

## TRANSMITTAL

To: **THE COUNCIL**

Date: **02/15/23**

From: **THE MAYOR**

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

A handwritten signature in black ink, appearing to read "Chris Thompson", with a long horizontal flourish extending to the right.

(Chris Thompson) for

**KAREN BASS**  
Mayor



**COMMUNITY  
INVESTMENT  
FOR FAMILIES  
DEPARTMENT**  
*Paths to Prosperity*



KAREN BASS, MAYOR  
ABIGAIL R. MARQUEZ, GENERAL MANAGER

January 26, 2023

Council File: New  
Council District: Citywide  
Contact Persons:  
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Honorable Karen Bass  
Mayor, City of Los Angeles  
Room 303, City Hall  
200 North Spring Street  
Los Angeles, CA 90012

Attention: Heleen Ramirez, Legislative Coordinator

**COUNCIL TRANSMITTAL: REQUEST FOR AUTHORIZATION TO ACCEPT THE 2023  
COMMUNITY SERVICES BLOCK GRANT AWARD AND RELATED ACTIONS**

**SUMMARY**

The General Manager of the Community Investment for Families Department (CIFD) respectfully requests that your office review this transmittal and forward it to the City Council for further consideration. Through this transmittal, CIFD seeks authority to: (1) accept the 2023 Community Services Block Grant (CSBG) award and its amendments from the California Department of Community Services and Development (CSD) for a total award amount of \$6,361,803; (2) execute the CSBG Contract No. 23F-4022 and subsequent amendments with CSD for the term of January 1, 2023 – December 31, 2023; and (3) request an as-needed Reserve Fund Loan of up to \$1,000,000 to allow CIFD to make timely payments to the nonprofit agencies.

The CSBG award funds the FamilySource Center (FSC) System, composed of nonprofit agencies operating anti-poverty programs on behalf of the City. Related actions requested by CIFD include approval of the allocation of CSBG funding for program delivery and administrative costs to fund CIFD staff that support the CSBG program, along with related costs.

**RECOMMENDATIONS:**

- I. That the Mayor review this transmittal and forward it to City Council for further action;
- II. That the City Council, subject to the approval of the Mayor:
  - A. **AUTHORIZE** the CIFD General Manager, or designee, to:
    1. Accept the 2023 CSBG award from the State of California Department of Community Services and Development (CSD) on behalf of the City; and
    2. Execute and return to CSD the signed CSBG Contract No. 23F-4022, with the required supporting documentation, subject to review by the City Attorney as to form; and
    3. Execute any subsequent amendments to the CSBG Contract No. 23F-4022, subject to City Attorney review.
  - B. **APPROVE** the use of CSBG funds to operate the FamilySource Center System for the term of January 1, 2023, through December 31, 2023, as follows, subject to State appropriations of 2023 CSBG funds:

|   |              |
|---|--------------|
| <b>Program Cost:</b><br>FamilySource Center System<br>(01/01/2023 – 12/31/2023) | \$ 4,686,302 |
| <b>Administrative Costs:</b>  | \$1,675,501  |
| <b>Total:</b>   | \$ 6,361,803 |

- C. **AUTHORIZE** the Controller to record in the CSBG Fund No. 428 a receivable from CSD in the amount of \$6,361,803; establish a new account and appropriate funds as follows:

|  |              |
|--|--------------|
| 21W583 – Family Source Centers, Non-Profit-New | \$ 4,686,302 |
|--|--------------|

*The Administrative funds will be appropriated through the FY 2023-24 Budget process and the FY 2023-23 Financial Status Report.*

- D. **AUTHORIZE** an as-needed Reserve Fund Loan up to \$1,000,000 to CSBG Fund No. 428 for the period July 1, 2023, through June 30, 2024. The loan will be used to pay the FamilySource Centers' invoices pending reimbursement from CSD. The Reserve Fund loan shall be repaid upon receipt of grant funds from CSD.
- E. **AUTHORIZE** the Controller to decrease appropriations no longer needed in the following accounts within the CSBG Fund No. 428 related to prior years' grant awards that have been closed:

| <b>Account</b> | <b>Account Name</b>                 | <b>Amount to Decrease</b> |
|----------------|-------------------------------------|---------------------------|
| 22H122         | Community Development Dept          | 36.99                     |
| 22J214         | Family Source System CSBG           | 1,750.00                  |
| 22J281         | Family Source System                | 20,455.00                 |
| 22J282         | Family Source System                | 2,034.00                  |
| 43K143         | Housing and Community Investment    | 880.51                    |
| 43L143         | Housing and Community Investment    | 201.41                    |
| 43M143         | Housing and Community Investment    | 5,107.66                  |
| 43N143         | Housing and Community Investment    | 10,311.03                 |
| 43N261         | Family Source System January-March  | 15,695.05                 |
| 43N262         | Family Source System April-December | 65,610.00                 |
| 43P143         | Housing and Community Investment    | 78,009.54                 |
| 43R143         | Housing and Community Investment    | 376,789.52                |
| 43S143         | Housing and Community Investment    | 89,964.42                 |
| 43S299         | Reimbursement of General Fund Costs | 10,797.66                 |
| 43T143         | Housing and Community Investment    | 110,048.08                |
| 43T158         | Unappropriated Balance              | 3,500.00                  |
| 43T501         | CARES Administrative Reserve        | 286,160.00                |
| 43T908         | CARES Non-Profit                    | 444,770.54                |
| 21V121         | Community Investment for Families   | 2,187.98                  |
| 21V143         | Los Angeles Housing Department      | 76,215.95                 |
| 21V501         | CARES - Administrative Reserve      | 4,844.00                  |
|                | Total:                              | 1,605,369.34              |

- F. **AUTHORIZE** the CIFD General Manager, or designee, to prepare the Controller's instructions needed to implement actions approved by the Council and Mayor on matters presented in or derived from this transmittal, and/or to make necessary technical adjustments, subject to the approval of the City Administrative Officer; and further, request that the Controller implement the instructions.

## **BACKGROUND**

The 2023 CSBG award is an annual entitlement grant to the City of Los Angeles and funds the programs which support the City's Community Action Plan.

### ***Community Action Agencies***

Each year, the U.S. Department of Health and Human Services allocates funding to states, which in turn award CSBG funds to designated Community Action Agencies (CAA). CIFD is the designated CAA for the City of Los Angeles and administers the CSBG award on behalf of the City.

The CSD 2023 grant awarded to the City is in the amount of \$6,361,803. That amount includes a 5.8% reduction compared to last year as a result of the CSD formula calculation, which includes 2020 census data showing a 1% reduction in poverty for the City of Los Angeles.

### ***Service Delivery***

The CSBG grant provides funding to support CIFD's network of FamilySource Centers (FSCs) operated by nonprofit service providers. FamilySource Centers are also supported by City General Funds and Community Development Block Grant funds.

The FSCs were selected through a Request for Proposals (RFP) in 2015 and serve as the City's delivery system for anti-poverty initiatives and essential social services. FSCs use a two-generational approach to provide a continuum of core services designed to assist low-income families in becoming self-sufficient by increasing family income and academic achievement for youth and adults. The FSCs provide comprehensive services, including pre-employment and employment support, parenting classes, financial literacy, adult education, computer literacy, mentoring, youth leadership, college access programs, and other supportive services.

CIFD released an RFP on December 8, 2022, to re-procure and expand the number of FSCs in the City's highest-need Community Planning Areas, provide direct financial assistance to families in crisis and strengthen the capacity of the FSCs to deliver effective, efficient, and equitable services to clients. To implement the results of the RFP, CIFD plans to seek approval from the City Council and the Mayor to execute new contracts with nonprofit service providers to begin July 1, 2023.

The target population for the FSCs is extremely low- or very low-income city residents, determined by national poverty indicators. Services are available to all eligible clients, including clients with disabilities. FSCs collectively serve approximately 40,000 people annually.

## **FUNDING SUMMARY**

### ***Administrative Costs***

The CSBG regulations limit administrative expenses to 12% of the operating funds of the CAP budget, which is funded not only by CSBG but also by Community Development Block Grant (CDBG) and City General Funds. The \$1,675,501 administrative cost component of the grant is appropriated through the annual budget process. The other operating funds to support CSBG contributed \$17,166,573 to the current program year's FSC and Domestic Violence/Human Trafficking contracts. The calculation of the limit to be spent on administration is not measured against just the CSBG total but also includes leveraged funding. At the planned funding level, the budget would be 7.12% of CSBG funding for administrative services, with the remainder going toward program delivery costs.

| <b>Budget Line Item</b>               | <b>CSBG (Admin)</b> | <b>Other Funding of Community Action Plan (Program)</b> | <b>Total CSBG (Admin + Program)</b> | <b>Percent of Total</b> |
|---------------------------------------|---------------------|---|-------------------------------------|-------------------------|
| <b>Administrative Costs</b>           |                     |   |                                     |                         |
| Direct salary costs                   | 933,234             |   | 933,234                             |                         |
| Fringe Benefits                       | 411,090             |   | 411,090                             |                         |
| Operating expenses                    | 97,000              |   | 97,000                              |                         |
| Out-of-State Travel                   |                     |   |                                     |                         |
| Contractual services                  | 18,600              |   | 18,600                              |                         |
| Other costs                           | 215,577             |   | 215,577                             |                         |
| Administrative Subtotal               | \$1,675,501         |   | \$1,675,501                         | 7.12%                   |
| <b>Program Delivery Costs</b>         |                     |   |                                     |                         |
| FSC                                   |                     | \$4,686,302   | \$4,686,302                         |                         |
| Other Operating Funds to Support CSBG |                     | \$17,166,573  | \$17,166,573                        |                         |
| Program Subtotal                      |                     | \$21,852,875  | \$21,852,875                        | 92.88%                  |
| <b>TOTAL</b>                          | <b>\$1,675,501</b>  | <b>\$21,852,875</b>                                     | <b>\$23,528,376</b>                 | <b>100%</b>             |

## **EXPENDITURE PLAN**

In order to implement the FSC system, service providers are each contracted under an agreement that includes CSBG, CDBG, and City General Funds. However, these funding sources adhere to different program years; the CSBG program year is from January 2023 to December 2023, while the CDBG program year and City's fiscal year are from July 1, 2023, to June 30, 2024. The terms of the FSC agreements align with the City's fiscal year.

### **RESERVE FUND LOAN**

An as-needed Reserve Fund loan of \$1 million is requested to pay for the FamilySource Centers' invoices pending the receipt of grant reimbursement from CSD. Currently, CIFD must wait to receive the grant funds prior to issuing the Agencies a reimbursement for the prior month's expenditures.

The Agencies submit their invoices for a month's worth of incurred expenditures on the 15th of the following month. In the revised instructions from CSD, CIFD staff has 5 days to submit a drawdown claim for such expenditures as CIFD must submit grant reimbursement requests by the 20th of the current month.

CSD reimburses CIFD in the form of a check which takes six weeks for CIFD to receive. The full process, from requesting reimbursement from CSD to receiving the funds takes almost three months. The reimbursement to the Agencies is delayed until CIFD has the cash to pay the invoices, causing a negative impact on the FSCs' cash flow. To support their operations, the FSCs depend on the timely payment of their invoices. The Reserve Fund loan alleviates the impact of the delayed reimbursement from CSD. Upon receipt of the grant reimbursement from CSD, the Reserve Fund loan will be repaid.

CIFD is requesting about 15% of the total annual grant award to reimburse the Agencies on a timely basis.

### **FISCAL IMPACT STATEMENT**

The FamilySource System is funded through three funding streams: CSBG, CDBG, and the General Fund. The total funding contributes to the direct and indirect costs associated with the FSC program. This transmittal requests a Reserve Fund Loan, to be paid upon reimbursement from the CSD, to support the nonprofit partner agencies in their cash flow needs.

CIFD's FY 2023-24 Budget submission includes a General Fund request to expand the number of FSC locations and service providers, pending City Council and Mayor approval.



ABIGAIL R. MARQUEZ  
General Manager

AM:VM:JDR

ATTACHMENTS: 2023 CSBG Contract 23F-4022 (Attachment A)

## SUBVENTION AGREEMENT

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## SUBVENTION AGREEMENT

### PREAMBLE

This subvention agreement, for the funding of Community Services Block Grant (CSBG) programs in 2023 (“Agreement”), is entered into between the Department of Community Services and Development (“CSD”) and the contractor named on the face sheet of this Agreement, Form STD 213 (“Contractor”), and shall be enforceable on the date last signed.

NOW THEREFORE, in consideration of the promises and of the mutual agreements and covenants hereinafter set forth, the CSD and Contractor hereby agree as follows:

### ARTICLE 1 – SCOPE OF WORK

#### 1.1 General

Contractor shall administer and/or operate community-based programs designed to reduce poverty, revitalize low-income communities, and empower low-income families and individuals within Contractor’s service area to achieve greater self-sufficiency, pursuant to Title 42 of the United States Code (USC) Sections 9901 et seq. (the Community Services Block Grant Act, as amended) and Government Code Sections 12085 et seq., as amended. Unless otherwise specified in the Contractor’s Community Action Plan or elsewhere in this Agreement, Contractor shall make its services and activities available to the low-income community within its service area throughout the entire performance period of this Agreement. Contractor shall ensure that all services funded in whole or in part through this Agreement will support state and federal policies and goals of the CSBG Act as set forth in the above-referenced statutes. The CSBG Catalog of Federal Domestic Assistance number is 93.569. The award is 100 percent financed through the United States Department of Health and Human Services (HHS).

#### 1.2 Agreement Term

- 1.2.1 The term of this Agreement shall be as specified on the Agreement face sheet (STD 213) and is divided into two distinct sections: a period of performance from January 1, 2023 through December 31, 2023, and an extension period of January 1, 2024 through May 31, 2024.
- 1.2.2 *Period of Performance.* The period of performance of this Agreement shall be from January 1, 2023 through December 31, 2023. One hundred percent of the Agreement amount specified in Article 1.3 below is expected to be fully expended by the end of the period of performance.
- 1.2.3 *Extension Period.* The extension period provided by this Agreement is available upon approval by CSD from January 1, 2024 through May 31, 2024 to those contractors who will not fully expend 100 percent of the Agreement amount by the end of the performance period. Requests for extensions must follow Article 3.1.3 of this Agreement and be received by CSD no later than November 16, 2023.

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### 1.3 Agreement Amount

The maximum amount of this Agreement shall be as specified on the face sheet (STD 213) and is subject to adjustment(s), in accordance with the following terms:

- 1.3.1 The initial amount shall be based on the prior year's grant award of the federal Community Services Block Grant award.
- 1.3.2 Upon notification of the full federal fiscal year grant award amount from the HHS, CSD shall, if necessary, issue an amendment to this Agreement to increase or decrease the maximum amount.
- 1.3.3 If the full amount of the HHS CSBG grant award to CSD is not available for allocation, CSD will notify Contractor in writing of the amount of Contractor's allocation that is available for expenditure and shall advance funds in accordance with Article 5.2 of this Agreement, as appropriate. When additional funds are subsequently made available by HHS, CSD will notify Contractor of the total amount of funds that may be expended. Contractor may not expend funds in excess of the amount available and authorized by CSD for expenditure. Access to funding shall be conferred upon Contractor through written authorization by CSD, and amendment to this Agreement shall not be required for such purpose, except in cases where the maximum amount of the Agreement has been revised.
- 1.3.4 In the event HHS fails to provide sufficient funding to CSD to enable payment of Contractor's maximum amount of the Agreement prior to the end of the contract term, the contract amount shall be deemed to be reduced to the amount actually provided by HHS or the contract shall be closed on that basis without need for amendment pursuant to Articles 2.3.1.2 and 2.3.2.2.
- 1.3.5 This Agreement may include a specific amount allocated from the annual discretionary allocation. These funds may target a specific purpose and require a separate budget and work plan in accordance with Article 7.1 of this Agreement.

### 1.4 Service Area

The services shall be performed in the Contractor's service area as indicated on CSD's Public Website at <https://www.csd.ca.gov>.

### 1.5 Legal Authorities – Program Requirements, Standards, and Guidance

- 1.5.1 All services and activities are to be provided in accordance with all applicable federal, state, and local laws and regulations, and as those laws and regulations may be amended from time to time, including but not limited to, the following:
  - 1.5.1.1 The Community Services Block Grant Act, as amended, 42 USC § 9901 et seq., and 45 Code of Federal Regulations (CFR) Part 96;

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- 1.5.1.2 California laws and regulations applicable to CSBG Programs, Government Code (Cal. Gov. Code) § 12085 et seq., as amended, and Title 22, California Code of Regulations (Cal. Code Regs.) §§ 100601-100795;
  - 1.5.1.3 The Single Audit Act, 31 USC § 7501 et seq., and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards, 45 CFR Part 75;
  - 1.5.1.4 California Civil Code §§ 1798 et seq., and the Federal Privacy Act of 1974 (5 USC § 552a); Requirements to Respond to Incidents Involving a Breach of Personal Information, Statewide Information Management Manual (SIMM) 5340-C, California Department of Technology; and
  - 1.5.1.5 California Contractor Certification Clauses 04/2017 (CCC 04/2017); and State contracting requirements, “General Terms and Conditions, GTC 04/2017”. The provisions in their entirety, can be reviewed and downloaded at the [Department of General Services](https://www.dgs.ca.gov/) website at <https://www.dgs.ca.gov/>.
- 1.5.2 *Conflict of Laws.* Contractor shall comply with all of the requirements, standards, and guidelines contained in the authorities listed within this Agreement, as they may be amended from time to time, with respect to procurement requirements, administrative expenses, and other costs claimed under this Agreement, including those costs incurred pursuant to subcontracts executed by Contractor, notwithstanding any language contained in the following authorities that might otherwise exempt Contractor from their applicability. To the extent that the authorities directly conflict with any State law or regulation, or any provision of this Agreement, then that federal law or regulation shall apply, unless a provision of federal law applicable to block grants, such as 45 CFR § 96.30, specifically allows for the application of state law.
- 1.5.3 CSD shall provide Contractor with specific program guidance which shall be binding on the Contractor as a condition of the Contractor’s eligibility to receive CSBG funds, provided:
- 1.5.3.1 That such guidance shall be issued by CSD in writing in the form of “CSD Program Notice (CPN) No. XX-XX” or “CSD Program Advisory (CPA) No. XX-XX”;
  - 1.5.3.2 That such guidance shall be issued by CSD in the most timely and expeditious manner practicable;
  - 1.5.3.3 That such guidance shall be reasonably necessary to realize the intent and purposes of the CSBG Act;

## SUBVENTION AGREEMENT

- 1.5.3.4 That major and material changes in program requirements, which substantially affect the Contractor's and/or CSD's ability to fulfill contractual obligations, or which otherwise create a substantial hardship on either the Contractor or CSD, shall be subject to an amendment to this Agreement;
- 1.5.3.5 That the parties' failure or inability to execute a mutually acceptable amendment within a period of time allowing the parties to reasonably comply with any major change(s) in CSBG requirements, shall result in this Agreement being without force and effect, subject only to such provisions contained herein as are intended to survive the Agreement in accordance with the express and implied provisions of applicable federal and state law;
- 1.5.3.6 That Contractor is duly informed of the risk of de-designation as an eligible entity, based on CSD's obligation to avoid/minimize interruption of CSBG-funded services in any part of the state, in the event that this Agreement terminates due to failure to agree to any necessary amendment; and
- 1.5.3.7 That upon CSD's or Contractor's good faith determination, delivered to the other party by written notice, that agreement to any necessary amendment cannot be achieved, then this contract shall be terminated, and any issues of eligible entity status addressed, in accordance with requirements of federal and state law and established CSD policy and procedure.
- 1.5.4 The federal and state laws, regulations, and other authorities referenced in this Agreement are hereby incorporated by reference. Copies may be accessed for reference on the Local Agencies Portal at <https://agencies.csd.ca.gov/>.

## ARTICLE 2 – CONTRACT ADMINISTRATION AND PROCEDURE

### 2.1 Required Documents

- 2.1.1 Contractor shall provide the following documents, satisfactory to CSD in form and substance, together with a signed copy of this Agreement before CSD executes and returns the Agreement to Contractor for implementation. The following documents shall be returned to the Budget and Contracts Services Unit at [BNCS@csd.ca.gov](mailto:BNCS@csd.ca.gov) within 30 calendar days of receipt for private agencies or 45 calendar days of receipt for public agencies:
- 2.1.1.1 Federal Funding Accountability and Transparency Act Report (CSD 279);
- 2.1.1.2 Certification Regarding Lobbying/Disclosure of Lobbying Activities;
- 2.1.1.3 Contractor Certification Clauses (CCC 04/2017);

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- 2.1.1.4 Current Insurance or Self-Insurance Authority Certification; and
- 2.1.1.5 Board Resolution authorizing execution of this Agreement.
- 2.1.2 In addition to the documentation requirements set forth in Article 2.1.1, CSD's obligations under this Agreement are expressly contingent upon Contractor providing the supplemental documentation set forth below, and available on the Local Agencies Portal at <https://agencies.csd.ca.gov/>. The following documents shall be returned to the assigned CSD Field Representative within 30 calendar days of receipt for private agencies or 45 calendar days of receipt for public agencies, and shall each be subject to approval by CSD in form and substance:
  - 2.1.2.1 CSBG Contract Budget Summary (CSD 425.S);
  - 2.1.2.2 CSBG Budget Support Personnel Costs (CSD 425.1.1);
  - 2.1.2.3 CSBG Budget Support Non-Personnel Costs (CSD 425.1.2);
  - 2.1.2.4 CSBG Budget Support Other Agency Operating Funds (CSD 425.1.3);
  - 2.1.2.5 CSBG Contract Budget Narrative (CSD 425.1.4);
  - 2.1.2.6 CSBG Annual Report Work Plan (CSD 641);
  - 2.1.2.7 CSBG Annual Report Projections (CSD 641A and or CSD 641B);
  - 2.1.2.8 Agency Staff and Board Roster (CSD 188);
  - 2.1.2.9 Board Meeting Schedule; and
  - 2.1.2.10 Updated Organizational Bylaws (if applicable).
- 2.1.3 *Board Resolution.* Contractor must also submit a governing board resolution with a DocuSign signature or a wet signature of the board's authorized representative, identifying the individual(s) authorized to execute the 2023 CSBG Agreement and any amendments.
- 2.1.4 CSD shall maintain a certified date-stamped copy of this Agreement for inspection by Contractor during normal business hours.
- 2.1.5 This Agreement may not be changed or altered by any party, except by a formal written, fully executed amendment, or as provided in Article 1.5.3 with respect to program guidance, or as provided in Article 3 – Agreement Changes. Upon such amendment of any provision, the amended PDF version shall be date-stamped and posted to the Local Agencies Portal at <https://agencies.csd.ca.gov/> until such time as a subsequent agreement or amendment is executed by the parties.

## SUBVENTION AGREEMENT

- 2.1.6 Contractors that are public or governmental entities with local provisions requiring receipt of a copy of all parts of this Agreement as a prerequisite to execution, as well as other contractors that make special arrangements with CSD, may receive copies for execution and retention.

### 2.2 Contractor's Option of Termination

- 2.2.1 Contractor may, at Contractor's sole option, elect to terminate this Agreement in lieu of adherence to the procedures set out in Article 1.5.3, should Contractor determine that any subsequent program guidance or proposed amendment to the contract is unjustifiably onerous or otherwise adverse to Contractor's legitimate business interests and ability to implement the contract in an effective and reasonable manner, provided:
- 2.2.1.1 Such notice of termination is in writing and will be effective upon receipt by CSD, delivered by U.S. Postal Service Certified Mail, Return Receipt Requested.
- 2.2.1.2 Notice contains a statement of the reasons for termination with reference to the specific provision(s) in the program guidance or proposed amendment in question.
- 2.2.2 Contractor shall be entitled to reimbursement for all allowable costs incurred prior to termination of the contract. Such reimbursement shall be in accordance with the program guidance and contract provisions in effect at the time the cost was incurred.
- 2.2.3 Contractor shall, within 60 calendar days of termination, close out the contract in accordance with contractual closeout procedures as provided in Article 6.2 – Close-Out Report.
- 2.2.4 By executing this Agreement, Contractor acknowledges and understands that voluntary termination prior to the end of the Agreement term may result in Contractor's permanent or temporary de-designation as an eligible entity, due to CSD's obligation to seek replacement CSBG Provider(s) in accordance with state and federal CSBG requirements.

### 2.3 Budget Contingencies

- 2.3.1 *State Budget Contingency.*
- 2.3.1.1 It is mutually agreed that if funds are not appropriated for implementation of CSBG programs through the state budget process or otherwise, whether in the current year and/or any subsequent year covered by this Agreement, this Agreement shall be of no further force and effect. Upon written notice to Contractor by CSD that no funds are available for contract implementation, the Agreement shall be terminated, and the State shall



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have no obligation to pay Contractor or to furnish other consideration under this Agreement and Contractor shall not be obligated for performance.

2.3.1.2 If CSBG funding for any fiscal year is reduced to such degree that CSD reasonably determines that the program cannot be implemented effectively, the State shall at its sole discretion have the option either to terminate this Agreement upon written notice to Contractor or, in the alternative, to offer and negotiate an amendment addressing the reduced funding. If the parties fail to reach agreement on such amendment, CSD may at its option give written notice of termination without further obligation by either party except for contract closeout obligations or final settlement.

2.3.1.3 Pursuant to Cal. Gov. Code §12785, up to 3.5 percent of the discretionary funds is allocated to restore funding to the prior year's funding level for CSBG eligible entities. In the event the appropriation of the federal CSBG funds is significantly reduced, the CSBG discretionary funding may not be sufficient to restore funding to the prior year's funding level.

### 2.3.2 *Federal Budget Contingency.*

2.3.2.1 The parties agree that because of uncertainty in the federal budget process, this Agreement may be executed before the availability and amounts of federal funding can be ascertained, in order to minimize delays in the provision of services and the distribution of funds. The parties further agree that the obligations of the parties under this Agreement are expressly contingent on adequate funding being made available to the state by the United States Government.

2.3.2.2 If federal funding for any fiscal year is reduced to such degree that CSD reasonably determines that the program cannot be implemented effectively, CSD shall at its sole discretion have the option either to terminate this Agreement upon written notice to Contractor or, in the alternative, to offer and negotiate an amendment addressing the reduced funding. If the parties fail to reach an agreement on such amendment, CSD may at its option give written notice of termination without further obligation by either party except for contract closeout obligations or final settlement.

2.3.2.3 If federal funding authorities condition funding on any obligations, restrictions, limitations, or conditions not existent when this Agreement was executed, this Agreement shall be amended by mutual agreement for compliance with such obligations, restrictions, limitations or conditions. Failure of the parties to reach agreement on such amendment shall render this Agreement without force and effect.

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### 2.4 Miscellaneous Provisions

- 2.4.1 *Assignment.* Neither this Agreement nor any of the rights, interests, or obligations under this Agreement shall be assigned by any party without the prior written consent of the other parties, except in the case where responsibility for program implementation and oversight may be transferred by the State to another State agency. In the event of such transfer, this Agreement is binding on the agency to which the program is assigned.
- 2.4.2 *Merger/Entire Agreement.* This Agreement (including the attachments, documents and instruments referred to in this Agreement) constitutes the entire agreement and understanding of the parties with respect to the subject matter of this Agreement and supersedes all prior understandings and agreements, whether written or oral, among the parties with respect to such subject matter.
- 2.4.3 *Severability.* If any provision of this Agreement is found to be invalid or unenforceable in any respect for any reason, the validity and enforceability of any such provision in any other respect and of the remaining provisions of this Agreement will not be in any way impaired and shall remain in full force and effect.
- 2.4.4 *Notices.* Each party to this Agreement agrees to the use of electronic signatures, such as digital signatures that meet the requirements of the California Uniform Electronic Transactions Act (“CUETA”) (Civ. Code §§ 1633.1 to 1633.17), for executing this Agreement. CSD encourages Contractor to adopt the DocuSign platform to facilitate the receipt of this Agreement. Unless otherwise provided herein, notice given by the parties shall be in writing, delivered personally, by United States mail, or by overnight delivery service (with confirmation). Certain reporting and other communications may be delivered electronically as specified by CSD or as is customary between the parties. Notice shall be delivered as follows:

To **Contractor’s** address of record; and

To **CSD** at:

California Department of Community Services and Development  
Field Operations Unit  
2389 Gateway Oaks Drive, Suite 100  
Sacramento, CA 95833

## ARTICLE 3 – AGREEMENT CHANGES

### 3.1 Amendment

## SUBVENTION AGREEMENT

- 3.1.1 Formal amendments to this Agreement are required for changes to the term, amount, scope of work, and/or formal name changes. No amendment to this Agreement shall be valid unless made in writing, signed by the parties, and approved as required. No oral understanding or agreement not incorporated in the Agreement is binding on any of the parties.
- 3.1.2 If Contractor intends to request a formal amendment to this Agreement, the request must be submitted on CSD Form 425b, *Justification for Contract Amendment/Modification*, no later than 45 calendar days prior to the expiration of the Agreement term.
- 3.1.3 *Extension Period.* If Contractor identifies that they will not fully expend 100 percent of the Agreement amount by the end of the period of performance, then Contractor shall submit written notification to their assigned Field Representative on CSD Form 425b, *Justification for Contract Amendment/Modification*, no later than 45 calendar days prior to the expiration of the period of performance or no later than November 16, 2023. Refer to Article 1.2.2 for period of performance. The CSD Form 425b shall include:
- 3.1.3.1 The reason(s) the Contractor will not fully expend 100 percent of the Agreement amount by the end of the performance period; and
- 3.1.3.2 The date (January 31, February 28, March 31, April 30, or May 31, 2024) in which the Contractor proposes to fully expend 100 percent of the Agreement amount.
- 3.1.3.3 The acknowledgement of the adjusted Closeout timeline, as stated in Article 6.2.1 of the agreement.
- 3.1.4 CSD Form 425b is located on the Local Agencies Portal at <https://agencies.csd.ca.gov/>.
- 3.1.5 All requests for an Extension Period are subject to CSD approval.

## 3.2 Minor Modification

- 3.2.1 Any request(s) for modification to CSBG Fiscal Data or Work Plan documents must be submitted on CSD Form 425b, *Justification for Contract Amendment/Modification*, no later than 45 calendar days prior to the expiration date of this Agreement.
- 3.2.2 Any increase to out-of-state travel costs or equipment purchases will require a request for modification to the budget and must be submitted on CSD Form 425b, *Justification for Contract Amendment/Modification*.

## ARTICLE 4 - ADMINISTRATIVE POLICIES AND PROCEDURES

## SUBVENTION AGREEMENT

### 4.1 Board Roster, Bylaws, Resolution, and Minutes

- 4.1.1 Concurrently with Contractor's submission of this Agreement, Contractor shall submit to CSD at [CSBG.Div@csd.ca.gov](mailto:CSBG.Div@csd.ca.gov) and the Contractor's assigned Field Representative the following:
- 4.1.1.1 Unless otherwise specified in 4.1.1.3 and 4.1.1.4 below, Contractor shall submit to CSD an Agency Staff and Board Roster form (CSD 188) of the tripartite board including the name and sector (i.e., low-income, public, private) of each board member, contact information for each member including an address at a location other than the office of the eligible entity, vacancy title, and date each board seat was vacated. Contractor is responsible to notify CSD of any changes to the tripartite board within 30 calendar days of such occurrence.
  - 4.1.1.2 Contractor must provide updated organizational bylaws if any changes occurred within the past calendar year.
  - 4.1.1.3 In the case of Native American Indian (NAI) Contractors that have established another mechanism (in consultation with CSD and subject to CSD approval) to ensure low-income individuals' participation in the management of programs funded by this Agreement, a current roster of the NAI governing council, commission, board, or other body responsible for administration of CSBG-funded programs, and the most recent version of the organizational bylaws. The roster shall include contact information for each member of the governing body at a location other than the office of the NAI Contractor and shall identify how low-income individuals are represented in the organization's governance. NAI Contractors shall also submit the most recent version of the organizational bylaws. NAI Contractor is responsible to notify CSD of any changes to its governing body within 30 calendar days of such occurrence.
  - 4.1.1.4 In the case of Limited Purpose Agency (LPA) Contractors, a current roster of Contractor's board, including the name of each board member, contact information for each member at a location other than the office of the LPA, and the most recent version of the organizational bylaws. LPA Contractor is responsible to notify CSD of any changes to its board within 30 calendar days of such occurrence.
- 4.1.2 Contractor's current governing board must authorize the execution of this Agreement. Contractor has the option of demonstrating such authority by either: (a) direct signature of a board member having signing authority; or (b) any lawful delegation of such authority that is consistent with Contractor's bylaws.
- 4.1.3 Where Contractor elects to delegate signing authority to the chief executive officer (CEO) or executive director (ED), CSD will accept either a resolution specific to this Agreement or a resolution approved by the current governing

## SUBVENTION AGREEMENT

board with general applicability to any CSD program contract or amendment. Where Contractor provides a general resolution, Contractor shall maintain documentation that the CEO or ED provided timely and effective communication of the execution and terms of this Agreement to the board. Either a specific or current general resolution must be on file with CSD prior to CSD's final execution of this Agreement.

- 4.1.4 Contractor shall submit to CSD the approved minutes of regularly scheduled meetings of its tripartite board, LPA contractor's board, NAI governing council, commission, advisory board, or other body responsible for administration of CSBG-funded programs, no later than 30 calendar days after the minutes are approved. Contractor shall submit board meeting minutes to CSD at [CSBG.Div@csd.ca.gov](mailto:CSBG.Div@csd.ca.gov) and to the Contractor's assigned Field Representative. Regularly scheduled board meetings shall be held in accordance with Contractor's bylaws.
- 4.1.5 In addition to the minutes referenced in Article 4.14, if Contractor's tripartite board is advisory to the elected officials of a local government, Contractor also shall submit to CSD the minutes from any meeting of the elected officials where matters relating to this Agreement are heard; including, but not limited to, discussions about or decisions affecting the Community Action program. Such minutes shall be submitted to CSD no later than 30 calendar days after the minutes are approved. Contractor shall submit board meeting minutes to CSD at [CSBG.Div@csd.ca.gov](mailto:CSBG.Div@csd.ca.gov) and to the Contractor's assigned Field Representative.

### **4.2 Training and Quarterly CSBG Service Provider (CSP) Meetings**

Contractors shall make every effort to attend all trainings and quarterly CSP meetings associated with CSD.

### **4.3 Internal Control Certification**

Contractor shall establish and maintain a system of internal accounting and administrative control. This responsibility includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions. The system of internal accounting and administrative control shall be attested to within the Contractor's independent audit conducted pursuant to this Agreement, and include:

- 4.3.1 Segregation of duties appropriate to safeguard State assets;
- 4.3.2 Access to Contractor assets is limited to authorized personnel who require these assets in the performance of their assigned duties;
- 4.3.3 Authorization and recordkeeping procedures adequate to provide effective accounting controls over assets, liabilities, revenues, and expenditures;

## SUBVENTION AGREEMENT

- 4.3.4 Practices to be followed in performance of duties and functions;
- 4.3.5 Personnel of a quality commensurate with their responsibilities; and
- 4.3.6 Effective internal review.

### 4.4 Record Retention Requirements

- 4.4.1 All records maintained by Contractor shall meet the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards (45 CFR § 75.361 through § 75.370).
- 4.4.2 Contractor shall maintain all records pertaining to this Agreement for a minimum of three years after submission of the final report. However, Contractor shall maintain applicable records until CSD resolves all audit and monitoring findings.
- 4.4.3 Contractor ensures that employee and applicant records shall be maintained in a confidential manner to ensure compliance with the Information Practices Act of 1977, as amended (Civ. Code §§ 1798 et seq.), and the Federal Privacy Act of 1974, as amended (5 USC § 552a).

### 4.5 Insurance Requirements

- 4.5.1 By execution of this Agreement, Contractor agrees that required insurance policies and bond shall be in effect at all times during the term of this Agreement.
- 4.5.2 Contractor shall provide CSD with written notice at least 30 calendar days prior to cancellation or reduction of insurance coverage to an amount less than that required in this Agreement.
- 4.5.3 Notices of Insurance must be submitted electronically via email to [BNCS@csd.ca.gov](mailto:BNCS@csd.ca.gov).
- 4.5.4 In the event said insurance coverage expires at any time or times during the term of this Agreement, Contractor agrees to provide within 30 calendar days prior to said expiration date, a new Certificate of Insurance (ACORD 25) evidencing insurance coverage as provided for herein for not less than the remainder of the term of this Agreement. The Certificate shall identify and name CSD as the Certificate Holder. New Certificates of Insurance will be reviewed for content and form by CSD.
- 4.5.5 In the event Contractor fails to maintain in effect at all times the specified insurance and bond coverage as herein provided, CSD may, in addition to any other available remedies it may have, suspend this Agreement.
- 4.5.6 With the exception of workers' compensation and fidelity bond, CSD shall be named as additional insured on all Certificates of Insurance required under this Agreement.

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- 4.5.7 The issuance of other CSD contracts, to include any cash advances and reimbursement payments, to the Contractor shall be contingent upon required current insurance coverage being on file at CSD for this Agreement.
- 4.5.8 Should Contractor utilize a subcontractor(s) to provide services under this Agreement, Contractor shall indemnify and hold the State harmless against any liability incurred by that subcontractor(s).

### 4.6 Specific Insurance Requirements

#### 4.6.1 *Self-Insurance.*

- 4.6.1.1 When Contractor is a self-insured governmental entity, CSD, upon satisfactory proof, may waive the appropriate insurance requirements. To qualify for a waiver, an appropriate county or city risk manager shall sign a certification that shall contain assurance of the adequacy of the governmental entity's ability to cover any potential losses under this Agreement.
- 4.6.1.2 Contractor shall specify in writing a list of which coverage(s) will be self-insured under this Agreement and shall list all applicable policy numbers, expiration dates, and coverage amounts.
- 4.6.1.3 In the event that the Contractor's self-insurance coverage does not contain any changes from the prior year, CSD will accept a certified letter signed by authorized personnel stating that no changes have occurred from last year. This letter is due at the time of Agreement execution or within 30 calendar days of expiration of insurance.
- 4.6.1.4 In lieu of providing certification of self-insurance, Contractor may provide proof of excess insurance coverage through an insurance carrier who is licensed to underwrite insurance in the State of California.

#### 4.6.2 *Workers' Compensation Insurance.*

- 4.6.2.1 Contractor shall have and maintain for the term of this Agreement workers' compensation insurance issued by an insurance carrier licensed to underwrite workers' compensation insurance in the State of California.
- 4.6.2.2 Contractor shall submit either an applicable Certificate of Insurance or a Certificate of Consent to Self-Insure issued by the Director of the California Department of Industrial Relations to CSD as evidence of compliance with the workers' compensation insurance requirement prior to issuance of an initial cash advance.

**SUBVENTION AGREEMENT****4.6.3 *Commercial or Government Crime Coverage (Fidelity Bond).***

4.6.3.1 Contractor shall maintain a commercial crime policy. If Contractor is a public entity, Contractor shall maintain a government crime policy. The commercial crime policy or government crime policy (hereinafter “fidelity bond”) shall include the following coverages or their substantial equivalents: Employee Dishonesty/Theft, Forgery or Alteration, and Computer Fraud.

4.6.3.2 Contractor’s fidelity bond coverage limits shall not be less than a minimum amount of 4 percent of the total amount of consideration set forth under this Agreement.

4.6.3.3 Contractor shall submit an applicable Certificate of Insurance (ACORD 25) to CSD as evidence of compliance with the fidelity bond requirement prior to issuance of an initial cash advance.

**4.6.4 *General Liability Insurance.***

4.6.4.1 Contractor shall have and maintain for the term of this Agreement general liability and property damage insurance for a combined single limit of not less than \$500,000 per occurrence.

4.6.4.2 Contractor shall submit to CSD an applicable Certificate of Insurance naming CSD as an additional insured, as evidence of compliance with the general liability insurance requirement prior to issuance of an initial cash advance.

**4.6.5 *Vehicle Insurance.***

4.6.5.1 Contractor shall have and maintain for the term of this Agreement vehicle insurance in the amount of \$500,000 for each person and each accident for bodily injury and in the amount of \$500,000 for each person and each accident for property damage.

4.6.5.2 When employees use their own vehicles to perform duties within the scope of their employment, Contractor shall have and maintain for the term of this Agreement non-owned and hired automobile liability insurance in the amount of \$500,000 for each person and each accident for bodily injury and \$500,000 for each person and each accident for property damage. Driving to and from place of business is not within the scope of employment.

4.6.5.3 Contractor shall submit to CSD an applicable Certificate of Insurance naming CSD as an additional insured as evidence of compliance with the vehicle insurance requirement prior to issuance of an initial cash advance.



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### 4.7 System Security Requirements

Contractor shall, in cooperation with CSD, institute policies, processes, procedures, and security controls designed to ensure the security of data and to protect information in accordance with the Information Practices Act of 1977 (Civ. Code §§ 1798 et seq.), and such other State and federal laws and regulations as may apply. The parties hereto agree to requirements, obligations, and standards in accordance with regulations set in the State Administrative Manual (SAM) and Statewide Information Management Manual (SIMM). In the event there are different system security standards that may be applied to this Article, Contractor shall endeavor to use the strictest security standard that complies with state and federal requirements.

### 4.8 Services Offered

Data exchange between CSD and Contractor shall be handled through one of three methods: (1) a Contractor user must upload data files or perform data entry using credentials provided by CSD; or (2) utilize CSD web applications as configured by the Contractor technology vendor; or (3) via email using security protocols, such as encryption and redaction, for any sensitive data.

### 4.9 Data Protection

- 4.9.1 Data exchanged between CSD and Contractor must be limited to the data fields included on Data Transfer Rules documents posted on the Local Agencies Portal at <https://agencies.csd.ca.gov/>. No personal financial information (e.g., credit card, bank account numbers), shall be stored or exchanged in the data exchange sessions.
- 4.9.2 Data exchanged between CSD and Contractor must be limited to the data fields as requested within the web applications. No personal financial information, (e.g., credit card, bank account numbers), shall be stored or exchanged in the data exchange sessions.
- 4.9.3 Data exchanged between CSD and Contractor via email communication must have all personally identifiable information (PII) and other sensitive information redacted before the document is sent. Alternately, Contractor is to encrypt any attachments that have sensitive data using encryption tools and configurations as required by CSD.
- 4.9.4 Access to the above-mentioned data must only be given to authorized personnel to complete essential duties. Authorized personnel are to log into these systems using their own assigned credentials (i.e., no login account sharing). Upon departure of personnel with assigned credentials, the Contractor will remove the employee's access to the systems as soon as possible.

### 4.10 Contractor Systems Security

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- 4.10.1 The physical location of the computing and data storage devices (e.g., servers) shall be within controlled access facilities. Individual users may not have access to the data except through their systems that are specifically credentialed for Contractor business. All access will be controlled by appropriate identification, authentication, and authorization methods to validate the approved users.
- 4.10.2 Standards for secure transmission may be accomplished through such means as certificates, secure socket layer, etc., and storage of the data with encryption, if applicable.
- 4.10.3 Contractor shall securely destruct data by sanitizing media prior to disposal.
- 4.10.4 Contractor shall keep security patches, anti-virus, and anti-malware software up to date on all systems on which data may be used.

### 4.11 Trusted Behavior Expectations

CSD's application system and users shall protect Contractor's application system/data, and the Contractor's application system and users shall protect CSD's application system/data, in accordance with the federal Privacy Act of 1974 (5 USC § 552a), Trade Secrets Act (18 USC § 1905) and Stored Communications Act (18 USC § 2701). Technology and systems code and functionality are owned by the respective parties and may not be shared with anyone else or used without the written consent of the owner.

### 4.12 Incident Reporting

Any party discovering a security incident shall report it in accordance with its incident reporting procedures. Contractor shall, within 24 hours of discovery, report to CSD's Information Security Office at [ISO@csd.ca.gov](mailto:ISO@csd.ca.gov) any security incident contemplated herein. Examples include, but are not limited to, stolen or lost equipment, malware/ransomware detection, suspected hacking, etc. Contractor further agrees CSD shall have the right to participate in the investigation of a security incident involving CSD's data, and to cooperate fully with CSD and other relevant State entities during independent investigation of the security incident.

### 4.13 Audit Trail Responsibilities

Both parties are responsible for auditing application processes and user activities. Activities that will be recorded include event type, date and time of event, user identification, workstation identification, success or failure of access attempts, and actions taken by system administrators.

### 4.14 Data Sharing Responsibilities

Contractor shall ensure that all primary and delegated secondary organizations that share, exchange, or use personal, sensitive, or confidential data, pursuant to this Agreement and subcontracts issued by Contractor, shall adhere to these security requirements and applicable state and federal law, in addition to further data sharing guidance as may be issued by CSD

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during the term of this Agreement. If data sharing is accomplished via interconnectivity of an application system, then data sharing must be certified to be secure by both parties.

### 4.15 Travel and Per Diem

- 4.15.1 Contractor's total travel and per diem costs for in-state and/or out-of-state shall be included in the Agreement Budget(s). Out-of-state travel costs that exceed the budgeted amount shall not be reimbursed without prior written authorization from CSD.
- 4.15.2 Contractor's employee travel costs and per diem reimbursement rates shall be reimbursed in accordance with Contractor's written policies and procedures not to exceed federal per diem requirements, and subject to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards (45 CFR § 75.474) or any amendments thereto, as applicable.
- 4.15.3 In the absence of a written travel reimbursement policy, federal per diem limits shall apply.

### 4.16 Codes of Conduct

- 4.16.1 *Written Standards.* Contractor shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts or subcontracts. No employee, officer, or agent of the Contractor shall participate in the selection, award, or administration of a subcontract supported by federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the Contractor shall neither solicit nor accept gratuities, favors, or anything of monetary value from subcontractors or parties to sub agreements. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the recipients.
- 4.16.2 *Self-Dealing Prohibited.* Contractor shall not pay federal funds received from CSD to any entity in which it (or one of its employees, officers, agents, any member of his or her immediate family, his or her partner, or an organization that employs or is about to employ any of the parties indicated herein) has an interest. As ownership constitutes a financial interest, Contractor shall not subcontract with a subsidiary. Similarly, Contractor shall not subcontract with an entity that employs or is about to employ any person described in 45 CFR § 75.327, or subsequent amendments to these requirements.

### 4.17 Conflict of Interest

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- 4.17.1 Contractor certifies that its employees and the officers of its governing body shall avoid any actual or potential conflicts of interest and that no officer or employee who performs any functions or responsibilities in connection with this Agreement shall have any personal financial interest or benefit that either directly or indirectly arises from this Agreement.
- 4.17.2 Contractor shall establish written safeguards to prohibit its employees or its officers from using their positions for a purpose that could result in private gain or that gives the appearance of being motivated for private gain for themselves or others, particularly those with whom they have family, business, or other ties.

### 4.18 Fraud, Waste, and Abuse

- 4.18.1 Contractor shall submit a written report to CSD within 45 days of incidents and activities, or suspected incidents and activities, involving fraud, waste, and abuse of CSBG funds by Contractor's employees, subcontractors, clients, or other parties affiliated with Contractor. Incidents and activities subject to reporting under this section include, but are not limited to, criminal acts and other violations of law constituting a misuse of funds that could result in cost disallowance. Contractor shall, in a timely manner, inform CSD of any reports or complaints submitted to law enforcement officials by Contractor, Contractor's employees, subcontractors, clients or other parties affiliated with Contractor, concerning the misuse of CSBG funds.
- 4.18.2 Contractor shall provide employees, subcontractors, clients, and other parties affiliated with the Contractor the information necessary to report fraud, waste, and abuse to the U.S. Department of Health and Human Services (HHS) Office of Inspector General Fraud hotline.

### 4.19 Procurement Standards

- 4.19.1 *Maintenance of Written Procurement Procedures.* Contractors shall administer this Agreement in accordance with all federal and State rules and regulations governing the CSBG program pertaining to procurement, including the Code of Federal Regulations Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards and amendments thereto, consistent with the general CFR compliance requirement in Article 1 of this Agreement. Contractors shall establish, maintain, and follow written procurement procedures consistent with the procurement standards in 45 CFR § 75.326 through § 75.340, or any subsequent amendments to these standards, and all additional provisions in this Agreement, including but not limited to a code of conduct for the award and administration of contracts and a procedure that provides, to the maximum extent practical, open and free competition.
- 4.19.2 *Eligible Bidders.* Contractor shall not permit any organizational conflicts of interest or noncompetitive practices that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective subcontractor performance

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and eliminate unfair competitive advantage, individuals, or firms that develop or draft specifications, requirements, statements of work, invitations for bids, and/or requests for proposals shall be excluded from competing for such procurements. Contractor shall award any subcontract to the bidder or offeror whose bid or offer is responsive to the solicitation and is most advantageous to Contractor when considering price, quality, and other factors. Contractor's solicitations shall clearly set forth all requirements that the bidder or offeror shall fulfill in order for the bid or offer to be evaluated by the recipient.

- 4.19.3 Contractor assures that all supplies, materials, vehicles, equipment, or services purchased or leased with funds provided by this Agreement shall be used solely for the activities allowed under this Agreement, unless a fair market value for such use is charged to the benefiting program and credited to this Agreement.
- 4.19.4 Contractor shall provide for open and free competition and adequate cost analysis in all procurement transactions for each purchase order, lease, or subcontract for any articles, supplies, equipment, or services to be obtained from vendors or subcontractors.
- 4.19.5 *Non-Competitive Bid Justification.* If a service or product is of a unique nature, is in response to a public exigency or emergency, or more than one vendor/provider cannot reasonably be identified, Contractor shall maintain adequate justification for the absence of competitive bidding. "Adequate justification" must include but is not limited to: (a) explanation of why the acquisition of goods or services is limited to one vendor or supplier; (b) description of sole vendor/supplier's unique qualifications to provide the goods or services in question; and (c) analysis of cost(s) to demonstrate reasonableness.
- 4.19.6 *CSD Lease/Purchase Pre-Approval Requirements.* To ensure that significant procurement transactions are conducted in an open and freely competitive manner, Contractor shall obtain prior written approval from CSD of capital expenditures for equipment with a unit cost of \$10,000 or more through the submission of a Request for Purchase/Lease Pre-Approval (form CSD 558) to CSD at least 15 calendar days prior to execution of the transaction. Transactions without CSD's prior written approval may be disallowed.
- 4.19.7 In all procurements, whether requiring CSD pre-approval or not, Contractor is solely responsible for maintenance of adequate procurement records demonstrating compliance with Federal and State requirements.
- 4.19.8 Noncompliance with any of the provisions in this section may result in a disallowance of the costs of the procurement transaction.

### **4.20 Use and Disposition of Vehicles and Equipment**

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4.20.1 Use of CSBG-funded vehicles and equipment by other programs shall comply with Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards (45 CFR § 75.320 and § 75.439).

4.20.1.1 Vehicles and equipment purchased with CSBG funds must be used by Contractor in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by CSBG funds, and Contractor must not encumber the property without prior approval of CSD. When no longer needed for the original program or project, the equipment may be used in other activities supported by CSD, in the following order of priority: (a) activities under a Federal award from CSD; then (b) activities under Federal awards from other HHS awarding agencies.

4.20.1.2 During the time that equipment is used on the project or program for which it was acquired, Contractor must also make the equipment available for use on other projects or programs currently or previously supported by the Federal Government. User fees should be considered, if appropriate, in accordance with federal regulations.

4.20.1.3 Any user fees shall be treated as “program income” to the CSBG program, as described in 45 CFR § 75.307.

4.20.1.4 Contractor may be compensated for the use of its buildings, capital improvements, equipment and software projects capitalized in accordance with generally accepted accounting principles (GAAP), provided they are used, needed in Contractor’s program activities, and properly allocated to the CSBG grant program. Such compensation must be made by allocating and computing depreciation in accordance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards (45 CFR § 75.436).

4.20.2 Contractor shall comply with all equipment management requirements outlined in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards (45 CFR § 75.320 (d)), including, but not limited to: (a) property records; (b) physical inventory of the property; (c) a control system to prevent loss, damage, or theft; (d) adequate maintenance procedures; and (e) proper sale procedures.

4.20.3 *Sale or Disposition of CSBG-Funded Vehicles and Equipment.*

4.20.3.1 If/when Contractor’s CSBG program(s) no longer need(s) items of equipment with a current per unit fair market value of \$5,000 or less, the equipment may be retained, sold, or otherwise disposed in accordance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards (45 CFR § 75.320).

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4.20.3.2 Conflict of interest policies and proper sales procedures should be followed to ensure that the best possible value and sale price is realized.

4.20.3.3 Pursuant to 45 CFR 75.307(d), (*see also* 45 CFR § 75.2 “Program Income”), sale proceeds from the sale of real property, equipment, or supplies are not program income. Such proceeds will be handled in accordance with the requirements of Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards – *Subpart D–Post Federal Award Requirements* (including 45 CFR §§ 75.318, 75.320 and 75.321).

### 4.21 Subcontracts

4.21.1 Contractor may enter into subcontract(s) to perform part or all of the direct services covered under this Agreement. Prior to the commencement of subcontracted services under this Agreement, Contractor shall obtain board approval, to include but not be limited to, an assurance that the subcontractor agreement(s) shall comply with all terms, conditions, assurances, and certifications of this Agreement for the nonprofit and local governmental agencies performing services in the area(s) described in ARTICLE 1 - SCOPE OF WORK.

#### 4.21.2 *Notification of Subcontract Execution.*

4.21.2.1 Contractor shall provide annual written notification to CSD within 60 calendar days of execution of each subcontractor agreement by completing the CSD 163 Subcontractor List (Form), which can be found on the Local Agencies Portal at <https://agencies.csd.ca.gov/>.

4.21.2.2 This annual written notification shall also include a certification that, to the best of Contractor’s knowledge, the subcontractor is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency. For purposes of this certification of subcontractor eligibility, Contractor may rely on information provided via the Excluded Parties List System (EPLS), available at <https://www.sam.gov>.

4.21.2.3 If CSD determines that Contractor has executed a subcontract with an individual or entity listed as debarred, suspended, or otherwise ineligible on EPLS as of the effective start date of the subcontract, costs Contractor has incurred under the subcontract may be disallowed.

4.21.2.4 Contractor must ensure that funds expended pursuant to this Agreement are allowable and allocable and Contractor must adopt fiscal control and accounting procedures sufficient to enable the tracing of funds paid to any subcontractor to a level of expenditure adequate to establish that such funds have not been used in violation of this Agreement. Contractor shall ensure that any subcontracts under this Agreement

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contain all provisions necessary to ensure adequate substantiation and controls of the expenditure of such funds. Contractor may achieve this through detailed invoices, by periodic monitoring of subcontractor's program activities and fiscal accountability, by retaining a right of reasonable access to the subcontractor's books and records, or by any other method sufficient to meet the Contractor's responsibility to substantiate costs required by the Uniform Administrative Requirements, Cost Principles and Audit Requirements for HHS Awards (45 CFR Part 75, Subpart E – Cost Principles).

- 4.21.3 Contractor is solely responsible for performance of the terms, conditions, assurances, and certifications of this Agreement, without recourse to the State, regarding the settlement and satisfaction of all contractual and administrative issues arising out of subcontract agreement(s) entered into in support of this Agreement, including disputes, claims, or other matters of a contractual nature as well as civil liability arising out of negligence or intentional misconduct of the subcontractor(s).
- 4.21.4 Nothing contained in this Agreement shall create any contractual relation between CSD and any subcontractors, and no subcontract shall relieve the Contractor of its responsibilities and obligations hereunder. Contractor shall be liable for any acts and omissions of its subcontractors or of persons either directly or indirectly employed by subcontractors in violation of this Agreement. Contractor's obligation to pay subcontractor(s) is independent from CSD's obligation to make payments to Contractor. As a result, CSD shall have no obligation to pay or to enforce payment of any moneys to any subcontractor.
- 4.21.5 In the event CSD suspends, terminates, and/or makes changes to the services to be performed under this Agreement, Contractor shall notify all of its subcontractors in writing within five business days of receipt of notice of such action.

## ARTICLE 5 – PROGRAM BUDGET REQUIREMENTS AND PAYMENTS

### 5.1 Budget

- 5.1.1 Concurrent with the submission of this Agreement, Contractor shall complete and submit the CSBG Fiscal Data forms [CSBG Contract Budget Summary (CSD 425.S), CSBG Budget Support - Personnel Costs (CSD 425.1.1), CSBG Budget Support - Non-Personnel Costs (CSD 425.1.2), CSBG Budget Support - Other Agency Operating Funds (CSD 425.1.3), and Budget Narrative (CSD 425.1.4)] attached to this Agreement. Contractor must include an itemized list identifying all other funding sources and amounts that make up the total annual operating budget of the community action program(s). Notwithstanding any other provision of this paragraph, Contractor may submit the itemized list of other funding sources by either of the following methods: (a) completing the attached form (CSD 425.1.3); or (b) submitting an internal annual budget document displaying the funding sources and their anticipated revenues.



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- 5.1.2 Contractor shall submit the CSBG Contract Budget Narrative form (CSD 425.1.4) with a justification for each projected line item reported on the CSD 425.1.1 and CSD 425.1.2.
- 5.1.3 *Administrative Expenses.* For the purpose of administrative expenditures, and pursuant to Cal. Gov. Code § 12781(c)(1)(D), Contractor shall use funds allocated under this Agreement in an amount not to exceed 12 percent of the total operating budget of its community action program(s) only, including other agency funds used to support CSBG. Contractor shall not use funds provided under this Agreement to cover administrative costs incurred in the Low-Income Home Energy Assistance Program (LIHEAP) and the Low-Income Household Water Assistance Program (LIHWAP) in excess of the LIHEAP and LIHWAP contractual limitations by the Contractor's agency.

The budgets of the Contractor's community action programs, not the budget of the organization or the organizational division to which the community action programs are assigned, shall be used in calculating the amount of allowable administrative expenditures under this subparagraph.

- 5.1.3.1 A qualifying community action program is defined by Cal. Gov. Code § 12750(b) as:

A "locally planned and operated program comprising a range of services and activities having a measurable and potentially major impact on causes of poverty in the community or those areas of the community where poverty is a particularly acute problem."

- 5.1.3.2 Community action programs typically:

5.1.3.2.1 Maintain a tripartite board of directors or advisory board, as defined in Cal. Gov. Code § 12751, which in the case of governmental entities, has operational jurisdiction and oversight or advisory responsibility, and

5.1.3.2.2 Serve the purposes and goals of the federal Community Services Block Grant Act, Section 672 (42 USC § 9901) and Cal. Gov. Code § 12750 with particular reference to the reduction of the causes and conditions of poverty and persistent economic insecurity.

- 5.1.4 For purposes of allocating indirect costs, contractors may use current negotiated indirect cost rates that have been approved by a cognizant federal agency. Contractor shall submit a copy of the letter of approval from the cognizant agency which includes date of approval and amount of rate. In the absence of a negotiated indirect cost rate, Contractor may elect to use a 10 percent de minimis indirect cost rate as permitted under 45 CFR § 75.414(f) and 2 CFR § 200.414(f).

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5.1.5 *Budget modifications require pre-approval by CSD. No originally approved budget line item may be increased or decreased by more than 10 percent (10%) without prior CSD approval. Contractor shall submit a CSD 425b, Justification for Contract Amendment/Modification and updated budget forms to request a budget modification.*

### 5.2 Advance Payments – Amount

- 5.2.1 Upon approval of all contract deliverables, CSD shall, in accordance with Cal. Gov. Code § 12781(b), issue an advance payment to Contractor in an amount not to exceed 25 percent of the maximum amount of this Agreement.
- 5.2.2 If HHS does not initially make enough funds available for CSD to pay the advance amount in full, CSD shall provide that portion of the advance amount that is available and pay the remaining portion(s) as funds become available.
- 5.2.3 If HHS fails to provide sufficient funds to pay the authorized advance amount during the first six months of the contract term, Contractor will not be entitled to additional advance payments thereafter.
- 5.2.4 If, during the first six months of the contract term, CSD amends this Agreement to increase the maximum amount, CSD shall advance up to 25 percent of the increase to Contractor.
- 5.2.5 Contractors who opt not to receive an advance payment must notify CSD in writing on agency letterhead. Written notification must be submitted with the contract.

### 5.3 Advance Payments – Interest on Advances

- 5.3.1 Contractor must deposit all advances in an interest-bearing account in accordance with 45 CFR § 75.305(b)(8), unless one or more of the following apply:
  - 5.3.1.1 Contractor receives less than \$120,000 in Federal awards per year.
  - 5.3.1.2 The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on CSBG cash balances.
  - 5.3.1.3 The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.
- 5.3.2 Interest earned amounts up to \$500 may be retained by Contractor for administrative expenses. Any additional interest earned on CSBG advance payments deposited in interest-bearing accounts must be remitted annually to the U.S. Department of Health and Human Services at:

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HHS Program Support Center  
P. O. Box 979132  
St. Louis, MO 63197

When returning interest, the refund should include: an explanation stating that the refund is for interest, the name of the awarding agency (CSD), and the grant number for which the interest was earned.

### **5.4 Advance Payments – Liquidation of Advance**

- 5.4.1 Contractor may liquidate the advance at any time through offsets against CSD-approved reimbursement requests; however, CSD shall initiate repayment of the advance through offsets of approved expenditures at the seventh monthly reporting period of the period of performance, or when the Contractor has expended 75 percent of the maximum amount of this Agreement.
- 5.4.2 CSD-initiated repayments of the advance shall be accomplished through offsets against subsequent reimbursement of approved expenditures. CSD shall determine the amount to be offset against reimbursements by dividing the unpaid advance amount by the number of remaining expenditure reporting periods in the period of performance. In the event that an expenditure request for a reporting period is less than the offset amount as determined above, the entire amount of the expenditure reimbursement request shall be applied against the remaining advance balance. If the original contract is granted a term extension, this does not extend the advance repayment period.
- 5.4.3 If the advance repayment is not fully paid by the end date of the original contract term, then CSD will offset any subsequent reimbursement of approved expenditures to fully repay the advance repayment.

### **5.5 Advance Payments – Lien Rights**

The State retains lien rights on all funds advanced.

### **5.6 Payments**

- 5.6.1 Upon approval of Contractor deliverables CSD shall issue payments (as specified by Contractor on the CSD 425.S and CSD 627) to Contractor upon receipt and approval of a certified CSBG Expenditure/Activity Report. The report shall indicate the actual expenditures being billed to CSD for reimbursement for the specific report period.

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- 5.6.2 Subsequent payments to Contractor shall be contingent on receipt and approval by CSD of the preceding Expenditure/Activity Report. If Contractor owes CSD any outstanding balance(s) for overpayments of any Agreement, current or previous, the balance(s) may be offset after notice to the Contractor providing an opportunity to present any valid objection to the offset.

## ARTICLE 6 – FINANCIAL REPORTING

### 6.1 Fiscal Reports

- 6.1.1 Contractor shall request reimbursement for expenditures associated with all contract activities by reporting in the Expenditure Activity Reporting System (EARS) in accordance with CPN-C-22-01, CSBG Financial Reporting Policies and Procedures, which is available online at the Local Agencies Portal at <https://agencies.csd.ca.gov/>.
- 6.1.2 Contractor shall submit adjustments in accordance with CPN-C-22-01.
- 6.1.3 Contractor shall complete and submit to CSD a monthly CSBG Expenditure/Activity Report by entry in EARS on or before the 25th calendar day following the report period. This monthly submission is required regardless of the amount expended during the reporting period, even if the amount is zero.

### 6.2 Close-Out Report

- 6.2.1 Contractor shall complete and submit all CSD close-out forms when funds are 100 percent expended and according to the timelines below. The close out report must be submitted for both the CSBG and Discretionary portions of the contract amount. The close out report must be submitted according to the following Period of Performance timeline:
- Period of Performance: January 1, 2023-December 31, 2023; Closeout due March 30, 2024 (90 calendar day closeout)
  - Period of Performance: January 1, 2023-March 31, 2024; Closeout due June 30, 2024 (90 calendar day closeout)
  - Period of Performance January 1, 2023-April 30, 2024; Closeout due June 30, 2024 (60 calendar day closeout)
  - Period of Performance January 1, 2023-May 31, 2024; Closeout due June 30, 2024 (30 calendar day closeout)
- 6.2.2 The close-out report shall include the following forms: Close-Out Checklist and Certification of Documents Transmitted (CSD 715), Close-Out Program Income/Interest Earned Expenditure Report (CSD 715C), Close-Out Equipment

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Inventory Schedule (CSD 715D), The latest versions of the close-out forms are available on the Local Agencies Portal at <https://agencies.csd.ca.gov/>.

- 6.2.3 All close-out forms must be submitted electronically via email to [CSBG.Div@csd.ca.gov](mailto:CSBG.Div@csd.ca.gov).
- 6.2.4 Final expenditures must be submitted by entry into EARS by June 25, 2024.
- 6.2.5 All adjustments must be submitted in accordance with CPN-C-22-01.
- 6.2.6 Subsequent payments for expenditures under any open CSBG contract and the issuance of other CSD contracts shall be contingent upon timely submission of the closeout report.
- 6.2.7 If CSD grants Contractor a term extension, regardless of the extension period, Contractor must submit all required close-out documents, without exception, no later than June 30, 2024.

### 6.3 Transparency Act Reporting

- 6.3.1 Federal Funds Accountability and Transparency Act (FFATA) Requirements. Awards under these programs are included under the provisions of P.L. 109-282, the “Federal Funds Accountability and Transparency Act of 2006” (FFATA). Under this statute, the grant recipient is required to report information regarding executive compensation and all subawards, contracts, and subcontracts in excess of \$25,000 through the Federal Subaward Reporting System (<https://www.fsrs.gov/>) and in accordance with the terms found in Federal regulations at 2 CFR Part 170, including Appendix A.
- 6.3.2 Pursuant to the FFATA reporting requirements (2 CFR Part 170), CSD is required to report information regarding contractors (sub-awardees) receiving CSBG funds. Contractor must complete CSD Form 279, located on the Local Agencies Portal at <https://agencies.csd.ca.gov/>, and return with the signed contract to ensure compliance.
- 6.3.3 CSD may issue guidance and/or Amendment(s) to this Agreement, establishing additional reporting requirements as necessary to ensure compliance with the FFATA or other Federal and State regulations, as applicable.

## ARTICLE 7 – CSBG TERMS, CONDITIONS, PROGRAMMATIC PROVISIONS, AND REPORTING

### 7.1 Fair Hearing for Denial of Client Benefits by Contractor

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- 7.1.1 Pursuant to 22 Cal. Code Regs. § 100751, as amended, Contractor shall advise individuals who have been denied assistance under a program funded by this Agreement of their right to appeal to CSD for a fair hearing within 20 calendar days from the denial of assistance.
- 7.1.2 Within five business days of receipt of an appeal from a client, CSD's Fair Hearings Officer shall schedule an administrative hearing to be conducted no later than 30 calendar days from the receipt of the request.
- 7.1.3 The client may withdraw the appeal/request for fair hearing at any time during the appeal process by providing written, email, or telephonic notice to CSD. Telephonic notice of withdrawal must be confirmed in writing by the Fair Hearings Officer or designated CSD staff.

### 7.2 Organizational Standards

To maintain compliance with the Office of Community Services' *CSBG IM 138: State Establishment of Organizational Standards for CSBG Eligible Entities*, each Contractor shall submit the Organizational Standards annually utilizing the eGov ReportHub system no later than August 31st. Contractor shall have until January 31, 2024 to address modification requests from CSD and/or complete the technical assistance plan(s) for unmet standards in the 2023 Organizational Standards Assessment.

### 7.3 Programmatic Reporting

- 7.3.1 *Submission of Required Plans/Reports.* Unless otherwise specified by the provisions of this Article, all Community Action Plans and reports required by the provisions of this Article shall be submitted via email to [CSBG.Div@csd.ca.gov](mailto:CSBG.Div@csd.ca.gov), no later than the date specified.
- 7.3.2 *Community Action Plan.* Contractor shall submit a Community Action Plan meeting the requirements of Government Code § 12747 no later than June 30th of every odd year, unless/until otherwise instructed by CSD.
- 7.3.3 *CSBG Annual Work Plan Modules 3 and 4.* Annual programmatic work plan covers the proposed programmatic activities from January 1, 2023, through December 31, 2023. Contractor must complete and submit the CSBG Annual Work Plan CSD 641 form and enter the Targets using Work Plan CSD 641A Module 3 Targets and or 641B Module 4 Targets as part of the contract deliverables. Required data for Module 3 and Module 4 will include selecting the appropriate CNPI(s) and or FNPI(s), entering the target, and entering the type of documentation the agency will use to verify the outcome has been met. The Annual Report projections for CY 2023 must be completed and submitted with the contract deliverables. A copy of the forms may be accessed on the Local Agencies Portal at <https://agencies.csd.ca.gov/>.

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- 7.3.4 *CSBG Annual Report Modules 2 through 4 and Agency Success Stories.* Annual programmatic reporting covers the programmatic activities from January 1, 2023, through December 31, 2023. As applicable, Modules 2 through 4 and Agency Success Stories must be completed and submitted in the eGov Reporting system no later than February 1, 2024. Access to the eGov system is available at: <https://cacsdccommunitysoftwaregroup.com/CsgIdentity/Account/LogIn>.
- 7.3.5 Contractor shall be required to collect programmatic outcomes associated with services provided under an extended period of performance covering the period January 1, 2023 through the extended period of performance as specified on the STD 213. Contractor must submit the programmatic outcomes through this period with the following year's annual report information.

## ARTICLE 8 – COMPLIANCE POLICIES AND PROCEDURES

### 8.1 Right to Monitor, Audit, and Investigate

- 8.1.1 Any duly authorized representative of the federal or State government, which includes but is not limited to the State Auditor, CSD Staff, and any entity selected by CSD to perform inspections, shall have the right to monitor and audit Contractor and all subcontractors providing services under this Agreement through on-site inspections, audits, and other applicable means the State determines necessary.
- 8.1.2 Contractor shall make available all reasonable information necessary to substantiate expenditures under this Agreement are allowable and allocable, including, but not limited to books, documents, papers, and records. Contractor shall agree to make such information available to the federal government, the State, or any of their duly authorized representatives including representatives of the entity selected by CSD to perform inspections, for examination, copying, or mechanical reproduction, on or off the premises of the appropriate entity upon a reasonable request.
- 8.1.3 Any duly authorized representative of the federal or State government shall have the right to undertake investigations in accordance with applicable federal and state requirements, with particular reference to 42 USC §§ 9914-9916, and 22 Cal. Code Regs. § 100730, as amended.
- 8.1.4 All agreements entered into by Contractor with audit firms for purposes of conducting independent audits under this Agreement shall contain a clause permitting any duly authorized representative of the federal or State government access to the working papers of said audit firm(s).

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### **8.2 Compliance Monitoring – Contractor’s and CSD’s Shared Responsibilities for Federal Funds**

- 8.2.1 As the recipient of federal CSBG funds under this Agreement, Contractor is responsible for substantiating that all costs claimed under this Agreement are allowable and allocable under all applicable federal and State laws, and for tracing all costs to the level of expenditure.
- 8.2.2 As the State CSBG administrator, CSD must conduct onsite and follow-up monitoring, and other audits/reviews as necessary, to ensure that:
  - 8.2.2.1 Contractor meets federal and state performance goals, administrative and financial management standards, and other requirements, including federal organizational standards, as discussed in Article 7.2, applicable to CSBG-funded programs; and
  - 8.2.2.2 Funds allocated to Contractor are expended for the purposes identified in federal and State CSBG law for allowable and allocable costs in accordance with CFR requirements.
- 8.2.3. CSD shall provide Contractor reasonable advance written notice of on-site monitoring reviews of Contractor’s program or fiscal performance. Contractor shall cooperate with CSD program staff and other representatives, and provide access to all programs, records, documents, resources, personnel, inventory, and other things reasonably related to the administration and implementation of the services and activities funded directly or indirectly by this Agreement.
- 8.2.4 Except under certain conditions whereby advanced notice may not be feasible such as, a whistleblower or other investigation, CSD shall provide Contractor reasonable advance written notice of on-site audit of Contractor’s program or fiscal performance. Contractor shall cooperate with CSD audits and other representatives, and provide access to all programs, records, documents, resources, personnel, inventory, and other things reasonably related to the administration and implementation of the services and activities funded directly or indirectly by this Agreement.
- 8.2.5 In the event CSD determines that Contractor is not in compliance with material or other legal requirements of this Agreement, CSD shall provide Contractor with observations, recommendations, and/or findings of noncompliance in writing, along with specific action plans for correcting the noncompliance. All noncompliance findings must be resolved by the mutually agreed upon corrective action timeframe.



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### 8.3 Collection of Disallowed Costs

- 8.3.1 In the event questioned costs are identified in a final decision on cost disallowance issued by CSD, Contractor shall comply with any demand for repayment, as specified in such final report.
- 8.3.2 *Time for Response.* Contractor shall have no less than 30 calendar days from receipt of the final decision to tender payment to CSD or, alternatively, to provide CSD with complete and accurate information or documentary evidence in support of the allowability of questioned costs.
- 8.3.3 *Notice After Review of Further Supporting Evidence.* If Contractor challenges questioned costs and submits complete and accurate information or documentary evidence in support of the allowability of questioned costs as provided above in Article 8.3.2, CSD shall, after consideration of Contractor's submission, accordingly issue a revised Notice of Disallowed Costs, if any, no later than 30 calendar days after receipt of Contractor's information or documentation. Contractor shall have 15 calendar days from receipt of such Notice to tender payment or a repayment plan acceptable to CSD. In the alternative, Contractor may request a hearing in accordance with this Agreement, for CSD's final determination of disallowed costs.
- 8.3.4 All statements, notices, responses and demands issued in accordance with this Article 8.3 shall be in writing.
- 8.3.5 CSD may, at its discretion, reasonably extend the time periods allowed for responses specified in this Article 8.3.

### 8.4 Auditing Standards

- 8.4.1 *Applicability.* The standards set forth in in 2 CFR § 200.500 et seq. are hereby incorporated by reference.
- 8.4.2 *Supplemental Audit Guide.* In addition to the applicable audit requirements specified in Article 8.4.1, Contractor must follow the most current CSD Supplemental Audit Guide, which is incorporated into this Agreement by reference and may be accessed on the Local Agencies Portal at <https://agencies.csd.ca.gov/>.

### 8.5 Audit Reports

- 8.5.1 Funds provided under this Agreement shall be included in an audit conducted in accordance with the provisions of 2 CFR Subpart F – Audit Requirements §§ 200.500-521, standards promulgated by the American Institute of Certified Public Accountants (AICPA), and those standards included in “Government Auditing Standards,” December 2011 Revision, as amended, or the 2018 revision effective

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for financial audits, attestation engagements, and reviews of financial statements for periods ending on or after June 30, 2023.

- 8.5.2 *Organizations below audit threshold.* Contractors falling below the federal funding threshold, currently \$750,000, that mandates a single audit may be subject to an audit and/or other fiscal or program-specific review conducted by CSD or its agents, upon 30 calendar days written notice.
- 8.5.3 The financial and compliance audit report shall contain a Schedule of Expenditures of Federal Awards (SEFA) in accordance with 2 CFR § 200.510 (45 CFR § 75.510). All CSBG grants shall be reported separately on the SEFA, i.e., CSBG; Discretionary. In addition, a separate Supplemental Statement of Revenues and Expenditures (SSRE) for **each** contract whose **term ends** during the single-audit fiscal year shall be included in that year's single audit. The SSRE shall report revenue and expenditures for CSD funding by contract line item and fiscal year. The SSRE shall cover the entire contract term as required in CSD's Supplemental Audit Guide.
- 8.5.4 *Submission of Audit Reports.* Contractor shall submit to CSD one electronic copy of the required audit report(s) and any management letter(s) issued by the accountant, within the earlier of 30 calendar days after receipt of the auditor's report, or nine months after the end of the Contractor's fiscal year.
- 8.5.5 The audit report(s) and all supplemental financial information must be submitted to the following addresses:

One Electronic copy:

[audits@csd.ca.gov](mailto:audits@csd.ca.gov)

Upon receipt of the audit report, CSD's Audit Services Unit (ASU) will send a confirmation email within five to ten calendar days. Contractor should verify receipt of ASU's confirmation email to ensure your single audit was received.

In accordance with the guidelines of the Division of Audits of the California State Controller's Office (SCO), if Contractor is a local government agency, additional copies of the audit report must be submitted to the following address:

State Controller's Office  
Division of Audits  
300 Capitol Mall, Fifth Floor  
Sacramento, CA 95814

## 8.6 Failure to Comply with Audit Requirements

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- 8.6.1 In the event that Contractor fails to comply with the audit requirements under this Article, CSD, as appropriate in the circumstances, may take one or more of the following actions, provided in 45 CFR § 75.371 - § 75.375 “Remedies for Noncompliance”: (a) temporarily withhold cash payments pending correction of the deficiency by Contractor or more severe enforcement action by CSD; (b) disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance; (c) wholly or partly suspend (suspension of award activities) or terminate the award; (d) recommend that suspension or debarment proceedings be initiated by the HHS awarding agency, as authorized under 2 CFR Part 180 and Federal awarding agency regulations at 2 CFR Part 376; (e) withhold further federal awards for the project or program; and (f) take other remedies that may be legally available.
- 8.6.2 *Collection of Disallowed Costs.* Contractor shall have no less than ten business days from receipt of the draft Audit Transmittal Report (TR) or comparable document to provide acceptance of the disallowed costs or, alternatively, to provide CSD with complete and accurate information or documentary evidence in support of the allowability of questioned costs.
- 8.6.3 If Contractor challenges questioned costs and submits complete and accurate information or documentary evidence in support of the allowability of questioned costs CSD shall, after consideration of Contractor’s submission, issue a final TR, no later than 30 calendar days after receipt of Contractor’s information or documentation. If questioned costs are determined to be owing, ASU shall notify CSD’s Financial Services Unit (FSU) to send an invoice. Contractor will tender payment to FSU or negotiate a repayment plan acceptable to FSU.

### 8.7 Enforcement Actions Resulting from Noncompliance with this Agreement

- 8.7.1 *Legal Authority.* The authority for CSD Enforcement Actions, as defined in Article 8.7.2, for cost disallowances/recovery of misused funds, and for de-designation of eligible entity status (collectively “Enforcement Process”) is found in the federal CSBG Act (42 USC §§ 9914-9916), in the Code of Federal Regulations, and in state regulations, with particular reference to 22 Cal. Code Regs. § 100780. In order to facilitate compliance with the cited authorities, the parties to this Agreement agree that Article 8.7 shall: (a) guide, inform and clarify the Enforcement Process; (b) establish the procedures to be followed; and (c) establish the rights and obligations of the parties with respect to the Enforcement Process, for purposes of implementing the principles set out in the applicable legal authorities.
- 8.7.2 *Definitions.*

*Enforcement Action.* For purposes of this Article, “Enforcement Action” shall refer to official steps taken by CSD in response to material breaches of this Agreement and/or Contractor’s inability to fulfill contractual obligations of the Agreement due to serious financial instability or insolvency. Enforcement

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Actions may include any of the following: (a) “High-Risk” designation; (b) a determination of cost disallowance; (c) contract suspension; (d) contract termination; or (e) termination of Contractor’s designation as eligible entity.

*High Risk Designation* refers to the status of a Contractor which, due to material breach/failure to fulfill contractual obligations and/or serious financial instability, is subject to Enforcement Action(s) that may include imposition of Special Conditions and/or Sanctions designed to allow for continued performance of the Agreement within the conditions/sanctions imposed, or other actions deemed necessary to safeguard public funds.

*Material Breach* means any act or omission by Contractor that is in contravention or disregard of Contractor’s duties and obligations under the terms of this Agreement and under applicable State and federal law, which act or omission: (a) constitutes fraud or gross negligence by Contractor or its agent(s); (b) is likely to result in significant waste and/or abuse of federal funds; (c) has a significant adverse impact on Contractor’s ability to meet its administrative, financial, or programmatic duties and obligations over the term of the contract or a significant portion thereof; (d) violates or otherwise disregards significant program guidance and other requirements of the Federal Government, whether issued directly or through CSD; (e) may have serious adverse effects and consequences on the Contractor’s customers, employees, subcontractors, creditors, suppliers, vendors, or other stakeholders; or (f) may otherwise significantly and adversely affect the viability, effectiveness, or integrity of the program.

### 8.7.3 *Initiation of Enforcement Action.*

8.7.3.1 *Grounds for Enforcement Action.* If CSD determines that Contractor has not complied with the requirements of this Agreement and that Contractor’s noncompliance constitutes a material breach of the Agreement, or if CSD determines that Contractor’s financial condition is so unstable and tenuous that its ability to implement this Agreement is seriously compromised, CSD may initiate an Enforcement Action.

8.7.3.2 *Notice of High-Risk Designation.* To initiate an Enforcement Action, CSD must provide Contractor with written Notice of High-Risk designation, setting forth: (a) the factual and legal basis for the determination of noncompliance, upon which the High-Risk designation is based; (b) the corrective action(s) required; and (c) the date by which they must be taken and completed.

### 8.7.4 *Special Conditions and Sanctions.*

8.7.4.1 CSD may impose Special Conditions and/or Sanctions upon a determination that such steps are reasonably necessary to address acute financial instability or a material breach, as defined above. Imposition of

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Special Condition(s) and/or Sanction(s) shall be in writing and shall become effective on the date specified in the notice. Such notices must contain the following information: (a) the nature of the Special Condition(s) and/or Sanction(s) being imposed; (b) the reason(s) for imposing Special Condition(s) and/or Sanction(s); and (c) the corrective actions that must be taken and the time allowed for completing them before CSD removes the Special Condition(s) and/or Sanction(s).

8.7.4.2 Special Conditions may include but are not limited to: (a) requiring Contractor to obtain training and/or technical assistance; (b) imposition of special or additional reporting requirements; (c) special or conditional cost reimbursement requirements and procedures; (d) provision of documentation by Contractor; and/or (e) requiring Contractor to amend or modify systems, procedures, and/or policies.

8.7.4.3 Sanctions may include but are not limited to: (a) suspension of advances and/or reimbursements; and/or (b) issuance of notices to suspend operations.

8.7.4.4 Sanctions may not be imposed without a hearing being first held in accordance with applicable regulations, *unless* CSD reasonably determines, based on credible information, that: (a) substantial sums to be paid to Contractor have been or will be used in violation of law or the provisions of this Agreement, and/or (b) associated costs are otherwise very likely to be disallowed; and (c) taxpayer dollars are at significant risk and are unlikely to be recovered if Sanctions are not immediately imposed.

### 8.7.5 *Procedures for Review of Special Conditions and/or Sanctions.*

8.7.5.1 If Contractor wishes to contest the imposition of Special Conditions and/or Sanctions, Contractor shall have five business days following receipt of a Notice of Enforcement Action in which to show cause, in writing, why the Special Conditions or Sanctions should not be imposed.

8.7.5.2 CSD shall have five business days following receipt of Contractor's response to accept or reject Contractor's objection and to state in writing the consequences of the decision and Contractor's obligations going forward, if any.

8.7.5.3 *Hearing.* Within five business days of receipt of a Notice of Enforcement Action, Contractor may request a hearing for the parties to consider the matters addressed in the Notice and to discuss alternative courses of action, which meeting CSD may agree to if, in its sole judgment, it determines that the meeting would be helpful to the process, can be held expeditiously, and will not cause undue delay or further jeopardize taxpayer dollars.

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8.7.5.4 Contractor may, at any time, request in writing that CSD initiate the contract suspension or contract termination processes, to include the requisite hearings, as set out in applicable federal and State law, with particular reference to 22 Cal. Code Regs. § 100780.

8.7.5.5 Should Contractor fail to show cause as to why the Enforcement Action should not go forward, or should Contractor fail to request that CSD initiate either the contract suspension or termination processes, CSD may initiate such action at its own discretion.

8.7.5.6 Special Conditions and Sanctions shall remain in effect until the hearing procedure is completed, provided, with respect to sanctions, CSD reasonably determines that Article 8.7.5.3 applies.

### 8.7.6 *Enforcement Action Cost Disallowance.*

8.7.6.1 *Statement of Questioned Costs.* If CSD determines that Contractor's non-compliance has resulted in questioned costs, CSD shall provide Contractor with a Statement of Questioned Costs along with the Notice of Enforcement Action, or at such later time in the enforcement process as questioned costs are identified.

8.7.6.2 Statements of Questioned Costs shall include, at minimum: (a) particular item(s) of cost questioned and the specified amount(s) by type or category of costs; (b) factual basis for questioning costs, and the information and/or documentation required to justify payment of the costs; and (c) timeframe and procedures for Contractor's submission of the required information or documentation to CSD.

8.7.6.3 *Investigative Audits and Reports.* If CSD determines that more information is required before a Statement of Questioned Costs can be issued or before a final determination of cost disallowance can be made, CSD may conduct an investigative audit of Contractor's records, files and books of account, or retain an audit firm for such purpose. Contractor agrees to cooperate fully in any audit conducted and to ensure that Contractor's agents, accountants and subcontractors cooperate in the performance of such audit. A report of any audit conducted shall be shared with Contractor, who shall be given ample opportunity to respond to findings and to submit information and documentation in support of the response.

8.7.6.4 *Effect of Non-Cooperation with Investigative Audits.* If Contractor fails to cooperate in the conduct of an audit initiated pursuant to Article 8.7.6.3, CSD may: (a) impose sanctions as provided in article 8.7.4; and/or (b) issue a Notice of Disallowed Costs as determined appropriate.

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- 8.7.6.5 *Notice of Disallowed Costs.* If CSD determines that further information and/or documentation provided by Contractor has not fully addressed or resolved any outstanding issues of questioned costs, CSD shall issue a Notice of Disallowed Costs, which notice shall include: (a) the amount of disallowed costs to be repaid, if any; and (b) the date by which repayment must be made or, in the alternative, (c) the date by which Contractor must submit a proposed repayment plan for consideration by CSD.
- 8.7.6.6 *Right to Dispute Notice.* Not later than five business days after receipt of a Notice of Disallowed Costs, Contractor may request a hearing disputing the Notice or statements made therein. The hearing shall be conducted in accordance with the procedures set out in 22 Cal. Code Regs. § 100780, for the purpose of adjudicating the matter of cost disallowance; however, either Contractor or CSD may opt to adjudicate other pending enforcement action matters, in a combined proceeding.
- 8.7.6.7 *Waiver of Right to Dispute.* If Contractor declines to request a hearing to adjudicate cost disallowance, or neglects to submit a request as provided in Article 8.7.6.6, the Notice of Disallowed Costs shall be deemed final, and Contractor shall be obligated to comply with the requirements of the Notice.
- 8.7.6.8 Contractor will be deemed to have complied with a Notice of Disallowed Costs when CSD receives full repayment of outstanding disallowed amount(s), or when CSD formally approves a repayment plan. In reviewing Contractor's repayment plan, CSD shall take into consideration such factors as, but not limited to: (a) federal requirements or conditions applicable to the grant(s) under which the disallowed costs were funded; (b) the exigencies of the grant program and CSD's ability to reallocate the funds repaid or otherwise dispose of the funds in accordance with applicable law; (c) the risk of being unable to recover funding and the options for securing Contractor's repayment obligation; and (d) Contractor's financial condition and ability to pay.
- 8.7.7 *Removal of High-Risk Designation.* Contractor shall remain on High-Risk until CSD reasonably determines that Contractor has complied with the requirements of the Notice of High-Risk Designation, including verification by CSD that corrective measures have been implemented, that all conditions have been met and that disallowed costs have been repaid or, alternatively, that CSD has deemed Contractor's repayment plan to be acceptable and Contractor has demonstrated it is in compliance with the plan. Upon determination that Contractor has complied with the requirements of the Notice of High-Risk Designation, CSD shall give Contractor written notice of such determination.
- 8.7.8 *Further Enforcement Action.* In the event Contractor's non-compliance with the terms and conditions of this Agreement are not remedied through imposition of Special Conditions, and/or Sanctions, thereby enabling CSD to remove High-

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Risk designation, CSD may initiate further Enforcement Actions involving Contract Suspension, Contract Termination and Termination of Contractor's designation as eligible entity, which shall be initiated and conducted in accordance with the applicable provisions found in 22 Cal. Code Regs. § 100780 and other applicable State and federal statutes and regulations.

- 8.7.9 *Contractor's Status During Federal Review Period.* The final decision with respect to any enforcement action which involves contract termination, cost disallowance, a denial of refunding, and/or de-designation of an eligible entity shall become effective upon completion of the applicable federal review, if initiated by Contractor, and in compliance with review requirements pursuant to Section 678C of the Community Services Block Grant Act, (42 USC § 9915), except that Special Conditions and Sanctions shall remain in force during the course of any federal review and appeal, and no new contracts or amendments will be executed during the federal review and appeal process.

## ARTICLE 9 – FEDERAL AND STATE POLICY PROVISIONS

### 9.1 Federal Certification Regarding Debarment, Suspension, and Related Matters

- 9.1.1 Contractor hereby certifies to the best of its knowledge that it, any of its officers, and any subcontractor(s):
- a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;
  - b. Have not, within a three-year period preceding this Agreement, been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of federal or State antitrust statutes; commission of embezzlement, theft, forgery, or bribery; falsification or destruction of records; making false statements; or receiving stolen property;
  - c. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state, or local) with commission of any of the offenses enumerated in Article 9.1.1; and
  - d. Have not, within a three-year period preceding this Agreement, had one or more public (federal, state, or local) transactions terminated for cause or default.
- 9.1.2 If any of the above conditions are true for the Contractor, any of its officers, or any subcontractor(s), Contractor shall describe such condition(s) in writing and submit this information to CSD with the other forms Contractor must complete



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and return prior to CSD's execution of this Agreement. Based on the description, CSD in its discretion may decline to execute this Agreement or set further conditions of this Agreement. In the event any of the above conditions are true and not disclosed by Contractor, it shall be deemed a material breach of this Agreement, and CSD may terminate this Agreement for cause immediately pursuant to the termination provisions of State and federal law governing the CSBG program.

- 9.1.3 Contractor must certify in writing to the best of its knowledge that any subcontractor(s) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency.

## 9.2 Federal Requirements

- 9.2.1 Salary Limitation – Federal Executive Level II. None of the funds appropriated for this Act shall be used to pay the salary of an individual, through the grant or other extramural mechanism including non-federal share, at a rate in excess of Federal Executive Level II salary for that calendar year. This amount is published annually by the U.S. Office of Personnel Management and can be found on their website at <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/>. This amount reflects an individual's base salary exclusive of fringe benefits and any income that an individual may be permitted to earn outside of the duties of the non-Federal entities' organization. This salary limitation also applies to subawards, contracts, and subcontracts under an ACF grant or cooperative agreement.

- 9.2.1.1 Federal Funds Accountability and Transparency Act (FFATA) Requirements. Awards under these programs are included under the provisions of P.L. 109-282, the "Federal Funds Accountability and Transparency Act of 2006" (FFATA). Under this statute, the grant recipient is required to report information regarding executive compensation and all subawards, contracts, and subcontracts in excess of \$25,000 through the Federal Subaward Reporting System (<https://www.fsrs.gov/>) and in accordance with the terms found in Federal regulations at 2 CFR Part 170, including Appendix A.

- 9.2.2 Human Trafficking Provisions. Contractor is subject to the requirements of Section 106(g) of the "Trafficking Victims Protection Act of 2000" (22 USC § 7104). The full text of this requirement can be found at <https://www.acf.hhs.gov/grants/award-term-and-condition-for-trafficking-in-persons>.

- 9.2.3 Prohibition on Use or Procurement. Pursuant to the "Prohibition on certain telecommunications and video surveillance services or equipment" (2 CFR § 200.216), contractors are prohibited from expending grant funds on "equipment,

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services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in Public Law 115-232, section 889, covered telecommunications equipment is telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities)". The full text of this requirement can be found at [Electronic Code of Federal Regulations \(eCFR\)](#).

### 9.3 Affirmative Action Compliance

- 9.3.1 Each contractor or subcontractor with 50 or more employees and an agreement of \$50,000 or more shall be required to develop a written Affirmative Action Compliance Program.
- 9.3.2 The written Affirmative Action Compliance Program shall follow the guidelines set forth in 41 CFR § 60-1.40, §§ 60-2.10 through 60-2.32, and §§ 60-741.1 through 60-741.47.
- 9.3.3 Each contractor or subcontractor with less than 50 employees shall comply with Section 202 of Part II of Executive Order 11246, as amended by Executive Order 11375. Contractor shall ensure that subcontractors falling within the scope of this provision shall fully comply with the requirements thereof.

### 9.4 Nondiscrimination Compliance

- 9.4.1 Contractor's signature affixed hereon shall constitute a certification that to the best of its ability and knowledge will, unless exempted, comply with the nondiscrimination program requirements set forth in this section.
- 9.4.2 Contractor hereby certifies compliance with the following:
  - a. Federal Executive Order 11246, as amended by Executive Order 11375, relating to equal employment opportunity;
  - b. Title VI and Title VII of the Civil Rights Act of 1964, as amended (42 USC §§ 2000d et seq. and 2000e et seq.);
  - c. Rehabilitation Act of 1973, as amended (29 USC §§ 701 et seq.);
  - d. Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended (41 CFR Subtitle B, Part 60-300);
  - e. Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor, as amended (41 CFR Chapter 60); and
  - f. Americans with Disabilities Act of 1990, as amended (Pub. L. 101-336; 42 USC §§ 12101 et seq.).

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### 9.5 Specific Assurances

- 9.5.1 **Smoking Prohibitions.** In accordance with Title XII of Public Law 103-227, the “PRO-KIDS Act of 1994,” smoking may not be permitted in any portion of any indoor facility owned or regularly used for the provision of health, day care, education, or library services to children under the age of 18, if the services are funded by Federal programs whether directly or through State, Territories, local and Tribal governments. Federal programs include grants, cooperative agreements, loans and loan guarantees, subawards, and contracts. The law does not apply to children’s services provided in private residences, facilities funded solely by Medicare or Medicaid funds, and portions or facilities and used for inpatient drug and alcohol treatment. The above language must be included in any subawards that contain provisions for children’s services and that all subawards shall certify compliance accordingly. Failure to comply with the provisions of this law may result in the imposition of a civil monetary penalty of up to \$1,000 per day.
- 9.5.2 This Agreement incorporates by reference all provisions set forth in “Child Support Services and Referrals”, under 42 USC § 9919(b).
- 9.5.3 *American-Made Equipment/Products.* Contractor shall assure, pursuant to Public Law 103-333, Section 507, to the extent practicable, that all equipment and products purchased with funds made available under this Agreement shall be American made.
- 9.5.4 *Federal and State Occupational Safety and Health Statutes.* Contractor assures that it shall be in compliance with the provisions as set forth in Federal and State Occupational Safety and Health Statutes; the California Safe Drinking Water and Toxic Enforcement Act of 1986 (Health & Safety Code §§ 25249.5 et seq.); Universal Waste Rule (Hazardous Waste Management System: Modification of the Hazardous Waste Recycling Regulatory Program) (60 FR 25492, codified at 40 CFR Part 273); and California Workers’ Compensation laws (Labor Code §§ 3200 et seq.).
- 9.5.5 *Political Activities.* Contractor shall refrain from all political activities if such activities involve the use of any funds that are the subject of this Agreement. Contractor is prohibited from any activity that is designed to provide voters or prospective voters with transportation to the polls or to provide similar assistance in connection with an election if such activities involve the use of any funds that are subject to this Agreement.
- 9.5.6 *Lobbying Activities.* Contractor shall refrain from all lobbying activities if such activities involve the use of any funds that are the subject of this Agreement or any other fund, programs, projects, or activities that flow from this Agreement. If Contractor engages in lobbying activities, Contractor shall complete, sign and date the attached CERTIFICATION REGARDING LOBBYING/DISCLOSURE

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OF LOBBYING ACTIVITIES, as required by the U.S. Department of Health and Human Services under 45 CFR Part 93 (Appendix A).

### 9.6 Subrecipient Monitoring

Contractor must obtain a Unique Entity Identifier (UEI) assigned by the System for Award Management (SAM.gov). CSD is required to check SAM.gov to verify that Contractor and subrecipients are not debarred, suspended, or ineligible. The UEI is a 12-character alphanumeric ID assigned by SAM.gov.). CSD is also required to conduct risk assessments of Contractor in accordance with 45 CFR § 75.352(b), and monitoring for each program, function, and activity (45 CFR § 75.342 & 45 CFR § 75.352.).

### 9.7 Executive Order N-6-22 – Russia Sanctions

On March 4, 2022, Governor Gavin Newsom issued Executive Order N-6-22 (the EO) regarding Economic Sanctions against Russia and Russian entities and individuals. “Economic Sanctions” refers to sanctions imposed by U.S. government in response to Russia’s actions in Ukraine, as well as any sanctions with, and to refrain from entering any new contracts with, individuals or entities that are determined to be a target of Economic Sanctions. Accordingly, should the State determine Contractor is a target of Economic Sanctions or is conducting prohibited transactions with sanctioned individuals or entities, that shall be grounds for terminations of this agreement. The State shall provide Contractor advance written notice of such termination, allowing Contractor at least 30 calendar days to provide written response. Termination shall be at the sole discretion of the State.

## ARTICLE 10 – ADDENDUM B: CONTRACTOR SECURITY

Whereas the Contractor desires to enter into this Security Addendum to the Contract Agreement with CSD; now, therefore, for consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. The following shall be inserted as Addendum B of the Contract Agreement. Protection of personal data where Contractor processes personal data on behalf of CSD in connection with the performance of this Agreement, it shall:
  - a. Process such personal data in accordance with all applicable state and federal and regulations and CSD information security policies, only for purposes reasonably necessary for the performance of its obligations under this Agreement and in accordance with the documented written instructions of CSD.
  - b. Treat such personal data as confidential information of CSD.
  - c. Where such personal data is collected by Contractor, not transfer such personal data to any location outside Contractor’s agency (except to CSD).
  - d. Considering the state of the art, the costs of implementation and the nature, scope, context, and purposes of the data processing as well as the likelihood and severity of any risk, implement appropriate technical and organizational measures to protect such personal and confidential data against accidental or unlawful destruction or accidental loss, alteration, unauthorized disclosure, or access. Without limitation to the

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- foregoing, such measures shall comply with prevailing industry standards but in no case consist of less than reasonable care.
- e. Co-operate fully with CSD to enable it to adequately discharge its responsibility under applicable laws (including assisting with data subject access or erasure requests).
  - f. Immediately notify CSD of any actual or suspected data breach and provide all available information.
  - g. Not allow any third party to process such personal data on its behalf except with CSD's prior written consent.
  - h. Delete or at CSD's choice deliver to CSD all records of such personal data upon termination of this Agreement or (if earlier) upon the data no longer being required for the purposes referred to in subsection (a) above.
  - i. CSD shall have the right, on reasonable notice, to review, inspect and/or audit Contractor's information security program, technical environment and business continuity arrangements and its compliance with the other state and federal requirements.
  - j. General Security Controls
    - a. Information Security Training – Contractor shall instruct all employees, agents, and subcontractors with access to the CSD Confidential, Sensitive and Personal (CSP) regarding:
      - 1. The confidential nature of the information;
      - 2. The civil and criminal sanctions against unauthorized access, use, or disclosure found in the California Civil Code Section 1798.55, Penal Code Section 502 and other state and federal laws;
      - 3. CSD procedures for reporting actual or suspected information security incidents - Information Security Incidents and/or Breaches; and
      - 4. That unauthorized access, use, or disclosure of CSD CSP is grounds for immediate termination of this Agreement with CSD and Contractor and may be subject to penalties, both civil and criminal.
    - b. Workstation/Laptop Encryption. All Contractor-owned or managed workstations, laptops, tablets, smart phones, and similar devices that process and/or store CSD CSP must be encrypted using a FIPS 140-2 certified algorithm which is 128 bit or higher, such as Advanced Encryption Standard (AES). The encryption solution must be full disk unless approved by the CSD Information Security Office.
    - c. Data Encryption. Any CSD CSP shall be encrypted at rest when stored on network file shares or document repositories.
    - d. Servers containing unencrypted CSD CSP must have sufficient administrative, physical, and technical controls in place to protect that data, based upon a risk assessment/system security review.
    - e. Minimum Necessary. Only the minimum necessary amount of the CSD CSP required to perform necessary business functions may be copied, downloaded, or exported.

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- f. **Removable Media Devices.** All electronic files that contain the CSD CSP must be encrypted when stored on any removable media or portable device (i.e. USB thumb drives, floppies, CD/DVD, smart phone, backup tapes etc.). Encryption must be a FIPS 140-2 certified algorithm which is 128 bit or higher, such as AES.
- g. **Antivirus Software.** All Contractor-owned or managed workstations, laptops, tablets, smart phones, and similar devices that process and/or store CSD CSP must install and actively use comprehensive anti-virus software solution with automatic updates scheduled at least daily.
- h. **Security Patch Management.** To correct known security vulnerabilities, Contractor shall install security patches and updates in a timely manner on all Contractor-owned or managed workstations, laptops, tablets, smart phones, and similar devices that process and/or store CSD CSP as appropriate based on Contractor's risk assessment of such security patches and updates, the technical requirements of Contractor's systems, and the vendor's written recommendations. If patches and updates cannot be applied in a timely manner due to hardware or software constraints, mitigating controls will be implemented based upon the results of a risk assessment.
- i. **User IDs and Password Controls.** All users must be issued a unique username for accessing CSD CSP. Contractor's password policy must be based on information security best practices for password length, complexity, and reuse.
- j. **Data Destruction.** Upon termination of the Agreement, all CSD CSP not returned to CSD must be sanitized in accordance with NIST Special Publication 800-88, Guidelines for Media Sanitization.
- k. **System Security Controls**
  - a. **System Timeout.** The system providing access to the CSD CSP must provide an automatic timeout, requiring re-authentication of the user session after no more than 30 minutes of inactivity for applications, and 15 minutes of inactivity for desktops and laptops.
  - b. **Warning Banners.** All systems (servers, desktops, laptops, etc.) containing CSD CSP must display a warning banner at login stating that data is confidential, systems are logged, and system use is for business purposes only. User must be directed to log off the system if they do not agree with these requirements.
  - c. **System Logging.** The system must maintain an automated audit trail which can identify the user or system process which initiates a request for CSD CSP, or which alters CSD CSP. The audit trail must be date and time stamped, must log both successful and failed accesses, must be read only, and must be restricted to authorized users. If CSD CSP is stored in a database, database

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logging functionality must be enabled. Audit trail data must be archived for at least one year after occurrence.

- d. Access Controls. The system must use role-based access controls for all user authentications, enforcing the principle of least privilege.
- e. Transmission Encryption. All data transmissions of CSD CSP by Contractor outside the secure internal network must be encrypted using a FIPS 140-2 certified algorithm, such as Advanced Encryption Standard (AES), with a 128bit key or higher. Encryption can be end-to-end at the network level, or the data files containing CSD CSP can be encrypted. This requirement pertains to any type of CSD CSP in motion such as website access, file transfer, and email.
- f. Intrusion Detection. All systems involved in accessing, holding, transporting, and protecting CSD CSP that are accessible via the Internet must be protected by a comprehensive intrusion detection and prevention solution.

### 2. Audit Controls

- a. System Security Review. All systems processing and/or storing CSD CSP must have at least an annual system risk assessment/security review which provides assurance that administrative, physical, and technical controls are functioning effectively and providing adequate levels of protection. Reviews shall include vulnerability scanning tools.
- b. Log Reviews. All systems processing and/or storing CSD CSP must have a routine procedure in place to review system logs for unauthorized access.
- c. Change Control. All systems processing and/or storing CSD CSP must have a documented change control procedure that ensures separation of duties and protects the confidentiality, integrity, and availability of data.

### 3. Contractor shall delete all CSD's information within its custody or control, including, but not limited to, completed project data, email addresses and all other personal data processed on behalf of CSD upon the earliest of:

- a. Termination of this Contract Agreement
- b. Written request by CSD.
- c. The personal data is no longer being required for the performance of the Services.

### 4. This Information Security Addendum is governed by the Agreement. The terms of this Addendum supersede provisions in the Agreement only to the extent that the terms of this Addendum and the Agreement expressly conflict. However, nothing in this Addendum should be interpreted as invalidating the Agreement, and provisions of the Agreement will continue to govern relations between the Parties insofar as they do not expressly conflict with this Addendum B. This Addendum may be executed in counterparts and by facsimile, each of which shall be deemed an original and both of which shall constitute one and the same document.

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5. IN WITNESS WHEREOF, the Parties have executed this Addendum (as of date first written).

Information owned by CSD including but not limited to information systems, files and data, laptops and tablets, smartphones, and removable storage devices are strategic assets intended for official business use and are entrusted to state personnel in the performance of their job-related duties.

Inappropriate use of CSD information and assets could negatively affect the confidentiality, integrity, or availability of the data, information systems, or other information assets of CSD or the State of California. Consequently, it is important for all CSD employees and affiliates to access and utilize information assets in a responsible, ethical, and legal manner that safeguards the data and information. Additionally, the appropriate use of information assets benefits the State and CSD by strengthening the protection of its personnel and business partners from illegal or potentially damaging activities.

The scope of this policy extends to all information and assets owned or operated by CSD and to all employees or affiliates authorized to use these assets.



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### DEFINITIONS

All terms used in this Agreement shall be defined as stated in applicable federal and state statutes and regulations (42 USC § 9902; Cal. Gov. Code § 12730; 45 CFR Part 75 and 22 Cal. Code Regs. § 100601). The following terms shall be more specifically defined for purposes of this Agreement, insofar as the definition accords with federal and state law, as follows:

|                                 |  |
|---------------------------------|--|
| <u>Agreement:</u>               | The complete contents of this Agreement entered into by and between the CSD and Contractor, including all rights, duties, and obligations whether expressed or implied required toward the legal performance of the terms hereof, and including all documents expressly incorporated by reference.   |
| <u>Agreement Term:</u>          | The timeframe of this Agreement as specified on the Agreement face sheet (STD 213) including the established Period of performance and an extended period granted upon approval to the Contractor by CSD.  |
| <u>Amendment:</u>               | A formal change to the Agreement of a material nature including but not limited to the term, scope of work, or name change of one of the Parties, or a change of the maximum amount of this Agreement.   |
| <u>Authorized Agent:</u>        | The duly authorized representative of the Board of Directors of Contractor, and the duly elected or appointed, qualified, and acting officer of the State. In the case of Contractor, the State shall be in receipt of a board resolution affirming the agent's representative capacity to bind Contractor to the terms of this Agreement.   |
| <u>Board of Directors:</u>      | For the purposes of a private nonprofit Community Action Agency, Board of Directors refers to the tripartite board as mandated by 42 USC § 9910 and Government Code § 12751. For the purposes of a publicly governed Community Action Agency, Board of Directors refers to the tripartite advisory/ administering board that is mandated by 42 USC § 9910 and California Government Code § 12752.1 and established by the political subdivision or local government. |
| <u>Community Action Agency:</u> | A public or private nonprofit agency that fulfills all requirements of Government Code § 12750.  |
| <u>Continuing Resolution:</u>   | An appropriation act that provides budget authority for federal agencies, specific activities, or both to continue in operation when Congress and the President have not completed action on the regular appropriation acts by the beginning of the fiscal year.   |

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| <u>Contractor:</u>                           | The entity (partnership, corporation, association, agency, or individual) designated on the face sheet (STD 213) of this Agreement.  |
| <u>CSD:</u>                                  | The State of California Department of Community Services and Development.  |
| <u>Equipment:</u>                            | An article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-profit organization for financial statement purposes, or \$5000.  |
| <u>Extended Period of Performance:</u>       | An extension to the Period of Performance provided to Contractor upon approval if Contractor does not expect to complete award activities during the Period of Performance.  |
| <u>Limited Purpose Agency (LPA):</u>         | A community-based nonprofit organization without a tripartite board, as defined in California Government Code § 12775 and 42 USC § 9910(b)(2).   |
| <u>Maximum Amount:</u>                       | The dollar amount reflected on line 3 of the face sheet (STD 213) of this Agreement.   |
| <u>Modification:</u>                         | An immaterial change to this Agreement that does not require an Amendment.   |
| <u>Native American Indian Program (NAI):</u> | A tribal or other Native American Indian organization in an urban or rural off-reservation area, as defined in Government Code § 12772, such as an Indian nonprofit organization, which meets the criteria of 'eligible entity' as defined in subdivision (g) of § 12730. An NAI may be considered a 'public organization' for purposes of tripartite board requirements or other mechanisms of governance in accordance with 42 USC § 9910(b)(2). |
| <u>Parties:</u>                              | CSD on behalf of the State of California, and the Contractor.  |
| <u>Period of Performance:</u>                | Time during which Contractor is expected to complete award activities and expend approved funds.   |
| <u>Program:</u>                              | The Community Services Block Grant (CSBG) Program, 42 USC §§ 9901 et seq., as amended.   |
| <u>State:</u>                                | The State of California Department of Community Services and Development.  |

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|                          |   |
|--------------------------|---|
| <u>Subcontractor:</u>    | An entity (partnership, tribe, corporation, association, agency, or individual) that enters into a separate contract or agreement with Contractor to fulfill direct program or administrative tasks in support of this Agreement.   |
| <u>Subcontract:</u>      | A separate contract or agreement entered into by and between Contractor and Subcontractor to fulfill direct program or administrative tasks in support of this Agreement.   |
| <u>Total Allocation:</u> | The actual amount of funds available to Contractor under this Agreement, as calculated pursuant to Government Code § 12759 after CSD receives the notice of grant award for the full allocation based on the appropriation by Congress for the related federal fiscal year, and as publicly announced by CSD's Director or designee, subsequent to the execution of this Agreement. |

**SUBVENTION AGREEMENT****TABLE OF FORMS AND ATTACHMENTS**

Forms (to be returned with signed Agreement):

- A. CSBG Budget Series Forms (CSD 425):
  - 1. CSBG Contract Budget Summary (CSD 425.S);
  - 2. CSBG Budget Support Personnel Costs (CSD 425.1.1);
  - 3. CSBG Budget Support Non-Personnel Costs (CSD 425.1.2);
  - 4. CSBG Budget Support Other Agency Operating Funds (CSD 425.1.3);
  - 5. CSBG Contract Budget Narrative (CSD 425.1.4); and

- B. CSBG Annual Report Work Plan (CSD 641).

- C. CSBG Annual Work Plan Modules 3 and 4

Annual programmatic work plan covers the proposed programmatic activities from January 1, 2023, through December 31, 2023. Contractor must complete and submit the CSBG Annual Work Plan CSD 641 form and enter the Targets using Work Plan CSD 641-1 Module 3 Targets and or 641-2 Module 4 Targets. Required data for Module 3 and Module 4 will include selecting the appropriate CNPI(s) and or FNPI(s), entering the target, and providing the type of documentation the agency will use to verify the outcome has been met. The Annual Report projections for CY 2023 must be completed and submitted with the contract deliverables. All necessary forms may be accessed on the Local Agencies Portal at <https://agencies.csd.ca.gov/h>.

- D. Certification Regarding Lobbying/Disclosure of Lobbying Activities
- E. California Contractor Certification Clauses (CCC 04/2017)
- F. CSD Federal Accountability and Transparency Act Report (CSD 279)
- G. Agency Staff and Board Roster (CSD 188)

The following documents are hereby incorporated by reference:

- Attachment A: 2023 CSBG Allocation Spreadsheet
- Attachment B: Supplemental Audit Guide