

**DEPARTMENT OF HUMAN SERVICES
DIVISION OF FAMILY DEVELOPMENT**

CONTRACT ADMINISTRATION

CONTRACT AWARD or RENEWAL PACKAGE

DFD CONTRACT REMINDERS AND INSTRUCTIONS

Division of Family Development (DFD) – Contract Administration

Summary of Contract Award or Renewal Process

Effective July 1, 2013 there are several new requirements and forms that are required for contract awards and renewals. Provider agencies with renewing contracts should pay particular attention to the new requirements and changes in order to prevent delayed contract approval and to ensure timely issuance of the advance payment.

A contract is awarded after the Request for Proposal (RFP) evaluation process. The successful bidder will be notified of the contract award as specified in the RFP. RFP's are planned to occur periodically as program requirements change and to maintain a competitive environment to ensure the best delivery of service to the clients. In the years between an RFP, a provider agency may be awarded a renewal contract.

The Division of Family Development (DFD) website includes all pertinent contract documents, forms, instructions. The basic contract consists of the Standard language Document (SLD), Annex A, and Annex B and any other pertinent documents.

The SLD is the official “contract” and incorporates all DHS/DFD contract terms, conditions and requirements as well as all RFP requirements. The 23 page document sets forth the responsibilities, obligations and rights of the parties and captures the signatures of the contracted parties. The Annex A establishes the program specific requirements including the level of service and program reporting requirements. The Annex B is the official budget and once approved requires strict adherence to the modification policy in order to execute any changes.

Each contract is subject to DHS regulations including but not limited to the contract award, renewal, modification, monitoring and oversight, reporting, performance, close-out process and termination.

Contract Package Due Dates

DFD makes every attempt to notify provider agencies of the renewal awards 2-3 months prior to the start date and will advise provider agencies of important due dates. Contract renewal packages are due to DFD 30 days prior to the start of the contract. The contract renewal letter will include specific instructions and due dates. Failure to submit the renewal package and all required documents will result in delays of contract approval and the issuance of advance payments.

The DFD website includes all pertinent contract documents, forms, instructions, and DHS regulations.

<http://www.state.nj.us/humanservices/dfd/info/>

See <http://www.state.nj.us/humanservices/ocpm/home/resources/manuals/index.html> for access to the Cost Reimbursement Manual (CRM) and Contract Policy and Information Manual (CPIM).

The following section summarizes important reminders of critical regulations as they relate to the contract and contract renewal process.

Contract Award/Renewal Package – Minimum Required Documents

Contracts shall not be executed without the minimally required documents. Policy P1.01 details all required documents including the minimum required documents that must be submitted to initiate the process when executing a contract regardless of the Contract value, funding source or Departmental Component responsible for managing the contract. No contract shall be awarded or renewed without first obtaining DFD authorization for the award, as contained in the award letter.

Each contract award letter includes the contact information for the assigned Contract Administrator who will serve as the focal point for all questions and guidance.

Conditional Contracts

On occasion, a contract may be signed and awarded on a conditional basis. This will allow for the processing of the contract subject to receipt of the necessary additional or clarifying information that is not deemed significant enough to prevent the contract from being processed. Your agency will be notified when a conditional contract status occurs and the required actions necessary and due dates. Failure to address the outstanding/conditional issues will prohibit future payments until such time that DFD is satisfied that all actions have been resolved.

Contract Modifications

A contract is modified when DFD initiates a contract change or upon approval of an agency request. In all cases, contract modifications must be communicated in writing to DFD based on the time periods required by contract regulations. All authorized and approved contract modifications must be completed using a modification P.1.10 form. If the modification is agency initiated, there must be narrative justification for the change and a budget summary detailing the modification change by budget category (from/to).

Audit, Monitoring and Oversight

All contracts are subject to audit, monitoring and oversight from DHS/DFD and/or our designee. As noted in Section 3.13 of the SLD, at any time during the Contract term, the Provider Agency's overall operations, its compliance with specific Contract provisions, and the operations of any assignees or subcontractors engaged by the Provider Agency under Section 5.02 Assignment and Subcontracts may be subject to audit by the Department, by any other appropriate unit or agency of State or federal government, and/or by a private firm or firms retained or approved by the Department for such purpose.

Whether or not such audits are conducted during the Contract term, a final audit of Contract operations, including the relevant operations of any assignees or subcontractors, may be conducted after Contract Termination or Expiration.

The Provider Agency is subject to audit up to four years after Termination or Expiration of the Contract. If any audit has been started but not completed or resolved before the end of the four-year period, the Provider Agency continues to be subject to such audit until it is completed and resolved.

During contract performance, issues may arise that require additional monitoring, oversight, and/or need for a contract modification. There are specific requirements noted in the DHS/DFD contract regulations and time limits for when actions must occur. In all communications with your agency you will be notified of all required due dates for any actions. Failure to meet due dates may result in denial of the contract modification.

DFD will also take administrative actions to ensure the satisfactory performance of all contract obligations including program, fiscal and level of service reporting. Failure to meet any prescribed contract requirements may result in sanctions or fiscal penalties.

Provider agencies are required to submit their organization-wide, annual independent audit, including the Single Audit prescribed by Federal Circular A-133 if the funding thresholds are met, to DHS and to DFD. Audits are due to DFD within **120 days** after the completion of the agency year end. **Delays in submitting reports or failure to obtain written extension may delay contract approval and issuance of payments.**

Non-compliance will be grounds for termination.

Pass-Through Entity Responsibilities (Provider Agencies)

A Pass-Through Entity shall perform the following for the federal/State Awards it makes:

- (1) Identify federal/State Awards made by informing each subcontractor of CFDA title and number, Award name and number, Award year, if the Award is Research & Development, and name of federal/State agency. When some of this information is not available, the Pass-Through Entity shall provide the best information available to describe the federal/State Award.
- (2) Advise subcontractors of requirements imposed on them by federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the Pass-Through Entity.
- (3) Monitor the activities of subcontractors as necessary to ensure that federal/State Awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- (4) Ensure that subcontractors expending \$300,000 or more in either federal/State Awards during the subcontractor's fiscal year have met the audit requirements of this part for that fiscal year.
- (5) Issue a Management Decision on audit findings within six months after receipt of the subcontractor's audit report and ensure that the subcontractor takes appropriate and timely corrective action.
- (6) Consider whether subcontractor audits necessitate adjustment of the Pass-Through Entity's own records.
- (7) Require each subcontractor to permit the Pass-Through Entity and auditors to have access to the records and financial statements as necessary for the Pass-Through Entity to comply with this part.

Refer to DHS Policy Circular P7.06, Audit Requirements, for the specific contract requirements. Below is a recap:

A. Private Provider Agencies

1. The **Provider Agency must submit one copy** of the audit report to the DHS Office of Auditing and two copies to the Cognizant Departmental Component **within 120** days after the Provider Agency's fiscal year end.
 2. In conjunction with the audit report submission to the DHS Office of Auditing, the Provider Agency **shall submit the Notification of Licensed Public Accountant (NLPA)** form, which identifies key information about the Provider Agency. The NLPA form also identifies the federal/State funding from all sources as well as the licensed public accountant who will audit the subsequent or next audit period.
 - a. All information in the NLPA form (see Attachment B of policy) shall pertain to the subsequent audit period.
 - b. If the auditor has not yet been selected for the upcoming audit, the Provider Agency shall only complete the top half of the NLPA form and mail the form with the audit report.
 - c. Once an auditor has been selected, an updated NLPA form shall be completed and mailed to the DHS Office of Auditing.
 - d. If an updated form has not been received by the DHS Office of Auditing, it will contact the Provider Agency approximately 90 days prior to the next audit fiscal year end date to obtain any previously omitted information on the original NLPA form.
3. The audit report and NLPA form shall be mailed to the Department of Human Services, Office of Auditing, PO Box 700, Trenton, NJ 08625-0700. Failure to submit these documents can lead to Contract default proceedings.
4. **At least once every three years, the audit report submission to the DHS Office of Auditing shall include the licensed public accountant's external quality control review.** If a new auditor has been selected for the upcoming audit, an external quality control review of the new auditor shall be included with the audit report.

5. In addition to the audit report, the Provider Agency shall submit to the DHS Office of Auditing and the Cognizant Departmental Component, a corrective action plan to address each audit finding in the current year's audit report. The corrective action plan shall provide the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date. Corrective action shall be initiated within six months of the audit report submission.

6. When expenditures of federal Awards totaling \$300,000 or more are incurred by the Provider Agency during the fiscal year, it shall submit a data collection form as described in federal OMB Circular A-133, Section 320(b) to the Federal Clearinghouse. The reporting package as described in A-133, Section 320(c), must also be forwarded. Both the data collection form and the reporting package should be sent to the Single Audit Clearinghouse, 1201 E. 10th Street, Jefferson, IN 47132 within 9 months of the audit fiscal year end. The Provider Agency shall also forward a copy of the data collection form to the DHS Office of Auditing.

7. **In accordance with Section 6.3 of the Department's Contract Reimbursement Manual, the Provider Agency shall submit to the Cognizant Departmental Component (and other appropriate Departmental Components when requested) copies of its worksheets used to reconcile the Department's final report of expenditures to the audited financial statements.**

8. Summarization of audit report submission to:
 - a. **DHS Office of Auditing**
 - (1) Copy of audit report
 - (2) Corrective action plan (for internal control and compliance findings in the current year's report)
 - (3) Data collection form (if federal expenditures are \$300,000 or more)
 - (4) NLPA form (for subsequent year's audit period)
 - (5) External Quality Control Review

b. Cognizant Departmental Component

- (1) Two copies of audit report
- (2) Corrective action plan (for internal control and compliance findings in the current year's audit report)
- (3) Reconciliation worksheets (crosswalk between the final report of expenditures and the audited financial statements)

9. Provider Agencies should use a competitive request for proposal process in procuring audit services. The Provider Agency shall include this policy circular in its contract with the licensed public accountant. Whenever possible, agencies shall make positive efforts to utilize small businesses, minority-owned firms and women's business enterprises. Provider Agencies should also consider procurement of a new accounting firm every three years.

Unsatisfactory Performance, Failure to Meet Program or Level of Service Requirements or Other Violations

The agency must meet all contract expectations as described in the RFP as well as those detailed in the SLD and related Annexes that constitute the contract. Failure to meet any performance standard and contract expectations may be grounds for revision of the contract whereby current funding is reduced, contract is suspended or terminated and can affect future consideration for funding.

Reporting Requirements

Provider agencies are required to submit program and fiscal reports as specified in the Annex A. Failure to submit the required reports in the format prescribed will delay the issuance of future advance payments may become grounds for the adjustments of the contract ceiling and/or possible termination.

Close-out

Provider agencies are required to submit the final cumulative report of expenditures no later than 120 days after contract termination. Failure to submit the required final report may result in DFD closing out the contract based on the latest report submitted.

Summary of New Forms and Certifications:

Certificate of Suspension and/or Debarment

In accordance with NJ Executive Order No. 34 (1976), DHS/DFD is required to ensure that all firms and individuals providing goods and services to the State conduct business ethically and honestly. Debarment, suspension, and/or disqualification are measures that will be used to exclude or render ineligible firms and individuals from participating in contracts and subcontracts with the State. All contract packages must include the Certificate of Suspension and Debarment.

Federal Funding Accountability and Transparency Act

In accordance with Federal requirements, all provider agencies receiving contract awards in excess of \$25,000 must submit the details of the award in the Federal Funding Accountability and Transparency Act (FFAT) worksheet. Any agency that receives \$25 million and 80% of its annual revenue from Federal funding sources must also provide details of the executive compensation for the top five executive management staff.

ANNEX A
ADMINISTRATIVE REQUIREMENTS

Mission and Purpose

The mission of the Division of Family Development (DFD) is to support the well-being of families with financial assistance and/or supportive services to help families move towards and/or sustain economic stability. Through the administration of several Federal and State programs including the Child Care Development Block Grant (CCDBF), Temporary Assistance for Needy Families (TANF), Title IV-E (Foster Care), Social Services Block Grant (SSBG), Refugee Resettlement Services, Transportation Services Funding, and other funding sources, DFD collaborates with our provider agencies to support the various programs and services administered.

Provider Agencies will be responsible for locally managing the daily program with DFD oversight and monitoring. Provider agencies have administrative, fiscal accountability, reporting requirements, and program integrity obligations to ensure program compliance and performance standards. As recipients of government funds, Provider Agencies must adhere to all Federal and State laws and regulations as stated above.

As contractual agents for DFD, our Provider Agencies are primarily responsible to:

1. Provide program management services
2. Provide supportive services to clients
3. Maintain community outreach, partnership collaboration and service coordination
4. Ensure program accountability, integrity and oversight
5. Maintain compliance with all program and contractual requirements and regulations

General Program Requirements

Each program entails specific program components and standards, administrative and fiscal requirements, deliverables, and assurances for the successful delivery of client services. Performance standards and key statutory requirements are annotated in the Annex A and require immediate focus and attention of all stakeholders to ensure administrative oversight and fiscal accountability, while providing quality services.

The agency must comply with State and Federal rules and regulations governing the purchase of services contract process, in addition to compliance with the Affirmative Action Requirements of Public Law 1975, c. 124 (N.J.A.C/ 17:27) and the requirements of the Americans with Disabilities Act of 1991 (P.L. 101-336), as well as all other Federal, State and contract regulations.

The administration of the program must adhere to all governing laws and regulations including those contained in the:

- Federal regulations;
- New Jersey regulations;
- DHS/DFD Contract terms contained in the SLD and RFP;
- DHS/DFD contract rules and regulations contained in the Contract Reimbursement Manual and Contract Policy and Information Manual and clarification memorandums;
- DFD instructions and guidance memos, including all approved amendments or revisions; and
- All other Federal, State and local laws and regulations.

The agency must meet all contract expectations as described in the RFP as well as those detailed in the SLD and related Annexes that constitute the contract. Failure to meet any performance standard and contract expectations can be grounds for revision of the contract whereby current funding is reduced, contract is suspended or terminated and can affect future consideration for funding.

Detailed contract obligations, responsibilities, rights and relationships are detailed in the SLD. Some of the provisions of the SLD terms are also noted below for further discussion.

Contract Transition

In the event services end by either contract expiration or termination, the Provider Agency shall be required to continue services, if requested, until the replacement agency is in place. The Provider Agency agrees to cooperate fully with the replacement agency and with DFD to ensure a smooth and timely transition to the new agency.

Summary of Select Contract Terms and Conditions

This section provides highlights of key critical contract terms and conditions. Please note that not all contract terms, conditions and requirements are outlined in this section. Provider Agencies are responsible for compliance with **all** contracts terms and conditions outlined in the SLD, RFP (As applicable), DHS rules and regulations.

Copyrights

Section 5.10 of the SLD states that New Jersey reserves a royalty-free, nonexclusive and irrevocable right to reproduce, publish or use any work or materials developed under the contract or subcontract. DFD has the sole right to authorize others to reproduce, publish or otherwise use any work or materials developed under the contract.

Further clarification regarding copyrights can be found in the DHS Policy P8.13:

III. POLICY

A. The State of New Jersey, Department of Human Services reserves a royalty-free, nonexclusive and irrevocable right to reproduce, publish or otherwise use any work or materials developed with State or federal funding under a Department funded Contract or subcontract. The State of New Jersey, Department of Human Services also reserves the **sole** right to authorize others to reproduce, publish or otherwise use any work or materials developed under said contract or subcontract.

B. The contracting Departmental Component shall ensure that it receives a copy of any Copyrighted Material.

C. When a Provider Agency decides to publish any Copyrighted Material, the following steps shall be taken by the Departmental Component:

1. Ensure that there is proper acknowledgment of the source of funds used to develop the copyrighted work. The following statement is sufficient:

This material is based upon work supported by the Department of Human Services, State of New Jersey under Contract # _____.

2. Ensure that the following disclaimer appears with the publication:

Any opinions and conclusions or recommendations expressed in this publication are those of the author(s) and do not necessarily reflect the official opinion of the State of New Jersey or Department of Human Services.

3. Ensure that the Provider Agency includes in the publication contract/agreement a reference that stipulates the inclusion of a statement that protects the rights of the State of New Jersey, Department of Human Services with regards to Copyrighted Materials, as well as the addition of contract/agreement language that guarantees the inclusion of acknowledgment and disclaimer statements for any State supported, published material(s).
 4. Determine whether it is in the best interest of the Departmental Component to have the provider agency obtain prior approval of any proposed commercial publication, including approval of the process by which a publisher is selected. If prior approval is required, it must be included in the Contract Annex A.
- D. Provider Agencies must have Department approval to keep Program Income earned from license fees and royalties for Copyrighted Material.

Access to Records, Record Retention and Confidentiality

As noted in DHS Policy P8.01, certain contract documents are considered public records and therefore open to public inspection. Please note, client records of any kind are not public records. Provider Agencies are required to make available the records deemed open to the public. Records are required to be maintained for a minimum of four years after submission of the final report. However, these limits may be expanded for instances of litigation, audit resolution, or tax compliance. Record retention and destruction policies are detailed in the General Records Retention Schedule issued by the Department of Treasury. All client records are subject to all applicable Federal and State legislation and regulations regarding confidentiality.

Subcontract Terms and Conditions, Assignment of Contract

The use of subcontracts on any contract requires DHS approval. Any changes in subcontracts also must be approved by DHS.

Provider Agencies are required to submit copies of subcontract agreements to DFD within 30 days of the effective date of the subcontract. Failure to do so may result in termination. Submission of a fully executed subcontract shall be evidence that the Provider Agency has reviewed the subcontract and determined that it complies with all of the requirements of this Information Memorandum.

Per DHS Information Memoranda P99-2:

Provider Agency may not subcontract any of the services that it has committed to perform or provide pursuant to the Contract without the prior written consent of the Department. Such consent to subcontract shall not relieve the Provider Agency of its full responsibilities under the Contract. Consent to the subcontracting of any part of the services shall not be construed to be an approval of said subcontract or any of its terms, but shall operate only as an approval of the

Provider Agency's request for the making of a subcontract between the Provider Agency and its chosen subcontractor. The Provider Agency shall be responsible for all services performed by the subcontractor and all such services shall conform to the provisions of the Contract.

If a Provider Agency chooses to subcontract, it must ensure that subcontractors comply with all applicable federal, State and local laws, rules and regulations, including the Department's Standard Language Document and the Department's Contract Policy and Information Manual and Contract Reimbursement Manual. The subcontract shall not be in conflict or less restrictive than any of the DHS policies or procedures. **The Provider shall outline in the Annex A of the Department Contract description of how the Provider intends to monitor any subcontract it signs to ensure compliance with the Departmental Contract.**

All subcontracts services must include the standard DHS/DFD terms and conditions in any subcontract agreement.

The Provider shall also ensure that:

1. The subcontract document shall include, at a minimum:
 - A. terms and conditions written so that they do not contradict or compromise any of the language in the Department/Provider Agency Contract;
 - B. a program (service) description, including level of service; and
 - C. a budget or rate(s).
2. The subcontract contains provision(s) for adequate insurance, and a written assurance that the subcontractor will indemnify, defend and hold harmless the State of New Jersey and its employees from and against all claims, demands, suits, actions recoveries, judgments and costs and any other expenses therewith. The State of New Jersey shall also be named as an additional insured on the subcontractor's insurance coverage.
3. Necessary licenses and credentials required by the Departmental component are maintained by the subcontractor(s).
4. The subcontractor maintains the confidentiality of all subcontract client records and reports pertaining to the client(s) served (N.J.S.A. 30:4-24.3); this includes any medical condition(s) of the client(s), or any subject of a personal or intimate nature regarding the client(s).
5. The Department and Provider Agency have access to all subcontract documents applicable to the Departmental Contract.
6. Interim service and financial reports necessary to support the contractual conditions and obligations of the Department/Provider Agency Contract are complete and received from the subcontractor(s) in a timely manner.

7. All subcontractors follow the audit requirements specified in Department of Human Services' Audit Requirements, Policy Circular P7.06, as from time to time amended.
8. The fully executed subcontract and any copies required shall be received by the Departmental Components within thirty (30) Days of the subcontract begin date. The thirty (30) Day time frame shall be applicable for any subsequent subcontract amendments or modifications.

As detailed in Section 5.02, Assignment and Subcontracts, of the SLD:

This Contract, in whole or in part, may not be assigned by the Provider Agency or assumed by another entity for any reason, including but not limited to changes in the corporate status of the Provider Agency, without the prior written consent of the Department. Upon prior written notice of a proposed assignment, the Department may: (1) approve the assignment and continue the Contract to term; (2) approve the assignment conditioned upon the willingness of the assignee to accept all contractual modifications deemed necessary by the Department; or (3) disapprove the assignment and either terminate the Contract or continue the Contract with the original Provider Agency.

Conflict of Interest

DHS Policy P8.05, sets forth the minimum standards for Provider Agencies in the development of and implementation of the required Conflict of Interest Policy. Provider Agencies are required to maintain written conflict of interest policies that are **designed to prevent:**

- a. personal interest of staff members, officers or Governing Board members from interfering with the performance of their responsibilities or the Provider Agency and its clients;
- b. personal, financial, professional and/or political gain on the part of such persons at the expense of the Provider Agency's and/or clients' interest.

At a minimum, the policy must require disclosure of and procedures to prevent conflicted situations such as relationships between the Governing Board, staff, supervisors, or anyone receiving payment for services, or anyone providing support to the agency.

Generally, a Provider Agency's Board of Directors, Officers, staff members or any other person in a position of trust, shall not use his or her position, or knowledge gained from that position of trust, in such a manner that a conflict arises between their personal or financial interests and the interests of the DHS or its contracted Provider Agency. No Provider Agency shall own, operate or have an interest in any supplier of goods or services to the Provider Agency, or any organization that is engaged in doing business with or serving the Provider Agency. No Provider Agency Board Member, Officer, staff member, or any other person in a position of trust (e.g., consultants, agents, lawyers, advisors or benefactors of any sort), or any member of his or her immediate family shall have any personal or financial interest in, or substantial obligation to, any

supplier of goods or services, or any other organization that is engaged in doing business with or serving the Provider Agency unless it has been determined by the Board of Directors, based on the full disclosure of facts and circumstances, that such interest does not give rise to a direct conflict of interest or the substantial appearance of a conflict of interest. A position of trust may include Provider Agency staff members, Officers, Governing Board Members, legal advisors, agents, consultants or benefactors. See, Contract Reimbursement Manual, Glossary of Terms, for definition of "Conflict of Interest."

Any Board Member who is aware of a potential conflict of interest with respect to any matter coming before the Board of Directors shall disclose such potential conflict to the Board. If it is determined that a conflict exists, the Board Member shall recuse him or herself from any discussion or vote in connection with the matter involving a conflict.

Any agency that fails to adhere to this policy will be considered to be in breach of the contract and subject to the sanctions contained in DHS policy.

Financial Management System, Procurement Standards, and Contract Costs

As detailed in section 3.11 of the SLD, the contract requires a sound financial management system and the implementation of internal controls. Provider Agencies shall comply with all applicable policies and procedures issued by the Department including, but not limited to, the policies and procedures contained in the Department's Contract Reimbursement Manual and the Department's Contract Policy and Information Manual. Failure to comply with these policies and procedures shall be grounds to terminate this Contract.

The Provider Agency's financial management system shall provide for the following:

- (a) Accurate, current and complete disclosure of the financial results of this Contract and any other contract, grant, program or other activity administered by the Provider Agency;
- (b) Records adequately identifying the source and application of all Provider Agency funds and all funds administered by the Provider Agency. These records shall contain information pertaining to all contract and grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays and income;
- (c) Effective internal control structure over all funds, property and other assets. The Provider Agency shall adequately safeguard all such assets and shall ensure that they are used solely for authorized purposes;
- (d) Comparison of actual outlays with budgeted amounts for this Contract and for any other contract, grant, program or other activity administered by the Provider Agency;
- (e) Accounting records supported by source documentation;

- (f) Procedures to minimize elapsed time between any advance payment issued and the disbursement of such advance funds by the Provider Agency; and
- (g) Procedures consistent with the provisions of any applicable Department policies and procedures for determining the reasonableness, allowability and allocability of costs under this Contract.

All procurement transactions must meet general procurement standards. These standards include:

1. Free and open competition
2. Conflict of interest
3. Economic Evaluation
4. Small Business
5. Procuring Instrument
6. Records

In addition to Local Public Contracts Law (LPCL) as prescribed by the NJ Division of Consumer Affairs, the New Jersey Office of State Comptroller has outlined Best Practices for procurement of goods and services.

See <http://www.nj.gov/comptroller/resources/> for additional details.

Contract Acquired Property and Equipment

As noted above, Provider Agencies are required to maintain a financial management system. This system must include an appropriate asset management system.

As defined in the SLD and DHS Policy P4.05, assets acquired with funds awarded in the contract are required to be properly identified in the Provider Agency financial and asset records; safeguarded against loss, damage, theft, misuse; subject to appropriate maintenance for good working condition; subject to physical asset inventory; covered under appropriate insurance provisions; and subject to final disposition instructions from DFD.

While title to the assets rests with the Provider Agency, the State maintains an equitable interest in the assets. See Policy Guidelines P97-1 for further clarification of the equitable interest.

Each contract award or renewal should include an equipment inventory report for all DFD funded property. At a minimum, assets records should include the following for each item:

- Description of the property including:
(make, model, vendor, serial number)
- Identifying number of the asset and contract it was acquired
- Date acquired
- Purchase price
- DFD's interest (percent of funds paid from DFD contract)

Physical Inventory Information (date of last inventory)

The Annex B requires separate reporting for all equipment with an acquisition cost of \$5,000.

Prior written approval is required for the disposition of all contract acquired assets.

Allowable Costs

All funds received in support of the program must be for the support of the program. The determination of allowable costs is defined in the SLD, RFP, DHS and DFD's Cost Reimbursement Manual (CRM), and Contract Policy and Information Manual (CPIM).

See <http://www.state.nj.us/humanservices/ocpm/home/resources/manuals/index.html> for access to the Cost Reimbursement Manual (CRM) and Contract Policy and Information Manual (CPIM).

Expenditures are defined as those costs which are restricted to activities related to programmed plan development; complaint files management; public hearing information; program monitoring and coordination; report preparation; evaluation of program outcomes; personnel management; travel; equipment; supplies; audits and response management; and indirect costs such as maintenance of facilities, utilities, and general management staff.

Special Cost Considerations:

Travel

As noted in Section 5.20 of the SLD, contract funds may be used for allowable costs associated with DFD **pre-approved** travel, including lodging, per diem, and other related expenses associated with specific child care related conferences, meetings and trainings. **All requests must be made in writing and submitted to the DFD program representative 1 month or more prior to the travel date. Only those trips that have been approved - in writing - will be considered allowable cost. Allowable costs are subject to the SLD, DHS/DFD regulations and cannot exceed the Federal per-diem rates.**

Executive Salary Limits

As detailed in Section 5.16 of the SLD, executive salaries are limited to the following:

For Provider Agencies with gross revenue (based on the last annual audit report) for the entire organization of:

- a. Over \$20 million, the limitation shall be \$141,000 (Benchmark Salary),
- b. Over \$10 million, but less than or equal to \$20 million the limitation shall equal 90% of the benchmark salary (\$126,900)
- c. Over \$5 million, but less than or equal to \$10 million the limitation shall equal 85% of the benchmark salary (\$119,850),

- d. Less than \$5 million, the limitation shall equal 75% of the benchmark salary (\$105,750).

Non-Subsidy Direct Services

Allowable costs are directly associated with the delivery of client care services. Allowable expenditures in this category are all activities which are required to ensure direct services are provided to eligible clients. These include functions, as well as personnel costs, which are related to eligibility determination and re-determination; preparation and participation in judicial hearings, delivery of client services, recruitment, licensing, inspection, reviews and supervision of client services, including travel expenses; rate setting; resource and referral services, including telephones; training, and the establishment and maintenance of computerized client information.

As contained in the Cost Reimbursement Manual (CRM) - Section 4.6, below is the index of Section 4.6 for allowable costs discussed in further detail in the CRM. Certain costs have special cost rules and limits on the allowable amount.

CRM – Section 4.6 Allowable Items of Cost

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Special Cost Considerations....

Overtime - must meet DHS policy and regulations detailed at

Subcontracts/Consultants - must have a detailed, signed contract with specific scope of work, effective dates, and payment terms

Severance Pay – must be based on established policy and not exceed limits.

Unallowable Costs

Section 4.7 of the Cost Reimbursement Manual addresses unallowable costs. Below is the index from Section 4.7 for the unallowable costs discussed in further detail in the CRM.

CRM Section 4.7 Unallowable Items of Cost

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ADDENDUM TO ANNEX A

The following section summarizes key terms, conditions and obligations of the provider agency. This does not include all requirements. Refer to the Standard language Document (SLD) and the complete renewal package for details of all contract terms.

I. General Requirements of the Contract

- 1) The Provider Agency shall comply with all the administrative, programmatic and fiscal terms and conditions described and approved by the Division of Family Development (DFD) and any other standards or special terms or conditions identified in the Provider Agency Contract Policy and Information Manual and the Provider Agency Contract Reimbursement Manual.
 - a) Failure to carry out these terms and conditions as described by the Department of Human Services may result in suspension, termination and/or ineligibility for future funding.
- 2) The Provider Agency shall accurately complete and submit, according to instructions and time frames provided by DFD, all reports described in Annex A, including program Level of Service (LOS) reports, expenditure reports and any other reports as requested.
- 3) The Provider Agency shall develop and maintain written policies and procedures that insure the proper administrative controls as prescribed by the DFD for this contract. Copies should be placed in a "policy" manual for easy access. The content of this manual should include protocols for communications with the governing body and policies relating to internal controls, procurement, travel and personnel, salary ranges for each position, professional development of staff. The Provider Agency shall add new policies and protocols as they become necessary.
- 4) The Provider Agency shall provide staff, facilities, equipment and supplies as needed to efficiently, economically and effectively satisfy the requirements of this contract.
- 5) The Provider Agency shall ensure that all personnel hired to provide the services for the program meet the requirements as identified by the DFD under this contract. The Provider Agency shall request approval DFD Project Coordinator(s) before changing any requirements or replacing key personnel. It is recommended that the Provider Agency make every effort to recruit and hire individuals that are culturally sensitive to the needs of the target population.
- 6) The Provider Agency shall ensure that all staff members funded under this grant are available on site during scheduled working hours unless attending off site meetings, conferences, etc. which are directly related to contract operations; accurate staff schedules shall be maintained and available for review.
- 7) The Provider Agency shall ensure that all program, administrative, clinical and fiscal records are stored and maintained on site in the administrative or clinical office. As the "Funding Agency," DFD is the owner of all records and reserves the right to monitor all records or data bases or staff records as part of the grant.

- 8) The Provider Agency shall store and maintain an adequate client record system, available for review, which includes, but is not limited to: adequate supporting documentation for client services, expenditures, overall program assessment, case management and accomplishments.
- 9) The Provider Agency shall ensure that funds made available under this contract shall not be used to supplant other funding, to engage in lobbying activities or used for sectarian purposes.
- 10) The Provider Agency shall report all related party transactions of employees, governing board members and/or their families as required by DHS regulations. Any and all transactions of related parties shall also be addressed in the agency audit.
- 11) The Provider Agency shall ensure through policy, procedure and monitoring of transactions that no conflict of interest or the appearance of conflict of interest on the part of the provider agency staff, governing board members and or their families.
- 12) The DFD shall approve any subcontract entered into by the Provider Agency with the third-party providers of service authorized under this contract. Reimbursement for services provided by such subcontract shall not be authorized unless the legal agreement for such services has been approved by DFD.
- 13) The Provider Agency shall be responsible for managing the funds awarded by a subcontract to include a review to insure that adequate financial controls are in place and the agency is in compliance with the terms and conditions of the contract as it relates to specific requirements in this grant.
- 14) The Provider Agency shall submit adequate information to demonstrate that they shall monitor all third-party expenditures and insure that a financial and compliance audit of the subcontract is performed and issue a report to the DFD to clearly indicate that subcontract has met all conditions of the contract as stipulated in the agreement.
- 15) The Provider Agency shall submit to DFD at the start of this contract and thereafter within 90 days of the end of the fiscal year an annual organization-wide audit of its agency conducted by a licensed certified public accountant or licensed certified public accounting firm.
- 16) The Provider Agency shall submit all Certificates of Insurance that ensures liability insurance in accordance with the standards of insurance established by DFD to cover liabilities imposed by law and assumed under this contract.

II. Performance Requirements of the Contract

- 1) The Provider Agency shall implement the program requirements according to the Annex A and technical guidance and specifications of the DFD as communicated by the DFD Program Staff.
- 2) The Provider Agency shall ensure that staff are collecting and adequately documenting referrals, outreach, assessments, prior authorizations, client services, and other program participation and compliance requirements, deemed necessary to ensure the integrity of the program services and evaluation.
- 3) The Provider Agency shall ensure that program and client outcomes are used to make recommendations to DFD on modifications in services and service delivery.
- 4) The Provider Agency is responsible for tracking the obligation of all program activities and client services and for monitoring actual expenditures of authorized services to ensure that funds are not over-encumbered or over spent. Problems with provider services, reimbursement, or other provider issues that affect client services are to be reported in a timely manner to DFD and at least quarterly to DFD.
- 5) The Provider Agency is responsible for implementing a Management of Information Systems for tracking client services, referrals, utilization, client demographics, recommended and actual utilization of services and other data as required by DFD.
- 6) The Provider Agency is required to accurately submit required program and level of service reports in the format prescribed by DFD.
- 7) The Provider Agency shall meet the standards prescribed by DHS Confidentiality regulations and HIPAA. Staff shall receive training on confidentiality guidelines and its limits. The agency shall have written policies on the storage and maintenance and sending and receiving of all confidential electronic and physical records and information. DFD has authority to evaluate and audit all records

III. Data Collection and Dissemination Requirements of the Contract

- 1) The Provider Agency or any of its National or State affiliates, employees, partners, consultants, subcontractors, or vendors agree that all data, publications, presentations, work products on the program are the property of the State of New Jersey and cannot be disseminated to others without the prior written approval of the DFD.
- 2) The Provider Agency or any of its National or State affiliates, employees, partners, consultants, subcontractors, or vendors agree to collect data on this program for the purposes of performing its duties and responsibilities as the vendor and not for the purposes of any

unauthorized research and evaluations activities.

- 3) The Provider Agency or any of its National or State affiliates, employees, partners, consultants, subcontractors, or vendors agree to coordinate all research and evaluation activities with DFD before collecting data to write or produce or make any publications, papers, presentations, or other work products emanating from the program.
- 4) The Provider Agency agrees to submit for review all research and evaluation requests, proposals grants or other activities for the program to DFD prior to making any application to determine how this request might affect the current research and funding.
- 5) The Provider Agency agrees to collaborate with DFD to evaluate client and program outcomes to improve services and service delivery.

IMPORTANT REMINDERS

The Contract terms and conditions are noted in the:

- SLD;
- Contract Renewal or Award instructions;
- Addendum to Annex A;
- RFP (as applicable to the program);
- Annex B;
- DHS, Federal and State regulatory and compliance requirements (including but not limited to the CPIM and CRM).

Provider agencies are responsible to:

- a. read all requirements and ensure compliance with all regulations,
- b. pay attention to new requirements and forms noted in this package,
- c. return all required certifications and contract forms in the time period required,
- d. required to submit all required documents as noted in the index of contract documents.

The renewal package and all required documents should be returned to with the checklist and document verification sheet to the contract administrator 30 days prior to the start of the contract.

The Annex B should be an agency-wide wide budget with appropriate direct and indirect cost identified including the basis of allocation as applicable. The budget should include sufficient details of all expense items proposed to allow DFD to review and analyze all costs. Details for all indirect cost rates should be included in the package.

Copies of subcontract agreements should be submitted to DFD within 30 days of the contract start.

Failure to follow these requirements will delay the review and approval process.