

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
ACTION AGENDA SUMMARY

DEPT: CHIEF EXECUTIVE OFFICE

BOARD AGENDA # B-12

Urgent

Routine

AGENDA DATE January 24, 2006

CEO Concur with Recommendation YES  NO

4/5 Vote Required YES  NO

*oh*  
(Information Attached)

SUBJECT:

Adoption of Policies Regarding the Approval and Reporting of Contracts and Agreements

STAFF RECOMMENDATIONS:

Adopt the proposed policies regarding the approval and reporting of contracts and agreements

FISCAL IMPACT:

There is no direct fiscal impact associated with this item. The proposed policies may impact department workloads due to the increased level of tracking and reporting.

BOARD ACTION AS FOLLOWS:

No. 2006-58

On motion of Supervisor Grover, Seconded by Supervisor O'Brien

and approved by the following vote,

Ayes: Supervisors: O'Brien, Grover, DeMartini, and Vice Chairman Mayfield

Noes: Supervisors: None

Excused or Absent: Supervisors: Chairman Simon

Abstaining: Supervisor: None

1)  Approved as recommended

2)  Denied

3)  Approved as amended

4)  Other:

MOTION:

ATTEST:

Christine Ferraro  
CHRISTINE FERRARO TALLMAN, Clerk

File No.

## **Adoption of Policies Regarding the Approval and Reporting of Contracts and Agreements**

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#### **DISCUSSION:**

The following recommended policies are intended to clarify Stanislaus County's various policies regarding the approval and reporting of contracts and agreements. These policies are designed to provide clear and specific guidance for the negotiation, creation, and execution of contracts for goods and services. Contracts covered under these policies include Independent Contractor Services, Professional Services, Personal Services and Technology Services. An exception to these policies is contractual arrangements solely between county departments. Limited exceptions, described below, also apply to the acquisition of election materials by the County Elections Officer.

It is the intent of these policies to establish a framework that insures that the contractual relationships of the County are legal, appropriate, open to public scrutiny, avoid even the appearance of conflict of interest, and keep the Board of Supervisors appropriately informed. These policies establish the minimum reporting and approval thresholds. If Departments are unsure as to how a particular matter may fit under these policies they are encouraged to err on the side of openness and Board of Supervisors' approval.

The recommended policies were shared and discussed with the County Department Heads at both their October and December 2005 meetings. Their suggestions and input were taken into consideration in the development of the policies proposed before the Board of Supervisors in this item.

**Policy #1 – Departments are required to obtain approval by the Board of Supervisors for any contract or agreement where the total cumulative compensation exceeds \$100,000.**

This policy allows the Board of Supervisors to review and approve any new contract, contract extension or amendment that causes the total compensation to exceed \$100,000. For purposes of this policy, cumulative refers to all compensation paid by an individual department since July 1, 2003 where there has been no break in contractual services over 6 months.

Commencing with the 2006-2007 Proposed Budget, the Chief Executive Office will provide an opportunity for Departments to seek Board approval for these contracts as part of the Budget Document and Agenda item. The Final Budget, First Quarter Report, Mid-Year Budget and Third Quarter Report will also provide an opportunity for departments to submit contracts for approval as well.

As an alternative, Departments may choose to prepare a separate agenda item for Board of Supervisors' approval of their contracts. To the greatest degree possible, Departments are encouraged to consolidate these approvals into a single annual agenda item. That item should contain a spreadsheet or matrix that at a minimum identifies:

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- Contractor/Vendor (or Name for Personal Services Contracts)
- Brief Description of Services (or Position/Title for Personal Services Contracts)
- Contract amount for previous contractual period (list amount and period)
- Proposed contract amount and period (list amount and period)

Once the Board has approved the contract, it is no longer necessary to return the contract to the Chief Executive Office for signature.

Sections 13001 and 14100 of the California Elections code provide an exception to the County Election Official as regards the materials necessary for conducting an election which is necessary in light of the need for the Election Official to be able to enter into contracts on short notice. The Elections Official shall make an annual presentation to the Board of Supervisors regarding the contracts necessary to fulfill the Election Official's legal obligations and will provide information regarding potential vendors and contract costs. Contracts that are not subject to Section 13001 or 14100 shall be subject to this Policy.

**Policy #2 – Departments are required to provide a quarterly report to the Board of Supervisors for any new contract or agreement, contract extension, or amendment entered into during the quarter where the compensation exceeds \$50,000 and the contract has not been previously approved by the Board of Supervisors.**

This policy was discussed at the September 27, 2005 Board of Supervisors meeting and is intended to keep the Board of Supervisor's informed of all contractual agreements entered into during the quarter that exceed \$50,000 but are under the cumulative \$100,000 threshold requiring actual Board approval.

Commencing with the 2006-2007 Proposed Budget, the Chief Executive Office will provide an opportunity for Departments to notify the Board of these contracts as part of the Budget Document. The Final Budget, First Quarter Report, Mid-Year Budget and Third Quarter Report will also provide an opportunity for departments to notify the Board of contracts meeting this criteria.

As an alternative, Departments may choose to prepare a formal report to the Board of Supervisors informing them of these contracts. At a minimum, this report should contain a spreadsheet or matrix that identifies:

- Contractor/Vendor (or Name for Personal Services Contracts)
- Brief Description of Services (or Position/Title for Personal Services Contracts)
- Contract amount for previous contractual period (list amount and period)
- Proposed contract amount and period (list amount and period)

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**Policy #3 – Purchasing Agent approval is required on all contracts (except Personal Services Contracts) under \$100,000. At least annually, the Purchasing Agent shall prepare a report to the Board of Supervisors of all contractual services (except Personal Service Contracts) provided by vendors/contractors for more than one County Department during the fiscal year where the total exceeds \$50,000.**

Since some contractors/vendors may provide services to more than one County department, and since oftentimes an individual department may not be aware of services provided by the contractor/vendor to these other departments, it will be necessary for the Purchasing Agent to assemble this information and report it to the Board of Supervisors. The reporting threshold is the same as in Policy # 2, but will only have an annual reporting requirement. The Purchasing Agent may choose to use the budget reports or an agenda item as the reporting mechanism. The Purchasing Agent should provide a copy of the report in advance to the departments involved for their review.

Sections 13001 and 14100 of the California Elections code provide an exception to the County Election Official as regards the materials necessary for conducting an election which is necessary in light of the need for the Election Official to be able to enter into contracts on short notice. The Elections Official shall make an annual presentation to the Board of Supervisors regarding the contracts necessary to fulfill the Election Official's legal obligations and will provide information regarding potential vendors and contract costs. Contracts that are not subject to Section 13001 or 14100 shall be subject to this Policy.

**Policy #4 - The common and preferred methods of compensation for contracting are on the basis of either time and materials or lump sum payment upon receipt of deliverables or scope of work. Agreements with a retainer form of compensation should only be used under special circumstances as approved by County Counsel and the Board of Supervisors.**

Retainer type agreements must have a sufficient scope of work to measure performance. The contract administrator is responsible to ascertain that work is progressing or completed prior to authorization of payment. Advance payments are strongly discouraged.

**Policy #5 - No County employee or elected official shall sign the name of another employee or person. County Contracts may only be signed by individuals authorized to do so.**

This policy would prohibit County employees or elected officials from signing the name of another employee or person to a contract document. Additionally, it reaffirms existing County policy that employees may only sign for matters which they are authorized to do so. This policy also would apply to electronic signatures.

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**Policy #6 - No independent contractor with the County shall be provided with or entitled to use County-owned equipment, such as a cell phone, pager or computer, unless specifically authorized in the contract. The contractor must agree to comply with all county policies before receipt of the equipment.**

The recommended policy clarifies that no independent contractor shall be provided with County-owned equipment unless the contract specifically provides for the use of such equipment during the contract period. The policy expects that the Department will insure that all equipment is returned at the end of the contract. This policy does not apply to County employees, pollworkers, or other persons assisting in the conduct of an election who are acting on behalf of the County Election Official.

**Policy #7 - County employees are prohibited from participating in the selection process for contracts for goods or services when they have a close personal, financial or business relationship with any person or private entity seeking the contract.**

This policy prohibits County employees from participating in a selection process for contracts for goods or services when they have a financial or business relationship with any person or private entity seeking a contract. This policy would be in addition to the policy set forth by the Fair Political Practices Commission, which prohibits individuals from entering into a contract if they have a financial interest with any person or entity seeking a contract.

**Policy #8 - All contracts for goods, services and construction shall carry appropriate amounts and types of insurance coverage as determined by the Chief Executive Office Risk Management Division. Except as otherwise approved by the Board of Supervisors, any request to modify or waive insurance and indemnity provisions in contracts shall be approved by the Chief Executive Office Risk Management Division, upon concurrence by the affected department head and review by the Office of County Counsel. Insurance policies submitted by vendors shall be reviewed and approved for compliance with contractual requirements.**

This policy requires the Chief Executive Office - Risk Management Division to establish specific amounts and types of insurance coverage for contracts. The policy further provides that if there is a request to modify or waive contract provisions involving insurance coverage, then those changes will have to be approved by the Chief Executive Office Risk Management Division and concurred by the affected department head, and reviewed by the Office of County Counsel. Adoption of this policy will provide uniform provisions for insurance coverage, and uniform procedures to waive or modify insurance provisions.

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### **POLICY ISSUES:**

The Board of Supervisors is asked to consider whether the proposed policies will provide the appropriate level of reporting and accountability to insure that the contractual relationships of the County are legal, appropriate, open to public scrutiny, avoid even the appearance of conflict of interest, and keep the Board of Supervisors appropriately informed.

### **STAFFING IMPACTS:**

There are no staffing impacts associated with this item.