



**Administrative Requirements for  
Social Services Contracts Awarded Under the  
City of Albuquerque**

**Effective: TBD**

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This issuance supersedes any announcements issued prior to XXXX

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**1. Issuing Agency**

Department of Family and Community Services of the City of Albuquerque.

**2. Scope**

Administrative Requirements for Social Services Contracts.

**3. Statutory Authority**

ROA, 1994, §2-15-1, et. seq., §5-5-1 et. seq., in particular §5-5-19, 5-5-20.

**4. Duration**

Permanent.

**5. Effective Date**

TBD, unless a later date is specified at the end of a section.

**6. Objective**

To standardize the administrative requirements for social services contracts between the City of Albuquerque (“City”) and governmental agencies and both for-profit and nonprofit entities, applied in conjunction with the *Social Services Contracts Procurement Rules and Regulations – City of Albuquerque*.

**7. Responsibility for Administration**

The Department issuing the Social Services Agreement shall be responsible for administering these requirements or requirements promulgated by the issuing Department.

**8. Definitions**

The following words and terms when used in this regulation shall have the following meanings unless the context clearly indicates otherwise:

A. “Agency” in these Administrative Requirements, unless otherwise specified, refers to governmental agencies and both for-profit and nonprofit entities under contract with the City of Albuquerque to carry out programs, services or activities funded by Social Services Contracts. In these Administrative Requirements, the term “Agency” and “Contractor” are used interchangeably.

B. “Applicant” refers to governmental agencies and both for-profit and nonprofit entities that have requested or are in the process of receiving a contract with the City of Albuquerque to carry out programs, services or activities funded by social services contracts.

C. “Authorized Official” refers to a member of an organization's Governing Board or designee who has been authorized by action of that board to bind the organization.

D. “Bonus” refers to an amount of money added to wages or salary on a one-time or seasonal basis, especially as a reward for good performance, that is not otherwise considered a standard increase in wages or salary.

E. “Capital Expenditure” refers to money spent by a business or organization on acquiring or maintaining fixed assets, such as land, buildings, and Equipment.

F. “Cash Contributions” refer to the Contractor's cash outlay, including the outlay of money contributed to the Contractor by non-City third parties.

G. “City” refers to the municipal government of the City of Albuquerque.

H. “Close Relative” refers to any spouse, ex-spouse, child, stepchild, mother, father, grandparent, grandchild, mother-in-law, father-in-law, sister, brother, sister-in-law, brother-in-law, daughter-in-law, son-in-law, first cousin, niece, nephew, aunt, uncle or the spouse or domestic partner of such person.

I. “Community Development Strategy Area” refers to those areas of the City of Albuquerque formally designated by the City as target areas for programs supported by federal Community Development Block Grant (CDBG) funds.

J. “Concern” refers to an issue identified during the monitoring visit that is not a direct violation of the terms of the contract or applicable regulations, or is a less serious issue of noncompliance, or may also be a problem which may be considered to be an isolated incident or not directly related to a City contract. Each Concern reported must include a “Recommended Action” as indicated by Program Staff or Accountant. An Agency does not need to address Concerns in its formal monitoring response unless indicated.

K. “Contract Accounting Records” refer to those records related to the receipt and expenditure of contract funds.

L. “Contractor” in these Administrative Requirements, unless otherwise specified, refers to governmental agencies and both for-profit and nonprofit entities under contract with the City of Albuquerque to carry out programs, services or activities funded by Social Services Contracts. In these Administrative Requirements, the term “Agency” and “Contractor” are used interchangeably.

M. “Cost Allocation Plan” refers to the written summary of the methods and procedures that the organization uses to allocate costs to various programs, grants, contracts and agreements.

N. “Cost-plus-a-percentage-of-cost” refers to a procurement agreement to provide a percentage profit over and above the actual cost of the item or service.

O. “Cost Sharing and Matching” refers to the portion of project or program costs not borne by the City.

P. “Department” refers to the City of Albuquerque Department issuing the Social Service Agreement.

Q. “Director” refers to the Director of the Department issuing the Social Service Agreement or its successor in the organizational chart of the City, regardless of the name of such subdivision or Department of the City.

R. “Equipment” refers to tangible personal property having a Useful Life of more than one year and an acquisition cost of \$5,000 or more per unit.

S. “Expendable Property” refers to all tangible property other than Real Property and Equipment.

T. “Finding” refers to a serious issue of non-compliance identified by City staff during the monitoring visit when the Contractor has not complied with the terms of the contract, or applicable regulations, or the Agency policies and procedures, and can be substantiated with a citation from the contract, applicable regulations, or Agency policy and procedures. Each Finding reported shall include a “Required Action” to be taken by the Contractor to bring performance into compliance with the terms of the contract. An Agency must formally respond to a Finding in writing with a proposed corrective action.

U. “For Profit Entity” refers to a person, group, or business who is not a government entity, nor has been designated by the Internal Revenue Services as a non-profit entity.

V. “Governing Board” refers to the body legally empowered to determine policy for a nonprofit organization, including authority to bind the organization by any contract or engagement or to pledge its credit or render it liable pecuniary for any purpose or in any amount.

W. “HUD” refers to the U.S. Department of Housing and Urban Development.

X. “Immediate Family” refers to the spouse, ex-spouse, child, stepchild, mother, father, grandparent, grandchild, mother-in-law, father-in-law, brother, sister or domestic partner of such person.

Y. “Indirect Cost” refers to those costs that have been incurred for common or joint objectives and cannot be readily identified with a particular programmatic or service objective. Indirect costs are ongoing costs needed to operate the entity as a whole.

Z. “In-kind Contributions” refer to the value of non-cash contributions provided by the Contractor and third parties. In-kind Contributions may be in the form of charges for Real Property and non-expendable personal property, and the value of goods and services directly benefiting and specifically identifiable to the project or program.

AA. “Less-than-arms-length Lease” is one under which one party to the lease agreement is able to control or substantially influence the actions of the other. Such leases include, but are not limited to, those between (i) divisions of an organization; (ii) organizations under common control through common officers, directors, or members; and (iii) an organization and a director, trustee, officer, or key employee of the organization or his/her Immediate Family either directly or through corporations, trusts, or similar arrangements in which they hold a controlling interest.

BB. “Lower-Income Populations” refers to the income level at or below the poverty line as defined by the Office of Management and Budget, and adjusted by the Secretary in accordance with section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)).

CC. “Nepotism” is the employment of certain relatives and family members.

DD. “Not-For-Profit Entity” (“NFP” or “NPO”)” refers to a not-for-profit corporation (sometimes called a “nonprofit organization”) authorized to do business in New Mexico which has received an Internal Revenue Code 501 (c)(3) or (c)(4) designation. Corporations who have received a different 501(c), such as a (c)(6), may qualify on a case-by-case basis as an NFP in these Requirements; however, approval shall be sought and obtained from the Department during the application process.

EE. “Observation” refers to a note contained in the monitoring report of an issue that City staff believe should be brought to the attention of the Agency or the City, which does not fall under Finding or Concern.

FF. “Project Costs” are all allowable costs incurred by a Contractor and the value of In-kind Contributions made by the Contractor or third parties in accomplishing the objectives of the contract during the project period.

GGF. “Program Income” refers to the gross income earned by the Contractor from City-supported activities.

HH. “Real Property” refers to land, including land improvements, structures, and appurtenances thereto, excluding movable machinery and Equipment.

II. “Registered Sex Offender” is a person meeting the definition as found at Chapter 29, Article 11A NMSA 1978, of the “Sex Offender Registration and Notification Act,” who, under that statute is required to register as such with the State of New Mexico, regardless of whether the person has actually registered pursuant to the Act.

JJ. “Social Services” refers to the provision, primarily to low and moderate income residents of the City, of human services such as health care, substance abuse treatment and prevention, day care, emergency shelters, youth services, senior services, employment services, and job training; the provision of housing intended primarily for low and moderate income residents of the City; and economic development activities designed primarily to benefit low to moderate income areas of the City or to increase employment among low and moderate income residents.

KK. “Social Services Contracts” include, but are not limited to, Community Development Block Grant (CDBG), Home Investment Partnerships Program (HOME), Emergency Shelter Grant (ESG), Continuum of Care, Older Americans Act (OAA), Early Head Start (EHS), Housing and Neighborhood Economic Development Fund (HNEDF) or City General Fund projects. (See also Social Services Agreement).

LL. “Social Services Agreement” refers to the fully executed contract with a nonprofit, for profit, or public governmental entity for Social Services in return for the payment by the City of costs associated with the provision of Social Services, including, but not limited to, the costs for labor, supplies, operating expenses, Equipment, and the acquisition or improvement of Real Property. (See also Social Services Contracts).

MM. “Supplanting” refers to deliberately reduce state or local funds because of the existence of Federal funds. An example would be when state funds are appropriated for a stated purpose and federal funds are awarded for the same purpose, the grantee replaces its state funds with federal funds, thereby reducing the total amount available for the stated purpose.

NN. “Suspension” refers to an action by the City that temporarily suspends City payments under the contract, pending corrective action by the Contractor or pending a decision to terminate the contract by the City.

OO. “Termination” refers to the cancellation of a contract of City sponsorship in whole or in part, prior to the date of completion.

PP. “Useful Life” shall be defined in accordance with Generally Accepted Accounting Principles (GAAP).

QQ. “Vulnerable Population” refers to a category of persons who are not able to access and use the standard community resources, which can be impacted by age, class, race, poverty, language, and other social, cultural, economic, and psychological factors. By way of example and not limitation: children under the age of 18; persons, whether adult or children, with significant physical or mental handicaps; persons over the age of 60.

RR. “Waiver” refers to a formal written statement from the Department signed by the Director and when required, the City Attorney and by an agency of the state or federal government, allowing the Contractor an exception to a rule in these requirements.

SS. “Work Plan” refers to the major activities to be performed under the contract, the measurable outputs and outcomes for each activity, and the time frame within which the activities will be accomplished.

TT. “Written Approval” refers to a reproducible document (e.g., contract budget, email, fax, letter) demonstrating approval in writing, and including the following elements: sender, recipient, clearly identified subject matter, clear indication of approval, and date. Text messages shall not be treated as acceptable form of Written Approval

## **9. Introduction**

The purpose of these requirements is to provide uniform administrative guidance for City of Albuquerque Social Services Agreements awarded by any City Department. Unless specifically exempted, Contractors are expected to understand and shall comply with all applicable requirements contained herein. Failure to comply may result in disallowed costs, Suspension or Termination of contracts, or other sanctions including but not limited to returning of funds.

### **A. Mission**

The Department of Family and Community Services provides quality health and Social Services, housing, recreation and education to improve the quality of life for the Albuquerque community. For the purposes of these requirements, the Social Services Agreements encompass a wide range of activities, leveraging local, state, and federal resources to create and maintain viable communities and a supportive living environment for the Albuquerque community.

### **B. Applicability**

(1) Unless otherwise specified, these requirements apply to Social Services Agreements and specify threshold requirements applicable to all Contractors.

(2) Through the City procurement process, entities may be awarded contracts for services similar to those encompassed in the definition of Social Services Agreements. In the event that such a situation arises, the administration of the contract shall be governed by these requirements.

(3) These requirements apply to all Social Services agreements awarded by City of Albuquerque's Department of Family and Community Services, including agreements in which the Contractor is referred to as a sub-recipient of the City, except as noted in the Waiver provisions, or unless preempted by the requirements of a specific funding source.

(4) At the discretion of the Department, other types of contracts not falling within the definition of Social Services agreements may be required to conform to these requirements.

### **C. Beneficiary Populations**

(1) Lower Income Populations as defined by the Request for Proposal and contract. Documentation required for verification of income shall be specified in the contract.

(2) Other Characteristics and Beneficiary Populations. Specific characteristics applicable to specific funding sources may apply, which include:

(a) Persons with disabilities

(b) Senior citizens

(c) Other individual requirements applicable to specific funding sources or in response to emergency needs.

## **10. Social Services Contract Eligibility Compliance**

### **A. Eligibility Compliance**

#### **(1) Basic Eligibility Requirements**

(a) Only Contractors who meet and maintain the minimum requirements contained in this document are eligible to hold Social Services contracts.

(b) Only Contractors who are in compliance with current and previous Social Services or other City contracts are eligible to hold Social Services contracts.

(c) Entities that have had an Agreement terminated by the City for cause for a period of two (2) years beyond the date of Agreement Termination, unless such entities request and receive written authorization of eligibility from the Director of the Department, based upon adequate, written justification for allowing an exception. Such written justification will include an explanation of how the previous cause for Termination will not impact the project for which funding is being requested due to specific remedial actions taken by the entity. The written request and Director determination shall be maintained on file with the contracts within the two-year timeline. In the event an Agreement has been terminated for cause and the entity has additional Agreements with the City, the additional Agreements may be terminated for convenience.

(d) Only Contractors who are in compliance with federal, state and local tax reporting and payments are eligible to hold Social Services contracts. Applicable organizations shall also be in good standing with the New Mexico Secretary of State.

(e) Entities debarred under City, federal or state requirements are not eligible.

(f) The Department shall not contract with an organization in debt to the City as a consequence of the findings of an audit or other review. These entities shall not be eligible for funding until full payment has been made to the City.

(g) Entities that have unresolved deficiencies, material weaknesses or financial statement findings identified in an audit may not be eligible.

## (2) Threshold Requirements

Unless otherwise specified in a particular sub-section, apply to all Contractors:

(a) Background Clearance. If the Social Services provided under such an agreement require the Contractor to work with or be in proximity to children, or other Vulnerable Populations, the Contractor shall not employ any person or volunteer who is registered as a Sex Offender in any United States jurisdiction or who has been convicted of a sex offense.

(i) The Contractor shall ensure that all its employees, interns, and volunteers directly involved in performing services have been screened for a criminal record and registration as a Sex Offender as part of its hiring process, through the use of criminal background and reference checks, fingerprinting, and interviews. If an employee or volunteer is found to have such a record, the City Program Staff assigned to the contract shall be immediately notified in writing with available details. Based on the results of the background screening, the City may require the Agency comply with the Waiver standards set forth in 15.C of these requirements.

(ii) In the event the Agency hires someone with a criminal record of a non-sexual offender nature, sufficient documentation must be included in their personnel file to warrant the hire.

(iii) If required, the Contractor will obtain a criminal records report in a form satisfactory to the City.

(iv) Agency standards must include a written procedure for criminal background checks to ensure a safe environment and proper protection of children under 18 years of age who are receiving services from the Agency. The written standards must include the following:

(I) Background checks must be conducted prior to the time of hire. If an individual has had a nationwide background check conducted in the past 180 days, evidence of

such shall be sufficient for the background check. Pending the result of the background check, the Contractor's employee may work under direct supervision.

(2) Any arrest, conviction or substantiated referral that occurs after a background check has been completed by the Agency, must be reported to the Agency supervisor.

(3) The requirement for the criminal background check is in accordance with the New Mexico State Regulation, New Mexico Administrative Code, Title 8, Chapter 8, Part 3 - Social Services, Children, Youth and Families General Provisions, Governing Background Checks and Employment History Verification or the Caregivers Criminal History Screening Act NMSA 29-17-1 et seq.

(b) Conflict of Interest:

(i) Agency standards must include written Conflict of Interest policies and procedures which apply to the procurement and disposition of all Real Property, Equipment, supplies, and services by the Contractor and to the Contractor's provision of assistance to individuals, businesses, and other entities.

(ii) Conflict of Interest policies and procedures must provide that no person who exercises any functions or responsibilities with respect to organization or Agency activities, or who are in a position to participate in a decision-making process, may obtain a personal or financial interest or benefit from an organization or Agency activity, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

(c) Confidentiality and Disclosure of Information

Contractors providing certain services, including but not limited to, substance use treatment, domestic violence, education, financial services, behavioral/mental health and health services, shall inform their clientele of federal, state and local laws regarding confidentiality and disclosure of information.

(3) Only as to nonprofit entities contracting with the City ("nonprofit")

(a) Financial Policies and Procedures. The nonprofit shall have and use a written set of financial, accounting and procurement policies and procedures adopted by its Governing Board which meet the Administrative Requirements established by the City for contract accounting as detailed below.

(b) Governing Board. The nonprofit shall document that its Governing Board is constituted in compliance with approved bylaws and nationally (e.g. Robert's Rules of Order) and locally (New Mexico Statutes and Court Rules Annotated) accepted standards and that it actively fulfills its responsibilities for policy direction, including regularly scheduled meetings for which minutes are kept. The organization shall verify board compliance with the City Open Meeting ordinance ROA, 1994, §2-5-1, et. seq. When there are changes in the Board of Directors, Officers and/or Directors, the City shall be notified within fifteen (15) business days of the change.

(c) Nepotism. The nonprofit shall not employ Immediate Family or any Close Relative of any board member, officer or managing/supervisory employee. Agency standards must include written procedure for disclosing employment of any two people who are Immediate Family or Close Relatives of each other in their personnel file.

## **B. Insurance Requirements**

All Contractors under Social Services Contracts will be required to procure and maintain through the life of their contract, insurance in accordance with the contract requirements.

### C. Required Documents

(1) Contractors shall maintain current copies of:

- (a) their certificate of incorporation;
- (b) the organization's articles of incorporation approved by the Secretary of State;
- (c) the organization's bylaws;
- (d) any licenses applicable to the organization's proposed activities;
- (e) a listing of current Governing Board members;
- (f) a current organizational chart;
- (g) the organization's personnel policies;
- (h) the organization's accounting and procurement procedures;
- (i) Certificate of Good Standing and Comparison issued within thirty (30) days from the New Mexico Secretary of State PRC;
- (j) the organization's travel reimbursement policies, if travel funds are requested;
- (k) the organization's most recent independent audit, including the management letter if available;

(2) Nonprofit Contractors shall maintain a copy of:

- (a) the Internal Revenue Service (IRS) status letter indicating tax exempt status and documentation showing that the status has not been revoked by the IRS.

(3) Contractors shall submit within 30 days to assigned program staff any changes or updates to:

- (a) the organization's bylaws;
- (b) the organization's accounting and procurement procedures;
- (c) a copy of updated insurance policies; and
- (d) a copy of the organization's most recent independent audit, including the management letter if available.

(4) Required assurances

(a) **Compliance with Civil Rights Laws and Executive Orders.** Contractors are required to comply and act in accordance with all federal laws and Executive Orders related to the enforcement of Civil Rights. In addition, recipients will be required to comply with all New Mexico State Statutes and City of Albuquerque Ordinances regarding enforcement of Civil Rights.

(b) **ADA Compliance.** Contractors shall agree to meet all the requirements of the Americans with Disabilities Act of 1990 (ADA), and all applicable rules and regulations which are imposed directly on the Contractor or which would be imposed on the City as a public entity. The Contractor shall agree to be responsible for knowing all applicable requirements of the ADA and to defend, indemnify and hold harmless the City, its officials, agents and employees from and against any and all claims, actions, suits or proceedings of any kind brought as a result of any actions or omissions of the Contractor or its agents in violation of the ADA.

(c) **Use of Funds for Sectarian Religious Purposes.** Contractors are required to assure that no funds awarded through the program will be used for sectarian religious purposes, specifically that: a) there will be no religious test for admission for services; b) there will be no requirement for attendance at religious services; c) there will be no inquiry as to a client's religious preference or affiliation; d) there will be no proselytizing; and e) services provided will be secular and non-sectarian.

(d) Assurance of Drug Free Facilities. Contractors are required to administer a policy designed to ensure that the assisted program is free from the illegal use, possession or distribution of drugs or alcohol by its staff and beneficiaries.

(5) Documentation of Review and Approval of Contract

Social Services Contracts shall be signed by an Authorized Official. If the Authorized Official is not a member of the Board of Directors, documentation reflecting the authority of the Authorized Official approved by the Board of Directors, and reflected in Board minutes shall be provided. Regardless of signor, City contracts must be reviewed and approved by the Board. Copies of the minutes of the board meeting at which the contract was reviewed and approved by the Board shall be maintained on file at the organization.

(6) Certification of Receipt of Administrative Requirements

Contractor for funding shall submit a certification signed by an Authorized Official and the organization director of receipt and adherence to the *Administrative Requirements for Social Services Contracts and Procurement Regulations*.

## **11. Retention of Contract Documentation**

### **A. General Requirements**

(1) Contractors are required to

(a) Retain all program records, including Accounting Records and related original and supporting documents that substantiate costs charged to contract activities, identifiable by contract number.

(b) Assure the safekeeping of all contract records and to be able to promptly produce them upon the request of authorized City, state, or federal representatives.

(2) If the Contractor should be unable to maintain custody or control of the records for any reason the original records shall be delivered to the City for safe keeping.

### **B. Time Limitation on Record Retention**

(1) Except as otherwise authorized by the Department, or unless the law requires a different time limitation:

(a) Contract records shall be retained for at least five (5) years after the end date of the contract or, if applicable, after the final audit of the contract has been completed.

(b) In all cases, an overriding requirement exists to retain records until resolution of any audit question relating to individual contracts even if the period exceeds the normal five-year period. 1.21.2.112 NMAC N, 10/01/2015.

## **12. Budgetary Guidelines for Social Services Contracts**

### **A. Allowable Costs**

The following principles apply to certain cost items when required by the contract. Failure to mention a specific item of cost is not intended to imply that it is unallowable, rather determining an allowable cost in each case should be based on applicable federal, state or local regulations and the treatment or principles provided for similar or related items of cost.

(1) Advocacy

(a) Educating legislators, decision-makers, organization members or the public about an issue, topic or policy and its effects without a call to action or vote;

(b) Providing a technical and factual presentation of information on a topic directly related to the performance of a contract through hearing, testimony, statements or letters to the Congress, state legislature or City Council or subdivision, member, or staff member thereof, in response to a documented request made by the recipient member, legislative body or subdivision, or a staff member thereof; provided such information is readily obtainable and can be readily put in deliverable form and further provided that the costs under this section for travel, lodging, or meals are unallowable unless incurred to offer testimony at a regularly scheduled Congressional or State Legislative hearing pursuant to a written request for such presentation made by the Chairman or Ranking Minority Member of the Committee or Subcommittee conducting such hearing;

(c) Influencing state or local legislation in order to directly reduce costs related to the program.

(2) Background Checks

The costs associated with conducting background checks on employees, working on City funded projects, requiring background checks per these requirements.

(3) Bonding Costs

Costs of bonding required by terms of the contract are allowable as are costs of bonding required by the organization in the general conduct of its operation. Bonding costs shall be in accordance with sound business practice and the rates and premiums shall be reasonable under the circumstances.

(4) Communication Costs

Costs incurred for telephone services, local and long-distance telephone calls, postage, pager or cell phone services and the like that are related to the project are allowable.

(5) Compensation for Personnel Services

This cost item includes all compensation paid currently or accrued by the organization for services of employees rendered during the period of the contract. It includes, but is not limited to, salaries, wages, fringe benefits, payroll taxes, insurances and pension plan costs.

(a) Except as otherwise provided, the costs of such compensation are allowable to the extent that total compensation to individual employees is reasonable for the service rendered, conforms to the established policy of the organization consistently applied to City and non-City activities, and only in accordance with the approved budget by title and position;

(b) Reasonableness:

(i) If the organization is engaged in activities other than those sponsored by the City, compensation for employees on City-sponsored work shall be consistent with that paid for similar work in the organization's other activities.

(ii) Compensation for City-sponsored activities shall be considered reasonable to the extent that it is comparable to that paid for similar work in the labor markets in which the organization competes for the kind of employees involved.

(c) Fringe Benefits:

(i) Fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job such as vacation leave are allowable provided such costs are absorbed proportionately at the same proportion as each employee's salaries and wages in the budget. Accrued leave can be paid out in accordance with Agency standards, if and only if, the accrued leave was accrued while working on the City funded contract as part of regular pay.

(ii) Fringe benefits in the form of employer contributions or expenses for Social Security, employee insurance, workmen's compensation insurance, pension plan costs are allowable provided all other benefits are granted in accordance with established, written organization policies. Such benefits shall be charged to City contracts in a manner consistent with the pattern of benefits accruing to the individuals or group of employees whose salaries and wages are chargeable to such contracts. Benefits charged to City contracts that are furnished by a provider plan (such as health care, retirement, etc.) shall be based on a valid and binding contract between the Contractor and the benefit provider.

(d) Support of Salaries and Wages:

(i) Charges to City contracts for salaries and wages shall be based on documented payrolls approved by a responsible official(s) of the organization. Charges of salaries and wages to City contracts shall be supported by payroll register, general ledger, paystubs and the personnel activity reports as specified in this Part of these requirements.

(ii) Personnel Activity Report (PAR). PARs reflecting the distribution of activity of each employee shall be maintained for all staff members whose compensation is charged in whole or in part directly to City contracts. A sample PAR is available upon request to FCS. Reports maintained by Contractors shall meet the following standards:

(1) The PAR shall reflect an *after the fact* determination of the actual activity of each employee and reflect applicable funding sources.

(2) Each PAR shall account for the total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization. Charges for the salaries and wages of employees, in addition to the supporting documentation described above, shall also be supported by PARs including indicating the total number of hours worked each day. Each PAR shall include the activity conducted and activity key, job title of person conducting the work, and name of person conducting the work.

(3) The PAR shall be signed and approved by the individual employee, and by a responsible supervisory official having first-hand knowledge of the activities performed by the employee, stating that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the periods covered by the reports. If for any reason a staff person is unable to sign their PAR, then the supervisor has authority to indicate the staff is unavailable for signature and may authorize on the staff's behalf. Approval is not required for the report of the Executive Director or comparable official who reports directly to the organization's Board of Directors. Electronic approval of PARs is allowable with documentation of approval.

(4) The PARs shall be submitted with each request for reimbursement. The titles and employee names should match the backup documentation. In cases of when names do not match, a note in the employee file must validate the discrepancy.

(5) For employees that are 100% funded by a single Agreement, or if a time study is used to allocate time, acceptable documentation will be based on the review and approval by the Department. Estimates (i.e., time study estimates determined before the services are performed) alone do not qualify as support for charges to Agreements, but may be used for interim accounting purposes, provided that:

(a) The system for establishing the estimates produces reasonable approximations of the activity actually performed;

(b) Significant changes in the corresponding work activity (as defined by the Contractor's written policies) are identified and entered into the records in a timely

manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and

(c) The Contractor's system of internal controls includes processes to review after-the-fact interim charges made to the Agreement based on budget estimates. All necessary adjustment must be made such that the final amount charged to the City is accurate, allowable, and properly allocated.

(iii) For each employee for whom salaries and wages are charged to a City contract, the Organization shall maintain a personnel file which includes, at minimum:

(1) A job description for the position currently held by the employee which specifies the duties of the position, the minimum qualifications for the position, the salary range for the position, and other terms and conditions for employment;

(2) An application form, résumé, or other documentation that the employee meets the minimum qualifications for the position as established in the job description and, as applicable, a criminal background check upon hire;

(3) Personnel action records which document the hiring or assignment of the employee in his/her current position and officially establish his/her rate of compensation, including benefits, and the basis for this determination. Compensation shall be within the salary range established for the position and salary and benefits shall conform to approved organization personnel policies. Documentation shall be provided which indicates that any changes in salary or benefits occurring during the term of a City contract have been made in accord with policies and procedures approved by the Board of Directors.

(4) A statement signed by the employee that he/she has received or had an opportunity to review a copy of the organization's personnel policies and understands his/her rights and obligations there under;

(5) A statement signed by the employee that he/she has received a copy of the organization's drug-free workplace policy;

(6) An INS (I-9) form, in accordance with federal regulations; and

(7) a current IRS W-4 form.

(8) All Contractors receiving funds to provide clinical/medical services, shall provide verification of appropriate licensure in compliance with the State of New Mexico regulations.

(iv) Charges to a City contract for salaries or wages independent of appropriate charges for payroll taxes and fringe benefits are not allowable. All requests for salaries under a contract with the City shall also include requests for payroll taxes and fringe benefits required by law and by organization personnel policies in proportion to the amount requested for salaries.

(6) Direct Assistance to Beneficiary

Participant support costs for items such as wages, payroll taxes, benefits, stipends, incentives, subsistence allowances, travel allowances and the cost of food, clothing, and other goods and services purchased directly on behalf of clients are allowable only with the prior Written Approval of the Department. Requests for direct assistance to beneficiary costs must include adequate justification as to how these costs support the program objectives and are in alignment with program outcomes. Agency procedures must include mechanisms to track direct assistance to beneficiary costs including, but not limited to, client identifier, rationale for use of line item, date, and actual cost. Rental assistance is an allowable cost under direct assistance to

beneficiaries, and backup documentation must include copies of checks which may include copies of bank statements.

(7) Education Costs

Costs of certification, education and continuing education for employees are allowable on a case-by-case basis with the prior Written Approval of the Department.

(8) Equipment and Other Capital Expenditures

(a) Capital Expenditures for tangible personal property having a Useful Life of more than one year and an acquisition cost of \$5,000 or more per unit is allowable only with the prior Written Approval of the Department.

(b) Ownership of Equipment purchased in whole or in part with City funding will remain with the City unless otherwise stipulated by the funding source. Equipment owned by the City shall also be included on the Contractor's inventory list acknowledging the City's ownership. Equipment owned by the City shall be labeled acknowledging the City's ownership.

(c) Contractors are responsible for the cost of replacing or repairing Equipment purchased with City funds in whole or in part which is stolen, lost, damaged, or destroyed, or reimbursing the City for the value of the loss. The cost of insurance for replacement coverage covering the risk of loss or damage to Equipment is allowable.

(d) When utilizing the Equipment budget line item, depreciation and salvage will be in accordance with the City's Fixed Asset Guidelines, provided upon request.

(9) Fuel and Vehicle Maintenance

Costs incurred for fuel and vehicle maintenance not covered under local travel are allowable, i.e. fuel for a bus, maintenance for an Agency owned vehicle used only within City funded project, fuel for an Agency owned vehicle used only within City funded project.

(10) Insurance and Indemnification

(a) Costs of insurance required or approved under the terms of the contract are allowable.

(b) Costs of other insurance maintained by the organization in connection with the general conduct of its operations are allowable provided that the types and extent of coverage is in accordance with sound business practice and the rates and premiums are reasonable under the circumstances.

(11) Maintenance and Repair Costs

Costs incurred for necessary maintenance, repair, or upkeep of buildings and Equipment which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition are allowable.

(12) Materials and Supplies

The costs of materials and supplies necessary to carry out a contract are allowable. Such costs shall be charged at their actual prices after deducting any discounts, rebates, or allowances received by the organization. Materials and supplies charged as a direct cost should include only the materials actually used for the performance of the contract, with due credit given for any excess materials or supplies retained or returned to vendors.

(13) Meetings and Conferences

Costs associated with the conduct of meetings and conferences related to the purposes of the contract are allowable. Reasonable expenditures for food or beverages are allowable only for community education events. If food or beverage expenses exceed \$200.00, prior Written Approval shall be obtained from the City.

(14) Memberships, Subscriptions, and Professional Activity Costs

(a) Costs of the organization's membership in civic, business, technical, and professional organizations related to the purposes of the contract are allowable.

(b) Costs of subscriptions to civic, business, professional, and technical periodicals related to the purposes of the contract are allowable.

(c) Costs of attendance at meetings and conferences sponsored by others which are related to the purposes of the contract are allowable, including costs of meals, transportation, and other items incidental to such attendance, to the extent to which these costs conform to written policies consistently applied.

(15) Organization Costs

Costs such as incorporation fees, broker fees, fees to attorneys, and the like incurred in connection with the reorganization of an organization are allowable only with the prior Written Approval of the Department.

(16) Overtime, Extra-pay Shift, and Multi-shift Premiums

Overtime, extra-pay shifts, and multi-shift work are allowable only with the prior Written Approval of the Department (i.e., contract budget) except when necessary to cope with emergencies such as those resulting from accidents, natural disasters, breakdowns of Equipment, or occasional operational bottlenecks of a sporadic nature.

(17) Plant Operations Costs

Necessary expenses incurred for facility security, janitorial services, elevator services, upkeep of grounds, and the like are allowable to the extent that they are not otherwise included in rental or other charges for space. Costs charged to the City shall be consistent with the share of the space occupied by the City-funded program.

(18) Professional and Contractual Service Costs

(a) Professional and contractual service costs are allowable only with prior Written Approval of the Department. In determining the allowable costs in a particular case, no single factor or any special combination of factors is necessarily determinative. However, the following factors are relevant:

(i) Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the organization are allowable subject to the provision below when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Government.

(ii) The nature and scope of services rendered in relation to the service required.

(iii) The necessity of contracting for the service, considering the organization's capability in the particular area.

(iv) The past pattern of such costs, particularly in the years prior to City awards.

(v) The impact of City awards on the organization's business.

(vi) Whether the service can be performed more economically by direct employment rather than contracting.

(vii) The qualifications of the individual or entity rendering the service and the customary fees charged, especially on non-City awards.

(viii) The adequacy of the contractual agreement for the services (e.g. description of the service, estimate of the time required, rate of compensation, and termination provisions).

(19) Public Information Service Costs

Public information costs include the cost associated with pamphlets, news releases, and other information services. These costs are allowable when incurred to inform or instruct individuals, groups or the general public about the City-funded project; to interest individuals or groups in participating in the City-funded service program; or to disseminate the results of sponsored activities. As appropriate to the needs of the project, ensure public information includes the City logo, and references to City funding of the project.

(20) Publication and Printing Costs

Publication and printing costs directly related to the City contract are allowable.

(21) Recruiting Costs

The following costs incurred for the recruitment of personnel required to carry out activities under a City contract are allowable:

(a) Cost of "help wanted" advertising, operating costs of an employment office, costs of operating a testing program, and fees paid to an employment agency not in excess of standard commercial rates for such services.

(b) Travel expenses of employees while engaged in recruiting personnel, travel costs of applicants for interviews for prospective employment, and relocation costs incurred incidental to recruitment of new employees are allowable only with the prior Written Approval of the Department.

(22) Rental Costs

Subject to the limitations described below:

(a) Rental costs for real property or Equipment are allowable to the extent that the rates are reasonable in light of such factors as: rental costs of comparable property; market conditions in the area; alternatives available; and the type, life expectancy, condition, and value of the property leased.

(b) Rental costs under Less-than-arms-length Leases are allowable only up to the amount that would be allowed had title to the property vested in the organization and only with the prior Written Approval of the Department.

(c) Rent costs under sale and lease back, rental/purchase, or lease with option-to-purchase agreements are allowable only with prior Written Approval of the Department.

(23) Shipping Costs

Shipping costs including freight, express, cartage, and postage charges related either to goods purchased, in process, or delivered are allowable to the extent that such goods are required by the program and the costs can readily be identified with the items involved.

(24) Taxes

In general, taxes which the organization is required to pay and which are paid or accrued in accordance with generally accepted accounting principles are allowable, except for:

(a) Taxes from which exemptions are available to the organization directly; and

(b) special assessments on land which represent capital improvements.

(25) Travel Costs

Expenses for transportation, lodging, food, and related items incurred by employees and/or board members traveling on official business are allowable when:

(a) The expenses are directly attributable to specific work under the contract and payment is made in conformity with federal travel requirements. Actuals or per diems at the published GSA rate, as applicable.

(b) Actual cost reimbursement for travel only with prior Written Approval from the Department. Reimbursements for actual costs shall be supported by appropriate documentation.

(c) Local travel mileage is reimbursable for local mileage and shall not exceed the federal rate for that time period.

(26) Utilities Costs

The costs of utilities, including internet, electrical services, heating and cooling, sewer, water, and other charges are allowable to the extent that they are not otherwise included in rental or other charges for space. Charges to a City contract for utilities shall be based on the actual cost of service, with the City share of total utility costs consistent with the percentage of space occupied by the City-funded program.

**B. Unallowable Costs**

The following is a list of common types of expenditures which are not properly chargeable to City contracts. Failure to include an item in this listing does not imply that cost is allowable.

(1) Alcohol

(2) Bad Debts

Bad debts, including losses (whether actual or estimated) arising from uncollectible accounts and other claims, related collection costs, and related legal costs.

(3) Bonus

Wage and salary Bonuses, incentive Bonuses, Bonuses to board members, severance payments, etc.

(4) Cash Advance

Payments before expenses are incurred.

(5) Contingency Provisions

Contributions to a contingency reserve or any similar provision made for events, the occurrence of which cannot be foretold with certainty.

(6) Contributions

Contributions and donations by the organization to others.

(7) Costs incurred through "open ended" contracts

(8) Electioneering and Lobbying

Costs associated with:

(a) Attempting to influence the outcome of any federal, state, or local election, referendum, initiative or similar procedure through in-kind or cash expenditure, personnel activities, endorsements, publicity, or similar activity;

(b) Establishing, administering, paying the expenses of, or making a cash or In-kind Contribution to a political party, campaign, political action committee, other organization or individual for the purpose of influencing the outcome of any federal, state, or local election, referendum, initiative, or similar procedure;

(c) Any attempt to influence:

(i) the introduction of federal, state, or local legislation or;

(ii) the enactment or modification of any pending federal, state, or local legislation through communication with any member or employee of the Congress, state legislature, or City Council, or with any government official or employee in connection with a decision to sign or veto legislation;

(d) Any attempt to influence:

(iii) The introduction of federal, state, or local legislation or

(iv) the enactment or modification of any pending federal, state, or local legislation by preparing, distributing or seeking publicity or propaganda, or by urging members of the general public or any segment thereof to contribute to or participate in any mass demonstration, march, rally, fundraising drive, lobbying effort, letter-writing campaign or telephone campaign; or

(e) Legislative liaison activities, including attendance at legislative sessions or committee hearing, gathering information regarding legislation, and analyzing the effect of legislation, when such activities are carried on in support of or in knowing preparation for an effort to influence the vote of one or more legislators or other decision-makers.

(9) Entertainment Costs

Costs of amusement, social activities, ceremonials and costs relating thereto, such as meals, lodging rentals, transportation, and gratuities unless authorized in writing by the Department.

(10) Excessive Travel Costs

The difference in cost between first-class air accommodations and coach fare is unallowable except when less than first-class air accommodations are not reasonably available to meet necessary travel requirements.

(11) Fines and Penalties

Costs of fines and penalties resulting from violations of, or failure of the organization to comply with federal, state, and local laws and regulations are not allowable.

(12) Honorariums

Expenses for awards intended to confer distinction upon, or symbolize respect, esteem or admiration for the recipient, are not allowable.

(13) Interest, Fund Raising, and Investment Management Costs

(a) Costs incurred for interest on borrowed capital or temporary use of endowment funds, however represented, are unallowable.

(b) Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions are unallowable.

(c) Costs of investment counsel and staff and similar expenses incurred solely to enhance income from investments are unallowable.

(14) Losses on other Awards

Any excess of costs over income on any award is unallowable as a cost to any other award. This includes, but is not limited to, the organization's contributed portion by reason of cost sharing agreements or any under-recoveries through negotiation of lump sums for, or ceilings on, Indirect Costs.

(15) Payments to Government Employees

Payments by nonprofit organizations, either direct or indirect, made from contract funds to, or on behalf of, full-time federal, state, or City employees are not allowable.

(16) Tobacco Products and Related Equipment

Cigarettes, Cigars, Smokeless Tobacco, Cannabis, Vaping Juice and equipment

(17) Year-end Stockpiling of Supplies, Material, and Equipment

Purchases of these items should be done early in or regularly throughout the term of the contract in order to provide services to clients. Large purchases of supplies, material, and Equipment within the last 60 days of the contract are viewed as an attempt to contain remaining balances on the contract and are therefore not allowed.

**C. Indirect Costs**

(1) Indirect Costs charged to City contracts are allowable if and only if:

(a) The maximum amount the Contractor charges as administrative overhead on contracts to a nonprofit organization is based on an approved Indirect Cost rating issued by an agency of the federal government that will be used for all contracts with the Department. If the agency does not have an Indirect Cost rating issued by an agency of the federal government, then the Agency may use an approved Cost Allocation Plan approved in writing by the Department;

(b) The maximum amount a Contractor may charge as administrative overhead on sub-awards or subcontracts shall be approved in writing by the Department;

(c) The Contractor does not also charge the pooled costs included in the agreement directly to the City;

(d) Such costs are not excessive in relationship to the overall costs of the funded project and are approved in writing by the Department; and

(e) Indirect Costs are charged proportionately to all funding sources contributing to the assisted project.

(f) The following chart indicates examples of Indirect Costs:

Line Item	Indirect Cost
Salary – accountant	X
Fringe benefits - accountant	X
Office rent and utilities	X
Corporate insurance	X
Cell phones	X
Postage	X

**D. Allocated Direct Costs**

For Contractor expenses supported by multiple funding sources, a Cost Allocation Plan shall be followed. This plan shall detail the proration of common organization expenses and accurately reflect the Department’s contract(s) pro-rated share of expenses, approved by the City.

**13. Accounting for Social Services Contract Funds**

**A. Basic Requirements for Proper Accounting of Funds**

(1) Accounting System

The Contractor's accounting system shall be in accordance with Generally Accepted Accounting Principles (GAAP), and at minimum meet the following standards.

(a) The system shall be designed so that no one person has access to all financial operations, procedures, and records.

(b) The system shall clearly identify Social Services contract revenues and expenditures from those of other funding sources in posting to the books of account. The City may require the Contractor to maintain a separate banking account for Social Services contract funds, if required by state or federal regulations or deemed to be in the best interests of the City.

(c) The system shall clearly identify all revenue by source and associated expenditures, and shall be accessible for review by the City.

(d) The system shall allow individual cost elements, including salaries and wages in their chart of accounts to be reconciled to the cost categories in the approved Social Services contract budget.

(e) The system shall identify and segregate unallowable costs.

(f) There shall be a filing system that is easily accessible which separates contract transactions in a consistent manner.

(g) The system shall fully document all contract expenditures with invoices, statements, time sheets (i.e. PAR), and other source documentation signed by an Authorized Official.

(h) The system shall assure that contract transactions are recorded and posted in the accounting books and records at least every thirty days.

(i) The system shall provide for the separation of the accounting function from procurement (purchasing) and receiving.

(j) The system shall be subject to internal controls sufficient to ensure the timeliness, accuracy and validity of the accounting data and that receipts and expenditures of the organization are made only in accordance with authorizations of management and directors of the organization, and with dual signatures as necessary to ensure adequate separation of duty and internal control.

(k) The system shall require the Contractor to reconcile all bank accounts monthly and in accordance with authorizations of management and directors of the organization.

(2) Adequate Personnel

Whether employed directly by the organization or through contract, the organization shall currently employ or commit to hire personnel responsible for accounting functions with appropriate training and experience to adequately administer a contract of the size and complexity of the one proposed.

## **B. Accounting for Program Income**

(1) Program Income

Program Income includes, but is not limited to income from:

(a) fees for services performed, including Medicaid billing, insurance billing, or other billing or reimbursement;

(b) the use of rental of Real Property or Equipment acquired with City funds;

(c) the sale of commodities or items fabricated under a grant agreement; and

(d) any income earned from payments of principal and interest on loans made with contract funds.

(2) Program Income Exceptions

(a) Program Income does not include interest earned on advances of City funds. Interest earned on advances of City funds shall be immediately remitted to the City.

(b) Proceeds from the sale of real and personal property provided by the City or purchased in whole or in part with City funds shall be handled in accordance with regulations outlined in this document related to property management.

(c) When Program Income is generated by an activity that is only partially assisted with City Funds, the Program Income shall be prorated to reflect the percentage of said funds.

(3) Royalties

Unless the contract provides otherwise, Contractors shall have no obligation to the City with respect to royalties received as a result of copyrights or patents produced under a contract agreement.

(4) Use of Program Income

If the City does not otherwise specify in its regulations or the terms and conditions of the Agreement, or give prior approval for how Program Income is to be used, paragraph (a) of this section must apply. In specifying alternatives to paragraphs (a) and (b) of this section, the City may distinguish between income earned by the recipient and income earned by subrecipients and between the sources, kinds, or amounts of income. When the City authorizes the approaches in paragraphs (b) and (c) of this section, Program Income in excess of any amounts specified must also be deducted from expenditures.

(a) Deduction. Ordinarily Program Income must be deducted from total allowable costs to determine the net allowable costs on which the City share of costs will be based. Program Income must be used for current costs unless the City authorizes otherwise. Program Income that the Contractor did not anticipate at the time of the Agreement must be used to reduce the City contribution and other program contributions rather than to increase the funds committed to the project.

(b) Addition. With prior approval of the City, Program Income may be added to the program funded by the Agreement. Program Income used to provide contracted services shall be expended prior to requesting Department funds. The Program Income must be used for eligible costs and under the conditions of the Agreement.

(c) Alternative Deduction: Program Income earned during the project period, only with prior approval of the City, may be used to finance the non-City share of funds committed to the project.

(5) Reporting of Program Income

The Contractor's accounting system shall clearly identify Program Income from each program funded by a City Agreement, and the City may require the Contractor to provide regular reports on Program Income received, amounts expended, and any balance unexpended during the reporting period. Such reports will be on such forms as the City may designate or approve.

(6) Uses of Unexpended Program Income

Unexpended Program Income, from any source, shall retain its identity as City funding after the ending date of the contract period. Unless otherwise specified in the Agreement, the City shall observe the following requirements in the disposition of unexpended Program Income:

(a) The City may permit the Contractor to retain the funds for use on a subsequent contract involving new program funds in accordance with the Agreement and these Requirements.

(b) If no subsequent Agreement is awarded by the City involving new funding, the City may permit the Contractor to retain the funds for use on another project, provided that the activities are consistent with the laws and regulations governing the contract program which was the original source of the unexpended Program Income. In such cases, the funds will be subject to all the requirements and approvals specified in these Requirements, including execution of a contract agreement for the expenditure of previously unexpended Program Income.

(c) If no subsequent contract is awarded by the City, and no alternative use is approved, the City may direct the Contractor to remit to the City the full amount of unexpended Program Income.

### **C. Accounting for Programs with Multiple Funding Sources**

Each funding source (grant, contract, Program Income, etc.) shall be clearly identified and detailed. Funding sources shall retain their unique identity and shall not be blended. Expenses shall be documented in a time sheet, Personnel Activity Report (PAR), client file, general ledger account, or all of the above. All expenditures shall be tied to a funding source and expense reimbursements shall not be duplicated. Sufficient documentation shall be provided to demonstrate expenses are properly reconciled and not invoiced to multiple funding sources. Expenses reimbursed by the City also reimbursed by another funding source shall be credited to the City contract. Documentation shall include a reconciled general ledger demonstrating all funding sources for programs with multiple funding sources.

### **D. Cost Sharing and Matching**

The following sets forth the criteria and procedures for the allowable cash and In-kind Contributions made by the Contractor or third parties in satisfying any Cost Sharing and Matching requirements of the City.

#### **(1) General Guidelines for Cost Sharing and Matching**

##### **(a) Cost sharing or matching may consist of:**

(i) Charges incurred by the Contractor as Project Costs not accounted for as cash or In-kind Contributions.

(ii) Project Costs financed with cash contributed or donated to the recipient by other public agencies, organizations, and individuals.

(iii) Project Costs represented by services and real and personal property, or use thereof, donated by other public agencies, organizations, and individuals.

(b) All contributions, both cash and in-kind, may be accepted as part of the Contractor's Cost Sharing and Matching when such contributions meet all of the following tests:

(i) Are verifiable from the Contractor's records;

(ii) Are not included as contributions for any other City-assisted program;

(iii) Are necessary and reasonable for proper and efficient accomplishment of project objectives;

(iv) Are types of charges that would be allowable under the applicable cost principles;

(v) Are not paid by the City under another assistance agreement unless the agreement is authorized by the City to be used for cost sharing or matching;

(vi) Are provided for in the approved budget when required by the City; and

(vii) conform to other provisions of these requirements.

#### **(2) Valuation of In-kind contributions**

Values for recipient In-kind Contributions will be established in accordance with GAAP cost principles.

#### **(3) Matching for Federal Funds**

When a City award is made with federal funds, the City may require:

(a) That the cost sharing or matching contributions are not paid by the federal government under another assistance agreement unless the agreement specifically authorizes the use of such assistance for cost sharing or matching.

(b) That in-kind cost sharing or matching contributions not represent the value of real or personal property purchased with federal funds unless authorized by federal regulations.

## **E. Acquisition, Management and Disposition of Property Acquired with City Funds**

### **(1) Real Property**

The following requirements shall apply to the acquisition, management, and disposition of such property by a Contractor.

(a) Basic acquisition policies. In the acquisition of Real Property the following criteria apply:

(i) The Real Property shall be acquired using applicable Federal and City procedures and shall be titled in the name of the City unless otherwise specifically authorized by a contract approved by the City Council. The cost for the acquisition of Real Property shall not exceed the Fair Market Value for such property established through a written statement independently and impartially prepared by a certified appraiser setting forth an opinion of the defined value of the property, adequately described, and as of a specific date, supported by the presentation and analysis of relevant market information.

(ii) The amount of Real Property acquired should not exceed the amount required for the purposes of the City-supported program except if acquisition of only a portion of a property would leave the owner with an uneconomic remnant.

(iii) Purchase of the property shall be based on open negotiation between the Contractor and the owner or the owner's representatives, including a written offer allowing the owner reasonable opportunity to consider the offer and suggest modification in the proposed terms and conditions of the purchase. No threats of condemnation or of other coercive actions or other inducements for agreement on the price resulting from, or related to the City's involvement, may be made as part of negotiations.

(iv) No purchase of Real Property may be made without the prior Written Approval of the Department, specific as to site, description, and price.

(b) Anti-Displacement Provisions. No persons shall be required to move permanently or temporarily from his or her dwelling or business as a result of the purchase of Real Property or rehabilitation of Real Property using Social Services contract funds unless approval has been granted in writing by the City prior to relocation. All applicable procedures required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA), shall be adhered to in the event of potential permanent or temporary relocation of persons and businesses and the Contractor shall coordinate all relocation activities with the City to ensure compliance with URA. Relocation assistance shall be provided at the Contractor's expense to any persons or businesses involuntarily displaced, according to regulations established by the URA.

(c) Title and Disposition of Real Property.

(i) If legal title to Real Property is placed in the name of the Contractor, the Contractor shall hold the property for the benefit of the City, as more fully detailed in the agreement, and subject to the condition that the Contractor shall use the Real Property for the authorized purpose of the project as long as it is needed or as specified in the contract agreement. Title to the Real Property shall not be transferred to any other entity without written authorization by the City. As an assurance of compliance with this requirement, the City shall file an original copy of the agreement or other document authorizing the purchase with the County Clerk as part of the record of title along with any other covenants, restrictions and mortgages applicable to the project.

(ii) The Contractor shall obtain approval by the City for the use of the Real Property in other projects when the Contractor and City jointly determine that the property is no

longer needed for the purpose of the original project. Such alternative uses shall be consistent with the laws and regulations governing the program and project for which the property was initially purchased.

(iii) When the Real Property is no longer needed as provided above, the Contractor shall request disposition instructions from the City. Unless otherwise specifically provided for in contract agreements, the City shall observe the City's then existing policies regarding the disposition of surplus Real Property with appropriate consideration for situations in which the City funds were not the sole or primary source of funds for acquiring and improving the property, which shall be detailed in the initial agreement.

(2) Substantial Improvements to Real Property

The following requirements apply to the treatment of improvements with a total cost to the City of \$2,000 or more within any one fiscal year:

(a) **Basic Procurement Policies.** In making substantial improvements to Real Property the following criteria apply:

(i) Procurement of supplies, Equipment, construction and other services shall conform to the procurement standards outlined in the Procurement Standards for this section, which include but are not limited to 12(F).

(ii) No substantial improvements to Real Property may be made without prior Written Approval of the Department, specific as to site, description, and cost.

(b) **Anti-Displacement Provisions.** No person shall be required to move from his or her dwelling or business as a result of substantial improvements to Real Property using Social Services contract funds unless relocation assistance is provided at the Contractor's expense, according to guidelines established by the City.

(c) **Title and Disposition for Substantial Improvements.**

(i) If legal title to Real Property is placed in the name of the Contractor, the Contractor shall hold the property for the benefit of the City, as more fully detailed in the agreement, and subject to the condition that the Contractor shall use the Real Property for the authorized purpose of the project as long as it is needed or as specified in the contract agreement. Title to the Real Property shall not be transferred to any other entity without written authorization by the City. As an assurance of compliance with this requirement, the City shall file an original copy of the agreement or other document authorizing the purchase with the County Clerk as part of the record of title along with any other covenants, restrictions and mortgages applicable to the project.

(ii) The Contractor shall obtain approval by the City for the use of the Real Property in other projects when the Contractor and City jointly determine that the property is no longer needed for the purpose of the original project. Such alternative uses shall be consistent with the laws and regulations governing the program and project for which the property was initially purchased.

(iii) When the Real Property is no longer needed as provided above, the Contractor shall request disposition instructions from the City. Unless otherwise specifically provided for in contract agreements, the City shall observe the City's then existing policies regarding the disposition of surplus Real Property with appropriate consideration for situations in which the City funds were not the sole or primary source of funds for acquiring and improving the property, which shall be detailed in the initial agreement.

(3) Equipment

(a) Basic Acquisition Principles. In the acquisition of Equipment, the following principles shall apply:

(i) Basic procurement principles generally applicable to the procurement of supplies, Equipment, construction, and other services outlined in the Procurement Standards for this document, which include but are not limited to 12(F), shall apply to the acquisition of Equipment.

(ii) No Equipment may be acquired without the prior Written Approval of the Department.

(b) Title and Disposition. Title to Equipment remains vested in the City. Contractors shall, however, maintain such property on its inventory list, reflecting the property's status as on loan from the City for the purpose of the specific project or program. Upon completion of the contract, or when the property is no longer needed, the Contractor shall report the property to the City. The City may, at its discretion:

(i) Continue to utilize the property with this or another Contractor in connection with the project or program for which it was acquired.

(ii) Utilize the property with this or another Contractor in connection with another City project.

(iii) Dispose of the property through the City's surplus process.

(iv) The Contractor shall in any case compensate the City for its share, at fair market value.

(c) Property management standards for Equipment. The Contractor's property management standards for Equipment shall include the following procedural requirements:

(i) Property records shall be maintained accurately and shall include:

(1) A description of the property.

(2) Manufacturer's serial number, model number, City stock number, or other identification number.

(3) Source of the property, including contract number.

(4) Whether title vests in the Contractor or City.

(5) Acquisition date and cost.

(6) Percentage of City participation in the cost of the project or program for which the property was acquired.

(7) Location, use, and condition of the property and the date this information was reported.

(8) Unit acquisition cost.

(9) Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value when a Contractor compensates the City for its share.

(a) Property owned by the City shall be marked to indicate City ownership.

(b) A physical inventory of property shall be taken and the results reconciled with the property records annually. Any differences between quantities determined by physical inspection and those shown in the Accounting Records shall be investigated to determine the causes of the difference. The Contractor shall, in connection with the inventory, verify the existence, current utilization, and continued need for the property.

(4) Expendable Property

(a) Basic Acquisition Principles. In the acquisition of Expendable Property, the following principles shall apply:

(i) Basic procurement principles generally applicable to the procurement of supplies, Equipment, construction, and other services outlined in the Procurement Standards for this document, which include but are not limited to 12(F), shall apply to the acquisition of Expendable Property.

(ii) Expendable Property may be acquired without the prior Written Approval of the Department up to the amount allowed in the approved budget.

(b) Title and Disposition of Expendable Property.

(i) Title to Expendable Property shall vest in the Contractor upon acquisition.

(ii) If there is a residual total inventory of such property exceeding \$5,000 in aggregate fair market value upon Termination or completion of the contract and the property is not needed for any other City-sponsored program, the Contractor may retain the property for use on non-City sponsored activities, or sell it, but shall in either case compensate the City for its share at fair market value.

## **F. Procurement Standards**

These standards for use by Contractors in establishing procedures for the procurement of supplies, Equipment, construction and other services with City funds. Contractors need to ensure that such materials and services are obtained in an effective manner and in compliance with the provisions of applicable federal, state and local law and regulations.

### **(1) Standards of Conduct**

(a) Contractors shall adhere to conflict of interest provisions established in other sections of this document in respect to all procurements.

(b) In addition, the Contractor shall establish a clear policy that its officers, employees, or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from subcontractors or potential subcontractors and provide for disciplinary actions to be applied for violation of these standards.

### **(2) Procurement Standards**

#### **(a) Bid Standards**

(i) All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition.

(ii) Consultants employed by the Contractor to prepare or draft specifications, requirements, statements of work, invitations for bids, and/or requests for proposals shall be excluded from competing for such procurements.

(iii) Contractors shall verify all bidders in the System for Award Management website (SAM.gov) to see if they have been debarred. Agencies that have been debarred will not be considered for award using City funding.

(iv) Awards shall be made to the bidder/offeror whose bid/offer is responsive to the solicitation and is most advantageous to the Contractor, price and other factors considered. Solicitations shall clearly set forth all requirements that the bidder/offeror shall fulfill in order for his bid/offer to be evaluated by the Contractor. Solicitations should specify that any and all bids/offers may be rejected when it is in the Contractor's interest to do so.

(b) All Contractors shall establish *written* procurement procedures that provide for, at a minimum, the following procedural requirements.

(i) Proposed procurement actions shall follow a procedure to assure the avoidance of purchasing unnecessary or duplicative items.

(ii) Solicitations for goods and services shall be based on a clear and accurate description of the technical requirements for the material, product or service to be procured. Such a description shall not contain restrictions which unduly restrict competition. "Brand name or equal" descriptions should be used as a means to define the performance or other requirements of a procurement.

(iii) Positive efforts shall be made by the Contractor to utilize small business and minority-owned business sources of supplies and services.

(iv) The type of procuring instruments used will be determined by the Contractor, but shall be appropriate for the particular procurement and for promoting the best interests of the program. However, "Cost-plus-a-percentage-of-cost" method is prohibited.

(v) Subcontracts shall be made only with responsible subcontractors who possess the potential ability to perform successfully under the terms and conditions of a proposed procurement.

(vi) All proposed sole source subcontracts or where only one bid or proposal is received in which the aggregate expenditure is expected to exceed \$10,000 shall be subject to prior approval at the discretion of the Department.

(vii) Some form of price or cost analysis should be made and documented in the procurement file in connection with every procurement action. Price analysis may be accomplished in various ways, including the comparison of price quotations submitted, market prices, or similar indicators. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability and allowability. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the Contractor must make independent estimates before receiving bids or proposals.

(viii) Procurement records and files for purchases in excess of \$10,000 shall include the following:

(1) Basis for Contractor selection;

(2) Justification for lack of competition when competitive bids or offers are not obtained;

(3) Basis for award cost or price.

(ix) A system for contract administration shall be maintained to ensure subcontractor conformance with terms, conditions, and specifications of the subcontract and to ensure adequate and timely follow-up of all purchases. All contracts shall be time-limited and include a specified beginning and ending date.

(c) The Contractor shall include, in addition to provisions to define a sound and complete agreement, the following provisions in all subcontracts:

(i) Subcontracts shall contain contractual provisions or conditions that allow for administrative, contractual, or legal remedies in instances in which subcontractors violate or breach subcontract terms and provide for such remedial actions as may be appropriate. All contracts shall be time-limited and include a specified beginning and ending date.

(ii) All subcontracts shall contain provisions for termination for both cause and convenience by the Contractor including the manner by which termination will be affected and the basis for settlement.

(iii) In all subcontracts for construction or facility improvement awarded for more than \$100,000, Contractors shall observe bonding requirements established by the City. The City will provide technical assistance, if requested, in establishing these requirements.

(iv) All subcontracts awarded by the Contractor shall include a provision to the effect that the City and, where applicable, any state or federal sponsoring agency and the Comptroller General of the United States or any of their duly authorized representatives shall have access to any books, documents, papers, and records of the subcontractor which are directly pertinent to a specific program for the purpose of making audits, examinations, excerpts, and transcriptions.

(v) All subcontracts shall contain a provision that requires the subcontractor to comply with the Americans with Disabilities Act of 1990.

(vi) All subcontracts shall contain a provision that requires the subcontractor to comply with all applicable local, state and federal regulations and laws.

(vii) The Contractor shall include all subcontractors in its insurance coverage in accordance with the contract, or require that the subcontractors obtain all necessary coverage.

## **G. Contract Expenditures and Payments**

### **(1) General Limitations on Expenditures**

Expenditures shall only be reimbursed for costs incurred during contract period. Expenditures incurred during the contract period may be paid from contract funds after the ending date. All such expenditures, however, shall be requested within 10 days after the end of the contract period, except as noted in this section.

### **(2) Audit Expenditures**

Of the total cost of applicable organization-wide independent audits, the amount budgeted to the City contract shall not exceed the proportion that the City contract is of the total organization budget. Amounts budgeted shall be obligated prior to the end of the program year, but are exempt from the 10-day requested requirement above.

### **(3) Signature Certification Form**

Prior to the expenditure of funds, Contractors shall have on file with the Department a Signature Certification Form that provides the name and address of the organization to whom checks should be made payable and the name(s) and title(s) of any person authorized to sign the Financial Status Report and Request for Reimbursement Form.

### **(4) Payment Procedures**

#### **(a) Cost Reimbursement**

(i) General. Payments from the City for a program that includes cost reimbursement are made on the basis of reimbursements for costs incurred for line item expenses included in the approved organization budget. These requirements do not allow for the disbursement of funds prior to an obligation for specific expenses.

(ii) Reimbursement of costs for salaries and wages. Reimbursement for costs charged to the City for salaries and wages, including applicable payroll taxes and fringe benefits, shall be made only for positions included in an approved line item budget. The amount of such reimbursement shall be based on the hours worked reflected on the PAR, and shall normally be limited to an amount not to exceed the total amount budgeted for the position divided by the number of pay periods included in the term of the contract, as established in organization personnel policies, multiplied by the number of pay periods for which reimbursement is being

requested. General ledger, PARs, pay register and pay stubs need to be included with request for reimbursement.

(iii) Financial Status Report and Request for Reimbursement. All requests for payments through the program shall be submitted on the Financial Status and Request for Reimbursement Form. Unless specified in the contract, requests for payment may be submitted at any time during the contract period, though no less than quarterly or more than bi-weekly intervals. Contractors shall submit appropriate supporting documentation with the Financial Status Report and Request for Reimbursement.

(iv) Cash received from the City shall normally be expended within three (3) working days of the date that it is received.

(v) With the exception of a request for payment of audit expenses, all requests for reimbursement shall be received by the City within ten (10) days of the end date of the contract. Requests received beyond ten days may be considered excluded from contract obligation resulting in non-payment.

(vi) Payment of requests for reimbursement by the City does not constitute a judgment by the City as to whether or not the cost is allowable; such payments are subject to later review or audit.

(vii) Payment of requests for reimbursement may be temporarily suspended, pending corrective action by the Contractor or pending a decision to terminate a contract, in accordance with procedures outlined in the Suspension and Termination Procedures.

(b) Fee for Service

(i) General. Payments from the City for a program that includes fees for services are based on a negotiated fee for specific services included in the agreement. If Equipment is part of the basis for the negotiated fee, the City will review the ownership of the Equipment on a case-by-case basis.

(ii) Request for Payment. Payments shall be made to the Contractor no more than bi-weekly but no less than quarterly, and subsequent to receipt of a request for payment in compliance with the budgetary and fiscal guidelines of the City and on the condition that the Contractor has accomplished the Services to the satisfaction of the City.

(iii) All requests for payment submitted by the Contractor shall be supported by documentation in the Contractor's files of services provided.

(iv) All requests for payments shall be received by the City within ten (10) days of the end date of the contract. Requests received beyond ten days may be considered excluded from contract obligation resulting in non-payment.

(v) Payment of requests for payment may be temporarily suspended, pending corrective action by the Contractor or pending a decision to terminate a contract, in accordance with procedures outlined in the Suspension and Termination Procedures.

(c) Contract Expenditure Review. The City shall, during the contract period, review the actual organization expenditures charged to the contract. At the discretion of the City, unutilized funds may be de-obligated from the contract for reallocation.

## **H. Budget Amendments**

### **(1) Requests for Budget Revisions**

(a) No reimbursements will be made for expenditures not contained in an approved contract budget, nor will reimbursements be made in excess of the amounts budgeted for each

line item in an approved contract budget, except for allowable flexibility noted in (2), Allowable Flexibility.

(b) Prior to expending contract funds for items not included on the approved budget, or in amounts exceeding those for approved line items, except as provided for below, the Contractor shall receive prior written permission from the Department. Requests for budget revisions shall be submitted on a standard Request for Budget Revision Form. Expenditures according to the revised budget may not be made prior to the receipt by the Contractor of the approved Request for Budget Revision Form from the Department, with the effective date being date the amendment is submitted to the City.

(c) Increases or decreases in the total amount of the contract will require that a supplemental contract agreement be executed between the City and the Contractor. The City will analyze Contractor revenues and expenditures prior to increasing the total amount of the contract, which may require providing reconciled monthly financial statements for the program.

(2) Allowable Flexibility

Contractors may, without prior approval from the Department, submit a reimbursement request which exceeds the approved budget of a line item up to \$500 or five percent (5%) of the line item amount, including salaries by position, whichever is greater, to the extent the total approved budget of any line item on any approved budget form is not exceeded. Line item changes in excess of the amount specified above will require a Request for Budget Revision form be submitted to and approved by the Department.

(3) Budget Amendments

Request for budget amendments shall be submitted no later than (30) calendar days prior to contract ending date, regardless of weekends or holidays. For example, for a contract ending June 30, the last day to submit a request for budget amendment would be May 31, even if May 31 falls on a weekend or holiday.

## **I. Fiscal Reports and Monitoring Requirements**

(1) General Requirements

(a) Monitoring Requirements. As often as may be required at the discretion of the City, fiscal staff of the Department shall conduct scheduled monitoring visits to Contractors receiving contract funding, where fiscal records are maintained. Contractors will be required to make available appropriate financial records. In the case of computer-maintained records, availability means a printed or electronic copy of such records may be required. Financial records related to the project include those as are necessary for the Department staff to:

(i) Verify financial transactions and determine whether funds were used in accordance with applicable laws, regulations, and procedures;

(ii) Ascertain whether appropriate policies, plans, and procedures are being followed;

(iii) Provide management with systematic appraisals of financial and administrative controls; and

(iv) Determine the reliability of financial records.

(b) Following the conclusion of a monitoring visit, a written report of Findings and recommendations for corrective actions, if any, will be provided by the Department to the director and Governing Board of the organization. A nonprofit organization's written response, when required, to a Department monitoring report shall be signed by an Authorized Official and approved by the Governing Board of the organization. Reports submitted by a public Agency

shall be reviewed and signed by an Authorized Official of that organization above the level of involvement.

(2) Additional Requirements

Contracts are subject, at any time, to inspection and audit by authorized representatives of the Department, the City, federal and state agencies.

(3) Acceptance of Final Request for Reimbursement for contract period

The final Request for Reimbursement for a contract period shall be considered final fiscal report of the contract period. Final reports of expenditures submitted by Contractors are accepted by the Department subject to audit and shall not affect:

(a) The City's right to disallow costs and recover funds on the basis of a later audit or other review;

(b) The Contractor's obligation to return any funds due as a result of later refunds, corrections, or other transactions.

(4) Collection of Amounts Due

(a) Any funds paid to a Contractor in excess of the amount to which the City or Contractor is finally determined to be entitled under the terms of the contract constitute a debt to the City. If not paid within a reasonable period after demand, the City may reduce the debt by:

(i) Making an administrative offset against other requests for reimbursements.

(ii) Other action permitted by law.

(b) Except where otherwise provided by statutes or regulations, the City will charge interest on an overdue debt. The date from which interest is computed is not extended by litigation or the filing of any form of appeal.

## **J. Audit Requirements**

(1) General Requirements

(a) Contractors who expend \$750,000 or more of federal funds during the year shall have an audit conducted in accordance with the Federal Government's Office of Management and Budget (OMB) Circular A-133 as amended. The audit shall be made by an independent auditor in accordance with generally accepted government auditing standards.

(b) Contractors who receive \$25,000 or more in funding from the City, and who do not fall under OMB A-133, shall have a financial statement audit conducted by an independent auditor in accordance with generally accepted auditing standards.

(c) Except when specifically authorized by the Director in writing, the Department shall not contract with an organization in debt to the City as a consequence of the findings of an audit or other review.

(d) The audit shall be made by an independent certified public accountant in accordance with generally accepted government auditing standards covering financial and compliance audits, selected by a competitive bidding process that at minimum meets the specifications included in this section. Language in the scope of work section in the RFP issued by the organization in soliciting bids for the audit shall include the following:

(i) For Contractors with expenditures of \$750,000 or more, an examination shall be made in accordance with generally accepted auditing standards as adopted by the American Institute of Certified Public Accounts and will conform to the following authoritative sources:

(I) Standards for Audit of Governmental Organizations, Programs, Activities, and Functions (1981 revision).

- (2) Single Audit Amendments of 1996.
- (3) OMB "Compliance Supplement for Single Audits of State and Local Governments."
- (4) Office of Management and Budget Circular A-110--Uniform Administrative Requirements.
- (5) Office of Management and Budget Circular A-122--Cost Principals.
- (6) Office of Management and Budget Circular A-133.
- (7) Accounting Principles Board Opinions.
- (8) Financial Accounting Standards Board Opinions.
- (9) Other pertinent manuals, regulations, and statutes.
- (ii) For those Contractors with federal expenditures less than \$750,000 an examination shall be made as noted above except the Single Audit Amendments of 1996 and the OMB Circular A-133 do not apply.
- (iii) That a complete and comprehensive examination should encompass the following areas:
- (1) An analysis of generally accepted accounting principles as applied to legal and external reporting requirement.
- (2) An in-depth analysis of the financial accounting system and evaluation of internal controls.
- (3) Comprehensive compliance audit as provided for in OMB Circular A-133, and the Single Audit Act.
- (4) A full examination of the year-end financial statements and issuance of a formal opinion as to their fairness and comprehensiveness within accounting and legal requirements.
- (e) The organization shall provide the City with a copy of a letter engaging an audit firm selected through the bidding procedure for the organization's fiscal year most recently ended. The Department may determine not to enter into a new contract with an organization which fails to provide a letter of engagement.
- (f) The audit shall cover the entire operations of an organization receiving City financial assistance during the year.
- (g) The Contractor shall apportion the cost of such audit between its funding sources as appropriate, but in no case shall the Department be liable for audit costs in excess of the amount approved in the budget.
- (h) The report and the management letter made on the audit, shall, within thirty (30) days of receipt by the organization, be transmitted to the Department and made available by it for public inspection.
- (i) If the audit finds any material noncompliance with applicable laws and regulations by, or material weakness in the internal controls of the Contractor, the Contractor shall submit to the Department a plan for corrective action to eliminate the material noncompliance or weakness or a statement describing the reasons that corrective action is unnecessary. The Department reserves the right to amend, suspend, or terminate any current contract with the organization based on the findings of the audit.
- (j) If the auditor becomes aware of illegal acts or other irregularities, prompt notice shall be given to the Contractor's management officials above the level of involvement. These officials, in turn, shall promptly inform the City of the illegal acts or irregularities.

(k) All fraud, abuse, or illegal acts or indications of such acts, including all questioned costs found as the result of these acts, that auditors become aware of should be covered in a separate report submitted to the organization audited who in turn must provide the report to the City.

(l) The organization shall inform the Department of the time and date of the exit meeting between the auditor and management of the organization and the Department may, at its discretion, be represented at this meeting.

(2) Audit Resolution

The City shall ascertain that the organization has resolved all audit findings. Resolution shall be made within six (6) months of the receipt of the report by the City with corrective action undertaken as rapidly as possible.

(3) Audit Work Papers and Reports

The Contractor must comply with and ensure the following requirements are included in its contract with the auditor: work papers and reports shall be retained for a minimum of five years from the date of the audit report, unless the auditor is notified in writing by the City or the cognizant federal agency to extend the retention period; audit work papers shall be made available upon request to the City, the cognizant federal agency or its designee, or the General Accounting Office at the completion of the audit.

## **14. Program Performance for Social Services Contracts**

### **A. Recordkeeping**

(1) Basic Requirements for Recordkeeping of Direct Client Services

(a) General. The Contractor is responsible for managing the day-to-day operations of contract activities to assure compliance with City requirements and that performance goals are being met.

(b) To enable the Department to efficiently monitor compliance, the Contractor's client records system should, at minimum:

(i) Be designed to maintain a record of each individual client receiving services through the project during the contract period, including the gender, race/ethnicity, age, and family income of the client whenever contractually obligated to do so;

(ii) Where applicable, provide information in the clients' files indicating their eligibility for services under City income guidelines, and other guidelines appropriate to the funding source, the basis for determining eligibility, and the last date upon which such determination was made;

(iii) Fully document all services received by an individual client through the project using verifiable source documentation;

(iv) For programs providing congregate services for which individual records are not practical, maintain a record of the total number of persons receiving services based on an actual count or estimates based on reliable methods approved by the City;

(v) Clearly reconcile the record of services provided to the tasks and activities included in the Scopes of Services;

(vi) Maintain a filing system that is easily accessible and separates contract activities in a consistent manner;

(vii) Maintained in accordance with all applicable federal, state and local laws, regulations and ordinances, including but not limited to HIPAA.

(2) Record Keeping of Clients receiving Behavioral Health Services

Record keeping shall comply, at minimum, with the standards contained within these requirements and regulations, and additionally with the most current version of the requirements maintained by the Division of Behavioral Health and Wellness.

(3) Basic Requirements for Capital Projects and other Indirect Services

(a) General. Contractors are responsible for the day-to-day management of capital projects undertaken with City funds, including acquisition and substantial rehabilitation of Real Property.

(b) For indirect service projects (projects that facilitate the provision of Social Services, but do not directly provide such services, in addition to capital improvement such indirect services may include, but are not limited to the training of service providers or otherwise creating infrastructure to provide Social Services), the Contractor's performance records system should, at minimum:

- (i) Be designed to maintain a record of tasks or activities accomplished to date;
- (ii) Fully document tasks or activities accomplished through the project using verifiable source documentation;
- (iii) Clearly reconcile the record of tasks or activities accomplished to the provisions of the Scopes of Services;
- (iv) Maintain a filing system that is easily accessible and separates contract activities in a consistent manner.

**B. Project Performance Report**

(1) Required Timelines for Submission

(a) As required in the contract but no less than quarterly, Contractors shall submit a summary report on progress toward meeting the measurable objectives included in the Scopes of Service on forms specified by the Department.

(2) General Requirements

Performance reports shall, at a minimum, provide:

- (a) A comparison of actual accomplishments to objectives established for the period.
- (b) A narrative explanation of outreach activities used to increase services to the community conditions affecting contract performance; problems, delays, or adverse conditions which have impaired the ability of the project to meet objectives if they were not met; why no activity is being reported; and any additional pertinent information related to contract performance.

(3) Report on Client Characteristics

In conjunction with the report on Project Performance, where applicable, the Contractor shall also submit a report on the unduplicated number of clients served through their project and on the characteristics of those clients in respect to gender, race/ethnicity, age, and family income; disability; and other data deemed necessary by the City to assess performance. Such reports shall be submitted on forms specified by the Department.

(4) Board Approval

Project progress reports submitted by nonprofit agencies shall be reviewed and approved by the organization Board of Directors and signed by an Authorized Official. If the Board of Directors has authorized a Director-level employee to sign on their behalf, documentation reflecting the authority of the signer approved by the Board of Directors, and reflected in Board minutes shall

be provided. The Agency shall maintain documentation of Board review and approval of the project progress reports. Reports submitted by a public Agency shall be reviewed and signed by an individual of that organization above the level of involvement.

### **C. Request for Amendment to the Work Plan**

#### **(1) Work Plan Changes**

(a) Contractors seeking to make changes in the activities to be carried out under the contract; in the measurable outputs or outcomes of major activities; in the time frame within which those activities are to be carried out; or in the qualifications of key staff members with responsibility for the activities shall submit a request for Amendment to the Work Plan, including a narrative justification for the changes requested.

(b) Changes in the approved Work Plan shall not be effective without the prior approval of the Department and no change will be approved during the final quarter of the contract year.

(c) Approved changes to the Work Plan shall be reflected in the project performance reports described herein.

(d) Changes in the Work Plan deemed by the Department to constitute material changes in the original scope of services may require incorporation into a supplemental agreement to the approved contract.

### **D. Contract Monitoring**

#### **(1) General Requirements**

(a) As often as may be required, but no less than annually and prior to renewal, at the discretion of the Department, scheduled monitoring visits will be conducted with organization staff and/or program participants receiving contract funding. Contractors will be required to make available such records related to the program as are necessary for the Department staff to:

(i) Verify compliance with these Administrative Requirements, contractual obligations, division policies and procedures, and applicable minimum standards, plans, and procedures.

(ii) Verify contract Scopes of Service and determine if services were provided, and provided in accordance with applicable laws, regulations, and procedures;

(iii) If applicable, determine whether clients assisted met income and other guidelines established for City-supported direct services;

(iv) Ascertain whether Contractor procedures are being followed, including the number and qualification of staff assigned to service delivery;

(v) Provide management with appraisals of program and administrative controls; and

(vi) Determine the reliability of program records.

(b) In the course of the monitoring, certain items not directly related to the City contract may require additional research. If, at the discretion of Department staff, an item or items may be judged to have an impact on the organization's ability to maintain fiscal integrity or provide services, the organization shall provide documents related to these items.

(c) Following the conclusion of a monitoring visit, a written report of Findings and recommendations for corrective actions, if any, will be provided by the Department to the director and Governing Board of the organization. A nonprofit organization's written response,

when required, to a Department monitoring report shall be signed by an Authorized Official and approved by the Governing Board of the organization. Reports submitted by a public Agency shall be reviewed and signed by an Authorized Official of that organization above the level of involvement.

(2) Additional Requirements

Contracts are subject, at any time, to inspection and audit by authorized representatives of the Department, the City, and cognizant federal and state agencies.

(3) Acceptance of Final Reports

Final reports of program progress submitted by Contractors and accepted by the Department are subject to audit or later review.

**E. Subsequent Funding**

(1) General Requirements

All contracts shall be reviewed at least annually prior to contract renewal to determine if the service performance standards/goals established by the Department have been met. Entities that have not met at least 90% of the goals in a Social Services Agreement for the two (2) prior consecutive years, unless Department staff have determined that extenuating circumstances beyond the control of the Contractor precluded its ability to meet the goals, shall not be eligible for contract renewal, and services may be procured. The Department shall keep for public inspection written documentation of whether goals have been met. Because the contracting process requires a determination of goal compliance prior to the completion of the funding year, the Department reserves the right to determine whether goals were met based on a history of the prior year(s) goal performance, the Contractor's performance to date, and the Contractor's anticipated performance in achieving the goal in the current year. The Department may evaluate Contractor standing with all City departments when determining if Contractor is eligible for contract renewal.

(2) Notification of Provisional Award

Depending on the results of the achievement of goal performance, and project performance, the Department will notify the entity of its intention to award a Social Services Contract for a subsequent year(s) following the original grant. If changes are required in the budget or work program, the Department will enter into negotiations for changes with the Applicant organization.

(3) Contract Expenditure Review

The City shall, from time to time during the contract period, review the actual organization expenditures charged to the contract. At the discretion of the City, unutilized funds may be de-obligated from the contract for reallocation.

(4) Continuation of Funding

Continuation of funding is dependent on City Council and Mayor approval.

**F. Contract Closeout**

This section applies to contracts which are expiring or terminating with no subsequent contract renewals.

(1) The Department will close-out the contract when it determines that all applicable administrative actions and all required work of the Contractor has been completed.

(2) The Agency must submit their final request for reimbursement within 15 calendar days after the end date of the last period of performance.

(3) Within 10 calendar days of the end date of agreements utilizing Medicaid as Program Income, the Contractor is eligible to submit for reimbursement any Medicaid denials if funds remain available in the contract.

(4) The Agency must submit, no later than 90 calendar days after the end date of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the award.

(5) A Contractor must liquidate all obligations incurred under the Agreement not later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of the Agreement.

(6) The Contractor must promptly refund any balances of unobligated cash that the Department has paid in advance or paid and that are not authorized to be retained by the Agency approved by the Department for use in other projects.

(7) The Contractor must either return or reimburse the City for any Equipment and Expendable Property acquired in whole or in part with Contract funds as it pertains to requirements contained herein.

## **15. Waivers**

### **A. General Considerations**

The Director may authorize Waivers to provisions in these Administrative Requirements on a case-by-case basis when such Waivers are in the best interest of the City of Albuquerque, the program recipients, and are not in conflict with applicable local, state, or federal laws and regulations. Request for the Waiver must take place immediately upon recognition of the need for the request. The activity that is the subject of the Waiver must cease until the Waiver has been granted.

### **B. Procedures**

When the Contractor seeks to be out of compliance with any regulation contained herein, the Contractor shall put in writing the specific provision for which they are requesting a Waiver, and the justification for the request. The Director has discretion to accept or refuse, and will respond in writing with a rationale for the decision. The Director's decision is final. No Waivers shall be presumed, and a Waiver for any one person or situation shall not be transferrable to other persons or situations. Each Waiver must be requested annually.

### **C. Waivers Regarding Background Check Results**

The Director may grant individual Waivers for employees and volunteers to be engaged by the Contractor to provide services, based on the results of the background check, if the Contractor can ensure that the subject employee or volunteer does not come in proximity to members of the Vulnerable Population during the course of performing the subject's duties for the Contractor, and the infraction is unrelated to the position they hold. Any Waiver granted by the Director shall be documented in writing in the Contractor's file and include:

(1) General Requirement of Documentation

(a) A request from the Contractor detailing the justification for the requested Waiver for the subject employee or volunteer;

(b) The precautions to be taken by the Contractor to prevent the subject person from coming into contact with the Vulnerable Population during the entire contract period, and/or how the infraction is unrelated to the work of the subject person;

(c) Conditions and precautions imposed by the Director as a basis of granting the Waiver; and

(d) The Director's written permission.

#### **D. Requests for Waivers to Conflict of Interest Requirements**

Failure to disclose conflicts of interest may result in Suspension or Termination of a contract. A request for a Waiver to the conflict of interest requirements shall be submitted at any time during the term of the contract that conditions creating a conflict of interest may occur. Furthermore, the Immediate Family and Close Relative of any board member, officer or managing employee is prohibited from being an unpaid volunteer of the nonprofit absent written permission from the Department Director.

##### **(1) Contractor Requirements**

A Contractor requesting a Waiver to the conflict of interest requirements shall submit to the Department the following:

(a) A written statement from the individual with the perceived conflict, disclosing the perceived conflict to the Agency, signed by the individual;

(b) a disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict;

(c) a description of how the public disclosure was made; and

(d) a justification for why the Waiver is requested.

##### **(2) City Requirements**

The City will develop and review documentation associated with the Waiver request.

(a) The City Attorney will provide an opinion and recommendation based on review of documentation submitted by Contractor, and state and local conflict of interest laws.

(b) Upon review of the City attorney's opinion and recommendation, and all other available documentation, the Director will make a determination to grant or refuse the Waiver. The Director will respond in writing with a rationale for the decision. The Director's decision is final. No Waiver shall be presumed, and a Waiver for any one person or situation shall not be transferrable to other persons or situations. Each Waiver must be requested annually. Any Waiver requested shall be documented in the Contractor's file.

## **16. Suspension and Termination Procedures**

### **A. General Considerations**

The Department considers the contract violations listed below to be material failures and potentially the basis for Suspension or Termination of a contract. This list is not exhaustive as violation of any contract provision may be considered the basis for Suspension or Termination of the contract. The Contractor bears the burden of demonstrating that it has or will cure the material failure by providing any information, documentation or assurances requested by the Department.

#### **(1) Contract Violations**

The following contract violations constitute material breach on the part of the Contractor:

(a) Any audits of the organization revealing illegal activities, irregularities, exceptions, or material weaknesses in internal controls.

(b) Failure to comply with the requirements of the scope of work set forth in the contract, including failure to provide specified services, substantial failure to meet measurable objectives, provision of assistance to ineligible beneficiaries, or lack of adequate personnel.

(c) Failure to maintain adequate financial controls of contract funds in accordance with applicable laws, regulations, policies, plans, and procedures.

(d) Failure to comply with applicable assurances regarding Civil Rights laws and Executive Orders or with assurances regarding the limitations on the use of funds for sectarian religious purposes.

(e) Failure to submit required financial and program reports in a timely manner or to comply with applicable requirements regarding Departmental fiscal or program monitoring.

(f) Failure to provide requested documentation or provide adequate response to the City's lawful request.

### **B. Procedures**

When conditions are identified which may be serious enough to cause the Department to consider Suspension or Termination of a contract, the Contractor shall be advised in writing by the Director of the reasons for possible Suspension or Termination and request that the Contractor submit, within five (5) business days, a response describing the steps that have or will be taken to correct the identified deficiency. If, however, the Department determines that conditions are such that any delay would seriously jeopardize the interests of the City of Albuquerque, a Suspension may be made immediately effective.

### **C. Termination for Cause**

If a satisfactory written response to the notification described in the procedures above is not received within five (5) business days, the Director may issue a written notice to the Contractor of the Termination of the contract at least five (5) calendar days before the effective date of the Termination. Following the Termination of the contract, the City will reimburse the Contractor for allowable expenses obligated prior to termination in accordance with contract provisions regarding Termination for cause. The Contractor is responsible for complying with Contract Close Out Procedures pursuant to Section 14.F.

### **D. Termination for Convenience of the City of Albuquerque**

If the Department determines that continuation of a contract is no longer in the best interests of the City, it may terminate the contract without cause by giving at least a forty-five (45) day notice, in writing, to the Contractor. In such cases, the Contractor may be reimbursed for expenses incurred, including any actual out-of-pocket expenses incurred during the contract period which are directly attributable to the uncompleted portion of the services covered by the agreement. The Contractor is responsible for complying with Contract Close Out Procedures pursuant to Section 14.F.

### 17. Interpretation of a Rule

If a Contractor desires a formal interpretation of a rule including whether or not the rule is applicable to a specific situation, the Contractor may request, in writing, a formal interpretation. The assigned Program Staff will respond in writing with the Department’s interpretation.

### 18. Standard Forms for City Contracts

Unless otherwise specified by the Department, applications shall use and include the forms found at the Department’s website: [www.cabq.gov/family/partner-resources/request-for-proposals/administrative-requirements](http://www.cabq.gov/family/partner-resources/request-for-proposals/administrative-requirements)

Appendix: Resources for Administrative Requirements

Authority	Citation
American Institute of Certified Public Accountants <a href="http://www.aicpa.org">http://www.aicpa.org</a> Accounting Principles Board Opinions Financial Accounting Standards Board Opinions	
City of Albuquerque Code of Ordinances <a href="http://www.amlegal.com/albuquerque_nm/">http://www.amlegal.com/albuquerque_nm/</a> Housing and Neighborhood Economic Development Fund Public Purchases	4-2-2-1, ROA 1994 5-5-1 et seq., ROA 1994
Executive Orders <a href="https://www.federalregister.gov/presidential-documents/executive-orders">https://www.federalregister.gov/presidential-documents/executive-orders</a> Further Amendments to Executive Order 11478, Equal Employment Opportunity in the Federal Government, and Executive Order 11246, Equal Employment Opportunity	EO 13672
Federal Regulations <a href="https://www.ecfr.gov">https://www.ecfr.gov</a> Confidentiality of Alcohol and Drug Abuse Patient Records Continuum of Care Fund Department of Labor Regulations Emergency Solutions Grants Program HOME Investment Partnerships Program HUD Program Requirements	42 CFR 2.1 24 CFR 582 41 CFR 60 24 CFR 576 24 CFR 92 24 CFR 5
Federal Statutes and Laws <a href="https://www.govinfo.gov/">https://www.govinfo.gov/</a> Americans with Disabilities Act of 1990 (ADA) Clean Air Act of 1970 Low-Income Housing Assistance Community Development Block Grant Program, and Section 8 Rental Assistance Davis-Bacon Act Early Head Start Fund Equal Employment Opportunity Act Federal Water Pollution Control Act Low Income Energy Assistance Older Americans Act	42 U.S.C. §12101 42 U.S.C. §7401 42 U.S.C. §1437f 40 U.S.C. §3141 42 U.S.C. §9801 42 U.S.C. §2000e 33 U.S.C. §1251 42 U.S.C. §8621 42 U.S.C. §3001

Single Audit Act	31 U.S.C. §7501
Stewart B. McKinney Homeless Assistance Act of 1987	42 U.S.C. §11301
Supplemental Nutrition Assistance Program	7 U.S.C. §2011
Supplemental Security Income (SSI)	42 U.S.C §1381
Temporary Assistance for Needy Families (TANF)	42 U.S.C. §608
Title XX - Block Grants to States for Social Services	42 U.S.C. §1397
Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970	42 U.S.C. §4601
Government Accountability Office	
<a href="https://www.gao.gov/">https://www.gao.gov/</a>	
Standards for Audit of Governmental Organizations, Programs, Activities, and Functions	Yellow Book
Standards for Internal Control in the Federal Government	Green Book
U.S. General Services Administration	
Per Diem Overview (Travel Costs)	<a href="http://www.gsa.gov/perdiem">www.gsa.gov/perdiem</a>
New Mexico Statutes and Laws	
<a href="http://public.nmcompcomm.us/nmnxtadmin/">http://public.nmcompcomm.us/nmnxtadmin/</a>	
New Mexico Court Rules	NMRA 1-001
Occupational Disease Disablement Law	NMSA 1978, §52-3-1
Open Meetings Act Adopted by the City of Albuquerque	NMSA 1978, §10-15-1
Workers Compensation Act	NMSA 1978, §52-1-1
Office of Management and Budget	
Circular A-110--Uniform Administrative Requirements	
Circular A-122--Cost Principals	
Circular A-133--Compliance Supplement for Single Audits of State and Local Governments	

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#### Other Resources

Albuquerque Metropolitan Redevelopment Agency  
[www.cabq.gov/planning/metropolitan-redevelopment-agency](http://www.cabq.gov/planning/metropolitan-redevelopment-agency)

City of Albuquerque  
[www.cabq.gov](http://www.cabq.gov)

City of Albuquerque Department of Family and Community Services  
DFCS requirements, rules and regulations can be found here:  
[www.cabq.gov/family](http://www.cabq.gov/family)

Housing and Urban Development (HUD)  
[www.hud.gov](http://www.hud.gov)

New Mexico Children Youth and Families Department (CYFD)  
[www.cyfd.org](http://www.cyfd.org)

Roberts Rules of Order

[www.robertsrules.com](http://www.robertsrules.com)

United Way of Central New Mexico Center for Nonprofit Excellence  
New Mexico Nonprofit Principles and Practices Guide:  
[www.centerfornonprofitexcellence.org/guide](http://www.centerfornonprofitexcellence.org/guide)

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