

II.	FISCAL SECTION
200	Contract Compliance

The Contractor is responsible and accountable for meeting all contract requirements. This includes timely and accurate submission of:

1. Progress Reports
2. Semi-Annual Activity Reports (SAAR)
3. E.A.R.S. online reporting
4. Invoices
5. State Share Documentation Reports
6. All SOW deliverables
7. Documentation for all expenditures
8. Responses to *Network* inquiries for information

The assigned Contract Manager (CM) and Program Manager (PM) will monitor each contract for responsiveness to the above listed contract requirements. Contractors are to promptly notify their assigned CM or PM if potential problems arise.

The above list of contract requirements must be met for a Contractor to be considered compliant with the fiscal and administrative guidelines of a contract. Should it be determined that a pattern of non-compliance with these requirements exists and remedial efforts are ineffective, corrective actions will be taken to improve the performance of the Contractor.

Non-compliant and/or underperforming Contractors and Contractors that inaccurately forecast their budgets may have their budgets reduced to allow growth for other Contractors that have a record of good performance and have been accurately forecasting their budgets. Additional corrective actions may include but are not limited to:

1. Withholding invoice payments
2. Requesting refund of prior payment(s)
3. Reducing a contract term from **three** years to a probationary **one** year
4. Not renewing a contract and/or contract termination

Contracts between the California Department of Public Health (CDPH) and Local Incentive Award (LIA) projects are established according to the type of agency. Contract timelines will be in conjunction with the federal fiscal year (October 1st through September 30th). Contracts are considered effective **once they are approved by the United States Department of Agriculture (USDA)** and signed by CDPH, the California Department of General Services (DGS) (if over \$75,000), and the contractor's agency. Timelines for individual contracts are defined on the Standard Agreement, STD 213.

It is possible that a contract will not begin on October 1st of the fiscal year if there are delays in the procurement process due to budgeting errors or the need for multiple revisions. In this case, the local agency's contract start date will be the date that the contract is signed by CDPH (or DGS, if over \$75,000).

Other examples where a contract start date may not begin on October 1st might be a delay in the USDA approval of the *Network's* Annual Food Stamp Nutrition Education (**FSNE**) Plan, or in the event that Congress does not approve the United States' Federal budget in time.

In the examples described above, as in similar scenarios, services performed and costs incurred by local agencies before the contract is effective shall **not** be claimed as State Share nor be eligible for Federal Share reimbursement.

The contract funding cycle end date will be September 30th of each year. Below are the steps in the funding application process:

1. All interested agencies (including continuing LIA Programs) must submit their applications in the spring of each year, for the contract beginning in October of the same year.
2. The *Network* reviews and negotiates applications submitted by the LIA Programs. Applications that meet the requirements of the USDA **FSNE** Program are pre-approved by the *Network*.
3. In July of each year, the *Network* submits an Annual Nutrition Education Plan (Annual Plan) to the USDA (via the California Department of Social Services). The Annual Plan includes all State pre-approved LIA programs.
4. While the Annual Plan is pending approval by USDA, the *Network* prepares contract paperwork for each new contract and sends two copies of the contract to each Contractor for signature by the authorized person in their agency.
5. Contractors must sign and send both copies of the new contract back to their assigned CM.
6. Once signed copies of the contract are received by the CM from the Contractor, the CM submits the contract to the CDPH Contract Management Unit (CMU) for processing.
7. Contracts over \$75,000 must also be reviewed and approved by the Department of General Services (DGS). If applicable, CMU obtains DGS authorized signatures and returns a copy of the fully executed contract to the Contractor and to the *Network*. When the fully executed contract is received by the *Network*, the contract is considered in effect.
8. Once the contract is fully executed **and** the Annual Plan has been approved by USDA, then services may be conducted.
9. Financial reports including Invoices and State Share Documentation Reports must be submitted quarterly to the assigned CM unless another submission schedule has been approved by the CM. (See Section 600 – Reimbursement Process).