

TERMS AND CONDITIONS

TABLE OF CONTENTS

Definitions and Resolutions of Language Conflicts.....	Article I
Assurances	Article II
A. Nondiscrimination	
B. Certification Under Penalty of Perjury	
C. Information Integrity and Security (formerly Client Confidentiality)	
D. Copyrights and Rights in Data	
E. Law, Policy and Procedure, Licenses and Certificates	
F. Standards of Work	
G. Conflict of Interest	
H. Covenant Against Contingent Fees	
I. Payroll Taxes and Deductions	
J. Facility Construction or Repair	
K. Contract Agreements in Excess of \$100,000	
L. Debarment	
M. Contract Agreement Authorization	
N. Drug Free Workplace Act	
O. Provision of Services	
P. Availability of Staff	
Q. Administration	
Contract Agreement Referencing	Article III
Term of Contract Agreement	Article IV
Funds	Article V
A. Expenditure of Funds	
B. Accountability of Funds	
C. Unexpended Funds	
D. Availability of Funds	
E. Reduction of Funds	
F. Increase of Awarded Funds	
G. Supplantment	
H. Acknowledging A4AA Funding	
I. Interest Earned	
J. Program Income	
K. One-Time-Only Funding	
L. Matching Contributions	
M. Matching Requirements	
N. Financial Management Systems	
Budget and Budget Revision.....	Article VI

PaymentArticle VII
 A. Advance Payments
 B. Monthly Reimbursement Payments
 C. Final Monthly Financial Report/Request

Subcontracts or Vendor AgreementsArticle VIII

RecordsArticle IX

ReportsArticle X

PropertyArticle XI

AccessArticle XII

Monitoring, Assessment and EvaluationArticle XIII

Audit Article XIV

Insurance and Hold Harmless Article XV

Termination Article XVI

Remedies Article XVII

Dissolution of Entity Article XVIII

Revisions, Waivers or Modifications Article XIX

Noticing Article XX

Appeal Process..... Article XXI

Grievances Article XXII

Interagency Coordination/Cooperation Article XXIII

Disaster Assistance Planning Article XXIV

Personnel Article XXV

ARTICLE I. DEFINITIONS AND RESOLUTIONS OF LANGUAGE CONFLICTS

- A. The term "Contract Agreement" shall mean the Award Coversheet, the Terms and Conditions, the Scope of Work, Scope of Service, Program Budget, all exhibits, attachments, amendments, unless otherwise provided in this Article.
- B. "A4AA" means the Area 4 Agency on Aging. "CBSP" means Community Based Services Programs.
- C. "State" and "Department" means the State of California and the California Department of Aging (CDA) interchangeably.
- D. "Service Provider" means the entity to which funds are awarded under this Contract Agreement and which is accountable to A4AA for use of these funds and is responsible for executing the provisions for services of this Contract Agreement.
- E. "Subcontractor" is the legal entity that receives funds from the Service Provider to provide direct services identified in this Contract Agreement. "Subcontract Agreement" means a subcontract agreement supported by funds from this Contract Agreement.
- F. "Reimbursable item" also means "allowable cost" and "compensable item."
- G. "HHS" means the Department of Health and Human Services. "CFR" means Code of Federal Regulations. "CCR" means California Code of Regulations. "GC" means Government Code. "W & I" means Welfare and Institutions Code. "USC" means United States Code. "PCC" means Public Contract Code. "OMB" means Office of Management and Budget.
- H. "MFR" means Monthly Financial Report of Expenditures/Request for Funds.
- I. "NSIP" means Nutrition Services Incentive Program. "SFMNP" means Senior Farmer's Market Nutrition Program.
- J. "RFP" means Request for Proposals. "IFB" means Invitation for Bid.
- K. The terms "Program Income" and Grant Related Income (GRI) are used interchangeably. "Program income" is revenue generated by the SERVICE PROVIDER from Contract Agreement-supported activities. "Program income" is:
- 1) Voluntary contributions received from a participant or responsible party as a result of the services.
 - 2) Income from usage or rental fees of real or personal property acquired with grant funds, or funds provided under this Contract Agreement.
 - 3) Royalties received on patents and copyrights from Contract Agreement-supported activities.

- 4) Proceeds from the sale of items attained under a Contract Agreement including the sale of A4AA property and equipment.
 - 5) Interest earned on funds awarded by A4AA, except for the HICAP Program.
 - 6) Client fees charged for participation at an Alzheimer's Day Care Resource Center (ADCRC Programs only).
- L. In the event of inconsistency between the articles, attachments, or provisions which constitute this Contract Agreement, the following order of precedence shall apply:
- 1) Terms and Conditions, and any amendments thereto;
 - 2) Scope of Service;
 - 3) All other attachments incorporated herein by reference.
- M. In the event that any provision of this Contract Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of the Contract Agreement have force and effect and shall not be effected thereby.

ARTICLE II. ASSURANCES

A. Nondiscrimination

The SERVICE PROVIDER shall comply with all federal statutes relating to nondiscrimination. These include those statutes and laws contained in the Contractor Certification Clauses (CCC1005) which is hereby incorporated by reference. In addition, SERVICE PROVIDER shall comply with the following:

- 1) Equal Access to Federally-Funded Benefits, Programs and Activities (Title VI of the Civil Rights Act of 1964).

SERVICE PROVIDER shall ensure compliance with Title VI of the Civil Rights Act of 1964 (42 U.S.C. Section 2000d; 45 C.F.R. Part 80), which prohibits recipients of federal financial assistance from discriminating against persons based on race, color, religion, or national origin.

- 2) Equal Access to State-Funded Benefits, Program and Activities

The SERVICE PROVIDER shall unless exempted, ensure compliance with the requirements of the Government Code sections 11135-11139.5, and Section 98000 et. seq. of Title 22 of the California Code of Regulation, which prohibit recipients of state financial assistance from discriminating against persons based on race, national origin, ethnic group identification, religion, age, sex, sexual orientation, color, or disability. (22 CCR 98323) (Chapter 182, Stats. 2006)

- 3) The SERVICE PROVIDER assures the A4AA that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to ADA. (42 U.S.C. Sections 12101 et. seq.)
- 4) The SERVICE PROVIDER agrees to include this requirement in all contracts it enters into with subcontractors to provide services pursuant to this Contract Agreement.

B. Certifications Under Penalty of Perjury

- 1) By signing this Contract Agreement, the SERVICE PROVIDER does swear under penalty of perjury that no more than one (1) final unappealable finding of contempt of court by a federal court has been issued against SERVICE PROVIDER within the immediately preceding two-year period because of SERVICE PROVIDER'S failure to comply with an order of a federal court which orders SERVICE PROVIDER to comply with an order of the National Labor Relations Board.
- 2) By signing this Contract Agreement, the SERVICE PROVIDER swears under penalty of perjury that the SERVICE PROVIDER is not: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.
- 3) The SERVICE PROVIDER'S signature affixed hereon shall constitute a certification under the penalty of perjury under the laws of the State of California that the SERVICE PROVIDER, unless exempted, complied with the nondiscrimination program requirements of Government Code, Section 12990 (a-f) and Title 2, California Code of Regulations, Section 8103.
- 4) The SERVICE PROVIDER acknowledges in accordance with the Child Support Compliance Act that:
 - a. The SERVICE PROVIDER recognizes the importance of child and family support obligations and shall fully comply with all applicable State and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with Section 5200) of Part 5 of Division 9 of the Family code; and
 - b. The SERVICE PROVIDER, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

C. Information Integrity and Security (formerly Client Confidentiality)

1) Information Assets:

The SERVICE PROVIDER'S client/customer "identifying information" shall include (but are not limited to): name, identifying number, social security number, state driver's license or state identification number, financial account numbers, symbol or other identifying characteristic assigned to the individual, such as finger or voice print or a photograph. Information collected and/or accessed in the administration of the State programs and services, and information stored in any media form, paper or electronic.

2) Encryption on Portable Computing Devices

The SERVICE PROVIDER is required to encrypt (or use an equally effective measure), any data collected under this Contract Agreement that is confidential, sensitive, and/or personal including data stored on portable computing devices (including but not limited to laptops, personal digital assistants, and notebook computers) and/or portable electronic storage media (including but not limited to, discs and thumb/flash drives, portable hard drives).

3) Disclosure

a. The SERVICE PROVIDER shall ensure that personal, sensitive, and confidential information is protected from inappropriate or unauthorized access or disclosure in accordance with applicable laws, regulations, and State policies.

b. The SERVICE PROVIDER shall protect from unauthorized disclosure of names and other identifying information concerning persons receiving services pursuant to this Contract Agreement, except for statistical information not identifying any participant.

c. The SERVICE PROVIDER shall not use such identifying information for any purpose other than carrying out the SERVICE PROVIDER'S obligations under this Contract Agreement.

d. The SERVICE PROVIDER shall not, except as otherwise specifically authorized or required by this Contract Agreement or court order, disclose any identifying information obtained under the terms of this Contract Agreement to anyone other than the A4AA and CDA without prior written authorization from the CDA. The SERVICE PROVIDER may be authorized, in writing, by a participant to disclose identifying information specific to the authorizing participant.

e. The SERVICE PROVIDER may allow a participant to authorize the release of information to specific entities, but shall not request or encourage any participant to give a blanket authorization or sign a blank release, nor shall the SERVICE PROVIDER accept such blanket authorization from any participant.

4) Training/Education

a. The SERVICE PROVIDER must provide ongoing education and training, at least annually, for all employees, volunteers, and subcontractors who handle personal, sensitive, or

confidential information. SERVICE PROVIDER employees, subcontractors and volunteers must complete the Security Awareness Training module located on CDA's website, www.aging.ca.gov within 30 days of the start date of Contract Agreement or within 30 days of the start date of any new employee, subcontractor, or volunteer. The SERVICE PROVIDER must maintain certificates of completion on file and provide them to CDA upon request. Training may be provided on an individual basis or in groups. A sign-in sheet is acceptable documentation for group training in lieu of individual certificates.

5) Health Insurance Portability and Accountability Act (HIPAA)

The SERVICE PROVIDER agrees to comply with the privacy and security requirements of Health Insurance Portability and Accountability Act (HIPAA) to the extent applicable and to take all reasonable efforts to implement HIPAA requirements. SERVICE PROVIDER will make reasonable efforts to ensure that subcontractors comply with the privacy and security requirements of HIPAA.

6) Security Incident Reporting

A security incident occurs when CDA information assets are accessed, modified, destroyed, or disclosed without proper authorization, or are lost, or stolen. The SERVICE PROVIDER must report all security incidents to A4AA immediately upon detection. A Security Incident Report form (CDA 1025) must be submitted to CDA, via A4AA, within five (5) business days of the date the incident was detected.

7) Notification of Security Breach to Data Subjects

- a. Notice must be given by the SERVICE PROVIDER or subcontractor to any data subject whose personal information could have been breached.
- b. Notice must be given in the most expedient time possible and without unreasonable delay except when necessary measures to restore system integrity are required.
- c. Notice may be provided in writing, electronically, or by substitute notice in accordance with State law, regulation, or policy.

8) Software Maintenance

The SERVICE PROVIDER shall apply security patches and upgrades and keep virus software up-to-date on all systems on which State data may be used.

D. Copyrights and Rights in Data

1) Copyrights

- a. If any material funded by this Contract Agreement is subject to copyright, the State via A4AA reserves the right to copyright such material and the SERVICE PROVIDER agrees not to copyright such material, except as set forth in subdivisions (b) and (c) of this section.

- b. The SERVICE PROVIDER may request permission to copyright material by writing to the Director of the State Department of Aging via A4AA. The Director shall consent to or give the reason for denial to the SERVICE PROVIDER in writing within sixty (60) days of receipt of the request.
- c. If the material is copyrighted with the consent of the State via A4AA, the State reserves a royalty-free, non-exclusive and irrevocable license to reproduce, prepare derivative works, publish, distribute and use such materials, in whole or in part, and to authorize others to do so, provided written credit is given the author.
- d. The SERVICE PROVIDER certifies that it has appropriate systems and controls in place to ensure that State funds will not be used in the performance of this Contract Agreement for the acquisition, operation, or maintenance of computer software in violation of copyright laws.

2) Rights in Data

- a. The SERVICE PROVIDER shall not publish or transfer any materials, as defined in (b) below, produced or resulting from activities supported by this Agreement without the express written consent of the State, via A4AA. That consent shall be given or denied after the written request is received by the State, via A4AA. A4AA may request a copy of the material for review prior to approval of the request. This subsection is not intended to prohibit SERVICE PROVIDERS from sharing identifying client information authorized by the participant or summary program information which is not client-specific.
- b. As used in this Contract Agreement, the term "subject data" means writings, sound recordings, pictorial reproductions, drawings, designs or graphic representations, procedural manuals, forms, diagrams, workflow charts, equipment descriptions, data files and data processing or computer programs, and works of any similar nature (whether or not copyrighted or copyrightable) which are first produced or developed under this Contract Agreement. The term does not include financial reports, cost analyses and similar information incidental to Contract Agreement administration.
- c. Subject only to the provisions of Article II., Section D., paragraph 1., the State via A4AA may use, duplicate or disclose in any manner, and have or permit others to do so subject to State and federal law, all subject data delivered under this Contract Agreement.
- d. Materials published or transferred by the Service Provide shall: (a) state that, "The materials or product were a result of a project funded by a Contract Agreement with A4AA"; (b) give the name of the entity, the address and telephone number at which the supporting data is available; and (c) include a statement that, "The conclusions and the opinions expressed may not be those of the State and/or A4AA, and that, where applicable, the publication may not be based upon or inclusive of all raw data."

E. Law, Policy and Procedure, Licenses and Certificates

The SERVICE PROVIDER agrees to administer this Contract Agreement and require any subcontractors to administer their subcontracts in accordance with this Contract Agreement, and with all applicable, local, State, and federal laws and regulations including, but not limited to, discrimination, wages and hours of employment, occupational safety, fire, safety, health and sanitation regulations, directives, guidelines, and/or manuals related to this Contract Agreement, and resolve all issues using good administrative practices and sound judgment. The SERVICE PROVIDER and its subcontractors shall keep in effect all licenses, permits, notices, and certificates that are required by law.

The SERVICE PROVIDER shall require language in all subcontracts to require all subcontractors to comply with all State and federal laws.

F. Standards of Work

The SERVICE PROVIDER agrees that the performance of work and services pursuant to the requirements of this Contract Agreement shall conform to accepted professional standards.

G. Conflict of Interest

- 1) The SERVICE PROVIDER shall prevent employees, consultants or members of governing bodies from using their positions for purposes including, but not limited to, the selection of subcontractors that are, or give the appearance of being, motivated by a desire for private gain for themselves or others, such as family, business or other ties. In the event that A4AA determines that a conflict of interest exists, any increase in costs associated with the conflict of interest may be disallowed by A4AA and such conflict may constitute grounds for termination of the Contract Agreement.
- 2) This provision shall not be construed to prohibit employment of persons with whom the SERVICE PROVIDER'S officers, agents or employees have family, business, or other ties, so long as the employment of such persons does not result in a conflict of interest (real or apparent) or increased costs over those associated with the employment of any other equally qualified applicant, and such persons have successfully competed for employment with the other applicants on a merit basis.

H. Covenant Against Contingent Fees

- 1) The SERVICE PROVIDER warrants that no person or selling agency has been employed or retained to solicit this Contract Agreement. There has been no agreement to make commission payments in order to obtain this Contract Agreement.
- 2) For breach or violation of this warranty, A4AA shall have the right to terminate this Contract Agreement without liability or at its discretion to deduct from the Agreement price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage or contingent fee.

I. Payroll Taxes and Deductions

The SERVICE PROVIDER shall promptly forward payroll taxes, insurances, and contributions, including the State Disability Insurance, Unemployment Insurance, Old Age Survivors Disability Insurance, and federal and State income taxes withheld, to designated governmental agencies.

J. Facility Construction or Repair

- 1) When applicable for purposes of construction or repair of facilities, the SERVICE PROVIDER shall comply with the provisions contained in the following and shall include such provisions in any applicable agreements with subcontractors:
 - a. Copeland "Anti-Kickback" Act (18 USC 874, 40 USC 276c) (29 CFR, Part 3).
 - b. Davis-Bacon Act (40 USC 276a to 276a-7) (29 CFR, Part 5).
 - c. Contract Work Hours and Safety Standards Act (40 USC 327-333) (29 CFR, Part 5, 6, 7, and 8).
 - d. Executive Order 11246 of September 14, 1965, entitled "Equal Employment Opportunity" as amended by Executive Order 11375 of October 13, 1967, as supplemented in Department of Labor Regulations (41 CFR, Part 60).
- 2) The SERVICE PROVIDER shall not use payment for construction, renovation, alteration, improvement, or repair of privately-owned property which would enhance the owner's value of such property to the benefit of the owner except where permitted by law and by the State via A4AA.
- 3) When funding is provided for construction and non-construction activities, the SERVICE PROVIDER or subcontractor must obtain prior written approval from the State via A4AA before making any fund or budget transfers between construction and non-construction.

K. Contract Agreements in Excess of \$100,000

If funding provided herein exceeds \$100,000, the SERVICE PROVIDER shall comply with all applicable orders or requirements issued under the following laws:

- 1) Clean Air Act, as amended (42 USC 1857).
- 2) Clean Water Act, as amended (33 USC 1368).
- 3) Federal Water Pollution Control Act, as amended (33 USC 1251, et seq.).
- 4) Environmental Protection Agency Regulations (40 CFR, Part 15, and Executive Order 11738).
- 5) Benefits for Domestic Partners (Public Contract Code Section 10295.3).

L. Debarment, Suspension, and Other Responsibility Matters

- 1) The SERVICE PROVIDER certifies to the best of its knowledge and belief, that it and its subcontractors:
- 2) Are not presently debarred, suspended, proposed for disbarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;
- 3) Have not within a three-year period preceding this application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, State, or local) transaction or contract under a public transaction; violation of federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- 4) Are not presently indicted for or otherwise criminally or civilly charged by a government entity (federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification;
- 5) Have not within a three-year period preceding this application had one or more public transactions (federal, State, or local) terminated for cause or default; and
- 6) SERVICE PROVIDER shall report immediately to A4AA in writing any incidents of alleged fraud and/or abuse by either SERVICE PROVIDER or SERVICE PROVIDER's subcontractor. SERVICE PROVIDER shall maintain any records, documents, or other evidence of fraud and abuse until otherwise notified by A4AA.
 - a. The SERVICE PROVIDER agrees to timely execute any and all amendments to this Contract Agreement or other required documentation relating to their subcontractor's debarment/suspension status.

M. Contract Agreement Authorization

- 1) **If a public entity, the SERVICE PROVIDER shall submit to A4AA a copy of the resolution, order, or motion referencing the Contract Agreement number authorizing execution of this Contract Agreement. If a private nonprofit entity, the SERVICE PROVIDER shall submit to A4AA an authorization by the board of directors to execute this Contract Agreement, referencing this Contract Agreement number.**
- 2) Documentation in the form of a resolution, order, motion, or authorization by the Board of the Service Provider is required for the original and each subsequent amendment to this Contract Agreement. This requirement may also be met by a single resolution, order, motion, or authorization from the Board of the Service Provider authorizing the Service Provider Director or designee to execute the original and all subsequent amendments to this Agreement.

N. Drug-Free Workplace Act

The SERVICE PROVIDER shall comply with the requirements of the Drug-Free Workplace Act of 1990 (Government code, Section 8350 et seq.) and will provide a drug-free workplace by taking the following actions:

- 1) Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations, as required by Government Code, Section 8355(a).
- 2) Establish a Drug-Free Awareness Program as required by Government Code, Section 8355(b) to inform employees about all of the following:
 - a. The dangers of drug abuse in the workplace;
 - b. The person's or organization's policy of maintaining a drug-free workplace;
 - c. Any available counseling, rehabilitation and employee assistance programs; and
 - d. Penalties that may be imposed upon employees for drug abuse violations.
- 3) Provide, as required by Government code, Section 8355 (c), that every employee who works under this Contract Agreement:
 - a. Will receive a copy of the SERVICE PROVIDER'S drug-free policy statement; and
 - b. Will agree to abide by the terms of the SERVICE PROVIDER'S statement as a condition of employment on the contract.
- 4) Failure to comply with these requirements may result in suspension of payments under the Contract Agreement or termination of the Contract Agreement or both, and the SERVICE PROVIDER may be ineligible for award of any future State funded Contract Agreements if A4AA determines that any of the following has occurred: (1) the SERVICE PROVIDER has made false certification, or (2) violates the certification by failing to carry out the requirements as noted above.

O. Provision of Services

The SERVICE PROVIDER shall ensure the provision of services under this Contract Agreement, as specified by the Program Exhibit or the Scope of Service which are hereby incorporated by reference.

P. Availability of Staff

- 1) The SERVICE PROVIDER shall maintain adequate staff to meet all obligations under this Contract Agreement.
- 2) This staff shall be available to the A4AA or the State for trainings and meeting which A4AA may find necessary from time to time.

Q. Administration

- 1) The SERVICE PROVIDER shall be a public or private nonprofit entity. A4AA must secure a waiver from CDA to award a Contract Agreement to a for-profit entity, should there be no equally competent applicant. If a private nonprofit entity, the SERVICE PROVIDER shall be in good standing with the Secretary of State of California and shall maintain that status throughout the term of this Contract Agreement.
- 2) The SERVICE PROVIDER shall ensure that any subcontractors providing services under this Contract Agreement shall be of sound financial status. Any private, subcontracting corporation shall be in good standing with the Secretary of State of California and shall maintain that status throughout the term of the Contract Agreement.
- 3) Failure to maintain good standing by the SERVICE PROVIDER shall result in any of the sanctions listed under the Contract Agreement Sanction Policy Attachment "D."

ARTICLE III. CONTRACT AGREEMENT REFERENCING

- A. All elements of this Contract Agreement, as defined in Article I., Section A., and as approved by A4AA in making this award, are hereby incorporated by reference, and is fully set forth herein.
- B. A copy of this Contract Agreement is on file, portions are available for inspection by appointment, at Area 4 Agency on Aging, 2260 Park Towne Circle, Suite 100., Sacramento, California 95825.

ARTICLE IV. TERM OF CONTRACT AGREEMENT

- A. This Contract Agreement is of no force or effect until signed by both parties hereto and approved by the Department of General Services, if required. The SERVICE PROVIDER may not commence performance until such approval has been obtained (GC 14831). SERVICE PROVIDER commencing performance of services prior to approval does so at their own risk.
- B. The term of this Contract Agreement is **July 1, 2008 through June 30, 2009**, at which time the Contract Agreement expires, subject, however, to earlier termination or cancellation as herein provided.
- C. This Contract Agreement may be canceled by either party at any time upon thirty (30) days written notice to the other party, with or without cause. In the event of cancellation notice, A4AA will present written notice to the SERVICE PROVIDER of any conditions, such as care of clients, return of unspent funds, and disposition of property, which must be met prior to cancellation. Cancellation is effective only upon the written determination of A4AA that the SERVICE PROVIDER has met those conditions.
- D. A4AA reserves the right to non-renew Contract Agreements for years subsequent to the term of this Contract Agreement.

- E. Should the SERVICE PROVIDER or subcontractor begin work in advance of receiving notice that the Contract Agreement is approved, that work may be considered as having been performed at risk as a mere volunteer and may not be reimbursed or compensated.

ARTICLE V. FUNDS

Funding awarded under this Contract Agreement is made available under provisions of the Older Americans Act Amendments, Title III and/or Title VII, and California State appropriations, and has been approved by the A4AA Governing Board. Funding awarded to SERVICE PROVIDERS represents allocations after deduction of program administrative service charges.

A. Expenditure of Funds

- 1) The SERVICE PROVIDER shall expend all funds received hereunder in accordance with this Contract Agreement.
- 2) Any authorized travel mileage reimbursement shall be at rates not to exceed those amounts allowable by the IRS and any authorized travel per diem reimbursement (i.e. lodging, meals, and other incidentals) shall be at rates not to exceed those allowable by the State. This is not to be construed as limiting the SERVICE PROVIDER from paying any excess in these costs from funds other than those provided by A4AA between IRS rates, State rates, and any rates the SERVICE PROVIDER is obligated to pay under other contractual agreements. No travel outside the State of California shall be reimbursed unless prior written authorization is obtained from A4AA. (CCR, Title 2 Section 599.615 et. seq.)
- 3) A4AA reserves the right to refuse payment to the SERVICE PROVIDER or disallow costs for any expenditure, as determined by A4AA to be: out of compliance with this Contract Agreement, unrelated or inappropriate to Contract Agreement activities, when adequate supporting documentation is not presented, or where prior approval was required but was either not requested or not granted.

B. Accountability of Funds

The SERVICE PROVIDER shall maintain accounting records for funds received under the terms and conditions of this Contract Agreement. These records shall be separate from those for any other funds administered by the SERVICE PROVIDER, and shall be maintained in accordance with Generally Accepted Accounting Principles and Procedures.

C. Unexpended Funds

Upon termination, cancellation, or expiration of this Contract Agreement, or dissolution of the entity, the SERVICE PROVIDER shall return to A4AA immediately upon written demand, any funds provided under this Contract Agreement, which are not payable for goods or services delivered prior to the termination, cancellation, or expiration of this Contract Agreement, or the dissolution of the entity.

D. Availability of Funds

- 1) For the mutual benefit of both parties, and in order to avoid program and fiscal delays that would occur if this Contract Agreement were executed after that determination was made, it is understood between the parties that this Contract Agreement may have been written before ascertaining, the availability of appropriation of State and/or federal funds.
- 2) This Contract Agreement is valid and enforceable only if sufficient funds are made available to CDA by the United States Government or by the Budget Acts of the appropriate fiscal years for the purposes of these programs. In addition, this Contract Agreement is subject to any additional restrictions, limitations, or conditions enacted by the Congress or to any statute enacted by the Congress that may affect the provisions, terms, or funding of this Contract Agreement in any manner.
- 3) In the event that insufficient funds are appropriated by the Legislature and/or Congress for any of these programs, this Contract Agreement may be terminated or amended to reflect any reduction in funds.
- 4) A4AA reserves the right to increase and/or decrease funds available under this Contract Agreement to reflect, any restrictions, limitations, or conditions as directed by the California Department of Aging.

E. Reduction of Funds

- 1) If funding for any State fiscal year is reduced or deleted by the **Department of Finance**, Legislature, or Congress for the purposes of this Contract Agreement, A4AA has the option to either:
 - a. Terminate the Contract Agreement pursuant to Article XVI. Termination, Section A.
 - b. Amend the Contract Agreement to reflect the reduced funding.
- 2) In the event that funding to A4AA is reduced or deleted by the Legislature or Congress, A4AA reserves the right to determine (1) which Contract Agreements, if any, under this program shall be reduced and (2) some Contract Agreements may be reduced by a greater amount than others, and (3) the amount that any and or all of the Contract Agreements shall be reduced for the fiscal year.
- 3) A4AA may reduce the amount of awarded funding if the SERVICE PROVIDER is not meeting service objectives as listed in the scope(s) of services or if spending pattern indicates that the SERVICE PROVIDER will have unexpended funding at the end of the Agreement period. A4AA will be the sole determinant of all reduction of A4AA funding and will be reasonable in its determination.
- 4) The SERVICE PROVIDER hereby expressly waives any and all claims against A4AA for damages arising from the termination, suspension, or reduction of the funds provided by A4AA.

- 5) In the event of termination of this Contract Agreement for reduction, suspension or termination of funds to A4AA, the SERVICE PROVIDER shall be compensated by A4AA for completed services rendered prior to termination, subject to availability of funds, allowability of costs and audit verification.

F. Increase of Awarded Funds

A4AA may increase the amount of awarded funding, subsequent to execution of this Contract Agreement, if additional A4AA funding becomes available. The SERVICE PROVIDER may be required to increase the service objectives as listed in the scope(s) of service(s) to qualify for additional funding. Any such increase in funding will not be subject to a competitive process.

G. Supplantment

A4AA funds cannot be used to supplant (replace) funds from non-Federal funding sources.

H. Acknowledging A4AA Funding

The SERVICE PROVIDER shall acknowledge funding by A4AA when resources are explained verbally or in writing, specifically in brochures, press releases, etc., and shall acknowledge A4AA by the use of signs on funded vehicle(s).

I. Interest Earned

- 1) If, as a result of advanced funds, the project earns interest on funds awarded by A4AA, that interest shall be identified as income to the program and used for program expenditures, with full documentation on file for all programs.

- 2) For Title III and Title VII Programs:

Nonprofits shall maintain advances of federal funds in interest bearing accounts, unless (a), (b), or (c) apply:

- a. The SERVICE PROVIDER receives less than \$120,000 in federal awards per year.
- b. The best reasonably available interest bearing account would not be expected to earn interest in excess of \$250 per year on federal cash balances.
- c. The depository would require an average or minimum balance so high that it would not be feasible within the expected federal and non-federal cash resources.

For non-profit entities earning interest on federal advances deposited in interest bearing accounts in excess of \$250 shall be remitted annually to the Department of Aging via A4AA.

J. Program Income

- 1) Program Income must be reported and expended under the same terms and conditions as the program funds from which it is generated.
- 2) Program Income must be used to pay for current allowable costs of the program in the same fiscal year that the income was earned (except as noted in 4).
- 3) For Title III-B, III-C, III-D, III-E, VII Ombudsman, and VII Elder Abuse Prevention Programs: Program Income must be spent before the Contract Agreement funds (except as noted in 4) and may reduce the total amount of Contract Agreement funds payable to the SERVICE PROVIDER.
- 4) For Title III-B, III-C, III-D, III-E, VII Ombudsman, and VII Elder Abuse Prevention Programs, if Program Income is earned in excess of the amount approved by A4AA in the Contract Agreement budget, the excess amount may be deferred for use in the first quarter of the following Contract Agreement period, which is the last quarter of the federal fiscal year: July, August, and September.
- 5) If Program Income is deferred for use it must be used by the last day of the federal fiscal year and reported when used.
- 6) Program Income may not be used to meet the matching requirements of this Agreement.
- 7) Program Income must be used to expand services.
- 8) ADCRC client fees may be retained and expended without regard to fiscal year, provided that the income is shown as restricted funds in the accounting records and financial statements of the Service Provider, and used for costs of the ADCRC Program.

K. One-Time-Only Funding

For federally funded programs under Title III, Title VII, and III E:

- 1) One-Time-Only funds shall be used for one-time-only purposes and cannot be used to increase baseline needs. One-Time-Only funds can be used for the following purposes:
 - a. The purchase of equipment which enhances the delivery of services to the eligible service population.
 - b. Home and community-based projects which assist families and/or caregiver to maintain the eligible service population in a home environment, as approved by A4AA.
 - c. Innovative pilot projects as approved by CDA/A4AA, and are designed for the development or enhancement of a comprehensive and coordinated system of services as defined in 45 CFR 1321.53 (a) & (b).

- 2) NSIP One-Time-Only funds shall be used to purchase food in the Elderly Nutrition Programs.

L. Matching Contributions

- 1) Matching means cash on the value of in-kind contributions and that portion of program and administrative costs funded (cash or in-kind) by the SERVICE PROVIDER from other resources;
- 2) In-kind contributions are property or services provided which benefit a Contract Agreement-supported project or program and which are contributed by non-federal parties without charge to SERVICE PROVIDER;
- 3) In-kind contributions count towards satisfying a matching requirement only where the payments would be otherwise allowable costs if SERVICE PROVIDER were to pay for the costs;
- 4) Costs incurred by the SERVICE PROVIDER must be verifiable from the records of the Service Provider;
- 5) Costs must be allowable as outlined in the Office of Management and Budget (OMB) circulars and may be cash or in-kind contributions.
- 6) Other local resources include cash donations (not including program income) and cash generated from fundraising activities.
- 7) Non-matching contributions are local funding that does not qualify as matching contributions and/or is not being budgeted as matching contributions (e.g., Title V, Title XX, overmatch, etc.)

M. Matching Requirements

- 1) The required matching contributions for Title III-B, III-C, III-D, VII Ombudsman, and VII Elder Abuse Prevention Programs is ten percent (10%) of the combined total of Federal share and matching contribution OR 11.11% of the Federal share alone. Program matching contributions for Title III-B, III-C, and III-D can be pooled to meet the minimum requirement of ten percent (10%).
 - a. Minimum matching requirements are calculated on net costs, which are total costs less program income, non-matching contributions, and State funds.
 - b. Matching contributions generated in excess of the minimum required are considered overmatch;
- 2) The required program matching contributions for Title III-E is twenty-five percent (25%) of the combined total of Federal share and matching contribution OR 33.33% of the Federal share alone. Program overmatch from Title III-B, III-C, or III-D cannot be used to meet the program match requirement for III-E;

- a. Minimum matching requirements are calculated on net costs, which are total costs less program income, non-matching contributions, and State funds. Title III-E programs have no State funds.
- 3) The required program matching contributions for the Community-Based Services Program (CBSP) Program are:
 - a. The Alzheimer's Day Care Resource Center (ADCRC) Program: minimum of 25% Cash Match or 25% In-kind Match.
 - b. The Linkages and Respite Purchase of Services Programs: no minimum match required.
 - c. The Brown Bag Program: minimum of 25% Cash Match and 25% In-kind Match.
- 4) No minimum program matching contribution is required for the Health Insurance Counseling Advocacy Program (HICAP).

Minimum match required above is subject to change at any time.

N. Financial Management Systems

The SERVICE PROVIDER shall meet the following standards for its financial management systems, as stipulated in 45 CFR 92.20 (governmental) or 45 CFR, or Section 74.21 (non-profits):

- 1) Financial Reporting
- 2) Accounting Records
- 3) Internal Control
- 4) Budgetary Control
- 5) Allowable Costs
- 6) Source Documentation
- 7) Cash Management

ARTICLE VI. BUDGET AND BUDGET REVISION

- A. The SERVICE PROVIDER will be reimbursed for expenses only as itemized in the budget approved by A4AA which is attached and hereby incorporated by reference.
- B. The Budget Summary must set forth in detail the reimbursable items, unit rates and extended total amounts for each line item. The SERVICE PROVIDER'S budget shall include, at a minimum, the following items when reimbursable under this Contract Agreement.
 - 1) Direct and overhead costs;
 - 2) Monthly, weekly, or hourly rates, as appropriate, and personnel classifications together with the percentage of personnel time to be charged to this Contract Agreement, as well as fringe benefits;

- 3) Rental reimbursement items should specify the unit rate, such as the rate per square foot;
- 4) If purchase of equipment is a reimbursable item, the equipment to be purchased should be specified;
- 5) Any travel outside the State of California; and
- 6) A detailed list of other operating expenses.

A4AA shall ensure that the SERVICE PROVIDER shall submit a budget which shall be incorporated by reference into the Contract Agreement and will have, at a minimum, the categories listed in Section B above.

- C. The SERVICE PROVIDER may make changes in budget allocations, subject to the following conditions:
- 1) The SERVICE PROVIDER may transfer Contract Agreement funds from each line item within the approved program budget, without prior approval of A4AA, providing the change in the Total for that Cost Category is BOTH less than 10% AND less than \$1,000.
 - a. For Titles III-B, C, D, and E those six (6) Cost Categories are: 1.) Personnel Costs; 2.) Travel/Training; 3.) Equipment; 4.) Consultants; 5.) Other Costs; and 6.) Indirect Costs. Title C has two additional Cost Categories: Catered Food and Raw Food.
 - 2) The SERVICE PROVIDER shall request prior approval from A4AA for any Total Cost Category change that is BOTH 10% or greater AND \$1,000 or more.
 - 3) The SERVICE PROVIDER shall maintain a written record of all budget changes and clearly document Cost Category changes. The record shall include the date of the transfer, the amount, and the purpose and shall be submitted to A4AA on form A1: Narrative Justification for Budget Revisions for approval.
- D. The SERVICE PROVIDER shall submit a proposed Budget Summary to A4AA with this Contract Agreement or any other time as indicated and requested by A4AA.
- E. The final date to submit budget revisions is the last business day in the month of March or **March 31st** of the Contract Agreement period unless otherwise specified by A4AA.

ARTICLE VII. PAYMENT

A. Advance Payments

- 1) A4AA shall allow the SERVICE PROVIDER, funded under the Older Americans Act Amendments, Title III and Title VII, and Community Based Services Programs (CBSP), upon execution of this Contract Agreement and availability of funds, to request and receive, in a timely manner, one advance payment per fiscal year which shall not exceed one-twelfth of the Contract Agreement amount.

- a. Beginning with the September Monthly Financial Report/Request for Funds (MFR), one-tenth of the advance payment shall be deducted each month from amounts due the SERVICE PROVIDER, until the advance is fully liquidated.
 - 2) Applicable only to the HICAP program, upon execution of this Contract Agreement and availability of funds, may request and receive, in a timely matter, (1) advance payment of up to 25% for the month of July.
 - a. Beginning with the October Monthly Financial Report/Request for Funds (MFR), one-sixth of the advance payment shall be deducted each month from amounts due the SERVICE PROVIDER, until advance is fully liquidated.
 - 3) If, at the time of the final Monthly Financial Report, or upon completion or termination of this Contract Agreement, the advance payment has not been fully liquidated, the SERVICE PROVIDER agrees to pay the balance to A4AA upon demand.
- B. Monthly Reimbursement Payments
- 1) The SERVICE PROVIDER shall request payment monthly, on a reimbursement basis, and in arrears for actual expenses incurred, less any amount applied against the advance, beginning with the July expenditure report.
 - 2) The SERVICE PROVIDER shall submit a Monthly Financial Report/Request for Funds (MFR) **to be received at A4AA by the 15th calendar day of each month.**
- C. Final Monthly Financial Report/Request
- 1) The SERVICE PROVIDER shall consolidate the June expenditures and year-end closeout data into one final monthly financial report. Final monthly financial report shall include actual June expenditures; accruals for any unpaid obligations; any corrections or adjustments necessary to bring report into agreement with balanced general ledger; adjustments for prepaid expenses to be partially credited to the current fiscal year and charged to the following fiscal year, such as insurance premiums. **The final report must be received by A4AA as soon as possible, following the end of the fiscal year, but no later than July 31, 2009. Any additional costs identified after July 31 shall not be reimbursed by A4AA.**

ARTICLE VIII. SUBCONTRACTS OR VENDOR AGREEMENTS

- A. SERVICE PROVIDER shall satisfy, settle, and resolve all administrative, programmatic, and fiscal aspects of the program(s), including issues that arise out of any subcontracts, and shall not delegate or contract these responsibilities to any other entity. This includes, but is not limited to, disputes, claims, protests of award, or other matters of a contractual nature.
- B. In the event any subcontract is utilized by the SERVICE PROVIDER for any portion of this Contract Agreement, the SERVICE PROVIDER shall retain the prime responsibility for all the terms and conditions set forth, including but not limited to, the responsibility for preserving the State's copyrights and rights in data in accordance with Article II Section D of this Contract Agreement, for

handling property in accordance with Article XI of this Contract Agreement and ensuring the keeping of, access to, availability and retention of records of subcontractors in accordance with Article IX.

SERVICE PROVIDER shall provide A4AA with a copy of the Subcontract Agreement and/or vendor agreements and budget to be made a part of this Contract Agreement.

- C. Funds for this Contract Agreement shall not be obligated in subcontracts and/or vendor agreements for services beyond the ending date of this Contract Agreement, unless all funding under this Contract Agreement is appropriated without regard for fiscal year, and A4AA has agreed in writing to permit the specific expenditure for a specified period of time.
- D. The SERVICE PROVIDER shall have no authority to contract for, or on behalf of, or incur obligations on behalf of A4AA.
- E. Copies of subcontracts, vendor agreements, Memorandums and/or Letters of Understanding shall be on file with the SERVICE PROVIDER and shall be made available to A4AA for review upon request.
- F. The SERVICE PROVIDER shall monitor the insurance requirements of its subcontractors, in accordance with Article XV.
- G. The SERVICE PROVIDER shall require all its subcontractors and or vendor agreements to indemnify, defend and save harmless the SERVICE PROVIDER, its officers, agents and employees from any and all claims and losses accruing to or resulting from any subcontractors, suppliers, laborers and any other person, firm or corporation furnishing or supplying work services, materials or supplies in connection with any activities performed for which funds from this Contract Agreement were used and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by the subcontractor in the performance of this Contract Agreement.
- H. The SERVICE PROVIDER shall ensure that the subcontractor and/or vendor agreements will complete all reporting and expenditure documents requested by A4AA. These reporting and expenditure documents shall be sent to the SERVICE PROVIDER by the 10th working day of each month.
- I. Prior to the awarding of a subcontract to any for-profit entity, the SERVICE PROVIDER shall submit the following to A4AA for review and approval (per CCR, Title 22, Division 1.8, Section 7362):
 - (a) The RFP or IFB.
 - (b) All bid proposals received.
 - (c) The proposal or bid evaluation documentation, along with the SERVICE PROVIDER's rationale for awarding the subcontract to a for-profit entity.

Where a program may be subcontracted to a for-profit organization, the SERVICE PROVIDER should include in its contract with the for-profit entity a requirement for performance of a program specific audit of the sub-contracted program by an independent audit firm.

- J. The SERVICE PROVIDER shall require the subcontractor to maintain adequate staff to meet the subcontractor's agreement with the Service Provider. This staff shall be available for trainings and meetings which A4AA may find necessary from time to time.
- K. If a private nonprofit corporation, the subcontractor shall be in good standing with the Secretary of the State of California and shall maintain that status throughout the term of the agreement.
- L. The SERVICE PROVIDER shall immediately notify A4AA of any changes to subcontractors or subcontracted services, described in W&I Code Sections 9541 through 9547, within the term of this Contract Agreement. SERVICE PROVIDER shall also notify A4AA if subcontracted services are different than those services approved and contracted for in the prior fiscal year.
- M. SERVICE PROVIDER shall refer to the guidance in OMB Circular A-133 Section 210 in making a determination of whether a subcontractor and/or vendor relationship exists. If a vendor relationship exists then the SERVICE PROVIDER shall follow the Procurement requirements in the applicable OMB Circular.

ARTICLE IX. RECORDS

- A. The SERVICE PROVIDER shall maintain complete records (which shall include, but not be limited to, accounting records and tax returns, Contract Agreements, letters of agreement, insurance documentation in accordance with Article XV, Memorandums and/or Letters of Understanding, patient or client records, electronic files and non-profit board minutes) of its activities and expenditures hereunder in a form satisfactory to A4AA and shall make all records pertaining to this Contract Agreement available for inspection and audit by A4AA and the State or its duly authorized agents, at any time during normal business hours. All such records must be maintained and made available by the SERVICE PROVIDER: (a) until an audit has occurred and an audit resolution has been issued or unless otherwise authorized in writing by A4AA Fiscal Branch; (b) for such longer period, if any, as is required by applicable statute, by any other clause of this Contract Agreement, or by sections (B) and (C) of this Article, and (c) for such longer period as A4AA deems necessary.
- B. If this Contract Agreement is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for the same periods as specified in section (A) above. The SERVICE PROVIDER shall ensure that any resource directories and all client records remain the property of A4AA upon termination of this Contract Agreement, and are returned to A4AA or transferred to another SERVICE PROVIDER as instructed by A4AA.
- C. In the event of any litigation, claim, negotiation, audit exception, or other action involving the records, all records relative to such action shall be maintained and made available until every action has been cleared to the satisfaction of A4AA and so stated in writing to the SERVICE PROVIDER.
- D. Adequate source documentation of each transaction shall be maintained relative to the allowability of expenditures reimbursed by A4AA under this Contract Agreement. If the allowability of

expenditures cannot be determined because records or documentation of the SERVICE PROVIDER are non-existent or inadequate according to Generally Accepted Accounting Principles and Procedures, the expenditures will be questioned in the audit and may be disallowed by A4AA during the audit resolution process.

- E. The SERVICE PROVIDER agrees that A4AA or its delegates will have the right to review, obtain and copy all records pertaining to the performance of this Contract Agreement which shall include, but not be limited to, accounting records and tax returns, Contract Agreements, letters of agreement, insurance documentation in accordance with Article XV, Memorandums and/or Letters of Understanding, patient or client records, electronic files and non-profit board minutes. The SERVICE PROVIDER agrees to provide A4AA or its delegates with any relevant information requested within 10 working days of date of request. The SERVICE PROVIDER shall permit A4AA or its delegate's access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts and other material that may be relevant to a matter under investigation for the purpose of determining compliance with (GC 8546.7 et seq.). SERVICE PROVIDER further agrees to maintain such records for a period of at least three (3) years after final payment under the Contract Agreement or until a California Department of Aging audit of A4AA has been completed, whichever is longer.
- F. After the authorized period has expired, confidential records shall be shredded and disposed of in a manner that will maintain confidentiality.

ARTICLE X. REPORTS

- A. Reporting Forms shall be reviewed for timeliness, completeness and accuracy of the information submitted by the Program Director or his/her designee prior to submission to A4AA. Incomplete forms shall be returned to the SERVICE PROVIDER for completion. (In the event of changes in these forms, A4AA shall advise the SERVICE PROVIDER via written notice). The SERVICE PROVIDER shall develop and implement a process for ensuring quality control.
- B. **Failure to comply with Fiscal and Program reporting requirements will exclude SERVICE PROVIDER from eligibility for One-Time-Only funding.**
- C. Monthly performance reports shall be submitted to A4AA by the **6th working day of each month. For those SERVICE PROVIDERS required to submit electronically, reports must be submitted in the prescribed NAPIS reporting format.**
- D. A4AA and SERVICE PROVIDER shall keep these reports on file, unless otherwise specified, in accordance with the program manual(s) or until the Department deems the retention no longer necessary.

ARTICLE XI. PROPERTY

- A. Unless otherwise provided for in this article, property refers to all assets, capitalized or non-capitalized, used in operation of this Contract Agreement.

- 1) Property includes land, buildings, improvements, machinery, vehicles, furniture, tools and intangibles, etc.
- 2) Property does not include consumable office supplies such as paper, pencils, printer cartridges, file folders, etc.

B. Property meeting all of the following criteria is subject to the capitalization requirements. Such property must:

- 1) Have a normal useful life of at least one year;
- 2) Have a unit acquisition cost of at least \$300 and/or group of items (i.e. set of 12 chairs, 84 piece set of tableware, etc.) with a value for the group of at least \$300; and
- 3) Be used to conduct business under this Contract Agreement.

As used in this Contract Agreement, the term "equipment" shall refer only to capitalized property.

C. Non-capitalized property are those items which do not meet all three requirements in this Article, section (B) above.

D. Intangibles are property which lack physical substance but give valuable rights to the owner and can be capitalized or non-capitalized. Examples of intangible property include patents, copyrights, leases and computer software. By contrast, hardware consists of tangible equipment (e.g., computer printer, terminal, etc.).

Costs include all amounts incurred to acquire and to ready the intangible asset for its intended use. Typical intangible property costs include the purchase price, legal fees and other costs incurred to obtain title to the asset.

E. The SERVICE PROVIDER shall keep track of property furnished or purchased with A4AA funds awarded under the terms of this Contract Agreement or any predecessor Contract Agreement for the same purpose, whether capitalized or not.

F. Acquisition and/or disposition of A4AA property, during the year, are to be reported on forms provided by A4AA.

1) SERVICE PROVIDER shall use form: CDA 32 Report of Property Furnished Purchased with Agreement Funds to report inventory with the following information when A4AA property is acquired:

- a. Item Description;
- b. Model No.;
- c. Serial No.;
- d. Date of Purchase;
- e. Purchase Cost;
- f. Use;

- g. Location;
- h. Condition;
- i. Fund Source; and
- j. Tag No.

A4AA requires the CDA 32 to be updated as property is acquired to reflect the current status of capitalized property.

- 2) SERVICE PROVIDER shall use the form: Request to Dispose of Property prior to disposal of any A4AA property purchased by the SERVICE PROVIDER with funds from this Contract Agreement and must obtain written approval from A4AA regardless of the acquisition value. Disposition, which includes sale, trade-in, discarding or transfer to another agency, may not occur until written approval is received from A4AA.
- G. CDA 32 listing must be available for periodic review and submitted annually to A4AA at fiscal year-end or as A4AA property is acquired. The inventory list must be on A4AA forms for consistency. **Failure to comply with updating inventory list will prevent SERVICE PROVIDER from eligibility for One-Time-Only funding.**
- H. A4AA reserves the title to all A4AA purchased or financed property not fully consumed in the performance of this Contract Agreement, unless otherwise required by federal law or regulations, or as otherwise agreed by parties.
- I. SERVICE PROVIDER shall exercise due care in the use, maintenance, protection and preservation of such property during the period of the project, and shall assume responsibility for replacement or repair of such property during the period of the project, until SERVICE PROVIDER has complied with all written instructions from A4AA regarding the final disposition of the property.

SERVICE PROVIDER shall notify A4AA within twenty-four (24) hours, by telephone, followed by written report, of any loss, destruction, or theft of such property to A4AA (if such damage has been a result of a crime, please notify the Police Department immediately). The SERVICE PROVIDER shall prepare a written report to A4AA, with the following information:

- a. Form CDA 32, with the damaged property highlighted.
- b. Date and description of the incident and/or copy of the Police Report.
- c. Description of disposal of damaged property, if applicable;
- d. Description of how property will be replaced and cost of replacement, if known.

With respect to all equipment utilized in conjunction with the Contract Agreement where A4AA retains title as legal owner, the SERVICE PROVIDER shall procure and maintain sufficient Property Insurance policy limits against any loss such as fire, theft, etc. as outlined in Article XV of this Contract Agreement. (2 C.F.R. Ch. 11 Section 215.31)

At least annually, SERVICE PROVIDER shall inform their insurance company of all newly acquired property purchased with A4AA funds. In the event of a loss, if Property Insurance policy limits are

insufficient, SERVICE PROVIDER will be held accountable for the replacement of the A4AA property.

- J. In the event SERVICE PROVIDER'S dissolution or upon termination of this Contract Agreement, SERVICE PROVIDER shall provide a final property inventory to A4AA. A4AA reserves the right to require SERVICE PROVIDER to transfer such property back to A4AA or to another entity, or SERVICE PROVIDER may purchase property at the fair market value, with the approval of the California Department of Aging (CDA).

To exercise the above right, no later than 120 days after termination of the Contract Agreement or notification of the Service Provider's dissolution, the State via A4AA will issue specific written dissolution instructions to the Service Provider.

- K. SERVICE PROVIDER shall use the property for the purpose for which it was intended under the Contract Agreement. When no longer needed for that use, SERVICE PROVIDER shall use it, if needed, and with written approval of A4AA, for other purposes in this order:

- 1) Another program providing the same or similar service; or
- 2) Another A4AA funded program.

- L. SERVICE PROVIDER may share use of the property and equipment or allow use by other programs, upon written approval of A4AA. As a condition of the approval, A4AA may require reimbursement under this Contract Agreement for its use.

- M. SERVICE PROVIDER shall not use equipment or supplies acquired under this Contract Agreement with A4AA monies for personal gain or to usurp the competitive advantage of a privately-owned business entity.

- N. If purchase of equipment is a reimbursable item, the equipment to be purchased will be specified in the budget.

- O. SERVICE PROVIDER shall include the provisions contained in Article XI in all its subcontracts awarded under this Contract Agreement.

ARTICLE XII. ACCESS

The SERVICE PROVIDER shall provide access to A4AA, the Bureau of State Audits, the Comptroller General of the United States, or any of their duly authorized federal and State representatives to any books, documents, papers, records and electronic files of the SERVICE PROVIDER or subcontractor which are directly pertinent to this specific Contract Agreement for the purpose of audit, examination, excerpts, and transcriptions. The SERVICE PROVIDER shall include this requirement in its subcontracts.

ARTICLE XIII. MONITORING, ASSESSMENT AND EVALUATION

- A. Authorized A4AA representatives shall have the right to monitor, assess, and evaluate the SERVICE PROVIDER'S performance pursuant to this Contract Agreement. Said monitoring, assessment, and evaluation may include, but is not limited to, audits, inspections of project

- premises, inspection of food preparation sites, interviews of project staff, and participants, and review of administrative documentation including nonprofit board minutes.
- B. The SERVICE PROVIDER shall cooperate with A4AA in the monitoring, assessment, and evaluation processes, which includes making any administrative program and fiscal staff, available during any scheduled process.
 - C. The SERVICE PROVIDER shall, upon request, make available client participation records and fiscal records which confirm all data contained in monthly performance and fiscal report. The information shall be maintained in a neat and orderly manner.
 - D. The SERVICE PROVIDER shall demonstrate an ongoing mechanism for internal monitoring and evaluation of the program.
 - E. The SERVICE PROVIDER shall maintain formal procedures for obtaining the views of participants regarding service operations. Suggestions relative to program changes/modifications must receive appropriate consideration by SERVICE PROVIDER. Acceptable methods for soliciting consumer input include, but are not limited to: suggestion box, project council/advisory group, client questionnaires, and interviews.

ARTICLE XIV. AUDIT

- A. The SERVICE PROVIDER expending more than \$500,000 in federal funds within the Contract Agreement year shall arrange for and provide A4AA with an audit as required by the Single Audit Act of 1984, Public Law 98-502, Single Audits Act Amendments of 1996, Public Law 104-156, and Office of Management and Budget (OMB) Circular A-133. To meet the requirements of OMB Circular A-133 the audit shall be: 1. Performed timely—within 30 days after the receipt of the auditor's report or nine months after the end of the audit period, whichever occurs first; 2. Properly procured—use procurement standards provided for in OMB Circular 133 and provide maximum opportunities to small and minority audit firms; 3. Performed in accordance with Government Auditing Standards—shall be performed by an independent auditor and be organization-wide; 4. All inclusive—includes an opinion (or disclaimer of opinion) of the financial statements; a report on internal control related to the financial statements and major programs; an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of the contract agreements; and the schedule of findings and questioned costs; and 5. All audits shall be performed in accordance with provisions applicable to this program as identified in OMB Circular A-133 Compliance Supplement. All audits must be performed by either: (1) the appropriate audit branch for a governmental agency; or (2) an independent Certified Public Accountant. The cost of this audit may be charged against federal grants. A copy of the Audit Report must be submitted to the:
 - Area 4 Agency on Aging
 - Attn: Fiscal Department
 - 2260 Park Towne Circle, Suite 100
 - Sacramento, California 95825
- B. A SERVICE PROVIDER expending less than \$500,000 in federal funds, is not required to obtain an audit and is thereby exempted from filing under OMB Circular A-133, Subsection. 200(d), and should obtain a standard financial audit. The cost of this audit cannot be charged to the grant

awarded by A4AA. This audit shall be received at A4AA within 90 days after the end of the audit period. Should a SERVICE PROVIDER not be able to submit its audit in a timely manner, an extension must be obtained in advance from A4AA.

Specified in HHS' Title 45, Code of Federal Regulations (CFR), Part 74.26 a For-Profit entity is subject to the same audit requirements of a Non-Profit entity.

- C. The SERVICE PROVIDER assures A4AA that all subcontractors are audited as required by State and federal law. These requirements shall be included in subcontractor Agreements. Further, subcontractor shall be required to include in its contracts with the auditors selected by subcontractors that the auditors will comply with all applicable audit requirements/standards. The SERVICE PROVIDER shall prepare a summary worksheet of results from the contract resolutions performed of all subcontractors. The summary worksheet shall include, but not be limited to, contract amount; amount resolved; variances; whether an audit was relied upon or the SERVICE PROVIDER performed an independent expense verification review (alternative procedures) of the subcontractor in making a determination; whether audit findings were issued; and, if applicable, issuance date of the management letter; and any communication or follow-up performed to resolve the findings.
- D. Audit reports shall include the entire term of the Contract Agreement. If SERVICE PROVIDER is not on the same fiscal year as A4AA, SERVICE PROVIDER shall provide A4AA with a reconciliation and supplementary information, prepared by the certified public accountant performing the audit, which would be necessary/sufficient to tie audit reports to the Contract Agreement term. SERVICE PROVIDER further agrees to allow A4AA the right to review and to copy any records with supporting documentation pertaining to the Performance of this Contract Agreement and to maintain such records for a period of three (3) years after final payment under the Contract Agreement or until a California Department of Aging audit of A4AA has been completed, whichever is longer. **Audit reports must include any One-Time-Only (OTO) as additional funding to the grant award.**
- E. A4AA shall have access to all audit reports and supporting work papers of the SERVICE PROVIDER and subcontractors and the option to perform additional work, as needed.
- F. All audits submitted to A4AA shall include the Management Letter.
- G. Where the SERVICE PROVIDER engages an independent auditor, the SERVICE PROVIDER shall provide a clause for: 1.) permitting access by allowing A4AA the right to review and to copy any records with supporting documentation pertaining to the Performance of this Contract Agreement; and 2.) maintaining such records for a period of three (3) years after final payment under the Contract Agreement or until a California Department of Aging audit of A4AA has been completed, whichever is longer.
- H. Audits to be performed shall be, minimally, financial and compliance audits, and may include economy and efficiency and/or program results audits.
- I. The SERVICE PROVIDER shall cooperate with and participate in any further audits which may be required by A4AA.

- J. **Failure to comply with Audit requirements will exclude SERVICE PROVIDER from eligibility for One-Time-Only (OTO) funding, and other sanctions may also be imposed.**

ARTICLE XV. INSURANCE AND HOLD HARMLESS

- A. Prior to commencement of any work under this Contract Agreement and by July 1st, the SERVICE PROVIDER shall provide for the term of this Contract Agreement, the following certificates of insurance. If coverage is not in place by July 1st any services provided will not be reimbursed for the period when coverage is not in place.

- 1) **Commercial General Liability** of not less than \$1,000,000 per occurrence for bodily injury and property damage combined. Higher limits may be required by CDA in cases of higher than usual risks. The policy shall include coverage for liabilities arising out of premises, operations, independent contractors, products, completed operations, personal and advertising injury, and liability assumed under an insured contract—at a minimum, coverage must be extended to all volunteers. Other policies that cover volunteers include Worker's Compensation and Volunteer Accident Insurance. This insurance shall apply separately to each insured against whom claim is made or suit is brought subject to SERVICE PROVIDER'S limit of liability. If the policy contains an annual aggregate, this shall be at least double the per occurrence limit.
- 2) **Automobile Liability** with limits of not less than \$1,000,000 per accident. Such insurance shall cover liability arising out of an automobile including owned, hired, and non-owned autos (including non-owned auto liability for volunteers and paid employees providing services supported by this Contract Agreement). If applicable, SERVICE PROVIDER or subcontractors shall comply with the Public Utilities Commission (PUC) General Order No. 115-F which requires higher levels of insurance for charter-party carriers of passengers and is based on seating capacity as follows:
 - (a) \$750,000 if seating capacity is under 8
 - (b) \$1,500,000 if seating capacity is 8-15
 - (c) \$5,000,000 if seating capacity is over 15

unless otherwise amended by future regulation.

- 3) **Workers' Compensation and Employer's Liability** coverage for all its employees who will be engaged in the performance of the Contract Agreement, including special coverage extensions where applicable (Labor Code Section 3700).
- 4) **Errors and Omissions** of not less than \$1,000,000 Combined Single Limit per occurrence is required as it appropriately relates to the services rendered. The entity providing Ombudsman services must be insured for activities including, but not limited to, investigation of patient complaints.
- 5) **Fidelity Bond/Crime Coverage**, if SERVICE PROVIDER is not a governmental agency, in an amount of not less than \$25,000 covering all paid and volunteer employees, officers and other

persons holding positions of trust, indemnifying A4AA against all losses resulting from fraud or lack of integrity, honesty or fidelity.

- 6) **Business Contents/Business Personal Property (BPP)/All Risk Property Insurance** coverage of property purchased in whole or in part with A4AA funds, and thus owned by the California Department of Aging and utilized by SERVICE PROVIDER. Property should be covered against any loss such as fire, theft, etc., policy limits shall be at sufficient amounts to ensure replacement value.
- B. The insurance will be obtained from an insurance company acceptable to the California Department of General Services, Office of Risk and Insurance Management or be provided through partial or total self-insurance acceptable to the Department of General Services.
 - C. Evidence of insurance shall be in a form and content acceptable to A4AA. Insurance obtained through commercial carriers shall meet the following requirements:
 - 1) The Certificate of Insurance shall provide that the insurer will not cancel the insured's coverage without thirty (30) days prior written notice to A4AA, or ten (10) days written notice if the reason for cancellation is for non-payment of insurance premium.
 - 2) The Certificate of Insurance shall provide that A4AA is included as additional insured, but only insofar as the operation under this Contract Agreement is concerned. Errors and Omissions coverage is exempt from this requirement.
 - 3) A4AA shall be named the certificate holder and A4AA's address must be listed on the certificate.
 - 4) Each certificate must reference the correct Contract Agreement number as it relates to the appropriate fiscal year.
 - D. The insurance provided herein shall be in effect at all times during the term of this Contract Agreement. In the event the insurance coverage expires during the term of this Contract Agreement the SERVICE PROVIDER agrees to provide A4AA, at least thirty (30) days prior to the expiration date, a new certificate of insurance evidencing insurance coverage as provided herein for a period not less than the remaining Contract Agreement term or for a period not less than one (1) year. **In the event SERVICE PROVIDER fails to keep in effect at all times said insurance coverage, A4AA may, in addition to any other remedies it may have, terminate this Contract Agreement.**
 - E. A copy of each appropriate certificate of insurance, referencing this Contract Agreement number, or letter of self insurance, shall be submitted to A4AA with this Contract Agreement.
 - F. The SERVICE PROVIDER shall indemnify, defend and save harmless A4AA and the California Department of Aging, their officers, agents and employees from any and all claims and losses accruing or resulting to any contractors, subcontractors, material men, laborers and any other person, firm or corporation furnishing or supplying work services, materials or supplies in connection with the performance of this Contract Agreement, and from any and all claims and

losses accruing or resulting to any person, firm or corporation who may be injured or damaged by the SERVICE PROVIDER in the performance of this Contract Agreement.

ARTICLE XVI. TERMINATION

- A. A4AA may terminate the SERVICE PROVIDER or project operations hereunder and be relieved of the payment of any consideration to the SERVICE PROVIDER in the event of: (1) a violation of the law or failure to comply with any condition of this Contract Agreement; (2) inadequate program performance or failure to make progress so as to endanger performance of this Contract Agreement; (3) failure to comply with Fiscal and Program reporting requirements including audits; (4) evidence that the SERVICE PROVIDER is in such an unsatisfactory financial condition as determined by A4AA, which includes the loss of other funding sources, as to endanger performance of this Contract Agreement; (5) delinquency in payment of taxes or the costs of performance of this Contract Agreement in the ordinary course of business; (6) appointment of a trustee, receiver, or liquidator for all or a substantial part of the SERVICE PROVIDER'S property, or institution of bankruptcy, reorganization, arrangement of liquidation proceedings by or against the SERVICE PROVIDER; (7) service of any writ of attachment, levy of execution, or commencement of garnishment proceedings against the SERVICE PROVIDER'S assets or income; (8) the commission of an act of bankruptcy; (9) finding of debarment or suspension, Article II Section M; (10) that the SERVICE PROVIDER'S organizational structure has materially changed; (11) failure to comply with A4AA insurance requirements, Article XV; and/or (12) suspended program operations for more than (3) consecutive months in any budgeted year, unless permission has been granted in writing by A4AA.
- B. Termination shall be effective immediately in the case of threat to life, health or safety of the public or, in all other cases, upon thirty (30) days written notice to the SERVICE PROVIDER of the action being taken, the reason for such action, any conditions (such as, but not limited to, transfer of clients, care of clients, disposition of property, return of unspent funds, etc.), the date upon which termination becomes effective, and a final date for which a claim for payment may be submitted to A4AA. Said notice shall also inform the SERVICE PROVIDER of its right to appeal such decision to A4AA and of the procedure for doing so. After notice of termination has been given and except as otherwise directed by A4AA, SERVICE PROVIDER shall:
- 1) Stop service provision under this Contract Agreement on the date and to the extent specified in the notice of termination. A4AA may assure continuation of services directly or through subcontract.
 - 2) Place no further orders or subcontracts for materials, services or facilities, except as may be necessary for completion of such portion of the work under the Contract Agreement;
 - 3) Terminate all orders and subcontracts to the extent that they relate to the performance of work terminated by the notice of termination;
 - 4) Deliver to A4AA, in the manner, at the time, and to the extent directed by A4AA, the rights, titles and interests of the SERVICE PROVIDER as applicable to this Contract Agreement;

- 5) Transfer title to A4AA and deliver in the manner, at the times and to the extent directed by A4AA; 1) the fabricated or non-fabricated parts, work in process, completed work and supplies, equipment and other materials produced as a part of or acquired in connection with the performance of the work terminated by the notice of terminations, and 2) the completed or partially completed plans, drawings, information and other property which, if the Contract Agreement had been completed, would have been required to be furnished; and
 - 6) After receipt of a notice of termination, submit to A4AA a termination claim, in the form and with certification described by A4AA. All costs to A4AA shall be deducted from any sum due the SERVICE PROVIDER, under this Contract Agreement, and the balance, if any, shall be paid to the SERVICE PROVIDER. Upon failure of the SERVICE PROVIDER to submit a termination claim within the time allowed in the notice of termination, A4AA may, on the basis of information available, pay the amount, if any, which it determines due to the SERVICE PROVIDER.
- C. A4AA may determine that a SERVICE PROVIDER may be considered "high risk" as described in 45 CFR, Part 92.12 for local governments and 45 CFR 74.14 for non-profits. If such a determination is made, the SERVICE PROVIDER may be subject to special conditions or restrictions.
- D. At A4AA's discretion sanctions may be imposed, leading up to or in lieu of Termination, refer to the Sanction Policy, for further clarification.

ARTICLE XVII. REMEDIES

The SERVICE PROVIDER agrees that any remedy provided in this Contract Agreement is in addition to and not in derogation of any other legal or equitable remedy available to A4AA as a result of breach of this Contract Agreement by the SERVICE PROVIDER, whether such breach occurs before or after completion of the project.

ARTICLE XVIII. DISSOLUTION OF ENTITY

The SERVICE PROVIDER shall notify A4AA immediately of any intention to discontinue existence of the entity or to bring an action for dissolution.

ARTICLE XIX. REVISIONS, WAIVERS OR MODIFICATIONS

- A. No revisions, waivers or modifications of any of the provisions of this Contract Agreement shall be valid unless in writing, and approved as required. No oral understanding or agreement not incorporated in this Contract Agreement is binding on any of the parties.
- B. Should either party during the term of this Contract Agreement desire a revision, waiver or modification in this Contract Agreement, such revision, waiver or modification shall be proposed in writing to the other party. The other party shall accept in writing within thirty (30) days of receipt of request or it shall be considered rejected, except those revisions, waivers or modifications put into effect under section (C), below. Once accepted, such revisions, waivers, or modifications shall require a Contract Agreement amendment through A4AA's amendment process to provide for the

change mutually agreed to by the parties. The revision, waiver, or modification is not effective until the appropriate A4AA processes have been completed.

- C. A4AA reserves the right to revise, waive, or modify the Contract Agreement to reflect any restrictions, limitations, or conditions enacted by Congress or the Legislature or as directed by the Department of Aging.
- D. An amendment is required to change the SERVICE PROVIDER'S name as listed on this Contract Agreement. Upon receipt of legal documentation of the name change A4AA will process the amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.

ARTICLE XX. NOTICING

- A. Any notice to be given hereunder by either party to the other may be effected by personal delivery in writing or by registered or certified mail, overnight mail, postage prepaid, return receipt requested, or overnight mail, provided SERVICE PROVIDER retains receipt, and shall be communicated as of actual receipt.
- B. Notices mailed to A4AA shall be addressed to: Area 4 Agency on Aging, 2260 Park Towne Circle, Suite 100., Sacramento, California 95825. Notices mailed to the SERVICE PROVIDER shall be to the address indicated on the coversheet of this Contract Agreement.
- C. The name of the A4AA contact to request revisions, waiver or modifications affecting this Contract Agreement will be provided by A4AA to the SERVICE PROVIDER upon full execution of this Contract Agreement.
- D. The SERVICE PROVIDER shall present the name of its contact for this Contract Agreement to A4AA. The SERVICE PROVIDER shall immediately notify A4AA, in writing, of any change of its contact or address.
- E. Either party may change its address by written notice to the other party in accordance with this Article.
- F. An Amendment is required to change the SERVICE PROVIDER'S name as listed on this Contract Agreement. Upon receipt of legal documentation of the name change, to the address above, A4AA will process the amendment. Monthly Financial Reimbursements (MFR's) with a new name cannot be paid prior to approval of said amendment.

ARTICLE XXI. APPEAL PROCESS

- A. In the event of a Contract Agreement dispute or grievance regarding the terms and conditions of this Contract Agreement both parties shall abide by the following procedures:
 - 1) The SERVICE PROVIDER shall first discuss the problem informally with the appropriate Program Manager or Fiscal staff. If the problem is not resolved, the SERVICE PROVIDER may, within fifteen (15) working days of the failed attempt to resolve the dispute with A4AA, submit a written complaint together with any evidence to the A4AA Executive Director. The

complaint must include the disputed issues, the legal authority/basis for each issue which supports the SERVICE PROVIDER'S position and remedy sought. The Executive Director shall, within fifteen (15) working days after receipt of the SERVICE PROVIDER'S written complaint, make a determination on the dispute and issue a written decision and reasons therefore. All written communication shall be pursuant to Article XX of this Contract Agreement. Should the SERVICE PROVIDER disagree with the decision of the Executive Director, the SERVICE PROVIDER may appeal the decision to the Deputy Director of the Department of Aging. (Title 22 CCR, Sections 7700 through 7710)

- 2) The SERVICE PROVIDER'S appeal must be submitted within ten (10) working days from the date of receipt of the decision of the A4AA Executive Director; be in writing; state the reasons why the decision is unacceptable; and include the original complaint, the decision that is the subject of appeal, and all supporting documents.
 - 3) Appeal costs of the SERVICE PROVIDER or subcontractor for administrative/court review are not reimbursable.
- B. The SERVICE PROVIDER shall continue with the responsibilities under this Contract Agreement during any dispute.

ARTICLE XXII. GRIEVANCES

SERVICE PROVIDER must establish a written grievance process for reviewing and attempting to resolve complaints of older individuals. At a minimum, the process shall include all of the following:

- A. Time frames within which a complaint will be acted upon;
- B. Written notification to the complainant of the results of the review, including a statement that the complainant may appeal to A4AA if dissatisfied with the results of the SERVICE PROVIDER'S review;
- C. Confidentiality provisions to protect the complainant's right to privacy. Only information relevant to the complaint may be released to the responding party without the individual's consent.

SERVICE PROVIDER shall post notification of the grievance process in visible and accessible areas and in the primary languages of non-English speaking participants if more than 5% or 100 participants speak a language other than English.

Homebound older individuals shall be informed of the grievance process either verbally or in writing.

ARTICLE XXIII. INTERAGENCY COORDINATION/COOPERATION

SERVICE PROVIDER shall demonstrate efforts to initiate cooperative working agreements with other community agencies providing services to older persons to establish a comprehensive, coordinated system of services that will facilitate access to, and utilization of, all existing services while reducing the incidence of service duplication. Acceptable methods of cooperation include, but are not limited to, letters of agreement, co-location and membership in interagency organizations. Services, whenever possible, must

be provided at/or coordinated with focal points. At the minimum, the SERVICE PROVIDER shall assure that the community focal points and senior community centers have information pertaining to the services provided.

ARTICLE XXIV. DISASTER ASSISTANCE PLANNING

As part of the area-wide disaster assistance planning, SERVICE PROVIDER operating a site within the A4AA service area assures that for each of its A4AA funded sites:

- A. An emergency and an alternate emergency coordinator have been designated;
- B. An emergency evacuation plan for staff and participants is established;
- C. At least annually, demonstrates that staff is familiar with the plan and can execute the plan in an emergency;

The SERVICE PROVIDER shall participate in the preparation and implementation of a disaster plan that ensures provision of critical services to meet the emergency needs of consumers they are charged to serve during medical or natural disasters, such as earthquakes or floods. This plan shall be coordinated with the overall County Office of Emergency Services Plan and shall conform to any requirements issued by A4AA or any appropriate State or federal agency.

ARTICLE XXV. PERSONNEL

A4AA will not reimburse salary costs associated with one staff member who is being supervised by, or subordinate to, a family member. In the event that family members are co-equal within an agency, or when one family member is paid and one is not, sufficient internal controls must exist in order to prevent possible conflict of interest or financial improprieties.