THE BIG THREE
Objective

- Review the elements of an effective scope of work, deliverable, and financial consequences.
The Big Three

- Financial Consequences
- Deliverables
- Scope of Work
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.
- Establishes blueprint for work to be accomplished.
- Provides details for implementing project.
- Provides documentation requirements.
- Is the foundation of accountability.
Characteristics of a Good Scope of Work

• 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

215.971 and 287.058 (1), F.S.
Scope of Work Example

Star Tutoring, Inc. will provide tutoring services to a minimum of 200 eligible high school students (Attachment A) per month. The provider must supply a minimum of 75 mentors (Attachment B) who are employed within Broward County.

The provider must assign no more than 3 students to each qualified tutor. The tutors must provide a minimum of 1 hour of tutoring services (Attachment C) to the students every week after school Tuesday 3pm-4pm from September 1, 2018-May 30, 2019 at the Broward Bee’s Highschool: 578 Bee Lane.

The provider must require each tutor to keep a monthly Star Tutoring Services Report (TSR-Attachment D), for each student tutored. The TSR will be maintained by the provider and will be available to the Department upon request. Additional required documentation includes student sign-in sheets, tutors’ background checks and student records.
Deliverables

• Evidence progress
• Demonstrate performance
• Trigger payment
• Include minimum performance standards and financial consequences for non-performance/non-compliance
Deliverables

Deliverables must be

- Directly related to the scope of work
  - specific
  - quantity and quality

- Performance based
  - quantifiable
  - measurable
  - verifiable

- Documented

215.971 and 287.058 (1), F.S.
Deliverables Example

The provider will be paid $10,000 each month for providing tutoring services in accordance with the Scope of Work.
Financial Consequences

- Allows state to pay for partially completed services
- Applicable for non performance/compliance
- Not a termination clause

215.971 and 287.058 (1), F.S.
Financial Consequences Example

The Department will reduce payment by $50.00 for each client the provider fails to serve below the 200 minimum each month.

215.971 and 287.058 (1), F.S.
MONITORING
Objective

• Define programmatic and fiscal monitoring
• Name monitoring activities
• Identify elements of a monitoring plan
• Name possible risk assessment factors
Monitoring - Comparing
(can you find the differences?)
Monitoring - Comparing
(17 differences)
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.
Who’s Responsible?

Contract Manager?
Division Director?
Program Manager?
Monitoring Unit?
Types of Monitoring

**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.
Fiscal Monitoring

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
Fiscal Monitoring

Common 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 lacking sufficient justification and/or documentation
Programmatic Monitoring

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)
Programmatic Monitoring

Common Issues:

• Insufficient documentation
• Clients ineligible for program
• Effort provided not documented
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?
Risk Assessment

• Evaluates 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
Factors of Risk Assessment

- 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
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.
Monitoring Plan

- Type of monitoring (programmatic/fiscal)
- Monitoring activities
- Sampling procedures
- Required documentation
- How and to whom results will be communicated
Monitoring Activity Example

- Client Surveys
- Invoice Reviews
- Periodic Contact
- Onsite Reviews and Observations
- Provider Reports/Audit Reports
Red Flags

• A warning or sense that something isn’t right
• Should lead you to take a closer look at the transaction
Monitoring Tool

- Serves as the documentation and testing instrument
- Records detailed information about the monitoring activity, agreement, date, location, and monitor
- Specifies programmatic and fiscal compliance requirements from the agreement
- Verifies that primary source documentation provided for the agreement is accurate and consistent with the requirement of the contract or grant
- Records compliance and/or noncompliance with requirements
After the Onsite or Desk Monitoring

- What did you learn?
- Was everything “O.K.”?
- Were there any red flags?
- Who needs to know?
- Health or safety concerns?
- On track to meet deliverables?
- Other program or fiscal concerns?
REDUCING FRAUD
Objective

- Define fraud
- Identify how fraud happens
- Name possible red flags
- Discuss steps to take to report fraud
What is Fraud?

Fraud is any **intentional** act or omission designed to deceive others, resulting in the victim suffering a loss and/or the perpetrator achieving a gain.

*Please note: Mistakes are not the same as fraud.*
How Does It Happen?

• Motive
• Capability
• Opportunity
• Rationalization
Red Flags

• Billed for services that are more difficult to verify
• No supporting documentation submitted with payment request
• Altered documents
• Invoice figures do not add up
• No letterhead
Questionable Transactions

- Checks Written Payable to Cash
- Payments to Subsidiaries
- Payments to Possible Shell Corporations
- Payments to Ghost Employees
- Transfers Between Accounts
- Payments to Holding Accounts
- Purchase of Money Orders
Why People Don’t Report Their Suspicions

• Fear of repercussion
• Feel like nothing will be done
• Inconvenience
What Can You Do?

REPORT, REPORT, REPORT!
Thank you for using best practices in contract and grant management to ensure accountability of state treasury resources!

Questions?
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