month	
❖ Room Rental (for job fair)	\$6,000
❖ Catering (for job fair)	\$4,324
❖ Equipment Rental (for job fair)	\$1,025
❖ Gift Cards	\$1,500
❖ Computer Workstation	\$3,500
❖ Ergonomic Chair (2)	\$2,750
❖ Program Supplies (for participants)	
Workbooks	\$5,000
Pens/Notepads	\$1,000
T-shirts with providers logo	\$1,125
❖ Postage	\$1,000
❖ Dinner Banquet	\$5,500

Allowable? Reasonable? Necessary? Allocable?

**COST ANALYSIS FOR NON-COMPETITIVELY PROCURED AGREEMENTS
IN EXCESS OF CATEGORY II**

Agreement # _____

Line Item Budget Category	Amount	% Allocated to this Agreement	Allowable	Reasonable	Necessary
Salaries Project Director	\$85,000	50%			
Salaries Instructor (2)	\$70,000	50%			
Rent and Utilities	\$17,484	50%			
Cell Phone Service	\$3,192	100%			
Consultant	\$18,000	50%			
Travel	\$1,500	100%			
Equipment:					
Digital Camera	\$1,600	100%			
IBM Laptop Computer (65)	\$45,500	100%			
MacBook Pro (2)	\$5,600	100%			
Color Printer (4)	\$2,000	100%			
iMac	\$2,300	100%			
60" Television	\$2,200	100%			
Microwave Oven	\$100	50%			
Refrigerator	\$800	50%			
Miscellaneous:					
Office Supplies	\$12,000	100%			
Room Rental	\$6,000	100%			
Catering	\$4,324	100%			
Equipment Rental	\$1,025	100%			
Gift Cards	\$1,500	100%			
Computer workstation	\$3,500	100%			
Ergonomic Chair (2)	\$2,750	100%			
Workbooks	\$5,000	100%			
Pens/Notepads	\$1,000	100%			
T-shirts with logo	\$1,125	50%			
Postage	\$1,000	100%			
Banquet	\$5,500	100%			
Total	\$300,000				

CERTIFICATION

I certify that the cost for each line item budget category has been evaluated and determined to be allowable, reasonable, and necessary as required by Section 216.3475, Florida Statutes. Documentation is on file evidencing the methodology used and the conclusions reached.

Name

Title

Signature

Date

**COST ANALYSIS FOR NON-COMPETITIVELY PROCURED AGREEMENTS
IN EXCESS OF CATEGORY II**

Agreement # _____

**COST ANALYSIS INSTRUCTIONS FOR NON-COMPETITIVELY PROCURED
AGREEMENTS IN EXCESS OF CATEGORY II**

1. Agencies must complete a cost analysis worksheet for the original contract and any amendment that affects the amount of compensation and/or the level of services provided.
2. Each separate line item must be evaluated to determine whether the cost is allowable, reasonable and necessary. Each miscellaneous cost must be specifically identified.
3. To be allocated to a program, a cost must be related to the services provided. If the cost benefits more than one program, a determination must be made that the cost is distributed in a reasonable and consistent manner across all benefiting programs.
4. To be allowable, a cost must be allowable pursuant to state and federal expenditure laws, rules and regulations and authorized by the agreement between the state and the provider.
5. To be reasonable, a cost must be evaluated to determine that the amount does not exceed what a prudent person would incur given the specific circumstances.
6. To be necessary, a cost must be essential to the successful completion of the program.
7. Indirect costs/overhead should be evaluated to determine that the rate is reasonable.
8. Agencies must retain documentation in agency files to support the conclusions reached as shown on the *Cost Analysis for Non-Competitively Procured Agreements in Excess of Category II* form.

Monitoring:

Risk

Assessment

Risk Assessment Worksheet Example

NOTE: THIS DOCUMENT IS AN EXAMPLE. RISK CRITERIA, MONITORING TECHNIQUES, AND SCHEDULES MUST BE CUSTOMIZED FOR EVERY SITUATION AND AGENCY.

Instructions: For each risk criteria, identify whether it applies to the agreement and enter the corresponding number of points in the “Score” column.

Risk Criteria	Points	Score
<u>Total Dollar Value of Agreement:</u> 5 = Over \$10 million 4 = Over \$1 million to and including \$10 million 3 = Over \$150,000 to and including \$1 million 2 = \$25,000 to and including \$150,000 1 = Less than \$25,000	5 = High Risk 4 = Moderate High Risk 3 = Moderate Risk 2 = Moderately Low Risk 1 = Low Risk	
<u>Complexity:</u> 5 = Highly complex or technical 3 = Somewhat complex or technical in nature 1 = Not complex and easily understood	5 = High Risk 3 = Moderate Risk 1 = Low Risk	
<u>Public Safety:</u> 5 = Clients or public may be exposed to safety risks 1 = No client or public safety risks	5 = High Risk 1 = Low Risk	
<u>Funding Source:</u> 5 = Federal and/or state financial assistance is used 1 = No federal or state financial assistance is used	5 = High Risk 1 = Low Risk	
<u>Payment Method:</u> 5 = Fixed price 3 = Fixed rate 1 = Cost reimbursement	5 = High Risk 3 = Moderate Risk 1 = Low Risk	
<u>Procurement Method:</u> 5 = Sole source 4 = Emergency procurement, ITN, RFP 3 = Legislative mandates, exempted services, ITB 2 = RFQ (state contract or GSA) 1 = Competitive negotiation	5 = High Risk 4 = Moderate High Risk 3 = Moderate Risk 2 = Moderately Low Risk 1 = Low Risk	
<u>Vendor Performance:</u> 5 = Known to be unsatisfactory 3 = Minimal problems or unknown 1 = Meets expectations	5 = High Risk 3 = Moderate Risk 1 = Low Risk	
<u>Visibility and Impact:</u> 5 = Executive importance and impacts multiple business units 3 = Executive importance or impacts multiple business units 1 = Low executive importance and impacts one unit	5 = High Risk 3 = Moderate Risk 1 = Low Risk	
<u>Security Access and Confidential Data:</u> 5 = Has access to or is given confidential data 4 = Has access to facilities with confidential data but no direct electronic access 3 = Access ability uncertain 2 = Has access to facilities but confidential data is segregated 1 = No access to facilities or confidential data	5 = High Risk 4 = Moderately High Risk 3 = Moderate Risk 2 = Moderately Low Risk 1 = Low Risk	
<u>Other Factors:</u> a) Significant changes in the business process b) Staff turnover of key contractual stakeholders c) Contract manager has other high priority responsibilities	5 = High Risk 4 = Moderately High Risk 3 = Moderate Risk 2 = Moderately Low Risk 1 = Low Risk	
Total Risk Score		

Instructions: Add the risk value numbers and enter the total risk score above.

Using the scoring system below, place an X in the appropriate box to identify the risk level.

RISK LEVEL:

- Low 10 - 19
- Medium 20 - 39
- High 40 - 50

Once the risk level is assigned, the timing, nature and extent of monitoring is determined. Monitoring procedures should include, at a minimum, the monitoring methods and frequencies recommended.

Contract Risk Level	Desk Review	On-site Review	Deliverable Review (if IT component)	Invoice Review
Low	Semi-annual			
Medium	Quarterly		Approve technical deliverables	Every 4 th invoice
High	Quarterly	End of first quarter, then semi-annual	Approve technical deliverables, review all deliverables	Every invoice

Comment Section:

Monitoring:

Monitoring

Tool

Program Monitoring Tool

(EXAMPLE)

State Agency: Department of Imagination

Contract Number: DOI12345

Provider Name: Up Up and Away

Program Name: Middle Skills Employment Initiative

Evaluator: J. Doe

Review Date(s): 11/30/13

Review Period: July 1 to September 30, 2013

<u>Part I. Qualifications</u>		<u>Activity Performed</u>	<u>Y</u>	<u>N</u>	<u>N/A</u>	<u>Comments</u>
1	PROVIDER has completed its annual registration with the Department of Imagination. (Agreement, part 4)					
2	PROVIDER maintains staff of one Project Director and two Instructors. (Agreement, part 4)					
3	PROVIDER Director meets minimum educational and experience qualifications. (Appendix C)					
4	PROVIDER Instructors meet minimum educational and experience qualifications. (Appendix C)					
5	PROVIDER received background check and documented no disqualifying events for Director and instructors prior to staff having contact with participants. (Agreement, part 4)					
6	PROVIDER, non-profit, has tax-exempt status from Internal Revenue Services. (1110, FS)					

<u>Part II. Policies & Procedures</u>		<u>Activity Performed</u>	<u>Y</u>	<u>N</u>	<u>N/A</u>	<u>Comments</u>
1	Middle Skill Employment Initiative policy and procedure manual is made available to all employees. (Agreement, part 8)					
2	Instructor/participant advisory meetings are held once each quarter. (Agreement, part 8)					

<u>Part III. Monitoring & Audit</u>		<u>Activity Performed</u>	<u>Y</u>	<u>N</u>	<u>N/A</u>	<u>Comments</u>
1	Evaluator was permitted access to records during visit. (1210, FS)					
2	PROVIDER maintains records in a safe and secure area at the service location. (Agreement, part 1)					
3	PROVIDER records are readily available for inspection, review, or audit by state personnel or others authorized by the department. (1210, FS)					
4	PROVIDER maintains program records and all documentation outlined in the agreement. (Agreement, part 4)					
5	PROVIDER has been audited by a certified public accountant within the past year and has submitted a copy to the Department, and any audit findings have been addressed. (1301, FS)					

<u>Part IV. Accounting System & Controls</u>		<u>Activity Performed</u>	<u>Y</u>	<u>N</u>	<u>N/A</u>	<u>Comments</u>
1	PROVIDER maintains an accounting policies and procedures manual. (Agreement, part 14)					
2	PROVIDER maintains books of accounting, including accounts payable, accounts receivable, a general ledger, and records of cash receipts/disbursements in accordance with GAAP. (1919, FS)					
3	PROVIDER expenditures are properly identified, allowable, reasonable, necessary, and allocated appropriately. (111, CFR)					
4	PROVIDER pays the portion of the Director and Instructor's salary and work time according the budget and allocation percentage. (121, CFR)					
5	Interest earned on agreement funds provided by this agreement are identified separately in the PROVIDER's records and returned to the Department in accordance with the agreement. (1400, FS)					

<u>Part V. Property & Equipment</u>		<u>Activity Performed</u>	<u>Y</u>	<u>N</u>	<u>N/A</u>	<u>Comments</u>
1	PROVIDER conducts and documents monthly inventory of all property and equipment purchased with agreement funds. (Agreement, part 9)					
2	PROVIDER obtained Departmental approval prior to the disposal of any state owned property or equipment. (Agreement, part 9)					
3	Property purchased with agreement provided funds, with a value of \$1,000 or more, is properly inventoried with a description of the property that includes: serial number, make and model, purchase date, cost, funding source and location of item. (2020, FS)					

<u>Part VI. Procurement Practices</u>		<u>Activity Performed</u>	<u>Y</u>	<u>N</u>	<u>N/A</u>	<u>Comments</u>
1	PROVIDER has a procurement policy that ensures fair competition for all purchases and ensures providers are selected based on the best value for the goods or services. (1919, FS)					
2	A different individual is responsible for approving higher dollar purchases of supplies and services than the individual who ordered the supplies and services. (Agreement, part 20)					

<u>Part VII. Scope of Work</u>		<u>Activity Performed</u>	<u>Y</u>	<u>N</u>	<u>N/A</u>	<u>Comments</u>
1	PROVIDER verified participant eligibility and documented determinations in case files. (1920, FS)					
2	PROVIDER conducts program Monday through Friday, from 2:00 to 6:00 pm. (Agreement, part 6)					
3	PROVIDER mailed enrollment acknowledgement letter with orientation materials to participant's address of record within 30 days of registration. (Agreement, part 6)					
4	PROVIDER conducted monthly progress review with participant. (Agreement, part 7)					
5	PROVIDER distributed and collected satisfaction survey from all program participants. (Agreement, part 19)					
6	Source documentation of attendance records supports the number of students reported. (Agreement, part 19A)					
7	PROVIDER reported any staff vacancies as required in the agreement, Part 7.					

Part VIII. Results

Findings:

Corrective Action:

Additional Comments:

NOTE: THIS DOCUMENT IS AN EXAMPLE. A MONITORING TOOL MUST BE CUSTOMIZED FOR EVERY SITUATION AND AGENCY. LEGAL REFERENCES CONTAINED IN THIS EXAMPLE ARE FICTITIOUS AND ARE INCLUDED AS EXAMPLES OF SUGGESTED FORMATS.