# San Joaquin County Human Services Agency
# Contracts Management Unit

Contractors Policy and Procedure Manual

Table of Contents

San Joaquin County Human Services Agency
Contracts Management Unit
Contractors Policy and Procedure Manual

## Section 1: Correspondence

To ensure all Agreement related invoices, announcements, questions, clarifications, and requests are addressed correctly and timely by the Contract Management Unit (CMU) and applicable San Joaquin County Human Services Agency (HSA) program staff.

The Contractor shall send all Agreement related emails, including but not limited to the list above to HSA-Contracts@sjgov.org. The CMU will involve HSA program staff when appropriate.

## Section 2: Contractor Onboarding Meeting and Annual Overview

An Onboarding meeting is required for every Contactor upon entering into a new Agreement. The purpose of the Onboarding meeting:

- Review the CMU's Contractors Policy and Procedure Manual.
- Review expectations outlined on the Vendor Onboarding Checklist.
- Provide support and guidance to Contractors.

An annual review is required for every Contractor. The purpose of the annual overview:

- Review the CMU's Contractors Policy and Procedure Manual.
- Review the Contractors progress on the Vendor Onboarding Checklist.
- Review the Contractors progress towards expected outcomes outlined in the Agreement.
- Provide support and guidance to Contractors.

Updates published to the CMU's Contractors Policy and Procedure Manual will be announced via email to current Contractors.

## Section 3: Request for Proposal

Request for Proposal (RFP): All RFPs released by the HSA CMU are released through the Public Purchase website: https://www.publicpurchase.com/gems/sjgov,ca/buyer/public/home.

To view open bid opportunities, visit: https://www.sjgov.org/department/pss/bids/openbids.

## Section 4: Media Relations

Approval is required prior to use of the HSA logo on all deliverable and/or non-deliverable reports, publications, brochures, letters of interest or other materials for distribution to the public.

The Contractor is required to provide a copy of the proposed publication/media material containing the HSA logo to HSA-Contracts@sjgov.org no less than 20 calendar days prior to the anticipated disbursement date, for review and approval prior to public release of the material.

HSA will review publication/media material for the following:

- Literacy level appropriateness.
- HSA funding statement/logo usage.
- Spelling/grammar.
- Target audience appropriateness.
- User/reader friendliness.
- Clarity on date, time, and location of event if applicable.
- Contact information.
- Potential ADA barriers (obvious challenges for the visually impaired).

HSA will provide written approval or disapproval to the contractor to print and/or disburse the publication/media material within ten (10) working days.

## Section 5: Reporting

### 1) Program

Program reporting requirements are outlined in the signed Agreement and based on program services or by the State or Federal funding source.

- Monthly Reports are due by the 15th of the month following the report month.
- Quarterly Reports are due by the 15th of the month following the final month of the quarter.
- Program policies and procedures are due annually.

### 2) Fiscal

Fiscal reporting requirements are outlined in 2 CFR 200; Subpart D and Subpart F.

- Financial/Accounting Policies and Procedures are due annually.
- Indirect Cost Rate policy is due annually.
- Form 199 and Form 990 are due annually.
- Single Audit or Annual Audit (completed by an independent auditor) is due annually. In the event that the Contractor includes an annual audit allocation in its budget, regardless of the audit's outcome, the Contractor will be required to submit the annual audit, as outlined below.

    a) Contractors with multiple federal awards totaling $1,000,000 or more shall have an audit made in accordance with the provisions of OMB Circular A-133 by an independent Certified Public Accountant.

    b) Contractors with federal awards less than $750,000 are exempt from the federal audit requirements but agree to provide a final "Statement of Revenue and Expenditures" reported.

c) All audits must be submitted to San Joaquin County – Contracts Management Division. The copy shall be submitted within the earlier of thirty (30) days after receipt of the auditor's report or nine months after the end of the fiscal year period.

At a minimum, the audit must provide the followings reports to HSA:

a) Financial statement that includes:

- A balance sheet of assets, liabilities, and equities.
- A statement which includes all revenues received, including but not restricted to, funds received from HSA, interest accrued expenditures and encumbrances classified by type and program. The information of program expenditures may be included in either the financial statements or audited supplementary information.

b) Notes regarding the financial statements should include the auditor's opinion of the financial report, and the identification of any finding related to the use of funds.

c) Report on compliance from the auditor that includes:

- Comments regarding the agency's compliance with laws, regulations, and requirements affecting the program's management of funds received by HSA; and
- Federal laws, State laws and regulations that affect the use, reporting, and auditing of fiscal information apart from the supplant requirement; and
- A statement specifying that HSA Commission funds have been used only to supplement, but not supplant; existing programs must be included.

d) Report on internal controls from the auditor that includes:

- Comments regarding an agency's establishment of policies and procedures related to accounting records; and
- Processes for receipt, deposit, and disbursement of all funds disbursed by HSA.

The report on compliance and report on internal controls may be included in one letter with both pieces of information.

**3) Miscellaneous**

- Insurance (Liability and Worker's Compensation) is due annually and upon renewal.
- SAM.gov verification (Downloaded PDF from SAM.gov website) is due annually and upon renewal.
- Employee Handbook is due annually.

## Section 6: Contractor Contact Information

**Organizational Chart:** Contractors must submit an Organization Chart that reflects the internal structure of their agency.

Contractors must submit an Organization Chart:

- Annually.
- When changes occur.

**Contact Sheet:** Contractors must submit a Contact Sheet that includes fiscal and program staff that are able to address questions and issues that arise, the authorized signatory, and a backup for each of the forementioned staff.

Contractors must submit a Contact Sheet:

- Annually.
- When a contact person or the contact information changes.

**Chart of Program Staff:** Contractors must submit a Chart of Program Staff to reflect those employees, by name and by Full-Time Employment (FTE) percentage, assigned to a contracted program or service.

Contractors must submit a Chart of Program Staff:

- Once the program/service Agreement has been finalized.
- Within 10 days of a staff vacancy.
- Within 10 days of newly assigned staff.

## Section 7: Records Retention:

The Contractor's records are subject to inspection, on-site review, and reproduction at all reasonable times. The Contractor will preserve and make all records available. Records are to be kept in a secure location or on a secure device or drive at the program site or secure server that is locked, password protected or otherwise inaccessible to unauthorized persons.

**1) Fiscal Records**

a) For a period of five years from the date of final payment of the Agreement, or

b) For a period of five years from the date of resulting final judgment if the Agreement is completely or partially terminated, or

c) For the regular five-year period or until the completion of the action and resolution of all issues (whichever is later) if any litigation, claim, negotiation, on-site review, or other action involving the records has been started before the expiration of the five-year period, or

d) For the period of time stated in any applicable statute, or

e) For the period of time stated in any other clauses of the HSA Agreement.

**2) Program Records**

a) Must be kept for a minimum of three (3) years from the date of final payment under the Agreement.

b) Agencies have the option to scan hard copies of closed files and retain electronic files for a minimum of up to five (5) years, making scanned/electronic documents available to HSA staff by request.

Proper protocol must be followed for destruction of records.

## Section 8: Monitoring

As a pass-through entity, HSA awards federal grant funds to eligible subrecipients. Per CFR 200.332, a pass-through entity must evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining subrecipient monitoring. Additionally, HSA must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with the Federal statutes, regulations, and the terms and conditions of the subaward; and that the subaward performance goals are achieved.

On-site review of activities will be conducted during normal business hours. The Contractor must provide all reasonable facilities, accommodations, and assistance to authorized HSA staff for their safety and convenience during the inspection, review, and monitoring of Contractor operations.

### 1) Programmatic Monitoring

Annual Programmatic Monitoring will be scheduled to review program processes and outcomes. Additional monitoring may be scheduled if deemed necessary by HSA. Specific details of sample(s) to be monitored will be addressed in the Programmatic Monitoring letter. The Contractor will maintain physical and/or electronic records as supporting evidence which is sufficient to properly reflect all processes and performance outcomes in accordance with the Agreement.

### 2) Fiscal Monitoring

Annual Fiscal Monitoring will be conducted to review the management and administration of HSA funding.

The following is a list of items that are required during a Fiscal Monitoring review:

a) Documentation of management procedures and internal control

b) Organization Chart

c) Approved Board Minutes

d) Latest Audited Report, Auditor's Management recommendation letter, and Management's Representation Letter to the Auditor/Management Accounts

e) Form 990 and Form 199

f) Registration details in the System for Award Management (SAM) pdf version downloaded from site

g) Insurance certificates for Liability and Worker's Compensation

h) Supporting documents to justify any budget modifications

i) General Ledger, Trial Balance, Operating Statements for the Agreements

j) List of assets purchased using Program funds from commencement of contract term

k) Office Occupancy / Equipment Lease / Lease purchase agreements

l) Sub-contractors' service agreements

m) EFTs allocation of the relevant staff

n) Allocation plan of indirect Facilities and Administration costs charged to the Program

o) Payroll records of staff paid from the Program funds

p) Bank records and reconciliations

q) Expenditure source documents such as vouchers, invoices, receipts, cancelled checks and relevant back up documents

r) Other documents may be requested during the monitoring

**3) Corrective Action Plan**

A Corrective Action Plan (CAP) is an administrative procedure used to promote fiscal and programmatic success of all agreements and to communicate the expectations and the consequences of not meeting outcomes. Unless otherwise stated, once a CAP is implemented it will remain active until the next corresponding fiscal or program monitoring.

Notification of a required CAP will be included in the Monitoring Report; details will be in writing on HSA Letterhead and provided to the Primary and Secondary contact. A completed CAP is due to HSA from the Contractor within 30 days of receiving the Monitoring Report. A program may be placed on a CAP if:

- Outcomes stated in the Scope of Services are not met.
- Fiscal deficiencies are present.

**4) Risk Assessment**

In compliance with 2 CFR 200.332, Risk Assessments will be completed to determine a Contractor's Risk Level. This outcome determines the degree of monitoring and oversight.

Risk assessments are conducted:

a) During RFP submission.

b) Annually.

c) After a Fiscal Monitoring.

d) After a New Agreement is executed.

e) For Special Circumstances.

Examples of common documents utilized to conduct Risk Assessment include, but not limited to:

a) System for Award Management registration verification (any budget of $25,000 or more is required to register)

b) Current Financial Audit (completed by an independent Auditor) or Single Audit.

c) Financial/Accounting Policies and Procedures.

d) Employee Handbook.

e) Form 990.

f) Prior Fiscal and Program Monitoring Reports.

Levels of Risk and Expected Outcome

| **RISK LEVEL** | **GENERAL CHARACTERISTICS** | **OUTCOME** |
|---|---|---|
| Low Risk | Extensive history with HSA<br>Annual Audit has low risk findings<br>Strong GAAP and 2 CFR 200 implementation<br>Fiscal monitoring has no findings<br>Program Monitoring has no findings<br>Comprehensive written Policies and Procedures | Minimal oversight<br>Minimal documentation required |
| Medium Risk | Limited history with HSA<br>Annual Audit has medium risk findings<br>Limited GAAP and 2 CFR 200 implementation<br>Fiscal monitoring may have findings<br>Program Monitoring may have findings<br>Limited written Policies and Procedures | Medium oversight<br>Medium documentation required |
| High Risk | No history with HSA<br>Annual Audit has high risk findings<br>Lacking GAAP and 2 CFR 200 implementation<br>Fiscal monitoring has major findings<br>Program monitoring has major findings<br>Lacking written Policies and Procedures | Extensive oversight<br>Extensive documentation required |

## Section 9: Budget Modification

Budget Modifications can be requested by the Contractor if funds must be moved within an existing budget. There must be sufficient remaining funds in the budget balance to cover any requested budget modification. Budget modifications are required when an allotment line total becomes negative by more than 10%. If an allotment line total becomes negative by less than 10% of the line budget, and there are sufficient funds in the overall budget balance to cover the overage, a budget modification may not be required.

It is the responsibility of the Contractor to monitor the program budget and submit timely budget modification requests. Failure to submit timely may result in delays of reimbursement or short payment of invoice.

Budget modification requests must be made in writing by submitting the request via email with the following attached:

1) **Narrative declaring**

   a) Line-items being modified;
   b) Amount of the line-item modification; and
   c) Justification for the subtraction/addition to the line-item for each line-item requested for modification.

2) **Budget including**

   a) Original budget amounts;
   b) Amounts being added/subtracted to modified line-items; and
   c) Modified budget amounts after added/subtracted amounts are applied to line-items.

3) **Restrictions**

   a) Budget modifications cannot be applied retroactively.
   b) Budget modification requests are limited to two (2) requests within a 12-month period; the period begins on the date the initial modification request is submitted.
   c) Personnel funds (salaries/benefits) can be moved to Operations line-items.
   d) Operations funds cannot be moved to Personnel line-items.
   e) Funds can be moved within Operations line-items.
   f) Funds can be moved within Personnel line-items.
   g) Items not included in your budget may not be approved e.g. Cost of Living Adjustments (COLA), bonuses, or raises.

4) **Unallowable**

   For a list of unallowable reasons for Budget Modifications visit the CFR 200 website. When in doubt, communicate with HSA Staff PRIOR to submitting a budget revision.

## Section 10: Indirect Cost Rate

An Indirect Cost (IDC) Rate is intended to capture indirect expenses, which are general administrative and operating expenses that cannot be claimed directly.

The IDC rate is applied to the direct salary excluding the cost of employee benefits, operations, and program costs. Full details of the County's Indirect Cost Rate Guideline can be viewed online.

San Joaquin County's (SJC) standard IDC rate is 15%. IDC rates exceeding 15% require SJC's Indirect Cost Rate Form (available on the SJC website) to be submitted for approval. If an IDC rate exceeding 15% has been established and federally approved or approved by another SJC agency, the approval letter may be submitted in lieu of the IDC Rate Form.

## Section 11: Invoices and IBERs

Invoices and Itemized Budget Expense Reports (IBERs) are submitted to HSA in order for the Contractor to receive reimbursement for the incurred costs of services rendered and administrative expenditures.

**1) Required information:**

a) Contractor Name.
b) Remit Address.

c) Invoice/IBER Number.

d) Program Name.

e) Month Invoiced.

f) Authorized Signer.

g) 2 CFR 200.415 certification language for authorized signer: "*I certify to the best of my knowledge and believe that the information provided herein is true, complete, and accurate. I am aware that the provision of false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil, or administrative consequences including, but not limited to violations of US code tile 18, Sections 2, 1001, 1343 and Title 31, Sections 3729-3730 and 3801-3812."*

**2) Guidelines:**

a) The Contractor shall submit an invoice/IBER and all required backup documentation by the 15th of the month following the report month/report quarter. When the 15th falls on a weekend or holiday, the invoice/IBER is due the next business day. Late invoices/IBERs will not be given priority processing.

b) Invoice/IBER reimbursements shall be issued no more than 30 days from the date a completed invoice/IBER and all required backup documentation has been received. Any clarifications needed may cause a delay with the processing timeframe.

c) All reimbursements by HSA will be for the Contractors' actual incurred costs in meeting the objectives as specified in the Scope of Services. Any incurred cost amount will not exceed line-item amounts in the approved budget.

d) HSA CMU will reconcile invoices/IBERs and review supporting documents for accuracy, completeness, and consistency with Scope of Services and approved budget prior to reimbursement.

e) Mileage reimbursement requests must comply with the federal mileage rate, as outlined in the IRS Standard Mileage Rate guidelines.

f) Meal reimbursement requests must comply with Federal Per Diem rates. All planned meals must be pre-approved and outlined in the vendors Scope of Work/Contract.

Multi-day travel: Meals are reimbursed according to the Federal Per Diem General Services Administration rates for the travel destination (http://www.gsa.gov). Per diem meals, typically dinner on the first day and breakfast and lunch on the last day, are reimbursed at 75% rate for the first and last day of travel. The first and last day of travel is the day in which any travel occurs, regardless of whether the conference, training, or provision of service occurs on that day.

One-day travel: Meals are reimbursed at 100% of the average of the Federal Per Diem General Services Administration rates (http://www.gsa.gov), regardless of location.

g) Invoices/IBERs submitted with error(s) or that do not fit the reporting requirement criteria in currently established policies and procedures will be returned to the Contractor for correction.

h) June invoices/IBERS: A Fiscal Year-End Memorandum is sent annually in May to remind Contractors of the final due date for June invoices/IBERs. Failure to submit timely may result in the invoice/IBER not being reimbursed due to Fiscal Year-End processes.

i) If a line-item exceeds 10% of the line budget: see Section 9: Budget Modification.

**3) Backup Documentation Required:**

a) General Ledger (GL) must be submitted for each reimbursement period which includes all costs requested for reimbursement, including indirect costs charged.

b) Transaction/Detail Reports that support the GL. Additional documentation may be requested.

c) Mileage reimbursement requests must include a Mileage Reimbursement Log with:

- Staff full name.
- Case or client being served.
- Purpose of trip.
- Starting address.
- Ending address.
- Total miles per trip.
- Total number of miles in the month.
- Reimbursement calculation using the federal mileage rate.
- Mileage Reimbursement Log must be signed and dated by a Supervisor.

d) Written Pre-approval is required for the following:

- Conferences.
- Equipment purchases.
- Office Furnishings.
- Travel not included in the Scope of Services.

## Section 12: Unallowable Expenses

If a program realizes a need for any expense that is not specifically budgeted and approved, prior written approval must be obtained before proceeding. Reimbursement made for costs determined to be

unallowable must be refunded.

The below list of unallowable expenses is not all-inclusive but contains frequently requested expenses that are not eligible for reimbursement using HSA funds. Please visit the 2 CFR 200 website for a full list of unallowable expenses.

- Advertisement and public relations designed solely to promote the contractor (2 CFR 200.421).
- Alcoholic beverages (2 CFR 200.423).
- Capital Assets if not pre-approved in writing by HSA.
- Costs of promotional items and memorabilia, including models, gifts, and souvenirs (2 CFR 200.421).
- Fines, penalties, damages, and other settlements (2 CFR 200.441).
- Food/refreshments for staff training, meetings, workshops, or any other staff-only event.
- Food/refreshments for clients unless meeting the current HSA approved food policy and specifically budgeted and described, i.e., “Healthy snacks for quarterly parent workshops.”
- Fundraiser costs.
- Goods or services for staff/personal use.
- Incentives, vouchers, and gift certificates if not pre-approved in writing by HSA.
- Late fees, finance charges, termination fees, missed conferences or trainings fees etc.
- Telecommunications (2 CFR 200.417) from covered entities (Huawei, ZTE and their subsidiaries).
- Video Surveillance (2 CFR 200.417).