

**OPERATIONS MANUAL CHAPTER 2:
CONTRACT ADMINISTRATION**
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I. INTRODUCTION

Contract administration concentrates on the relationship between the San Diego Workforce Partnership (SDWP) and the Subrecipient from contract award to contract closeout ensuring the Subrecipient delivers the product and/or service in conformance with the contractual agreement requirements. The Contract Administrator (SDWP employee assigned to Subrecipient) must completely understand all aspects of the contract agreement. This chapter describes SDWP's requirements and recommended practices associated with contract administration activities.

II. ROLE AND RESPONSIBILITIES OF THE CONTRACT ADMINISTRATOR

The primary role of the Contract Administrator 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 Contract Administrator.

III. CONTRACT MANAGEMENT

The Contract Administrator will work with the subrecipient on the following:

A. CONTRACT PERFORMANCE

Contract Administrator will review performance reports from the system of record (i.e., CalJOBS for WIOA funded programs) to determine if the contractor is above, meeting, or exceeding all contract performance.

B. MONTHLY EXPENDITURES

Contract Administrator 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.

C. REGULATORY AND COMPLIANCE

SDWP 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 Contract Administrator 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.

IV. TECHNICAL ASSISTANCE

The Contract Administrator will make periodic visits to each Subrecipient 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 the Subrecipient. Technical assistance may include but is not limited to training sessions, orientation for new operators or one-on-one assistance.

V. 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 Subrecipient must complete **ATTACHMENT - MODIFICATION REQUEST FORM** and submit to their Contract Administrator prior to the negotiation phase to agree on the initiation of the modification of the program design, scope of work budget and/or performance outcomes. SDWP may recommend a contract modification for financial or programmatic reasons at any time.

A. MODIFICATION LIMITATIONS

Contract modifications cannot be used to bring the Subrecipient'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.

B. 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 Subrecipient 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. If approved, the Subrecipient must complete **BUDGET MODIFICATION CHANGE DETAIL** when submitting their budget modification. 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 (i.e., Personnel, Infrastructure/Facilities Costs, Participant Costs, etc.), except Indirect Costs and Negotiated Profit, the Subrecipient may submit a request for cost reimbursement of un-planned expenses to the Contract Administrator, 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%. The Subrecipient requests for unplanned expense reimbursement or program modification will be reviewed and approved or denied by the Contract Administrator, Department Management and above. 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:

1. Major Modification

A major modification is any modification to a contract which requires authorized signature of both the Subrecipient 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 Subrecipient and SDWP must sign all major modifications before the modification is effective.

2. 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 one month without a change in the total funding amount
- Shifting of performance outcomes from one month to another within the specified period of performance
- Any other appropriate administrative action short of contract termination

Budget Modification Process

- Subrecipient shall complete and sign **ATTACHMENT - MODIFICATION REQUEST FORM** and submit to their Contract Administrator for review and approval.
- If approved, SDWP Program Analyst will generate the **BUDGET MODIFICATION CHANGE DETAIL** and upload both files into SharePoint (Contract Documents Folder) and inform the Subrecipient and the Contract Administrator.
- Subrecipient shall update, in SharePoint, the **BUDGET MODIFICATION CHANGE DETAIL** and inform the Contract Administrator and the Programs Analyst when completed.
 - "Proposed Budget" amount must not be less than "YTD" amount, even if fractional. They will have a "red(ish)" highlight
 - "Reason for change" entries must be provided for **all** line items with changes
 - "Total" "Change" on the "Total Amount" row must be zero
- The Contract Administrator will review the "Budget Modification CHANGE DETAIL" for programmatic compliance
- Programs Analyst will review **BUDGET MODIFICATION CHANGE DETAIL** for financial compliance.

- Once the **BUDGET MODIFICATION CHANGE DETAIL** is fully approved by the Contract Administrator and the Programs Analyst, it will be routed for review and approval.
- The Contract Administrator will inform the Subrecipient when the Budget Modification is fully executed
- The Subrecipient will incorporate the Budget Modification into their monthly invoice files.

VI. SUBCONTRACTS

The Subrecipient may enter into subcontracts for specialized client services. Subcontracting services must follow the procurement guidelines set forth in **SDWP Operations Manual, Chapter 3: Acquisition and Property Management** 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 Subrecipient.

All Subrecipients must monitor their subrecipients in accordance with the guidance laid out in *in SDWP Operations Manual, Chapter 8: Oversight and Monitoring* to ensure funds are used for authorized purposes.

All Subrecipients 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.

VII. ORGANIZATIONAL CHANGE

All Subrecipients of WIOA funding and America’s Job Center of California (AJCC) locations must provide and submit all changes of their organization or office information to SDWP’s assigned Contract Administrator as instructed below. Having the most current information enables SDWP provide participants and employers with the most current information. There are two types of Change Forms that apply to WIOA Subrecipients: Type 1 and 3, which are listed below.

Type 1 Change Form

All Subrecipients of WIOA funding must report organizational changes and must be submitted on the **SUBRECIPIENT INFORMATION CHANGE FORM – TYPE 1 (ATTACHMENT)**. Type 1 changes may include one or more of the following:

- Subrecipient name, site, mailing address or public phone number changes.
- Subrecipient Director/Administrator name, address, telephone, fax, or email changes.
- Subrecipient Director/Administrator Alternate name, address, telephone, fax, or email changes.
- Local Workforce Development Board Chair name, address, telephone, fax, or email changes (SDWP only).
- Chief Elected Official name, address, telephone, fax, or email changes (SDWP only).

Type 3 Change Form

The **AJCC CHANGE FORM – TYPE 3 (ATTACHMENT)** facilitates updates to the EDD Office Locator on the EDD’s website, the America’s Service Locator, sponsored by the U.S. Department of Labor, and the AJCC database. The AJCC Change Form should only be completed if there are AJCC changes, openings, or closures. Section I and Section III of the attachment must be filled in completely. However, only the areas in Section II where changes have occurred need to be completed. As a result, job seekers and employers can connect to the most convenient AJCC in their area. Type 3 changes may include one or more of the following:

- AJCC openings and closures.
- AJCC name, address, website address, telephone, fax, or teletypewriter (TTY) number.
- EDD staff presence.
- Veterans representative presence.
- Hours of operation.
- Level of service.
- Office Manager’s name, email, or telephone number.

If any change listed above occurs, Type 1 or 3 attachments must be completed and emailed to your designated Contract Administrator for processing.

VIII. ATTACHMENTS

Modification Request Form

Subrecipient Information Change Form – Type 1

America’s Job Centers of California Change Form – Type 3