



# **CONTRACT HANDBOOK FOR**

## **CASE SERVICES & COOPERATIVE PROGRAM AGREEMENTS**

**Current as of July 2017**

This DOR Contract Handbook has been designed to be accessed and downloaded from the DOR website at <http://www.dor.ca.gov/Public/Grants.html>.

**Contract** and **Agreement** are used interchangeably throughout this Contract Handbook. Funded programs/projects must administer their contract award in accordance with these administrative and fiscal conditions. Failure to comply with these requirements may result in the withholding or disallowance of contract payments and the reduction or termination of the contract.

Revisions to the Contract Handbook will be made on as-needed basis and posted to the DOR Intranet. Contractors are responsible for checking the DOR website for the most current version. DOR may modify and/or impose additional conditions not outlined in this handbook, if necessary. Modifications or exceptions to these provisions may be made in writing and submitted to the Chief of Contracts and Procurement or designee.

Questions concerning the Contract Handbook may be addressed by contacting the Contracts and Procurement Section at (916) 558-5680. Questions concerning the supplemental information for programmatic administration may be addressed by contacting Cooperative Programs Section, Lisa Harris at (916) 558-5435 or Courtney Tacker at (916) 558-5420.

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## INTRODUCTION

This handbook is for public agencies and non-profit organizations that contract for vocational rehabilitation services with the Department of Rehabilitation (DOR). In accepting an Agreement, the contractor assumes legal and financial responsibilities to make certain the funds are used in accordance with the terms specified and to ensure the performance of the contract program services. **The Contractor must comply with the conditions stated in the Standard Agreement STD 213 and Exhibits, as well as those contained in this Contract Handbook.**

When monitoring and auditing the activities of Case Service and Cooperative Program Agreements, the DOR applies the requirements set forth in both the Agreement and this Contract Handbook which is incorporated in the contract by reference.

Included in this Contract Handbook is important information regarding Case Service and Cooperative Program contracts, claim adjustments, contract amendments, and other pertinent information needed to assist with the administration and reporting of contract activities.

False Claims Act - Contractor/Subgrantee agrees that it shall promptly notify the State and refer to an appropriate federal inspector general any credible evidence that a principal, employee, agent, subcontractor or other person has committed a false claim under the False Claim Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving this contract/grant Agreement.

Fraud Awareness/Security and Privacy Training - The Contractor, its employees or any individuals performing activities related to this contract shall review the "Fraud Awareness Overview" at <http://www.dor.ca.gov/Public/Grants.html> no later than 30 days upon contract award. Contractor agrees to provide annual security and privacy training for all individuals who have access to personal, confidential, or sensitive information relating to the performance of this Agreement. The self-training manual can be viewed at the following internet site: <http://www.dor.ca.gov/VRED/Security-n-Privacy-Training.html>.

Debarment, Suspension, Ineligibility and Voluntary Exclusion - Contractor certifies that neither it nor its principals or subcontractors are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

Prohibition on Tax Delinquency – Any Agreement that a state agency enters into after July 1, 2012, is void if the contract is between a state agency and a contractor, or subcontractor, whose name appears on either of the 500 largest tax delinquencies pursuant to Section 7063 or 19195 of the Revenue and Taxation Code. In accordance with Public Contract Code Section 10295.4, agencies are required to cancel Agreements with entities that appear on either list.

Franchise Tax Board

[https://www.ftb.ca.gov/aboutFTB/Delinquent\\_Taxpayers.shtml](https://www.ftb.ca.gov/aboutFTB/Delinquent_Taxpayers.shtml)

Board of Equalization

<http://www.boe.ca.gov/cgi-bin/deliq.cgi>

Attribution – The Contractor agrees to acknowledge the sponsorship of DOR with respect to any public statement, press release, news item, or publication related to a program funded all or in part with funds from DOR. Contractor further agrees to identify the role of DOR with respect to any individual highlighted or publicized by or through Contractor, when such individual is a DOR consumer/client.

## **SUMMARY OF CHANGES**

1. Added attribution language (page 5)
2. Definitions added or updated for
  - a. Certified Expenditure (page 10)
  - b. Duplication/ Printing Costs (page 11)
  - c. Equipment (page 12)
  - d. Indirect Costs (page 12)
  - e. Potentially Eligible (page 13)
  - f. Student with a Disability (page 13)
  - g. Transportation (page 14)
  - h. Unduplicated Clients (page 14)
3. Added unallowable budget expenditures (page 15)
4. Updated budget percentage requirements (page 18)
5. Added contract Travel and Training requirements (page 20)
6. Removed Use Allowance, as this is no longer allowable
7. Updated the Allowable Leave Policy (page 33)
8. Updated Cooperative Agency Match Requirements (page 40)
9. Added language for Procedures to Reconcile Monthly Personnel Budget (page 66)
10. Added language for Progress Reports (page 71)
11. Updated Insurance Requirements (page 80)

## COOPERATIVE PROGRAM FEDERAL REGULATIONS

All cooperative programs must adhere to the provisions of the 34 CFR (Code of Federal Regulations), Section 361.28 Third-party cooperative arrangements involving funds from other public agencies.

- a) The designated State unit may enter into a third-party cooperative arrangement for providing or administering vocational rehabilitation services with another State agency or a local public agency that is furnishing part or all of the non-Federal share, if the designated State unit ensures that:
  - 1. The services provided by the cooperating agency are not the customary or typical services provided by that agency but are new services that have a vocational rehabilitation focus or existing services that have been modified, adapted, expanded, or reconfigured to have a vocation rehabilitation focus;
  - 2. The services provided by the cooperating agency are only available to applicants for, or recipients of, services from the designated State unit;
  - 3. Program expenditures and staff providing services under the cooperative arrangement are under the administrative supervision of the designated State unit; and
  - 4. All State plan requirements, including a State's order of selection, will apply to all services provided under the cooperative program.
- b) If a third-party cooperative agreement does not comply with the statewideness requirement in Sec. 361.25, the State unit must obtain a waiver of statewideness, in accordance with Sec. 361.26.

Authority: Section 12(c) of the Act; 29 U.S.C. 709(c)

## **EASY RULES FOR CONTRACT ADMINISTRATION**

1. Read the contract to make sure you know what is required of you. The contract terms and Handbook outline allowable activities; ensuring a good understanding will prevent disallowance of payments and other noncompliance concerns.
2. Discuss the Agreement Scope of Work and budget(s) with your organization's contract program, fiscal, and administrative staff. This will ensure the contract requirements are known and that things will run smoothly.
3. Follow the directions and Agreement requirements.
4. Keep sufficient, appropriate records to justify the costs incurred are directly related to contract services. Supporting documentation may be requested at any time by DOR staff, or other State and Federal representatives. Lack of supporting documentation could result in a disallowance of funds.
5. Meet all deadlines.
6. Spend the funds in a timely manner and monitor the expenses charged to the Agreement; do not spend funds on items that are not in the budget(s). Make sure the expenses billed/reported are allowable, reasonable, allocable, billed to the correct line item, and properly supported in compliance with the Agreement, Contract Handbook, and federal and state regulations. Amounts spent in excess of the total budget or in excess of 10% of the budget without an approved amendment cannot be billed to DOR.
7. Provide the program services as written in the Scope of Work; submit all consumer service documentation as required by the Agreement to support the provision of contract services.
8. Communicate. Communicate. Communicate. Communication and contact with your DOR Contract Administrator is essential for guidance and assistance, and to facilitate compliance with the contract requirements.



9. Federal and State funds are time limited; therefore, invoices (service and certified match) must be submitted as soon as possible, but no later than 60 days after the service month. Final submission of all fiscal year-end invoices is due no later than [November](#) 1<sup>st</sup>, to allow for payment and draw down prior to the close out of funds. If budgetary funds revert due to failure to submit timely invoices or failure to submit a properly prepared invoice, related Federal and State funds will no longer be available for use which will require the contractor to submit a claim through the [Victims Compensation and Government Claims Board Department of General Services](#), where approval to pay is not guaranteed.

## DEFINITIONS

For purposes of this publication, the following definitions apply to Case Services and Cooperative Program Agreements issued by the Department of Rehabilitation.

- **Agreement** – See Contract.
- **Allowable Costs** - Expenditures that are specifically permitted by the Contract, Contract Handbook, law, regulation, or guidance from the Office of Management and Budget, CFRs, federal accounting standards, or other authoritative sources. (Note: DOR Case Services/Cooperative Program Agreements are subject to more restrictive allowable costs.)
- **Amendment** - A formal modification or change to the Agreement, such as terms, total cost, or scope of work, in one or more provisions of an existing contract. (More information can be found on page 27)
- **Audit Finding** - A conclusion about a monetary or non-monetary matter related to an auditor's examination of a contractor's organization, program, activity, or function which identifies problems and provides recommendations for corrective action in order to prevent their future recurrence. (More information can be found on page 76)
- **Budget Narrative** - Detailed justification for each line item in the budget.
- **Budget Period** - An interval of time into which a project period is divided for budgetary purposes, usually 12 months.
- **Case Service Agreement** - A contract with a private non-profit organization to provide vocational rehabilitation services to DOR consumers.
- **Cash Match** - The amount of cash contributions provided by the Contractor in a Cooperative Program Agreement used by DOR to draw down federal Vocational Rehabilitation funds. The cash contributions must be from a public agency and a non-federal fund source.
- **Catalog of Federal Domestic Assistance (CFDA) #** - Is issued by the General Services Administration to identify specific federal programs. The VR program CFDA number is 84.126A. This number is used when reporting the total contract year expenditures on the OMB A-133 Schedule of Expenditures of Federal Awards.
- **Certified Expenditure** - The direct personnel cost including fringe benefits for individuals providing new and expanded VR services to individuals eligible for VR services. These costs are only certified AFTER the time has been worked and personnel costs, including fringe, have been paid. Very limited operating expenses may also be counted towards certified match. This is detailed on page 42. These expenditures are used as match by DOR to draw down federal Vocational Rehabilitation funds.

- **Claim Adjustment** - An invoice billing procedure used for expenditures exceeding an approved line item. Note: Total of all dollar claim adjustments must not exceed 10% of the annual contract Service Budget total. (More information can be found on page 24)
- **Code of Federal Regulations (CFR)** - Compilation of all final regulations issued by federal agencies. Title 34 contains the federal regulations of the Department of Education, and the Vocational Rehabilitation program. Title 2 contains the federal regulations defining the cost principles issued by the Office of Management and Budget.
- **Cognizant Agency** - The Federal agency, or approved State Department designee, responsible for approving cost allocation plans or indirect cost rates developed under federal cost principles. (DOR does not have cognizant authority.)
- **Communication Costs**– Service fees for access to online communication for contract related activities such as online job search, job applications, labor market information, and exchanging information with DOR staff and DOR consumers. Service charge for cell phones and land line telephones to be used by contract staff for contract related activities.
- **Contract** - A contract is a written Agreement between two or more parties to do or not to do a certain thing.
- **Cooperative Program Agreement** - A contract between DOR and another public entity to provide Vocational Rehabilitation services. In these agreements the participating public entity provides DOR with either cash or certified expenditure match from a non-federal source for the purpose of matching federal Vocational Rehabilitation funds.
- **Corrected Invoice** - A Service Invoice submitted to replace an invoice for a specific month that is still in process and has been confirmed it has not been paid by DOR.
- **Direct costs** - Direct costs are those costs that can be identified specifically with a particular final cost objective. Examples of direct costs are compensation of employees for the time devoted and identified specifically to the performance of contract services, cost of materials acquired, consumed, or expended specifically for the purpose of contract services, and travel expenses incurred specifically to carry out the contract services.
- **Depreciation** - Depreciation is the expensing of a tangible asset's depreciable cost to the time periods benefited. An asset's depreciable cost is the cost or other basis less the estimated residual value. Residual value is the estimated value of an asset at the end of its useful life. Depreciation is NOT an allowable certified expenditure match cost under Cooperative Program Agreements. (More information can be found on page 31)
- **Duplication/Printing Costs** – Cost for printing and duplication of items such as and not limited to; business cards, letterhead stationery, cooperative

program forms, and brochures as needed for program outreach and the provision of contract services.

- **Equipment** - For purposes related to Case Services/Cooperative Program Agreements and in concert with 2 CFR Part 200 §200.33 and §200.439, Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement of purposes, or \$5,000. In accordance with Uniform Guidance, any equipment purchased MUST receive prior written approval from the U.S. Department of Education, Rehabilitation Services Administration.
- **Generally Accepted Accounting Principles (GAAP)** - A common set of industry standards for recording and reporting financial and economic data.
- **Indirect Costs** - Organizational costs incurred for joint objectives, which can't be specifically identified with a particular project or other organizational activity (e.g. accounting, personnel/human resources, and janitorial services). Indirect costs are considered in-kind and are not allowable as certified match in Cooperative Arrangements.
- **Indirect Cost Rate** - A percentage established by an organization, which the organization uses in computing the dollar amount charged for indirect costs. This can be approved by a cognizant federal agency or state department designee (e.g. California Department of Education (CDE) or established through an independent audit.
- **Instructional Materials** - Materials for use in the provision of contract services that have an instructional classroom component (e.g., employment preparation). May include vocational curriculum, videos, vocational and career assessment materials, or portfolio development materials.
- **Leave** – Vacation, sick leave, holiday, bereavement leave, jury duty, personal holiday, or other type of benefit leave where contract staff is not working for the Contractor in any capacity. (More information can be found on page 33)
- **Mileage** – Reimbursement for mileage expenses when contract staff use their own private vehicles in the provision of contract services such as, local job development, job coaching, monitoring and other program related activities. Reimbursement rates not to exceed the California Department of Human Resources (CalHR) designated rates as stated on their website at <http://www.calhr.ca.gov/employees/Pages/travel-personal-vehicle.aspx>
- **Nonexpendable** – Nonexpendable items have a normal life expectancy of one year or more but have a purchase price of less than \$5,000 and must be inventoried.
- **Office of Management and Budget (OMB)** - OMB issues cost principles and uniform administrative requirements policy guidance on allowable costs

and the proper administration of federal grants and Cooperative Program contracts.

- **Potentially Eligible** - students with a disability (SWD) (age 16-21) who are participating in Pre-Employment Transition Services (Pre-ETS) who have not yet applied or been determined eligible for vocational rehabilitation services through DOR.
- **Property** - *Property* is, unless otherwise stated, real property, equipment, intangible property and debt instruments. *Real Property* is further defined as land, including land improvements, structures and appurtenances thereto, but excludes movable machinery and equipment.
- **Rent** – The payment for the temporary use of a building owned by someone else, used in the delivery of cooperative contract services. *Rent is considered an in-kind cost and is NOT an allowable certified expenditure match cost under Cooperative Arrangements.*
- **Student with a Disability** - an individual with a disability in a secondary, postsecondary, or other recognized education program who is 16 through 21 years of age, is eligible for, and receiving, special education or related services or is a student who is an individual with a disability and eligible for a 504 plan.
- **Supplies** - For purposes related to Case Services/Cooperative Program Agreements and in concert with 2 CFR, Part 200 §200.94 , supplies means all tangible personal property other than those described in Equipment. (Examples include but are not limited to; pens, paper, stapler, staples, binders, paperclips and toner).
- **Supplemental Invoice** - A Service Invoice submitted to request adjusted costs not included in the originally-invoiced amount for a specific month that has been paid.
- **Theft Sensitive Items** – Nonexpendable items purchased with contract funds that have a normal life expectancy of one year or more but have a purchase price of less than \$5,000 per item. Examples include, but are not limited to: computers, printers, fax machines, copiers, cameras, projectors, cellular phones, notebooks, and tablets. These items must be inventoried, and a copy of the inventory record must be submitted to DOR upon request. (More information can be found on page 30)
- **Training** – Registration and fees for contract staff to attend training or to bring in a trainer to provide training related to contract services (e.g., current trends in technology related to job placement, job skill development, labor laws/labor market trends, career and vocational preparation). Training must be pre-approved in writing by the DOR Contract Administrator and limited to \$500 per FTE for budgeting purposes. (More information can be found on page 20 and 23)

- **Transportation** – Costs for transporting clients in chartered vehicles for the provision of contract services (e.g., school district vans or bus service).
- **Travel** – Per diem and travel costs for contract staff to travel to contract related trainings within the State of California (e.g. airfare, bus, train, rental cars, personal vehicle mileage, lodging and food costs). Reimbursed at actual costs not to exceed the CalHR designated rates as stated on the website  
<http://www.calhr.ca.gov/pages/searchresults.aspx?q=travel&cx=000372834416615795060%3Acjzdowpvsh8&cof=FORID%3A9>
- **Unduplicated clients** – The total number of clients served in a fiscal year regardless of the number of services the individual client received under the contract.

## **CONTRACT BUDGET EXPENDITURES AND LINE ITEMS NOT ALLOWED**

**Expenses and line items such as, but not limited to, the following are unallowable expenditures and will NOT be paid under the contract:**

- Advertising for any purpose other than staff recruitment
- Awards or trophies
- Bad debts
- Building maintenance (Examples: building repairs, landscape maintenance, replacement of windows or any improvement of real property)
  - ❖ **Janitorial is allowable as a cost on the service budget, but not as certified expenditure match**
- Clothing
- Commute mileage
- Contingency fund for reserves
- Entertainment
- Expenses which are described as “miscellaneous” or “etc.”
- Fines and penalties
- Food/refreshments (including bottled water or water service)
- Fundraising
- Furniture and depreciation of furniture
- Goods, training or services for DOR Consumers paid out of a line item in the Service Budget
- Graduation parties
- Indirect costs that exceed 15% as identified on the Service Budget
- Indirect costs budgeted as a direct line item expense

- Instructional materials that do not have a direct application to the contracted vocational rehabilitation services
- Interest
- Lobbying activities
- Memberships
- Modular equipment/panels
- Moving expenses
- Out of State travel
- Petty cash or credit card payments
- Professional Liability Insurance
- Promotional items
- Publications that do not have a direct application to the contracted vocational rehabilitation services
- Purchase of equipment (as defined in this contract handbook)
- Rent as a match
- Rent, if property is owned
- Rental/lease of equipment
- Security services
- Severance pay
- Staff training that is not reasonable/necessary or has no direct application to the contracted vocational rehabilitation services
- Subsidies/stipends/incentives
- Subscriptions, except newspapers for job placement services
- Travel/training/conferences for DOR staff
- Use allowance
- Volunteer or other recognition



- Time personnel may spend outside of providing direct services such as recess, lunch or bus duty, attending school required training is not allowable and may not be certified.
- ❖ **Janitorial would not be an allowable cost unless the new and expanded services were being provided in a separate, independent location. If the services are being provided in a setting within or attached to a school or building, these costs would be in-kind and unallowable.**

Code of Federal Regulations cost principles also includes additional unallowable expenses that may not be included in this section. Refer to the applicable 2 CFR 200 for your organization at [http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)

## **BENEFIT PERCENTAGE REQUIREMENTS**

*For the*

### **SERVICE BUDGET/CERTIFIED EXPENDITURE NARRATIVES**

*In the narrative, list the benefit cost rate or range and itemize all benefits being claimed in calculating the percentage rate. The Contractor must include a breakdown of the percent of each benefit being claimed. This breakdown can be added in the narrative or submitted as a separate document for DOR Administrative review. (See sample below.)*

#### **Sample language for Benefit Costs:**

*BENEFITS: Benefits are calculated at a range of 21% – 53%. Blueberry College provides PERS (10%) or STRS (10%) depending on the classification, Social security (15%), MediCare (5%), health insurance portion (6%), unemployment (6%), retirement (5%) and worker's compensation (3%).*

***NOTE: Items already included in the Indirect Cost cannot be used to calculate benefit costs.***

## **INDIRECT COSTS**

Indirect costs are allowable expenses incurred by an organization which support the activities of a program or contract, but are not directly assigned to the specific program or contract and are allocated to the program or contract using a method in compliance with 2 CFR 200. The allocation method must be fully explained in the contract budget narrative and must be supported by actual costs incurred and paid by the organization. The allocation of indirect costs cannot be based on an arbitrary fixed rate and there is a 15% cap on the service budget. Indirect costs are not allowed as certified expenditure match in cooperative agreements because they are considered an in-kind contribution. (34 CFR 361.60.(b)(2))

## **USE OF CONTRACT FUNDS FOR TRAINING AND TRAVEL**

Use of cooperative program and case service contract funds for training and travel costs to attend training require written pre-approval from the DOR Contract Administrator. Without written pre-approval, the contractor risks denial of the payment or in the case of an audit, the repayment of the DOR funds inappropriately used for these expenses may be required.

Per the June 2012 United States Department of Education Chief Financial Officer Memorandum, the use of federal funds for travel to trainings and meetings are under significant restrictions. Under these restrictions, DOR and the contractor are required to ensure that:

- Meetings, trainings and travel are limited to only what is reasonable and necessary to achieve the goals and objectives in the contract.
- The primary purpose of the meeting/training is to disseminate technical information.
- There is no other more effective or efficient alternative that can accomplish the desired result at a lower cost.
- The number of people traveling and attending the meeting/training is both reasonable and necessary to accomplish the goals and objectives of the contract.

Additional factors which may additionally support the approval of the use of contract funds for travel and training activities include:

- The staff person(s) is/are also attending a DOR related meeting as part of the attendance at the training.
- The staff person(s) is/are also presenting at the training.

### **CONTRACTOR:**

Prior to requesting training and travel for contract staff, the Program Contract Administrator will consider the above restrictions and submit a request in writing to the DOR Contract Administrator. The request must document:

1. What training is requested?
2. Why is the training reasonable and necessary to perform the services and achieve the goals listed in the contract?

3. Name of staff attending and how this is a reasonable number.
4. The per person cost of the training (example: tuition or registration fees).
5. The total cost per person for the travel including transportation, lodging, and per diem.
6. Explain how this is the most cost effective and efficient way to achieve the desired results.
7. Ensure resources in the contract are adequate to cover the travel and training costs as well as contract services (such as local mileage costs for job development and required meetings).
8. The location of the travel and training is in California.
9. Expenses will be invoiced to DOR based on the current state travel and per diem rules and rates.
10. Other available funding sources and any offers to pay all or part of the travel or training from these alternate sources.

**DOR:**

Prior to approving requests for the use of contract funds for contract staff travel to meetings and trainings, the DOR Contract Administrator will ensure the following criteria have been met:

1. There will be sufficient travel and mileage funds remaining to cover costs for actual contract service provision, such as local mileage for job development and attendance at contract meetings.
2. The training as well as the number of staff attending is both reasonable and necessary for the participating program staff to provide the services in the contract and achieve the contract goals.
3. The training and travel are within California.
4. Travel expenses will be reimbursed to the program at the current state travel and per diem rules and rates.

5. The proposed training is the most cost efficient and effective method to train staff.
6. There is no other available funding source to pay all or part of the requested travel or training.

## **CALHR CONTRACT TRAVEL RATE COSTS INFORMATION**

If your contract has a travel and/or mileage line item needed to perform allowable contract services, the contract terms require that all travel expenses incurred:

- Must be based on actual costs with supporting receipts.
- Amounts reimbursed by DOR must be equal to or less than allowable California Department of Human Resources (CalHR) designated rates for non-represented employees. If the organization's travel rates exceed the CalHR rates, the Contractor must compute the allowable travel and/or mileage costs using the CalHR rates to identify the allowable expenses to invoice DOR. The computation worksheet must be retained to support the invoiced expenses.
- Travel outside of the State of California, excluding allowable mileage incurred in the provision of services in a neighboring state, cannot be reimbursed.

The State's allowable travel and mileage rates may change periodically. To obtain the most current travel and mileage rates go to the CalHR website at: <http://www.calhr.ca.gov/pages/searchresults.aspx?q=travel&cx=000372834416615795060%3Acjzdowpvsh8&cof=FORID%3A9>

To ensure consistent processing within your organization's internal control policies, contract staff should use your organization's existing travel/mileage claim forms. To support the contract travel/mileage expenses submitted to DOR, the following documentation must be prepared and retained:

- Written pre-approval from the DOR Contract Administrator.
- Basic travel/mileage claim information and supporting receipts (dates of travel, destination, mileage, meal costs, airfare costs, lodging, etc.) in accordance with your organization's travel policies and procedures.
- Sufficient detail of travel purpose to support reimbursements as defined in the contract Scope of Work and budget narrative, including the contract service and a listing of the specific consumers and/or other information why the travel or mileage expenses were incurred (listed on the travel/mileage claim form or alternative document maintained separately by the Program Administrator).
- Contract travel and/or mileage costs must be invoiced to DOR on the correct budget line item and must not exceed allowable State rates.
- Documentation of the allocation of travel/mileage costs to the appropriate programs/funding sources in the accounting records (e.g. cash disbursement journal and/or general ledger).

## CLAIM ADJUSTMENTS

A claim adjustment is an invoice billing procedure that can be used to exceed the budgeted amount in one or more line item resulting in a negative balance in the “Balance Remaining” column; while subsequently under spending in one or more other line item. The line items listed in the “Annual Amount Budgeted” and the “Line Item Budgeted position title or Description” columns, do not change.

**Written pre-approval from the DOR Contract Administrator is required for all claim adjustment requests to avoid questions regarding the reasonableness of the proposed changes, which could result in a disputed invoice and cause payment delays.**

During the fiscal year, one or more claim adjustments are allowable on the Service Invoice (DOR 801B) when any line item expenditure exceeds the approved line item amount **and** meets the following conditions:

- The claim adjustment does not alter nor impact the approved Scope of Work, budget totals, budget line item description or budget narrative.
- The claim adjustment does not exceed a cumulative amount of 10% (2 CFR Part 200, §200.308) of the annual contract Service Budget total; and as long as there is neither an increase nor decrease to the annual contract Service Budget total.
- If you receive a budget augmentation (budget increase) and have already reached your 10% maximum for the contract, you are now eligible for an additional 10% claim adjustment on the increased amount only.

### **Contractor's Procedures for Claim Adjustments**

Step 1: Request written approval from the DOR Contract Administrator.

Step 2: Indicate claim adjustments on the Service Invoice (DOR 801B).

Step 3: Sign and certify invoice and submit to the DOR Contract Administrator and/or applicable DOR Specialists.



## **DOR'S Procedures for Claim Adjustments**

- Step 1: Check math in the balance remaining column to ensure 10% rule (the total of all negative balances added up excluding the Personnel and Operating expenses budget category subtotals.)
- Step 2: Maintain a copy of Service Invoice (DOR 801B), justification, written pre-approval, and any other pre-discussions with the contractor.
- Step 3: Sign and approve Service Invoice (DOR 801B) and submit to DOR Accounting Office.

**NOTE: A formal Contract Amendment is required for any changes to the contract not listed above or the cumulative 10% maximum for claim adjustments has been reached for the fiscal year.**

STATE OF CALIFORNIA		Claim Adjustment Example		DEPARTMENT OF REHABILITATION			
<b>SERVICE INVOICE</b>							
801 B							
Contractor Name And Address: Great Town Unified School District 123 Main Street				Contract Number: 29000			
				Period Claimed: June 2016	Federal ID #: 99-9999999	Page Of Pages 1 of 1	
Line	Line Item	Employee Name	Annual	Period	Year to Date	Balance	
No.	Budget position title or Description	(Personnel Only)	Amount Budgeted	Amount Claimed	Total	Remaining	
<b>Personnel</b>							
1	Executive Director	Aaron Ruell	\$3,000.00	\$500.00	\$8,000.00	-\$5,000.00	
2	Employment Specialist (1.25 FTE)	Sandy Martin, Efren Ramirez	\$77,000.00	\$5,000.00	\$68,000.00	\$9,000.00	
3							
4	Job Developer (.50 FTE)	Tina Marjorino	\$10,000.00	\$2,000.00	\$14,500.00	-\$4,500.00	
5	List each personnel and operating expense line item and budget amount in the same order and exactly as listed on the Service Budget. The amount budgeted for each line item on the Service Invoice shall not be changed without a formal approved amendment.						
6							
7							
<b>Personnel Subtotals:</b>			\$90,000.00	\$7,500.00	\$90,500.00	-\$500.00	
<b>Operating Expenses</b>							
10	Office Supplies		\$930.00	\$100.00	\$900.00	\$30.00	
11	Mileage		\$500.00	\$100.00	\$700.00	-\$200.00	
12	Training		\$500.00	\$0.00	\$0.00	\$500.00	
<b>Operating Expenses Subtotals:</b>			\$1,930.00	\$200.00	\$1,600.00	\$330.00	
Actual Indirect cost/Administrative Overhead:			\$8,070.00	\$1,360.00	\$7,000.00	\$1,070.00	
<b>Total Service</b>			100,000.00	\$9,060.00	\$99,100.00	\$900.00	
<i>I certify under penalty of perjury that all claims made on this request for payment are submitted in conformity with the Contract, Contract Handbook, and applicable State and Federal regulations, resulted from provision of services provided under the terms of this contract, and my organization will not be paid for any portion of this claim from any other source.</i>							
Authorized Contractor Signature		Date	DR Contract Administrator Approval			Date	
✍			✍				

For a claim adjustment, the total of all negative line items cannot exceed the cumulative total of 10% (or \$10,000) of the "Total Service" budget amount of \$100,000. In this example, the total of all negative "Personnel" and "Operating" line item amounts shown in the "Balance Remaining" column equal \$9,700. (NOTE: Do not include negative subtotal amounts.)

## **CONTRACT AMENDMENTS**

The following contract changes require a formal amendment to the approved Agreement:

- Claim adjustments that exceed the cumulative 10% of approved total annual contract Service Budget.
- Any changes and/or corrections to the written Agreement (i.e., scope of work, service budgets, budget narratives, staffing positions, indirect cost rates, line item descriptions, and budget augmentations.)
- Any change to the total budget or additions/deletions to line items.

### **Contractor Procedures for Contract Amendments**

- Step 1: Notify DOR Contract Administrator with proposed changes to Agreement.
- Step 2: Submit contract amendment request letter with a brief explanation why change(s) are needed, requested effective date and attach amended documents (i.e., amended scope of work, amended Service Budget, and amended budget narrative). Note: Changes must be in “**BOLD**”.
- Step 3: Submit the contract amendment request **90 days prior to requested effective date of amendment** for review and approval to DOR Contract Administrator.

### **DOR Procedures for Contract Amendments**

- Step 1: DOR Contract Administrator review the amended documents from Contractor for appropriate programmatic need and make changes/corrections as appropriate.
- Step 2: DOR Contract Administrator submit amended documents to the appropriate DOR Cooperative Program Specialist(s) with letter to Cooperative Program Specialist with an explanation of changes needed..
- Step 3: Cooperative Program Specialists review the amended documents from DOR Contract Administrator.

- Step 4: Cooperative Program Specialists submit final contract amendment document(s) to the Contracts and Procurement Section (C&PS) for review and approval at least **60 days prior to effective date of amendment.**
- Step 5: Contract Analyst will review and prepare amended documents and send to Contractor for signature.
- Step 6: When signed amended documents are received back from Contractor, Contract Analyst will forward to DGS for approval.
- Step 7: Once approved by DGS, Contract Analyst will distribute approved amended documents to Contractor, DOR Contract Administrator, and Cooperative Program Specialist.

**Note: No backdating (e.g. no asking for an amendment to be effective on a date in the past). Without a formal executed contract amendment, payments are subject to delay or disallowance.**

## **SUPPLIES**

Only reasonable and allowable costs incurred for supplies necessary to carry out this Agreement may be billed to DOR in compliance with the Agreement and federal regulation cost principles (excludes non-allowable items listed on page 14 & 15). Any costs for pre-existing supplies are not allowable.

1. General office supplies (e.g., paper, pens, etc.) must be purchased only in amounts reasonably expected to be utilized during the term of and in the performance of the Agreement.
2. Title to all supplies vest with the Contractor upon acquisition. However, the contractor is responsible for ensuring the supplies are used only for the purposes in the agreement.
3. Purchased materials and supplies must be charged at their actual prices. Costs incurred for materials, supplies, and fabricated parts must be necessary to carry out contract. (2 CFR Part 200, §200.453)
4. A description of supply items must be written in the budget narrative.
5. The purchase should occur as soon as possible so the item can be used effectively during the term of the Agreement.
6. If the supply item is used for multiple programs, the supplies would be considered in-kind and would therefore, not be allowable costs.

## PURCHASES OF THEFT SENSITIVE ITEMS

DOR is requiring nonexpendable items, costing less than \$5,000, to be listed and purchased under a separate line item titled "Theft Sensitive Items". The contractor shall maintain an inventory record for each nonexpendable item purchased or built with funds provided under the terms of the contract. The inventory record of each item shall include the date acquired, total cost, serial number, model identification and any other information or description necessary to identify the item (per the State Contracting Manual 7.29.C). A copy of the inventory record must be submitted annually to the DOR Contract Administrator. Items purchased are not allowable for certified match purposes under a third party agreement (34 CFR 361.60 (b)(2))

**Note: Prior authorization from the DOR Contract Administrator/Specialist is required for any single item purchase exceeding \$2,500. A minimum of two competitive quotations is required for any purchase over \$2,500 and should be submitted or adequate justification provided for the absence of bidding.**

Examples of theft sensitive items, include, but are not limited to:

- Computers/printers
- Laptops/tablets
- Copiers/fax
- Smart phones/cell phones
- Other items required to provide contract services

For any purchase of a theft sensitive item, the following applies:

1. The expected purchase must be written in the budget narrative, to include:
  - a) Description of item(s) to be purchased.
  - b) Detailed explanation why item(s) are necessary for provision of services.
  - c) Estimated purchase price of the item(s). (The sum of theft sensitive items written into the budget narrative should match the sum of the "Theft Sensitive Items" line item on the service budget itself)
2. The purchase should occur as soon as possible so the item can be used effectively during the term of the Agreement.
3. If the item is used for multiple programs, the contractor must determine an appropriate allocation of the purchase cost billable to the Agreement based on the usage between the programs.
4. If the item is not already included in the current contract budget and narrative, it is not an allowable cost. An amendment will be needed to include the item as an allowable cost. Submit a request for a contract amendment to the Cooperative Contract Administrator/Specialist for approval. **Note: Prior written authorization/approval must be obtained before the item(s) is purchased, otherwise the expense will not be allowed.**

## DEPRECIATION OF EQUIPMENT

DOR does not allow contract funds to be used to purchase equipment (See “equipment” in the definition section of this Handbook). However, contractors can bill DOR for appropriate expenses incurred in the provision of contract services for equipment through Depreciation. Specific information on which type of expense may be appropriate to use and the method to compute is defined in applicable federal cost principles.

DOR allows depreciation expense for equipment used for contract purposes during the term of the contract. In order for depreciation expense to be billable under the contract, the budget narrative **must** include the following information:

- Description of equipment, including model and make.
- Explanation why item(s) are necessary for provision of contract services.
- Method of depreciation (e.g., straight line).
- Actual date of purchase.
- Purchase price.
- Useful life.
- Non-federal funding source used to purchase equipment.

Further, to be allowable under the contract, the depreciation expense:

- Must be properly recorded in the Contractor’s accounting records, including the general ledger and depreciation schedule.
- Must be properly allocated based on the benefits received by the contract, and the allocation must be properly supported.
- Must not be already fully depreciated.
- Must not include any prior accumulated depreciation.
- Must not be fully expensed in the year purchased.

### Example of Equipment Depreciation:

Asset Inventory #	Asset Description	Acquisition Date	Acquisition Value	Useful Life	Dep. Exp. FY15/16	Dep. Exp. FY 16/17	Dep. Exp. FY 17/18
314	Copy machine	01/21/2012	\$2,976	3 years	\$992	\$992	\$992
TOTAL Depreciation Expense					\$992	\$992	\$992

Key: Dep. Exp. – Depreciation Expense

Depreciation – Contract use for 4.5 FTE contract staff to use the copy machine. Cost to the contract is prorated at 69% of actual costs based on staffing allocation. The copy machine will be used to print documents for case file documentation,

application and resumes for job search, provide written correspondence to DOR consumers and counselors, duplication of outreach materials and other materials for DOR contract services. In reference to the above depreciation table, assets are depreciated as follows using the Straight-Line method: a useful life of 3 years, purchased using non-federal funds.



## **ALLOWABLE LEAVE POLICY**

DOR will not pay for advanced leave, or leave that has been advanced to an employee prior to when they would actually accrue the time. Only leave that has been earned as a result of the staff's direct provision of VR services to individuals eligible to receive VR services is allowable.

Compensation for some leave benefits are allowable contract costs. When determining the leave costs that may be billable to DOR under the contract, refer to this policy and the federal regulation cost principles applicable to your organization.

### **Regular use of Vacation and Sick Leave**

Earned vacation or sick leave can be billed to DOR when the leave:

- Is consistent with the Contractor's written policies, including that the hours are within allowable leave balances;
- Is reasonable;
- The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed for all employees or specific groups of employees;
- Does not disrupt consumer services; and,
- Is Based on the percentage of time spent on contract activities as reported on the individual employee PAR. Refer to Contract Handbook page 62. (Total Hours Worked billed to DOR will not include leave time. When using this method, you are assured the DOR portion of leave benefits is paid by DOR through the increased % of Actual Time in DOR Program).

### **Extended Vacation and Sick Leave**

If a contracted employee, requests to be off of work for 20 consecutive working days or longer:

- Earned vacation or sick leave can be billed to the DOR contract for no more than the first 20 consecutive working days the employee is on leave.
- Leave may not be billed to the contract past the 20<sup>th</sup> consecutive working day of leave
- If a contract staff requests any leave in excess of 20 consecutive working days, the DOR Contract Administrator must be notified immediately.
- The contract agency will develop a written plan to continue services, which must be pre-approved by the DOR Contract Administrator. The plan will outline how agency staff will be redirected to cover for the staff on leave to ensure the continuation of contract services.

- The billing will be based on the percentage of time spent on contract activities as reported on the individual employee PAR, unless the employee did not work any time that month. In that case, the allowable leave time will be billed based on the contract position budgeted percentage of time. See examples.

### **Other Leave**

Additional types of leave, such as jury duty and bereavement, can be billed to DOR for the first 20 consecutive working days when the leave is consistent with the Contractor's written policies and the requirements above under "Extended Vacation and Sick Leave".

### **Disability Leave**

The costs for employees on disability leave cannot be billed to DOR. Disability leave includes the State Disability Insurance (SDI), other insurance premiums or employer self-funded programs, alternative employer-paid leave (e.g., "100 day" or equivalent).

However, the DOR Contract Administrator may approve in advance a substitute for the contracting staff on any leave, subject to funding availability in the contract budget.

# SAMPLE 1

Personnel Activity Report																																
(Contract Staff - 100% to Coop Contract)																																
Employee: Brad Pitt																				Month/Year: May 2015												
																				Title: Job Developer												
Program/Activity	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	Total
WAll Contract	8	8																														16
Total Hours Worked	8	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	16
Leave			8	8	8			8	8	8	8	8			8	8	8	8	8			8	8	8	8	8			8	8	8	168
<p>May 2015 the JD worked 2 days with time to the contract. JD took extended leave for more than 20 consecutive working days. Only the first 20 consecutive working days (in green) are allowed to be charged to the contract. Since the JD is budgeted at 100% to the contract, extended leave is charged to the contract as such. Therefore, 100% of the first 20 consecutive working days of extended leave can be charged to the contract.</p>																																
<div style="display: flex; justify-content: space-between;"> <span><span style="background-color: #90EE90; border: 1px solid black; padding: 2px;">8</span> Leave time that can be charged to contract</span> <span><span style="background-color: #FF0000; border: 1px solid black; padding: 2px;">8</span> Leave time past 20 consecutive working days that cannot be charged to contract</span> </div>																																
Employee Signature: _____																				Date: _____												
Supervisor Signature: _____																				Date: _____												
Actual Salary and benefits:		\$ 1,000.00																														
Adjusted Salary and Benefits:		\$956.52																														
<b>Program/Activity</b>		<b>% of time</b>		<b>Cost</b>																												
WAll Cost		100%		<div style="background-color: yellow; border: 2px solid black; padding: 5px;"> <p style="text-align: center;">Actual salary and benefits for the month of May 2015 equals \$1,000</p> <p style="text-align: center;">\$1,000/23 working days = \$43.48 per day</p> <p style="text-align: center;">\$1,000 - \$43.48 (unallowed extended leave time) = \$956.52 allowable to charge to WAll contract</p> </div>																												

## SAMPLE 2

### Personnel Activity Report (Contract Staff - Multi-funded)

Month/Year: \_ May 2015

Employee: Bobby Jack Miller

Title: \_ Employment Specialist

Program/Activity	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	Total
WAll Contract	4	2																														6
DSPS	4	6																														10
Total Hours Worked	8	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	16
Leave			8	8	8			8	8	8	8	8			8	8	8	8	8			8	8	8	8	8			8	8	8	168

May 2015 the Employment Specialist (ES) worked 2 days with time to the contract. ES took extended leave for more than 20 consecutive working days, only the first 20 consecutive working days (in green) are allowed to be charged to the contract. Since the ES worked in May the percentage of extended leave charged to the contract is based off of the percentage of actual time worked that month i.e 6 hrs to coop/16 hrs total worked.

Leave time that can be charged to contract	Leave time past 20 working days that cannot be charged to contract
--	--

Employee Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Supervisor Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Actual Salary and benefits:	\$ 1,000.00	
Adjusted Salary and Benefits:	\$ 956.52	
<b>Program/Activity</b>	<b>% of time</b>	<b>Cost</b>
WAllI- 6 hours	37.50%	\$ 358.70
DSPS- 10 hours	62.50%	\$ 597.82
Total	100.00%	\$ 956.52

1 day of extended leave cannot be charged to the contract
\$1000/23 working days = \$43.48 per day
\$1000-\$43.48 (unallowed extended leave time) = \$956.52 new adjusted salary for calculations
6 hours worked to coop & 10 hours worked to DSPS=16 total hours worked
6/16=37.5% to WAll 10/16=62.5% to DSPS
37.5% of \$956.52 = \$358.70 charged to WAll, 62.5% of \$956.52= \$597.83 to DSPS

### SAMPLE 3

Personnel Activity Report (Contract Staff - Multi-funded)																																
Employee: Bobby Jack Miller																				Month/Year: <u>May 2015</u>												
																				Title: <u>Employment Specialist</u>												
Program/Activity	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	Total
WAIH Contract	4	2	2	2	3			2	3	2	6	2			1	4	2	2	3			3	3	2								48
DSPS	4	6	6	6	5			6	5	6	2	6			7	4	6	6	5			5	5	6								96
Total Hours Worked	8	8	8	8	8	0	0	8	8	8	8	8	0	0	8	8	8	8	8	0	0	8	8	8	0	0	0	0	0	0	0	144
Leave																								8	8			8	8	8	40	
<p><i>May 2015 ES worked most of the month and started extendedleave at the end of the month. Extendedleave for the month of May 2015 is paid by DOR by dividing the total hours worked to DOR by total hours worked i.e. 48 hours worked on coop/144 hours worked total</i></p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <span style="color: green;">■</span> Leave time that can be charged to contract         </div> <div style="width: 45%;"> <span style="color: red;">■</span> Leave time past 20 calendar days that cannot be charged to contract         </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 45%;">Employee Signature: _____</div> <div style="width: 45%;">Date: _____</div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 45%;">Supervisor Signature: _____</div> <div style="width: 45%;">Date: _____</div> </div>																																
Actual Salary and benefits:		\$ 1,000.00																														
Actual Time Worked:																																
Program/Activity		% of time										Cost										<b>Leave time taken within 20 calendars days = 40 hours (7 consecutive calendar days)</b> 48 hours/144 hours= 33.33% actual time spent to contract 96 hours/144 hours= 66.67% time spent to DSPS										
WAIH		33.33%										\$ 333.33																				
DSPS		66.67%										\$ 666.67																				
Total:		100%										\$ 1,000.00																				

## SAMPLE 4

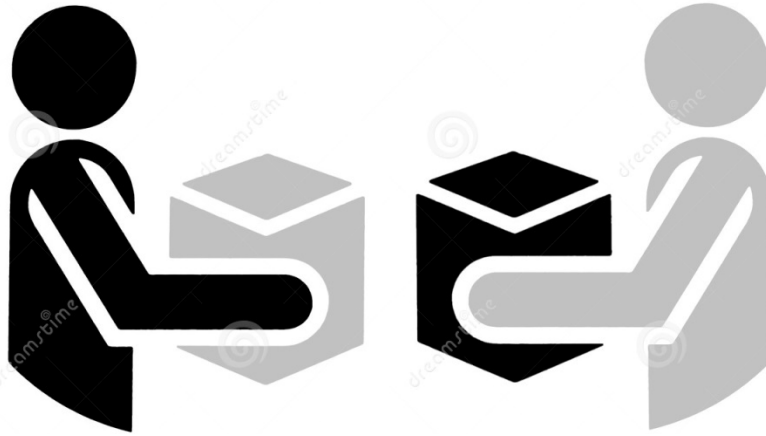
Personnel Activity Report (Contract Staff - Multi-funded)																															
Employee: Bobby Jack Miller																Month/Year: June 2015 Title: Employment Specialist															
Program/Activity	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	Total
WAll Contract																															0
DSPS																															0
Total Hours Worked	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Leave	8	8			8	8	8	8	8			8	8	8	8	8			8	8	8	8	8			8	8	8	8	8	176
<p><i>ES continued to take extended leave for the entire month of June. 7 calendar days of extended leave carry over from May so only the first 13 consecutive calendar days in June can have extended leave time charged to the contract. Since the ES did not work at all in June the percentage of leave to be charged to the contract is calculated based off of the position's budgeted FTE on the Service Budget. The ES position is budgeted at 40% to the WAll contract so 40% of the 9 days of extended leave in June(green) can be charged to the contract for June.</i></p>																															
<div style="display: inline-block; width: 15px; height: 15px; background-color: #90EE90; border: 1px solid black;"></div> Leave time that can be charged to contract																<div style="display: inline-block; width: 15px; height: 15px; background-color: #FF0000; border: 1px solid black;"></div> Leave time past 20 calendar days that cannot be charged to contract															
Employee Signature: _____																Date: _____															
Supervisor Signature: _____																Date: _____															
Actual Salary and benefits:		\$ 1,000.00																													
Adjusted Salary and Benefits:		\$ 411.75																													
<b>Program/Activity</b>		<b>% of time</b>		<b>Cost</b>																											
WAll		40.00%		\$ 164.70																											
DSPS		60.00%		\$ 247.05																											
Total:		100%		\$ 411.75																											

\$1000/22 working days= \$45.45 per day

\$1000- \$588.25 (unallowed extended leave time)= \$411.75 (new adjusted gross salary for calculations)

40% FTE budgeted to WAll 60% budgeted to DSPS

40% of 411.75 = \$164.7 charged to WAll, 60% of \$411.75 = \$247.05 charged to DSPS



**COOPERATIVE  
PROGRAM CONTRACTS  
ONLY**

**MATCH REQUIREMENTS**

## COOPERATIVE AGENCY MATCH REQUIREMENTS

### Certified Expenditure/Cash Match

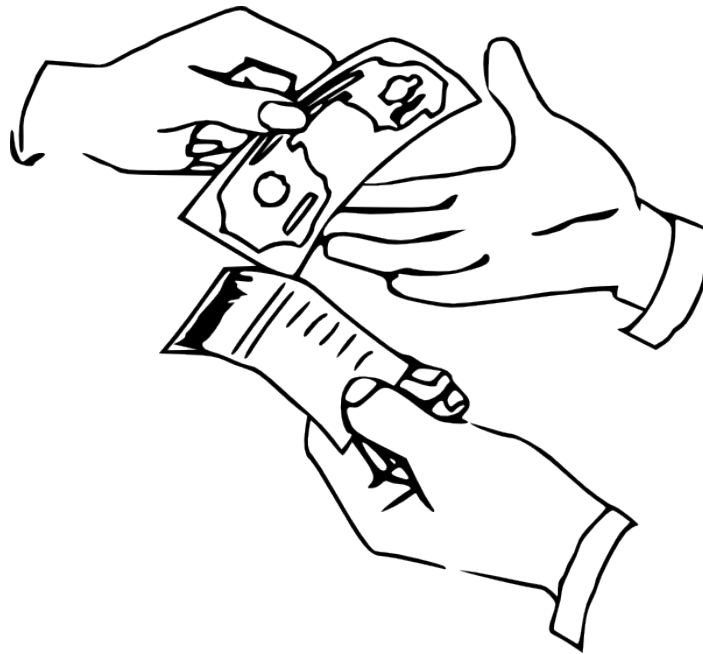
Only cooperative agency staff salaries and benefits for staff providing direct services to VR eligible individuals and limited operating expenses described below can be certified. To be “certified” as match, the cooperative agency must redirect existing staff time to provide new or expanded VR services through the cooperative program while maintaining full financial responsibility for that staff. In addition, all redirected time being certified for match must comply with the following requirements:

1. A Certified Expenditure Summary of the cost of the **redirected time** must be submitted monthly to the DOR Contract Administrator as designated in the contract. Only personnel costs, including fringe benefits for expenses that have already been incurred in the provision of new or expanded VR services can be certified. Supervisory staff, Principals, Vice-principals, and all other administrative staff are NOT allowable certified expenditure match costs under the contract and may not be submitted as certified match expenditures to DOR. As the ability to utilize the match for draw down of federal funds is time limited, the monthly summary must be submitted to the DOR Contract Administrator as soon as possible after the service month.
2. Certified Expenditure Summaries in any state fiscal year (July 1 to June 30) must be submitted as soon as possible, but no later than 60 days after the service month. Final submission of all fiscal year-end CES is due no later than October 1<sup>st</sup> in order to make payment for that performance prior to the close of the Federal/State fiscal year to prevent reversion of appropriated funds.
3. There must be a specific, identifiable amount of time devoted **exclusively to new or expanded** vocational rehabilitation (VR) activities offered through the cooperative program. This time cannot be combined with time devoted to other non-contract duties.
4. Contract staff must provide VR services that are not currently provided by the cooperative agency to other individuals except as noted in paragraph #7 below. Services provided through other grants or specialty vocational projects that are not statewide, such as WorkAbility I, are not considered existing patterns of service for this purpose. This means that the existence of a WorkAbility I grant in a school district does not make that school district ineligible to have a TPP contract.



5. The source of the funds for the redirected contract staff time certified as match must be from acceptable State or local funds, cannot already be used to match other federal funds, and must be supported by documentation. At the request of California Department of Education (CDE), WorkAbility I funds or redirected staff time funded by WorkAbility I are not allowable as match for DOR cooperative contracts.
6. Staff can only report the time spent providing contract services to DOR applicant/consumers as match. Staff time for lunch, recess, bus, or study hall duties is not allowable.
7. Contract staff cannot report time spent providing services to non-DOR consumers. This would include individuals on the waiting list (in Delayed status) or who have not submitted a DOR Application or other form to a DOR representative.
8. In TPP cooperative contracts serving Students with a Disability (see glossary definition) the TPP staff should claim certified match time for cooperative contract services delivered to individuals who are participating in the TPP services, who are DOR consumers and/or potentially eligible students.
9. The certified time submitted must be in conformity with the vocational services in the contract's Scope of Work and the duty statements in the Budget Narrative.
10. For all contract staff working under the terms of the contract, either, in whole or in part, an acceptable method of cost accounting for the time must be established and such records kept that would satisfy State and Federal audit requirements. .
11. The cooperative agency specifically agrees that all Contract staff shall prepare and maintain personnel activity reports in compliance with the applicable federal regulation cost principles as designated in the contract.
12. The cooperative agency is required to submit actual match incurred to meet full budgeted amount. This ensures sufficient match to fund the cooperative program as budgeted. If actual certified expenditures submitted are below 25 percent (25%) of the total program cost at the end of the fiscal year, the service invoices may be reduced proportionately after review by DOR.
13. Indirect costs/administrative overhead are not allowable for certified expenditure match.

14. Operating expenses associated with the cooperative program are allowable to be included for certified match, but with significant restrictions. The operating expenses must be new costs that are directly tied to the provision of services in the contract. These expenditures are distinguished from in-kind contributions because the expenditures were incurred specifically for the purpose of the third-party cooperative agreement and in accordance with the terms and conditions of the contract and within the contract period. For example, if it was necessary for a cooperative program to purchase instructional materials to provide new or expanded services authorized under the contract, and if those materials were not already available to the cooperative agency, the expenditures for those materials may be an allowable source of match. If the program would continue to incur the cost even if the contract ceased to exist, the cost is not allowable as certified expenditures. For example, items such as building rent or janitorial service are normal costs of doing business and costs are typically prorated as a "fair share" cost in the contract. These would not be allowable as certified expenditures match. However, these costs *may* be allowable to be reimbursable line items in the contract service budget. In addition to these restrictions, the cooperative agency must also be able to certify that actual expenditures were incurred and paid as part of the service delivery as outlined in the Scope of Work; and the expenditures must be supported by accounting records.



**CASE SERVICE &  
COOPERATIVE PROGRAM  
AGREEMENTS**

**INVOICE INSTRUCTIONS  
WITH  
SUPPLEMENTAL INFORMATION**

## INSTRUCTIONS FOR COMPLETING SERVICE INVOICE - DR801B

The Service Invoice - DR801B (SI) is used by the contractor to request reimbursement from Department of Rehabilitation (DOR) for allowable costs incurred providing contract services to DOR applicants/consumers. The SI must be prepared and submitted **monthly** as designated in Exhibit B & G of the contract. Service Invoices in any fiscal year (July 1 to June 30) must be submitted as soon as possible, but no later than 60 days after the service month. Final submission of all fiscal year-end invoices is due no later than October 1<sup>st</sup>, in order to make payment for that performance prior to the close of the Federal/State fiscal year to prevent reversion of appropriated funds.

SI's will not be approved and processed until the required cash match payment or applicable Certified Expenditure Summary is received by DOR. The contractor must also submit a list of DOR applicant/consumers served during the time period invoiced. Programs reporting less than forty percent (40%) of their annual certified expenditure budget through December will be reviewed by the DOR Contract Administrator for a possible payment budget reduction.

A sample of the official SI form (page 50 & 51) is included for reference. An electronic version of the SI form may be requested from the DOR Contract Administrator.

### 1. Contractor Name and Address

Include the contractor name and address on the SI. If the SI contains more than one page, this information must be included on each page. The contractor name and billing address must agree with the name and billing address on the Standard Agreement (STD213). Payments will only be sent to the contractor billing address identified on the STD213.

**Note: If the contractor billing address is incorrect or has changed, the contractor must submit a change of address request in writing to the DOR Contract Administrator with copies to the DOR Central Office Accounting – Contract and Leases Unit, Contracts and Procurement Section, as well as the Collaborative Services Section.**

### 2. Contract Number

This is the five-digit number found in the upper right-hand corner of the signed copy of the STD213. If the SI contains more than one page, this information must be included on each page. A new contract number is assigned each year for a single-year contract. For a three-year contract, the same contract number will be used for all three years.

3. **State Contracting and Procurement Registration System (SCPRS) #**

DGS will no longer issue SCPRS numbers since transitioning to the new Financial Information Systems for California (Fi\$Cal) reporting website.

4. **Reporting Period**

List the month and year (ie. June 2017) OR the 30 day time period (ie. 5/8/2017 to 6/2/2017) for which reimbursement is being requested. These dates should correlate to those on all supporting documentation. If the invoice contains more than one page, this information must be included on each page.

5. **Federal I.D. Number**

This is the identification number assigned to the contractor by the Internal Revenue Service. If the invoice contains more than one page, this information must be included on each page.

6. **Page of Pages**

List the number of pages included in this SI. If there is only one page, for example, include "page 1 of 1". If the number of lines requires multiple pages to be used, then include the page number with total number of pages (e.g. page 1 of 2).

7. **Line Item - Budget Position Title or Description**

List each line item **exactly** as titled and **in the same sequence** as listed on the Service Budget. Do not combine or separate budget line items. However, if salary and benefits are combined for a staff position on the Service Budget, they must also be combined on the SI.

8. **Employee Name(s)**

List the name(s) of the contract staff person who performed the contracted line item position duties during the SI period claimed.

**Note: The contract is budgeted for positions, not individuals. If vacancies exist, other staff can fill in on a temporary basis to ensure the continuity of services. The time spent performing the temporary services must be included on the corresponding line item position and must be documented and supported by personnel activity reports prepared by the employee performing the temporary services.**

## 9. Annual Amount Budgeted

Enter the total budgeted amount for each line item **exactly** as listed on the Service Budget. The budgeted line item amounts on the SI must not be changed without an **approved** amendment.

**Note: If you have received an approved amendment, be sure to update the amended budget amounts on the SI. The approved amendment must be received from the DOR Contract Office before the SI budget amount can be revised.** (Refer to Contract Amendments).

## 10. Period Amount Claimed

For Personnel expenditures, list the actual cost of the contract staff salary and benefit expenditures for the SI period. The actual cost must be supported by payroll/benefit records and PARs prepared in accordance with cost principles.

**For Public Organizations only (2 CFR 200):** If your organization is billing monthly contract personnel expenditures based on budget percentage estimates, refer to Procedures To Reconcile Monthly Personnel Budget Estimates (page 57) to ensure actual salary/benefit costs are billed in compliance with federal cost principles.

**For Cooperative Programs:** For any contract staff billed using actual costs that elect to receive pre-paid or deferred salary payments, the organization must ensure the appropriate actual costs are reported to DOR for the fiscal year the pay was earned. For example, a 10 month employee (paid September through June) can elect to have a portion of their pay withheld to receive salary payments during their non-working months (July & August). In this case, the agency will need to submit a Supplemental June invoice to request reimbursement based on the employee's actual time worked to the contract when the deferred salary is paid. (See Supplemental Billing instructions page 52)

**For Operating Expenses,** list the actual cost paid by the contractor for each line item. The costs must be allowable and supported by receipts or other documentation available for review upon request.

**For Indirect Costs/Administrative Overhead,** bill up to the actual approved indirect costs/administrative overhead rate, not to exceed 15%. The rate must be supported by documentation available upon request.

**Note: Reimbursement cannot be made for expenditures not included in the Service Budget or Budget Narrative.**

11. **Year to Date Total**

Calculate the year-to-date total for costs billed on each line item listed on the SI.

12. **Balance Remaining**

Calculate the amount of budgeted contract funds remaining at the end of each SI period. This is the difference between the total budget amount and the year-to-date amount.

**Note: If the line item year-to-date amount is greater than the budgeted line item amount, this will result in a negative balance.** (Refer to Claim Adjustments.)

13. **Budget Category Subtotals/Totals**

Calculate the subtotals of amounts claimed for each budget category (Personnel, Operating Expenses, and Indirect Costs/Admin Overhead) and for all amounts claimed for the month.

14. **Authorized Contractor Signature**

The authorized contractor representative signs/dates the SI and submits the original to the DOR Contract Administrator assigned to the program. The authorized contractor representative is the person(s) designated on the Grant/Contract Signature Authorization (DR325) form in the approved contract. If more than one page is necessary, the signature block is only required on the last page of the SI.

15. **DOR Contract Administrator Review and Approval**

The DOR Contract Administrator reviews the SI to determine whether costs billed appear reasonable and are submitted in compliance with the contract. The DOR Contract Administrator or designee will create a DOR Group Authorization and reconcile the Contractor consumer/services list with the DOR Group Authorization consumer list. If you have any questions or concerns, see #16 below "Invoice Dispute" for instructions. When the SI is approved, the Contract Administrator will sign the SI signifying that the costs billed appear reasonable.

**For TPP and Associated Case Service Contracts:**

The Contract Administrator will forward the original and two (2) copies of the approved SI and the original Group Authorization to the Accounting Services Section listed below.

**For All Other Contracts:**

The Contract Administrator will forward the original and one (1) copy of the approved SI and the original Group Authorization to the Accounting Services Section:

**Central Office - Accounting (Contracts and Lease Unit)**  
**Department of Rehabilitation**  
**P. O. Box 944222**  
**Sacramento, CA 94244-2220**

In addition, the DOR Contract Administrator will submit one copy of the SI to the Cooperative Programs Section:

**Cooperative Programs Section**  
**Department of Rehabilitation**  
**721 Capitol Mall, 4<sup>th</sup> Floor**  
**Sacramento, CA 95814**

16. **Invoice Dispute**

If the DOR Contract Administrator has questions or concerns regarding the allowable or appropriateness of any amounts claimed, they will send an Invoice Dispute Notification (STD 209) to the contractor. The STD 209 will identify the reason for the dispute and what is required from the contractor to approve payment. When the corrected SI is returned by the contractor and is approved by the DOR Contract Administrator, forward the SI with a copy of the STD209 to Central Office-Accounting Services and Collaborative Services to the addresses listed above. Refer to the Prompt Payment Act as listed in Exhibit B of the Agreement.

17. **Supporting Documentation**

In addition to a copy of the SI, the contractor must maintain documentation to support the amounts billed, including contract staff personnel activity reports and expenditure documents in compliance with the contract and state and federal requirements for contract monitoring and auditing purposes. **The documentation must be retained for at least five (5) years after final payment** under the contract or until completion of the action and resolution of all issues which may arise as a result of any



litigation, claim, negotiation, audit, or any other action involving the records prior to expiration of the five (5) year period, whichever is later.

## COMMON CONTRACT INVOICE ERRORS

Below is a listing of the most common Service Invoice errors identified by DOR Central Office Accounting Section that can delay payment of contract invoices:

- Computation errors.
- Annual amount budgeted column includes budgeted figures that are different than the approved budgeted amounts in the contract.
- Incorrect contract number. Always use the current contract number located in the top right corner of the Standard Agreement corresponding to the period billed.
- The Contractor name does not agree with the Contractor name on the Contract.
- Invoice total, address, and authorized signatures not on the final page for multiple page invoices.
- Invoice not signed by the Contractor or the DOR Contract Administrator.
- SI's cannot be processed if changes are made with correction fluid/tape or if any other alterations are made which make it impossible to read the original dollar amount or signatures. If corrections must be made, draw a line through the error and write the correct amount above it.
- Group authorization dollar amount must match Service Invoice dollar amount exactly.
- "Problematic" group authorizations that were left in OPEN status but have since been replaced by corrected authorizations, must be cancelled in AWARE. Any funds tied up in unused, open authorizations will be unavailable for future payments on the contract.
- Contractor exceeds the 10% maximum requirement on a claim adjustment.
- TPP programs not using the Pre-ETS Service Invoice format.

If a Service Invoice requires a correction that decreases the total amount of the SI, it will be processed and approved for payment.

If a Service Invoice requires a correction that increases the total amount of the SI, it will be returned to the contractor, along with an Invoice Dispute Notification (STD 209), to be revised and resubmitted to the DOR Contract Administrator. A copy of the STD 209 and original invoice will be sent to the DOR Contract Administrator if the SI is disputed by Central Office Accounting.

STATE OF CALIFORNIA  
SERVICE INVOICE

# SERVICE

DEPARTMENT OF REHABILITATION  
Rev July 08

Contractor Name and Address:

Contract Number:

# INVOICE

Reporting Period:

Federal ID #

Pages Of Pages

Line No.	Line Item Budgeted position title or Description	Employee Name (Personnel Only)	Annual Amount Budgeted	Period Amount Claimed	Year to Date Total	Balance Remaining
<b>Personnel</b>						
1						0.00
2	7	8	9	10	11	12 0.00
3						0.00
4						0.00
5						0.00
6						0.00
7						0.00
8						0.00
<b>Personnel Subtotals:</b>			13 0.00	13 0.00	13 0.00	13 0.00
<b>Operating Expenses</b>						
10						0.00
11						0.00
12						0.00
<b>Operating Expenses Subtotals:</b>			13 0.00	13 0.00	13 0.00	13 0.00
<b>Actual Indirect cost/Administrative Overhead:</b>				13 \$ 0.00	\$0.00	
<b>Total Service</b>			13 0.00	13 0.00	13 \$0.00	13 0.00

*I certify under penalty of perjury that all claims made on this request for payment are submitted in conformity with the Contract, Contract Handbook, and applicable State and Federal regulations, resulted from provision of services provided under the terms of this contract, and my organization will not be paid for any portion of this claim from any other source.*

Authorized Contractor Signature



Date

DR Contract Administrator Approval

Date

14

15

STATE OF CALIFORNIA TPP Pre-ETS SERVICE INVOICE				<h1>SERVICE</h1>		DEPARTMENT OF REHABILITATION	
Contractor Name and Address:				Contract Number:			
<h1>INVOICE</h1>				Reporting Period:		Federal ID #	Pages Of Pages
Line No.	Line Item Budgeted position title or Description	Employee Name (Personnel Only)	Annual Amount Budgeted	Period Amount Claimed	Year to Date Total	Balance Remaining	
<b>Administrative Personnel</b>							
1						0.00	
2						0.00	
<b>Administrative Personnel Subtotal</b>			<b>13</b> 0.00	<b>13</b> 0.00			
<b>Pre-ETS Direct Personnel</b>							
4						0.00	
6						0.00	
7						0.00	
<b>Pre-ETS Direct Personnel Subtotal</b>						0.00	
<b>Personnel Subtotals:</b>			<b>13</b> 0.00	<b>13</b> 0.00	<b>13</b> 0.00	<b>13</b> 0.00	
<b>Operating Expenses</b>							
10						0.00	
11						0.00	
12						0.00	
<b>Operating Expenses Subtotals:</b>			<b>13</b> 0.00	<b>13</b> 0.00	<b>13</b> 0.00	<b>13</b> 0.00	
Actual Indirect cost/Administrative Overhead:				<b>13</b> 0.00	\$0.00		
<b>Total Service</b>			<b>13</b> 0.00	<b>13</b> 0.00	<b>13</b> \$0.00	<b>13</b> 0.00	
<i>I certify under penalty of perjury that all claims made on this request for payment are submitted in conformity with the Contract, Contract Handbook, and applicable State and Federal regulations, resulted from provision of services provided under the terms of this contract, and my organization will not be paid for any portion of this claim from any other source.</i>							
Authorized Contractor Signature		Date	DR Contract Administrator Approval			Date	
 <b>14</b>			 <b>15</b>				

## INSTRUCTIONS FOR COMPLETING A SUPPLEMENTAL INVOICE

A supplemental invoice should be submitted if either of the following occurs:

- If a contractor identifies costs that were incurred during a month but were not included in the Service Invoice submitted for the month.
- An adjustment is needed to reduce the amount billed for a line item for a previously submitted month.

1. Prepare the Service Invoice fields 1 - 9 using the Instructions for Completing Service Invoices DR801B (page 36).

Type or write "Supplemental" on the invoice and include the invoice period(s) that the cost adjustments were incurred. The supplemental invoice may include one month or a range of months.

2. **Period Amount Claimed**

For all category expenditures, list the **actual net adjusted cost** for each applicable line item expenditure for the SI period(s).

3. **Year-to-Date Total**

Calculate the revised year-to-date total for costs billed on each adjusted line item listed on the SI.

4. **Balance Remaining**

Calculate the amount of revised budgeted contract funds remaining at the end of each SI period. This is the updated difference between the total budget amount and the year-to-date amount.

If the adjusted line item year-to-date amount is greater than the budgeted line item amount, this will result in a negative balance. (Refer to Claim Adjustments.)

5. Submit a cover letter explaining the reason(s) the adjustments were necessary. Supplemental invoices with adjustments over multiple months should have a spreadsheet attached identifying what amounts are adjustments to which periods for audit trail purposes.
6. Process the Supplemental SI using the SI instructions, paragraphs 13 through 16.

7. For subsequent SIs submitted after the Supplemental SI, update the Year-to-Date and Balance Remaining columns as needed to reflect the revised amounts.

### **Adjustments submitted on subsequent Service Invoices**

As an alternative to submitting a formal "Supplemental" SI, adjustments for a prior period can be done on a subsequent regular monthly invoice as long as they are both for the same contract, in the same FY and the adjustments can easily be identified by amount and proper period for audit trail purposes. For example, an adjusted line item expense amount from February can be added to the April line item amount. However, the increased/decreased amount resulting from the adjustment should be clearly explained in a cover letter with the reason for the adjustment, such as "Includes \$500 unbilled on 4/12 invoice" or "Includes \$500 deduction for amount overbilled on 4/12 invoice". This will provide sufficient information for DOR staff to trace the adjustments back to the correct period(s) if necessary.

### **Corrected Invoices**

Contractors and DOR Contract Administrators sometimes confuse Supplemental Invoices with Corrected Invoices. Corrected Invoices are invoices that were submitted incorrectly and require resubmission to correct an error in the specific invoice such as when an invoice dispute has been issued or a contractor quickly realizes that errors were made on the original invoice and need to submit a correct version.

A Corrected Service Invoice can only be submitted when the original Service Invoice has not yet been processed for payment. Otherwise, contractors must submit a Supplemental invoice or include the adjustments on a future invoice per instructions above. Notify the DOR Contract Administrator immediately if planning to submit a corrected invoice so they can hold the original invoice at the District or they can notify CO Accounting to pull the original invoice from processing if already sent to CO. Type or write "Corrected" on the corrected Service Invoice and submit it to the DOR Contract Administrator.

## **INSTRUCTIONS FOR COMPLETING COOPERATIVE AGENCY CERTIFIED EXPENDITURE SUMMARY**

The Certified Expenditure Summary (CES) is used by the Cooperative Agency to report its certified match contribution towards the Cooperative Program contract. No portion of the certified expenditures shall come from Federal funds. Department of Rehabilitation (DOR) uses this match to obtain Federal funds for the Cooperative Program. The CES must be prepared and submitted **monthly** as designated in Exhibit B & G of the Contract and must comply with 2 CFR Part 200 for public agencies.

Certified Expenditure Summaries in any fiscal year (July 1 to June 30) must be submitted as soon as possible, but no later than 60 days after the service month. Final submission of all fiscal year-end CES is due no later than October 1<sup>st</sup>, in order to make payment for that performance prior to the close of the Federal/State fiscal year to prevent reversion of appropriated funds.

**NOTE: The CES for the time period covered by the Service Invoice must be received before the Service Invoice can be approved and processed for payment.**

Programs reporting less than forty percent (40%) of their annual certified expenditure budget through December will be reviewed by the DOR Contract Administrator for a possible payment budget reduction.

A copy of the CES form (page 60) is included for reference. An electronic version of the CES form may be requested from the DOR Contract Administrator.

### **1. Contractor Name and Address**

The contractor name and address must agree with the name on the Standard Agreement. If the CES contains more than one page, this information must be included on each page.

### **2. Contract Number**

This is the five-digit number found on the upper right hand corner of the Standard Agreement (STD213). A new contract number is assigned by DOR each year for a single-year contract. For a three-year contract, a new contract number is assigned the first year and will be used for all three years. If the CES contains more than one page, this information must be included on each page.

3. **State Contract and Procurement Registration System (SCPRS) Number**

DGS will no longer issue SCPRS numbers since transitioning to the new Financial Information Systems for California (Fi\$Cal) reporting website.

4. **Reporting Period**

List the month and year (ie. June 2017) OR the 30 day time period (ie. 5/8/2017 to 6/2/2017) for which the costs are being reported. These dates should correlate to those on all supporting documentation. If the CES contains more than one page, this information must be included on each page.

5. **Federal I. D. Number**

This is the identification number assigned to the contractor by the Internal Revenue Service.

6. **Page of Pages**

List the number of pages included in this CES. If there is only one page, for example, "page 1 of 1." If the number of lines requires multiple pages to be used, then include the page number with total number of pages (i.e., page 1 of 2).

7. **Line Item Budget Position Title or Description**

List the line items exactly as titled and in the same sequence as on the Certified Expenditure Budget page of the contract. Do not combine or separate budget line items.

8. **Employee Name(s) (Personnel Only)**

List the name(s) of the contract staff person who performed the contracted line item position duties for the CES period reported.

**Note: The contract is budgeted for positions, not individuals. If any vacancies exist, other staff can fill in on a temporary basis to ensure the continuity of services. The time spent performing the temporary services must be included on the corresponding line item position and must be documented and supported by the personnel activity reports of the employee performing the temporary services.**



9. **Annual Amount Budgeted**

Enter the total budgeted *Amount Chargeable to Program* for each line item exactly as listed on the Cooperative Agency Certified Expenditure Budget. The budgeted line item amounts on the CES shall not be changed without a formal approved amendment. Amended budget amounts must then be reflected on the CES.

10. **Certified Expenditures Reported**

- A. For Personnel category expenditures (salary and benefits), report the cost of the contract staff certified expenditure contribution for the CES period.
- a) Actual costs must be supported by salary/benefits records and PARs or in compliance with federal cost principles.
  - b) Certified expenditures may only be for actual time spent providing the service, and very limited operating expenses (please reference page 42, item #12)34 CFR 361.60(b)(2)

**Note: For any contract staff billed using actual costs that elect to receive pre-paid or deferred salary payments, the organization must ensure the appropriate actual costs are reported to DOR for the fiscal year the pay was earned. For example, a 10 month employee (paid September through June) can elect to have a portion of their pay withheld to receive salary payments during their non-working months (July & August). In this case, the agency will need to submit a Supplemental June Certified Expenditure Summary to report the employee's actual time worked to the contract when the deferred salary is paid.**

11. **Year to Date Total**

Calculate the year-to-date total for costs reported on each line item listed on the CES. Since reported expenditures on the CES are used for Federal match purposes, it is permissible to exceed the budgeted amount of a line item.

12. **Budget Category Subtotals/Totals**

Calculate the subtotals/totals of all certified expenditures reported in each budget category (Personnel) and for all amounts for the CES period reported. Since reported expenditures on the CES are used for Federal match purposes, it is permissible to exceed the budgeted amount of a category or the total CES budget.

13. **Authorized Contractor Signature**

The authorized Cooperative Agency representative signs/dates the original CES and submits it to the DOR Contract Administrator assigned to the program.

**Note: The authorized contractor representative is the person(s) designated on the Signature Authorization form (DR325) in the approved contract. When more than one page is necessary, the signature block is only required on the last page of the CES.**

14. **DOR Contract Administrator CES Review and Approval**

The DOR Contract Administrator reviews the CES to determine that the costs reported appear reasonable and are submitted in compliance with the contract. If the CES is approved, the Contract Administrator will sign, then forward the **original and one copy** of the approved CES to the Accounting Services Section:

**Central Office Accounting – Contract and Leases Unit  
Department of Rehabilitation  
P. O. Box 944222  
Sacramento, CA 94244-2220**

In addition, one copy will be submitted to the Cooperative Programs Section:

**Cooperative Programs Section  
Department of Rehabilitation  
721 Capitol Mall, 4<sup>th</sup> Floor  
Sacramento, CA 95814**

15. **Supporting Documentation**

In addition to a copy of the CES, the contractor must maintain documentation to support the amounts reported on the CES, including contract staff personnel activity reports and expenditure documents, in compliance with the contract and state and federal requirements for contract monitoring and auditing purposes. This documentation must be retained for at least five (5) years after final reporting under the contract or until completion of the action and resolution of all issues which may arise as a result of any litigation, claim, negotiation, audit, or any other action involving the records prior to expiration of the five (5) year period, whichever is later.

STATE OF CALIFORNIA Certified Expenditure Summary Rev. July 08			DEPARTMENT OF REHABILITATION		
<h1 style="margin: 0;">Certified Expenditure Summary</h1>					
Contractor Name and Address: <span style="color: red; font-weight: bold;">1</span>		Contract Number: <span style="color: red; font-weight: bold;">2</span>		<span style="color: red; font-weight: bold;">3</span>	
Reporting Period: <span style="color: red; font-weight: bold;">4</span>		Federal ID #: <span style="color: red; font-weight: bold;">5</span>		Pages of Pages <span style="color: red; font-weight: bold;">6</span>	
Line No.	Line Item Budgeted position title or Description	Employee Name (Personnel Only)	Annual Amount Budgeted	Certified Expenditures Reported	Year to Date
<b>Personnel</b>					
1					
2	7	8	9	10	11
3					
4					
5					
6					
7					
8					
<b>Personnel Subtotals:</b>			<span style="color: red; font-weight: bold;">12</span> 0.00	<span style="color: red; font-weight: bold;">12</span> 0.00	<span style="color: red; font-weight: bold;">12</span> 0.00
<b>Total Certified Expenditures</b>			<span style="color: red; font-weight: bold;">12</span> 0.00	<span style="color: red; font-weight: bold;">12</span> 0.00	<span style="color: red; font-weight: bold;">12</span> 0.00
I certify under penalty of perjury that the above services and expenditures were provided during this period in conformity with the Contract, Contract Handbook, and applicable State and Federal regulations. These are not legally mandated services and are not services that the Cooperative Agency otherwise provides. No portion of the expenditures comes from Federal Funds.					
Authorized Contractor Signature <span style="color: red; font-weight: bold;">13</span>		Date		Dr Contract Administrator Approval <span style="color: red; font-weight: bold;">14</span>	



# **CASE SERVICE & COOPERATIVE PROGRAM CONTRACT AGREEMENTS**

## **TIME REPORTING**

## TIME REPORTING PERSONNEL ACTIVITY REPORTS

### Time Reporting

As a Department of Rehabilitation (DOR) contractor, you are required to comply with the time reporting requirements as outlined in the federal regulation cost principles **2 CFR Part 200 (formerly 2 CFR 220, 225, 230)**: Cost Principles for Educational Institutions – Community Colleges, Colleges and Universities (UC/CSU) and University Foundations; State, Local, and Indian Tribal Governments – Counties, Cities, Special Education Local Plan Areas, School Districts, Regional Occupation Programs, and other State and Local government agencies; Non-Profit Organizations – All Not-for-Profit Agencies.

For reference and review of the federal regulations listed above, go to [http://www.whitehouse.gov/omb/circulars\\_default/](http://www.whitehouse.gov/omb/circulars_default/). The federal regulations cost principles identify the Federal guidelines for allowable and unallowable costs for programs receiving federal funding; **however, DOR may be more restrictive**, therefore, you must also review your contract and this Contract Handbook to ensure compliance with all DOR contract requirements.

The standards for time distribution are in addition to those for payroll documentation. Federal regulation cost principles require all contract staff, whether certified or paid, complete some form of documentation to support the distribution of staff salaries and employer-paid benefits to the DOR contract. Substitutes filling in for contract staff and charged to the DOR contract are also required to complete time distribution reports. In addition to the federal regulation cost principles, Federal Regulations Labor Code 29 CFR part 516.1(c) state “nothing shall excuse any party from complying with recordkeeping or reporting requirement imposed by any other Federal, State or local law, ordinance, regulation or rule.” Thus, labor laws or union contracts do not relieve contract staff from completing documentation of the employee’s after-the-fact distribution of time on the DOR contract. However, the level of detailed backup support for time distribution does vary significantly by organization and employee activity.

Your organization’s current payroll timesheets or electronic time recording system may or may not meet the Federal regulation cost principle requirements for time distribution to federal programs (including DOR contracts). For example, most payroll timesheets may only document that an employee was paid for a set number of total hours for the pay period, however, DOR contracts require that allocation between funding sources be supported.

## Personnel Activity Report (PARs)

According to the 2 CFR 200.430, non-federal entities will not be required to provide additional support or documentation for the work performed other than supported records indicating the total number of hours worked each day. The non-federal entities PARs record keeping should meet these standards:

- Charges must be based on records accurately reflecting work performed under the contract.
- The non-federal entity should have a time keeping system with internal controls.
- PARs must be incorporated in the official records.
- PARs must accurately reflect the total compensated contract activity.
- PARs should encompass all job duties – contract and non-contract duties.
- PARs must comply with established accounting practices and policies.
- PARs should support distribution of employee's salary among specific activities or cost objectives.

There is no single best system for documenting time spent on federal programs/activities. Since DOR does not require any specific format or system for personnel activity reports (PARs), contractors must review their current time reporting forms and systems to determine whether they are adequate to calculate and support the distribution of salaries and employer-paid benefits as required by the Federal regulation cost principles. If your system does not currently meet time distribution requirements, contractors can either revise the current time reporting forms to include the missing information or can implement a separate personnel activity report. (See sample page 70.)

All contract staff is required to complete some type of PARs (or equivalent) to support the distribution of staff salaries and employer-paid benefits to a specific program/activity. The PARs must clearly indicate each employee's contract position. In addition, the employee must document the after-the-fact distribution of time to each program and account for total activity for all programs/activities.

**Note: If an employee is performing program/activities for two (or more) different line item positions identified in the DOR contract, the employee must clearly document the time spent performing the activities for each separate line item position.**

PARs must be completed at least monthly, and be signed by the contract staff or someone who has sufficient knowledge of the employee's work time).

**Determination of Time Allocation Billable/Reportable to DOR**

Other methods such as number of hours, units of service, ratio of supervised FTE staff, and consumer caseload may be allowable by contract staff when appropriate. If an alternative method is used, it must be specifically documented and periodically reviewed to ensure that the distribution of time is a reasonable reflection of the time spent providing services to DOR applicants/consumers. Further, a time report that includes the total hours paid must also be completed. This would typically be the payroll timesheet that list the hours worked each day for the pay period. If you have questions regarding whether the alternative method is adequate to meet DOR time allocation requirements, please contact your DOR Contract Administrator for consultation and guidance.

**Note: Substitute systems (e.g., time studies, statistical sampling, etc.) specified in the Federal regulation cost principles are unallowable time distribution methods for DOR contracts since DOR does not have the authority to grant approval to use these methods.**





# **PERSONNEL ACTIVITY REPORTS (PARS)**

## **TIME ALLOCATION**

## PERSONNEL ACTIVITY REPORTS (PARS) TIME ALLOCATION CALCULATION GUIDANCE

When using the most common time distribution method of Total Hours Worked for DOR Contract to Total Hours Worked, then properly calculating Total Hours Worked is essential to correctly bill for time worked on contract activities to DOR. Total Hours Worked would not include leave time. If Contract staff is using leave time that differs from those specifically mentioned above, contact your DOR Contract Administrator for further clarification on whether the hours should or should not be included in the Total Hours Worked.

The example below illustrates the difference that can result when an incorrect method is used to calculate the actual percentage of time allocation for the DOR program:

A Contract staff person was paid for 176 hours for the monthly pay period. The Contract staff person worked 60 hours in the provision of services to authorized DOR Consumers as documented in the Total DOR Contract Hours. During the month, 36 hours of leave was taken (not included in the Total DOR Contract Hours).

### Calculation of Actual Time Chargeable to DOR Program

	Leave Included (Incorrect Method)	Leave Excluded (Correct Method)
<b><u>Total DOR Contract Hours</u></b> for the month (per Contract staff)	60	60
<b><u>Total Hours Worked</u></b> for the month (includes Total DOR Contract Hours and other program hours)	<u>176</u>	<u>140</u>
<b><u>% of Actual Time: DOR Program</u></b> for the month (Total DOR Contract Hours/Total Hours Worked)	<u>34%</u>	<u>43%</u>

As seen in the example noted above, it is optimal to ensure leave time is not included in Total Hours Worked for DOR Contract and Total Hours Worked. When using this method, you are assured the DOR portion of leave benefits is paid by DOR through the increased % of Actual Time in DOR Program. Further, it is essential that you accurately determine the % of Actual Time in DOR Program in order to correctly calculate the actual salary and benefit amounts to bill DOR.

## PROCEDURES TO RECONCILE MONTHLY PERSONNEL BUDGET ESTIMATES TO ACTUAL PERSONNEL COSTS

All Contractors are required to comply with federal regulations as a condition of the contract terms and conditions, including the documentation of actual personnel costs incurred while performing allowable contract activities for DOR. However, 2 CFR 200 gives public agencies the option to submit monthly personnel budget estimates on their service invoice, provided they meet the following federal requirements (Ref: §2 CFR 200.430 c(8)viii)

- The public agency's computer payroll system determining the budget estimates is consistent and the budgeted percentage reasonably reflects the prior actual percentage of time performed on contract activities.
- Significant changes in the corresponding work activity (as defined by the Scope of Work, Service Narrative, and Certified Narrative) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term.
- The public agency's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

If the Contractor chooses to submit Service Invoices using this option, notify the DOR Contract Administrator prior to submitting the initial invoice(s) so they are able to properly review and monitor the invoices.

**Note: The public agency must maintain all applicable accounting records, supporting schedules, PARs, and quarterly reconciliation spreadsheets that support the personnel salary and benefit amounts submitted to DOR during the contract period.**

## **DOR PROCEDURES FOR INVOICING: CONTRACT ADMINISTRATOR**

When reviewing invoices, the DOR Contract Administrator should provide the following services:

- At the beginning of the contract year, discuss billing processes with the public agency contract administrator to find out if they plan to bill using this option. Document the method the public agency will use to compute the budget estimates to be submitted each month and confirm the method(s) used meets federal regulations. Maintain in contract administration file.
- Bi-annually or more often if needed, review the personnel spreadsheets and supporting documentation with the public agency contract administrator to ensure that the costs are appropriately billed under the agreement and that they are performing the reconciliations consistent with federal regulations
- At the end of the contract year, ensure all year-end invoices include the total actual allocable personnel costs for all contract employees and can be supported by payroll records, PARs, reconciliation spreadsheets, and other accounting documents.

## **ELECTRONIC PERSONNEL ACTIVITY REPORTS (PARS) AND SYSTEMS REQUIREMENTS**

Federal regulation PAR requirements are the same regardless of whether an organization maintains a handbook (paper) or a fully electronic time reporting system. Organizations with an electronic time reporting system must implement and maintain well-defined internal control activities that provide the organization management and external parties (including DOR) with the confidence that the system is working as designed and that the resulting time reports/PARs are prepared and maintained in compliance with the Federal regulation cost principles.

Further, control activities must provide reasonable assurance that (1) time reporting/PAR transactions are appropriately authorized and approved and (2) time reporting/PAR information is properly and promptly recorded and retained. Proper recording of time distribution refers to whether the recorded information is complete, accurate, valid, and complies with legal requirements, including the DOR Contract and applicable federal regulation cost principles.

In addition, adequate back-up procedures of the electronic time reporting system data must be performed, the system must be able to generate hard-copy time records/PARs when requested for contract monitoring and audit purposes, and the electronic time records/PARs must be maintained in accordance with record retention requirements specified in the Contract.

If you have any questions regarding whether your organization's time reporting system meets DOR compliance requirements, contact your DOR Contract Administrator for assistance.

**Personnel Activity Report\* - Employee Paid Salary**  
**Contract Staff - Multi-funded: Time charged to two separate DOR line item positions**

Facility Name: Utopia USD

Employee: David Tanner

Month/Year: August 2015

Title: Program Coordinator

**Sample**

Program/Activity	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	Totals
DOR TPP - Prog. Coordinator	4	3	3				6	8	4	2			7	7	8	4	2			3	8	6	8	5			2	8	8	8	114
DOR TPP - Job Coach		3					2						1			4						2									12
WorkAbility I	4	2	3						4	5				1			6			5				3			6				39
Other			2							1																					3
<b>Total Hours Worked - Daily</b>	<b>8</b>	<b>8</b>	<b>8</b>				<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>			<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>			<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>			<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>168</b>

*I certify that the time distribution recorded on this personnel activity report is a true after-the-fact representation of the actual time worked on specific programs/activities for the period indicated, and I have full knowledge of 100 percent of these activities.*

Employee Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Supervisor Signature: \_\_\_\_\_

Date: \_\_\_\_\_

(Optional)

Program/Activity	A	B	C	D
DOR TPP - PC	114	168	68%	\$ 2,725.88
DOR TPP - JC	12	168	7%	\$ 286.93
WorkAbility I	39	168	23%	\$ 932.54
Other	3	168	2%	\$ 71.73
<b>Total:</b>	<b>168</b>		<b>100%</b>	<b>\$ 4,017.08</b>

**Total Monthly Salary/Employer Paid Benefits Amount = \$4,017.08**

Key:

A = Total Hours Worked for Program/Activity

B = Total Hours - All Programs/Activities

C = Percentage of time allocation (A/B)

D = Amount Charged (Total Monthly Salary/  
Employer Paid Benefits multiplied by % of  
Time allocated to Program/Activity)

\* This sample PAR would be used to allocate % of time worked to specific program/activity where the contract staff person is performing duties/services for more than one DOR contract position. This PAR (or equivalent) would need to be completed in addition to a facility payroll timesheet that only accounts for leave time or total hours paid.

## CONTRACT MONITORING AND REPORTING REQUIREMENTS & CONSUMER LISTINGS

Contractors should refer to their Contract Exhibit G for specific monitoring and reporting period requirements.

### Unduplicated Consumers Served Listing

The contract requires that a comprehensive listing of applicants/consumers served for the period billed (or alternate period) and the services provided to each applicant/consumer be submitted with the Service Invoice and/or Certified Expenditure Summary to the DOR contract administrator for contract monitoring.

### Service Goals/Outcomes Tracking

In order to document progress towards the achievement of the contract goals and outcomes, the contractor is required to prepare and maintain a listing of the unduplicated consumers served who have completed each of the service goals during the contract period. The listing could be as basic as the following:

Consumer (FY 2016/17)	Voc Assess	Emp Prep	Job Place	90 day “Successfully Employed”	NSE Job Coach
Jane Doe	X				
John Smith		X	X		
Bill Daily	X	X	X	X	X
Outcome Totals	2	2	2	1	1

The listing must be maintained to support the contract service outcomes and shall be submitted at least quarterly or as required by the DOR Contract Administrator for monitoring purposes. If you determine that you are not achieving the stipulated contract goals/outcomes, consult with the DOR Contract Administrator to identify appropriate action.

### Case Notes

Contract staff must prepare documentation to support the specific services provided to individual DOR applicants/consumers and associated costs billed/reported to DOR. Documentation must include hard-copy or electronic

case notes that identify the date, contract service title, and a description of services provided to each DOR applicant/consumer, and must be kept in the cooperative program's case record. Additional documentation that demonstrates the collaboration between DOR staff and contract staff should also be included in the case notes.

All case service documentation must be retained for at least five (5) years after final payment under the contract or until completion of the action and resolution of all issues which may arise as a result of any litigation, claim, negotiation, audit, or any other action involving the records prior to expiration of the five (5) year period, whichever is later.

## **Progress Reports**

The contract also requires, a summary of progress be sent to the DOR counselor summarizing the progress applicants/consumers have made in the contracted services provided that month. Progress reports should also include barriers or challenges the applicants/consumers may have encountered during the month, as well as next steps. Cooperative program case notes may meet progress report requirements if the previous criteria is met. The specific format of these reports are locally negotiated. DOR staff can obtain sample progress report forms located on the computer in the G drive/ Public folder/Rehabilitation Specialist, and may tailor these forms to meet local needs. Contact your local DOR Contract Administrator or Cooperative Program Specialist for more information.

## **Applicant/Consumer Listings**

There are four (4) types of consumer lists that must be kept as part of the documentation and monitoring of cooperative and case service contracts.

### **1. Individual contract staff consumer list**

Contract staff providing contract services directly to DOR consumers must prepare a listing of applicants/consumers that they provided DOR contract services to, at least monthly, and corresponding with PARS. This list must be kept with the staff PAR. This is part of the audit trail for the purposes of verification of contract services and staff time charged to DOR.

Some contract staff (e.g., administrator, supervisor, receptionist, and accountant) may not provide direct services to individual applicants/consumers; so are not required to provide a listing of applicants/consumers. However, if a supervisor has to substitute for a direct service staff while out of the office, then the supervisor must prepare a listing of applicants/consumers served.



## 2. **Contractor Active Consumer List**

Contractor must prepare a list of **all** consumers who have been referred by DOR and are actively participating in the cooperative program. Contractor should reconcile the contractor's active consumer list with the DOR AWARE consumer list monthly. Individuals who are receiving cooperative program services who are potentially eligible (PE) for DOR services should be included on the listing and noted as PE.

## 3. **Monthly Contract agency list of consumers served**

The contract agency must send the DOR contract administrator a list of all DOR consumers **served** for the month. This will include all of the consumers in the individual consumer lists described in #1 above, and must be submitted along with the service invoice and certified expenditure summary on a monthly basis. This list will be used by the DOR Contract Administrator to create the Group Authorization for the payment of the program service invoice. This list may be a sub set of the Contractor Active Consumer List, depending on the number of consumers served in a particular month.

## 4. **DOR AWARE Consumer List**

This list is provided to the cooperative program by the DOR Contract Administrator monthly. It is a listing of **all** consumers who have been assigned to the cooperative program by the DOR counselor. This list should be reconciled with the Contractor Active Consumer List monthly. This will ensure that only consumers receiving cooperative program services are assigned to the program and assigned cooperative program costs to their DOR case.

**DEPARTMENT OF REHABILITATION CONTRACT PROGRAM  
LISTING OF INDIVIDUALS (CONSUMERS) SERVICED FOR THE MONTH/YEAR OF \_\_\_\_.**

<b>NAME:</b>			<b>JOB TITLE:</b>
<b>#</b>	<b>Name – Individuals served</b>	<b>Service Category*</b>	<b>Case/Progress Note Completed</b>
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			

\*Indicate what authorized service(s) were provided to each individual, using the DOR service category. For example, "Employment Prep".



# **COMMON PROGRAM REVIEW AND AUDIT FINDINGS**

## **COMMON PROGRAM REVIEW FINDINGS**

1. DOR and/or program files do not contain adequate documentation of DOR authorizing case note or referral to the Cooperative Program, substantiation of services provided, and/or consumer progress in services provided under the contract.
2. The Release of Information forms are not adequate to ensure confidentiality of consumers' records (incorrect use of medical and or non-medical release form and/or incomplete or incorrectly completed consent to release form).
3. DOR and/or program files do not contain adequate documentation of collaboration between agencies as part of the cooperative program activities.
4. Invoicing is not submitted in a timely manner; or not completed monthly; or submitted without adequate match.
5. Program staff is not completing Personnel Activity Reports (PARs) in compliance with the appropriate federal regulation cost principles.
6. The program is not tracking the service goals as specified in the contract.
7. DOR is delaying the closing of successful rehabilitations/closures.
8. Not all employees associated with the Cooperative Programs Contracts were consistently informed, invited or participated in quarterly meetings or informed about training opportunities offered by collaborative partner(s)
9. Consumers are not appropriately assigned to the correct primary contract fund source assignment in AWARE by the DOR counselor.
10. Contract services are not being provided in accordance with the contract's Scope of Work.

## DEPARTMENT OF REHABILITATION COMMON AUDIT FINDINGS

### Personnel

- A. Contractors billed DOR for contract staff salary and benefit costs incurred in the current fiscal year but billed to the next fiscal year. For example, a 10-month contract staff person elects to have a portion of his/her salary withheld during the 2011/12 fiscal year. However, when the pay incurred in the 2011/12 fiscal year is paid to the employee in July and August 2012, it is inappropriately billed in the 2012/13 fiscal year when paid rather than the 2011/12 fiscal year when the services were provided.
- B. Contractors billed DOR for positions not included in the contract.
- C. Contractors billed DOR for contract staff performing duties different from those specified in the contract.
- D. Contractors did not have sufficient documentation to support contract staff time spent in the provision of services to DOR applicants/consumers (e.g., inadequate/non-existent personnel activity reports, no consumer attendance rosters or consumer listings, inadequate/non-existent case notes, etc.).
- E. Contract staff completed personnel activity reports (PARs) based general work schedule rather than actual after-the-fact distribution of time spent on DOR contract activities.
- F. PARs contained numerous calculation errors and time reporting errors (e.g., noting DOR program time on a day employee was not working, using incorrect service categories, etc.).
- G. Contract staff providing DOR contract services for more than one line item position did not accurately document the time spent providing each service. For example, a contract staff person whose primary position is Program Coordinator also provided job coach services while the Job Coach was on leave. The time spent by the Program Coordinator substituting for the Job Coach position was not separately documented on the PAR but rather was included on the DOR Program Coordinator program/activity line of the PAR.
- H. Contract staff were unaware they were providing services under a DOR contract or the actual services provided by the contract staff did not agree with the activities/services identified in the contract.
- I. Where applicable, contractors did not maintain worksheets to support how they calculated the contract staff salary and benefit amounts.

- J. Contractors billed DOR for unallowable contract paid staff salary and benefit amounts that significantly exceeded the annualized budgeted full-time equivalent (FTE %) as identified in the contract.
- K. Where applicable, contractors did not bill DOR appropriately for contract staff salary and benefit amounts because leave time (e.g., vacation, sick, other) was not deducted from the Total Hours Worked. Therefore, the percentage of actual time chargeable to the DOR program was understated, resulting in lower contract staff salary and benefit amounts billed to DOR.

## **Operating Expenses**

- A. Contractors billed DOR for the following operating expenses not in compliance with the contract:
  - 1) Based on budgeted costs instead of actual costs (e.g., 1/12<sup>th</sup> of the budgeted line item).
  - 2) Incurred but not yet paid (e.g., purchase orders, encumbrances, and accruals).
  - 3) Based on purchase orders rather than paid invoices.
  - 4) Paid but not yet incurred (e.g., prepaid maintenance, lease deposit, insurance, travel advances, training vouchers/ registration fees for training not yet held or contract staff never attended).
  - 5) Paid in the current contract period but were incurred prior to the contract effective date.
  - 6) Paid in the current contract period but will not be used until the next contract period.
- B. Contractors billed DOR for incorrect costs that resulted from misclassifications, expenditures not included in the contract, or duplicate reporting.
- C. Contractor billed DOR for items purchased that were not specifically for vocational rehabilitation services, such as music CDs, coloring books, etc.

- D. Travel/Mileage Expense claim forms did not contain adequate information to support that the travel/mileage billed to DOR was incurred specifically for the provision of DOR contract services. For example, the forms did not contain the contract/program reason for the trip mileage and the consumer names or other applicable information as appropriate to support the mileage was incurred in the provision of specific contract services, where applicable.

### **Indirect Costs/Administrative Overhead**

- A. Contractors billed DOR for Indirect Costs/Administrative Overhead using the contract budget percentage rate rather than the contractors' actual administrative overhead rate or their State or Federal approved indirect cost rate that was less than the contract budget rate.
- B. Contractor billed Indirect Costs/Administrative Overhead expense using an arbitrary percentage rate that was not based on actual costs.

### **Case Services**

- A. Contractors' consumer service records and deliverable documents (e.g., progress reports) were inaccurate or inadequate to support contract services.
- B. Contractors did not maintain a listing of the contractor goals data to adequately monitor and track the Service Outcomes/Numbers to be Served in the Contract.
- C. Contractors served consumers prior to receiving a written authorization from DOR for the services.

### **General**

- A. Contractors billed DOR for unallowable expenditures incurred prior to receiving a formally State approved amendment.
- B. Contractors did not adequately monitor their expenses nor did they submit their monthly Certified Expenditure Summaries and Service Invoices timely.
- C. Contractors did not use the correct CFDA #84.126 to properly report the contract federal pass-through expenditures on the OMB A-133 Single Audit Schedule of Federal Awards.
- D. Contractor did not maintain appropriate accounting records to adequately segregate and record allowable, allocable, and appropriate contract expenses.



# **INSURANCE REQUIREMENTS**



## INSURANCE REQUIREMENTS AND SAMPLES

### INSURANCE REQUIREMENTS

- A. Commercial General Liability – Contractor's liability shall be primary and non-contributory over any other valid or collectible insurance and self-insurance. Contractor shall maintain general liability on an occurrence form with limits not less than \$1,000,000 per occurrence for bodily injury and property damage liability combined with a \$2,000,000 annual policy aggregate. The policy shall include coverage for liabilities arising out of premises, operations, independent contractors, products, completed operations, personal & advertising injury, and liability assumed under an insured Agreement. This insurance shall apply separately to each insured against whom claim is made or suit is brought subject to the Contractor's limit of liability. The policy endorsement must include:

*The State of California, its officers, agents, and employees as additional insured, but only with respect to work performed under the Agreement.*

**Endorsements must be physically attached to all requested certificates of insurance and not substituted by referring to such coverage on the certificate of insurance. The endorsement must be acceptable to the DGS Office of Risk and Insurance Management.**

- B. Automobile Liability (If Applicable) – For DOR consumers being provided transportation under said Agreement, the Contractor shall maintain motor vehicle liability with limits not less than \$1,000,000 combined single limit per accident. Such insurance shall cover liability arising out of a motor vehicle including owned, hired and non-owned motor vehicles to include the following additional insurance coverage below:
- **For public schools and for-profit organizations:** Automobile Liability insurance must include Any-Auto, Hired-Autos, Non-Owned Autos, and any other auto used in performing services under the Agreement. For **seating capacity up to 7 people** (includes driver), the Contractor's certificate of insurance shall state a limit of liability of not less than **\$1,000,000** per occurrence for bodily injury and property damage liability combined. For **seating capacity for 8 –15 people** (includes driver) the certificate of insurance shall state a limit of liability of not less than **\$1,500,000** per occurrence for bodily injury and property damage liability combined. For **seating capacity for 16 passengers** or more the certificate of insurance shall state a limit of liability of not less than **\$5,000,000** per occurrence for bodily injury and property damage liability combined.

- **For non-profit organizations:** Automobile Liability insurance must include Any-Auto, Hired-Autos, Non-Owned Autos, and any other auto used in performing services under the Agreement. For **seating capacity of up to 15 people** (includes driver) the certificate of insurance shall state a limit of liability of not less than **\$1,000,000** per occurrence for bodily injury and property damage liability combined. For **seating capacity for 16 passengers** or more the certificate of insurance shall state a limit of liability of not less than **\$5,000,000** per occurrence for bodily injury and property damage liability combined.

**The same additional insured designation and endorsement required for general liability is to be provided for this coverage.**

- C. Workers Compensation and Employers Liability – Contractor shall maintain statutory worker’s compensation and employer’s liability coverage for all its employees who will be engaged in the performance of the Agreement. Employer’s liability limits of \$1,000,000 are required.

**The workers’ compensation policy shall contain a waiver of subrogation in favor of the State. The waiver of subrogation endorsement shall be provided.**

- D. Self-insurance - Contractor shall supply the consent letter of self-insurance or the Certificate of Consent to Self-Insure. The Waiver of Subrogation is not required.



# **INSURANCE CERTIFICATE SAMPLES**

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ENDORSEMENT

ADDITIONAL COVERED PARTY

COVERED PARTY	COVERAGE DOCUMENT	ADMINISTRATOR
	NCR 00100-28	Keenan & Associates

Subject to all its terms, conditions, exclusions, and endorsements, such additional covered party as is afforded by the coverage document shall also apply to the following entity but only as respects to liability arising directly from the actions and activities of the covered party described under "as respects" below.

**Additional Covered Party:**

CA Department of Rehabilitation  
721 Capitol Mall  
Sacramento CA 95814

**As Respects:**

WAIL-TPP agreement. The State of California, its officers, agents, employees, and servants are named additional covered party, only with respect to work performed for the State of California under this agreement.

The State of California, its officers, agents, employees, and servants are named additional covered party, only with respect to work performed for the State of California under this agreement.



Authorized Representative

Issue Date: 7/22/2014

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## PIPS Waiver of Our Right to Recover From Others Endorsement

Covered Party		Endorsement Number
[REDACTED]		51
Memorandum of Coverage #	Memorandum of Coverage Period	Effective Date of Endorsement
PIPS 107-11	07/01/2014 - 07/01/2015	07/01/2014 12:01 AM
Issued By (Name of Entity)		
Protected Insurance Program for Schools		

### Workers' Compensation and Employers' Liability Policy

This endorsement applies only to the coverage provided by the Memorandum of Coverage. We have the right to recover our payments from anyone liable for an injury covered by this Memorandum of Coverage. We will not enforce our right against the person or organization name in the Schedule, but this waiver applies only with respect to bodily injury arising out of the operations described in the Schedule, where you are required by a written contract to obtain this waiver from us.

#### Schedule

1. **Specific Waiver**  
Name of Person or Organization:

Department of Rehabilitation  
721 Capitol Mall  
Sacramento, CA 95814

2. **Operations:**

WAI-TPP Agreement

3. **Contribution:**

There is no contribution charged for this endorsement.

A handwritten signature in black ink, appearing to be "J. J. J.", is written over a horizontal line.

Authorized Agent

**Keenan**

License# 0451271

Confidential Client Use Only