



Policy Name: Contract Management

Policy #: FI04

Form Reference #: Exhibit A – Contract Closeout Guide

Effective: 1/24/17

POLICY:

Contract management is the management of contracts made with vendors, partners or employees. It is the process of systematically and efficiently managing contract creation, execution and analysis to maximize financial and operational performance, while minimizing risk. The Coalition, through its contracting process, protects the funds it disburses, derives the maximum return of services from those funds, and is in compliance with applicable state and federal laws, rules, and regulations governing contracts for services. A clear and complete contract is a critical component of this process. ELCFV strives to contract only utilizing a high quality, comprehensive contract to ensure an effective payment and monitoring process, as well as ensure the overall success of the project.

PROCEDURE:

I. Policy aligns with federal regulations, state statute and state rule requirements.

- A. State/Federal instructions - ELCFV's policies and procedures will comply with the following federal/state laws, regulations, statutes and rules.
 - 1) s. 287.057 (14) and (15) F.S. (contract manager and contract administrator)
 - 2) 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
 - 3) 45 CFR, Part 98.90 (monitoring) and part 98.91 (non-compliance)
 - 4) s. 215.97 (State Single Audit Requirements)
 - 5) 2 CFR §200 Subpart F (Federal Single Audit Requirements)
 - 6) The most current version of Office of Early Learning (OEL) Office of Inspector General's Guidance (Audit and Audit Resolution Responsibilities).
- B. Appropriate and adequate invoice processing policy disclosures [69I-40.002(3), F.A.C.]

II. Components of Contract Management.

- A. Contract Administrator. The Coalition's CEO is the Coalition's administrative agent responsible for enforcing the performance of contract terms and conditions (s. 287.057(15), F.S.). The Finance Manager and Fiscal Representative - Purchasing are the primary points of contact through which all contracting information flows between the Coalition and the contractor. All actions related to the contract shall be initiated by or coordinated with the Finance Manager or Fiscal Representative - Purchasing. The files maintained by the Finance Manager and Fiscal Representative - Purchasing are the official files of record and must be maintained for a minimum of five (5) years following termination of the contract.
- B. Types of Contracts. The Coalition may enter into either a Definite Quantity Contract or a Term Contract, as defined by Florida Administrative Code 60A-1.001:
 - 1) A Definite Quantity Contract is an agreement between an agency and a vendor whereby the vendor agrees to furnish a specific quantity of an item or items or a specific contractual service, at a specified price, to a specified location.



- 2) A Term Contract is an agreement between an agency and a vendor whereby the vendor agrees to provide an indefinite quantity of commodities or contractual services, on a indefinite delivery schedule, over a specified period of time.
- 3) Also, the Coalition must determine whether the contractor is a sub-recipient or a vendor. This is done by completing the State (and Federal) Recipient and Vendor Determination Checklists and following the Guidance provided by Office of Early Learning (OEL), #OEL FG 064, dated July 21, 2008, and #OEL FG 063, dated July 21, 2008.

III. **Contract Execution**

A. Contract Initiation and Execution

- 1) After the Coalition has completed the required (and appropriate) procurement process, the Contract Administrator ensures that the correct type of contract is created and approved by the Board. There may be several steps of negotiation between the Coalition and the potential contractor in preparation of and agreed upon contract before it is presented to the Board.
- 2) Once the Coalition board has approved the contract and all parties have signed the contract, the contract has been legally executed. Depending upon the language of the contract, either the typed date or the date of the signature will be considered the effective date of the contract.

B. Contract Signatures

- 1) All Coalition contracts are signed by the CEO. All contracts resulting from a formal bid are signed by the Coalition Board Chairperson or designee.
- 2) All Coalition staff responsible for contract solicitation are prohibited from signing contracts.

C. Contract Amendments

- 1) From time to time there may be a need to change something in an active contract. Either party of the contract may request that a contract amendment be executed. **For any change to the terms of an existing contract, a formal written contract amendment (with signatures of the representative of both parties) is required to be executed.**
- 2) At that point, the terms of the contract amendment are negotiated until agreed upon by both parties. If both parties agree to the change in contract, the contract amendment is created and submitted (if necessary) to the Coalition Board for approval. Once the CEO and/or Board has approved the contract amendment, both parties sign and date two sets of the contract amendment. One original is kept by the Coalition to be placed in the contract file, and the other original is given to the contractor.

IV. **Contract Administration and Management**

- #### A. For each agreement funded by federal or state financial assistance, the Coalition shall designate an employee to function as a contract/grant manager. The contract/grant manager shall be responsible for enforcing performance of the agreement's terms and conditions and shall serve as a liaison to the contractor(s). These duties are assigned to Coalition staff as described here.

B. CEO's Responsibilities:

- 1) As the **Contract Administrator**, the CEO is ultimately responsible for the oversight and approval of procurement services and contract management within the requirements of all applicable state and federal regulations.
- 2) The CEO or designee will ensure a system is maintained (by the Fiscal Representative – Purchasing and the Finance Manager) for contract administration to ensure compliance with the terms, conditions, and specifications of the contract and to ensure adequate and timely



follow-up of all its purchases and services. The CEO or designee shall report to the Board on contractor performance evaluation.

- C. The CEO/Contract Administrator's duties include:
 - 1) Initiate, oversee, and approve of the contracting process.
 - 2) Manage negotiations/changes to contract(s).
 - 3) Serve as liaison between the Coalition's contract/grant manager and the contractor and OEL
 - 4) Provide clear, explicit and documented communication.
- D. Grants and Operations Manager's Responsibilities:
 - 1) As the Contract/Grant Manager, the Fiscal Representative – Purchasing is responsible for the general administration of procurement services and contract management (which include enforcing the performance of the contract terms and conditions) within the requirements of all applicable state and federal regulations.
 - 2) The Fiscal Representative – Purchasing responsibilities include:
 - a) Carrying out the preparations for contracting (contract initiation and renewals) as well as contract execution. Create and maintain a contract file. Maintain a contract management file pursuant to CFO Memo No. 06 (2011-12).
 - b) Manage changes to contract(s). Assisting the CEO in negotiating the contract and any needed contract amendments, and recommending to the Coalition Board.
 - c) Securing all applicable, signed certifications and assurances.
 - d) Manage the receipt of goods/services. Monitor and evaluate provider performance and end user satisfaction.
 - e) Conducting diligent oversight of contractor performance and reporting findings to the Executive/Administrative Committee and the Coalition Board.
 - f) Second Review and approval of the contractor's invoices for payment.
 - g) Maintaining the files of record pertaining to the contract(s).
 - h) Serve as liaison between the Coalition and the Contractor.
 - i) Provide clear, explicit and documented communication.
 - j) Initiate and conclude contract close-out activities.
- E. Finance Manager responsibilities include
 - 1) Maintain financial information on all contracts.
 - 2) Serve as liaison with the provider/contractor.
 - 3) Assisting the CEO in negotiating the fiscally-related contract items and any needed contract amendments, and recommending to the Coalition Board.
 - 4) Manage the receipt of goods/services. Monitor and evaluate provider performance and end user satisfaction.
 - 5) Conducting diligent oversight of fiscally-related contractor performance and reporting findings to the Executive/Administrative Committee and the Coalition Board.
 - 6) Provide written certification that goods were received / services were obtained per terms and conditions before making payment.
 - 7) Prepare cost reconciliation files.
 - 8) Inspecting, reviewing, and approving the contractor's invoices for payment.
 - 9) Reviewing the contractor's documentation of contract-related expenditures.
 - 10) Maintaining the fiscal files of record pertaining to the contract(s).
 - 11) Prepare a final reconciliation report.
 - 12) Complete fiscally-related contract close-out activities.

V. Contract Administrator and Contract Manager Documentation Requirements [2 CFR Part 200.318(b)]



- A. Contract Administrator files are maintained and contain the following items:
 - 1) Required documentation based on the Coalition's related authorization policies and purchasing limits.
 - 2) Required documentation based on additional applicable grant program laws, rules regulations and guidance.
- B. Contract Manager files include:
 - 1) Documentation for authorization of work:
 - a) No work authorized until contract is fully approved and executed.
 - b) No change in work is authorized until a fully approved and executed contract amendment is in place.
 - c) No contract amendment for work will be executed without required review/approval based on the Coalition's related policies /limits and any related grant terms from funding source.
 - 2) Conformance of work:
 - a) Establish and maintain a system based on applicable laws, rules, regulations and grant provisions to reasonably ensure goods/services are received as intended and when intended.
 - b) Authorize payment of invoices to contracts after final approval of work products.
 - c) Renewals
- C. Once a contract has been executed it enters the last phase of the contract management system. During this phase of contract management, day to day activities are managed by the assigned contract manager. Overall performance results are documented and monitoring tasks are also performed. Adequate documentation of goods/services procured, goods/services received, payments made and compliance with federal and state grant program rules is required. The file forms/processes listed here represent minimum contracts administration/management documentation requirements for Coalition contract agreements.
- D. Documentation and File Requirements. Each contract file consists of three main sub files and any other official documentation associated with official Coalition business. The main sub files are:
 - 1) The Procurement File. The procurement file, containing all documentation and information regarding the contractor selection process becomes part of the contract file upon contract award, and includes, at a minimum, the following items:
 - a) Proof of all legal advertising
 - b) Copy of the solicitation document
 - c) Solicitation Receipt Log
 - d) Copies of solicitation responses received
 - e) Documentation of the solicitation response opening activities
 - f) Correspondence received pertaining to the solicitation
 - g) Copies of the questions and responses to all inquiries
 - h) Documentation listing the names of all individuals taking part in the Coalition or selection of criteria for evaluation, the evaluation process, and the award process
 - i) A signed and completed Conflict of Interest Questionnaire/Statement from all individuals taking part in the selection process, etc.
 - j) Documentation of Cost/Price Analysis
 - k) Copies of the evaluation team's evaluations
 - l) Documentation of any posting activities
 - m) Notice of Award



- n) Copies of protests received and documentation of their resolution
- o) Memorandum of Negotiation
- p) All documentation required by procurement procedures addressed in the Coalition's procurement policies and procedures
- q) The Contract File
- r) The Contract Monitor File
- 2) The Contract File. Below is a list of documents that shall be maintained annually by the Coalition for each applicable contract. The Finance Manager and Fiscal Representative – Purchasing shall review the documents, from the contractor, for accuracy and completeness and maintain documents in the contract file:
 - a) Formal contract documents [45 CFR § 75.327(a); 45 CFR § 75.329; and 45 CFR § 92.36 and s. 287.057(15), F.S.]
 - 1) Original executed (signed) contract/grant
 - 2) Contractor name
 - 3) Contract amount
 - 4) Subcontracts, memorandums of agreement, if applicable
 - 5) Amendments
 - 6) Renewals
 - 7) Bonds
 - 8) Insurance
 - 9) Funding source(s)
 - 10) Contract relationship [Ch. 69I-5.006, FAC and 45 CFR Part 75.351]
 - 11) Provider's justification of need for advance, if applicable
 - 12) Scoped reporting requirements (evaluation reports, performance measures, etc.)
 - b) Day-to-day management documents [s. 287.057(15), F.S. ; DFS FCCM Manual; 0A-1, FAC; 45 CFR Part 75.327(a); 45 CFR Part 75.329]
 - 1) Performance documentation
 - 2) Correspondence
 - 3) Payment documentation
 - 4) Deliverables
 - 5) Subcontractor approvals
 - 6) Status of reporting requirements
 - 7) Contract monitoring
 - a) SR/VPK provider contracts (if applicable)
 - b) Vendors/contractors
 - c) Subrecipients
 - c) Other related contracts administration activities
 - 1) Subrecipient contracts and subawards
 - a) Risk assessments – planning and monitoring phases
 - b) Additional disclosures and special conditions
 - 2) Contracts Closeout
 - 3) Problems with Vendor/Contractor Performance
 - 4) Contract Termination
 - 5) Prior approval documentation requirements
 - 6) Conflict of Interest disclosures (if applicable)
 - a) Coalition governing board members
 - b) Coalition employees
 - c) Relative(s) of either group as defined in statute

- d) Organizational conflicts
- 3) Contract Monitoring File. A formal monitoring process [CFOM No. 06 (2011-12), Contract Monitoring and Documenting Contract Performance] includes:
 - a) Risk Assessment
 - b) Monitoring Plan
 - c) Monitoring Procedures and Criteria
 - d) Evidence to support conclusions reached during its monitoring process
 - e) Corrective Action Plan (if required)
 - f) Follow-up on Corrective Action (if required)
- E. Contract Renewal - Pursuant to Section 287.057(13), F.S., coalitions may renew contracts for commodities or contractual services for the original term of the contract or for a period that may not exceed, whichever period is longer. The coalition must provide documentation justifying that the renewal is in the best interest of the State and keep such justification in the contract file. Renewals are contingent upon satisfactory performance evaluations by the coalition, are subject to availability of funds, and must be authorized by mutual agreement in writing. Contractors shall include the cost of any contemplated renewals in their responses, and the renewal, if any, is subject to the same terms and conditions set forth in the initial contract. Exceptional purchase contracts pursuant to Section 287.057, paragraphs (3)(a) (emergency procurements) and (c) (single source procurements) may not be renewed.
- F. Contract Extensions - Pursuant to Section 287.057(12), F.S., coalitions may extend contracts for services for a period not to exceed 6 months. The extension is subject to the same terms and conditions set forth in the initial contract. A coalition may only extend a services contract once, unless events beyond the control of the contractor cause the contractor's failure to meet the criteria for contract completion.

VI. Contract Requirements

- A. Contracts should CONTAIN:
 - 1) A specific and clearly defined scope of work
 - 2) Specific deliverables (quantifiable, measurable and directly related to the scope of work)
 - 3) Sub-contracting/sub-granting terms, if applicable
 - a) The contractor should be required to use a competitive procurement method or provide a detailed cost analysis for services obtained from subcontractors.
 - b) If the contract is a cost reimbursement contract, any subcontractor should also be a cost reimbursement contract.
 - 4) All terms and conditions necessary to govern the relationship between the contractor and the subcontractor.
 - 5) Payment terms (e.g., frequency of payments, method of payment and required documentation)
 - 6) Specific steps for pro-rating invoice amounts if minimum performance standards are not met. Remember, cost reimbursement and fixed price agreements should include minimum performance standards that ensure an adequate level of services are provided.
 - 7) Contracts with subcontractors must contain standard audit language regarding federal and state financial assistance.
 - 8) The timing, nature and substance of all reports the contractor/subcontractor is required to prepare
 - 9) A provision for the disposition of property purchased with coalition funds. If the contractor is for contractual services and the property is defined as "property" in Coalition policy #F402, it should be returned to the coalition upon contract termination. Disposition of non-



expendable property acquired with state or federal financial assistance must be disposed of in accordance with applicable rules and regulations.

10) Specific sanctions for noncompliance/nonperformance of required services

11) All required/applicable contract provisions/disclosures in writing. [2 CFR Part 200.326]

B. Contracts should REQUIRE:

- 1) The contractor and subcontractors maintain both cost and programmatic records for five years and allow the coalition access to the records.
- 2) The contractor/subcontractor to have an adequate cost accounting system or require the contractor/subcontractor to maintain a separate bank account.
- 3) A financial status report (summary of activity and costs) submitted prior to the final payment.
- 4) Return of all unused funds
- 5) All costs to be reasonable, allowable, allocable and documented, and require repayment for all disallowed costs
- 6) Bonding for construction-related contracts. (if allowable). [2 CFR Part 200.325]

C. Price Cost Analysis - Depending on the procurement method and type of contract to be entered into, a price and/or cost analysis should be completed. The price and/or cost analysis must be completed before receiving bids or responses to proposals. Section 216.3475 Florida Statutes requires that a person or entity that is awarded funding on a non-competitive basis may not be paid more than the competitive market rate.

	Definition	Objective	Actions
Price Analysis	The process of examining and evaluating proposed price without evaluating its separate cost elements.	Verify that overall price is fair and reasonable.	*Compare current proposed prices *Compare current price to previous price
Cost Analysis	The process of reviewing and evaluating separate cost elements.	Determine the allowability and reasonableness of proposed cost elements.	*Determine that proposed costs are allowable per federal and state laws, rules and regulations. *Evaluate necessity for and reasonableness of proposed costs. Give particular attention to fringe benefits, overhead and indirect cost rates, profit margin. *Compare to actual costs previously incurred for same services.

NOTE:

- ❑ Competition (2 or more responses) usually establishes price reasonableness.
- ❑ Fixed price/fixed rate agreements with vendors, which have been competitively procured by evaluation of two or more responses, do not usually require further price or cost analyses. However, competitively procured fixed price/fixed rate agreements with recipients will require further cost analyses.
- ❑ Cost reimbursement and/or cost plus fixed fee agreements always require cost analysis.
- ❑ ITN, Single Source, and non-competitive procurements require price and cost analyses. The objective is to negotiate an agreement of a type and a price that provides the greatest incentive for efficient and economical performance.

- D. The Coalition includes the following provisions, as applicable, in all contracts charged to Federal awards (including small purchases) with vendors and sub grants to grantees/contractors:
- 1) **Federal Considerations** [2 CFR Part 200.326; 2 CFR Part 200 Appendix II].
 - 2) For transactions funded by federal programs, additional disclosures are required regardless of scoped/services.
 - a) Debarment and suspension provision(s).
 - b) Equal Employment Opportunity provision.
 - c) Other/additional terms may also apply based on scoped goods/services.

VII. Audit Requirements

A. Audits

- 1) Federally-funded - This section is applicable if the Contractor is a state or local government or a non-profit organization as defined in 2 CFR §200 Subpart F.
 - a) In the event that the Contractor expends \$750,000 or more in federal awards in its fiscal year, the Contractor must have a single or program-specific audit conducted in accordance with the provisions of 2 CFR §200 Subpart F and all applicable federal regulations. In determining the federal awards expended in its fiscal year, the recipient shall consider all sources of federal awards, including federal resources received from DOE. The determination of amounts of federal awards expended should be in accordance with the guidelines established by 2 CFR §200.502.
 - b) In connection with the audit requirements, the recipient shall also fulfill the following instructions related to auditee responsibilities as provided in 2 CFR §§200.508 through 200.512.
 - (1) Financial statements and schedule of expenditures of federal awards (SEFA) discussed in sections 200.510(a) and (b).
 - (2) Summary schedule of prior audit findings as discussed in section 200.511(b).
 - (3) Obtain auditor report(s) discussed in section 200.515.
 - (4) Obtain auditor findings (if any) as discussed in section 200.516.
 - (5) Corrective action plan responses discussed in section 200.511 (c).
 - (6) Such audits shall cover the entire grantee organization for the organization's fiscal year.



- (7) The SEFA shall identify expenditures by grant award/contract number for each grant award/contract with OEL in effect during the audit period unless otherwise disclosed as discussed in section 200.510(b)(2).
 - (8) The financial statements shall disclose whether the grantee met the matching requirement for each applicable contract/grant.
 - (9) The grantee shall fully disclose in the audit report all questioned costs and liabilities due to OEL with reference to OEL grant award(s)/agreement(s)/contract(s) involved.
 - (10) The audit procedures and the 2 CFR §200 Subpart F audit reports must include OEL's annual financial monitoring report results.
 - c) If the Contractor expends less than \$750,000 in federal awards in its fiscal year, OEL does not require an audit conducted in accordance with the provisions of 2 CFR §200 Subpart F. If the Contractor expends less than \$750,000 in federal awards in its fiscal year and elects to have an audit conducted in accordance with the provisions of 2 CFR §200 Subpart F, then the cost of the audit must be paid from non-federal resources (i.e., the Contractor must pay the audit costs from resources obtained from non-federal and non-state entities).
 - d) Although the audit provisions of 2 CFR §200 Subpart F ordinarily do not apply to for-profit subcontractors/sub-grantees, in the case of federal funding from the USDHHS, 2 CFR §200 Subpart F does apply to commercial for-profit material service organizations, administrative entities, central agencies and other similar organizations. See 45 CFR Part 75.501 for further details.
 - e) Find links to several Federal Single Audit Act resources at the following website: Federal Single Audit Act Resources.
 - 2) State-funded
 - f) This part is applicable if the Contractor is a non-state entity as the Florida Single Audit Act (s. 215.97(2), F.S.) defines.
 - g) In the event the Contractor expends \$500,000 or more of state financial assistance in any fiscal year, the Contractor must have a state single or project-specific audit conducted in compliance with s. 215.97, F.S.; applicable rules of DFS and chapter(s) 10.550 (Local Governmental Entities) or 10.650 (Nonprofit and For-Profit Organizations), Rules of the Auditor General. In determining the state financial assistance expended in its fiscal year, the recipient shall consider all sources of state financial assistance, including state financial assistance received from DOE, other state agencies and other non-state entities. State financial assistance does not include federal direct or pass-through awards and resources received by a non-state entity for federal program matching requirements.
 - h) In connection with the state-funded audit requirements above, the Contractor shall ensure the audit complies with the requirements outlined in s. 215.97(8), F.S. This includes submitting a financial reporting package as s. 215.97(2), F.S., and chapter(s) 10.550 (local governmental entities) or 10.650 (nonprofit and for-profit organizations), Rules of the Auditor General, require. Current Rules of the Auditor General require each Contractor to complete and submit the Financial Reporting Package Submittal Checklist as part of the annual financial reporting package. Please refer to the checklist shown as Exhibit IV of the OEL Grant Agreement.
 - i) If the Contractor expends less than \$500,000 in state financial assistance in its fiscal year, the provisions of s. 215.97(2), F.S., do not require an audit. If the Contractor elects to have an audit conducted in accordance with the provisions of s. 215.97,



F.S., the cost of the audit must be paid from non-state resources (i.e., the Contractor must pay the audit costs from resources obtained from non-federal and non-state entities).

- j) Pursuant to s. 215.97(8), F.S., state agencies may conduct or arrange for audits of state financial assistance that are in addition to audits conducted in accordance with s. 215.97, F.S. In such an event, the state awarding agency must arrange for funding the full cost of such additional audits.
- k) Find additional information regarding the Florida Single Audit Act at the Florida DFS website State Single Audit resources.

B. Certifications and Assurances

- 1)** The Coalition will not award a contract where the Contractor has failed to accept the certifications this section contains. In performing its responsibilities under the agreement, the Contractor will certify and assure that it will fully comply with all applicable following requirements.
- 2)** Federal certifications – applicable to ALL ENTITIES
The following Certifications are herein by reference per 45 CFR 75 Appendix II, *Contract Provisions for Non-Federal Entity Contracts Under Federal Awards*.
- 3)** Federal or state-required assurances – applicable to OEL SUBRECIPIENTS
 - a)** Assurances – Non-construction programs (OMB Standard Form SF 424 B)
 - b)** Assurances - construction programs (OMB Standard Form SF 424D), if applicable
 - c)** Assurances – The Transparency Act (as defined by 2 CFR Part 170)
 - d)** Other miscellaneous/general disclosures
 - e)** Assurance for proper expenditure reporting
 - f)** CCDF Salary Cap annual testing requirements
 - g)** Certification regarding ELC status as a non-major corporation
 - h)** Certification of cost allocation plan or indirect cost rate proposal
 - i)** Certification regarding separation of VPK Education Program and SR Program funds (ss. 1002.71(1) and (7), F.S., 1002.89, F.S., and 45 CFR part 98.54)
 - j)** Certification regarding sub recipient monitoring
 - k)** Certification regarding immigration status
 - l)** Certification regarding standards of conduct
 - m)** Conflicts of Interest
 - n)** Contract Work Hours and Safety Standards Act
 - o)** Copeland “Anti-Kickback” Act (18 U.S.C. 874 and 40 U.S.C. 276c)
 - p)** Davis Bacon Act, as amended (40 USC 276a, et seq.)
 - q)** DUNS number – Data Universal Numbering System
 - r)** Equal Employment Opportunity (EEO)
 - s)** Purchase of American-Made Equipment and Products
 - t)** System for Award Management (SAM) Unique Entity Identifier Requirements
 - u)** Trafficking Victims Protection Act of 2000
 - v)** Clean Air Act (42 USC 7401, et seq.) and the Federal Water Pollution Control Act, as amended (33 USC 1251, et seq.)
 - w)** Certification (ACORN) - prohibition for distribution of funds to the Association of Community Organization for Reform Now



- 4) Any other applicable Certification and/or Assurance not listed above (as listed and/or updated in the most current OEL Grant Agreement - which is incorporated into each sub recipient contract).
- 5) Other Required Clauses
 - a) Remedies: All contracts with an amount expected to exceed \$35,000 (per Florida Statute 287.058 (1)(h)) shall contain contractual provisions or conditions that allow for administrative, contractual, or legal remedies in instances in which a contractor violates or breaches the contract terms.
 - b) Termination: All contracts with an amount expected to exceed \$10,000 [per 45 CFR Part 92.36(i)(2) and 2 CFR Chapter II, Part 200.B effective December 2014] shall contain suitable provisions for termination for cause and for convenience by the recipient and subrecipient, including the manner by which termination shall be effected and the basis for settlement. In addition, such contracts shall describe the conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated due to circumstances beyond the control of the contractor.
 - c) Right to Audit: The Coalition requires a “Right to Audit” clause in all contracts between the Coalitions and vendors that either; (1) take any form of temporary possession of assets directed for the Coalition, or (2) process data that will be used in any financial function of the Coalition.

This Right to Audit clause shall permit access to and review of all documentation and processes relating to the vendor’s operations that apply to the Coalition, as well as all documents maintained or processed on behalf of the Coalition, for a period of three years. The clause shall state that such audit procedures may be performed by the Coalition employees or an outside auditor or contractor designated by the Coalition.

VIII. Invoice Processing, Inspection, Review, and Approval: The Finance Manager and Fiscal Representative – Purchasing (or designee) must review all invoices or requests for payment for approval and payment.

- A. Fixed Rate Contracts. In a fixed price contract, payment is based on a price per unit. Rates should be verified by comparing actual or budgeted expenditures with the following specific items:
 - 1) The rate per unit of service charged on the contractor’s invoices is the same as the rate specified in the contract.
 - 2) The documentation supporting units of service delivered is the same as the units listed for payment.
 - 3) The fees collected versus the fees charged are the same, using the contract as a reference.
 - 4) The revenue and expenditure reports confirm any variances between actual and projected expenses.
- B. Cost Reimbursement Contracts. In a cost reimbursement contract, the contractor is reimbursed for actual cost incurred during the contract period. The Finance Manager and Fiscal Representative - Purchasing(or designee) review invoices or vouchers submitted to the Coalition for any irregularities and to ensure that:
 - 1) Revisions have been properly made to the operating budget (for example, transfer of funds from salaried employees to other budget items).
 - 2) Expenditures were:

- a) Made in accordance with the approved line item budget
- b) Incurred or encumbered during the contract period
- 3) Adequate documentation shows that:
 - c) Professional service fees are based on time spent and allowable expenditures agreed upon
 - d) Receipts are available for any purchases made from outside vendors or where expenses are incurred (e.g., office supplies, printing, long distance calls)
 - e) Records are available for names of recipients where service was provided
- 4) Upon receipt of each invoice, the Finance Manager and Fiscal Representative – Purchasing (or designee) must determine the following:
 - f) Were invoiced goods and services satisfactorily provided according to the terms and conditions of the contract?
 - g) Is the invoice or request for payment in the proper format, mathematically correct, and does it contain the necessary information as required?
 - h) Is back-up documentation included?
 - i) Does back-up documentation support invoice or request for payment?
 - j) Are expenditures allowable according to the contract budget and/or other contract terms?
- C. Invoice Approval: The Finance Manager and Grants and Operations Manager’s (or designee’s) signatures on an invoice or request for payment attests that the goods or services have been satisfactorily provided, and the expenditures are allowable and in compliance with the terms of the contract. Adequate review and inspection time should depend on the complexity of the deliverables. If the invoice or request for payment is approved, the Finance Manager and Fiscal Representative – Purchasing (or designee) should sign the invoice and initiate payment. If the invoice or request for payment is disapproved, the Finance Manager or the Fiscal Representative – Purchasing (or designee) should return it to the contractor with an explanation and corrective actions to be taken.

IX. Contract Closeout

- A. Programmatic Closeout. Programmatic closeout includes, but is not limited to, documenting that: all deliverables and services have been submitted in accordance with the contract, all reports have been submitted as required by the contract, all program requirements were met (client eligibility, staff qualifications, etc.), and program objectives were met.
- B. Fiscal Closeout. Fiscal closeout includes, but is not limited to, ensuring that documentation is readily available that demonstrates: acquired non-expendable property has been returned to the coalition, advances and/or interest earned on advances have been returned or applied against what is owed, match requirements have been met, amounts assessed as liquidated damages/sanctions/financial consequences for non-performance/non-compliance have been resolved, and disallowed costs and/or unused contract funds have been returned to the Coalition.
- C. Contractor Unilateral Termination or Going Out of Business. If the contract is being closed-out due to the Contractor going out of business or unilaterally terminating the contract, the Coalition will take the following steps:
 - 1) The Coalition will request an immediate final close-out audit from the Contractor, and simultaneously request technical assistance from OEL Inspector General’s office.



- 2) If the Contractor does not comply with step number 1 (above), the Coalition will schedule and fund a final close-out audit.
- 3) The Coalition will immediately inventory and take possession/custody of all records, and Coalition-purchased property and equipment.

The Retention period for closeout documentation is a minimum of five years.



Appendix B

Coalition Contract Closeout Guide

(It is recommended that close out procedures begin 60 days prior to contract close out)

CONTRACTOR NAME: _____

CONTRACT NUMBER: _____ CONTRACT PERIOD: _____

Prior to initiating a contract termination or contract expiration date, the Fiscal Representative - Purchasing and the Finance Manager should complete the contract closeout process. The purpose of the contract closeout process is to document the success (or failure) of the contractual commitment and to provide reference materials for possible use in evaluating future procurement proposals submitted by that Contractor.

A typical closeout process includes the evaluation of both programmatic and fiscal requirements and criteria.

PROGRAMMATIC CLOSEOUT CHECKLIST

Closeout includes, but is not limited to, determining and documenting that:

All deliverables and services have been delivered and accepted in writing.

-Yes -No -N/A

If contract termination is due to non-performance, deliverables that have and have not been received have been identified in writing.

-Yes -No -N/A

The program objectives have been met. This may be linked to one or more outcome measures. *The contractor may have performed satisfactorily and program objectives still not achieved, which should influence if and how the contract services should be re-procured.*

-Yes -No -N/A

All inspections and testing reports have been completed and accepted, in writing.

-Yes -No -N/A

All reports (including Financial Status Report and Expenditures) have been received and accepted in writing.

-Yes -No -N/A

Determine whether program objectives were met.

-Yes -No -N/A



Liquidated damages/remedies/financial consequences have been assessed for non-performance/non-compliance.

-Yes -No -N/A

Comments:

FISCAL CLOSEOUT CHECKLIST

Closeout includes, but is not limited to, determining and documenting that:

All non-expendable property (as defined in Coalition Accounting and Financial Policies and Procedures) acquired by the contractor has been returned to the Coalition or otherwise accounted for in compliance with contract terms.

-Yes -No -N/A

Advances and/or interest earned on advances have been recovered or applied against what is owed.

-Yes -No -N/A

Match requirements have been met.

-Yes -No -N/A

Amounts assessed as liquidated damages/remedies/financial consequences for non-performance/non-compliance have been recovered.

-Yes -No -N/A

Any disallowed costs and/or unused grant funds have been recovered.

-Yes -No -N/A

For cost reimbursement contracts or services not obtained through a competitive procurement process, the final Financial Status Report (summary of activity and costs) has been reviewed and approved.

-Yes -No -N/A

All known mandatory audits of reported costs have been completed.

-Yes -No -N/A

Final payment to contractor is made only after all programmatic and fiscal steps have been completed.

-Yes -No -N/A



Budget allocations and all invoice payments have been reconciled.

-Yes -No -N/A

Comments:

CONTRACT FILE CLOSEOUT CHECKLIST

- _____ Copy of the cost/price analysis for the original contract and any modifications
- _____ Copy of completed/approved sub-recipient vs. vendor determination
- _____ Copy of the original contract
- _____ Copy of all amendments, renewals and/or extensions
- _____ Every change order/amendment has been reconciled
- _____ Copies of invoices and supporting documentation
- _____ Billing and Payment activity
- _____ All payments have been made and reconciled, except the final payment
- _____ Finance Manager's budget record and authorizing documents
- _____ Copies of subcontracts or memorandums of agreement (if applicable)
- _____ Correspondence regarding contract
- _____ Relevant monitoring and evaluation reports
- _____ All discrepancies have been corrected and accepted
- _____ Contractor's justification of need for advances (if applicable)
- _____ Non-competitive Procurement documentation (if applicable)
- _____ Memorandum of Negotiation (if applicable)
- _____ All security badges, keys, etc. have been returned and accounted for
- _____ Debriefing with the Contractor's Representative has been completed
- _____ Contractor's final performance evaluation
- _____ Contract Analysis has been completed (review of all documentation to determine if future changes would be beneficial; were the goals adequate, more training needed, any unanticipated problems arise, what could have been done differently or better)

Fiscal Representative - Purchasing:

_____ Date:
Name

Finance Manager:

_____ Date:
Name