

MANAGEMENT DIRECTIVE

CONTRACTOR ALERT REPORTING DATABASE (CARD)

Management Directive # MD 12-02 (Rev)

Date Issued: 12/09/20

New Policy Release

Revision of existing Management Directive dated 03/01/12

Cancels: None

POLICY/BACKGROUND STATEMENT

On April 27, 2010, the Board of Supervisors directed the Chief Executive Officer (CEO), Auditor-Controller (A-C), County Counsel (Counsel), and the Director of the Internal Services Department (ISD) to establish a work group to develop a mechanism to alert departments of poorly performing contractors. As a result, the County developed the Contractor Alert Reporting Database (CARD), which uses the County's existing enterprise-based eCAPS System to track poorly performing contractors.

The procedures set forth in this Management Directive (MD) provide impacted staff with guidelines for placing contractors in CARD.

APPLICABLE TO

This MD applies to DCFS employees involved with the management and monitoring of contracts (also known as Program Managers or contract monitors), and Contracts Administration Division staff.

OPERATIONAL IMPACT

DCFS must develop and follow internal approval procedures before placing a contractor in CARD, and must send written notification to a contractor before placing the contractor in CARD. At a minimum, DCFS' Administrative Deputy or designee should approve a CARD placement.

Before placing a contractor in CARD, the Department must also ensure that contractors are provided with due process. Contractors must be provided with an opportunity and a reasonable amount of time to correct the issue(s).

The [CARD Manual](#) provides guidelines and instructions for using the **CARD** database. The Department must:

- Provide contractors with due process by notifying contractors that they may be placed in CARD, indicating the reason(s) for the placement prior to placing them in CARD, and giving the contractor ten business days to respond to the notice;
- Place contractors that meet the placement criteria in CARD and include adequate documentation to justify/support the placement;
- Notify other County departments when contractors are placed in CARD;
- Work with contractors to resolve the issue(s) that resulted in placing them in CARD, providing technical assistance, if needed, to help prevent future non-compliance, and monitor to ensure the corrective action results in permanent change;
- Update contractor records in CARD when issues are resolved;
- Use CARD during each applicable contract solicitation;
- Take appropriate steps when one of their existing contractors is placed in CARD by another County department.

PROCEDURES

A. WHEN: A CONTRACTOR HAS BEEN IDENTIFIED AS, OR IS SUSPECTED OF, UNDERPERFORMING, BEING OUT OF COMPLIANCE WITH THE CONTRACT, OR OTHERWISE MEETING THE CRITERIA FOR CARD PLACEMENT

Program Manager's Responsibilities:

DCFS' internal process requires Program Managers to monitor their contracts to ensure that contractors are performing at or above a level that is consistent with the terms and conditions of the contract and County contracting standards. If a Program Manager suspects that a contractor is underperforming, out of compliance with the contract, or otherwise meeting the criteria for CARD placement, they must contact the Contracts Administration Division's Administrative Services Manager I, commonly referred to as the Contract Analyst, assigned to the program (or the Contract Manager) to discuss the next steps.

Contractors must meet one or more of the following criteria to be placed in CARD:

1. The Contractor owes the County for overpayments and/or questioned costs and has not entered into a repayment agreement or agreed to pay the County back, or has been referred to the Treasurer and Tax Collector for collection.
2. The contractor has not taken appropriate and timely steps to correct significant documented instances of contract non-compliance. This can also include instances where the contractor corrected their non-compliance but demonstrated a pattern of repeated non-compliance or corrected their non-compliance but the non-compliance was extraordinarily significant and demonstrated disregard for complying with a material contract requirement.
3. The contractor and/or their principal owners are currently debarred by other governmental entities.
 - Principal owner is any person or entity, who or which owns a 10 percent or more interest in the contractor.
 - Department must update CARD to indicate if/when the issue is resolved once the debarment period of the other government entity expires (if applicable).
4. The contractor has experienced financial, administrative, programmatic or legal issues that affect their ability to comply with the County contract requirements. Examples of these issues include, but are not limited to the following:
 - Bankruptcy
 - Loss of licenses
 - Failure to pay property or payroll taxes
 - Financial Viability concerns
 - Lack of qualified staff
 - Lack of required insurance
 - Assessment of any fines and/or penalties by public entities
5. The County has imposed contractual remedies against the contractor for noncompliance with the County contract requirements. The contractor's noncompliance may result in the contractor also meeting criteria #2 above. Examples of contract remedies include, but are not limited to, the following:
 - Termination for default
 - Assessing liquidated damages
 - Adjusting the contractor's funding
 - Not renewing a contract due to performance issues

B. WHEN: SUPPORTING DOCUMENTATION CONFIRMS A CONTRACTOR IS UNDER-PERFORMING, OUT OF COMPLIANCE WITH THE CONTRACT, OR OTHERWISE MEETING THE CRITERIA FOR CARD PLACEMENT

Contracts Administration Division's Responsibilities:

If the supporting documentation confirms that the contractor meets the criteria for CARD placement, Contracts Administration Division will:

1. Ensure the contractor receives, or has received, the required notice that the County maintains a database to track contractor performance.
2. Inform the contractor that a CARD placement, whether resolved or unresolved, becomes part of their permanent record with the County and may be considered in cases where a proposer/**bidder's** performance history is scored as part of the evaluation process.
3. Ensure the contractor has had the opportunity to take corrective action to avoid placement in CARD.
4. Contact County Counsel if the Department is not sure that the supporting documentation is sufficient to proceed with a CARD placement.
5. Develop and submit a [CARD Placement Notification letter](#) and supporting documents to the DCFS Director or designee for approval signature.
6. Send the signed [CARD Placement Notification letter](#) to the contractor before CARD placement via certified US mail and e-mail.

C. WHEN: CONTRACTOR DOES NOT RESOLVE ISSUE(S) WITHIN 10 BUSINESS DAYS

Contracts Administration Division's Responsibilities:

If the issue(s) is unresolved (meaning, the response received from the contractor is not considered sufficient to correct or resolve the existing criteria for CARD placement) after the 10 business days following the CARD placement notification, the contractor will be placed in CARD according to the following procedures:

1. Upload the supporting documentation justifying CARD placement (including the signed notification that was sent to the contractor) into the database. The Department may delay the CARD placement to allow the contractor additional time to resolve any issues. Generally, any further delay in CARD placement will require clear and convincing documentation that previous opportunities given to

the contractor for corrective action were insufficient due to no fault of the contractor.

2. Send an e-mail notification of the CARD placement to the DCFS Board Liaison and ask him/her to forward the notification to the Board of Supervisors' Budget Deputies, and the designated Board Deputies for the Children and Families Well-Being Cluster. Send an e-mail notification of the CARD placement to the Countywide Contracting Network at cardnotify@isd.lacounty.gov (the notification will be forwarded to members of the network by ISD staff).

D. WHEN: FOLLOWING PLACEMENT IN CARD, CONTRACTOR EXPRESSES INTEREST IN RESOLVING ISSUE(S)

Contracts Administration Division and Program Manager's Responsibilities:

Following a contractor's placement in CARD, if a contractor expresses interest in resolving any issues, Program Managers and Contracts Administration Division will work with the contractor and indicate the steps necessary to resolve the issue(s). Any letter or e-mail a contractor sends to the department that placed them in CARD should be replied to timely.

1. Once the contractor has taken the steps necessary to resolves one or more of their CARD issues, their CARD status will be updated to indicate a "resolved" status for each resolved issue.
2. The contractor will be notified that their CARD record is updated.

Note: The contractor will remain in CARD with the issue(s) updated to indicate a "resolved" status.

3. Documentation demonstrating that each issue was resolved will be uploaded into CARD.

E. WHEN: DEVELOPING NEW CONTRACTS AND NEW SOLICITATIONS

Contracts Administration Division Responsibilities:

Contracts Administration Division must check the CARD system during solicitations to review a prospective proposer/bidder's performance history along with any other relevant information not included in CARD, in determining proposer/bidder responsibility. Contracts Administration Division must include standard CARD language in each solicitation informing the prospective proposers that the CARD system is part of the evaluation process under the proposer/bidder's performance history. If the proposer/bidder is using non-County references, the Contract Analyst

must use the “Non-County Services Evaluation Checklist-CARD,” which is included in the [CARD Manual](#), as part of the performance history.

Additional information and instructions can be found in the [CARD Manual](#).

NOTE: After a contractor has been identified as, or is suspected of, under-performing, being out of compliance with the contract, or otherwise meeting the criteria for CARD placement, Program Managers must maintain documentation to support placing the contractor in CARD, and demonstrate sufficient due process was provided to the contractor.

Contracts Administration personnel must contact County Counsel and/or the Auditor-Controller’s Countywide Contract Monitoring Division at (213) 253-0300 for assistance if they are not sure they have sufficient documentation to proceed with a CARD placement.

APPROVAL LEVELS

Section	Level	Approval
A.	None	
B.	Director or Designee	CARD Notification Letter
C – E.	None	

LINKS

[Los Angeles County Contractor Alert Reporting Database \(CARD\) Manual](#)

RELATED POLICIES

None

FORM(S) REQUIRED/LOCATION

None