

First 5 Commission of San Diego

Subject: Contract Extensions

Policy Number: F5C-021

Effective Date: June 3, 2009

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Purpose

To establish a policy and provide guidelines for extending the terms of grants and contracts for services that are funded under the “Contributions to Community” section of the Commission’s budget.

Background

The California Health and Safety Code Section 130140(d)(4)(B) requires county First 5 Commissions to adopt, in a public hearing, contracting and procurement policies that are consistent with state law. In addition, the Health and Safety Code Section 130151(b)(1) requires that the Commission’s contracting and procurement policies contain provisions to ensure that its grants and contracts are consistent with the Commission’s Strategic Plan.

As specified in its Strategic Plan, the First 5 Commission of San Diego County is accountable to the community and the children for the use of its funds. The Commission has adopted policies regarding contracting and procurement to serve as guidance as well as to provide basic information to the public.

This Policy on Contract Extensions pertains to those Commission contracts receiving funds to provide services to children, families and communities. These contracts comprise the “Contributions to the Community” section of the Commission’s budget. Contracts supported by operating funds are excluded from this Policy.

This Policy does not apply to administrative (operating) expenditures as per First 5 San Diego Policy F5C-008, effective June 19, 2006. Policy F5C-008 provides the Executive Director with the authority to approve certain administrative expenditures, including services and supplies expenditures, incurred on behalf of the Commission and included in the annual budget.

Commission approval for contract extensions is required for:

- All new contracts for services receiving funds from the Commission’s budget for “Contributions to the Community,”
- The initial term, option periods, and funding of the contract;
- The extension of a contract (through a contract amendment) to act on an option period for a contract that is out of compliance; and
- Any additional option periods and funding beyond what was approved at contract award.

For each new contract, Commission staff performs a risk assessment and develops a compliance monitoring plan that is documented in the contractor’s file. The monitoring plan specifies the schedule for monitoring the contract, and describes the methods that will be used for monitoring, such as reports, site visits, and/or quality assurance reviews.

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The Commission's contract monitoring process assists the contractor and the Commission to identify contract compliance issues as early as possible. When it is determined that a contract is out of compliance with the Commission's contract requirements, the contract monitor initiates a corrective action process that specifies the changes needed for the contractor to come back into compliance with contract requirements.

Policy

Commission approval is required to exercise option years or other extensions of the term of a service contract when the contract is out of compliance with its contract requirements. The Commission will not approve option year extensions for a contract that is not in compliance with its contract requirements.

Procedures

1. New contracts for services must be approved by the Commission. These contracts receive funds from the "Contributions to the Community" section of the Commission budget.
2. At the time of contract award, if it is anticipated that more than the initial contract term is needed or desired to achieve the outcomes required in the contract, funding for additional option years requires Commission approval.
3. Commission staff will conduct a risk assessment, and develop and implement a monitoring plan for each new contract.
4. To be eligible for option year funding, a contractor must have complied with the Commission's required reporting responsibilities, must be making expected progress in meeting the program's process and outcome objectives, and must be meeting the general requirements of the contract's terms and conditions.
5. If it is determined through the contract monitoring process that a contractor is meeting or exceeding contract requirements, the Executive Director has the authority to approve the contract extension.
6. If monitoring indicates that a contractor may be out of compliance with contract obligations, Commission staff will follow procedures for corrective action. The corrective action process includes:
 - Documented meetings or other communications with the contractor to clarify and resolve compliance issues.
 - Provision of technical assistance, if appropriate.
 - Development of a plan for corrective action, including timeframes for correction, follow-up, and consequences for lack of improvement.

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- Assistance, if needed, from the HHS Agency Contract Services, the County Contract Compliance Office, and/or County Counsel on issues of non-compliance and possible contract termination or other action.
7. If a corrective action is implemented late in the contract period and the contractor is showing reasonable progress in complying with the corrective action plan, the Executive Director has the authority to exercise the contract's next option period.
 8. In cases where all steps of the corrective action process have been exhausted, and a contractor is not meeting contract requirements or other performance criteria, the Executive Director will determine that the contract is not eligible for a contract extension. In these instances, the Executive Director will update the Commission Chair of the contractor's performance status.
 9. Any additional contract option periods and funding beyond what was approved at the time of contract award must have Commission approval.
 10. No-cost extensions to the term of a contract may be approved by the Executive Director. Contractors that are out of compliance with contract requirements are not eligible for a no-cost extension.

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