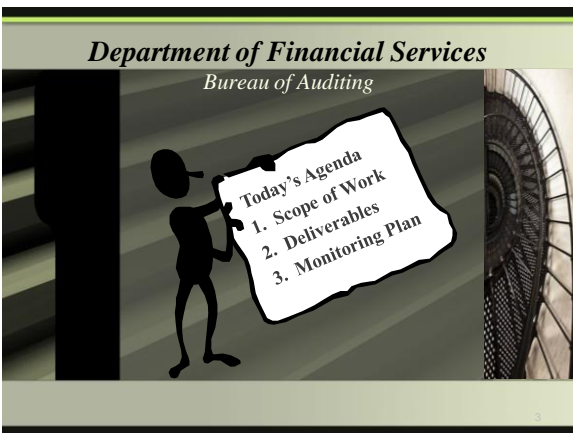




Contract and Grant Monitoring: Steps for Success

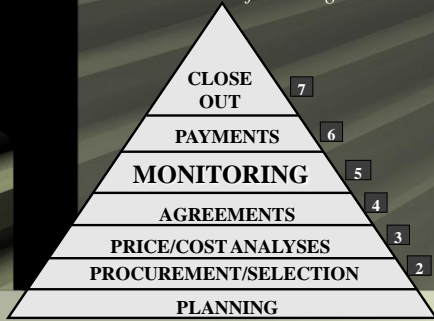
*Florida Department of Financial Services
Bureau of Auditing*





Department of Financial Services

Bureau of Auditing



Monitoring: Real-life Scenario

Based on the following scenario, what were the:

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

Monitoring Scenario

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?

Psychics predict world didn't end yesterday.

State prisons to replace easy-open locks.

DOE to do NEPA's EIS on BNFL's AMWPT at INEEL after SRA protest.



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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 provider shall
 - i. Submit and document compliance with security policies and practices manual.
 - ii. Submit and practice an emergency plan.
 - iii. Provide indoor and outdoor activity space as defined in Attachment A.
 - iv. Provide appropriate materials for activities as defined in Attachment A.



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Scope of Work – Example Specifics

Step Two – the Details

2. Provide supervision for 30 children.
 - a. The provider shall
 - ii. Provide afterschool supervision from 2:30 pm to 6:00 pm each school day for the 2014-2015 school year.
 - iii. Provide one supervisor who meets experience and educational qualifications outlined in Attachment B.
 - iv. Provide one teaching assistant per six children enrolled. Each teaching assistant will meet the qualifications 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 provider shall
 - ii. Provide afterschool activities from 2:30 pm to 6:00 pm each school day for the 2014-2015 school year.
 - iii. Provide a minimum of one hour of supervised homework assistance (Attachment C) for each child each.
 - iv. Provide a minimum of one hour of supervised outdoor activities (Attachment C) for all children each day.
 - v. Provide a minimum of one-half hour of enrichment activities (Attachment C) for each child each day.



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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 provider shall
 - i. Provide a copy of an executed lease agreement or MOA for use of space.
 - ii. Receive Agency acceptance of the Security Policy and Practices Manual by August 1, 2014. Document daily security practices as outlined in this manual.
 - iii. Receive Agency acceptance of the Emergency Plan by August 1, 2014. 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 provider 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.



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Scope of Work – Example Specifics

Step Three – the Evidence

3. Provide activities for 30 children.
 - a. The provide shall
 - i. Post the planned schedule of activities and include copy in student portfolio.
 - ii. Establish student portfolio (Attachment D) for each participant to document the following required activities:
 - i. Minimum of one hour of supervised homework assistance.
 - ii. Minimum of one hour of supervised outside activities .
 - iii. Minimum of one-half hour of enrichment activities.



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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.
- include minimum performance standards and financial consequences for non-performance/non-compliance



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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.



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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 6:00 pm
 - homework assistance
 - 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 E).
 - The provider will submit monthly participant sign-in/out logs and employee project time sheets.



Deliverables - Example

Verifiable – SOW documentation may be requested at any time

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



Deliverables - Example

Performance Standards – from the SOW

- Serve 30 participants.
- Provide afterschool supervision and program activities from 2:30 pm to 6:00 pm each school day.
- Provide a minimum of one hour of supervised homework assistance for each child each day.
- Provide a minimum of one hour of supervised outside activities for all participants each day.
- Provide a minimum of one-half hour of enrichment activities for each child each day.



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 activities are not provided.



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Scope of Work to Deliverables

Scope of Work Responsibilities/Tasks

#1
Full-time
Students

Eligibility and attendance documented.

#2
Staff Ratio

Qualifications and work hours documented.

#3
Activities

Activities documented.

Deliverable Fixed Price

Deliverable: one month of service meeting SOW criteria
Payment Amount: \$6,000 per month

Documentation: monthly attestation report sign-in out logs and staff time sheets

Performance:

1. Level of Service
 - a. # full-time participants
 - b. staff ratio
 - c. study time

Financial Consequences:

- a. # full-time participants
- b. staff ratio
- c. activities

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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 Sections 215.971(1)(c) & 287.058(1), F.S.



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Monitoring - Comparing



Monitoring

The Purpose

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



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.



Monitoring Activities

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



Monitoring

Two Aspects

- Fiscal
 - Determines if funds have been accounted for and used appropriately by the service provider.
- Programmatic
 - Determines compliance with terms and conditions, and service delivery related requirements.



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.



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 .



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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



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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



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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



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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

- 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

Example



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Monitoring

Monitoring Plan Example, *continued*

- 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.

Example



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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



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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 6:00 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/aadir/bureau_audit.htm
 - accountability@myfloridacfo.com



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