COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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July 11, 2011

TO: Supervisor Michael D. Antonovich, Mayor
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **CONTRACTOR ALERT REPORTING DATABASE FINAL REPORT (Board Agenda Item 26-C, April 27, 2010)**

This is our final status report on establishing a mechanism to alert County departments of poorly performing contracts. On April 27, 2010, your Board directed the Chief Executive Officer (CEO), Auditor-Controller (A-C), County Counsel and the Director of Internal Services (ISD) to establish a work group and report back on the following:

- An examination of what mechanisms and/or databases the County already has in place to monitor its contractors, so the County can utilize what is currently working;
- A more appropriate term than the "Do Not Call List" for the database that will track the County's poorly performing contractors;
- A clearly defined purpose of the list and a definition of poorly performing contractors;
- Clearly defined roles and responsibilities for County staff charged with updating this list;
- A mechanism to remove contractors from the list that have complied with their obligations, along with appropriate notification;

- A mechanism to notify poorly performing contractors that they will be placed on this list absent sufficient corrective action and/or restitution steps; and

- A standard report or information sheet on a monthly basis, to alert County departments of poorly performing contractors.

We issued the work group's first status report on June 7, 2010, and the second status report on September 16, 2010. This is our final status report.

Implementation

In response to your Board's request, staff from the CEO, A-C and seven other County departments worked collaboratively to develop the Contractor Alert Reporting Database (CARD or System). CARD is a centralized online database for departments to track poorly performing contractors, within the County's eCAPS enterprise accounting application. CARD will improve interdepartmental oversight and communication regarding contractor performance issues.

CARD was implemented on July 1, 2011 for departments to begin posting contractor performance issues. In addition, departments will be required to use CARD to screen proposers as part of the evaluation process for solicitations issued after August 1, 2011.

CARD will allow all departments to review contractor performance issues in other departments by having the issues posted to the System. Under the CARD procedure manual, departments will be responsible for:

- Identifying performance issues that may justify placing a contractor in CARD;
- Giving contractor's due process to respond to the issue(s) before they are placed in CARD. The due process gives contractors several opportunities to resolve the issue(s) to avoid being placed in CARD;
- Placing a contractor in CARD;
- Working with contractors to resolve the issue(s) and updating a contractor's status in CARD to indicate when the issue(s) has been resolved;
- Using CARD to evaluate proposers during the contract solicitation process, including standard point deductions for contractors listed in CARD when scoring proposals that include prior County contract history.

As part of the implementation process, we have conducted CARD training classes for over 400 County managers and staff, and demonstrated the System to County executive staff and Board deputies. We also developed and distributed a CARD User Manual (Manual), which provides instructions on how to use CARD.

A-C staff will continue to provide technical support and assist County departments, on an as-needed basis, to address CARD-related concerns, such as determining when contractors should placed in the CARD.

Outcome

Implementing CARD will help improve departments' oversight of their contractors, and provide a method for sharing contractor performance issues among County departments. CARD will also help standardize the County's contract monitoring, contractor due process rights and issue resolution processes. We also expect that CARD will provide an incentive for contractors to address any performance issues before they are posted on the System. Finally, using CARD as part of the evaluation process will hold contractors more accountable for their work in all departments.

Acknowledgements

We thank the CEO, County Counsel, ISD, and the Departments of Children and Family Services, Health Services, Mental Health, Public Health, and Public Social Services for their assistance in developing and implementing the CARD system.

Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

WLW:JLS:DC

c: All Department Heads
Public Information Office
Audit Committee