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June 16, 2026

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

RECOMMENDATION TO AWARD ONE CONTRACT FOR FOOD SERVICES AT THE EDMUND D. EDELMAN CHILDREN'S COURT SHELTER CARE (ALL SUPERVISORIAL DISTRICTS) (3 VOTES)

SUBJECT

The Department of Children and Family Services (DCFS) requests the Board's approval to award one new contract with Everytable, Public Benefit Corporation (PBC), procured through Request for Proposals (RFP) #25-0044, to provide Food Services (FS) at the Edmund D. Edelman Children's Court Shelter Care.

IT IS RECOMMENDED THAT THE BOARD:

1. Delegate authority to the Director of DCFS, or designee, to execute one new FS contract (substantially similar to Attachment A) for a term effective July 1, 2026 through June 30, 2027, with the County's option to extend up to two additional one-year periods effective July 1, 2027 through June 30, 2029. The Maximum Annual Contract amount is \$251,000, financed by 100 percent 2011 State Realignment funds. Sufficient funding for the FS contract is included in the Fiscal Year (FY) 2026-2027 Budget Request and will be included in subsequent DCFS budget requests.
2. Delegate authority to the Director of DCFS, or designee, to extend the contract by amendment or written notice to exercise optional contract terms provided that: a) sufficient funding is available; b) County Counsel approval is obtained; and c) the Director of DCFS notifies the Board and Chief Executive Office (CEO), in writing, within ten (10) business days of executing such amendment.
3. Delegate authority to the Director of DCFS, or designee, to extend the contract by

amendment or written notice for an additional six months beyond June 30, 2029, if such time is necessary to allow time to complete a solicitation, provided that: a) sufficient funding is available; b) County Counsel approval is obtained; and c) the Director of DCFS notifies the Board and CEO, in writing, within ten (10) business days of executing such amendment.

4. Delegate authority to the Director of DCFS, or designee, to increase or decrease the Maximum Annual Contract amount by up to ten percent when such a change is necessitated by additional and necessary services, provided that: a) sufficient funding is available; b) County Counsel approval is obtained; and c) the Director of DCFS notifies the Board and CEO, in writing, within 10 business days of executing such amendment.

5. Delegate authority to the Director of DCFS, or designee, to negotiate and execute an amendment for the delivery of meals and snacks for children awaiting court hearings throughout different County court locations, when such need arises, provided that: a) sufficient funding is available, b) County Counsel approval is obtained, c) DCFS notifies the Board and CEO, in writing, within ten (10) business days of executing such amendments.

6. Delegate authority to the Director of DCFS, or designee, to terminate the FS contract for convenience or contractor default, provided that: a) County Counsel approval is obtained and b) the Director of DCFS notifies the Board and CEO, in writing, within ten (10) business days of such termination contract.

7. Delegate authority to the Director of DCFS, or designee, to negotiate and execute amendments to the FS contract for any mergers, acquisitions or changes in ownership; for any revisions required by changes in local, state, and federal regulations; or for necessary changes to meet the needs of the FS program, provided that: a) County Counsel approval is obtained and b) the Director of DCFS notifies the Board and CEO, in writing, within ten (10) business days of executing of such amendments.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

DCFS is responsible for provision of child protective services for children ages 4-21. The DCFS Shelter Care and Transportation Section holds the responsibility of transporting children in and out of home care to court, providing supervision and ensuring the provision of meals and beverages to children awaiting court appearances at the Edelman Children's Court located at 201 Centre Plaza Drive, Monterey Park, California 91754. Due to the length of time the children spend at Shelter Care, DCFS is required to provide meals that include breakfast, lunch, and afternoon snacks; meals for children with dietary and special needs are also provided.

In addition, the recommended action will prevent a lapse in these services, as the current contract will sunset on June 30, 2026.

Implementation of Strategic Plan Goals

The recommended actions are consistent with the principles of the Countywide Strategic Plan North Star: 1) Make Investments That Transform Lives. Improving the well-being

of children and families requires coordination, collaboration and integration of services across functional and jurisdictional boundaries by and between County departments, agencies and community and contracting partners.

FISCAL IMPACT/FINANCING

The Maximum Annual Contract Sum is \$251,000, financed by 100 percent by 2011 State Realignment funds. The aggregate three-year maximum contract amount is \$753,000.

Funding for the FS contract is included in the DCFS FY 2026-27 Recommended Budget Request.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

All County standard terms and conditions are included in the contract.

Per the Board motion dated March 8, 2011, the Department of Public Health (DPH) is required to review all new food services contracts Countywide. As a result, DPH provided recommendations regarding nutrition, which have been included in this contract. The recommendations conform to the County and state nutritional guidelines. DPH will periodically monitor the contract to ensure the contractor is in compliance with the Board policies and the Los Angeles County Food Nutritional Guidelines. In addition, the contractor is required to submit to the County, upon request, its food production and consumption records for DPH review.

The Department has evaluated and determined that the Living Wage Program (County Code Chapter 2.201) does not apply to the recommended Agreement.

County Counsel and the CEO have reviewed this Board letter. County Counsel has approved the Contract (Attachment A) as to form.

CONTRACTING PROCESS

On October 30, 2025, DCFS released the FS RFP #25-0044 to solicit a new contract. The RFP was posted on the Internal Services Department Los Angeles County Solicitations website and the DCFS Contracts website. In addition, the contracting opportunity was advertised in eight local newspapers, covering all areas of Los Angeles County. There were no Solicitation Requirements Reviews received.

On November 11, 2025, DCFS held a virtual Proposers' Conference. A total of 28 individuals representing approximately 20 agencies attended the Proposers' Conference. DCFS received a total of five electronic proposals by the deadline of January 16, 2026, which included a proposal from the current FS contractor.

On January 22, 2026, a FS RFP Evaluator Orientation was held via Microsoft Teams. Subsequently, evaluators were assigned to review and rate two proposals. All FS proposals were evaluated in the following areas: Background and Experience, Approach, Quality Assurance, financial viability, references, and Cost. An Informed Averaging Meeting was held to discuss the basis for scores given to each proposal.

Responsiveness Reviews were performed on the five proposals submitted. Three of the five proposals were disqualified due to failure of the proposers to comply with the Minimum Mandatory Requirements. Consequently, the three disqualified proposals were eliminated from any further consideration. The Disqualification Notice and Transmittal to Request for a Disqualification Review was sent to the three disqualified proposers on February 2, 2026. On February 11, 2026, DCFS received one request for a Disqualification Review which was found to have no merit.

On April 20, 2026, tentative selection and non-selection letters were sent to proposers. The non-selected proposer did not request a debriefing by the deadline.

Additionally, as required by the Community Business Enterprise (CBE) Program, the CBE form was used as part of the RFP's required forms for proposers to identify their employees' race, ethnic composition, gender, minority, women, disadvantaged, disabled veterans, lesbian, gay, bisexual, transgender, queer, and Questioning.

The final analysis and consideration of award, for the recommended proposer was completed without regard to race, creed, color or sex.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended action promotes healthy nutrition and wellness for children under the care of DCFS, and it will ensure the continued provision of hot meals and snacks to dependent children awaiting court appearances at the Edmund D. Edelman Children's Court. Without Board approval of the recommended actions, hot meals will not be provided to those children, and their health and well-being might be compromised by the quality of alternative meals and snacks. The contractor, Everytable, PBC, will prepare meals that are tailored to meet the special nutritional requirements for children with unique medical and dietary needs.

This contract will not infringe on the role of the County in relationship to its residents and there is no change in risk exposure to the County.

CONCLUSION

Upon approval by the Board of Supervisors, it is requested that the Executive Officer/Clerk of the Board send an adopted stamped copy of the Board letter and attachments to DCFS.

The Honorable Board of Supervisors

6/16/2026

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Respectfully submitted,

A handwritten signature in black ink, appearing to be "Brandon T. Nichols", written in a cursive style.

BRANDON T. NICHOLS

Director

BTN:LEM:RT:KRLTI:AO:CK:tj

Enclosures

c: Chief Executive Officer
Executive Officer, Board of Supervisors
County Counsel



**CONTRACT BY AND BETWEEN
COUNTY OF LOS ANGELES
AND
(CONTRACTOR)
FOR
FOOD SERVICES**

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STANDARD EXHIBITS

A	Statement of Work
B	Pricing Sheet
C	Line-Item Budget and Budget Narrative
D	County's Administration
E	Contractor's Administration
F1	Contractor Acknowledgement and Confidentiality Agreement
F2	Contractor Employee Acknowledgement and Confidentiality Agreement

- G** Safely Surrendered Baby Law
- G2** Safe Sleep Campaign
- H** Payroll Statement of Compliance
- I** Auditor-Controller's Handbook

**CONTRACT BETWEEN
COUNTY OF LOS ANGELES AND
(CONTRACTOR)
FOR
FOOD SERVICES**

This Contract ("Contract") made and entered into this ____ day of _____, 2026 by and between the County of Los Angeles, hereinafter referred to as "County" and _____, hereinafter referred to as "Contractor". Contractor is located at _____, providing services at the Edmund D. Edelman Court Shelter Care Center.

RECITALS

WHEREAS, pursuant to Government Code Sections 26227, 31000 and 53703, County is permitted to Contract for services; and

WHEREAS, County has determined that the services to be provided under this Contract are necessary to provide meals to children/youth awaiting case hearings.; and

WHEREAS, the County may contract with private businesses for Food Services when certain requirements are met; and

WHEREAS, the Contractor is a private firm specializing in providing Food Services; and

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for good and valuable consideration, the parties agree to the following:

1 APPLICABLE DOCUMENTS

Exhibits A through I are attached to and form a part of this Contract. In the event of any conflict or inconsistency in the definition or interpretation of any word, responsibility, schedule, or the contents or description of any task, deliverable, goods, service, or other work, or otherwise between the base Contract and the Exhibits, or between Exhibits, such conflict or inconsistency will be resolved by giving precedence first to the terms and conditions of the Contract and then to the Exhibits according to the following priority.

Standard Exhibits:

Exhibit A	Statement of Work and Attachments
Exhibit B	Pricing Sheet
Exhibit C	Line-Item Budget and Budget Narrative
Exhibit D	County's Administration
Exhibit E	Contractor's Administration
Exhibit F1	Contractor Acknowledgement and Confidentiality Agreement
Exhibit F2	Contractor Employee Acknowledgement and Confidentiality Agreement
Exhibit G	Safely Surrendered Baby Law
Exhibit G2	Safe Sleep Campaign
Exhibit H	Payroll Statement of Compliance
Exhibit I	Auditor-Controller's Handbook

This Contract constitutes the complete and exclusive statement of understanding between the parties, and supersedes all previous Contracts, written and oral, and all communications between the parties relating to the subject matter of this Contract. No change to this Contract will be valid unless prepared pursuant to Paragraph 8.1 (Amendments) and signed by both parties.

2 DEFINITIONS

2.1 Standard Definitions:

The headings herein contained are for convenience and reference only and are not intended to define the scope of any provision thereof. The following words as used herein must be construed to have the following meaning, unless otherwise apparent from the context in which they are used.

2.1.1 Board of Supervisors (Board): The Board of Supervisors of the County of Los Angeles acting as governing body.

2.1.2 Contract: This Contract executed between County and Contractor. Included are all supplemental Contracts amending or extending the service to be performed. The Contract sets forth the terms and conditions for the issuance and performance of all tasks, deliverables, services and other work.

- 2.1.3 Contractor:** The person or persons, sole proprietor, partnership, joint venture, corporation or other legal entity who has entered into an Contract with the County to perform or execute the work covered by this Contract.
- 2.1.4 Contractor Program Manager:** The person designated by the Contractor to administer the Contract operations under this Contract.
- 2.1.5 County:** The Department of Children and Family Services on behalf of the County of Los Angeles and its Board of Supervisors.
- 2.1.6 County Contract Analyst:** The person designated by the County to manage and facilitate the administrative functions of the Contract.
- 2.1.7 County Contract Program Monitor:** Person with responsibility to oversee the day-to-day activities of this Contract. Responsibility for inspections of any and all tasks, deliverables, foods, services and other work provided by the Contractor.
- 2.1.8 County Observed Holidays:** Days on which County departments are closed for business in observance of significant events. A list of County observed holidays may be found on the County's website <https://lacounty.gov/government/about-la-county/about/>.
- 2.1.9 County Program Director:** Person designated by County with authority for County on contractual or administrative matters relating to this Contract that cannot be resolved by the County's Program Manager.
- 2.1.10 County Program Manager:** Person designated by County's Program Director to manage the operations under this Contract.
- 2.1.11 Day(s):** Calendar day(s) unless otherwise specified.
- 2.1.12 DCFS:** The County's Department of Children and Family Services.
- 2.1.13 Department:** The County of Los Angeles Department of Children and Family Services, which is entering into this Contract on behalf of the County of Los Angeles.
- 2.1.14 Director:** The County's Director of Children and Family Services.
- 2.1.12 Fiscal Year:** The twelve (12) month period beginning July 1st and ending the following June 30th.
- 2.1.13 Program:** The work to be performed by Contractor as defined in Exhibit A – Statement of Work
- 2.1.14 Statement of Work:** The directions, provisions, and requirements provided herein and special provisions pertaining to the method, frequency, manner and place of performing the Contract services.
- 2.1.15 Subcontract:** A Contract by the Contractor to employ a subcontractor to provide services to fulfill this Contract.
- 2.1.16 Subcontractor:** Any individual, person or persons, sole proprietor, firm, partnership, joint venture, corporation, or other legal entity furnishing supplies, services of any nature, equipment, and/or materials to Contractor in

furtherance of Contractor's performance of this Contract, at any tier, under oral or written Contract.

3 WORK

- 3.1** Pursuant to the provisions of this Contract, the Contractor must fully perform, complete and deliver on time, all tasks, deliverables, services and other work as set forth in herein.
- 3.2** If the Contractor provides any tasks, deliverables, goods, services, or other work, other than as specified in this Contract, the same will be deemed to be a gratuitous effort on the part of the Contractor, and the Contractor must have no claim whatsoever against the County.

4 TERM OF CONTRACT

- 4.1** The term of this Contract will be one (1) year, commencing on July 1, 2026, or after execution by County's Board of Supervisors, and will expire on June 30, 2027, unless sooner terminated or extended, in whole or in part, as provided in this Contract.
- 4.2** The County will have the sole option to extend this Contract term for up to two (2) additional one (1) year periods, from July 1, 2027 through June 30, 2029, for a maximum total Contract term of three (3) years. Each such extension option may be exercised at the sole discretion of the Director of DCFS or their designee as authorized by the Board of Supervisors.
- 4.3** The County maintains a database that track/monitor Contractor performance history. Information entered into the database may be used for a variety of purposes, including determining whether the County will exercise a Contract term extension option.
- 4.4** The Contractor must notify DCFS when this Contract is within six (6) months of the expiration of the term as provided for hereinabove. Upon occurrence of this event, the Contractor must send written notification to DCFS at the address herein provided in Exhibit D (County's Administration).
- 4.5** The term of this Contract may also be extended by the Director of DCFS by written notice to the Contractor 60 days prior to the expiration of the Contract term, for a period not to exceed six (6) months beyond stated expiration date on a month-to-month basis, if such additional time is necessary to complete the negotiation or solicitation of a new Contract.

5 CONTRACT SUM

5.1 Total Contract Sum

- 5.1.1** The Maximum Annual Contract Sum for this Contract is \$251,000.
- 5.1.2** County and Contractor agree that this is a firm-fixed priced Contract not to exceed the Maximum Annual Contract Sum. During the term of the Contract, County shall compensate Contractor, as specified in Exhibit B, Pricing Sheet, for the services set forth in Appendix A, Statement of Work, in

accordance with Section 5, subsection 5.5, Invoices and Payments, of this Contract.

5.2 Written Approval for Reimbursement

The Contractor will not be entitled to payment or reimbursement for any tasks or services performed, nor for any incidental or administrative expenses whatsoever incurred in or incidental to performance hereunder, except as specified herein. Assumption or takeover of any of the Contractor's duties, responsibilities, or obligations, or performance of same by any person or entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever, must not occur except with the County's express prior written approval.

5.3 Notification of 75% of Total Contract Sum

The Contractor must maintain a system of record keeping that will allow the Contractor to determine when it has incurred seventy-five percent (75%) of the total Contract sum under this Contract. Upon occurrence of this event, the Contractor must send written notification to DCFS at the address herein provided in Exhibit D (County's Administration).

5.4 No Payment for Services Provided Following Expiration-Termination of Contract

The Contractor will have no claim against County for payment of any money or reimbursement, of any kind whatsoever, for any service provided by the Contractor after the expiration or other termination of this Contract. Should the Contractor receive any such payment it must immediately notify County and must immediately repay all such funds to County Payment by County for services rendered after expiration-termination of this Contract will not constitute a waiver of County's right to recover such payment from the Contractor. This provision will survive the expiration or other termination of this Contract.

5.5 Invoices and Payments

- 5.5.1** The Contractor must invoice the County only for providing the tasks, deliverables, goods, services, and other work specified in Exhibit A (Statement of Work and Attachments) and elsewhere hereunder. The Contractor must prepare invoices, which will include the charges owed to the Contractor by the County under the terms of this Contract.
- 5.5.2** The Contractor's payments will be as provided in Exhibit B (Pricing Sheet) and the Contractor will be paid only for the tasks, deliverables, goods, services, and other work approved in writing by the County. If the County does not approve work in writing no payment will be due to the Contractor for that work.
- 5.5.3** The Contractor's invoices must be priced in accordance with Exhibit B (Pricing Sheet) and Exhibit C (Line-Item Budget and Budget Narrative).
- 5.5.4** The Contractor's invoices must contain the information set forth in Exhibit A (Statement of Work and Attachments) describing the tasks,

deliverables, goods, services, work hours, and facility and/or other work for which payment is claimed.

- 5.5.5** Contractor must provide a meal inventory and count receipt on a daily basis to CPM.
- 5.5.6** The Contractor must submit the monthly invoices to the County by the 15th calendar day of the month following the month of service.
- 5.5.7** All invoices under this Contract must be submitted in two (2) copies to the following address:

County of Los Angeles
Department of Children and Family Services
510 S. Vermont Avenue, 14th Floor
Los Angeles, CA 90020
Attn: Accounting Services, Accounting Section

5.5.7 County Approval of Invoices

All invoices submitted by the Contractor for payment must have the written approval of the County's Program Manager prior to any payment thereof. In no event will the County be liable or responsible for any payment prior to such written approval. Approval for payment will not be unreasonably withheld.

- 5.5.8** Contractor must submit a monthly invoice in arrears for services rendered in the previous month. Contractor must make its best efforts to submit all invoices within fifteen (15) days of the last day of the month in which the services were rendered. Any invoices submitted more than thirty (30) days after the last day of the month the services were rendered will constitute as "past due invoice." Past due invoices must be submitted no later than sixty (60) days after the last day of the month in which the services were rendered. Notwithstanding any other provision of this Contract, Contractor and County agree that the County will have no obligation whatsoever to pay any past due invoices which are submitted more than sixty (60) days after the last day of the month in which services were rendered. County may, in its sole discretion, pay some or small of a past due invoice which Contractor has submitted more than sixty (60) days after the last day of the month in which services were rendered provided sufficient funds remain available under this Contract. These same timeframes will also apply to the submission of the Contractor's final invoice.
- 5.5.9** Whether or not Federal dollars will be utilized to pay for services under this Contract, expenditures made by Contractor in the operation of this Contract must be in compliance and in conformity with the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, 2 Code of Federal Regulations (CFR), Title 2, Part 200.
- 5.5.10** Payments to Contractor will be made in arrears on a monthly basis for services performed, provided that the Contractor is not in default under any

provision of this Contract. County has no obligation to pay for any work except those expressly authorized by this Contract.

- 5.5.11** In compliance with the Internal Revenue Service (IRS) requirements, Contractor must provide the Contractor's Tax Identification Number. Furthermore, the Tax Identification Number is necessary for processing payments, as required by the County Auditor-Controller.
- 5.5.12** Contractor is responsible for the accuracy of invoices submitted to County. Further, it is the responsibility of Contractor to reconcile or otherwise correct inaccuracies or inconsistencies in the invoices submitted by Contractor and to notify County or any overpayments received by Contractor. Any overpayment received by Contractor, as determined by County Program Manager, or designee, must be returned to County by Contractor within thirty (30) days of receiving notification of such overpayment from the County, or may be set off at County's election against future payments due to Contractor. Notwithstanding any other provision of this Contract, Contractor must return to County any and all payments which exceeds the Maximum Annual Contract Sum for the corresponding Contract year. Furthermore, Contractor must return said payments within thirty (30) days of receiving notification of overpayment from the County or immediately upon discovering such overpayment, whichever date is earlier.
- 5.5.13** Contractor will not be paid for expenditures beyond the Maximum Annual Contract Sum for the corresponding Contract year, and Contractor agrees that County has no obligation, whatsoever, to pay for any expenditures by Contractor that exceeds the Maximum Annual Contract Sum for said Contract year.
- 5.5.14 Suspension and Withholding of Payment:**
In addition to other remedies, County reserves the right to suspend or withhold all payments to Contractor if required reports are not provided to County on a timely basis; if there are continuing deficiencies in Contractor's reporting, record keeping or invoicing requirements; or if Contractor's performance of the work is not adequately evidenced or performed.
- 5.5.15** Contractor must have no claim against County for, nor be entitled to, payment or reimbursement for any tasks or services performed, nor for any incidental or administrative expenses whatsoever incurred in or incidental to performance hereunder, except as specified herein.
- 5.5.16** Contractor's Budget is attached hereto and incorporated by reference here in as Exhibit C – Contractor's Line- Item Budget and Budget Narrative. The line-item must provide sufficient detail to determine the quality and quantity of services to be delivered. Contractor represents and warrants that the Budget is true and correct in all respects, and will deliver services in accordance with the Budget. In the event of a change in the Maximum Annual Contract Sum, or a real location of the Budget, or a material change to the scope of work, Contractor must amend the

Budget consistent with any changes and submit the Budget to the County Program Manager for approval.

5.5.17 Preference Program Enterprises - Prompt Payment Program

Certified Prompt Payment Enterprises (PPEs) will receive prompt payment for services they provide to County departments. Prompt payment is defined as fifteen (15) calendar days after receipt of an approved, undisputed invoice which has been properly matched against documents such as a receiving, shipping, or services delivered report, or any other validation of receipt document consistent with Board Policy 3.035 ([Preference Program Payment Liaison and Prompt Payment Program](#)).

5.6 Unresolved Disallowed Costs

Contractor must not invoice the County for disallowed costs under the Contract. Correspondingly, the Contractor must not have unresolved disallowed costs in excess of One Hundred Thousand Dollars (\$100,000) that have been confirmed as disallowed costs by the contracting County department and remain unpaid for a period of six (6) months or more from the date of an Auditor-Controller (A-C) Report. Unless such disallowed costs are the subject of current good faith negotiations, as determined in the sole discretion of the County, non-compliance by Contractor regarding this provision will constitute a material breach of Contract and may result in termination for default, in addition to any other remedies available to the County. Further, if Contractor has been determined to have unresolved disallowed costs in excess of \$100,000 for longer than six months since the date of the A-C Report, they will be disqualified from future County solicitations unless such disallowed costs are the subject of good faith negotiations to resolve the disallowed costs, in the sole opinion of the County, or have been resolved.

5.7 Default Method of Payment: Direct Deposit or Electronic Funds Transfer

5.7.1 The County, at its sole discretion, has determined that the most efficient and secure default form of payment for goods and/or services provided under a agreement/contract with the County will be Electronic Funds Transfer (EFT) or direct deposit, unless an alternative method of payment is deemed appropriate by the Auditor-Controller (A-C).

5.7.2 The Contractor must submit a direct deposit authorization request via the website <https://directdeposit.lacounty.gov/> with banking and Contractor information, and any other information that the A-C determines is reasonably necessary to process the payment and comply with all accounting, record keeping, and tax reporting requirements.

5.7.3 Any provision of law, grant, or funding contract requiring a specific form or method of payment other than EFT or direct deposit will supersede this requirement with respect to those payments.

5.7.4 At any time during the duration of the Contract, a Contractor may submit a written request for an exemption to this requirement. Such request must be based on specific legal, business or

operational needs and explain why the payment method designated by the A-C is not feasible and an alternative is necessary. The A-C, in consultation with the contracting department(s), will decide whether to approve exemption requests.

6 ADMINISTRATION OF CONTRACT - COUNTY

6.1 County's Administration

A listing of all County Administration referenced in the following subparagraphs are designated in Exhibit D (County's Administration). The County will notify the Contractor in writing of any change in the names or addresses shown.

6.2 County's Program Director

The role of the County's Program Director may include:

- 6.2.1** Coordinating with Contractor and ensuring Contractor's performance of the Contract; however, in no event will Contractor's obligation to fully satisfy all of the requirements of this Contract be relieved, excused or limited thereby; and
- 6.2.2** Upon request of the Contractor, providing direction to the Contractor, as appropriate in areas relating to County policy, information requirements, and procedural requirements; however, in no event, will Contractor's obligation to fully satisfy all of the requirements of this Contract be relieved, excused or limited thereby.

6.3 County's Program Manager

The role of the County's Program Manager is authorized to include:

- 6.3.1** Ensuring that the objectives of this Contract are met;
- 6.3.2** Providing direction to Contractor in the areas relating to County policy, information requirements, and procedural requirements;
- 6.3.3** Meeting with the Contractor's Program Manager on a regular basis;
- 6.3.4** Inspecting any and all tasks, deliverables, goods, services, or other work provided by or on behalf of the Contractor; however, in no event will Contractor's obligation to fully satisfy all of the requirements of this Contract be relieved, excused or limited thereby;
- 6.3.5** The County's Program Manager is not authorized to make any changes in any of the terms and conditions of this Contract and is not authorized to further obligate County in any respect whatsoever; and
- 6.3.6** The County Program Manager is responsible for overseeing the day-to-day administration of this Contract.

6.4 County's Contract Program Monitor

The role of the County's Program Monitor is to oversee the day-to-day administration of this Contract; however, in no event will Contractor's obligation to

fully satisfy all of the requirements of this Contract be relieved, excused or limited thereby. The Program Monitor reports to the County's Program Manager.

6.5 County's Contract Analyst

The role of the County's Contract Analyst is to manage and facilitate the administrative functions of the Contract.

7 ADMINISTRATION OF CONTRACT - CONTRACTOR

7.1 Contractor Administration

A listing of all of Contractor's Administration referenced in the following paragraphs is designated in Exhibit E (Contractor's Administration). The Contractor will notify the County in writing of any changes as they occur in the names or addresses shown. The Contractor must ensure that no interruption of services occur as a result of a change in personnel.

Contractor must not schedule or conduct any meetings or Negotiations under this Contract on behalf of the County or DCFS.

7.2 Contractor's Program Manager

7.2.1 The Contractor's Project Manager is designated in Exhibit E (Contractor's Administration). The Contractor must notify the County in writing of any change to Exhibit E (Contractor's Administration), as changes occur.

7.2.2 The Contractor's Program Manager will be responsible for the Contractor's day-to-day activities as related to this Contract and will meet and coordinate with County's Program Manager and County's Contract Program Monitor on a regular basis.

7.2.3 Contractor's Program Manager must respond via phone or email within twenty-four (24) hours to all calls and/or emails regarding Contractor's performance. Contractor's Program Manager or alternate must be available to authorized County personnel during normal work hours from 8:00 a.m. to 5:00 p.m., Monday through Friday, except legal holidays.

7.2.3.1 Any delays in the Contractor's response to the CPM could result in a fee or invoice deduction.

7.3 Approval of Contractor's Staff

County has the absolute right to approve or disapprove all of the Contractor's staff performing work hereunder and any proposed changes in the Contractor's staff, including, but not limited to, the Contractor's Program Manager.

7.4 Contractor's Staff Identification

Contractor will provide, at Contractor's expense, all staff providing services under this Contract with a photo identification badge.

7.5 Background and Security Investigations

- 7.5.1** Each of Contractor's and subcontractor's staff performing services under this Contract, who is in a designated sensitive position, as determined by County in County's sole discretion, must undergo and pass a background investigation to the satisfaction of County as a condition of beginning and continuing to perform services under this Contract. Such background investigation must be obtained through fingerprints submitted to the California Department of Justice to include State, local, and federal-level review, which may include, but will not be limited to, criminal conviction information. The fees associated with the background investigation will be at the expense of the Contractor, regardless of whether the member of Contractor's staff passes or fails the background investigation.
- 7.5.2** If a member of Contractor's staff does not pass the background investigation, County may request that the member of Contractor's staff be removed immediately from performing services under the Contract. Contractor must comply with County's request at any time during the term of the Contract. County will not provide to Contractor or to Contractor's staff any information obtained through the County's background investigation.
- 7.5.3** County, in its sole discretion, may immediately deny or terminate facility access to any member of Contractor's staff that does not pass such investigation to the satisfaction of the County or whose background or conduct is incompatible with County facility access.
- 7.5.4** These terms will also apply to subcontractors of County contractors.
- 7.5.5** Disqualification of any member of Contractor's staff pursuant to this Paragraph 7.5 will not relieve Contractor of its obligation to complete all work in accordance with the terms and conditions of this Contract.

7.6 Confidentiality

- 7.6.1** Contractor must maintain the confidentiality of all records and information in accordance with all applicable Federal, State and local laws, rules, regulations, ordinances, directives, guidelines, policies and procedures relating to confidentiality, including, without limitation, County policies concerning information technology security and the protection of confidential records and information.
- 7.6.2** Contractor must indemnify, defend, and hold harmless County, its officers, employees, and agents, from and against any and all claims, demands, damages, liabilities, losses, costs and expenses, including, without limitation, defense costs and legal, accounting and other expert, consulting, or professional fees, arising from, connected with, or related to any failure by Contractor, its officers, employees, agents, or subcontractors, to comply with this Paragraph 7.6, as determined by County in its sole judgment. Any legal defense pursuant to Contractor's indemnification obligations under this Paragraph 7.6 will be conducted by Contractor and performed by counsel selected by Contractor and

approved by County. Notwithstanding the preceding sentence, County will have the right to participate in any such defense at its sole cost and expense, except that in the event Contractor fails to provide County with a full and adequate defense, as determined by County in its sole judgment, County will be entitled to retain its own counsel, including, without limitation, County Counsel, and to reimbursement from Contractor for all such costs and expenses incurred by County in doing so. Contractor will not have the right to enter into any settlement, agree to any injunction, or make any admission, in each case, on behalf of County without County's prior written approval.

- 7.6.3** Contractor must inform all of its officers, employees, agents and subcontractors providing services hereunder of the confidentiality provisions of this Contract.
- 7.6.4** Contractor must sign and adhere to the provisions of Exhibit F1 (Contractor Acknowledgement and Confidentiality Contract).
- 7.6.5** Contractor will cause each employee performing services covered by this Contract to sign and adhere to the provisions of Exhibit F2 (Contractor Employee Acknowledgment and Confidentiality Agreement).

8 STANDARD TERMS AND CONDITIONS

8.1 Amendments

- 8.1.1** For any change which affects the scope of work, term, Contract sum, payments, or any term or condition included under this Contract, an amendment to the Contract must be prepared and executed by the Contractor and by the DCFS Director, or their designee.
- 8.1.2** The County's Board of Supervisors or Chief Executive Officer or designee may require the addition and/or change of certain terms and conditions in the Contract during the term of this Contract. The County reserves the right to add and/or change such provisions as required by the County's Board of Supervisors or Chief Executive Officer. To implement such changes, an Amendment to the Contract must be prepared and executed by the Contractor and by the DCFS Director, or their designee.
- 8.1.3** The DCFS Director or their designee, may at their sole discretion, authorize extensions of time as defined in Paragraph 4 (Term of Contract). The Contractor agrees that such extensions of time will not change any other term or condition of this Contract during the period of such extensions. To implement an extension of time, an Amendment to the Contract must be prepared and executed by the Contractor and by the DCFS Director, or their designee.

8.2 Assignment and Delegation/Mergers or Acquisitions

- 8.2.1** The Contractor must notify the County of any pending acquisitions/mergers of its company unless otherwise legally prohibited

from doing so. If the Contractor is restricted from legally notifying the County of pending acquisitions/mergers, then it should notify the County of the actual acquisitions/mergers as soon as the law allows and provide to the County the legal framework that restricted it from notifying the County prior to the actual acquisitions/mergers.

8.2.2 The Contractor must not assign, exchange, transfer, or delegate its rights or duties under this Contract, whether in whole or in part, without the prior written consent of County, in its discretion, and any attempted assignment, delegation, or otherwise transfer of its rights or duties, without such consent will be null and void. For purposes of this paragraph, County consent will require a written Amendment to the Contract, which is formally approved and executed by the parties. Any payments by the County to any approved delegate or assignee on any claim under this Contract will be deductible, at County's sole discretion, against the claims, which the Contractor may have against the County.

8.2.3 Any assumption, assignment, delegation, or takeover of any of the Contractor's duties, responsibilities, obligations, or performance of same by any person or entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without County's express prior written approval, will be a material breach of the Contract which may result in the termination of this Contract. In the event of such termination, County will be entitled to pursue the same remedies against Contractor as it could pursue in the event of default by Contractor.

8.3 Authorization Warranty

The Contractor represents and warrants that the person executing this Contract for the Contractor is an authorized agent who has actual authority to bind the Contractor to each and every term, condition, and obligation of this Contract and that all requirements of the Contractor have been fulfilled to provide such actual authority.

8.4 Budget Reductions

In the event that the County's Board of Supervisors adopts, in any fiscal year, a County Budget which provides for reductions in the salaries and benefits paid to the majority of County employees and imposes similar reductions with respect to County Contracts, the County reserves the right to reduce its payment obligation under this Contract correspondingly for that fiscal year and any subsequent fiscal year during the term of this Contract (including any extensions), and the services to be provided by the Contractor under this Contract will also be reduced correspondingly. The County's notice to the Contractor regarding said reduction in payment obligation will be provided within thirty (30) calendar days of the Board's approval of such actions. Except as set forth in the preceding sentence, the Contractor must continue to provide all of the services set forth in this Contract.

8.5 Complaints

The Contractor must develop, maintain and operate procedures for receiving, investigating and responding to complaints.

8.5.1 Complaint Procedures

- 8.5.1.1** Within five (5) business days after the Contract effective date, the Contractor must provide the County with the Contractor's procedures for receiving, investigating and responding to user complaints. The County will review the Contractor's procedures and provide the Contractor with approval of said procedures or with requested changes.
- 8.5.1.2** If the County requests changes in the Contractor's procedures, the Contractor must make such changes and resubmit the procedures within five (5) business days for County approval.
- 8.5.1.3** If, at any time, the Contractor wishes to change the Contractor's procedures, the Contractor must submit proposed changes to the County for approval before implementation.
- 8.5.1.4** The Contractor must preliminarily investigate all complaints and notify the County's Project Manager of the status of the investigation within five (5) business days of receiving the complaint.
- 8.5.1.5** When complaints cannot be resolved informally, a system of follow-through will be instituted which adheres to formal plans for specific actions and strict time deadlines.
- 8.5.1.6** Copies of all written responses must be sent to the County's Project Manager within five (5) business days of mailing to the complainant.

8.6 Compliance with Applicable Law

- 8.6.1** In the performance of this Contract, Contractor must comply with all applicable Federal, State and local laws, rules, regulations, ordinances, directives, guidelines, policies and procedures, and all provisions required thereby to be included in this Contract are hereby incorporated herein by reference.
- 8.6.2** Contractor must indemnify, defend, and hold harmless County, its officers, employees, and agents, from and against any and all claims, demands, damages, liabilities, losses, costs, and expenses, including, without limitation, defense costs and legal, accounting and other expert,

consulting or professional fees, arising from, connected with, or related to any failure by Contractor, its officers, employees, agents, or subcontractors, to comply with any such laws, rules, regulations, ordinances, directives, guidelines, policies, or procedures, as determined by County in its sole judgment. Any legal defense pursuant to Contractor's indemnification obligations under Paragraph 8.6 (Compliance with Applicable Law) will be conducted by Contractor and performed by counsel selected by Contractor and approved by County. Notwithstanding the preceding sentence, County will have the right to participate in any such defense at its sole cost and expense, except that in the event Contractor fails to provide County with a full and adequate defense, as determined by County in its sole judgment, County will be entitled to retain its own counsel, including, without limitation, County Counsel, and to reimbursement from Contractor for all such costs and expenses incurred by County in doing so. Contractor will not have the right to enter into any settlement, agree to any injunction or other equitable relief, or make any admission, in each case, on behalf of County without County's prior written approval.

8.7 Compliance with Civil Rights Laws

The Contractor hereby assures that it will comply with Subchapter VI of the Civil Rights Act of 1964, 42 USC Sections 2000 (e) (1) through 2000 (e) (17), to the end that no person will, on the grounds of race, creed, color, sex, religion, ancestry, age, condition of physical handicap, marital status, political affiliation, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Contract or under any project, program, or activity supported by this Contract. Additionally, Contractor certifies to the County:

- 8.7.1** That Contractor has a written policy statement prohibiting discrimination in all phases of employment.
- 8.7.2** That Contractor periodically conducts a self-analysis or utilization analysis of its work force.
- 8.7.3** That Contractor has a system for determining if its employment practices are discriminatory against protected groups.
- 8.7.4** Where problem areas are identified in employment practices, the Contractor has a system for taking reasonable corrective action, to include establishment of goals or timetables.

8.8 Compliance with the County's Jury Service Program

8.8.1 Jury Service Program

This Contract is subject to the provisions of the County's ordinance entitled Contractor Employee Jury Service ("Jury Service Program") as codified in [Sections 2.203.010 through 2.203.090 of the Los Angeles County Code](#).

8.8.2 Written Employee Jury Service Policy

- 8.8.2.1** Unless the Contractor has demonstrated to the County's satisfaction either that the Contractor is not a "Contractor" as defined under the Jury Service Program ([Section 2.203.020 of the County Code](#)) or that the Contractor qualifies for an exception to the Jury Service Program ([Section 2.203.070 of the County Code](#)), the Contractor must have and adhere to a written policy that provides that its Employees will receive from the Contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with the Contractor or that the Contractor deduct from the Employee's regular pay the fees received for jury service.
- 8.8.2.2** For purposes of this paragraph, "Contractor" means a person, partnership, corporation or other entity which has a Contract with the County or a subcontract with a County Contractor and has received or will receive an aggregate sum of fifty thousand dollars (\$50,000) or more in any twelve (12) month period under one or more County Contracts or subcontracts. "Employee" means any California resident who is a full-time employee of the Contractor. "Full-time" means forty (40) hours or more worked per week, or a lesser number of hours if:
- 1) the lesser number is a recognized industry standard as determined by the County, or 2) Contractor has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of ninety (90) days or less within a twelve (12) month period are not considered full-time for purposes of the Jury Service Program. If the Contractor uses any subcontractor to perform services for the County under the Contract, the subcontractor will also be subject to the provisions of this paragraph. The provisions of this paragraph will be inserted into any such subcontract Contract and a copy of the Jury Service Program must be attached to the Contract.
- 8.8.2.3** If the Contractor is not required to comply with the Jury Service Program when the Contract commences, the Contractor will have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and the Contractor must immediately notify the County if the Contractor at any time either comes within the Jury Service Program's definition of "Contractor" or if the Contractor no longer qualifies for an exception to the Jury Service Program. In either event, the Contractor must immediately implement a written policy consistent with the Jury Service Program. The County may also require, at any time during the Contract and at its sole discretion, that the Contractor demonstrate, to the County's satisfaction that the Contractor either continues to remain outside of the Jury

Service Program's definition of "Contractor" and/or that the Contractor continues to qualify for an exception to the Program.

8.8.2.4 Contractor's violation of this paragraph of the Contract may constitute a material breach of the Contract. In the event of such material breach, County may, in its sole discretion, terminate the Contract and/or bar the Contractor from the award of future County Contracts for a period of time consistent with the seriousness of the breach.

8.9 Conflict of Interest

8.9.1 No County employee whose position with the County enables such employee to influence the award of this Contract or any competing Contract, and no spouse or economic dependent of such employee, will be employed in any capacity by the Contractor or have any other direct or indirect financial interest in this Contract. No officer or employee of the Contractor who may financially benefit from the performance of work hereunder will in any way participate in the County's approval, or ongoing evaluation, of such work, or in any way attempt to unlawfully influence the County's approval or ongoing evaluation of such work.

8.9.2 The Contractor must comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this Contract. The Contractor warrants that it is not now aware of any facts that create a conflict of interest. If the Contractor hereafter becomes aware of any facts that might reasonably be expected to create a conflict of interest, it must immediately make full written disclosure of such facts to the County. Full written disclosure must include, but is not limited to, identification of all persons implicated and a complete description of all relevant circumstances. Failure to comply with the provisions of this paragraph will be a material breach of this Contract.

8.10 Consideration of Hiring County Employees Targeted for Layoffs or are on a County Re-Employment List

Should the Contractor require additional or replacement personnel after the effective date of this Contract to perform the services set forth herein, the Contractor must give first consideration for such employment openings to qualified, permanent County employees who are targeted for layoff or qualified, former County employees who are on a re-employment list during the life of this Contract.

8.11 Consideration of Hiring GAIN-START Participants

8.11.1 Should the Contractor require additional or replacement personnel after the effective date of this Contract, the Contractor will give consideration for any such employment openings to participants in the County's Department of Public Social Services Greater Avenues for Independence (GAIN) Program or Skills and Training to Achieve

Readiness for Tomorrow (START) Program who meet the contractor's minimum qualifications for the open position. For this purpose, consideration will mean that the Contractor will interview qualified candidates. The County will refer GAIN/START participants by job category to the Contractor. Contractors must report all job openings with job requirements to: gainstart@dpss.lacounty.gov and BSERVICES@OPPORTUNITY.LACOUNTY.GOV and DPSS will refer qualified GAIN/START job candidates.

- 8.11.2** In the event that both laid-off County employees and GAIN/START participants are available for hiring, County employees must be given first priority.

8.12 Contractor Responsibility and Debarment

8.12.1 Responsible Contractor

A responsible Contractor is a Contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the Contract. It is the County's policy to conduct business only with responsible Contractors.

8.12.2 Chapter 2.202 of the County Code

The Contractor is hereby notified that, in accordance with [Chapter 2.202 of the County Code](#), if the County acquires information concerning the performance of the Contractor on this or other Contracts which indicates that the Contractor is not responsible, the County may, in addition to other remedies provided in the Contract, debar the Contractor from bidding or proposing on, or being awarded, and/or performing work on County Contracts for a specified period of time, which generally will not exceed five (5) years but may exceed five (5) years or be permanent if warranted by the circumstances, and terminate any or all existing Contracts the Contractor may have with the County.

8.12.3 Non-responsible Contractor

The County may debar a Contractor if the Board of Supervisors finds, in its discretion, that the Contractor has done any of the following: 1) violated a term of a Contract with the County or a nonprofit corporation created by the County, 2) committed an act or omission which negatively reflects on the Contractor's quality, fitness or capacity to perform a Contract with the County, any other public entity, or a nonprofit corporation created by the County, or engaged in a pattern or practice which negatively reflects on same, 3) committed an act or offense which indicates a lack of business integrity or business honesty, or 4) made or submitted a false claim against the County or any other public entity.

8.12.4 Contractor Hearing Board

- 8.12.4.1** If there is evidence that the Contractor may be subject to debarment, the Department will notify the Contractor in writing of the evidence which is the basis for the proposed

debarment and will advise the Contractor of the scheduled date for a debarment hearing before the Contractor Hearing Board.

8.12.4.2 The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Contractor and/or the Contractor's representative will be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board will prepare a tentative proposed decision, which will contain a recommendation regarding whether the Contractor should be debarred, and, if so, the appropriate length of time of the debarment. The Contractor and the Department will be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board of Supervisors.

8.12.4.3 After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision, and any other recommendation of the Contractor Hearing Board will be presented to the Board of Supervisors. The Board of Supervisors will have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.

8.12.4.4 If a Contractor has been debarred for a period longer than five (5) years, that Contractor may after the debarment has been in effect for at least five (5) years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. The County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the Contractor has adequately demonstrated one or more of the following:

- 1) elimination of the grounds for which the debarment was imposed;
- 2) a bona fide change in ownership or management;
- 3) material evidence discovered after debarment was imposed; or
- 4) any other reason that is in the best interests of the County.

8.12.4.5 The Contractor Hearing Board will consider a request for review of a debarment determination only where 1) the Contractor has been debarred for a period longer than five (5) years; 2) the debarment has been in effect for at least five (5) years; and 3) the request is in writing, states one or more of the grounds for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the

Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board will conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing will be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.

- 8.12.4.6** The Contractor Hearing Board's proposed decision will contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board will present its proposed decision and recommendation to the Board of Supervisors. The Board of Supervisors will have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.

8.12.5 Subcontractors of Contractor

These terms will also apply to subcontractors of County Contractors.

8.13 Contractor's Acknowledgement and Notice to its Employees of the Safely Surrendered Baby Law

The Contractor acknowledges that the County places a high priority on the implementation of the Safely Surrendered Baby Law. The Contractor must notify and provide to its employees, and will require each Subcontractor to notify and provide to its employees, a [Fact Sheet](#) regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and information on where and how to safely surrender a baby. Additionally, the Contractor understands that it is the County's policy to encourage all County contractors to voluntarily post the County's "[Safely Surrendered Baby Law Poster](#)" (available in [English/ Spanish/ Chinese/ Korean](#)) in a prominent position at the Contractor's place of business. The Contractor will also encourage its subcontractors, if any, to post this poster in a prominent position in the subcontractor's place of business.

The Contractor, and its subcontractor(s), can access posters and other program material at babysafela.org.

8.14 Contractor's Warranty of Adherence to County's Child Support Compliance Program

- 8.14.1** The Contractor acknowledges that the County has established a goal of ensuring that all individuals who benefit financially from the County through Contracts are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon the County and its taxpayers.

- 8.14.2** As required by the County's Child Support Compliance Program ([County Code Chapter 2.200](#)) and without limiting the Contractor's duty under this Contract to comply with all applicable provisions of law, the Contractor warrants that it is now in compliance and will during the term of this Contract, maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and will

implement all lawfully served Wage and Earnings Withholding Orders or Child Support Services Department Notices of Wage and Earnings Assignment for Child, Family or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

8.15 County's Quality Assurance Plan

8.15.1 The County or its agent(s) will monitor the Contractor's performance under this Contract on not less than an annual basis. Such monitoring will include assessing the Contractor's compliance with all Contract terms and conditions and performance standards. Contractor deficiencies which the County determines are significant or continuing and that may place performance of the Contract in jeopardy if not corrected will be reported to the Board of Supervisors and listed in the appropriate Contractor performance database. The report to the Board will include improvement/corrective action measures taken by the County and the Contractor. If improvement does not occur consistent with the corrective action measures, the County may terminate this Contract or impose other penalties as specified in this Contract.

8.16 Damage to County Facilities, Buildings or Grounds

8.16.1 The Contractor will repair, or cause to be repaired, at its own cost, any and all damage to County facilities, buildings, or grounds caused by the Contractor or employees or agents of the Contractor. Such repairs must be made immediately after the Contractor has become aware of such damage, but in no event later than thirty (30) days after the occurrence.

8.16.2 If the Contractor fails to make timely repairs, County may make any necessary repairs. All costs incurred by County, as determined by County, for such repairs must be repaid by the Contractor by cash payment upon demand.

8.17 Employment Eligibility Verification

8.17.1 The Contractor warrants that it fully complies with all Federal and State statutes and regulations regarding the employment of aliens and others and that all its employees performing work under this Contract meet the citizenship or alien status requirements set forth in Federal and State statutes and regulations. The Contractor must obtain, from all employees performing work hereunder, all verification and other documentation of employment eligibility status required by Federal and State statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986, (P.L. 99-603), or as they currently exist and as they may be hereafter amended. The Contractor must retain all such documentation for all covered employees for the period prescribed by law.

8.17.2 The Contractor must indemnify, defend, and hold harmless, the County, its agents, officers, and employees from employer sanctions and any other liability which may be assessed against the Contractor or the County or both in connection with any alleged violation of any Federal or State

statutes or regulations pertaining to the eligibility for employment of any persons performing work under this Contract.

8.18 Counterparts and Electronic Signatures and Representations

This Contract may be executed in two or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same Contract. The facsimile, email or electronic signature of the Parties will be deemed to constitute original signatures, and facsimile or electronic copies hereof will be deemed to constitute duplicate originals.

The County and the Contractor hereby agree to regard electronic representations of original signatures of authorized officers of each party, when appearing in appropriate places on the Amendments prepared pursuant to Paragraph 8.1 (Amendments) and received via communications facilities (facsimile, email or electronic signature), as legally sufficient evidence that such legally binding signatures have been affixed to Amendments to this Contract.

8.19 Fair Labor Standards

The Contractor must comply with all applicable provisions of the Federal Fair Labor Standards Act and must indemnify, defend, and hold harmless the County and its agents, officers, and employees from any and all liability, including, but not limited to, wages, overtime pay, liquidated damages, penalties, court costs, and attorneys' fees arising under any wage and hour law, including, but not limited to, the Federal Fair Labor Standards Act, for work performed by the Contractor's employees for which the County may be found jointly or solely liable.

8.20 Force Majeure

8.20.1 Neither party will be liable for such party's failure to perform its obligations under and in accordance with this Contract, if such failure arises out of fires, floods, epidemics, quarantine restrictions, other natural occurrences, strikes, lockouts (other than a lockout by such party or any of such party's subcontractors), freight embargoes, or other similar events to those described above, but in every such case the failure to perform must be totally beyond the control and without any fault or negligence of such party (such events are referred to in this paragraph as "force majeure events").

8.20.2 Notwithstanding the foregoing, a default by a subcontractor of Contractor will not constitute a force majeure event, unless such default arises out of causes beyond the control of both Contractor and such subcontractor, and without any fault or negligence of either of them. In such case, Contractor will not be liable for failure to perform, unless the goods or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit Contractor to meet the required performance schedule. As used in this subparagraph, the term "subcontractor" and "subcontractors" mean subcontractors at any tier.

8.20.3 In the event Contractor's failure to perform arises out of a force majeure event, Contractor agrees to use commercially reasonable best efforts to

obtain goods or services from other sources, if applicable, and to otherwise mitigate the damages and reduce the delay caused by such force majeure event.

8.21 Governing Law, Jurisdiction, and Venue

This Contract will be governed by, and construed in accordance with, the laws of the State of California. The Contractor agrees and consents to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this Contract and further agrees and consents that venue of any action brought hereunder will be exclusively in the County of Los Angeles.

8.22 Independent Contractor Status

8.22.1 This Contract is by and between the County and the Contractor and is not intended, and must not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association, as between the County and the Contractor. The employees and agents of one party must not be, or be construed to be, the employees or agents of the other party for any purpose whatsoever.

8.22.2 The Contractor will be solely liable and responsible for providing to, or on behalf of, all persons performing work pursuant to this Contract all compensation and benefits. The County will have no liability or responsibility for the payment of any salaries, wages, unemployment benefits, disability benefits, Federal, State, or local taxes, or other compensation, benefits, or taxes for any personnel provided by or on behalf of the Contractor.

8.22.3 The Contractor understands and agrees that all persons performing work pursuant to this Contract are, for purposes of Workers' Compensation liability, solely employees of the Contractor and not employees of the County. The Contractor will be solely liable and responsible for furnishing any and all Workers' Compensation benefits to any person as a result of any injuries arising from or connected with any work performed by or on behalf of the Contractor pursuant to this Contract.

8.22.4 The Contractor must adhere to the provisions stated in Paragraph 7.6 (Confidentiality).

8.22.5 Contractor must cause each employee performance services covered by this Contract to sign and adhere to Exhibit F2, "Contractor's Employee Acknowledgment and Confidentiality Agreement."

8.23 Indemnification

The Contractor must indemnify, defend and hold harmless the County, its Special Districts, elected and appointed officers, employees, agents and volunteers (County Indemnitees) from and against any and all liability, including but not limited to demands, claims, actions, fees, costs and expenses (including attorney and expert witness fees), arising from and/or relating to this Contract, except for such loss or damage arising from the sole negligence or willful misconduct of the County indemnitees.

8.24 General Provisions for all Insurance Coverage

8.24.1 Without limiting Contractor's indemnification of County, and in the performance of this Contract and until all of its obligations pursuant to this Contract have been met, Contractor must provide and maintain at its own expense insurance coverage satisfying the requirements specified in Paragraphs 8.24 and 8.25 of this Contract. These minimum insurance coverage terms, types and limits (the "Required Insurance") also are in addition to and separate from any other contractual obligation imposed upon Contractor pursuant to this Contract. The County in no way warrants that the Required Insurance is sufficient to protect the Contractor for liabilities which may arise from or relate to this Contract.

8.24.2 Evidence of Coverage and Notice to County

8.24.2.1 Certificate(s) of insurance coverage (Certificate) satisfactory to County, and a copy of an Additional Insured endorsement confirming County and its Agents (defined below) has been given Insured status under the Contractor's General Liability policy, must be delivered to County at the address shown below and provided prior to commencing services under this Contract.

8.24.2.2 Renewal Certificates must be provided to County not less than ten (10) days prior to Contractor's policy expiration dates. The County reserves the right to obtain complete, certified copies of any required Contractor and/or subcontractor insurance policies at any time.

8.24.2.3 Certificates must identify all Required Insurance coverage types and limits specified herein, reference this Contract by name or number, and be signed by an authorized representative of the insurer(s). The Insured party named on the Certificate must match the name of the Contractor identified as the contracting party in this Contract. Certificates must provide the full name of each insurer providing coverage, its NAIC (National Association of Insurance Commissioners) identification number, its financial rating, the amounts of any policy deductibles or self-insured retentions exceeding fifty thousand dollars (\$50,000), and list any County required endorsement forms.

8.24.2.4 Neither the County's failure to obtain, nor the County's receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by the Contractor, its insurance broker(s) and/or insurer(s), will be construed as a waiver of any of the Required Insurance provisions.

8.24.2.5 Certificates and copies of any required endorsements must be sent to:

County of Los Angeles
Department of Children and Family Services
Contracts Administration Division, Section 2
Attention: Tajia Joseph, Contract Analyst
josepT@dcfs.lacounty.gov and ContractorInsurance@dcfs.lacounty.gov

8.24.2.6 Contractor also must promptly report to County any injury or property damage accident or incident, including any injury to a Contractor employee occurring on County property, and any loss, disappearance, destruction, misuse, or theft of County property, monies or securities entrusted to Contractor. Contractor also must promptly notify County of any third party claim or suit filed against Contractor or any of its subcontractors which arises from or relates to this Contract and could result in the filing of a claim or lawsuit against Contractor and/or County.

8.24.3 Additional Insured Status and Scope of Coverage

The County of Los Angeles, its Special Districts, Elected Officials, Officers, Agents, employees and volunteers (collectively County and its Agents) must be provided additional insured status under Contractor's General Liability policy with respect to liability arising out of Contractor's ongoing and completed operations performed on behalf of the County. County and its Agents additional insured status must apply with respect to liability and defense of suits arising out of the Contractor's acts or omissions, whether such liability is attributable to the Contractor or to the County. The full policy limits and scope of protection also must apply to the County and its Agents as an additional insured, even if they exceed the County's minimum Required Insurance specifications herein. Use of an automatic additional insured endorsement form is acceptable providing it satisfies the Required Insurance provisions herein.

8.24.4 Cancellation of or Changes in Insurance

Contractor must provide County with, or Contractor's insurance policies must contain a provision that County will receive, written notice of cancellation or any change in Required Insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice must be provided to County at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. Failure to provide written notice of cancellation or any change in Required Insurance may constitute a material breach of the Contract, in the sole discretion of the County, upon which the County may suspend or terminate this Contract.

8.24.5 Failure to Maintain Insurance

Contractor's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance will constitute a material breach of the

Contract, upon which County immediately may withhold payments due to Contractor, and/or suspend or terminate this Contract. County, at its sole discretion, may obtain damages from Contractor resulting from said breach. Alternatively, the County may purchase the Required Insurance, and without further notice to Contractor, deduct the premium cost from sums due to Contractor or pursue Contractor reimbursement.

8.24.6 Insurer Financial Ratings

Coverage must be placed with insurers acceptable to the County with A.M. Best ratings of not less than A:VII unless otherwise approved by County.

8.24.7 Contractor's Insurance Must Be Primary

Contractor's insurance policies, with respect to any claims related to this Contract, must be primary with respect to all other sources of coverage available to Contractor. Any County maintained insurance or self-insurance coverage must be in excess of and not contribute to any Contractor coverage.

8.24.8 Waivers of Subrogation

To the fullest extent permitted by law, the Contractor hereby waives its rights and its insurer(s)' rights of recovery against County under all the Required Insurance for any loss arising from or relating to this Contract. The Contractor must require its insurers to execute any waiver of subrogation endorsements which may be necessary to effectuate such waiver.

8.24.9 Subcontractor Insurance Coverage Requirements

Contractor must include all subcontractors as insureds under Contractor's own policies or must provide County with each subcontractor's separate evidence of insurance coverage. Contractor will be responsible for verifying each subcontractor complies with the Required Insurance provisions herein and must require that each subcontractor name the County and Contractor as additional insureds on the subcontractor's General Liability policy. Contractor must obtain County's prior review and approval of any subcontractor request for modification of the Required Insurance.

8.24.10 Deductibles and Self-Insured Retentions (SIRs)

Contractor's policies will not obligate the County to pay any portion of any Contractor deductible or SIR. The County retains the right to require Contractor to reduce or eliminate policy deductibles and SIRs as respects the County, or to provide a bond guaranteeing Contractor's payment of all deductibles and SIRs, including all related claims investigation, administration and defense expenses. Such bond must be executed by a corporate surety licensed to transact business in the State of California.

8.24.11 Claims Made Coverage

If any part of the Required Insurance is written on a claims made basis, any policy retroactive date will precede the effective date of this Contract. Contractor understands and agrees it will maintain such coverage for a period of not less than three (3) years following Contract expiration, termination or cancellation.

8.24.12 Application of Excess Liability Coverage

Contractors may use a combination of primary, and excess insurance policies which provide coverage as broad as ("follow form" over) the underlying primary policies, to satisfy the Required Insurance provisions.

8.24.13 Separation of Insureds

All liability policies must provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separation of insureds provision with no insured versus insured exclusions or limitations.

8.24.14 Alternative Risk Financing Programs

The County reserves the right to review, and then approve, Contractor use of self-insurance, risk retention groups, risk purchasing groups, pooling arrangements and captive insurance to satisfy the Required Insurance provisions. The County and its Agents must be designated as an Additional Covered Party under any approved program.

8.24.15 County Review and Approval of Insurance Requirements

The County reserves the right to review and adjust the Required Insurance provisions, conditioned upon County's determination of changes in risk exposures.

8.25 Insurance Coverage

8.25.1 Commercial General Liability insurance (providing scope of coverage equivalent to ISO policy form CG 00 01), naming County and its Agents as an additional insured, with limits of not less than:

General Aggregate:	\$2 million
Products/Completed Operations Aggregate:	\$1 million
Personal and Advertising Injury:	\$1 million
Each Occurrence:	\$1 million

8.25.2 Automobile Liability insurance (providing scope of coverage equivalent to ISO policy form CA 00 01) with limits of not less than \$1 million for bodily injury and property damage, in combined or equivalent split limits, for each single accident. Insurance must cover liability arising out of Contractor's use of autos pursuant to this Contract, including owned, leased, hired, and/or non-owned autos, as each may be applicable.

8.25.3 Workers Compensation and Employers' Liability insurance or qualified self- insurance satisfying statutory requirements, which includes Employers' Liability coverage with limits of not less than \$1 million per accident. If Contractor will provide leased employees, or, is an employee leasing or temporary staffing firm or a professional employer organization (PEO), coverage also must include an Alternate Employer Endorsement (providing scope of coverage equivalent to ISO policy form WC 00 03 01 A) naming the County as the Alternate Employer. The written notice must be provided to County at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. If applicable to Contractor's operations, coverage also must be arranged to satisfy the requirements of any federal workers or workmen's compensation law or any federal occupational disease law.

8.25.4 Intentionally Omitted

8.26 Liquidated Damages

8.26.1 If, in the judgment of the Director, or their designee, the Contractor is deemed to be non-compliant with the terms and obligations assumed hereby, the Director, or their designee, at their option, in addition to, or in lieu of, other remedies provided herein, may withhold the entire monthly payment or deduct pro rata from the Contractor's invoice for work not performed. A description of the work not performed and the amount deducted from payments to the Contractor from the County, will be forwarded to the Contractor by the Director, or their designee, in a written notice describing the reasons for said action.

8.26.2 If the DCFS Director, or their designee, determines that there are deficiencies in the performance of this Contract that the DCFS Director, or their designee, deems are correctable by the Contractor over a certain time span, the DCFS Director, or their designee, will provide a written notice to the Contractor to correct the deficiency within specified time frames. Should the Contractor fail to correct deficiencies within said time frame, the DCFS Director, or their designee, may deduct from the Contractor's payment, pro rata, those applicable portions of the Monthly Contract Sum. The parties agree that it will be impracticable or extremely difficult to fix the extent of actual damages resulting from the failure of the Contractor to correct a deficiency within the specified time frame. The parties hereby agree that under the current circumstances a reasonable estimate of such damages will be agreed upon at such time and that the Contractor will be liable to the County for liquidated damages in said amount. Said amount will be deducted from the County's payment to the Contractor; and/or (c) Upon giving five (5) days' notice to the Contractor for failure to correct the deficiencies, the County may correct any and all deficiencies and the total costs incurred by the County for completion of

the work by an alternate source, whether it be County forces or separate private Contractor, will be deducted and forfeited from the payment to the Contractor from the County, as determined by the County.

- 8.26.3** The action noted in Paragraph 8.26.2 must not be construed as a penalty, but as adjustment of payment to the Contractor to recover the County cost due to the failure of the Contractor to complete or comply with the provisions of this Contract.
- 8.26.4** This paragraph must not, in any manner, restrict or limit the County's right to damages for any breach of this Contract provided by law or as specified in the PRS or Paragraph 8.26.2, and must not, in any manner, restrict or limit the County's right to terminate this Contract as agreed to herein.
- 8.26.5** During the term of this Contract, County will deduct an amount as specified in Exhibit A (Statement of Work), Technical Exhibit A (Performance Requirements Summary).

8.27 Most Favored Public Entity

If the Contractor's prices decline or should the Contractor at any time during the term of this Contract provide the same goods or services under similar quantity and delivery conditions to the State of California or any county, municipality, or district of the State at prices below those set forth in this Contract, then such lower prices must be immediately extended to the County.

8.28 Nondiscrimination and Affirmative Action

- 8.28.1** The Contractor certifies and agrees that all persons employed by it, its affiliates, subsidiaries, or holding companies are and will be treated equally without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations.
- 8.28.2** Contractor certifies to the County each of the following:
 - 8.28.2.1** That Contractor has a written policy statement prohibiting discrimination in all phases of employment.
 - 8.28.2.2** That Contractor periodically conducts a self-analysis or utilization analysis of its work force.
 - 8.28.2.3** That Contractor has a system for determining if its employment practices are discriminatory against protected groups.
 - 8.28.2.4** Where problem areas are identified in employment practices, the Contractor has a system for taking reasonable corrective action, to include establishment of goals or timetables.

- 8.28.3** The Contractor must take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations. Such action must include, but is not limited to: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.
- 8.28.4** The Contractor certifies and agrees that it will deal with its subcontractors or proposers without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation.
- 8.28.5** The Contractor certifies and agrees that it, its affiliates, subsidiaries, or holding companies will comply with all applicable Federal and State laws and regulations to the end that no person will, on the grounds of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Contract or under any project, program, or activity supported by this Contract.
- 8.28.6** The Contractor will allow County representatives access to the Contractor's employment records during regular business hours to verify compliance with the provisions of this Paragraph 8.28 (Nondiscrimination and Affirmative Action) when so requested by the County.
- 8.28.7** If the County finds that any provisions of this Paragraph 8.28 (Nondiscrimination and Affirmative Action) have been violated, such violation will constitute a material breach of this Contract upon which the County may terminate or suspend this Contract. While the County reserves the right to determine independently that the anti-discrimination provisions of this Contract have been violated, in addition, a determination by the California Civil Rights Department or the Federal Equal Employment Opportunity Commission that the Contractor has violated Federal or State anti-discrimination laws or regulations will constitute a finding by the County that the Contractor has violated the anti-discrimination provisions of this Contract
- 8.28.8** The parties agree that in the event the Contractor violates any of the anti- discrimination provisions of this Contract, the County will, at its sole option, be entitled to the sum of five hundred dollars (\$500) for each such violation pursuant to California Civil Code Section 1671 as liquidated damages in lieu of terminating or suspending this Contract.

8.29 Non Exclusivity

Nothing herein is intended nor will be construed as creating any exclusive arrangement with the Contractor. This Contract will not restrict County from acquiring similar, equal or like goods and/or services from other entities or sources.

8.30 Notice of Delays

Except as otherwise provided under this Contract, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Contract, that party must, within one (1) business day, give notice thereof, including all relevant information with respect thereto, to the other party.

8.31 Notice of Disputes

The Contractor must bring to the attention of the County's Program Manager and/or County's Program Director any dispute between the County and the Contractor regarding the performance of services as stated in this Contract. If the County's Program Manager or County's Program Director is not able to resolve the dispute, the DCFS Director, or their designee will resolve it.

8.32 Notice to Employees Regarding the Federal Earned Income Credit

The Contractor must notify its employees, and will require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice must be provided in accordance with the requirements set forth in Internal Revenue Service Notice No. 1015.

8.33 Intentionally Omitted

8.34 Notices

All notices or demands required or permitted to be given or made under this Contract must be in writing and will be hand delivered with signed receipt or mailed by first class registered or certified mail, postage prepaid, addressed to the parties as identified in Exhibits D (County's Administration) and E (Contractor's Administration). Addresses may be changed by either party giving ten (10) days prior written notice thereof to the other party. The DCFS Director, or their designee will have the authority to issue all notices or demands required or permitted by the County under this Contract.

8.35 Prohibition Against Inducement or Persuasion

Notwithstanding the above, the Contractor and the County agree that, during the term of this Contract and for a period of one year thereafter, neither party will in any way intentionally induce or persuade any employee of one party to become an employee or agent of the other party. No bar exists against any hiring action initiated through a public announcement.

8.36 Public Records Act

8.36.1 Any documents submitted by the Contractor; all information obtained in connection with the County's right to audit and inspect the Contractor's documents, books, and accounting records pursuant to Paragraph 8.37

(Record Retention and Inspection-Audit Settlement) of this Contract; as well as those documents which were required to be submitted in response to the Request for Proposals (RFP) used in the solicitation process for this Contract, become the exclusive property of the County. All such documents become a matter of public record and will be regarded as public records except for those documents determined to be non-disclosable or exempt pursuant to [California Government Code sections 7921.000 et seq.](#) and which are marked “trade secret”, “confidential”, or “proprietary”. The County will not in any way be liable or responsible for the disclosure of any such records including, without limitation, those so marked, if disclosure is required by law, or by an order issued by a court of competent jurisdiction.

- 8.36.2** In the event the County is required to defend an action on a Public Records Act request for any of the aforementioned documents, information, books, records, and/or contents of a proposal marked “trade secret”, “confidential”, or “proprietary”, the Contractor agrees to defend and indemnify the County from all costs and expenses, including reasonable attorney’s fees, in action or liability arising under the Public Records Act.

8.37 Publicity

- 8.37.1** The Contractor must not disclose any details in connection with this Contract to any person or entity except as may be otherwise provided hereunder or required by law. However, in recognizing the Contractor’s need to identify its services and related clients to sustain itself, the County will not inhibit the Contractor from publishing its role under this Contract within the following conditions:

- 8.37.1.1** The Contractor must develop all publicity material in a professional manner; and
- 8.37.1.2** During the term of this Contract, the Contractor will not, and will not authorize another to, publish or disseminate any commercial advertisements, press releases, feature articles, or other materials using the name of the County without the prior written consent of the County’s Program Director. The County will not unreasonably withhold written consent.

- 8.37.2** The Contractor may, without the prior written consent of County, indicate in its proposals and sales materials that it has been awarded this Contract with the County of Los Angeles, provided that the requirements of this Paragraph 8.37 (Publicity) will apply.

8.38 Record Retention and Inspection-Audit Settlement

- 8.38.1** The Contractor must maintain accurate and complete financial records of its activities and operations relating to this Contract in accordance with generally accepted accounting principles. The Contractor must also maintain accurate and complete employment and other records relating to its performance of this Contract. The Contractor agrees that the

County, or its authorized representatives, will have access to and the right to examine, audit, excerpt, copy, or transcribe any pertinent transaction, activity, or record relating to this Contract. All such material, including, but not limited to, all financial records, bank statements, cancelled checks or other proof of payment, timecards, sign-in/sign-out sheets and other time and employment records, and proprietary data and information, will be kept and maintained by the Contractor and will be made available to the County during the term of this Contract and for a period of five (5) years thereafter unless the County's written permission is given to dispose of any such material prior to such time. All such material must be maintained by the Contractor at a location in Los Angeles County, provided that if any such material is located outside of Los Angeles County, then, at the County's option, the Contractor will pay the County for travel, per diem, and other costs incurred by the County to examine, audit, excerpt, copy, or transcribe such material at such other location.

- 8.38.2** In the event that an audit of the Contractor is conducted specifically regarding this Contract by any Federal or State auditor, or by any auditor or accountant employed by the Contractor or otherwise, then the Contractor must file a copy of such audit report with the County's Auditor Controller within thirty (30) days of the Contractor's receipt thereof, unless otherwise provided by applicable Federal or State law or under this Contract. Subject to applicable law, the County will make a reasonable effort to maintain the confidentiality of such audit report(s).
- 8.38.3** Failure on the part of the Contractor to comply with any of the provisions of this subparagraph will constitute a material breach of this Contract upon which the County may terminate or suspend this Contract.
- 8.38.4** If, at any time during the term of this Contract or within five (5) years after the expiration or termination of this Contract, representatives of the County conduct an audit of the Contractor regarding the work performed under this Contract, and if such audit finds that the County's dollar liability for any such work is less than payments made by the County to the Contractor, then the difference must be either: a) repaid by the contractor to the County by cash payment upon demand or b) at the sole option of the County's Auditor-Controller, deducted from any amounts due to the Contractor from the County, whether under this Contract or otherwise. If such audit finds that the County's dollar liability for such work is more than the payments made by the County to the Contractor, then the difference will be paid to the Contractor by the County by cash payment, provided that in no event will the County's maximum obligation for this Contract exceed the funds appropriated by the County for the purpose of this Contract.
- 8.38.5** Contactor will be responsible for conducting annual financial audits of its agency and its subcontractor(s) if required by County, CDSS, and/or the California Secretary of State to be conducted by an independent audit firm and in accordance with generally accepted auditing standards.

Within thirty (30) calendar days after issuance of such audit reports, Contractor will forward copies of such reports to DCFS.

8.39 Recycled Bond Paper

Consistent with the Board of Supervisors' policy to reduce the amount of solid waste deposited at the County landfills, the Contractor agrees to use recycled-content paper to the maximum extent possible on this Contract.

8.40 Subcontracting

The requirements of this Contract may not be subcontracted by the contractor.

8.41 Termination for Breach of Warranty to Maintain Compliance with County's Child Support Compliance Program

Failure of the Contractor to maintain compliance with the requirements set forth in Paragraph 8.14 (Contractor's Warranty of Adherence to County's Child Support Compliance Program) will constitute default under this Contract. Without limiting the rights and remedies available to the County under any other provision of this Contract, failure of the Contractor to cure such default within ninety (90) calendar days of written notice will be grounds upon which the County may terminate this Contract pursuant to Paragraph 8.43 (Termination for Default) and pursue debarment of the Contractor, pursuant to [County Code Chapter 2.202](#).

8.42 Termination for Convenience

8.42.1 This Contract may be terminated, in whole or in part, from time to time, when such action is deemed by the County, in its sole discretion, to be in its best interest. Termination of work hereunder will be effectuated by notice of termination to the Contractor specifying the extent to which performance of work is terminated and the date upon which such termination becomes effective. The date upon which such termination becomes effective will be no less than ten (10) days after the notice is sent.

8.42.2 After receipt of a notice of termination and except as otherwise directed by the County, the Contractor must:

8.42.2.1 Stop work under this Contract on the date and to the extent specified in such notice, and

8.42.2.2 Complete performance of such part of the work as would not have been terminated by such notice.

8.42.3 All material including books, records, documents, or other evidence bearing on the costs and expenses of the Contractor under this Contract must be maintained by the Contractor in accordance with Paragraph 8.38 (Record Retention and Inspection-Audit Settlement).

8.43 Termination for Default

- 8.43.1** The County may, by written notice to the Contractor, terminate the whole or any part of this Contract, if, in the judgment of County's Program Director:
- 8.43.1.1** Contractor has materially breached this Contract; or
 - 8.43.1.2** Contractor fails to timely provide and/or satisfactorily perform any task, deliverable, service, or other work required either under this Contract; or
 - 8.43.1.3** Contractor fails to demonstrate a high probability of timely fulfillment of performance requirements under this Contract, or of any obligations of this Contract and in either case, fails to demonstrate convincing progress toward a cure within five (5) working days (or such longer period as the County may authorize in writing) after receipt of written notice from the County specifying such failure.
- 8.43.2** In the event that the County terminates this Contract in whole or in part as provided in Paragraph 8.43.1, the County may procure, upon such terms and in such manner as the County may deem appropriate, goods and services similar to those so terminated. The Contractor will be liable to the County for any and all excess costs incurred by the County, as determined by the County, for such similar goods and services. The Contractor will continue the performance of this Contract to the extent not terminated under the provisions of this paragraph.
- 8.43.3** Except with respect to defaults of any subcontractor, the Contractor will not be liable for any such excess costs of the type identified in Paragraph 8.43.2 if its failure to perform this Contract arises out of causes beyond the control and without the fault or negligence of the Contractor. Such causes may include, but are not limited to: acts of God or of the public enemy, acts of the County in either its sovereign or contractual capacity, acts of Federal or State governments in their sovereign capacities, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather; but in every case, the failure to perform must be beyond the control and without the fault or negligence of the Contractor. If the failure to perform is caused by the default of a subcontractor, and if such default arises out of causes beyond the control of both the Contractor and subcontractor, and without the fault or negligence of either of them, the Contractor will not be liable for any such excess costs for failure to perform, unless the goods or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit the Contractor to meet the required performance schedule. As used in this paragraph, the term "subcontractor(s)" means subcontractor(s) at any tier.
- 8.43.4** If, after the County has given notice of termination under the provisions of Paragraph 8.43 (Termination for Default) it is determined by the County that the Contractor was not in default under the provisions of Paragraph 8.43 (Termination for Default) or that the default was

excusable under the provisions of subparagraph 8.43.3, the rights and obligations of the parties will be the same as if the notice of termination had been issued pursuant to Paragraph 8.42 (Termination for Convenience).

- 8.43.5** The rights and remedies of the County provided in this Paragraph 8.43 (Termination for Default) will not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

8.44 Termination for Improper Consideration

- 8.44.1** The County may, by written notice to the Contractor, immediately terminate the right of the Contractor to proceed under this Contract if it is found that consideration, in any form, was offered or given by the Contractor, either directly or through an intermediary, to any County officer, employee, or agent with the intent of securing this Contract or securing favorable treatment with respect to the award, amendment, or extension of this Contract or the making of any determinations with respect to the Contractor's performance pursuant to this Contract. In the event of such termination, the County will be entitled to pursue the same remedies against the Contractor as it could pursue in the event of default by the Contractor.
- 8.44.2** The Contractor must immediately report any attempt by a County officer, employee, or agent to solicit such improper consideration. The report must be made to the Los Angeles County Fraud Hotline at (800) 544-6861 or <https://fraud.lacounty.gov/>.
- 8.44.3** Among other items, such improper consideration may take the form of cash, discounts, services, the provision of travel or entertainment, or tangible gifts.

8.45 Termination for Insolvency

- 8.45.1** The County may terminate this Contract forthwith in the event of the occurrence of any of the following:
- 8.45.1.1** Insolvency of the Contractor. The Contractor will be deemed to be insolvent if it has ceased to pay its debts for at least sixty (60) days in the ordinary course of business or cannot pay its debts as they become due, whether or not a petition has been filed under the Federal Bankruptcy Code and whether or not the Contractor is insolvent within the meaning of the Federal Bankruptcy Code;
 - 8.45.1.2** The filing of a voluntary or involuntary petition regarding the Contractor under the Federal Bankruptcy Code;
 - 8.45.1.3** The appointment of a Receiver or Trustee for the Contractor; or
 - 8.45.1.4** The execution by the Contractor of a general assignment for the benefit of creditors.

8.45.2 The rights and remedies of the County provided in this Paragraph 8.45 (Termination for Insolvency) will not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

8.46 Termination for Non-Adherence of County Lobbyist Ordinance

The Contractor, and each County Lobbyist or County Lobbying firm as defined in [County Code Section 2.160.010](#) retained by the Contractor, must fully comply with the County's Lobbyist Ordinance, [County Code Chapter 2.160](#). Failure on the part of the Contractor or any County Lobbyist or County Lobbying firm retained by the Contractor to fully comply with the County's Lobbyist Ordinance will constitute a material breach of this Contract, upon which the County may in its sole discretion, immediately terminate or suspend this Contract.

8.47 Termination for Non-Appropriation of Funds

Notwithstanding any other provision of this Contract, the County will not be obligated for the Contractor's performance hereunder or by any provision of this Contract during any of the County's future fiscal years unless and until the County's Board of Supervisors appropriates funds for this Contract in the County's Budget for each such future fiscal year. In the event that funds are not appropriated for this Contract, then this Contract will terminate as of June 30 of the last fiscal year for which funds were appropriated. The County will notify the Contractor in writing of any such non-allocation of funds at the earliest possible date.

8.48 Validity

If any provision of this Contract or the application thereof to any person or circumstance is held invalid, the remainder of this Contract and the application of such provision to other persons or circumstances will not be affected thereby.

8.49 Waiver

No waiver by the County of any breach of any provision of this Contract will constitute a waiver of any other breach or of such provision. Failure of the County to enforce at any time, or from time to time, any provision of this Contract will not be construed as a waiver thereof. The rights and remedies set forth in this Paragraph 8.49 will not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

8.50 Warranty Against Contingent Fees

8.50.1 The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this Contract upon any Contract or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business.

8.50.2 For breach of this warranty, the County will have the right to terminate this Contract and, at its sole discretion, deduct from the Contract price

or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

8.51 Warranty of Compliance with County's Defaulted Property Tax Reduction Program

Contractor acknowledges that County has established a goal of ensuring that all individuals and businesses that benefit financially from County through a Contract are current in paying their property tax obligations (secured and unsecured roll) in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

Unless Contractor qualifies for an exemption or exclusion, Contractor warrants and certifies that to the best of its knowledge it is now in compliance, and during the term of this Contract will maintain compliance, with [Los Angeles County Code Chapter 2.206](#).

8.52 Termination for Breach of Warranty to Maintain Compliance with County's Defaulted Property Tax Reduction Program

Failure of Contractor to maintain compliance with the requirements set forth in Paragraph 8.51 "Warranty of Compliance with County's Defaulted Property Tax Reduction Program" will constitute default under this Contract. Without limiting the rights and remedies available to County under any other provision of this Contract, failure of Contractor to cure such default within ten (10) days of notice will be grounds upon which County may terminate this Contract and/or pursue debarment of Contractor, pursuant to [Los Angeles County Code Chapter 2.206](#).

8.53 Time Off for Voting

The Contractor must notify its employees and must require each subcontractor to notify and provide to its employees, information regarding the time off for voting law ([Elections Code Section 14000](#)). Not less than ten (10) days before every statewide election, every Contractor and subcontractors must keep posted conspicuously at the place of work, if practicable, or elsewhere where it can be seen as employees come or go to their place of work, a notice setting forth the provisions of [Section 14000](#).

8.54 Compliance with County's Zero Tolerance Policy on Human Trafficking

Contractor acknowledges that the County has established a Zero Tolerance Policy on Human Trafficking prohibiting Contractors from engaging in human trafficking. If a Contractor or member of Contractor's staff is convicted of a human trafficking offense, the County will require that the Contractor or member of Contractor's staff be removed immediately from performing services under the Contract. County will not be under any obligation to disclose confidential information regarding the offenses other than those required by law.

Disqualification of any member of Contractor's staff pursuant to this paragraph will not relieve Contractor of its obligation to complete all work in accordance with the terms and conditions of this Contract.

8.55 Intentionally Omitted

8.56 Compliance with Fair Chance Employment Hiring Practices

Contractor, and its subcontractors, must comply with fair chance employment hiring practices set forth in [California Government Code Section 12952 and Chapter 8.300 of the Los Angeles County Code \(Fair Chance Ordinance for Employers\)](#). Contractor's violation of this paragraph of the Contract may constitute a material breach of the Contract. In the event of such material breach, County may, in its sole discretion, terminate the Contract.

8.57 Compliance with the County Policy of Equity

The Contractor acknowledges that the County takes its commitment to preserving the dignity and professionalism of the workplace very seriously, as set forth in the County Policy of Equity (CPOE) (<https://ceop.lacounty.gov/>). The Contractor further acknowledges that the County strives to provide a workplace free from discrimination, harassment, retaliation and inappropriate conduct based on a protected characteristic, and which may violate the CPOE. The Contractor, its employees and subcontractors acknowledge and certify receipt and understanding of the CPOE. Failure of the Contractor, its employees or its subcontractors to uphold the County's expectations of a workplace free from harassment and discrimination, including inappropriate conduct based on a protected characteristic, may subject the Contractor to termination of contractual Contracts as well as civil liability.

8.58 Prohibition from Participation in Future Solicitation(s)

A Proposer, or a Contractor or its subsidiary or subcontractor ("Proposer/Contractor"), is prohibited from submitting a bid or proposal in a County solicitation if the Proposer/Contractor has provided advice or consultation for the solicitation. A Proposer/Contractor is also prohibited from submitting a bid or proposal in a County solicitation if the Proposer/Contractor has developed or prepared any of the solicitation materials on behalf of the County. A violation of this provision will result in the disqualification of the Contractor/Proposer from participation in the County solicitation or the termination or cancellation of any resultant County Contract. This provision will survive the expiration, or other termination of this Agreement.

8.59 Injury and Illness Prevention Program

Contractor will be required to comply with the State of California's Cal OSHA's regulations. California Code of Regulations Title 8 Section 3203 requires all California employers to have a written, effective Injury and Illness Prevention Program (IIPP) that addresses hazards pertaining to the particular workplace covered by the program.

8.60 Campaign Contribution Prohibition Following Final Decision in Contract Proceeding

Pursuant to [Government Code Section 84308](#), Contractor and its Subcontractors, are prohibited from making a contribution of more than \$500 to a County officer for twelve (12) months after the date of the final decision in

the proceeding involving this Contract. Failure to comply with the provisions of [Government Code Section 84308](#) and of this paragraph, may be a material breach of this Contract as determined in the sole discretion of the County.

9 UNIQUE TERMS AND CONDITIONS

9.1 Intentionally Omitted

9.2 Contractor Alert Reporting Database (CARD)

The County maintains database that track/monitor Contractor performance history. Information entered into such databases may be used for a variety of purposes, including determining whether the County will exercise a Contract term extension option.

9.3 Intentionally Omitted

9.4 Intentionally Omitted

9.5 Intentionally Omitted

9.6 Intentionally Omitted

9.7 Intentionally Omitted

9.8 Intentionally Omitted

9.9 Intentionally Omitted

9.10 Intentionally Omitted

9.11 Procurement of SB 1383-Compliant Compost and Mulch

Any compost or mulch purchased by the Contractor must be SB 1383-compliant. Contractor is responsible for verifying that any compost or mulch comes from an SB 1383-compliant source prior to purchasing. Contractor must provide documentation showing the quantity of mulch or compost purchased, the date of purchase, and the name and address of the facility where the compost or mulch was produced.

9.12 Edible Food Donation

9.12.1 Contractor must recover the maximum amount feasible of Edible Food, consistent with food safety requirements, and arrange to provide such Edible Food to a Food Recovery Organization/Service.

9.12.2 Contractor must not intentionally cause or allow the spoilage of Edible Food capable of being recovered.

9.12.3 Contractor must keep records of the following and provide them to the Contract monitor on a quarterly basis:

9.12.3.1 The name, address, and point of contact of each Food Recovery Organization/Service that has collected Edible Food from the food service Contractor.

9.12.3.2 Copies of all contracts, agreements and written communications with each Food Recovery

Organization/Service that has collected Edible Food from Contractor.

9.12.3.3 The types, established frequency, and quantity, measured in pounds, of Edible Food that has been provided to each Food Recovery Organization/Service each month.

The types and amounts, measured in pounds, of Edible Food that has been made available to, but that was not accepted by a Food Recovery Organization/Service.

9.13 Contractor Accounting and Financial Reporting

9.13.1 Contractor must establish and maintain an accounting system include internal controls and financial reporting, which must meet the minimum requirements for Contract accounting as described in Exhibit I, Auditor-Controller Contract Accounting and Administration Handbook.

9.13.2 Contractor must maintain supporting documentation for all accruals reported. Accruals which are not properly supported may be disallowed upon audit.

9.14 Intentionally Omitted

9.15 Reduce Single-Use Plastics

9.15.1 Reduce Single-Use Plastics

Contractor must be solely responsible for providing to, or on behalf of its employees, all legally required salaries, wages, benefits, or other compensation.

9.15.2 Procurement Data Reporting

County will have no liability or responsibility for any taxes, including, without limitation, sales, income, employee withholding and/or property taxes which may be imposed in connection with or resulting from his Contract or Contractor's performance hereunder.

9.15.3 Space Use Agreements (For Third-Party Events)

The Contractor will comply with the zero waste events requirements in Board Policy 3.185, Reduce Single-Use Plastics.

9.16 Fixed Assets

Title to all fixed assets purchased with County funds designated by the County for that purpose under this Contract must remain with County. A "Fixed Asset" is defined hereunder as an equipment costing Five Thousand Dollars (\$10,000) or more, with a useful life of more than one year. Such assets must be maintained and repaired by Contractor during the term of this Contract. Contractor must provide an accounting of such assets at the termination or expiration of this Contract and must deliver same to County upon County's written request. Contractor must have an option upon the expiration or termination of the Contract to acquire such assets at a price to be mutually agreed upon by County and Contractor.

9.17 Former Foster Youth Consideration

9.17.1 Should Contractor require additional or replacement personnel after the effective date of this Contract to perform services set forth herein, Contractor must give consideration (after County employees, and GAIN/START participants as described in Section 8.11) for any such position(s) to qualified former foster youth. Contractor must notify County of any new or vacant position(s) within Contractor's firm by sending via U.S. mail or email, a list denoting any position(s) for which hiring is anticipated to:

County of Los Angeles
Department of Children and Family Services
Attention: Division Chief, Youth Development Services
1933 S. Broadway, 6th Floor, Los Angeles, CA 90007
youthds@dcfs.lacounty.gov

9.17.1.1 The notice sent by Contractor must indicate the position(s)/title(s) for vacant or new employment opportunity, description of same, requirements/qualifications for position(s), anticipated pay rate or salary schedule, the location where application(s)/requests for application(s) may be sent, final date of acceptable for applications, and any special circumstances relevant to the hiring procedure for said position(s).

9.17.1.2 Contractor is exempt from the provisions of this Section if it is a governmental entity.

9.18 Hours of Operation

9.18.1 The hours of operation for Shelter Care are approximately 8:00 am through 5:00 p.m. Monday through Friday, except County holidays as defined herein. Contractor must be available during these hours for daily and emergency contact with the County and the CPM.

9.18.2 Contractor must obtain approval from the County Program Manager prior to any modification of service provider and/or services delivery site hours.

9.18.3 Contractor must submit to the Program Manager data outlining how client needs will be met with any requests to modify service provider and/or service delivery site hours operation.

9.18.4 Contractor's Program Manager or County approved alternate must have full authority to act for Contractor on all matters related to the daily operation on this Contract, and must be available during County's regular business hours of Monday through Friday from 8:00 a.m. to 5:00 p.m. to respond to County inquiries and to discuss program areas.

9.18.5 Contractor must not be required to work on the follow County holidays:

- January: New Year's Day; Martin Luther King Jr.'s Birthday;

- February: Lincoln's Birthday; President's Day;
- March: Cesar Chavez Day observed by the state;
- May: Memorial Day;
- June: Juneteenth (June 19th);
- July: Independence Day;
- September: Labor Day;
- October: Indigenous People's Day;
- November: Veteran's Day; Thanksgiving Day; Day After Thanksgiving;
- December: Christmas Day.

9.19 Contract Negotiations

Contractor must not schedule or conduct any meetings or negotiations under this Contract on behalf of the County or DCFS.

9.20 Contract Mandatory Orientation

Contractor must attend a mandatory orientation that will be provided by County within thirty (30) days of the Contract start date.

9.21 Conduct of Program

Contractor must abide by all terms and conditions imposed and required by this Contract and must comply with all subsequent revisions, modifications, and administrative and statutory changes made by the State, and all applicable provisions of state and federal regulations. Failure by Contractor to comply with provisions, requirements or conditions of this Contract, including, but not limited to, performance documentation, report and evaluation requirements, will be a breach of this Contract and may result in the withholding of payments, financial penalties, and/or termination as stated herein.

9.22 Shared Documents

9.22.1 Contractor must ensure that all confidential documents and papers, as defined under state law (include, but not limited to Welfare and Institutions Code Section 10850) relating to this Contract must be shredded and not put in trash containers when Contractor disposes of these documents and papers. All documents and papers to be shredded are to be placed in a locked or secured container/bin/box and labeled "shred" until they are destroyed. No confidential documents and papers are to be recycled.

9.22.2 Documents for record and retention purposes in accordance with Subsection 8.38.1 (Record Retention and Inspection-Audit Settlement) of this Contract are to be maintained for a period of five (5) years.

9.23 Use of Funds

All uses of funds paid to Contractor and other financial transactions related to Contractor's provision of services under this Contract are subject to review

and/or audit by DCFS, County's Auditor-Controller or its designee, and the State of California. In the event of Contract is subject to audit exceptions, Contractor must pay to County the full amount of Contractor's liability for such audit exceptions, as determined by DCFS, upon demand by County.

9.24 State Energy Conservation Plan

Contractor must be in compliance with the mandatory standards and policies related to energy efficiency in the State Conservation Plan (Title 24, California Administrative Code), Section 306 of the Federal Clean Air Act (42 USC 1857 (h)), Section 508 of the Clear Water Act (33 USC 1386), Executive Order 11738 and Environmental Protection Agency Regulations (40 CFR Part 15).

10 Survival

In addition to any terms and conditions of this Agreement that expressly survive expiration or termination of this Agreement by their terms, the following provisions will survive the expiration or termination of this Agreement for any reason:

Paragraph 1.0	Applicable Documents
Paragraph 2.0	Definitions
Paragraph 3.0	Work
Paragraph 5.4	No Payment for Services Provided Following Expiration - Termination of Contract
Paragraph 7.6	Confidentiality
Paragraph 8.1	Amendments
Paragraph 8.2	Assignment and Delegation/Mergers or Acquisitions
Paragraph 8.6	Compliance with Applicable Laws
Paragraph 8.19	Fair Labor Standards
Paragraph 8.20	Force Majeure
Paragraph 8.21	Governing Law, Jurisdiction, and Venue
Paragraph 8.23	Indemnification
Paragraph 8.24	General Provisions for all Insurance Coverage
Paragraph 8.25	Insurance Coverage
Paragraph 8.26	Liquidated Damages
Paragraph 8.34	Notices
Paragraph 8.38	Record Retention and Inspection-/Audit Settlement
Paragraph 8.42	Termination for Convenience
Paragraph 8.43	Termination for Default
Paragraph 8.48	Validity
Paragraph 8.49	Waiver

Paragraph 8.58	Prohibition from Participation in Future Solicitation(s)
Paragraph 8.60	Campaign Contribution Prohibition Following Final Decision in Contract Proceeding
Paragraph 9.1	Intentionally Omitted
Paragraph 9.3	Intentionally Omitted
Paragraph 9.4	Intentionally Omitted
Paragraph 9.5	Intentionally Omitted
Paragraph 9.6	Intentionally Omitted
Paragraph 9.18	Intentionally Omitted
Paragraph 10.0	Survival

**COUNTY OF LOS ANGELES
DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

IN WITNESS WHEREOF, the Board of Supervisors of the COUNTY of Los Angeles has caused this Contract to be subscribed on its behalf by the Director of the Department of Children and Family Services and Contractor has caused this Contract to be subscribed on its behalf by its duly authorized officer(s) as of the day, month and year first above written. The person(s) signing on behalf on Contractor warrants under penalty of perjury that he or she is authorized to bind Contractor in this Contract.

COUNTY OF LOS ANGELES

CONTRACTOR

XXXX

Name of Agency

By: _____

Brandon T. Nichols, Director

Department of Children and Family Services

By:

Name

Title

By:

XXXX

Tax Identification Number

APPROVED AS TO FORM:

BY THE OFFICE OF COUNTY COUNSEL

DAWYN R. HARRISON, COUNTY COUNSEL

By: _____

David Beaudet, Senior Deputy County Counsel

CONTRACT EXHIBITS FOR FOOD SERVICES

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**COUNTY OF LOS ANGELES DEPARTMENT OF
CHILDREN AND FAMILY SERVICES**

STATEMENT OF WORK

FOOD SERVICES

**COUNTY OF LOS ANGELES
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
FOOD SERVICES STATEMENT OF WORK**

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STATEMENT OF WORK

1.0 INTRODUCTION

- 1.1 The Department of Children and Family Services (DCFS) is responsible for provision of child protective services for children ages 4-21. The DCFS Shelter Care and Transportation Section hold the responsibility of transporting children in and out of home care to court, providing supervision and ensuring the provision of meals and beverages to children awaiting court appearances at the Edelman Children's Court located at 201 Centre Plaza Drive, Monterey Park, California 91754.
- 1.2 All meals and snacks must be delivered one time per day Monday thru Friday except for superior court and County holidays when the courthouse is closed (listed below in Section 5.12) and orders will be placed daily by 5:00 p.m. one day in advance of the delivery date. Shelter Care has an industrial sized refrigerator and freezer to store food if needed. If daily delivery is not provided, the meals must be labeled (i.e., meal type, date of production, expiration date, etc.). Each meal must also include plastic forks, spoons, knives, napkins, ketchup, mustard, mayonnaise, fruit jam, butter, and salt, pepper individual packages or other condiments appropriate to accompany the meals delivered.

2.0 DEFINITIONS

The following words as used herein will be construed to have the following meanings, unless otherwise apparent from the context in which they are used:

- 2.1 **Corrective Action Plan** - means a letter used to report and address areas of non-compliance when deficiencies are identified.
- 2.2 **County Program Administrator (CPA)** - means COUNTY representative responsible for daily management of contract policy, information, and procedural requirements.
- 2.3 **Dependency Court** - means a division of Juvenile Court which hears cases of child abuse and neglect.
- 2.4 **Meal Service Notification** - means form letter prepared by County to notify Contractor of the status of its performance of meal services. The form letter may be used by the County for both positive and negative feedback and may require a response from the Contractor. Negative feedback on this notification can lead to a formal Corrective Action Plan.
- 2.5 **Shelter Care** - means facility within Children's Court where children are supervised while awaiting court actions.

3.0 COUNTY'S GENERAL RESPONSIBILITIES

- 3.1 County must provide a County Program Manager who will coordinate the delivery of the services of this Contract with the Contractor's Program Manager. County Program Manager or designated alternate is identified in Exhibit D, County's Administration.
- 3.2 County Program Manager will have full authority to monitor Contractor's performance in the day-to-day operation of this Contract.
- 3.3 County Program Manager must provide technical guidance in the areas relating to this Contract and DCFS policy to ensure Contractor meets or exceeds program objectives and procedural requirements.
- 3.4 County Program Manager is not authorized to make any changes in the terms and conditions of this Contract and is not authorized to obligate the County in any way whatsoever beyond the terms of this Contract.
- 3.5 County must provide Contractor with a written Meal Service Notification for every instance in which tasks defined in the Specific Tasks under the Scope of Work, Section 7.0 of the Statement of Work (SOW) are not met.
- 3.6 County will provide parking instructions necessary for delivering meals and beverages under this agreement.

4.0 CONTRACTOR'S GENERAL RESPONSIBILITIES

- 4.1 Contractor must designate a Program Manager who will be responsible for administering and overseeing all of the services provided under this Contract. The name and phone number of the Program Manager and that of an alternate who is authorized to act on behalf of Contractor in the Program Manager's absence must be designated in writing under Exhibit E, Contractor's Administration.
- 4.2 Contractor's Program Manager must not schedule or conduct any meetings or negotiations under this Contract on behalf of the County or DCFS.
- 4.3 Contractor's Program Manager must work with the County's Program Manager to help resolve any potential areas of difficulty before a problem occurs.
- 4.4 Contractor's Program Manager must respond via phone or email within twenty-four (24) hours to all calls and emails regarding Contractor's performance. Contractor's Program Manager or alternate must be available to authorized County personnel during normal work hours from 8:00 a.m.

to 5:00 p.m., Monday through Friday, except legal holidays.
 - 4.4.1 Any delays in the Contractor's response to the CPM could result in a fee or invoice deduction.

- 4.5 Contractor's Program Manager must respond to any and all subsequent calls within one (1) hour.
- 4.6 Contractor agrees that any work performed outside the scope of this SOW will be deemed a gratuitous act on the part of Contractor and, therefore, Contractor will have no claim against County.
- 4.7 Contractor's Program Manager must be able to read, write, speak and understand English.
- 4.8 Contractor must provide a Program Manager, and an alternate, who will act as liaison and central point of contact with County on behalf of Contractor and who will be responsible for the overall management and coordination of the services under this Agreement. The Contractor's Program Manager will be responsible for all management and staff assigned to render services and perform the specified duties under this Agreement. The Contractor's Program Manager, or his/her designee, is responsible for implementing Contractor's Quality Control Program, including inspections and other monitoring services.
 - 4.8.1 Contractor's Program Manager, or alternate, must be available to the County during normal hours of operation, five (5) days per week (8:00 a.m. to 5:00 p.m., Pacific Standard Time/Pacific Daylight Time, Mondays through Fridays), except County holidays.
- 4.9 Contractor must furnish all labor, materials, supplies, equipment, facilities, and other times or services necessary to perform meal services, as defined in this Statement of Work.
- 4.10 Contractor must also supply all foods, beverages, plates, napkins, utensils, cups and paper goods.
- 4.11 **CONTRACTOR REQUIRED STAFFING**
 - 4.11.1 Contractor must provide sufficient, competent staff to fulfill the Agreement.
 - 4.11.2 Staff must receive all required general and specific job training and education recommended to perform their job duties.
 - 4.11.3 Staff must be tested once every four years for Tuberculosis as required by the California Tuberculosis Screening guidelines.
 - 4.11.4 Contractor will not utilize any employee or Subcontractor whose work has been deemed deficient and unacceptable by the CPM.

4.12 HOURS OF OPERATION AND HOLIDAY SCHEDULE

The hours of operation for Shelter Care are approximately 8:00 am to 5:00 p.m. Monday through Friday, except County holidays as defined herein. Contractor must be available during these hours for daily and emergency contact with the County and the CPM.

4.13 Shelter Care and Edelman Children's Court will be closed on the following Court holidays:

January: New Year's Day; Martin Luther King Jr.'s Birthday;
February: Lincoln's Birthday; President's Day;
March: Cesar Chavez Day observed by the state;
May: Memorial Day;
June: Juneteenth (June 19th);
July: Independence Day;
September: Labor Day;
October: Indigenous People's Day;
November: Veteran's Day; Thanksgiving Day; Day After Thanksgiving;
December: Christmas Day.

4.14 Meetings and Correspondence

- 4.14.1 Contractor's Program Manager must meet with the County as many times as the County deems necessary. However, such meetings may occur at least monthly during the first three (3) months of the contract. Contractor must maintain contact with the County at all times so that problems can be resolved. The County Program Manager will document all meetings.
- 4.14.2 Contractor must maintain an office at some fixed place located in the greater Los Angeles area. Contractor must be available by telephone or electronic mail during normal business hours. Contractor must respond to emergencies within one hour from the time the call was placed.
- 4.14.3 Contractor must, by written proposal or by meeting, include the County in its planning of changes, adjustments, upgrades or enhancements to staff or operations that may affect the services rendered under this agreement.
- 4.14.4 Contractor will be required to maintain ongoing continuous contact with DCFS. Contractor will not schedule or conduct any meetings or negotiations under any Agreement on behalf of the County or DCFS.
- 4.14.5 Contractor must provide the County with copies of current health certifications for the food service facility in which it prepares meals and must ensure that all health and sanitation requirements of the California Retail Food Code Law, California Health and Safety Code Part 7, are met at all times.

5.0 REPORTS AND RECORD KEEPING

- 5.1 Contractor must provide County Program Administrator and CPM with a monthly service report, and a monthly invoice. Contractor must include in the monthly service report copies of any and all Meal Service Notifications and Corrective Action Plans issued during the prior month and notes on any changes to internal processes, policies or procedures required to comply with any Corrective Action Plans.
- 5.2 Contractor must provide a meal inventory and count receipt on a daily basis to CPM.
- 5.3 Record keeping - Contractor must maintain complete records and time sheets on all of its employees, and these records must be available to the County upon request.

6.0 SCOPE OF WORK

- 6.1 Contractor must provide breakfast and lunch as approved by the County's Program Manager for each child and adolescent youth ages 4-21 present at Shelter Care at Edelman Children's Court Monterey Park that day.

- 6.1.1 Meals provided by the Contractor must be suitable for children's palates and in accordance with multiple dietary needs.

- 6.1.2 The meal services provided by Contractor each day that the court is in session is to be delivered to the Edelman Children's Courthouse. The number of children, adolescents, and youth to be served may vary significantly from 10 to 40 per day.

6.2 SPECIFIC TASKS

- 6.2.1 Meal Preparation: When preparing meals for Shelter Care, Contractor must comply with all nutrition standards outlined in the scope of work upon agreement commencement, as well as any future Board of Supervisors policies concerning nutrition guidelines. Contractor must follow the USDA Food and Nutrition Service, Child and Adult Care Food Program regulations, and the National School Lunch and School Breakfast Programs for lunch and breakfast.

- 6.2.2 Menu Preparation and Submission: Contractor must submit an initial recurring breakfast/lunch/snack menu for one month to CPM for review and approval.

- 6.2.2.1 Contractor must notify County's Program Manager of any menu changes and receive approval within at least two (2) business days prior to that change. Substituted items must be of equal quality and nutritive value. Menu changes will not be allowed unless previously

discussed with the County Program Manager. Menu changes not approved by the County Program Manager will not be allowed and a fee will be deducted from the invoice.

- 6.2.3 Servings and Portions: Contractor must serve the appropriate number of meals and beverages each day to feed the number of children in the Shelter Care, as directed by County.

6.3 DELIVERING AND SERVING MEALS AND BEVERAGES

- 6.3.1 Contractor's staff must deliver meals, snacks and beverages to Shelter Care safely and ensure the packaging is leak-proof and sealed properly.

- 6.3.2 Contractor must ensure that individual meals, snacks and beverages are transported in clean, insulated bags and/or containers that protect from contamination and remain at the appropriate temperature according to the U.S. Department of Agriculture temperatures should be kept out of the danger zone as follows: After food is safely cooked, hot food must be kept hot at 140° F or warmer to prevent bacterial growth. Within 2 hours of cooking food or after it is removed from an appliance keeping it warm, leftovers must be refrigerated. Throw away all perishable foods that have been left in room temperature for more than 2 hours (1 hour if the temperature is over 90° F, such as at an outdoor picnic during summer).

Cold perishable food, such as chicken salad or a platter of deli meats, should be kept at 40° F or below. When serving food at a buffet, keep food hot in chafing dishes, slow cookers, or warming trays. Keep food cold by nesting dishes in bowls of ice or use small serving trays and replace them often. Discard any cold leftovers that have been left out for more than 2 hours at room temperature (1 hour when the temperature is above 90 °F).

- 6.3.2.1 Contractor must provide each meal individually packaged. For example, frozen fruit or any other food that may have a liquid must be in separate containers.
- 6.3.3 Contractor must provide the appropriate number of single service plates, cups, utensils and napkins, plus extras, as needed, at the time meals and beverages are being served.
 - 6.3.3.1 Food Groups: Below is a list of food groups, serving sizes and the number of daily servings as recommended by the US Department of Agriculture and the US Department of Health and Human Services (MyPlate.gov). However, Contractor is not required to provide the full daily recommended servings for each food group. Contractor will use this information as a guide when preparing a variety of balanced meals under this agreement.

6.3.3.2 Bread and Cereal Group: Includes breads, cereals, crackers, rice and pastas (6-11) servings daily).

Daily Recommendation			
		Total Grains in ounce-equivalents	Whole Grains in ounce equivalents
Toddlers	12 to 23 months	1¾ to 3 oz-equivalent	1½ to 2 oz- equivalent
Children	2-3 yrs	3 to 5 oz- equivalent	1½ to 3 oz- equivalent
	4-8 yrs	4 to 6 oz- equivalent	2 to 3 oz- equivalent
Girls	9-13 yrs	5 to 7 oz- equivalent	2½ to 3½ oz- equivalent
	14-18 yrs	6 to 8 oz- equivalent	3 to 4 oz- equivalent
Boys	9-13 yrs	5 to 9 oz- equivalent	3 to 4½ oz- equivalent
	14-18 yrs	6 to 10 oz- equivalent	3 to 5 oz- equivalent
Women	19-30 yrs	6 to 8 oz- equivalent	3 to 4 oz- equivalent
Men	19-30 yrs	8 to 10 oz- equivalent	3 to 5 oz- equivalent

6.3.3.3 Vegetable Group: Includes broccoli, carrots, cauliflower, cucumber, green beans, potatoes, peas, peppers, squash, tomato and leafy green vegetables.

Daily Recommendation		
Toddlers	12 to 23 months	⅔ to 1 cup
Children	2-3 yrs	1 to 1½ cups
	4-8 yrs	1½ to 2½ cups
Girls	9-13 yrs	1½ to 3 cups
Daily Recommendation		
	14-18 yrs	2½ to 3 cups
Boys	9-13 yrs	2 to 3½ cups
	14-18 yrs	2½ to 4 cups
Women	19-30 yrs	2½ to 3 cups
Men	19-30 yrs	3 to 4 cups

6.3.3.4 Fruit Group: Includes apples, apricots, bananas, berries, cantaloupe, grapes, oranges, peaches, pears, plums, strawberries, watermelon, fruit cocktail, fruit salad, pure fruit juices (2-4 servings daily).

6.3.3.4.1 Contractor must provide fresh fruit. Any rotten, overripe, or unripe fruit will not be accepted, and a fee will be charged to the Contractor and deducted from the invoice.

Daily Recommendation		
Toddlers	12 to 23 months	½ to 1 cup
Children	2-3 yrs	1 to 1½ cups
	4-8 yrs	1 to 2 cups
Girls	9-13 yrs	1½ to 2 cups
	14-18 yrs	1½ to 2 cups
Boys	9-13 yrs	1½ to 2 cups
	14-18 yrs	2 to 2½ cups
Women	19-30 yrs	1½ to 2 cups
Men	19-30 yrs	2 to 2½ cups

6.3.3.5 Milk Group: Includes cheeses, cheddar, cottage, jack, mozzarella, ricotta, Swiss, etc. milk, non-fat, low-fat and whole; and yogurt.

6.3.3.5.1 Contractor must provide fresh milk. Any expired milk will not be accepted, and a fee will be charged to the contractor and deducted from the invoice.

Daily Recommendation		
Toddlers	12 to 23 months	1⅔ to 2 cups
Children	2-3 yrs	2 to 2½ cups
	4-8 yrs	2½ cups
Girls	9-13 yrs	3 cups
Daily Recommendation		
	14-18 yrs	3 cups
Boys	9-13 yrs	3 cups
	14-18 yrs	3 cups
Women	19-30 yrs	3 cups
Men	19-30 yrs	3 cups

6.3.3.6 Meat Group (Protein Foods): Includes dry beans, eggs; fish; meat (beef, lamb, pork), nuts, poultry (chicken, turkey); ground

beef or turkey; and mixed meat foods such as bologna, frankfurters, and sausage.

Daily Recommendation in Ounce-Equivalents (oz-equivalent)		
Toddlers	12 to 23 months	2 oz-equivalent
Children	2-3 yrs	2 to 4 oz-equivalent
	4-8 yrs	3 to 5½ oz-equivalent
Girls	9-13 yrs	4 to 6 oz-equivalent
	14-18 yrs	5 to 6½ oz-equivalent
Boys	9-13 yrs	5 to 6½ oz-equivalent
	14-18 yrs	5½ to 7 oz-equivalent
Women	19-30 yrs	5 to 6½ oz-equivalent
Men	19-30 yrs	6½ to 7 oz-equivalent

6.3.3.7 Fats and Sweets: Includes fats and oils*, butter, cooking oil*, margarine, mayonnaise, sugars include candy, cookies, and fudge (use sparingly). These foods are high in fat and calories with little nutritional value.

6.3.3.7.1 Contractor must use the low saturated fat, high omega-3 oil* types in this food group whenever possible.

6.3.3.8 Condiments: Includes mustard, mushrooms, olives, onions pickles, relish, and other condiments must be used or provided as appropriate and will not be counted as a serving from any food group. According to the U.S. Department of Agriculture, sodium for people 14 years and older should not exceed 2,300 mg. per day.

6.3.3.9 Snacks: Includes yogurt, string cheese, whole grain crackers with jam, granola bars, carrots with ranch dip, mini whole grain muffins, fruit muffins (banana, blueberry, zucchini, etc.), or other like products. **Snacks must not include nuts or nut byproducts due to allergies.**

6.4 **FOOD QUALITY AND NUTRITION STANDARDS**

6.4.1 Contractor must ensure that processed food has a Child Nutrition (CN) label or specifications and certifications that confirm the product meets required standards from the manufacturer will be kept on file.

6.4.2 Beverages

Contractor must provide beverages that meet the following criteria with additional details, definitions, and references listed in Exhibit A-2.

- 6.4.1.2 Contractor must provide bottled water with no caloric sweeteners with all meals (breakfast and lunch).
- 6.4.2.2 Contractor must provide milk products, and milk products must be 1%, nonfat, lactose-free, lactose-reduced, or fortified soy beverages.
- 6.4.2.3 Contractor must provide fruit-based and vegetable-based drinks to be 100% juice (without added sweeteners) and no more than 230 mg sodium per serving.
- 6.4.2.4 Beverages that do not meet this requirement will not be accepted, and a fee will be charged to the Contractor and deducted from the invoice.

6.4.3 Dairy

Contractor must provide dairy products that meet the following criteria, including the definitions listed in the endnotes below and the additional details, definitions, and references listed in Exhibit A-2.

- 6.4.3.1 Contractor must provide yogurt, yogurt products, and yogurt alternativesⁱ to meet the following standards:
 - 1) Labeled as low-fat or non-fat.ⁱⁱ
 - 2) Labeled as plain or ≤ 30 g of sugar per 8 oz or and equivalent.ⁱⁱⁱ
- 6.4.3.2 Contractor must provide cheese and cheese alternatives^{iv} to contain ≤ 350 mg sodium per serving.
- 6.4.3.3 Contractor must provide or offer plant-based dairy alternatives (e.g., almond, soy, oat milk, etc.).

6.4.4 Fruit

Contractor must provide fruit that meet the following criteria with additional details, definitions, and references listed in Exhibit A-2.

- 6.4.4.1 Contractor must provide canned fruit to be packaged in unsweetened 100% juice or water, not syrup.
- 6.4.4.2 Contractor must provide dried, frozen, pureed, or whole fruits that have no added sugars.
- 6.4.4.3 Contractor must provide seasonal fruit whenever possible.^v

6.4.5 Vegetables and Beans

Contractor must provide vegetables, beans, that meet the following criteria with additional details, definitions, and references listed in Exhibit A-2.

- 6.4.5.1 Contractor must ensure canned or frozen vegetables contain ≤ 290 mg sodium per serving.

6.4.5.2 Contractor must ensure canned or frozen beans contain ≤ 290 mg sodium per serving.

6.4.5.3 Contractor must provide seasonal vegetables whenever possible.^{vi}

6.4.6 **Grains, Bread, Baked Goods, and Cereal**

Contractor must provide grains, bread, baked goods, and cereal that meet the following criteria with additional details, definitions, and references listed in Exhibit A-2.

6.4.6.1 Contractor must provide 100% of grains and pasta to meet the following standard:

1) At least 3 g of dietary fiber per serving.

6.4.6.2 Contractor must provide 100% of sandwich bread^{vii} to meet the following standards:

1) ≤ 180 mg sodium per slice.

2) At least 2 g of dietary fiber per slice.

6.4.6.3 Contractor must provide 100% of baked goods^{viii} to meet the following standard:

1) ≤ 290 mg sodium per serving.

2) ≤ 300 calories per serving.

6.4.6.4 Contractor must provide 100% of cereals to meet the following standard:

1) ≤ 290 mg sodium per serving.

2) ≤ 5 g “added sugar” and ≤ 10 g total sugar per serving.

a) Cereals with dried fruit contain ≤ 17 g total sugar per serving and meet fiber and sodium standards below.

3) ≤ 200 mg sodium per serving.

4) At least 2 g of dietary fiber per serving.

6.4.6.5 Contractor must ensure all grains are 100% whole grains.^{ix}

6.4.7 **Protein**

Contractor must provide protein that meets the following criteria with additional details, definitions, and references listed in Exhibit A-2.

6.4.7.1 Contractor must purchase canned or frozen beef, pork, poultry, and seafood to contain ≤ 290 mg of sodium per serving if fresh protein is not available.

6.4.7.2 Contractor must ensure processed meats^x contain ≤ 480 mg sodium per serving.

6.4.7.3 Contractor must purchase extra lean and/or lean meats.^{xi}

- 6.4.7.4 Contractor must minimize the purchase and provision of processed meats.
- 6.4.7.5 Contractor must provide weekly offerings of plant-based entrees.^{xii}
- 6.4.7.6 Contractor must provide weekly offerings of a variety of non-fried protein foods such as seafood, lean meats and poultry, eggs, legumes (beans, peas, and lentils), and soy products.

6.4.8 **Snacks**

Contractor must provide snacks that meet the following criteria with additional details, definitions, and references listed in Exhibit A-2.

- 6.4.8.1 Contractor must provide snacks that meet the following criteria for each individual food item or package:
 - 1) Pre-packaged items must contain ≤ 7 g total fat per serving (excluding legumes, eggs, non-fried vegetables, and cheese packaged for individual sale).
 - 2) Pre-packaged items must contain ≤ 2 g saturated fat per serving (excluding eggs and cheese packaged for individual sale).
 - 3) Pre-packaged items must contain ≤ 5 g “added sugar” and ≤ 10 g total sugar per serving (excluding vegetables, fruit, trail mix, and dried fruit, all which contain no added sugars).
 - 4) Pre-packaged items must contain ≤ 200 mg of sodium per serving.
 - 5) Pre-packaged items must contain ≤ 200 calories per serving.
 - 6) Pre-packaged items must contain at least 2 g of dietary fiber, if the snack item is grain/potato based.
- 6.4.8.2 Contractor must provide at least 2 grain-based products to be 100% whole grain (per week), while meeting other nutrient requirements for snacks listed above.

6.4.9 **Sauces, Dressings, Condiments, and Dips**

Contractor must provide sauce, dressings, condiments, and dips that meet the following criteria with additional details, definitions, and references listed in Exhibit A-2.

- 6.4.9.1 Contractor must ensure all sauces, dressings, condiments, and dips contain ≤ 350 mg sodium per serving (30 g).^{xiii}
- 6.4.9.2 Contractor must provide low-sodium sauces, dressings, condiments, and dips whenever possible (e.g., reduced sodium soy sauce).
- 6.4.9.3 Contractor must provide plant-based condiments, dressings, and sauces.

- 6.4.9.4 Contractor will provide at least one low-sodium salad dressing daily, if applicable.
- 6.4.9.5 Contractor will provide salad dressings made from scratch whenever possible.
- 6.4.9.6 Contractor will default to providing plant-based condiments, dressings, and sauces.

6.4.10 **Ready-Prepared Food Items**

Contractor must meet the following criteria with additional details, definitions, and references listed in Exhibit A-2 when providing ready-prepared food items.

- 6.4.10.1 Contractor must ensure that all ready-prepared food items^{xiv} contain ≤ 480 mg sodium per serving.

6.4.11 **Sodium**

Contractor must meet the following criteria with additional details, definitions, and references listed in Exhibit A-2 for the sodium content of food items.

- 6.4.11.1 Contractor must ensure all individual items^{xv} contain ≤ 480 mg sodium per serving unless a lower standard is specified.

- 6.4.11.2 Contractor provide "low-sodium"^{xvi} items, whenever possible.

- 6.4.12 Contractor will not purchase or provide foods that meet the U.S. Department of Agriculture definition of Foods of Minimal Nutritional Value (FMNV). These foods include soda water, water ices, chewing gum, certain candies (hard candy, candy coated popcorn).
- 6.4.13 Contractor must comply with all food standards outlined in this Contract, as well as any future Board of Supervisors' policies concerning food standards. DPH may periodically monitor the Contract to ensure the Contractor is in compliance with the food standards. Contractor is required to maintain and submit annually to the County upon the County's Contract Analyst's request, the following records: food production records, food purchasing data, and a complete nutrition analysis of all menu products/items offered. Failure to comply with the food standards may, in the County's sole discretion, constitute a breach of this contract.
- 6.4.14 Contractor must comply with all applicable requirements of the Buy American provision in the National School Lunch Program (NSLP) and School Breakfast Program (SBP) 7 Code of Federal Regulations (CFR). The Buy American provision requires participants to purchase, to the maximum extent practicable, domestic commodities or products for use in meals and beverages served under the NSLP and SBP. A domestic commodity or product is one that is produced and processed in the United States substantially using agricultural commodities that are produced in the United States. "Substantially using"

means over 51 percent of the final processed product consists of agricultural commodities that were grown domestically.**

- 6.5 Inspections: At all times, Contractor must make available for inspection by County and other public health agencies, all kitchen and meal preparing areas, shipping, receiving, storage and refrigerators.

* Hydrogenated and partially hydrogenated oils should not be included in the product ingredient list.

** Grown domestically is defined by the Los Angeles Food Policy Council as within a 200-mile radius of Los Angeles.

7.0 QUALITY ASSURANCE PLAN AND FAILURE TO PERFORM

- 7.1 Contractor must establish and maintain a Quality Assurance Plan (QAP) to assure the requirements of the contract are met. A copy must be provided to the County's Program Manager on the Contract start date and as changes occur. The original QAP and any revisions thereto must include, but not be limited to, the following:
- 7.1.1 Methods used to ensure that the quality of service performed fully meet the performance requirements set forth in the Statement of Work and Exhibit A-1, Performance Requirements Summary. Contractor must include methods for identifying and preventing deficiencies in the quality of service performed before the level of performance becomes unacceptable.
 - 7.1.2 Methods for insuring uninterrupted service to County in the event of a strike, pandemic by Contractor's employees or any other potential disruption in service.
 - 7.1.3 If Contractor's performance requirements are not met, the County's Program Manager may call Contractor, send Contractor a written Meal Service Notification or submit a Corrective Action Plan.
 - 7.1.4 Contractor must respond to a call within one hour and respond to the notification within twenty-four (24) hours of receipt. All performance requirement issues will be reported to the CPM.
- 7.2 Performance Expectations: The County will not tolerate problems such as spoiled food and poor services, and the Contractor must maintain the same standards to successfully service the Shelter Care Unit. Therefore, the County will view any deviation as Contractor's inability to unwillingness to perform the services under this Agreement and upon determining the cause of such deviation, will take the necessary action required to ensure the services are provided as required.
- 7.3 Procuring Meal Services from Other Sources: The County, at its sole discretion, may reject meals, beverages, and food products, and services that are not in accordance with this Agreement or that are deemed unacceptable to the County. Without breaching this Agreement, County reserves the right to obtain or otherwise purchase meals, beverages, food products, and services from other sources and

charge Contractor the difference in cost should Contractor fail to provide the meals and beverages or perform services in accordance with the Agreement; and/or 2) the meals, beverages, and/or services it provides is rejected by County; and/or 3) Contractor fails to correct the problem.

7.4 Performance Evaluation: CPM and/or Shelter Care staff will evaluate the Contractor's performance based on Contractor's abilities and commitment to maintaining the quality standards set forth in this Agreement.

7.5 Quality Assurance Monitoring by County: The County may use a variety of methods to evaluate the Contractor's performance, including random sampling, facility inspections; periodic surveys; and user complaints from Shelter Care. As the laws require, the County may report any Health and Safety or sanitation violations it finds to the appropriate authorities. County will apply remedies as it deems appropriate and in accordance with the terms and conditions of this Agreement.

7.6 Reporting Substandard Performance Deficiencies and Defects: County must report to Contractor verbally and/or in writing when performance is unacceptable. Upon receiving such a report, Contractor must respond and take immediate corrective action. Reporting must occur as follows:

7.6.1 Reports will be written by the County's Program Administrator, or the CPM.

7.6.2 County will notify Contractor in writing of any remedial action including termination.

7.6.3 Upon receipt of notification of remedial action, Contractor must report in writing to the County's Program Administrator within five (5) business days to acknowledge the reported deficiencies and to present a program for correction and prevention of future occurrence.

7.7 Remedies for Substandard Performance, Deficiencies and Defects: Notwithstanding a finding of unsatisfactory service, the Contractor must, within the time period specified by the County, remedy any and all defects. When Contractor's performance does not meet the requirements of the Agreement, the County will have the right to apply one or more of the following remedies.

7.7.1 Require the Contractor to implement a formal corrective action plan, subject to approval by the County's Program Administrator. In the plan the Contractor must identify the problem(s) causing the unacceptable performance, the steps to be taken to return performance to an acceptable level, the amount of time it will take to return performance to an acceptable level, and monitoring methods to be used to prevent recurrence.

7.7.2 Contractor must be primarily responsible for knowing the daily activities of its staff with regards to this Agreement. Failure of the Contractor to immediately improve performance within the time specified by the County at the time of

the incident will constitute a material breach, County reserves the right to procure meal services from other sources, as specified in Section 8.4.

8.0 QUALITY ASSURANCE MONITORING

- 8.1 The CPM, or other personnel authorized by the County, will monitor Contractor's performance under this contract using the quality assurance procedures specified in this Statement of Work and Exhibit A-1, Performance Requirements Summary. All monitoring will be conducted in accordance with Section 8.15, County's Quality Assurance Plan, of the Contract.
- 8.2 Contractor must have in place a Quality Control Program that incorporates the following:
 - 8.2.1 A plan for periodic inspection of foods and prepared meals, supplies, food storage, procedures and services, based on the Meal Service Performance Tracker (MSPT), listing the areas to be inspected, the frequency of inspections on either a scheduled or unscheduled basis, and the title of the individual(s) who will perform the inspection(s).
 - 8.2.2 Samples of forms (standard or custom) to be used in monitoring must be provided.
 - 8.2.3 Action with Contractor guarantees to take to ensure completion of tasks in the time specified and to prevent any and all deficiencies in the quality of food, meals, beverages, and services performed.
 - 8.2.4 A copy of each inspection conducted by Contractor, which must include the corrective action taken, the time elapsed between identification of a problem and completed corrective action, which must be provided to the County on a weekly basis.
 - 8.2.5 A personnel training program covering the enhancement of meal service skills, vehicle and equipment operation and safety quality control and general health and safety.

EXHIBIT A-1**PERFORMANCE REQUIREMENTS SUMMARY**

	REQUIRED SERVICES	PERFORMANCE INDICATOR	COMPLIANCE MONITORING METHOD	ACCEPTABLE MONITORING METHOD	REMEDIES FOR SUBSTANDARD PERFORMANCE AND DEFECIENCEIES
1	Provide breakfast to children, adolescents, and youth. Section 6.1	Daily service of breakfast meal approved.	100% of the time	Meals and delivery monitoring by CPM and authorized County staff.	Assess corrective action in accordance with Section 7.7, Remedies for Substandard Performance, Deficiencies and Defects
2	Provide lunch to children, adolescents, and youth ages 4-21. Section 6.1	Daily service of lunch meal approved.	100% of the time	Meals and delivery monitoring by CPM and authorized County staff.	Assess corrective action in accordance with Section 7.7, Remedies for Substandard Performance, Deficiencies and Defects
3	Provide drinking water and other beverages, such as non-expired milk or 100% juice. Sections 6.4.3 and	Daily service with all meals.	100% of the time	Daily monitoring by CPM and authorized County staff. Feedback by staff.	Assess in accordance with Section 7.7, Remedies for Substandard Performance, Deficiencies and Defects. A fee of \$150 will be charged to the contractor and deducted from the invoice
4	Contractor must provide the appropriate number of single service plates, cups, utensils and napkins, at the time of the meals. Section 6.3.3	Service plates, cups, napkins, etc. must be available clean and properly sealed at all times.	100% of the time	Daily monitoring by CPM and authorized County staff. Feedback from staff.	Assess corrective action in accordance with Section 7.7, Remedies for Substandard Performance, Deficiencies and Defects. A fee of \$150 will be charged to the contractor and deducted from the invoice

5	Contractor must make available for inspection by County and other public health agencies, all kitchen and meal preparing areas, shipping, receiving, storage and refrigerators. Section 6.5	Inspections are completed as required and contractor receives an acceptable grade.	100% of the time	Inspection by CPM and other agencies. Written report. Inspections to be completed a minimum of every three months.	Assess corrective action in accordance with Section 7.7, Remedies for Substandard Performance, Deficiencies and Defects
6	Contractor's Program Manager must respond via phone or email within twenty-four (24) hours to all calls and emails. Section 4.4	All calls and emails are answered in a timely manner.	100% of the time	Review by County's Program Director and Program Manager	Assess corrective action in accordance with Section 7.7, Remedies for Substandard Performance, Deficiencies and Defects. A fee of \$150 will be charged to the contractor and deducted from the invoice
7	Contractor must provide fresh fruit. Any rotten, overripe, or unripe fruit will not be accepted, and a fee will be charged to the Contractor and deducted from the invoice Section 6.3.3.4.1	Meals are accepted and rejected by Program Manager.	100% of the time	Review by County's Program Director and Program Manager	Assess corrective action in accordance with Section 7.7, Remedies for Substandard Performance, Deficiencies and Defects. A fee of \$150 will be charged to the contractor and deducted from the invoice.
8	Contractor must provide meals that are suitable for children's palates and in accordance with multiple dietary needs. Any meals not prepared with proper ingredients, will not be accepted, and a fee will be charged to the Contractor and deducted from the invoice Section 6.3.3.4.1	Meals are accepted and rejected by Program Manager.	100% of the time	Review by County's Program Director and Program Manager	Assess corrective action in accordance with Section 7.7, Remedies for Substandard Performance, Deficiencies and Defects. A fee of \$150 will be charged to the contractor and deducted from the invoice

FOOD QUALITY AND NUTRITION STANDARDS DEFINITIONS AND REFERENCES

Definitions

- ⁱ Yogurt alternatives or substitutes include kefir and non-dairy yogurts, using fortified soy milk, coconut milk, almond milk, etc.
- ⁱⁱ Low-fat yogurt should have ≤ 3 g of total fat. Non-fat yogurt should consist of ≤ 0.5 g of total fat. [a]
- ⁱⁱⁱ An equivalent is ≤ 15 g sugar per 4 oz and ≤ 23 g sugar per 6 oz. [b]
- ^{iv} Cheese alternatives or analogs include processed cheeses and vegan-cheese options that are fermented and plant-based.
- ^v For a list of seasonal fruits, please refer to <https://snaped.fns.usda.gov/seasonal-produce-guide>.
- ^{vi} For a list of seasonal vegetables, please refer to <https://snaped.fns.usda.gov/seasonal-produce-guide>.
- ^{vii} Sandwich bread is defined as individually wrapped slices of bread or fresh or frozen sliced loaves. [c]
- ^{viii} Baked goods are items made from dough or batter and then baked, including but are not limited to bagels, breadsticks, croissants, english muffins, muffins, pitas, scones, tortillas, and wraps.
- ^{ix} 100% whole grain is defined as the first ingredient on the ingredient list, determined by weight, is a whole grain based on qualifying criteria from the FDA whole grain health claim, and the item is free of refined grains. [d]
- ^x Processed meats are defined as meats that undergo smoking, curing, salting, and/or the addition of chemical substances such as nitrate and nitrite to preserve the meat and enhance its flavor. Examples include bacon, hot dogs, ham, sausages, and deli, luncheon meats.
- ^{xi} Lean meat is defined as each 3 ½ oz of product must contain “less than 10 grams of fat, 4.5 grams or less of saturated fat”. Extra lean meat contains “less than 5 grams of fat, less than 2 grams of saturated fat” for each 3 ½ oz product. [e]
- ^{xii} According to the Plant Based Foods Association, plant-based entrées are main dishes that include ingredients from fruits, vegetables, nuts, seeds, whole grains, legumes, fungi or algae or a combination of these, while containing no more than 10%, by weight, ingredients that are not of animal or plant origin (excluding water, salt, and processing aids). [f]
- ^{xiii} Sauces, dressings, condiments, and dips include but are not limited to barbecue sauce, ketchup, glazes, guacamole, hot sauce, hummus, marinades, salad dressings, steak sauces, peanut butter, salsa, and tomato sauce.
- ^{xiv} According to the New York City Department of Health and Mental Hygiene’s Good Choice program criteria, ready-prepared food items are “cooked, marinated or prepared meats and vegetables, frozen entrees and sides, breadcrumbs, frozen waffles, instant foods, pizza, potato salad, ravioli, soups”. Other names include tertiary processed foods and convenience items. [c]
- ^{xv} An individual item is defined as a single purchased food product that may be used as an ingredient or as a ready-prepared food.
- ^{xvi} Low Sodium is defined as having less than or equal to 140 mg sodium per serving size of 30 g. [g]

References

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- c. Good Choice. (n.d.). NYC Health. Retrieved from <https://www1.nyc.gov/assets/doh/downloads/pdf/home/good-choice.pdf>
- d. Existing Standards for Whole Grains, March 2014 USDA/FSIS Final Rule. (n.d.) The Whole Grains Council.

- Retrieved on April 10, 2025, from <https://wholegrainscouncil.org/whole-grains-101/whats-whole-grainrefined-grain/existingstandards-whole-grains>
- e. What Does "Lean" and "Extra Lean" Beef Mean on a Nutrition Label? (2024, July 10). Ask USDA. Retrieved on April 10, 2025, from <https://ask.usda.gov/s/article/What-does-lean-and-extra-lean-beef-mean-on-anutrition-label>
- f. Certified Plant Based Claim Certification Program, Version 1, Issue 4. (2019, December 10). Plant Based Foods Association. Retrieved from https://d2evkimvhatqav.cloudfront.net/documents/pbfa_nsf_certified_pb_definition_only.pdf
- g. Sodium in Your Diet. (2020, April 2). U.S. Food and Drug Administration. Retrieved from <https://www.fda.gov/food/nutrition-education-resources-materials/sodium-your-diet>

PRICING SHEET

NOT ATTACHED TO CONTRACT

LINE ITEM BUDGET AND BUDGET NARRATIVE

NOT ATTACHED TO CONTRACT

COUNTY'S ADMINISTRATION

CONTRACT NO.

COUNTY'S PROGRAM DIRECTOR:

Name:

Title:

Address:

Telephone:

Facsimile:

E-mail Address:

COUNTY'S PROGRAM MANAGER:

Name:

Title:

Address:

Telephone:

Facsimile:

E-mail Address:

COUNTY'S PROGRAM MONITOR:

Name:

Title:

Address:

Telephone:

Facsimile:

E-mail Address:

CONTRACTOR'S ADMINISTRATION

CONTRACTOR'S NAME:

CONTRACT NO.

CONTRACTOR'S PROGRAM MANAGER:

Name: _____

Title: _____

Address: _____

Telephone: _____

Facsimile: _____

E-mail Address: _____

CONTRACTOR'S AUTHORIZED OFFICIAL(S):

Name: _____

Title: _____

Address: _____

Telephone: _____

Facsimile: _____

E-mail Address: _____

Name: _____

Title: _____

Address: _____

Telephone: _____

Facsimile: _____

E-mail Address: _____

NOTICES TO CONTRACTOR:

Name: _____

Title: _____

Address: _____

Telephone: _____

Facsimile: _____

E-mail Address: _____

CONFIDENTIALITY AGREEMENT FORMS

- F1 CONTRACTOR ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT
- F2 CONTRACTOR EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY
AGREEMENT

CONTRACTOR ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

Contractor Name: _____

Contract No _____

GENERAL INFORMATION:

The Contractor referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires the Corporation to sign this Contractor Acknowledgement and Confidentiality Agreement.

CONTRACTOR ACKNOWLEDGEMENT:

Contractor understands and agrees that the Contractor employees, consultants, Outsourced Vendors and independent contractors (Contractor's Staff) that will provide services in the above referenced agreement are Contractor's sole responsibility. Contractor understands and agrees that Contractor's Staff must rely exclusively upon Contractor for payment of salary and any and all other benefits payable by virtue of Contractor's Staff's performance of work under the above-referenced contract.

Contractor understands and agrees that Contractor's Staff are not employees of the County of Los Angeles for any purpose whatsoever and that Contractor's Staff do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. Contractor understands and agrees that Contractor's Staff will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

CONFIDENTIALITY AGREEMENT:

Contractor and Contractor's Staff may be involved with work pertaining to services provided by the County of Los Angeles and, if so, Contractor and Contractor's Staff may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, Contractor and Contractor's Staff may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. Contractor and Contractor's Staff understand that if they are involved in County work, the County must ensure that Contractor and Contractor's Staff, will protect the confidentiality of such data and information. Consequently, Contractor must sign this Confidentiality Agreement as a condition of work to be provided by Contractor's Staff for the County.

The following data and information shall not be considered confidential information: (1) is publicly known at the time of the disclosure to the receiving party; (2) after disclosure becomes publicly known otherwise than through a breach by the receiving party, its officer, employees, agents or subcontractors; (3) can be shown by reasonable proof by the receiving party to be reached its hands otherwise than by being communicated by the other party, including being known to it prior to disclosure, or having been developed by or for it wholly independently of the other party or having obtained from a third party without any restrictions on disclosure on such third party of which the recipient is aware, having made due inquiry; (4) is required by law, regulation or order of a competent authority (including any regulatory or governmental body or securities exchange) to be disclosed by the receiving party, provided that, where practicable, the disclosing party is given reasonable advance notice of the intended disclosure and provided that the relaxation of the obligations of confidentiality shall only last for as long as necessary to comply with the relevant law, regulation or order and shall apply solely for the purposes of such compliance; or (5) is approved for release, in writing, by an authorized representative of the disclosing party. Confidential information must be specifically marked as "confidential," or, if disclosed orally, reduced to writing within 5 business days of disclosure and marked as "confidential."

Contractor and Contractor's Staff hereby agrees that they will not divulge to any unauthorized person any confidential data or information obtained while performing work pursuant to the above-referenced contract between Contractor and the County of Los Angeles. Contractor and Contractor's Staff agree to forward all requests for the release of any confidential data or information received to County's Project Manager.

Contractor and Contractor's Staff agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, and any design concepts, algorithms, programs, formats, documentation that have been specifically marked as confidential, Contractor proprietary information that has been specifically marked as confidential and all other original materials produced, created, or provided to Contractor and Contractor's Staff under the above-referenced contract that have specifically marked as confidential. Contractor and Contractor's Staff agree to protect these confidential materials against disclosure to other than Contractor or County employees who have a need to know the information. Contractor and Contractor's Staff agree that if proprietary information supplied by other County vendors is provided to me during this employment, Contractor and Contractor's Staff must keep such information confidential.

Contractor and Contractor's Staff agree to report any and all violations of this agreement by Contractor and Contractor's Staff and/or by any other person of whom Contractor and Contractor's Staff become aware.

Exhibits for Contract

CONTRACTOR ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

Contractor and Contractor's Staff acknowledge that violation of this agreement may subject Contractor and Contractor's Staff to civil and/or criminal action and that the County of Los Angeles may seek all possible legal redress.

SIGNATURE: _____ DATE: _____

PRINTED NAME: _____

POSITION: _____

CONTRACTOR EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

Contractor Name: _____ Contract No _____

Employee Name: _____

GENERAL INFORMATION:

Your employer referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires your signature on this Contractor Employee Acknowledgement and Confidentiality Agreement.

EMPLOYEE ACKNOWLEDGEMENT:

I understand and agree that the Contractor referenced above is my sole employer for purposes of the above-referenced contract. I understand and agree that I must rely exclusively upon my employer for payment of salary and any and all other benefits payable to me or on my behalf by virtue of my performance of work under the above-referenced contract.

I understand and agree that I am not an employee of the County of Los Angeles for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. I understand and agree that I do not have and will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

I understand and agree that I may be required to undergo a background and security investigation(s). I understand and agree that my continued performance of work under the above-referenced contract is contingent upon my passing, to the satisfaction of the County, any and all such investigations. I understand and agree that my failure to pass, to the satisfaction of the County, any such investigation will result in my immediate release from performance under this and/or any future contract.

CONFIDENTIALITY AGREEMENT:

I may be involved with work pertaining to services provided by the County of Los Angeles and, if so, I may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, I may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. I understand that if I am involved in County work, the County must ensure that I, too, will protect the confidentiality of such data and information. Consequently, I understand that I must sign this agreement as a condition of my work to be provided by my employer for the County. I have read this agreement and have taken due time to consider it prior to signing.

I hereby agree that I will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between my employer and the County of Los Angeles. I agree to forward all requests for the release of any data or information received by me to my immediate supervisor.

I agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information and all other original materials produced, created, or provided to or by me under the above-referenced contract. I agree to protect these confidential materials against disclosure to other than my employer or County employees who have a need to know the information. I agree that if proprietary information supplied by other County vendors is provided to me during this employment, I must keep such information confidential.

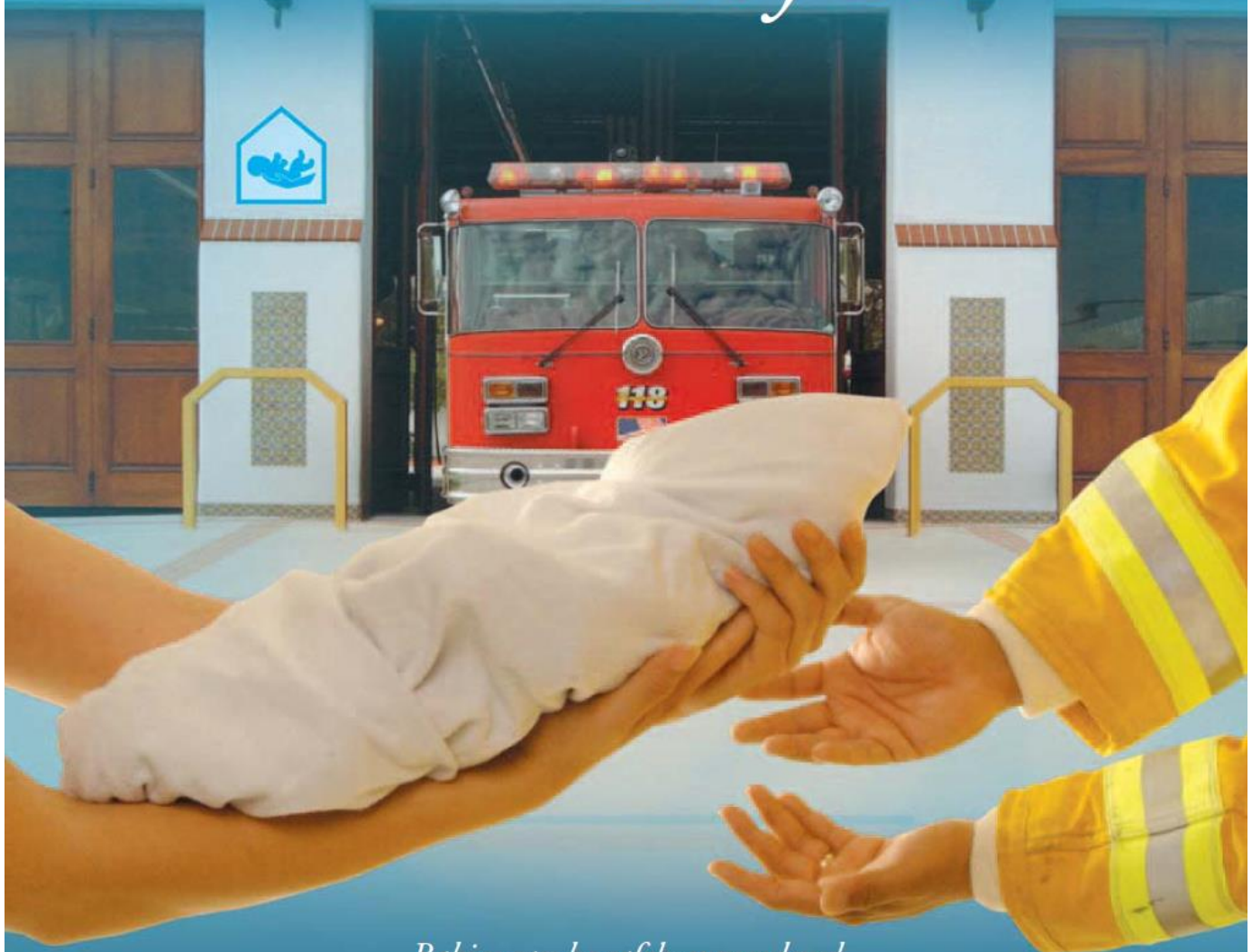
I agree to report to my immediate supervisor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all confidential materials to my immediate supervisor upon completion of this contract or termination of my employment with my employer, whichever occurs first.

SIGNATURE: _____ DATE: _____

PRINTED NAME: _____

POSITION: _____

Safely Surrendered *Baby Law*



*Babies can be safely surrendered
to staff at any hospital or fire station in Los Angeles County*

No shame. No blame. No names.

In Los Angeles County: 1-877-BABY SAFE • 1-877-222-9723

www.babysafela.org



In Los Angeles County: 1-877-BABY SAFE • 1-877-222-9723

www.babysafela.org

Safely Surrendered Baby Law

What is the Safely Surrendered Baby Law?

California's Safely Surrendered Baby Law allows parents or other persons, with lawful custody, which means anyone to whom the parent has given permission to confidentially surrender a baby. As long as the baby is three days (72 hours) of age or younger and has not been abused or neglected, the baby may be surrendered without fear of arrest or prosecution.

Every baby deserves a chance for a healthy life. If someone you know is considering abandoning a baby, let her know there are other options. For three days (72 hours) after birth, a baby can be surrendered to staff at any hospital or fire station in Los Angeles County.

How does it work?

A distressed parent who is unable or unwilling to care for a baby can legally, confidentially, and safely surrender a baby within three days (72 hours) of birth. The baby must be handed to an employee at a hospital or fire station in Los Angeles County. As long as the baby shows no sign of abuse or neglect, no name or other information is required. In case the parent changes his or her mind at a later date and wants the baby back, staff will use bracelets to help connect them to each other. One bracelet will be placed on the baby, and a matching bracelet will be given to the parent or other surrendering adult.

What if a parent wants the baby back?

Parents who change their minds can begin the process of reclaiming their baby within 14 days. These parents should call the Los Angeles County Department of Children and Family Services at 1-800-540-4000.

Can only a parent bring in the baby?

No. While in most cases a parent will bring in the baby, the Law allows other people to bring in the baby if they have lawful custody.

Does the parent or surrendering adult have to call before bringing in the baby?

No. A parent or surrendering adult can bring in a baby anytime, 24 hours a day, 7 days a week, as long as the parent or surrendering adult surrenders the baby to someone who works at the hospital or fire station.

Does the parent or surrendering adult have to tell anything to the people taking the baby?

No. However, hospital or fire station personnel will ask the surrendering party to fill out a questionnaire designed to gather important medical history information, which is very useful in caring for the baby. The questionnaire includes a stamped return envelope and can be sent in at a later time.

What happens to the baby?

The baby will be examined and given medical treatment. Upon release from the hospital, social workers immediately place the baby in a safe and loving home and begin the adoption process.

What happens to the parent or surrendering adult?

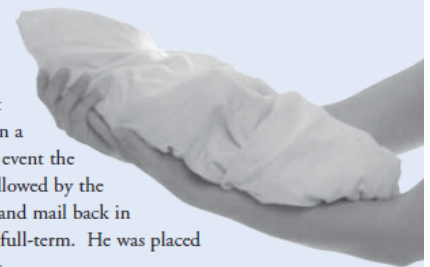
Once the parent or surrendering adult surrenders the baby to hospital or fire station personnel, they may leave at any time.

Why is California doing this?

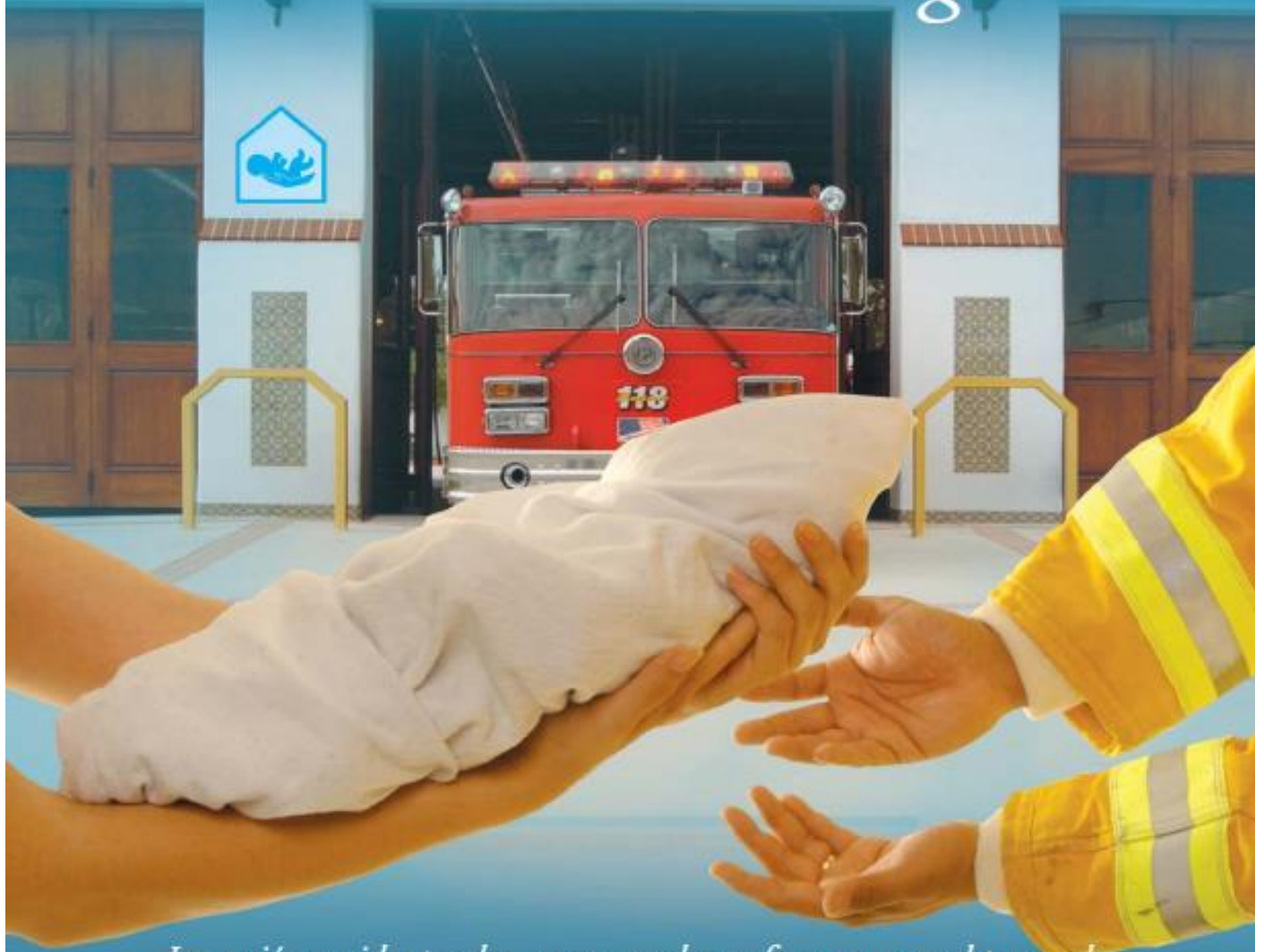
The purpose of the Safely Surrendered Baby Law is to protect babies from being abandoned, hurt or killed by their parents. You may have heard tragic stories of babies left in dumpsters or public bathrooms. Their parents may have been under severe emotional distress. The mothers may have hidden their pregnancies, fearful of what would happen if their families found out. Because they were afraid and had no one or nowhere to turn for help, they abandoned their babies. Abandoning a baby is illegal and places the baby in extreme danger. Too often, it results in the baby's death. The Safely Surrendered Baby Law prevents this tragedy from ever happening again in California.

A baby's story

Early in the morning on April 9, 2005, a healthy baby boy was safely surrendered to nurses at Harbor-UCLA Medical Center. The woman who brought the baby to the hospital identified herself as the baby's aunt and stated the baby's mother had asked her to bring the baby to the hospital on her behalf. The aunt was given a bracelet with a number matching the anklet placed on the baby; this would provide some identification in the event the mother changed her mind about surrendering the baby and wished to reclaim the baby in the 14-day period allowed by the Law. The aunt was also provided with a medical questionnaire and said she would have the mother complete and mail back in the stamped return envelope provided. The baby was examined by medical staff and pronounced healthy and full-term. He was placed with a loving family that had been approved to adopt him by the Department of Children and Family Services.



Ley de Entrega de Bebés *Sin Peligro*



Los recién nacidos pueden ser entregados en forma segura al personal de cualquier hospital o cuartel de bomberos del Condado de Los Ángeles

Sin pena. Sin culpa. Sin nombres.

En el Condado de Los Ángeles: 1-877-BABY SAFE • 1-877-222-9723

www.babysafela.org



Ley de Entrega de Bebés Sin Peligro

¿Qué es la Ley de Entrega de Bebés sin Peligro?

La Ley de Entrega de Bebés sin Peligro de California permite la entrega confidencial de un recién nacido por parte de sus padres u otras personas con custodia legal, es decir cualquier persona a quien los padres le hayan dado permiso. Siempre que el bebé tenga tres días (72 horas) de vida o menos, y no haya sufrido abuso ni negligencia, pueden entregar al recién nacido sin temor de ser arrestados o procesados.

Cada recién nacido se merece la oportunidad de tener una vida saludable. Si alguien que usted conoce está pensando en abandonar a un recién nacido, infórmele que tiene otras opciones. Hasta tres días (72 horas) después del nacimiento, se puede entregar un recién nacido al personal de cualquier hospital o cuartel de bomberos del condado de Los Angeles.

¿Cómo funciona?

El padre/madre con dificultades que no pueda o no quiera cuidar de su recién nacido puede entregarlo en forma legal, confidencial y segura dentro de los tres días (72 horas) del nacimiento. El bebé debe ser entregado a un empleado de cualquier hospital o cuartel de bomberos del Condado de Los Ángeles. Siempre que el bebé no presente signos de abuso o negligencia, no será necesario suministrar nombres ni información alguna. Si el padre/madre cambia de opinión posteriormente y desea recuperar a su bebé, los trabajadores utilizarán brazaletes para poder vincularlos. El bebé llevará un brazaletes y el padre/madre o el adulto que lo entregue recibirá un brazaletes igual.

¿Qué pasa si el padre/madre desea recuperar a su bebé?

Los padres que cambien de opinión pueden comenzar el proceso de reclamar a su recién nacido dentro de los 14 días. Estos padres deberán llamar al Departamento de Servicios para Niños y Familias (Department of Children and Family Services) del Condado de Los Ángeles al 1-800-540-4000.

¿Sólo los padres podrán llevar al recién nacido?

No. Si bien en la mayoría de los casos son los padres los que llevan al bebé, la ley permite que otras personas lo hagan si tienen custodia legal.

¿Los padres o el adulto que entrega al bebé deben llamar antes de llevar al bebé?

No. El padre/madre o adulto puede llevar al bebé en cualquier momento, las 24 horas del día, los 7 días de la semana, siempre y cuando entreguen a su bebé a un empleado del hospital o cuartel de bomberos.

¿Es necesario que el padre/madre o adulto diga algo a las personas que reciben al bebé?

No. Sin embargo, el personal del hospital o cuartel de bomberos le pedirá a la persona que entregue al bebé que llene un cuestionario con la finalidad de recabar antecedentes médicos importantes, que resultan de gran utilidad para cuidar bien del bebé. El cuestionario incluye un sobre con el sello postal pagado para enviarlo en otro momento.

¿Qué pasará con el bebé?

El bebé será examinado y le brindarán atención médica. Cuando le den el alta del hospital, los trabajadores sociales inmediatamente ubicarán al bebé en un hogar seguro donde estará bien atendido, y se comenzará el proceso de adopción.

¿Qué pasará con el padre/madre o adulto que entregue al bebé?

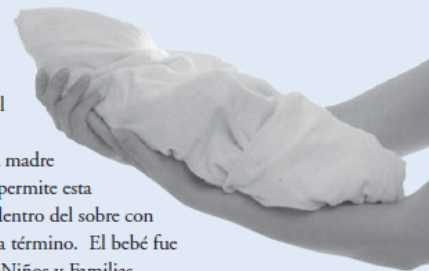
Una vez que los padres o adulto hayan entregado al bebé al personal del hospital o cuartel de bomberos, pueden irse en cualquier momento.

¿Por qué se está haciendo esto en California?

La finalidad de la Ley de Entrega de Bebés sin Peligro es proteger a los bebés para que no sean abandonados, lastimados o muertos por sus padres. Usted probablemente haya escuchado historias trágicas sobre bebés abandonados en basureros o en baños públicos. Los padres de esos bebés probablemente hayan estado pasando por dificultades emocionales graves. Las madres pueden haber ocultado su embarazo, por temor a lo que pasaría si sus familias se enteraran. Abandonaron a sus bebés porque tenían miedo y no tenían nadie a quien pedir ayuda. El abandono de un recién nacido es ilegal y pone al bebé en una situación de peligro extremo. Muy a menudo el abandono provoca la muerte del bebé. La Ley de Entrega de Bebés sin Peligro impide que vuelva a suceder esta tragedia en California.

Historia de un bebé

A la mañana temprano del día 9 de abril de 2005, se entregó un recién nacido saludable a las enfermeras del Harbor-UCLA Medical Center. La mujer que llevó el recién nacido al hospital se dio a conocer como la tía del bebé, y dijo que la madre le había pedido que llevara al bebé al hospital en su nombre. Le entregaron a la tía un brazaletes con un número que coincidía con la pulsera del bebé; esto serviría como identificación en caso de que la madre cambiara de opinión con respecto a la entrega del bebé y decidiera recuperarlo dentro del período de 14 días que permite esta ley. También le dieron a la tía un cuestionario médico, y ella dijo que la madre lo llenaría y lo enviaría de vuelta dentro del sobre con franqueo pagado que le habían dado. El personal médico examinó al bebé y se determinó que estaba saludable y a término. El bebé fue ubicado con una buena familia que ya había sido aprobada para adoptarlo por el Departamento de Servicios para Niños y Familias.



EVERY 5 DAYS, A BABY
IN LOS ANGELES COUNTY
SUFFOCATES
WHILE SLEEPING.

IS YOUR BABY
SLEEPING SAFELY?



IN L.A. COUNTY, THERE
ARE MORE SLEEP-RELATED
DEATHS THAN ALL OTHER
ACCIDENTAL CHILD DEATHS
COMBINED. THESE DEATHS
ARE COMPLETELY
PREVENTABLE.

Accidental suffocation is the greatest risk for babies under age 1. These deaths are silent and quick. It just takes seconds for a baby to suffocate.

Babies are small, without voices and have no strength. For the first 3-4 months, they can only breathe through their nose. A baby's nose – unlike an adult's – doesn't have cartilage, so it can flatten easily and block airflow, causing suffocation.

BABIES UNDER THE AGE OF 1 YEAR CAN
SUFFOCATE WHILE:

- Sharing a bed with parents, siblings and/or pets.
- Sleeping in a cluttered crib or bassinet.
- Sleeping on their side or stomach.
- Sleeping on unsafe sleep surfaces like couches, chairs, soft surfaces, or in unfamiliar places.

“NO ONE EVER TOLD ME
ABOUT THE RISKS OF
SUFFOCATION.”

~Parents who have lost their babies

HOW TO PUT YOUR BABY TO SLEEP SAFELY:

- Share a room, not a bed.
- Lay babies down to sleep in a crib or bassinet with a firm mattress. Portable cribs like a Pack 'n Play are also a good alternative.
- Give babies space to breathe – no pillows, bumpers, blankets or toys in the crib or bassinet. Even one object is a suffocation risk.
- Place babies on their back every time – at night and for naps.



DON'T WAKE UP
TO A TRAGEDY.

The information and recommendations by the Safe Sleep for Baby campaign are based on data gathered by the Los Angeles County Department of Coroner, which investigates all unexplained infant deaths in the county, and from the American Academy of Pediatrics.

QUESTIONS YOU MAY HAVE

IS IT SAFE TO PUT A BABY TO SLEEP IN A CAR
SEAT OR STROLLER?

No, because of the way the baby is positioned in these carriers. Babies should always be placed on their back to sleep.

CAN I SWADDLE MY BABY?

Yes, but be sure to use a light receiving blanket because other blankets, such as San Marcos blankets, can be too heavy and warm for infants. Once babies reach 5-6 months, swaddling is no longer needed and parents can simply continue to dress their baby in a onesie or sleeper.

WHAT IF I AM BREASTFEEDING?

Breastfeeding is encouraged, and moms should place their baby in a crib or bassinet after nursing.

WHAT IF MY BABY LIKES SLEEPING ON HIS
STOMACH?

The safest way for babies to sleep is on their back. When babies sleep on their stomach or side, they can choke or suffocate.

MY BABY HAS TROUBLE BREATHING – WHAT'S
THE BEST WAY TO PUT MY BABY TO SLEEP?

If your baby has a medical condition, talk to your doctor about any special care your child may need.

FOR MORE INFORMATION:

ICAN ASSOCIATES

4024 N. Durfee Ave.
El Monte, CA 91732
(626) 455-4585
info@safesleepforbaby.com
SafeSleepForBaby.com



SAFE SLEEP FOR BABY IS PART OF THE
L.A. COUNTY INFANT SAFE SLEEPING CAMPAIGN

The Los Angeles County Inter-Agency Council on Child Abuse and Neglect (ICAN) is the official county agent coordinating the development of services for the prevention, identification and treatment of child abuse and neglect. ICAN is nationally known for its multi-agency comprehensive review of child fatalities. Through this review, it has been determined that infant unsafe sleeping is the single leading cause of preventable child death. ICAN Associates is a private, nonprofit organization that works in partnership with ICAN, providing support for direct and indirect services to prevent harm to children. ICAN and ICAN Associates have partnered with First 5 LA to raise awareness about safe sleep for babies to save families from the preventable tragedy of losing an infant due to unsafe sleeping practices. For more information, please visit ican4kids.org.



CADA 5 DÍAS, UN BEBÉ EN EL CONDADO DE LOS ANGELES SE ASFIXIA MIENTRAS DUERME.

¿SU BEBÉ DUERME DE FORMA SEGURA?



EN EL CONDADO DE L.A., EL NÚMERO DE BEBÉS QUE MUEREN POR DORMIR DE FORMA INSEGURA ES MÁS ALTO QUE EL NÚMERO TOTAL DE TODAS LAS MUERTES ACCIDENTALES COMBINADAS. ESTAS MUERTES SON TOTALMENTE PREVENIBLES.

La asfixia accidental es el mayor riesgo para los bebés menores de 1 año. Esta muerte es silenciosa y rápida. Sólo toma segundos para que un bebé se asfixie.

Los bebés son frágiles, no hablan y no tienen fuerza. Durante los primeros 3 o 4 meses, los bebés solamente respiran por la nariz. Pero a diferencia de los adultos — la nariz del bebé no tiene cartílago — por lo que puede aplastarse fácilmente y bloquear el flujo de aire causando la asfixia.

LOS BEBÉS DE MENOS DE UN AÑO SE PUEDEN ASFIXIAR MIENTRAS:

- Comparten una cama con los padres, hermanos y/o mascotas.
- Duermen en una cuna o moisés lleno de cosas.
- Duermen de lado o boca abajo.
- Duermen en superficies inseguras para dormir como sofás o sillas, superficies blandas o en lugares no apropiados para bebés.

“NUNCA NADIE ME ADVIRTIÓ SOBRE LOS RIESGOS DE SOFOCACIÓN.”

~Padres que han sufrido la muerte de sus bebés

CÓMO DORMIR A SU BEBÉ DE FORMA SEGURA:

- Comparte la habitación, no la cama.
- Acueste al bebé a dormir en una cuna o moisés que tenga un colchón firme. Los corrales infantiles portátiles como el Pack 'n Play también son una buena opción.
- Déle al bebé espacio para respirar - no ponga almohadas, protectores, cobijas o juguetes en la cuna o moisés. Incluso un sólo objeto es un riesgo para la asfixia.
- Coloque al bebé a dormir boca arriba - en la noche y en las siestas.



NO DESPIERTE EN UNA TRAGEDIA.

La información y las recomendaciones de la Campaña Infantil Sueño Seguro se basan en datos recolectados por el Departamento del Médico Forense del Condado de Los Angeles, que investiga todas las muertes infantiles inexplicadas en el condado, y por la Academia Americana de Pediatría.

ALGUNAS PREGUNTAS QUE USTED PUEDE TENER

¿ES SEGURO PONER A DORMIR AL BEBÉ EN EL ASIENTO INFANTIL DEL AUTO O EN UNA CARRIOLA?

No es seguro, debido a la posición del bebé en estos medios de transporte. Los bebés siempre deben de dormir boca arriba.

¿PUEDO ENVOLVER A MI BEBÉ CON UNA MANTA?

Sí, pero asegúrese de usar una manta pequeña y ligera porque las cobijas, como las San Marcos, pueden ser demasiado pesadas y calientes para los niños. Cuando el bebé cumple 5 a 6 meses no se necesita envolverlos mas y los padres pueden seguir vistiendo a sus bebés con un mameluco o pijama.

¿Y SI ESTOY DÁNDOLE PECHO?

Fomentamos la lactancia materna, las madres siempre deben acostar a su bebé en una cuna o moisés después de amamantarlo.

¿Y QUÉ PASA SI A MI BEBÉ LE GUSTA DORMIR BOCA ABAJO?

La manera más segura de dormir para los bebés es boca arriba. Cuando los bebés duermen de lado o boca abajo, pueden sofocarse o ahogarse.

MI BEBÉ TIENE PROBLEMAS PARA RESPIRAR - ¿CUÁL ES LA MEJOR FORMA DE ACOSTARLO Y PONERLO A DORMIR?

Si su bebé presenta una condición médica, hable con su doctor sobre los cuidados especiales que su bebé requiere.

COMUNÍQUESE CON NOSOTROS:

ICAN ASSOCIATES

4024 N. Durfee Ave.
El Monte, CA 91732
(626) 455-4585
info@safesleepforbaby.com
SafeSleepForBaby.com



SUEÑO SEGURO PARA EL BEBÉ ES PARTE DE LA CAMPAÑA INFANTIL SUEÑO SEGURO DEL CONDADO DE LOS ANGELES

The Los Angeles County Inter-Agency Council on Child Abuse and Neglect (ICAN) es el agente oficial del condado de Los Angeles que coordina el desarrollo de servicios para la prevención, identificación y tratamiento del abuso y negligencia infantil. ICAN es reconocida a nivel nacional por su revisión multi-institucional a fondo de las muertes infantiles. Debido a esta revisión se ha determinado que el dormir de forma insegura es la causa principal de muerte infantil prevenible. ICAN Associates es una organización privada sin fines de lucro que trabaja en asociación con ICAN mediante la prestación de servicios directos e indirectos de apoyo para evitar daños a estos niños. ICAN y ICAN Associates se han asociado con First 5 LA para crear conciencia sobre la manera segura de poner a dormir a los bebés para prevenir a las familias de la evitable tragedia ocasionada por la muerte de un bebé como consecuencia de prácticas inseguras para dormir. Para obtener más información, por favor visite ican4kids.org.





**AUDITOR-CONTROLLER
CONTRACT ACCOUNTING AND ADMINISTRATION
HANDBOOK**

- REVISED JULY 2025 -

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AUDITOR-CONTROLLER

CONTRACT ACCOUNTING AND ADMINISTRATION HANDBOOK

The purpose of the Auditor-Controller Contract Accounting and Administration Handbook (Handbook) is to provide organizations (CONTRACTORS) that contract with the County of Los Angeles (COUNTY) with guidance on key accounting, financial reporting, internal control, and contract administration standards, along with best practices and recommended approaches that will help to promote accountability, protect the integrity of assets and financial information, and minimize the risk of fraud.

The accounting, financial reporting, and internal control standards presented in this Handbook are fundamental and derived from applicable federal, State, and COUNTY regulations and guidelines (see [Section F](#)). These standards are not intended to be all inclusive or replace acceptable existing procedures, preclude the use of more sophisticated methods, or supersede any laws or requirements imposed by the applicable funding source(s) (i.e., federal, State, and COUNTY agencies) that may be more restrictive and/or stringent. Instead, this Handbook includes the minimum federal, State, and COUNTY required procedures and controls that must be incorporated into a CONTRACTOR'S accounting and financial reporting system to ensure compliance, as well as guidance on other recommended procedures and controls. The internal control standards described apply to organizations with adequate staffing. Organizations with insufficient staff to implement the internal controls as described herein must adopt alternative controls (e.g., use of appropriate alternative staff and/or board members) to comply with the intent of the standards to ensure effective internal control systems are in place within the organization. The CONTRACTOR'S subcontractors must also follow these standards unless otherwise stated in the COUNTY Agreement.

For additional resources, please see [Section F](#), and for any inquiries, please see [Section G](#).

A. ACCOUNTING AND FINANCIAL RECORDS

1.0 [Basis of Accounting](#)

Unless otherwise specified by the applicable funding source(s), CONTRACTORS may elect to use either the accrual or cash basis of accounting during the year for recording financial transactions. CONTRACTOR must ensure their basis of accounting is adequately documented in their accounting policies. Monthly invoices must be prepared on the same basis used for recording financial transactions.

The COUNTY generally recommends the use of the accrual basis for recording financial transactions when appropriate.

1.1 [Accrual Basis](#)

Under the accrual basis for recording financial transactions, revenues are recorded in the accounting period earned (rather than when cash is received). Expenditures



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are recorded in the accounting period incurred (rather than when cash is disbursed).

Recorded accruals (e.g., to estimate expenditures) should be reversed in the subsequent accounting period or when deemed appropriate and/or necessary to ensure revenues and expenditures are not double counted, and are in compliance with Generally Accepted Accounting Principles (GAAP).

1.2 Cash Basis

If a CONTRACTOR elects to use the cash basis for recording financial transactions during the year:

- Necessary adjustments must be made to record the accruals at the beginning and the end of each year of the COUNTY Agreement, and at the end of the COUNTY Agreement.
- All computations, supporting records, and explanatory notes used in converting from the cash basis to the accrual basis must be retained.

1.3 Prepaid Expenditures

Prepaid expenditures (e.g., insurance, service agreements, lease agreements) must be expensed during the appropriate COUNTY Agreement year to the extent goods and services are received, or are applicable to that COUNTY Agreement year.

2.0 Accounting System

Each CONTRACTOR must maintain a ***double entry accounting system*** (utilizing debits and credits) and adequate, accurate, and reliable financial records in accordance with GAAP. The financial records must provide a comprehensive audit trail, and typically include, but may not be limited to a General Journal, a Cash Receipts Journal, a General Ledger, a Cash Disbursements Journal, and a Payroll Register or equivalent records as described in this Handbook. Postings to the General Ledger and Journals must be made timely, at least on a monthly basis. The CONTRACTOR must maintain separate cost centers, which clearly identify funds received and expended on services provided under the COUNTY Agreement.

2.1 General Journal

A General Journal (or equivalent records) must be maintained to ensure transactions are recorded accurately and timely in the order they occur, and for recording adjusting entries, reversing entries, closing entries, and other financial transactions not normally recorded in the Cash Receipts Journal or Cash Disbursements Journal (or their equivalent records). Entries in the General



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Journal (or equivalent record) must be adequately documented and entered in chronological order with sufficient explanatory notations to support the transaction.

Example:

	<u>Debit</u>	<u>Credit</u>
Rent Expenditure	100	
Rent Payable		100

To record accrued rent to March 31, 20XX

2.2 Cash Receipts Journal

A Cash Receipts Journal (or equivalent records) must be maintained for recording and identifying all cash inflows and sources of income (e.g., COUNTY warrants, contributions, interest income), and should, at a minimum, contain the following information:

- Date
- Invoice, Reference and/or Receipt Number (if applicable)
- Amount of Cash or Income Received
- Names of Accounts Debited (e.g., Cash) and Credited (e.g., Income) for the following:
 - COUNTY payments
 - Contributions/Donations
 - Other Income (e.g., grants, sales of supplies/services, rental income, miscellaneous revenue, fees)
- Description to clearly specify the source of cash receipts

2.3 Cash Disbursements Journal

A Cash Disbursements Journal (or equivalent records) must be maintained for recording all cash outflows or disbursements (e.g., rent, utilities, maintenance) to manage and track outgoing funds, and should, at a minimum, contain the following information:

- Date
- Invoice, Reference, and/or Check Number (if applicable)
- Amount of Cash Disbursed
- Names of Accounts Debited or Credited
- Payment Method (e.g., cash, check, electronic transfer)
- Description to clearly specify the nature of the cost and the corresponding cost classification, if not included in the column heading.

Checks should not be written to employees (other than payroll, reimbursements for small incidental out-of-pocket costs, mileage reimbursements, travel reimbursements, and petty cash fund custodian checks).



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A **Check Register** may be substituted for the Cash Disbursements Journal (or equivalent records), but this is not recommended. If used, the Check Register (or equivalent records) must contain the same cost classifications and description information required when a Cash Disbursements Journal (or equivalent records) is used.

2.4 General Ledger

A General Ledger (or equivalent records) must be maintained with accounts for all assets, liabilities, fund balances/net assets, revenues, and expenditures to ensure the accuracy, consistency, and transparency of all financial transactions in accordance with GAAP. Separate accounts or cost centers must be maintained for the revenues (e.g., donations, grants, rental income, miscellaneous revenue) and expenditures of each of the CONTRACTOR'S programs and activities (both COUNTY and non-COUNTY).

2.5 Chart of Accounts

A Chart of Accounts (or equivalent records) must be maintained to organize and classify financial transactions accurately and consistently in accordance with GAAP:

- The COUNTY recommends that CONTRACTORS use the same expenditure account titles on the monthly invoice submitted to the COUNTY.
- If the CONTRACTOR uses account titles which differ from the account titles on the monthly invoice, each account title should clearly identify the nature of the transaction(s) posted to the account.
- CONTRACTOR must consistently post transactions that are of a similar nature to the same account. For example, all expenditures for travel can be posted to an account titled "travel," but must not be intermixed with other expenditure accounts.

2.6 Payroll Register

A Payroll Register (or equivalent records) must be maintained to manage payroll activities, detail the necessary payroll information, and ensure payroll transactions and payments are accurate. The Payroll Register (or equivalent records) should contain the following information for each employee:

- Name
- Position
- Unique code identifying each employee (e.g., employee number/ID)
- Salary or hourly wage
- Payment Record including:



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- Accrual Period
- Gross Pay
- Itemized Payroll Deductions
- Net Pay Amount
- Check/Payment Number

CONTRACTOR must ensure compliance with:

- All applicable federal and State requirements for withholding payroll taxes (e.g., FIT, FICA, FUTA, SIT, SIU), reporting, filing (e.g., 941, DE-7, W-2, W-4, 1099), and all applicable tax deposits.
- Internal Revenue Service and State guidelines to properly classify employees and independent contractors.

3.0 Information and Supporting Documentation Requirements

CONTRACTOR must retain the original source document for inspection by COUNTY. All revenues and expenditures charged to the COUNTY must be supported by original vouchers, invoices, receipts, or other documentation to clearly establish the nature and the reasonableness of the expenditure and its relevance to the COUNTY program, and evidence of actual payment (e.g., canceled checks, proof of electronic funds transfer). Internally generated documents (e.g., vouchers, request for check forms, requisitions), and bank and credit card account statements alone do not constitute supporting documentation for revenues and expenditures.

If the CONTRACTOR is unclear as to the appropriate documentation that must be maintained to support an expenditure, CONTRACTOR should consult with the COUNTY **before** the expenditure is charged to the COUNTY. Unsupported or inadequately supported expenditures will be disallowed upon audit. CONTRACTOR will be required to repay COUNTY for all disallowed costs.

Electronic documentation is permitted when the source documentation originated electronically (e.g., electronic bills and bank statements). To the extent the source for electronic documentation is an original hardcopy document (e.g., PDF scans of original vendor invoices), COUNTY at its sole discretion may accept photocopies (including scanned images) of supporting documentation in preference to the original documents subject to any limitations imposed by the applicable funding source(s) (i.e., federal, State, and COUNTY agencies), and if the CONTRACTOR maintains adequate internal controls over their information technology systems and data (e.g., electronically stored information, records, or documentation) as required by the standards described in this Handbook (e.g., see [Sections A.3.5](#) and [B.7.0](#) through [B.7.3](#)) and any other applicable federal, State, and COUNTY requirements (e.g., COUNTY Agreement). Failure to provide original hardcopy documents and/or maintain an adequate system of



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internal controls over electronic documentation to support expenditures charged to the COUNTY will result in inadequately supported expenditures and will be disallowed upon audit.

For the following categories of expenditures, adequate supporting documentation may include, but not be limited to:

Payroll

- Timecards and attendance records signed and dated by the employee and the employee's supervisor (in ink or electronically) certifying the accuracy and approval of the reported time.
- Time distribution records by program, accounting for total work time on a daily basis for each employee.
- Records showing actual expenditures for payroll, Social Security and unemployment insurance.
- State and federal quarterly tax returns, federal W-2 forms, federal W-4 forms, and any other records to support payroll tax payments.

Personnel Files

- Documentation supporting approved employee pay rates.
- Proof of employees having the required education, practical experience, and license(s)/certification(s) for their position.
- Criminal record clearances as required.

Contracted/Consultant Services

- Contracts detailing the nature and scope of services to be provided, and the method and rate of compensation (e.g., cost reimbursement, fixed fee, fee for service, rate per hour) for each service.
- Itemized invoices or other documentation detailing specific service(s) provided and rate(s) of compensation applied to support total amounts charged.
- Time and attendance records or other documentation detailing when services were provided.
- Travel vouchers detailing purpose, time, and location of travel reimbursed by CONTRACTOR.
- Purchase orders, itemized invoices, and proof of receipt of good/services for amount reimbursed by CONTRACTOR.
- Copies of all completed federal Form 1099s, establishing that all payments to contractors/consultants were reported timely to federal and State taxing agencies.



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Payments to Affiliated Organizations or Persons (i.e., Related Party/Less-Than-Arm's-Length Transactions)

- Financial records (e.g., general ledgers, payroll registers, labor distributions, invoices/receipts) of the affiliated or related organizations/persons
- Price and rate quotations for the same services/goods from an adequate number of independent and qualified sources
- Cost and price analysis
- Vendor selection analysis
- Other documentation to support payments to affiliated organizations or persons did not exceed the lesser of actual costs of the affiliated or related organizations/persons or the reasonable costs for services rendered or items purchased (see [Section C.1.2](#) for additional guidance)

Loans (including, but not limited to, loans to the CONTRACTOR from employees and/or related parties)

- Written loan agreement approved by the CONTRACTOR'S board of directors.
- Documentation showing that loaned funds were deposited into a CONTRACTOR bank account.
- Documentation showing that loan proceeds were actually used for COUNTY programs.

To the extent that the loan agreement provides for the payment of interest, the interest may not be an allowable expenditure under the Agreement. If the payment of interest is allowable, interest must not be accrued at a rate which exceeds the COUNTY Treasury Rate plus one percent.

Travel

- Travel policies (written) of the CONTRACTOR
- Travel expenditure vouchers
- For travel related to conferences, meetings, seminars, symposiums, workshops, and other similar events, CONTRACTOR must at a minimum, retain literature, such as agendas and handouts, or other documentation detailing the purpose of the event, as part of the CONTRACTOR'S documentation of the propriety of the travel expenditure
- Itemized receipts for all travel expenditures (e.g., lodging for approved out-of-town travel, airfare, car rentals, meals, ground transportation, parking).

Note: Reimbursement for actual receipts or per diem rates for lodging and meal expenditures must not exceed the COUNTY'S maximum reimbursement rate for employees. CONTRACTOR should obtain the COUNTY'S maximum reimbursement rate for each fiscal year from the COUNTY before travel expenditures are charged.



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Vehicle Expenditures

- Invoices/receipts for repairs, maintenance, fuel, etc.
- Vehicle registration card
- Vehicle title
- Insurance policy
- Purchase or financing agreement
- Vehicle lease or rental agreement
- For vehicles owned/leased by the CONTRACTOR and personal vehicles that are primarily used for business purposes, a vehicle mileage log (or equivalent record) must be maintained establishing the extent to which the vehicles are used for business versus non-business purposes. The mileage log (or equivalent record) must identify:
 - Trip dates
 - Origin and destination addresses of the trip
 - Purpose of the trip and how it relates to the Agreement services
 - Beginning and ending odometer readings and the resulting mileage for all trips (including non-business trips) to account for 100% use of the vehicle
- For personal vehicles that are not primarily used for business purposes, documentation to support reimbursements to employees for mileage and parking must include:
 - Date and time of travel
 - Origin and destination addresses of the trip and the resulting mileage
 - Purpose of the trip and how it relates to the Agreement services
 - Rates claimed (**Note:** Reimbursement rates for mileage must not exceed applicable federal guidelines.)
 - Itemized receipts for reimbursed parking and toll charges

All supporting documentation must include sufficient information to identify the vehicle the expenditures are related to, which should include, but not be limited to, vehicle make and model, vehicle license number, and vehicle identification number.

CONTRACTOR must only charge the COUNTY for vehicle expenditures (e.g., gasoline, repairs/maintenance, insurance, depreciation) to provide COUNTY Agreement services. CONTRACTOR must pro-rate vehicle expenditures based on vehicle usage to exclude the portion of expenditures related to non-COUNTY and non-business use (i.e., non-COUNTY program services, personal use, employee transportation to and from work).

Operating Expenditures (e.g., utilities, office supplies, equipment rentals)

- Bona fide contracts or lease agreements, if applicable
- Invoices and receipts detailing the cost and items purchased
- Documentation acknowledging the receipt of purchased goods and services (e.g., itemized delivery confirmations, stock received reports, packing slips, or



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other documentation) signed by the employee(s) who verified the good/services were approved and received

Outside Meals

- Itemized receipts and/or invoices for all meals
- Documentation detailing the nature and business purpose of each meal
- Documentation identifying the participants of each meal

3.1 Filing

All relevant supporting documentation for reported revenues and program expenditures must be filed in a systematic and consistent manner. It is recommended that supporting documents be filed as follows:

- Checks/Payments – Numerically
- Invoices – Vendor name and date
- Vouchers – Numerically
- Receipts – Chronologically
- Timecards – Pay period and alphabetically

3.2 Referencing

Accounting transactions posted to the CONTRACTOR'S books must be appropriately cross-referenced to supporting documentation. When applicable, it is recommended that expenditure transactions on the CONTRACTOR'S books be cross-referenced to the supporting documentation as follows:

- Invoices – Vendor name and date
- Checks – Number
- Vouchers – Number

Supporting documentation for non-payroll expenditures (i.e., operating expenditures) should be cross-referenced to the evidence of actual payment (e.g., corresponding check issued for payment, bank statement). If multiple invoices are paid with one check or transaction, all related invoices should be cross-referenced to the evidence of actual payment.

3.3 Security Over Documentation

Adequate care must be exercised to safeguard the financial records, including accounting records and supporting documentation. Any destruction or theft of the CONTRACTOR'S financial records must be immediately reported to the COUNTY. CONTRACTOR must report, to the local law enforcement agency having jurisdiction, any act(s), which may reasonably constitute a crime and appear to have resulted in the destruction, damage, or alteration of any record subject to the



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provisions of this Handbook. CONTRACTOR must make their report to the local law enforcement agency within twenty-four hours of becoming aware of the acts which resulted in the destruction, damage, or alteration of the record.

A copy of the resulting crime/incident report must be retained by the CONTRACTOR for the same period of time the underlying records that were destroyed/damaged were required to be retained (see [Section A.3.4](#)), and must be retained for a longer period in the case of unresolved litigation or audit.

3.4 Retention

All financial records, including accounting records (e.g., journals, ledgers) and supporting documentation, must be retained for a minimum of three years after the termination of the CONTRACTOR'S Agreement or the date of submission of the final invoice, billing, or expenditure report, unless a longer retention period is prescribed by the Agreement or applicable laws and regulations, in which case the CONTRACTOR must comply with the longer retention period and all other retention requirements set forth in the Agreement or the applicable laws and regulations.

3.5 Protection of Electronically Stored Information

CONTRACTOR must employ sufficient security measures to safeguard all COUNTY non-public information (e.g., confidential information including, but not limited to, the names and addresses of individuals, Social Security numbers, credit card information) that is electronically stored and used. CONTRACTOR is also responsible for the security of any COUNTY non-public information that is transmitted, exchanged, or shared with other authorized individuals and/or organizations including, but not limited to, third-party vendors/providers, subcontractors, contractors/consultants, or other external parties.

Information security and privacy safeguards (e.g., policies, access restrictions, employee background checks, training programs, cyber liability insurance, encryption) and standards must be developed, implemented, and maintained in accordance with applicable standards described in this Handbook (e.g., see [Sections B.7.0](#) through [B.7.3](#)), the [COUNTY Board of Supervisors \(Board\) Policy 5.200](#), and any other applicable federal, State, and COUNTY requirements (e.g., COUNTY Agreement, applicable sections of the [Board Policy Manual](#)).

4.0 Donations and Other Sources of Revenue

For CONTRACTORS that use donations and/or other sources of revenue (e.g., grants, sales of supplies/services, rental income, miscellaneous revenue, fees) to pay for expenditures related to a COUNTY service, the CONTRACTOR must maintain accounting and other financial records that clearly identify the specific expenditures that were paid for with the other source(s) of revenue. Restricted donations and other sources of revenue, earmarked specifically for the



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COUNTY program, must be utilized on allowable COUNTY Agreement expenditures. Similarly, income from investments (e.g., interest, dividends), where the source of the amount invested is COUNTY program funds, must be deemed restricted revenue that must be utilized on allowable COUNTY program expenditures, or returned to the COUNTY as specified under the COUNTY Agreement.

5.0 Audits

For routine audits and inspections, CONTRACTOR will make available to COUNTY representatives, upon request, during working hours, during the duration of the COUNTY Agreement and for a period of three years thereafter (unless a longer period is specified under the Agreement, or by applicable laws and regulations), all of its books and records, including, but not limited to, those which relate to its operation of each project or business activity, which is funded in whole or part with governmental monies, whether or not such monies are received through the COUNTY. All such books and records must be made available upon request at a location within or near Los Angeles County.

In general, audits will normally be performed during normal business hours, Monday through Friday. However, COUNTY retains the right to inspect and conduct investigations of CONTRACTOR'S program/fiscal operations and compliance with the COUNTY Agreement at any time, without prior notice to CONTRACTOR seven days a week, when the COUNTY has information which it, in its sole discretion, justifies such an unannounced visit, inspection, audit or investigation.

6.0 Single Audit Requirements

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) "[Audit Requirements](#)" requires organizations that expend the applicable threshold (e.g., \$750,000 (prior to October 1, 2024), \$1,000,000) or more in federal awards during their fiscal year (including pass-through awards) to have a single audit conducted in accordance with Generally Accepted Government Auditing Standards for that year. Additional details regarding single audit requirements are included in [Uniform Guidance](#).

A copy of any single audit report must be filed with the COUNTY upon request or within the timeframes prescribed by the COUNTY Agreement, or any extended timeframes granted by the federal Office of Management and Budget (OMB).

7.0 Unique Entity Identifier and System for Award Management Requirements

Title 2 United States Code of Federal Regulations "[Unique Entity Identifier and System for Award Management](#)" requires organizations receiving federal funds to have a "Unique Entity Identifier (UEI)" and register with the System for Award Management (SAM.gov), unless exempted by federal statute. CONTRACTOR



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must maintain documentation to demonstrate they have a current and active UEI and registration in SAM.gov, if applicable. Additional details regarding UEI requirements are included in the [Electronic Code of Federal Regulations \(eCFR\)](#) and [SAM.gov](#).

B. INTERNAL CONTROLS

1.0 Internal Controls Overview

Internal controls are processes designed to provide reasonable assurance regarding the achievement of the CONTRACTOR'S objectives relating to operations, reporting, and compliance, and should safeguard the CONTRACTOR'S assets from misappropriations and misuse. Each CONTRACTOR must prepare necessary written procedures establishing internal controls for its personnel's use. The CONTRACTOR must instruct all personnel in these procedures and continuously monitor operations to ensure compliance with their own policies and procedures, and any other applicable funding source requirements (e.g., [Uniform Guidance](#)).

2.0 Cash and Revenues

Cash or cash equivalents (e.g., checks, money orders, other liquid assets such as prepaid/EBT/gift cards) and revenue must be adequately monitored to ensure they are properly accounted for, safeguarded, and accurately reported.

2.1 Separate Fund or Cost Center

All COUNTY Agreement revenues must be maintained in a bank account. If revenues from other sources are maintained in the same bank account, revenues for each source must be clearly identifiable in the accounting records through the use of cost centers or separate accounts.

2.2 Manual Deposits

When cash or cash equivalents are received by mail, two employees should be assigned to open the mail and list all collections received on a receipts/check remittance log.

All COUNTY checks should be restrictively endorsed upon receipt.

Cash and cash equivalents received should be recorded on pre-numbered receipts and the receipts/check remittance log should be reconciled to the amount being deposited.

Voided receipts must be retained and the sequence of receipts issued/voided must be periodically accounted for.



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Cash and cash equivalents totaling \$500 or more must be deposited within one day of receipt, or as soon as reasonably possible. Collections of less than \$500 may be held and must be secured and deposited weekly or when the total reaches \$500, whichever occurs first. If CONTRACTOR can establish that a larger limit is warranted, CONTRACTOR may request authorization from COUNTY to increase the limit to an amount greater than \$500.

Deposit slips should be retained in an organized manner, and must contain sufficient reference information for comparison to the Cash Receipts Journal (or equivalent records) and individual receipts, if applicable. A recommended best practice is to retain a photocopy of the deposit slip and the COUNTY warrants reflected on each deposit slip, or record the individual warrant numbers on the deposit slip.

2.3 Separation of Duties Over Deposits and Cash

Employees' duties must be separated to ensure that one individual does not control all key aspects (e.g., receiving, receipting, depositing, disbursing, reconciling, recording) of a transaction. For example, an employee who does not handle cash or cash equivalents should record all receipts in the CONTRACTOR'S accounting records.

2.4 Bank Reconciliations

Bank statements should be received and reconciled by someone with no cash handling or check writing/preparation responsibilities. The person reconciling the bank account(s) should receive the bank statement(s) directly from the bank.

Monthly bank reconciliations should be prepared and reviewed by management for appropriateness and accuracy within 30 days of the bank statement date. The bank reconciliations should be signed and dated by both the preparer and the reviewer. See [Exhibit A](#) for a suggested bank reconciliation format.

Reconciling items should be reviewed, researched, and resolved immediately. If an item cannot be resolved within the next bank statement period, the CONTRACTOR should monitor the reconciling item to ensure the reconciling item is resolved timely.

2.5 Bonding

All officers, employees, and contractors who handle cash or have access to the CONTRACTOR'S funds (e.g., prepare checks) must be bonded.

3.0 Disbursements

All disbursements (other than those made for petty cash purchases), must be made using a CONTRACTOR check, electronic funds transfer, or debit/credit card.



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Blank check stock must be secured and accounted for to preclude unauthorized use.

Checks must NOT be payable to "cash" or signed in advance. Similarly, electronic debits to "cash" or withdrawals of cash must not be made. Checks written to employees for reimbursement of out-of-pocket costs must be supported by receipts and invoices.

Voided checks must be marked void. If paper checks are used, the signature block must be cut out. Voided checks must be maintained with the canceled checks.

Returned or undelivered checks must be canceled regularly, but no less frequent than monthly.

Unclaimed checks must be canceled periodically, but no less frequent than every six months.

All supporting documentation should reference the payment made for the expenditure (e.g., check number, transaction number for an electronic funds transfer, credit card payment) and marked "paid" or otherwise canceled to prevent duplicate payments or reuse.

Disbursements without adequate supporting documentation and/or without adequate controls over electronic documentation (See [Section A.3.0](#) regarding the use of electronic documentation) will be disallowed upon audit.

A second signature is also recommended on all checks over \$500, unless otherwise specified in the COUNTY Agreement.

3.1 Approvals and Separation of Duties Over Disbursements

Employees responsible for approving cash disbursements and/or signing checks should examine all supporting documentation at the time the checks are approved and signed.

All disbursements, excluding petty cash purchases, should be approved by persons independent of check preparation and bookkeeping activities.

In instances where the payee is also a signor on the check, the disbursement must be reviewed and approved by a higher-level employee or board member who must also sign the check. If the bookkeeper signs checks, a second signature must be required on the checks, regardless of limits specified in the COUNTY Agreement.

3.2 Credit Cards

Credit cards issued in the CONTRACTOR'S name must be adequately safeguarded and usage monitored to ensure that only authorized and necessary



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items are purchased.

Credit card purchases should be pre-approved by CONTRACTOR management to ensure that they are reasonable and necessary.

The use of an employee's personal credit card on behalf of the CONTRACTOR for authorized and necessary items must be limited to purchases where established purchasing and disbursement practices are not suitable.

All credit card disbursements must be supported by original invoices, store receipts, or other external authenticating documents indicating each item purchased, the employee making the purchase, and the justification for the purchase. ***Credit card statements alone are not sufficient support for credit card purchases.*** See [Section A.3.0](#) regarding the use of electronic documentation.

Employee duties must be separated so that the same person cannot approve purchases, reconcile credit card statements, approve reconciliations, or approve payments. Cardholders should not perform any of these duties.

Monthly credit card statements should be reconciled to the source documentation for the expenditure and reviewed by management in a timely manner for appropriateness and accuracy. Any discrepancies must be reviewed, researched, and resolved immediately. The credit card reconciliations should be signed and dated by the reconciler and reviewer.

3.3 Petty Cash

Petty cash must NOT be used as a substitute for normal purchasing and disbursement practices (i.e., payment by check).

A CONTRACTOR may establish a petty cash fund up to \$500 to pay for **small** incidental expenditures incurred (e.g., postage due, parking meters, small purchases of office supplies), and may establish multiple petty cash funds when appropriate (i.e., petty cash fund for each location where services are rendered). CONTRACTOR must obtain written approval from the COUNTY to establish a single petty cash fund greater than \$500. Applicable policies and procedures must be established to ensure accountability and restrict the usage of petty cash to the intended purpose of the fund.

Petty cash disbursements must be supported by original invoices, store receipts, or other external authenticating documents indicating each item purchased and the employee making the purchase. If external supporting documentation is not obtainable for minor disbursements (under \$10), such as parking meters, fees, etc., then some written documentation should be maintained and approved by a supervisory employee not associated with the transaction. See [Section A.3.0](#) regarding the use of electronic documentation.



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The petty cash fund should be maintained on an imprest (fixed) basis. A check should be drawn to set up the fund and to periodically replenish the fund up to the imprest amount. Receipts, vouchers, etc., supporting each fund replenishment should be cross referenced to the reimbursement check.

A petty cash log (or equivalent record) must be maintained for each petty cash fund to track the usage and replenishment of petty cash. Petty cash logs should be reviewed monthly by a higher-level employee not having responsibilities over the respective petty cash fund to ensure petty cash funds are being used for their intended purposes. See [Exhibit B](#) for a suggested petty cash log format.

There should be a separate petty cash fund custodian assigned for each petty cash fund established. The petty cash fund custodian should:

- Not have any other cash handling responsibilities (e.g., sign checks).
- Be responsible for maintaining and disbursing the petty cash funds and requesting replenishment of the fund up to its imprest amount, when necessary.
- Reconcile the petty cash fund amount to the cash-on-hand, receipts/invoices for which replenishment has not yet been requested, and replenishment requests in process, but not yet received, each day the petty cash fund is used.

Petty cash must be secured at all times in a locked safe, file cabinet, or cash drawer. Access to the petty cash fund should be limited to the petty cash fund custodian and one other employee in case of absence or emergency.

Surprise cash counts of each petty cash fund should be conducted periodically, but no less than quarterly, to ensure the petty cash fund is being maintained as required. The cash counts should be conducted by a higher-level employee not having cash handling responsibilities over the specific fund being counted. Documentation should be maintained to support each cash count conducted and should be signed and dated by the employee conducting the cash count.

3.4 Other Liquid Assets

Liquid assets must NOT be used as a substitute for normal purchasing and disbursement practices (e.g., payment by check).

CONTRACTOR must centrally monitor any liquid assets that can easily be converted to personal use (e.g., bus tokens/passes, prepaid/EBT/gift cards, tickets, vouchers). Applicable policies and procedures must be established to ensure accountability and restrict the usage of liquid assets to their intended purposes.

The distribution and usage of liquid assets must be supported by a log and/or external authenticating documents. The documents must clearly identify each item distributed/used, amounts issued, the date of distribution/usage, and the name and signature of the recipient/user. If the liquid assets (e.g., gift cards, prepaid cards)



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are used to pay for other expenditures, additional documentation must be maintained to support the expenditures as required by [Section A.3.0](#). See [Exhibit C](#) for a suggested liquid assets log format.

Logs and/or other external authenticating documents should be reviewed monthly by a higher-level employee not having responsibilities over the respective liquid asset to ensure liquid assets are being used for their intended purposes.

A custodian should be assigned to monitor liquid assets, and should:

- Not have any other cash handling responsibilities (e.g., sign checks).
- Be responsible for maintaining and distributing the liquid assets and requesting replenishment when necessary.
- Reconcile the log to the liquid assets-on-hand and the documentation supporting the distribution and usage of the liquid assets to-date, each day liquid assets are distributed and used.

Liquid assets must be safely secured at all times (e.g., in a locked safe, file cabinet, or drawer). Access to liquid assets should be limited to the custodian and one other employee in case of absence or emergency.

Surprise counts of each liquid asset should be conducted periodically, but no less than quarterly, to ensure liquid assets are being maintained as required. The counts should be conducted by a higher-level employee not having responsibilities over the liquid asset being counted. Documentation should be maintained to support each count conducted and should be signed and dated by the employee conducting the count.

4.0 Payroll and Personnel Records

Adequate payroll and personnel records must be maintained to support payroll transactions. Payroll and/or personnel records should include, but not be limited to, the following:

- Employee's authorized salary rate
- Employee information sheet (e.g., employee contact information, emergency contact information)
- Resume and/or application
- Proof of qualifications for the position, if required (e.g., job description, notarized copy or original diploma, academic transcripts, license(s))
- Hiring and termination (if applicable) documents
- Employment history and performance evaluations
- Criminal record clearance (if required)
- Citizenship Status
- Benefit balances (e.g., paid time off, sick time, vacation)
- Health Clearances (if required)



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In addition, personnel records should also include disclosures of any relationships with other CONTRACTOR employees or associates.

4.1 Timecards

Timecards or time reports must be prepared for each employee each pay period. If an employee works on multiple COUNTY/non-COUNTY programs and/or activities, the total hours charged to each of the programs and/or activities must be based on actual conditions (e.g., total hours worked each day by program and the total hours charged to each of the CONTRACTOR'S programs, time studies, full-time equivalents).

Time or budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for payroll expenditures and will be disallowed upon audit. Time or budget estimates may be used for interim accounting purposes, unless prohibited by the COUNTY Agreement or applicable funding source(s), provided that the system for establishing the estimates produces reasonable approximations of the activity actually performed. Significant changes in work activity must be identified and adjusted in the financial records in a timely manner. The CONTRACTOR'S system of internal controls must include processes to review after-the-fact interim charges made using time or budget estimates, and be adequately documented. All necessary adjustments must be made such that the final amount charged to the COUNTY is accurate, allowable, appropriately allocated, and based on actual conditions.

All timecards and time reports must be signed and dated by the employee and the employee's supervisor (in ink or electronically) to certify the accuracy and approval of the reported time.

To the extent the CONTRACTOR utilizes electronic timecards and time reports, the CONTRACTOR'S electronic time reporting system must be designed to comply with the internal control standards described in this Handbook (e.g., see [Sections A.3.5](#) and [B.7.0](#) through [B.7.3](#)), and any other applicable federal, State, and COUNTY requirements (e.g., COUNTY Agreement), and support the reporting of accurate and reliable financial information.

4.2 Benefit Balances

Employee benefit balances (e.g., paid time off, sick time, vacation) should be maintained on at least a monthly basis. Benefit balances must be increased when benefit hours are earned and decreased as hours are used.

4.3 Incentive Compensation

Incentive compensation paid to employees should be reasonable, based on a measurable performance metric (e.g., cost reduction, efficient performance, suggestion awards, safety awards), and in accordance with the CONTRACTOR'S



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established policy or agreement with employees. The CONTRACTOR must maintain documentation to support any incentive compensation payments to employees.

Any bonuses, gifts, or other payments provided to employees that are solely intended to improve employee morale will be disallowed upon audit, unless expressly allowed by the COUNTY Agreement and/or the applicable funding source(s).

4.4 Limitations on Positions and Salaries

The CONTRACTOR should not pay any salaries higher than those authorized in the COUNTY Agreement or by the applicable funding source(s) (i.e., federal, State, and COUNTY agencies).

Payroll expenditures for employees working on more than one agreement, program, or activity must be equitably allocated in accordance with the applicable sections of [Uniform Guidance](#) and any other applicable federal, State, and COUNTY requirements (e.g., COUNTY Agreement). If an employee serves in the same or dual capacities under more than one agreement or program, time charged to the agreements or programs taken as a whole may not exceed 100% of the employee's actual time worked.

Salaried employees should be paid a salary that corresponds with the employee's work schedule. For example, a half-time salaried employee performing the same or similar work should be paid proportionately less than a full-time salaried employee.

4.5 Retroactive Payroll Adjustments and Payments

The CONTRACTOR must not charge the COUNTY for any retroactive adjustments to an employee's authorized hourly/salary rate or benefits that result in additional compensation to an individual or group of employees without written approval from the COUNTY.

Retroactive payments to employees to correct underpayment errors may be charged to the COUNTY provided that adequate documentation is maintained to support an employee was underpaid in a prior pay period and the retroactive payment is necessary.

4.6 Separation of Duties Over Payroll and Personnel

Payroll checks should be distributed by persons not involved in timekeeping (e.g., preparing/recording, approving, processing, and reporting of payroll transactions), or reconciling bank accounts.



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All employee hires and terminations, or pay rate changes, must be approved in writing by authorized persons independent of payroll responsibilities.

4.7 Security Over Payroll and Personnel Records

Adequate security must be maintained over payroll and personnel records with access restricted to authorized individuals. Any automated payroll and personnel records which contain confidential information, such as, but not limited to, employee addresses and medical information, must be adequately safeguarded using the information security and privacy standards discussed in Section A.3.6 to prevent unauthorized access and use.

5.0 Procurement

Written policies and procedures must be established to ensure goods and services are procured in a manner providing full and open competition and in accordance with the requirements of [Uniform Guidance](#) and any other applicable funding source(s) (i.e., federal, State, and COUNTY agencies). The written policies and procedures must also cover conflicts of interest where the CONTRACTOR and/or its directors, officers, or key employees are unable (or appear to be unable) to be impartial in conducting a procurement action.

CONTRACTOR must maintain sufficient records to support the history of procurement. At a minimum, the records should detail the rationale for the procurement method, the selection of the contract type (e.g., cost reimbursement, fixed-price), reasoning/justification for contractor or vendor selection or rejection, and the basis for the contract price/rate.

The procurement of any goods and/or services with an aggregate value that exceeds the lesser of \$5,000 or the amount required by the CONTRACTOR'S policy must be approved by the CONTRACTOR'S board of directors.

Failure to procure goods and services as required and maintain adequate documentation to support expenditures charged to the COUNTY may result in inadequately supported expenditures and may be disallowed upon audit.

5.1 Methods of Procurement

[Uniform Guidance](#) describes the following methods for procuring goods and services:

- Informal Procurement
- Formal Procurement
- Noncompetitive Procurement



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Informal Procurement

When the aggregate value of the goods and/or services being procured is less than \$10,000, the CONTRACTOR must ensure the price is reasonable based on research, experience, purchase history, and/or other relevant information.

Where the aggregate value of the goods and/or services being procured is between \$10,000 and \$249,999, the CONTRACTOR must ensure the price is reasonable by obtaining price or rate quotations from an adequate number of qualified sources. CONTRACTOR should consider obtaining price or rate quotations from at least three qualified sources.

Formal Procurement

When the aggregate value of the goods and/or services being procured is \$250,000 or more, the CONTRACTOR must ensure the price is reasonable by formally and publicly advertising and soliciting sealed bids or competitive proposals from an adequate number of qualified sources.

Sealed bids are generally solicited for firm-fixed price contracts (lump sum or unit price). The contract should be awarded to a responsible bidder whose bid conforms with all material terms and conditions of the invitation for bids and is the lowest price.

Competitive proposals are generally solicited when conditions are not appropriate for the use of sealed bids and can be used for either cost reimbursement or fixed price type contracts. The contract should be awarded to the offeror whose proposal is most advantageous to the CONTRACTOR and should be based on price and other relevant factors.

Noncompetitive Procurement

Noncompetitive procurements should only be used when the aggregate value of the goods or services is less than \$10,000, the goods or services can only be obtained from a single source, there is an immediate need for the goods or services and delays from publicizing a competitive solicitation are not permitted, or a competitive solicitation was conducted and competition was determined to be inadequate.

The CONTRACTOR must obtain written approval from the COUNTY and/or the applicable funding source(s) prior to using a noncompetitive procurement that does not meet one of the conditions described above.

6.0 Capital and Non-Capital Assets

Controls over capital and non-capital assets are necessary to safeguard investments, establish responsibility for the custody of each asset, provide



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necessary data for financial reporting, and provide required information and documentation for depreciation, insurance, audit, and other purposes.

6.1 Capital Assets

Capital assets are tangible or intangible assets of significant value having a useful life that extends beyond the current year and include land, buildings and improvements, equipment, and intellectual property (including software). All applicable assets with an acquisition cost of \$5,000 or more must be capitalized in accordance with GAAP.

Acquisition cost means the net invoice unit price of an item, including shipping costs and sales taxes, the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it was acquired. Acquisition costs for software include those development costs capitalized in accordance with GAAP.

Capital asset purchases must be approved by the CONTRACTOR'S board of directors or their authorized representative.

Capital assets should not be ordered or purchased and charged to the COUNTY during the last three months of the term of the Agreement, unless the acquisition is pre-approved by the COUNTY or the CONTRACTOR'S Agreement with the COUNTY is renewed or extended.

6.2 Acquisition

CONTRACTOR must submit a purchase versus lease analysis to COUNTY and obtain written authorization before making a capital asset purchase where the acquisition cost is \$25,000 or more, and all, or a portion of the cost of the capital asset will be charged to the COUNTY Agreement. If the cost of the capital asset will be charged to multiple COUNTY Agreements, the CONTRACTOR only needs to obtain written authorization from the COUNTY department(s) where the CONTRACTOR anticipates expenditures charged will exceed the lesser of 10% of the acquisition cost of the capital asset or \$5,000, unless more restrictive and/or stringent requirements over acquisitions are required by the COUNTY Agreement and/or the applicable funding source(s).

6.3 Non-Capital Asset Equipment

Non-capital asset equipment is defined as equipment containing COUNTY non-public information, or equipment with a unit cost of more than \$250 but less than \$5,000, a useful life over one year, and can generally be easily carried or moved; especially by hand (e.g., personal computers, scanners, other portable assets).



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6.4 Asset Identification and Inventory

All capital assets and non-capital asset equipment (assets) purchased in full, or in part, with COUNTY Agreement funds are to be used for the benefit of the COUNTY Agreement and should be appropriately tagged.

CONTRACTOR must maintain an accurate, complete, and current listing of assets. The listing should include the item description, serial number, date of purchase, acquisition cost, source(s) of funding, location, and the specific employee(s) the asset is assigned to or controlled by, when applicable. Unassigned assets must also be identified on the listing.

An inventory of all assets must be conducted at least once every two years to ensure that all assets are accounted for, used, maintained in proper working order, and needed. Documentation must be maintained to support the inventory conducted, and any depreciation charges in accordance with [Uniform Guidance](#).

6.5 Security Over Assets

Physical security must be adequately maintained over all assets to prevent the misuse, theft, or destruction of COUNTY property and non-public information. To the extent necessary, physical security controls over assets should include the use of badges/identification cards, locks, security cables, and/or assorted barriers to prevent physical tampering, damage, theft, or unauthorized physical access.

6.6 Asset Management

The CONTRACTOR must assume responsibility and accountability for the maintenance of all assets purchased, leased, or rented with COUNTY Agreement funds, or any other assets containing COUNTY non-public information.

The CONTRACTOR must maintain documentation to support all cases of theft, loss, damage, or destruction of assets purchased with COUNTY Agreement funds or containing COUNTY non-public information. The documentation should, at a minimum, contain item identification, recorded value, facts relating to loss, and, where appropriate, a copy of the law enforcement report. In cases where the loss resulted from suspected criminal activity (e.g., theft, vandalism, arson), the incident must be reported to the local law enforcement agency with jurisdiction over the location of the suspected crime.

The supporting documentation, including a copy of any related crime/incident reports, must be retained by the CONTRACTOR for a period of time under which the underlying records were destroyed or damaged were required to be retained and must be retained for a longer period in the case of unresolved litigation or audit.



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The CONTRACTOR must promptly report in writing to the COUNTY, and provide copies of all relevant supporting documentation described above, all cases of theft, loss, damage, or destruction of:

- Any capital assets purchased with COUNTY Agreement funds.
- Any non-capital asset equipment purchased with COUNTY Agreement funds with an acquisition cost or aggregate costs of \$950 or more.
- Any capital or non-capital assets that electronically stored, used, and/or transmitted COUNTY non-public information.

CONTRACTOR must safely and securely dispose of or return to the COUNTY all capital and non-capital assets in accordance with the Agreement.

7.0 Information Technology

Information technology (IT) controls are necessary to protect the security, integrity, and availability of COUNTY non-public information, Protected Health Information (PHI), IT resources (e.g., systems and networks, accounting management software/applications, electronic time reporting systems), and data (e.g., electronically stored information, records, or documentation).

7.1 Information Technology Controls

It is the CONTRACTOR'S sole obligation to design and implement appropriate and reasonable IT controls to, at a minimum:

- Secure and protect its IT resources and data against internal/external threats and risks.
- Help ensure the accuracy and integrity of CONTRACTOR'S electronic records and data is not compromised.
- Ensure adequate safety mechanisms (e.g., unique log-on identifications, computer access codes, account codes, passwords, multi-factor authentication tokens, transaction approval/authorization controls) are in place to limit user (e.g., employees, subcontractors, contractors/consultants) access privileges to protect COUNTY non-public information, PHI, IT resources, and data related to the COUNTY Agreement from unauthorized or unlawful access, use, disclosure, alteration or destruction.
 - Users must only receive access to non-public information that is necessary to perform their assigned job duties, and must not be given an access authorization level that is higher than needed.



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- CONTRACTOR must review, and update, if necessary, user access rights/permissions at least annually, or when a user's job assignment and/or responsibilities change, to ensure access capabilities are consistent with the user's job duties. In addition, guest user access and inactive users, including terminated employees, contractors/consultants, and other unnecessary access should be reviewed and removed or disabled timely.
- Ensure adequate and ongoing IT and cyber security awareness training is provided to applicable CONTRACTOR employees.
- Capture sufficient audit trail information to identify the individual user(s) who performed key components (e.g., entry, approval) of critical or high risk (e.g., disbursement, payroll) transactions.
- Ensure all data/transactions entered into an information system are processed completely and accurately, duplicate transactions are prevented and/or detected timely, inputs and modifications to data are authorized, and all data is protected from improper or unauthorized deletion and alteration. For example, procedures for reviewing and approving source documents for reasonableness and proper authorization prior to entering information should be established, when applicable.
- Ensure any output (e.g., paper printouts, digital information, electronic records) containing non-public information or regulated data and transactions is adequately protected and clear individual accountability is maintained, when applicable.

7.2 Information Technology Security Management

CONTRACTOR must establish and implement IT policies and procedures that align with the applicable IT standards described in this Handbook, [COUNTY Board Policy 5.200](#), and any other applicable federal, State, and COUNTY requirements (e.g., COUNTY Agreement, applicable sections of the [Board Policy Manual](#)). A good IT policy should address, at a minimum, such issues as:

- Security management
- Security awareness training
- Security and privacy violations/breaches, incident reporting, and response protocols
- Cyber security (e.g., encryption, malware/ransomware protection, vulnerability testing and monitoring)
- Separation of duties
- User access (including remote access) to system(s) data
- Authorization of transactions
- Exception/error resolution
- Back-up recovery and restart protocols (e.g., disaster recovery and business



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contingency planning)

- Change controls (e.g., for maintenance, enhancements, or modifications to application systems, networks, and software), if applicable

CONTRACTOR must also ensure their IT policies are periodically reviewed and updated/modified when changes are necessary (e.g., to implement new systems or changes in procedures, adopt new security protocols, address new risks or circumstances).

To the extent CONTRACTOR exchanges or shares information with other authorized external parties (e.g., third-party vendors/providers, subcontractors, contractors/consultants), CONTRACTOR must also establish policies and procedures to ensure the security, reliability, and integrity of such information.

Any applicable security incidents (e.g., loss of COUNTY non-public information, breach of confidentiality, non-permitted use or disclosure of PHI) must be reported in accordance with the standards described in this Handbook, and any other applicable federal, State, and COUNTY requirements (e.g., COUNTY Agreement).

7.3 Separation of Duties Over Systems

CONTRACTOR must ensure sufficient checks and balances exist, and adequate separation of duties are maintained over IT systems to help minimize the risk of fraudulent activity and user error, and ensure transactions (e.g., accounting, payroll, time reporting, disbursements) are properly initiated approved, processed, reported, and reconciled.

Work should be divided among two or more employees so that one employee does not have control over multiple key aspects of an IT system, and the functions performed by one employee may be checked by functions performed by other employees. For example, employees who have access to add or change vendor information (e.g., vendor and contact names, addresses, phone numbers) must not have access to process invoices.

8.0 Electronic Signatures

Electronic signatures (e-Signatures) may be used to represent an individual's acknowledgment, acceptance, or approval of an agreement, transaction, report, record, or form, unless otherwise prohibited by the COUNTY Agreement and/or applicable funding source(s). Various types of e-Signatures exist. The most secure forms of e-Signatures will provide a digital audit trail that confirms when a document was signed, provides assurance that the individual claiming to be the signor is the signor through effective authentication methods (e.g., unique log-on identifications, account codes, passwords), and can safeguard documents from being altered after they have been signed. When determining which type of e-Signature to use, CONTRACTOR should consider the associated risks and level of assurance needed for the signature or document, and any other applicable



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federal, State, and COUNTY requirements (e.g., COUNTY Agreement).

9.0 Subcontracts

CONTRACTOR must not subcontract services without the prior written consent of the COUNTY. Payments for subcontracted services without the prior written consent of the COUNTY may be disallowed upon audit.

CONTRACTOR must provide the COUNTY with copies of all executed subcontracts and must be responsible for the performance of their subcontractors. CONTRACTOR may submit an electronic copy of executed subcontracts in preference to a hardcopy, unless original signed subcontracts are required by the COUNTY Agreement or the applicable funding source(s).

9.1 Subcontractor Monitoring

CONTRACTOR must monitor the activities of their subcontractors as necessary, but no less than annually, to ensure governmental monies are used for their intended purposes, compliance with applicable federal, State, and COUNTY requirements, and performance goals are achieved. For example, the monitoring must include, but not be limited to:

- Performing reviews of the subcontractor's fiscal and program operations (e.g., verifying expenditures charged to the subaward are adequately supported, allowable, and appropriately allocated; verifying internal controls are maintained as required; and verifying subcontracted services are meeting required performance standards).
- Performing reviews of required financial and performance reports.
- Verifying all subcontractors are audited as required.
- Following-up and ensuring appropriate corrective action is taken on all deficiencies pertaining to the subcontract.

C. COST PRINCIPLES

1.0 Purpose of Program Funds

It is the intent of the COUNTY to provide funds for the purpose of the CONTRACTOR to provide the services required by the Agreement. CONTRACTOR must use these funds on actual expenditures in an economical and efficient manner, and ensure they are reasonable, proper, and necessary costs of providing services and allowable in accordance with the applicable sections of [Uniform Guidance](#), and any other applicable funding source(s) (i.e., federal, State, and COUNTY agencies) requirements.

**1.1 Limitations and Requirements for Program Expenditures**

CONTRACTOR must comply with all limitations and requirements for COUNTY Program expenditures in the Agreement, the applicable sections of [Uniform Guidance](#), and/or any other applicable funding source(s) (i.e., federal, State, and COUNTY agencies). If a CONTRACTOR is unsure of the allowability of any particular type of expenditure, the CONTRACTOR should request advance written approval from the COUNTY and/or applicable funding source(s) prior to incurring the expenditure.

1.2 Limitations on Payments to Affiliated Organizations or Persons (i.e., Related Party/Less-Than-Arm's-Length Transactions)

For purposes of the COUNTY Agreement, COUNTY must be solely responsible for determining affiliation unless otherwise allowed and approved by federal, State, or COUNTY agencies. Organizations or persons will be considered affiliated when one party is able to control or substantially influence the actions of the other. Affiliation includes, but is not limited to, a relationship between the CONTRACTOR and:

- An organization related through legal organization (i.e., corporation, partnership, parent company, subsidiary organization, association).
- An organization under common control through its common officers, directors, or members.
- A director, trustee, officer, or key employee, or an individual related by blood, marriage, or affinity, either directly or through corporations, trusts, or similar arrangements in which they hold a controlling interest.

Prior to making payments to affiliated organizations or persons (i.e., related party/less-than-arm's-length transactions), CONTRACTOR must complete and submit to the COUNTY a disclosure statement identifying the nature of the relationship with the affiliated or related organizations/persons.

CONTRACTOR must not make payments to affiliated organizations or persons for program expenditures (e.g., salaries, services, rent) that exceed the lesser of actual costs of the affiliated or related organizations/persons or the reasonable costs for services rendered and/or items purchased. A reasonable cost is the price that would be paid by one party to another when the parties are dealing at arm's length (fair market price).

Payments to affiliated organizations or persons will be disallowed upon audit to the extent the payments exceed the lesser of actual costs of the affiliated or related organizations/persons or the reasonable costs (fair market value) for services rendered or items purchased.



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1.3 Unallowable Expenditures

[Uniform Guidance](#) addresses the allowability of a variety of costs. For all costs, there are certain restrictions and limitations; however, the following are examples of costs that are generally unallowable, unless expressly allowed by the COUNTY Agreement and/or the applicable funding source(s):

- Bad debts
- Bonuses, gifts, and other expenditures solely intended to improve employee morale
- Contingency provisions
- Contributions and donations
- Entertainment, social activities, and other similar expenditures (unless there is a programmatic purpose)
- Fines and penalties (e.g., Non-sufficient Funds Check Fees, Traffic Citation Fees)
- Fundraising activities
- Interest
- Losses on other awards

1.4 Depreciation

Unless otherwise approved by the COUNTY, compensation for the use of buildings, capital improvements, equipment, and software projects may be made through depreciation in accordance with the applicable sections of [Uniform Guidance](#):

- The computation of depreciation is based on the acquisition cost of the asset(s).
- The computation should exclude the cost of:
 - Land
 - Buildings and equipment donated by governmental agencies
 - Buildings and equipment contributed by the CONTRACTOR to satisfy funding matching requirements
 - Any asset acquired solely for the performance of a non-Federal award.
- For depreciation, an appropriate useful life must be established for the asset(s), which considers factors such as the type of construction, nature of the asset used, susceptibility to technological obsolescence or technological developments in the particular area, historical data, and the renewal and replacement policies followed for the assets involved, etc.
- [Appendix B to IRS Publication 946](#), "How to Depreciate Property," contains guidelines for establishing an asset's useful life.



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1.5 Rental Costs of Buildings and Equipment

Rental costs are allowable to the extent that the rates are reasonable considering rental costs of comparable property, market conditions in the area, condition of the property being leased, etc.

- Under a “sale and leaseback” arrangement, rental costs would be allowable up to the amount that would be allowed if the CONTRACTOR had continued to own the property. This amount generally includes expenditures such as depreciation, maintenance, taxes, and insurance.
- Under a “less-than-arms-length” lease, costs are only allowable up to the amount that would be allowable had title to the property vested in the CONTRACTOR. This amount generally includes expenditures such as depreciation, maintenance, taxes, and insurance.

1.6 Budget Limitation

Expenditures must not exceed the maximum limits in the COUNTY Agreement budget.

1.7 Expenditures Incurred Outside the Agreement Period

Expenditures charged against program funds may not be incurred prior to the effective date of the COUNTY Agreement or subsequent to the COUNTY Agreement termination, or expiration date. Similarly, current period expenditures related to events or activities that occurred prior to the effective date of the COUNTY Agreement may not be allowable. For example, legal costs incurred prosecuting or defending a lawsuit stemming from events which occurred during a period not covered by a valid COUNTY Agreement between CONTRACTOR and COUNTY are not allowable.

1.8 Unallowable Activities

COUNTY program funds, materials, property, or services must not be used for investments where there is a risk of loss or for the performance of any political activity, the election of any candidate, or the defeat of any candidate for public office.

1.9 Unspent Program Funds

CONTRACTOR must return any unspent program funds to the COUNTY, unless otherwise permitted by the COUNTY Agreement. In addition, the COUNTY will determine the disposition of unspent program funds upon termination of the COUNTY Agreement.



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2.0 Allocable Expenditures

For CONTRACTORS that operate programs or provide services in addition to the services required under the COUNTY Agreement, the CONTRACTOR must allocate expenditures to all benefiting programs, activities (including unallowable activities, such as fundraising and investment activities), and funding sources using an equitable basis.

In accordance with the applicable sections of [Uniform Guidance](#), CONTRACTORS must define their allocable expenditures as either direct or indirect costs (as defined below) and allocate each cost using the basis most appropriate and feasible. ***Actual conditions must be taken into account when selecting the method and/or base to be used to allocate expenditures to ensure expenditures are allocated equitably to each benefiting program, activity, and funding source.***

The CONTRACTOR must maintain documentation for allocated expenditures (e.g., timecards, time studies, calculation of full-time equivalents, square footage measurements).

Under no circumstances can allocated expenditures be charged to an extent greater than 100% of actual expenditures or the same expenditure be charged both directly and indirectly.

2.1 Direct Costs

Unless otherwise set forth in the COUNTY Agreement, or required by the applicable funding source(s), direct costs are defined as those costs that can be identified specifically with a particular final cost objective (e.g., a particular program, service, or other direct activity of an organization). Examples of direct costs include salaries and benefits of employees working on the program, supplies and other items purchased specifically for the program, costs related to space used by employees working on the program.

For all employees, other than general and administrative, the hours spent on each program (activity) should be recorded on the employees' timecards and the payroll expenditures should be treated as direct charges and distributed on the basis of the actual recorded hours spent on each program or using another equitable basis based on actual conditions.

Shared costs (i.e., costs that benefit more than one program or activity) that can be distributed in reasonable proportion to the benefits received may also be direct costs.

Examples of bases for allocating shared costs as direct costs:

- Number of direct hours spent on each program



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- Full-time equivalents for each program
- Square footage occupied by each program
- Other relevant and equitable methods of allocation

2.2 Indirect Costs

Indirect costs are those costs that have been incurred for common or shared purposes and cannot be readily identified with a particular final cost objective. Examples of indirect costs include the salaries and benefits of executive officers and administrative personnel (e.g., accounting, human resources, information technology), depreciation and use allowances for administrative buildings, and other costs related to the general administration of the organization. Only expenditures that are allowable in accordance with the applicable sections of [Uniform Guidance](#) and any other applicable funding source(s) (i.e., federal, State, and COUNTY agencies) can be included as indirect costs and allocated to the COUNTY program(s).

Examples of bases for allocating indirect costs:

- Total direct salaries and wages.
- Total direct costs, excluding unallowable costs that do not represent an activity of the CONTRACTOR (e.g., fines, penalties, bad debts), capital expenditures, and other distorting items such as significant one-time expenditures, or subcontractor payments.
- Modified total direct costs, including all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the applicable threshold (e.g., \$25,000 (prior to October 1, 2024), \$50,000) of each subaward (regardless of the period of performance of the subawards under the award). It excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs, and the portion of each subaward in excess of the applicable threshold (e.g., \$25,000 (prior to October 1, 2024), \$50,000) as required by [Uniform Guidance](#).

2.3 Acceptable Indirect Cost Allocation Methods

[Uniform Guidance](#) describes the following allowable methods for allocating and charging indirect costs:

- Simplified allocation method
- Direct allocation method
- Multiple allocation base method
- Negotiated indirect cost rate
- De minimis rate



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CONTRACTOR must ensure the indirect cost allocation methodology chosen is clearly described in their Cost Allocation Plan and is used consistently to allocate indirect costs. See [Exhibit D](#) for examples of how to allocate indirect costs using these methods.

Simplified Allocation Method

This method can be used when an organization's major functions benefit from its indirect costs to approximately the same degree. Using this method, all allocable costs are considered indirect costs and an indirect cost rate is determined by dividing total allowable indirect costs by an equitable distribution base (see [Exhibit D.1](#) for example).

Direct Allocation Method

This method can also be used when an organization's major functions benefit from its indirect costs to approximately the same degree. Using this method, all costs except general administration and general expenditures are treated as direct costs. Shared costs, such as depreciation, facility and equipment rentals, facilities maintenance, telephone, and other similar expenditures, are prorated individually to each direct activity on a basis appropriate for that type of cost.

The remaining costs, which consist exclusively of general administration and general expenditures, are then allocated using the simplified allocation method previously discussed (see [Exhibit D.2](#) for example).

Multiple Base Allocation Method

This method can be used when an organization's major functions benefit from its indirect costs in varying degrees. Using this method, indirect costs are grouped to permit allocation of each grouping on the basis of the benefits provided to the major functions. Each grouping is then allocated individually using the basis most appropriate for the grouping being allocated (see [Exhibit D.3](#) for example).

Negotiated Indirect Cost Rates

CONTRACTORS have the option of negotiating an indirect cost rate or rates for use on all their federal programs. The CONTRACTOR must submit a cost allocation plan to the federal agency with the largest dollar value of federal awards funded to the organization. The approved indirect cost rate is then applied to the total approved direct cost base (see [Exhibit D.4](#) for example).

If CONTRACTOR has a federally approved indirect cost rate, CONTRACTOR must submit a copy of the approval letter to COUNTY upon request.



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De Minimis Rate

A CONTRACTOR that does not have a current negotiated (including provisional) federally approved indirect cost rate may elect to charge indirect costs based on the applicable de minimis rate (e.g., 10% (prior to October 1, 2024), up to 15%) of modified total direct costs. If elected, this rate may be used indefinitely, but must be used consistently to charge indirect costs to all programs and activities (see [Exhibit D.5](#) for example).

2.4 Indirect Cost Limitations

CONTRACTOR must ensure indirect costs charged to the COUNTY program(s) are within any maximum limitations established by statutory requirements. Any amounts charged in excess of maximum limitations will be disallowed upon audit unless otherwise allowed and approved by the applicable federal, State, or COUNTY agency.

2.5 Cost Allocation Plan

CONTRACTOR must maintain an annual Agency-wide Cost Allocation Plan (Plan), and submit the Plan to the County if required by the COUNTY Agreement, and/or when requested by the COUNTY. The Cost Allocation Plan must be prepared in accordance with the applicable sections of [Uniform Guidance](#), and any other applicable federal, State, and COUNTY requirements (e.g., COUNTY Agreement, COUNTY instructions) and include the following information:

- CONTRACTOR's general accounting policies:
 - Fiscal year
 - Method for allocating indirect costs (e.g., simplified, direct, multiple, negotiated rate, de minimis rate)
 - Indirect cost rate allocation base (e.g., direct salaries and wages, direct costs).
- Identify the CONTRACTOR'S direct, shared, and indirect costs (by category) and describe the cost allocation methodology for each category.
- Signature of CONTRACTOR management certifying the accuracy of the plan.

3.0 Overpayments

If upon audit, or at any time during the Agreement year, it is determined that cost reports or invoices submitted to the COUNTY which were used as a basis for payments to the CONTRACTOR were inaccurate, the COUNTY may determine the total overpayment and require the CONTRACTOR to repay the COUNTY. The COUNTY may withhold payments from CONTRACTOR'S future payments unless otherwise prohibited by federal and/or State regulations.



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D. GOVERNANCE

1.0 Governance Overview

Large numbers of nonprofit corporations, organized for public benefit, receive public funds through contracts with the COUNTY. Many COUNTY service contracts support key public initiatives, including protecting children, providing health care, fostering employment, and reducing the effects of mental impairments and substance abuse.

Nonprofit organizations doing business with the COUNTY must conduct their work in a manner consistent with their charitable mission and the public purposes embodied in the COUNTY Agreement. This demands that nonprofit agency governing boards be conscious of their fiduciary responsibilities in providing proper oversight and direction, and making decisions.

1.1 Board of Directors' Requirements

Nonprofit agencies doing business with the COUNTY must have a governing board of at least three (3) directors in accordance with State law (e.g., [Sections 12331](#) and [5227](#) of [California Corporations Code](#)). At no time should more than 49% of the persons serving on the board of directors (board or directors) be "interested persons." An "interested person" includes:

- Any person currently being compensated by the CONTRACTOR for services rendered within the previous 12 months, whether as a full-or part -time employee, independent contractor, or otherwise.
- Any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in law, daughter-in-law, mother-in law, or father-in law of any such person (e.g., directors, CONTRACTOR or subcontractor employees).

The majority of the directors should not have a direct or indirect material financial interest in the organization, or any other relationship that could create a conflict of interest on the part of the director(s). A financial interest may exist for reasons of business, investment, or family relationship. "Financial interest" means an actual or potential ownership, investment, or compensation arrangement in or with any entity or individual with which the organization has, or is negotiating, a transaction or arrangement.

Directors, officers, and employees of nonprofit corporations with which the COUNTY contracts must not:

- Permit or benefit from self-dealing transactions (unless permitted by law), or unreasonable compensation.
- Misuse or dissipate scarce public resources.



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Additional details regarding governance and directors' requirements are included in State Law (e.g., [California Corporations Code](#), [Section 12586 of California Government Code](#)).

1.2 Board of Directors' Fiduciary Responsibilities

All members of a nonprofit organization's governing board must perform their duties in good faith and in a manner they believe to be in the best interests of the CONTRACTOR and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. Although directors may delegate management of CONTRACTOR operations, activities, and affairs, to officers, employees, management companies, or committees, the directors are ultimately responsible for the direction and oversight of the organization. Directors' fiduciary responsibilities include, but are not limited to, the following:

- Monitoring the organization's fiscal and programmatic performance.
- Overseeing the organization's risk management, control processes, usage of funds, and protection of the organization's assets.
- Ensuring the organization's compliance with applicable federal, State, and COUNTY regulations.
- Making, reviewing, and/or approving decisions that are in the best interest of the organization (not in the best interest of any individual or other organization). For example, the board should review and approve all significant transactions (e.g., less-than-arm's length transactions, purchases of capital assets, loans, incentive compensation to the organization's management and employees).
- Recognizing and disclosing conflicts of interest.

1.3 Oversight Mechanisms

An organization's governing board must provide for its governance by:

- Adopting and disclosing the organization's governance standards, including director qualifications, responsibilities, and compensation. The standards may provide for "just and reasonable" compensation and benefits consistent with the compensation amount or guidelines established in the organization's contract(s) with the COUNTY. Compensation and benefits of directors, officers, and employees should be comparable to agencies of similar size and function (see [Section B.4.4](#), "Limitations on Positions and Salaries"). No employee may receive compensation or benefits for more than one organization job. For example, the Chief Executive Officer (CEO) cannot receive compensation or benefits for the job of CEO and another job such as program manager, etc.



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- Adopting and disclosing a code of business conduct and ethics for directors, officers, and employees, and promptly disclosing to the County any waivers (e.g., authorized exemptions, exceptions) of the code affecting organization directors, officers, or employees.
- Reviewing, no less than annually, the CONTRACTOR'S compliance with COUNTY Agreement terms and conditions/provisions (e.g., insurance, internal controls, federal and State reporting, payment requirements for payroll withholding) and report any applicable deviations to the COUNTY .

An organization's governance guidelines and code of ethics must:

- Provide for an annual process to distribute to and obtain from directors, officers and employees written acknowledgments of their adherence to the CONTRACTOR'S governing standards.
- Incorporate a mechanism for disclosing and addressing possible conflicts of interest.
- Provide appropriate record-keeping, particularly of transactions and arrangements required to be reviewed by the governing board and where significant organization resources are expended by or for officers, directors and employees.

1.4 Board Meetings

A CONTRACTOR'S board must meet periodically to ensure the directors' fiduciary responsibilities (see [Section D.1.2](#)) are carried out as required. It is recommended a CONTRACTOR'S board meet at least four times a year. Board members may participate in meetings using conference telephone or electronic communication. Additional details are included in State Law (e.g., [Section 5211 of California Corporations Code](#)).

Board meeting minutes must be written (or in any form capable of being converted into clearly legible tangible form), maintained for each meeting, and certified by the board secretary (or an assistant secretary/alternate) in accordance with State Law (e.g., [Sections 5215 and 6320 of California Corporations Code](#)). In addition, the meeting minutes should include:

- The names of the board members who are present and absent.
- The date and time the meeting begins and ends.
- A summary of all discussions, deliberations, and actions taken by the board.
- The names of board members making and seconding motions, and a breakdown of the votes on the motions.
- A summary of future action items/steps and who is responsible for them.



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1.5 Audit Committee

The board must establish an audit committee when applicable in accordance and compliance with the Nonprofit Integrity Act of 2004 ([SB 1262 Chapter 919](#)) and State law (e.g., [Section 12586 of California Government Code](#)).

Annual Audit Duties

The Audit Committee:

- Is responsible for making recommendations to the board on the hiring and firing of the CONTRACTOR'S independent auditor to perform annual audits.
- Must confer with the CONTRACTOR'S independent auditor to satisfy audit committee members that the financial affairs of the CONTRACTOR are in order, review each audit and decide whether to accept it, and ensure that the COUNTY receives a copy of the annual audit report and all other audits, reviews, and other third-party reports.

Additional Audit Committee Duties

The audit committee must:

- Establish procedures for receiving and addressing complaints regarding accounting, internal controls, and auditing matters.
- Monitor and take steps to ensure proper management response to major performance or fiscal deficits, such as any material weaknesses and/or significant deficiencies identified during an audit.
- Pre-approve all audit and non-audit services provided by the auditor. Non-audit services are defined as any professional services provided other than those provided in connection with an audit or review of the financial statements of the CONTRACTOR. The following is a list of non-audit services for which the independent auditor cannot perform unless the firm follows the independence standard in the Yellow Book issued by the U.S. Comptroller General:
 - ✓ Bookkeeping or other services related to the accounting records or financial statements of the audit client
 - ✓ Financial information systems design and implementation
 - ✓ Internal audit outsourcing services
 - ✓ Management functions or human resources
 - ✓ Investment adviser or investment banking services
 - ✓ Legal services and expert services unrelated to the audit



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E. REPORTING FRAUD/MISCONDUCT

CONTRACTORS are required to report suspected fraud, waste, or misuse of public monies, as well as misconduct involving COUNTY personnel to the Los Angeles County Fraud Hotline (Hotline). CONTRACTORS are also required to report suspected fraud committed by their employees and subcontractors when that fraud affects their Agreement with the COUNTY. Reportable conditions include, but are not limited to:

- Requests for bribes/kickbacks/gratuities.
- Favoritism/nepotism in the awarding of COUNTY Agreements, or selection of vendors.
- Embezzlement, theft, or misuse of any COUNTY funds, resources, time, equipment, or information.
- CONTRACTOR or vendor improprieties (e.g., inappropriate or unethical actions/behaviors such as unfair business practices, disregard for laws, abuse of power, corruption, etc.)

Reportable conditions must be reported to the Hotline upon their discovery by CONTRACTOR. Failure to report the types of fraud/misconduct discussed above may be grounds for contract termination.

The reporting party may remain anonymous. Reports can be made via telephone, mail, e-mail, or online to:

Online: <https://fraud.lacounty.gov/>
E-mail: fraud@auditor.lacounty.gov
Call: (213) 89-FRAUD or (213) 893-7283
Toll Free: (800) 544-6861
Fax: (213) 947-5809
U.S. Mail: County of Los Angeles
Department of Auditor-Controller
Office of County Investigations
500 West Temple Street, Suite 514
Los Angeles, CA 90012

F. RESOURCES

As noted in the introduction of this Handbook, the accounting, financial reporting, and internal control standards described in this Handbook are compiled from various federal, State, and COUNTY regulations and guidelines. The sources cited in this Handbook include, but are not limited to, those listed below. CONTRACTORS can refer to these sources for additional information and guidance on the federal, State, and COUNTY regulations and guidelines applicable to their organization (since some regulations and guidelines may not apply to every CONTRACTOR).

- Electronic Code of Federal Regulations - www.ecfr.gov
 - Uniform Guidance - <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200?toc=1>
- Internal Revenue Service - www.irs.gov



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- United States Department of Labor - www.dol.gov
 - Health Insurance Portability and Accountability Act (HIPAA) - <https://www.dol.gov/agencies/ebsa/laws-and-regulations/laws/hipaa>
- The System for Award Management (SAM.gov) - <https://sam.gov>
- The Sarbanes-Oxley Act of 2002 - <https://www.govinfo.gov/content/pkg/COMPS-1883/pdf/COMPS-1883.pdf>
- Financial Accounting Standards Board - <https://fasb.org>
 - Accounting Standards Codification (including Generally Accepted Accounting Principles) - <https://asc.fasb.org>
- State of California
 - Laws (including Corporations, Government, Labor, Civil, and Welfare and Institutions Codes) - www.leginfo.ca.gov
 - Department of Justice Office of the Attorney General - www.oag.ca.gov
 - Guide for Charities - <https://oag.ca.gov/charities/guide-live>
 - Franchise Tax Board - www.ftb.ca.gov
 - Secretary of the State - www.sos.ca.gov
- COUNTY Board Policy Manual - https://library.municode.com/ca/la_county_bos/codes/board_policy
- The Committee of Sponsoring Organizations of the Treadway Commission (COSO) - www.coso.org
 - COSO sponsoring organizations:
 - The American Accounting Association - www.aaahq.org
 - The American Institute of Certified Public Accountants - www.aicpa.org
 - The Government Finance Officers Association - <https://www.gfoa.org>
 - The Financial Executives International - www.financialexecutives.org
 - The Institute of Internal Auditors - www.theiia.org
 - The Association of Accountants and Financial Professionals in Business - www.imanet.org
 - COSO's Guidance on Internal Control Integrated Framework - <https://www.coso.org/guidance-on-ic>

G. HANDBOOK ADMINISTRATION AND INQUIRIES

This Handbook is intended to be a continual work in progress. Changes are made by Auditor-Controller staff on an ongoing basis. As conditions and the accumulation of changes warrant, the online version that is available to COUNTY departments and CONTRACTORS is replaced with the latest version.

COUNTY departments and CONTRACTORS may make inquiries regarding the standards and guidance described in this Handbook by completing the inquiry form linked below. All inquiry forms will be submitted to the Auditor Controller's Countywide Contract Monitoring Division. When submitting an inquiry form, please provide as much information as possible to assist in ensuring all inquiries are properly addressed.

Inquiry Form: <https://forms.office.com/q/HNDS8DL8VX>

Bank Reconciliation Example

Agency Name
Bank and Account #
For the Month Ended June 30, 202X

Balance Per Bank Statement			\$ 35,000.00	
Add:	Deposit(s) in Transit		\$ 4,000.00	
	Bank Service Charge (erroneously posted -- to be reversed next month)		\$ 20.00	[1]
Less:	Outstanding Checks			
	#100	\$ 1,000.00		
	#101	\$ 500.00		
	#102	\$ 500.00	\$ (2,000.00)	
	Bank Posting Error (to be reversed next month)		\$ (120.00)	[1]
Adjusted Bank Balance			<u>\$ 36,900.00</u>	
Balance Per Book			\$ 36,950.00	
Less:	Bank Charges	\$ 40.00		
	Post Error	\$ 10.00	\$ (50.00)	[1]
Adjusted Book Balance			<u>\$ 36,900.00</u>	

Prepared by: _____ Date _____

Reviewed by: _____ Date _____

[1] Reconciling items.

Indirect Cost Allocation Methods Examples

D.1 - Simplified Allocation Method Example

ABC, Inc. operates two programs, uses direct salaries as their distribution base for indirect costs, and reported the following costs:

Agency-wide Indirect Costs	\$250,000
Program A Direct Salaries	\$100,000
Program B Direct Salaries	\$900,000

Step 1: Classify all costs as either direct or indirect (as indicated above).

Step 2: Calculate the indirect cost rate by dividing the total indirect costs by total direct salaries.

Indirect Costs	\$250,000	
Total Direct Salaries	\$1,000,000	= \$100,000 + \$900,000
Indirect Cost Rate	25%	= $\frac{\$250,000}{\$1,000,000}$

Step 3: Allocate indirect costs to each program by multiplying the indirect cost rate by the direct salaries for each respective program.

Indirect Costs Allocated to Program A	\$25,000	= \$100,000 x 25%
Indirect Costs Allocated to Program B	\$225,000	= \$900,000 x 25%

D.2 - Direct Allocation Method Example

ABC, Inc. operates two programs and conducts fundraising activities. The Agency uses square footage as their distribution base for shared facility rent and maintenance costs and direct costs as their distribution base for indirect costs. ABC, Inc. reported the following costs:

General Administration and General Expenses (Indirect Costs)	\$250,000
Shared Costs: Facility Rent and Maintenance	\$150,000
Program A Direct Costs	\$100,000
Program B Direct Costs	\$850,000
Fundraising Direct Costs	\$50,000

Step 1: Separate costs into three basic categories:

- General Administration and General Expenses (Indirect Costs)
- Direct Programs and Activities
- Fundraising

Step 2: Calculate the percentage of square footage occupied by each program and activity. ABC, Inc.'s facilities have a total of 4,000 square feet and the Agency determined Program A occupies 2,800 square feet, Program B occupies 1,000 square feet, and fundraising activities occupies 200 square feet, respectively.

Program A Square Footage	2,800	70%
Program B Square Footage	1,000	25%
Fundraising Square Footage	200	5%
Total Square Footage	4,000	100%

Step 3: Allocate the shared facility rent and maintenance costs based on the percentage of square footage used by each program and activity.

Shared Costs: Facility Rent and Maintenance	\$150,000	
Shared Costs Allocable to Program A	\$105,000	= \$150,000 x 70%
Shared Costs Allocable to Program B	\$37,500	= \$150,000 x 25%
Shared Costs Allocable to Fundraising	\$7,500	= \$150,000 x 5%

Step 4: Calculate the total direct costs for each program and activity by adding the direct costs to the shared costs allocated to each respective program.

Program A Direct Costs	\$100,000
+ Program A Shared Costs	\$105,000
Total Program A Direct Costs	\$205,000
Program B Direct Costs	\$850,000
+ Program B Shared Costs	\$37,500
Total Program B Direct Costs	\$887,500
Fundraising Direct Costs	\$50,000
+ Fundraising Shared Costs	\$7,500
Total Fundraising Direct Costs	\$57,500

Step 5: Calculate the indirect cost rate by dividing the total indirect costs by total direct costs.

Total Indirect Costs	\$250,000	
Total Direct Costs	\$1,150,000	= \$205,000 + \$887,500 + \$57,500
Indirect Cost Rate	21.74%	= $\frac{\$250,000}{\$1,150,000}$

Step 6: Allocate indirect costs to each program and activity by multiplying the indirect cost rate by the total direct costs for each respective program and activity.

Indirect Costs Allocable to Program A	\$44,565	= \$205,000 x 21.74%
Indirect Costs Allocable to Program B	\$192,935	= \$887,500 x 21.74%
Indirect Costs Allocable to Fundraising	\$12,500	= \$57,500 x 21.74%

D.3 - Multiple Allocation Base Method Example

ABC, Inc. operates two programs and conducts fundraising activities. The Agency uses square footage as their distribution base for indirect facilities costs and modified total costs⁽¹⁾ as their distribution base for indirect administration costs. ABC, Inc. reported the following costs:

- (1) *Modified total costs (MTC) are the modified total direct costs (MTDC) plus allocated indirect costs. MTDC includes all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$50,000 (effective October 1, 2024) of each subaward (regardless of the period of performance of the subawards under the award). It excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs, and the portion of each subaward in excess of \$50,000 (effective October 1, 2024).*

Indirect Depreciation	\$100,000
Indirect Interest	\$150,000
Indirect Operation and Maintenance Expenses	\$550,000
Indirect General Administration	\$700,000
Indirect General Expenses	\$500,000
Program A Modified Total Direct Costs	\$7,250,000
Program B Modified Total Direct Costs	\$1,500,000
Fundraising Modified Total Direct Costs	\$250,000

Step 1: Establish separate indirect cost groupings based on the benefits provided to the programs and activities. The cost groupings are classified within two broad categories, “Facilities” and “Administration”, and should include the following indirect cost pools:

Facilities

- Depreciation
- Interest
- Operation and Maintenance Expenses

Administration

- General Administration and General Expenses

Indirect Facilities Costs

Indirect Depreciation	\$100,000
Indirect Interest	\$150,000
Indirect Operation and Maintenance Expenses	\$550,000
Total Indirect Facilities Costs	\$800,000

Indirect Administration Costs

Indirect General Administration	\$700,000
Indirect General Expenses	\$500,000
Total Indirect Administration Costs	\$1,200,000

Step 2: Calculate the percentage of square footage occupied by each program and activity. ABC, Inc.’s facilities have a total of 10,000 square feet and the Agency determined Program A occupies 5,000 square feet, Program B occupies 2,000 square feet, fundraising activities occupies 500 square feet, and administration occupies 2,500 square feet, respectively.

Program A Square Footage	5,000	50%
Program B Square Footage	2,000	20%
Fundraising Square Footage	500	5%
Administration Square Footage	2,500	25%
Total Square Footage	10,000	100%

Step 3: Allocate "Facilities" costs to all benefiting programs and activities based on the percentage of square footage used by each program and activity.

Indirect Facilities Costs Allocated to Program A	\$400,000	= \$800,000 x 50%
Indirect Facilities Costs Allocated to Program B	\$160,000	= \$800,000 x 20%
Indirect Facilities Costs Allocated to Fundraising	\$40,000	= \$800,000 x 5%
Indirect Facilities Costs Allocated to Administration	\$200,000	= \$800,000 x 25%

Step 4: Calculate the modified total costs for each program and activity to allocate indirect administration costs by adding the MTDC to the allocated indirect costs calculated above.

Program A - MTDC	\$7,250,000
+ Indirect Facilities Costs Allocated to Program A	\$400,000
Program A - MTC	\$7,650,000
Program B - MTDC	\$1,500,000
+ Indirect Facilities Costs Allocated to Program B	\$160,000
Program B - MTC	\$1,660,000
Fundraising - MTDC	\$250,000
+ Indirect Facilities Costs Allocated to Fundraising	\$40,000
Fundraising - MTC	\$290,000
Program A - MTC	\$7,650,000
Program B - MTC	\$1,660,000
Fundraising - MTC	\$290,000
Total MTC	\$9,600,000

Program A - MTC	\$7,650,000
Program B - MTC	\$1,660,000
Fundraising - MTC	\$290,000
Total MTC	\$9,600,000

Step 5: Calculate the total indirect administration costs.

Indirect Administration Costs	\$1,200,000
+ Indirect Facilities Costs Allocated to Administration	\$200,000
Total Indirect Administration Costs	\$1,400,000

Step 6: Calculate the indirect cost rate by dividing the total administration costs by the total modified costs.

Total Administration Costs	\$1,400,000
÷ Total MTC	\$9,600,000
Indirect Cost Rate	14.58%

Step 7: Allocate “Administration” costs to all benefiting programs and activities based on modified total costs.

Indirect Administration Costs Allocated to Program A	\$1,115,625	= \$7,650,000 x 14.58%
Indirect Administration Costs Allocated to Program B	\$242,083	= \$1,660,000 x 14.58%
Indirect Administration Costs Allocated to Fundraising	\$42,292	= \$290,000 x 14.58%

D.4 - Negotiated Indirect Cost Rate Example

ABC, Inc. operates two programs and has a negotiated indirect cost rate. The negotiated indirect cost rate agreement indicates the Agency’s indirect cost rate is 15% and the distribution base is total direct costs excluding capital expenditures and equipment. ABC, Inc. reported the following costs:

	Program A	Program B
Salaries	\$ 2,000,000	\$ 1,250,000
Benefits	\$ 1,100,000	\$ 400,000
Capital Expenditures	\$ -	\$ 200,000
Equipment	\$ 60,000	\$ 15,000
Travel	\$ 40,000	\$ 25,000
Materials and Supplies	\$ 60,000	\$ 35,000
Total Direct Costs	\$ 3,260,000	\$ 1,925,000

Step 1: Calculate the direct costs distribution base for each program as required by the negotiated indirect cost rate agreement.

	Program A	Program B
Salaries	\$ 2,000,000	\$ 1,250,000
Benefits	\$ 1,100,000	\$ 400,000
Travel	\$ 40,000	\$ 25,000
Materials and Supplies	\$ 60,000	\$ 35,000
Direct Costs Base ⁽¹⁾	\$ 3,200,000	\$ 1,710,000

⁽¹⁾ Direct cost base does not include capital expenditures and equipment.

Step 2: Calculate the indirect costs charged to each program by multiplying the direct costs base for each respective program by the negotiated indirect cost rate.

	Program A	Program B
Direct Cost Base	\$ 3,200,000	\$ 1,710,000
x Indirect Cost Rate	15%	15%
Indirect Costs Charged	\$ 480,000	\$ 256,500

D.5 - De Minimis Rate Example

ABC, Inc. operates two programs and reported the following direct costs:

	Program A	Program B
Salaries	\$ 750,000	\$ 100,000
Benefits	\$ 250,000	\$ 20,000
Equipment	\$ 50,000	\$ 5,500
Travel	\$ 20,000	\$ 7,000
Materials and Supplies	\$ 40,000	\$ 4,000
Rent	\$ 60,000	\$ 12,000
Total Direct Costs	\$ 1,170,000	\$ 148,500

Step 1: Calculate the modified total direct costs (MTDC)⁽¹⁾ for each program.

(1) MTDC includes all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$50,000 (effective October 1, 2024) of each subaward (regardless of the period of performance of the subawards under the award). It excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs, and the portion of each subaward in excess of \$50,000 (effective October 1, 2024).

	Program A	Program B
Salaries	\$ 750,000	\$ 100,000
Benefits	\$ 250,000	\$ 20,000
Travel	\$ 20,000	\$ 7,000
Materials and Supplies	\$ 40,000	\$ 4,000
MTDC⁽¹⁾	\$ 1,060,000	\$ 131,000

(1) MTDC does not include the costs of equipment and rent.

Step 2: Calculate the indirect costs charged to each program by multiplying the MTDC for each respective program by the 15% de minimis rate (effective October 1, 2024)

	Program A	Program B
MTDC	\$ 1,060,000	\$ 131,000
x De Minimis Rate	15%	15%
Indirect Costs Charged	\$ 159,000	\$ 19,650