



**OPERATIONS MANUAL
CHAPTER 2
CONTRACT ADMINISTRATION**

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Sec 1. Role and Responsibilities of the Program Specialist

The primary role of the Program Specialist is to serve as SDWP's representative in the negotiation, development, management, fiscal tracking and closeout of contractual agreements with SDWP subrecipients. All questions, concerns, requests for modifications, changes, or extensions related to contractual agreements must be communicated to the Program Specialist.

Sec 2. Contract Management – 3 Primary Goals

The Program Specialist will work with the subrecipient on the following:

- **Contract performance:** Program Specialist will review performance reports from the system of record (CalJOBS for WIOA funded programs) to determine if the contractor is above, meeting, or exceeding all contract performance measures.
- **Monthly expenditures:** Program Specialist will analyze monthly invoices against planned expenditures to determine if the subrecipient's expenses are above, meeting, or below their planned expenditure in their submitted budget.
- **Regulatory and contract compliance:** SDWP and/or a contracted third-party monitor will conduct regular financial and programmatic monitoring to determine if the subrecipient is operating the program according to the SDWP's operations manual, SDWP operations issuances, applicable federal, state, local, laws, regulations, and directives, and/or in accordance with their contracted scope of work. Federal, state, local funding agency will also conduct regular monitoring visits.

The Program Specialist will analyze trends to determine root causes of recurring operational and financial issues and recommend system process improvements and/or best practices to remedy the problem. Contract underperformance (1), financial variance between actual and planned budgets (2), and/or compliance and monitoring (3) may result in technical assistance, corrective action, and/or contract termination.

Sec 3. Technical Assistance

The Program Specialist will make periodic visits to each Operator & Service Provider to discuss program progress, at a frequency determined by SDWP. At the minimum, annual visits from federal, state or local funders' fiscal and program monitors or SDWP staff members are also to be expected.

When deemed necessary by SDWP, technical assistance will be provided to Operators & Service Providers. Technical assistance may include but is not limited to training sessions, orientation for new operators or one-on-one assistance.

Sec 4. Contracted Modifications

Contract terms are determined during the contract negotiation process and may be changed only through a contract modification. Contract modifications are used to address program or financial revisions, and

are reserved for extreme variations in the program design, scope of work or expenditure trends. The Operators & Service Providers must work with SDWP staff during the negotiation phase to agree on the program design, scope of work and performance outcomes. SDWP may recommend a contract modification for financial or programmatic reasons at any time.

(1) Modification Limitations

Contract modifications cannot be used to bring Operator's & Service Provider's programmatic or financial performance into compliance. Retroactive changes will only be made to comply with a change in state or federal regulations and not to correct unsatisfactory programmatic or financial performance outcomes.

Contract renegotiations occur once per year, and disallowed line-item overages will drive the planning process for the following year. Alterations to the original contractual budget can compromise original contract intent and purpose.

(2) Modification Types

A contract modification may be either major or minor in scope. All modification requests must be in writing and, regardless of the type of modification, a copy must be made available to the Operator & Service Provider, and shall be placed in the active contract file. Contract modifications are not retroactive.

All budget modifications must be found allowable and in the best interest of the program. All expenditures are planned with a contractual obligation of 100% funds expenditure, and invoices are tracked toward final expenses of no more than 100%. If contract expenditures are over 100% in any category (ex. Personnel, Infrastructure/Facilities Costs, Participant Costs, etc.), except Indirect Costs and Negotiated Profit, the Operator & Service Provider may submit a request for cost reimbursement of unplanned expenses to the Program Specialist, documenting reasons for the overage, the impact of the costs on contract program and financial performance, and stating if additional expenses are likely to be incurred. Detailed items of cost within categories can vary up to 10% versus plan, as long as a category does not exceed 100%. Operator & Service Provider requests for unplanned expense reimbursement or program modification will be reviewed and approved or denied by the Program Specialist, Program Director and Controller. The review is done on a case-by-case basis, and cost reimbursement is not automatically granted.

The definition of either type of modification is as follows:

(A) Major Modifications

A major modification is any modification to a contract which requires authorized signature of both the Operator & Service Provider and the SDWP. Major modifications above the signature authority of the President and CEO or designee may require San Diego Workforce Development Board (WDB) approval. Instances that require WDB approval include, but are not limited to:

- Extension of the period of performance for more than 31 days
- Increase of any funding source amount over \$100,000

- De-obligation of funds

Instances that may require a major modification without WDB approval include, but are not limited to, the following:

- Increase in funding below \$100,000
- Changes between Support and Program cost categories. Note: The resulting amount must not exceed the maximum allowable for the Support cost category
- A major modification may be necessary in the case that SDWP's approves line item or category expenditures exceeding the budgeted final cost reimbursement of 100%

Both the Operator & Service Provider and SDWP must sign all major modifications before the modification is effective.

(B) Minor Modifications

A minor modification is any change to a contract that is non-financial in nature, outside the scope of a major modification, and does not require WDB approval. Examples of minor modifications are:

- Clarification due to typographical errors or adjustment of quarterly service levels
- Typographical and/or grammatical errors within the contract budget
- Contract extensions up to 31 days without a change in the total funding amount
- Shifting of performance outcomes from one month to another within the specified period of performance
- Contract suspension of funding
- Any other appropriate administrative action short of contract termination

Sec 5. Subcontracts

The Operator & Service Provider may enter into subcontracts for specialized client services. Subcontracting services must follow the procurement guidelines set forth in EDD Directive [WSD 12-10 Procurement](#) and have the written approval of SDWP prior to contract implementation. SDWP, State, and/or its DOL representatives, shall have the right to monitor and review all subcontracts issued under this agreement with or without prior notice to the Operator & Service Provider.

All Operators & Service Providers must monitor their subrecipients in accordance with the guidance laid out in this Chapter 8 – Oversight and Monitoring to ensure funds are used for authorized purposes.

All Operators & Service Providers are responsible to confirm that their subcontractors are not debarred, excluded, or suspended. The following website should be used to confirm the exclusion status of the subcontractor.

- <https://www.sam.gov/portal/SAM/#1> (Select Search Records> enter the business name into Quick Search. Verify that either a) “Has Active Exclusion?: No” or b) there is no record in the database).

Organizations who are debarred, excluded, or suspended are not eligible to receive funding from SDWP.