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**DRAFT (completion date expected 6/30/17)**

**Policies and Procedures  
County of San Mateo  
Behavioral Health and Recovery Services  
Substance Abuse Prevention Services  
July 1, 2017 – June 30, 2018**

BHRS Substance Abuse Prevention Providers are to comply with the following local, state and federal regulations and requirements including applicable provisions of the County's Substance Abuse Prevention and Treatment Block Grant Funds (SAPT BG) that are or become effective during the term of the contract that relate to providing publicly funded Substance Use Prevention services. Payment is contingent upon partnerships compliance with regulations, completion of contracted activities, and documentation requirements as outlined in this policy handbook and your contract with the county.

Last Updated January 2017  
[www.smchealth.org/bhrs/aod/policy](http://www.smchealth.org/bhrs/aod/policy)

For questions please call Stella Chau  
Prevention Coordinator  
(650) 802-6432  
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## **BHRS ORGANIZATION BACKGROUND**

San Mateo County Behavioral Health and Recovery Services provides a continuum of services for children, youth, families, adults and older adults for the prevention, early intervention and treatment of serious mental illness and/or substance use conditions. We are committed to supporting treatment of the whole person to achieve wellness and recovery, and promoting the physical and behavioral health of individuals, families and communities we serve.

### **Vision**

Individuals, families, and communities fulfill their promise and successfully pursue their dreams in a society where stigma and discrimination against those with mental illness and/or alcohol and drug addiction are remnants of the past.

### **Mission**

We build opportunities for people with or at risk of alcohol and drug addiction and mental health challenges to achieve wellness and/or recovery through partnership, innovation, and excellence.

### **Values**

- *Potential*  
We are inspired by the individuals and families we serve, their achievements and potential for wellness and recovery.
- *Power*  
The people, families, and communities we serve and the members of our workforce guide the care we provide and shape policies and practices.
- *Partnerships*  
We can achieve our mission and progress towards our vision only through mutual and respectful partnerships that enhance our capabilities and build our capacity.
- *Performance*  
We use proven practices, opportunities, and technologies to prevent and/or reduce the impacts of mental illness and addiction and to promote the health of the individuals, families and communities we serve.

## **Substance Abuse Prevention Principals**

The following principles guide the process for planning, development and implementation of prevention efforts in San Mateo County.

- Behavioral health is integral to individual health and community well-being.
- Our cultural diversity is a strength that must be accounted for and utilized in our approach.
- The participation and input from community members, including persons receiving behavioral health services and their families, should inform our efforts and community voices should be honored.
- Where people live, work, learn, play, worship, and interact – and the social connections that emerge in these settings – influence wellness in general and behavioral health specifically.
- The policies, decisions, and actions of public and private organizations, institutions and workplaces impact behavioral health outcomes.
- Strategies must be inclusive of all those living in San Mateo County – regardless of race, ethnicity, language, nationality, age, gender, sexual orientation, or presence of behavioral health conditions.
- Partnering with related community efforts facilitates the achievement of our outcomes.
- Stigma reduction and striving for its elimination is central to all strategies.
- Focusing on the principal risk and resiliency factors will yield the best results.
- Focusing on strategies that work at the organizational practice and policy levels will reach the greatest number of people and can help prevent behavioral health problems before they occur.

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## I. Framework for Prevention Programs

In order to address community problems associated with problem alcohol and drug use and to improve overall health and well-being, San Mateo County Behavioral Health and Recovery Services, Alcohol and Other Drug Services (AOD) has developed a Strategic Prevention Framework plan to create a sustainable, community-based prevention-focused infrastructure that will build partnerships between local government agencies, schools, faith based organizations, law enforcement, community-based organizations, businesses, and residents, The San Mateo County Alcohol and Other Drug Services Strategic Prevention Framework (SPF) was developed over a nine month period and includes the following components: Assessment, Capacity Building, Planning, Implementation, and Evaluation.



To achieve the goals outlined in the SPF, San Mateo County Behavioral Health and Recovery Services is issuing an RFP for the provision of community-based alcohol and other drug use prevention partnerships.

Based upon the findings in the SPF, a San Mateo County AOD Work Plan was developed. The Work Plan identifies three priority areas with multiple goals and objectives. These priority areas and the associated problem statements were derived from an analysis of county-wide quantitative and qualitative data. When responding to this RFP, each partnership is to develop a work plan using the SPF model. During the first year of this contract, the contractor will engage the community in dialogue and strategic planning to assess the extent to which alcohol, marijuana and other drugs impact the lives of community members, prioritize the issues to be addressed, and develop policy, systems, and environmental strategies that will minimize the impact of alcohol, marijuana and other drugs in the community. Community conversations should include information about the following priority areas.

### **Priority Area 1: Access and Availability to Alcohol, Marijuana, and Other Drugs**

BHRS Prevention Framework focus area: Enhancing Place

#### **Problem Statements:**

- 1) San Mateo County youth under age 21 have easy access to alcohol in retail and social settings, resulting in binge drinking or other harmful consequences.

San Mateo County community norms allow young people under the age of 21 easy access to alcohol in retail and social settings, which may result in consequences such as poor educational outcomes, poor health, substance use disorders, and involvement in the juvenile justice system.

- 2) San Mateo County youth and adults have easy access to marijuana in retail and social settings, which can result in harmful consequences.

San Mateo County youth and adults have easy access to marijuana. This can result in unintended harmful consequences such as impaired judgment, impaired development, substance use disorders, adverse health outcomes, and other long term harmful effects.

- 3) San Mateo County youth have access to variety of legal or illegal substances which can vary widely depending on community, socioeconomic factors, and societal norms.

San Mateo County youth and adults often lack information on the potential harmful effects of prescription drugs and illicit substances such as Xanax, Oxycodone, amphetamines, morphine, heroin, etc.

## **Priority Area 2: Community Connections and Supports**

BHRS Prevention Framework focus areas: Connecting People and Fostering Prosperity

### **Problem Statements:**

1. There are policies, systems, and environmental factors in the community that impact the overall health and well-being of the community including alcohol and other drug use.
2. San Mateo County has vulnerable communities of people who face stigma and inequitable consequences from alcohol and other drug use, and whose isolation and marginalization may contribute to problem substance use.
3. Many parents and caregivers struggle to effectively address the challenging and risky behavior of their children in a positive way, especially during adolescence.

## **Priority Area 3: Building the Capacity of an Effective Prevention System**

BHRS Prevention Framework focus area: Expanding Partnerships

### **Problem Statements:**

- 1) There is limited capacity for local communities to address the environmental and cultural norms which contribute to problem alcohol and other drug use.

## II. Funding Restrictions of Substance Abuse And Prevention Treatment Block Grant (SAPT BG)-

Substance Abuse Prevention and Treatment Block Grant Funds (SAPT BG) are dedicated funds mandated by Congress. Behavioral Health and Recovery Services utilizes the funds through a Negotiated Rate Contract (NRC) with Substance Use Prevention Contractors in the County of San Mateo to empower and support community based substance abuse prevention activities, which promote overall health and well-being of the San Mateo County residents, with a focus on youth. The desired result of primary prevention is to promote safe and healthy behaviors and environments for individuals, families, and communities.

### A. Federal Regulations

#### 1) Federal SAPT Regulations for Primary Prevention

Contractor must adhere to Title 45 CFR 96.125  
[www.law.cornell.edu/cfr/text/45/96.125](http://www.law.cornell.edu/cfr/text/45/96.125)

#### **§ 96.125 Primary prevention.**

(a) For purposes of § 96.124, each State/Territory shall develop and implement a comprehensive prevention program which includes a broad array of prevention strategies directed **at individuals not identified to be in need of treatment**. The comprehensive program shall be provided either directly or through one or more public or nonprofit private entities. The comprehensive primary prevention program shall include activities and services provided in a variety of settings for both the general population, as well as targeting sub-groups who are at high risk for substance abuse.

(b) In implementing the prevention program the State shall use a variety of strategies, as appropriate for each target group, including but not limited to the following:

**(1) Information Dissemination:** This strategy provides awareness and knowledge of the nature and extent of alcohol, tobacco and drug use, abuse and addiction and their effects on individuals, families and communities. It also provides knowledge and awareness of available prevention programs and services. Information dissemination is characterized by one-way communication from the source to the audience, with limited contact between the two. Examples of activities conducted and methods used for this strategy include (but are not limited to) the following:

- (i) Clearinghouse/information resource center(s);
- (ii) Resource directories;
- (iii) Media campaigns;

- (iv) Brochures;
- (v) Radio/TV public service announcements;
- (vi) Speaking engagements;
- (vii) Health fairs/health promotion; and
- (viii) Information lines.

**(2) Education:** This strategy involves two-way communication and is distinguished from the Information Dissemination strategy by the fact that interaction between the educator/facilitator and the participants is the basis of its activities. Activities under this strategy aim to affect critical life and social skills, including decision-making, refusal skills, critical analysis (e.g. of media messages) and systematic judgment abilities. Examples of activities conducted and methods used for this strategy include (but are not limited to) the following:

- (i) Classroom and/or small group sessions (all ages);
- (ii) Parenting and family management classes;
- (iii) Peer leader/helper programs;
- (iv) Education programs for youth groups; and
- (v) Children of substance abusers groups.

**(3) Alternatives:** This strategy provides for the participation of target populations in activities that exclude alcohol, tobacco and other drug use. The assumption is that constructive and healthy activities offset the attraction to, or otherwise meet the needs usually filled by alcohol, tobacco and other drugs and would, therefore, minimize or obviate resort to the latter. Examples of activities conducted and methods used for this strategy include (but are not limited to) the following:

- (i) Drug free dances and parties;
- (ii) Youth/adult leadership activities;
- (iii) Community drop-in centers; and
- (iv) Community service activities.

**(4) Problem Identification and Referral:** This strategy aims at identification of those who have indulged in illegal/age-inappropriate use of tobacco or alcohol and those individuals who have indulged in the first use of illicit drugs in order to assess if their behavior can be reversed through education. It should be noted, however, that this strategy does not include any activity designed to determine if a person is in need of treatment. Examples of activities conducted and methods used for this strategy include (but are not limited to) the following:

- (i) Employee assistance programs;
- (ii) Student assistance programs; and
- (iii) Driving while under the influence/driving while intoxicated education programs.

**(5) Community-Based Process:** This strategy aims to enhance the ability of the community to more effectively provide prevention and treatment services for alcohol, tobacco and drug abuse disorders. Activities in this strategy include organizing, planning, enhancing efficiency and effectiveness of services implementation, inter-agency collaboration, coalition building and networking. Examples of activities conducted and methods used for this strategy include (but are not limited to) the following:

- (i) Community and volunteer training, e.g., neighborhood action training, training of key people in the system, staff/officials training;
- (ii) Systematic planning;
- (iii) Multi-agency coordination and collaboration;
- (iv) Accessing services and funding; and
- (v) Community team-building.

**(6) Environmental:** This strategy establishes or changes written and unwritten community standards, codes and attitudes, thereby influencing incidence and prevalence of the abuse of alcohol, tobacco and other drugs used in the general population. This strategy is divided into two subcategories to permit distinction between activities which center on legal and regulatory initiatives and those which relate to the service and action-oriented initiatives. Examples of activities conducted and methods used for this strategy shall include (but not be limited to) the following:

- (i) Promoting the establishment and review of alcohol, tobacco and drug use policies in schools;
- (ii) Technical assistance to communities to maximize local enforcement procedures governing availability and distribution of alcohol, tobacco and other drug use;
- (iii) Modifying alcohol and tobacco advertising practices; and
- (iv) Product pricing strategies.

#### 4) Uniform Administrative Requirements

Contractor must comply with Title 45 CFR Part 92 - Uniform Administrative Requirements for Grants and Cooperative Agreements to State, Local, and Tribal Governments.

B) County Regulations

BHRS will conduct annual monitoring reviews of prevention partnerships to ensure adherence of the SAPT BG and County contract requirements. This process is completed through the use of monitoring instruments that elicits qualitative responses to identify programmatic strengths, deficiencies or concerns that ultimately may affect prevention activities within the County. Contractor shall certify compliance with the following SAPT BG and County contract requirements on an annual basis:

1. Expenditures of SAPT Block Grant Funds
2. Restrictions of Expenditures of SAPT Block Grant Funds
3. OMB Circular
4. Continuing Education for Employees
5. Nondiscrimination in Employment Services
6. Access of Services for Persons with Disabilities
7. ADA Compliance
8. Charitable Choices Policy
9. Compliance with Data Standards
10. Trafficking Victims Protection Act (TVPA) requirements
11. Fingerprinting of all contractors and contracted staff

Per All County Contracts Requirements

12. County non-discrimination policy
13. County equal employment opportunity requirements
14. County requirements regarding employee benefits
15. County jury service pay ordinance
16. The hold harmless provision
17. County insurance requirements
18. The County Living Wage Ordinance
19. All other provisions in standard contract

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### III. General Administrative Requirements for Contracted Services

- A. Contractor shall attend monthly meetings for prevention partnerships, held by the County Prevention Coordinator
- B. Contractor shall acknowledge the San Mateo County Behavioral Health and Recovery Services and/or the County of San Mateo as a funding source and/or partnering agency on newly developed promotional materials.
- C. Subcontracting requirements:  
Pursuant to Paragraph 8 of the body of said Agreement, Contractor may subcontract for provision of services described in this Agreement with written approval of the Director of the Behavioral Health and Recovery Services agency or designee. If Contractor subcontracts for any services under this Agreement, Contractor will guarantee that any and all subcontractors have and maintain the same level of insurance coverage required of the Contractor under this Agreement. Contractor and County will be listed as additional insured on all applicable insurance of subcontractor.
- D. Contractor shall maintain prevention activity recordings (for a period of 7 years for state auditing purposes). Records should include, but are not limited to:
  - 1. Sign in sheets for monthly partnership meetings, youth meetings, and parent meetings, and other community events and/or other documentation showing the completion of an activity/event/service
  - 2. Copies of agendas for meetings
  - 3. Notes of key meetings and distribution to county staff
  - 4. Copies of materials created for distribution and flyers for events
- E. In performing the services described in the Exhibits, Contractor shall perform the following services and abide by the following provisions:
  - 1. Make use of available community resources, including recreational resources.
  - 2. Operate program(s) during times that provide reasonable accessibility for program participants with hours of operation posted in a conspicuous location.
  - 3. Perform outreach activities to encourage individuals in need of SUD services to reach these services
- F. Work collaboratively with the County to provide treatment services to the following San Mateo County priority population listing:
  - a. Pregnant injection drug users;
  - b. Pregnant substance users;
  - c. Pregnant Intravenous Drug Users;
  - d. Parenting injection drug users;
  - e. Parenting substance users;
  - f. Pregnant Intravenous Drug Users;
  - g. Non-English speaking;
  - h. Hearing impaired;

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- i. Physically impaired;
  - j. Gay/lesbian;
  - k. Elderly (for adult services);
  - l. Pregnant women;
  - m. HIV-positive;
  - n. Homeless individuals;
  - o. Adults in the Criminal Justice system;
  - p. Youth;
  - q. Families with children five years of age or younger;
  - r. Persons with a co-occurring disorder; and
  - s. Diverse cultures.
  - t. In any event, contractor will give priority admission to San Mateo County residents.
- G. Demonstrate a commitment, in good faith, to recruit and retain program staff who can communicate with and relate to diverse populations.
- H. Assure that Contractor's program staff receives training that addresses the prevention and treatment issues and approaches relevant to the special and/or underserved populations designated in Section III, Paragraph B above.
- I. Facility Requirements:
1. Maintain accessibility to program activities according to governing law, including the Americans with Disabilities Act (ADA), as applicable.
  2. Provide service site(s) that will promote attainment of Contractor's program objectives. Arrange the physical environment to support those activities.
  3. Decrease program costs when possible by procuring items at no cost from County surplus stores and by accepting delivery of such items by County.
- J. A policy statement on smoking in program facilities and during program activities.
- K. A policy statement on the use of medically-prescribed drugs for co-occurring individuals or individuals who have other medical needs. Refer to SMC Medication Policy – NO. SMCAOD1\_2008.
- L. Adherence to San Mateo County Narcotic Replacement Therapy Policy NO. SMCAOD 1-A\_2008.
- M. Adherence to San Mateo County Relapse Policy NO. SMCAOD 2\_2008.
- N. Adherence to San Mateo County Medical Marijuana Policy No. SMC BHRS 10-02.
- O. Adherence to San Mateo County Providing Services to Persons with Physical Disabilities Policy No. SMC AOD 1-2010.
- P. A policy statement on prevention of violence in the workplace.
- Q. Contractor shall comply with Title 9, section 10561(b) (1) of the California Code of Regulations, and shall report any unusual incidents occurring in connection with the performance of this Agreement with regards to Contractor's program(s), within twenty-four (24) hours of the incident, as well as a written report to the County

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BHRS-AOD Administrator or designee, within seven (7) calendar days of any unusual incident.

R. Conflict of Interest Requirements:

1. If Contractor is a nonprofit agency, Contractor will comply with the California Corporations Code on Non-Profit Corporations.
2. Do not permit any member of Contractor's governing board to have or acquire, directly or indirectly, any personal financial interest in the performance of this Agreement, as by providing goods or services for compensation, or otherwise, without having first disclosed the same to the governing board.
3. Disclose to County in writing, within fourteen (14) calendar days of the occurrence of any of the following circumstances:
  - a. When any of the following persons or organizations performs for compensation any administrative or operational functions for Contractor with respect to the performance of this contract (including, but not limited to, fiscal accounting or bookkeeping functions).
    1. Any member of Contractor's governing board.
    2. Any person who is related by blood or marriage to a manager or a member of Contractor's governing board.
    3. Any organization in which any person who is related by blood or marriage to a manager or member of Contractor's governing board has a substantial personal financial interest.
  - b. When Contractor enters into any agreement for the acquisition of goods or services for more consideration that would be paid for equivalent goods or services on the open market.
4. If the BHRS-AOD Administrator reasonably determines that any activity constitutes a conflict of interest which is detrimental to program participants, program implementation, or program functioning, County may require Contractor to cease said activity.
5. If Contractor does not cooperate with any of the provisions of Paragraphs 1 through 4 of this Section, County may withhold payment subsequent to Contractor's non-cooperation. County will describe intention to withhold payment with justification in writing to Contractor.

S. Confidentiality and Security of Information

1. Contractor agrees to implement and maintain administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of all confidential information that it creates, receives, maintains or transmits. Contractor will provide the State with information concerning such safeguards upon request.

H. Contractor shall submit an annual cultural competence plan that details on-going and future efforts to address the diverse needs of clients, families and the workforce. The plan shall be based on the National Culturally and

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Linguistically Accessible Services (CLAS) Standards issued by the Department of Health and Human Services.

<https://www.thinkculturalhealth.hhs.gov/pdfs/EnhancedNationalCLASStandards.pdf>

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#### **IV. California Outcomes Measurement System for Prevention Services (CalOMS Pv)**

A. CalOMS-Prevention (PV)

Contracted providers receiving Substance Abuse Prevention and Treatment (SAPT) Primary Prevention Set-Aside funding must participate in state and county mandated trainings on the data entry system. Staff shall enter activities in the system, which correspond to yearly work plans. Data entry includes weekly activities on planning, service delivery, and administrative duties. A year-end report is required of each provider and it will be uploaded into CalOMS Pv system. When submitting data, Contractor must shall comply with the CalOMS Pv Data Quality Standards.

Contractor shall report services/activities by the date of occurrence on an ongoing basis throughout each month. Contractor shall submit all data for each month no later than the 10th day of the following month. The quantity and quality of CalOMS Pv data input should accurately and adequately reflect the amount of funding, time, and effort devoted to implementation of the Work Plan.

Refer to DHCS Primary Prevention Reporting, Issued March 17, 2009, Issue No. 09-02

## V. Contractual Due Dates

A. By the 10<sup>th</sup> of every month, following the month of service, the following shall be remitted to BHRS:

1. All Invoices
2. CalOMS prevention data entry
3. The agenda, notes, and sign in sheets for the previous month's partnership meeting

B. The following are reports that are due on an annual basis:

- |                              |                   |
|------------------------------|-------------------|
| 1. Yearly Work Plan          | June 30, 2016     |
| 2. Board of Directors Roster | January 2, 2017   |
| 3. Annual Agency Budget      | July 1, 2017      |
| 4. Year End Report           | July 30, 2017     |
| 5. Cost Report               | August 15, 2017   |
| 6. Annual Audit              | November 15, 2017 |

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## VI. Performance and Payments

- A. County may withhold all or part of Contractor's monthly payment if Contractor fails to submit timely satisfactorily completed reports during the term of this Agreement or the term(s) of previous Agreements, including but not limited to:
1. Annual budget proposal;
  2. California Outcomes Measurement System Prevention (CalOMS Pv) services;
  3. Quarterly reports;
  4. Final/Year-end Cost Report.
  5. Final/Year-end Report on services
- B. County will release to Contractor any payments withheld under this section to Contractor when County verifies that Contractor has submitted all required documents.
- C. Services provided by Contractor more than thirty (30) days after County has given notice of termination, in excess of County's maximum contractual financial obligation, or in excess of Contractor's contractual responsibility are solely at Contractor's risk and financial responsibility, unless said extra services are specifically authorized in writing by the County and reflected in a duly executed Amendment to this Agreement.
- D. Except where otherwise described herein, County will pay Contractor total contract amount in twelve (12) equal monthly payments for Flat Rate contracts. County will pay Contractor's monthly payment within 30 days, upon timely submission of reports as outlined above. Contractor will provide information on the services provided on monthly invoices.
- E. In addition to entering services into the CalOMS Prevention database system, there are also reporting requirements to receive full payment:
2. Submit to County a quarterly report reporting on the services completed as outlined on the yearly work plans which are submitted to AOD at the beginning of the fiscal. The Quarterly Report shall include expenses, revenues and services completed/provided outlining expenditures made and describing actual delivery of services provided under the Exhibits by by project and funding source.

## **VII. Utilization**

A mid-year quarterly report will be due annually on January 20th. If this report indicates that Contractor has not provided forty-five percent (45%) of the anticipated annual amount of contracted services, County may require Contractor to submit monthly corrective action plan describing actual delivery of services provided under the Exhibits for the remainder of the contract term.

In the event Contractor is not in compliance with the performance standards set forth in above based upon Contractor's six month performance data, County will withhold an amount sufficient to recover the projected performance shortfall, per modality, for the remainder of the contract term. The total amount to be withheld will be divided equally over the remaining months of the term of the Agreement.

1. Any outstanding payment issues will be reconciled at year-end settlement as set forth in this attachment subject to section VI below.
2. However, if, based on Contractor's performance, the County determines that Contractor will be unable to meet the performance standards set forth in paragraph 2 above during the term of this Agreement, County may request that Contractor agree to an Amendment of this Agreement to reduce the units of service, and Contractor's consent will not be unreasonably withheld. In the event of said Amendment, County may allocate the funds for those units of service to another provider offering the same service.

## VIII. Fiscal Requirements

### 1) Standards for Financial Management Systems

Contractor must comply with Title 45 CFR Part 74

<https://www.gpo.gov/fdsys/pkg/CFR-2004-title45-vol1/xml/CFR-2004-title45-vol1-sec74-21.xml>

(a) Recipients shall relate financial data to performance data and develop unit cost information whenever practical. For awards that support research, unit cost information is usually not appropriate.

(b) Recipients' financial management systems shall provide for the following:

(1) Accurate, current and complete disclosure of the financial results of each HHS-sponsored project or program in accordance with the reporting requirements set forth in § 74.52. If the HHS awarding agency requires reporting on an accrual basis from a recipient that maintains its records on other than an accrual basis, the recipient shall not be required to establish an accrual accounting system. These recipients may develop such accrual data for their reports on the basis of an analysis of the documentation on hand.

(2) Records that identify adequately the source and application of funds for HHS-sponsored activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, income and interest.

(3) Effective control over and accountability for all funds, property and other assets. Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes.

(4) Comparison of outlays with budget amounts for each award. Whenever appropriate, financial information should be related to performance and unit cost data. (Unit cost data are usually not appropriate for awards that support research.)

(5) Written procedures to minimize the time elapsing between the transfer of funds to the recipient from the U.S. Treasury and the issuance or redemption of checks, warrants or payments by other means for program purposes by the recipient. To the extent that the provisions of the Cash Management Improvement Act (CMIA) (Pub. L. 101-453) and its implementing regulations, "Rules and Procedures for Funds Transfers," (31 CFR part 205) apply, payment methods of State agencies, instrumentalities, and fiscal agents shall be consistent with CMIA Treasury-State Agreements, or the CMIA default procedures codified at 31 CFR 205.9(f).

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(6) Written procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award.

(7) Accounting records, including cost accounting records, that are supported by source documentation.

(c) Where the Federal Government guarantees or insures the repayment of money borrowed by the recipient, the HHS awarding agency, at its discretion, may require adequate bonding and insurance if the bonding and insurance requirements of the recipient are not deemed adequate to protect the interest of the Federal Government.

(d) The HHS awarding agency may require adequate fidelity bond coverage where the recipient lacks sufficient coverage to protect the Federal Government's interest.

(e) Where bonds are required in the situations described in § 74.21 (c) and (d), the bonds shall be obtained from companies holding certificates of authority as acceptable sureties, as prescribed in 31 CFR part 223, "Surety Companies Doing Business with the United States."

The regulation can be found at (page 216): <https://www.gpo.gov/fdsys/pkg/CFR-2004-title45-vol1/pdf/CFR-2004-title45-vol1-part73b.pdf>

2) Contractor must comply with Title 45 CFR Part 96, Section 96.30 (financial management)

The regulation can be located at (page 502-503): <https://www.gpo.gov/fdsys/pkg/CFR-2004-title45-vol1/pdf/CFR-2004-title45-vol1-part96.pdf>

3) Federal Fiscal requirements contractor must comply with federal guidelines for fiscal requirements. Please see: Title 2 CFR 225 - COST PRINCIPLES FOR STATE, LOCAL, AND INDIAN TRIBAL GOVERNMENTS (OMB CIRCULAR A-87), page 153-182.

The regulation can be found at:

<https://www.gpo.gov/fdsys/pkg/CFR-2012-title2-vol1/pdf/CFR-2012-title2-vol1-part225.pdf>

**Provider Reimbursement Manual CMS - Pub. 15-1, 2135.5 - Medicare manual.**

## **B. County Fiscal Requirements**

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In performing the services described in the Exhibits, Contractor shall perform the following services and abide by the following provisions:

A. **Cost Reporting**

Contractor shall submit quarterly actual cost reports BHRS/AOD on or before the twenty first (21) calendar day following the close of the quarter of the contract term.

Maintain all financial records, perform all cost allocations, and complete all financial reports according to standard accounting practices, as well as the California Department of Health Care Services Reporting System Manual (ASRS) and the Federal Office of Management and Budget's (OMB) Circular.

Financial records shall be kept so that they clearly reflect the source of funding for each type of service for which reimbursement is claimed. These documents include, but are not limited to, all ledgers, books, vouchers, time sheets, payrolls, appointment schedules, client data cards, and schedules for allocating costs. All records must be capable of verification by qualified auditors.

B. Segregation of Duties - Generally Accepted Accounting Principles

The segregation of duties provides a system of checks and balances and therefore, is the central part of any internal control. There are four main areas where duties must be segregated:

1. The authorization of a transaction must be segregated from the processing of the actual transaction to minimize the potential for diverting the organization's resources to an employee's personal benefit.
2. Operations should be segregated from the accounting and record-keeping systems since the internal accounting system represents the primary quantitative information that is used for control purposes.
3. The custody of assets must be separated from the accounting function to minimize the potential concealment of any irregularities pertaining to the disposal of assets such as cash, inventories, and equipment.
4. The important parts of accounting functions must be separated so that different people handle different parts of the transaction. Persons who are not involved in recording the transactions themselves should perform the checks built into the system. This separation provides reasonable assurance the errors are discovered within a reasonable timeframe.

C. Payroll records

Payroll shall keep timecards for employees which can be tracked to show the allocation of costs to different programs. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation.

- (a) They must reflect an after-the-fact distribution of the actual activity of each employee
- (b) They must account for the total activity for which each employee is compensated
- (c) They must be prepared at least monthly and must coincide with one or more pay periods and they must be signed by the employee
- (d) budget estimates or distribution percentage determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes

C. Auditing

C.1. If it is deemed necessary by the BHRS-AOD Administrator or designee, hire a Certified Public Accountant to perform a fully certified audit of Contractor's program at Contractor's expense.

1. Contractor will perform audit according to standard accounting practices.
2. This expense is an allowable cost in Contractor's program budget.
3. If County reasonably believes that governing board may not have met its fiduciary and/or other contractual responsibilities, the BHRS-AOD Administrator or designee may reserve the right to develop the use of said audit and to approve the selection of the auditor.

C.2. If Contractor receives FIVE HUNDRED THOUSAND DOLLARS (\$500,000) or more in federal funds in a fiscal year, Contractor must have a single audit in accordance with Circular No. A-133. If Contractor is a non-profit organization with only one federal program, the audit can be made for that one program only.

1. Contractors receiving annually an aggregate of ONE HUNDRED FIFTY THOUSAND DOLLARS (\$150,000) or more of funds from the County must have a financial audit.
2. All audits must be conducted in accordance with government Auditing Standards (2003 Revision), prescribed by the U.S. Comptroller General, covering all County programs.
3. Contractor may conduct an audit either annually or biannually. If Contractor conducts audit biannually, audit must cover a two (2) year period.
4. Audit reports will identify each County program covered by the audit, including contract amounts and contract periods.
5. If a funding source has more stringent and specific audit requirements than the audit requirements set forth in Paragraphs D.1 through 3, directly above, those audit requirements shall apply in addition to the audit requirements set forth herein.
6. Contractor will permit independent auditors to have access to Contractor's records and financial statements as necessary to comply with all applicable audit requirements.
7. The cost of the audit must be reasonable and is an allowable cost in Contractor's program budget.

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8. Contractor will submit a copy of the audit report for each Fiscal Year. Contractor shall submit a written request for additional time to complete the audit report referenced above, subject to County's written approval.

E. Capital Equipment

Make no capital equipment purchases not already included in Contractor's approved budget, with contract funds, without prior written approval from the Director of the Human Services Agency or designee. County has the option to retain ownership of capital equipment purchased with contract funds.

F. Fundraising

Contractor will spend no contract funds on fundraising.

F. SAPT Expenditures on Stuff We All Get (SWAG)

Refer to DHCS Memo on SAPT Funding Restrictions on SWAG, incentives, and entertainment, Issued on November 15, 2013

## **IX. Year End Settlement**

### **Remittances**

In the event that Contractor's program owes money to any County agency for services or goods received specifically pursuant to this Agreement or owes money based on any audit as described in Paragraph IV.A.2. hereinbelow, County may, at its option, deduct the amount owed from any payment due to Contractor or that will become due to Contractor under this Agreement.

1. In the event that Contractor has already received payment for services, Contractor shall promptly refund to County, upon County's request, the amount to be withheld.
2. In the event that the federal, state, or San Mateo County government performs an audit of Contractor's program provided pursuant to this Agreement, and determines that funds should be withheld from County due to Contractor's performance, Contractor shall be liable to County for the full amount of the funds withheld.

### **Year end reconciliation**

At the conclusion of each year of the term of this Agreement, a year-end settlement and reconciliation will take place as follows:

1. The County's maximum payment to Contractor will be the lesser of the full contract amount or the actual Net Allowable Costs for actual or accrued expenditures made pursuant to the annual budget for contracted services submitted by Contractor for the term of the contract. Actual Net Allowable Costs will be determined by the final/year-end Cost Report.
2. If Contractor's performance by modality for the year is at or above 90% of the contracted service levels set forth in the Exhibit(s) to this Agreement, County will pay Contractor the difference between the amount it has paid Contractor as of the year-to-date and the lesser of either the contract amount of Contractor's actual Net Allowable Cost for each modality. This payment will be made within thirty (30) days of determination of year-end settlement.
3. If Contractor's performance by modality for the year is below 90% of the contracted service level, Contractor will reimburse the County the difference between the amount that County has paid Contractor as of the year-to-date and the lesser of Contractor's performance percentage applied against the contract amount or Contractor's actual Net Allowable Cost for each modality. If it is determined that the Contractor has been paid in excess of its actual Net Allowable Costs, Contractor will reimburse County within thirty (30) days of written notification by the County AODS Administrator or designee.

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## **X. NON-RENEWAL OF AGREEMENT**

- A. County shall provide Contractor with thirty (30) days' notice of its intent not to renew this Agreement or to contract with Contractor for any of the modalities described in the Agreement in the following fiscal year, and County may withhold all or part of Contractor's final payment until:
1. Contractor satisfactorily submits all reports required by this Agreement and until County has reviewed all of these reports, including the final/Year End Cost Report.
  2. Federal, state, or county government complete any audit that has been commissioned or is underway and submits the audit report, and County has reviewed said audit report.
  3. In the events of audits, set forth above, payment of amounts due and owing under the Agreement on the final invoice shall not be withheld more than one hundred eighty (180) days from notice of termination of the Agreement or from expiration of the term.

**X. Other Program Specific Requirements**

In providing its services and operations, Contractor shall maintain compliance with requirements listed in the Alcohol and Other Drug (AOD) Provider Handbook including additions and revisions, incorporated by reference herein. Reimbursement is contingent upon client eligibility, compliance with referral and authorization procedures, and documentation requirements as outlined in the AOD Provider Handbook located at: <http://smchealth.org/bhrs/aod/handbook>.

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