

AMENDMENT NO. 1 TO SERVICE AGREEMENT

This Amendment No. 1 to Service Agreement (“Amendment No. 1”) is dated April 7, 2026 and is between Fresno County Superintendent of Schools (FCSS), a political subdivision of the State of California (“Contractor”), and the County of Fresno, a political subdivision of the State of California (“County”).

Recitals

A. On March 11, 2025, the County and the Contractor entered into Agreement No. 25-092 (“Agreement”), to provide a Multi-Tiered System of Supports model that includes early intervention and clinical treatment services to integrate mental health services with school resources and reduce barriers to access.

B. The County and Contractor now desire to amend the Agreement to revise Exhibit C to align with the updated Department invoice requirements and increase the maximum compensation by Thirty-Eight Million Two Hundred Fifteen Thousand Two Hundred Twenty-Five and No/100 dollars (\$38,215,225.00). The increase in compensation is due to an increase in the number of persons served and volume of services provided. The parties therefore agree as follows:

1. All references to Exhibit C shall be deemed references to Revised Exhibit C. Revised Exhibit C is attached and incorporated by this reference.
2. When both parties have signed this Amendment No. 1, the Agreement, and this Amendment No. 1 together constitute the Agreement.
3. The Contractor represents and warrants to the County that:
 - a. The Contractor is duly authorized and empowered to sign and perform its obligations under this Amendment.
 - b. The individual signing this Amendment on behalf of the Contractor is duly authorized to do so and his or her signature on this Amendment legally binds the Contractor to the terms of this Amendment.
4. The parties agree that this Amendment may be executed by electronic signature as provided in this section.

- 1 a. An “electronic signature” means any symbol or process intended by an individual
2 signing this Amendment to represent their signature, including but not limited to (1) a
3 digital signature; (2) a faxed version of an original handwritten signature; or (3) an
4 electronically scanned and transmitted (for example by PDF document) version of an
5 original handwritten signature.
- 6 b. Each electronic signature affixed or attached to this Amendment (1) is deemed
7 equivalent to a valid original handwritten signature of the person signing this
8 Amendment for all purposes, including but not limited to evidentiary proof in any
9 administrative or judicial proceeding, and (2) has the same force and effect as the
10 valid original handwritten signature of that person.
- 11 c. The provisions of this section satisfy the requirements of Civil Code section 1633.5,
12 subdivision (b), in the Uniform Electronic Transaction Act (Civil Code, Division 3, Part
13 2, Title 2.5, beginning with section 1633.1).
- 14 d. Each party using a digital signature represents that it has undertaken and satisfied
15 the requirements of Government Code section 16.5, subdivision (a), paragraphs (1)
16 through (5), and agrees that each other party may rely upon that representation.
- 17 e. This Amendment is not conditioned upon the parties conducting the transactions
18 under it by electronic means and either party may sign this Amendment with an
19 original handwritten signature.

20 5. This Amendment may be signed in counterparts, each of which is an original, and all of
21 which together constitute this Amendment.

22 6. The Agreement as amended by this Amendment No. 1 is ratified and continued. All
23 provisions of the Agreement not amended by this Amendment No. 1 remain in full force and
24 effect.

25 [SIGNATURE PAGE FOLLOWS]
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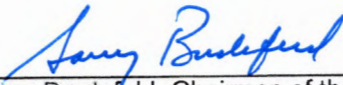
The parties are signing this Amendment No. 1 on the date stated in the introductory clause.

Fresno County Superintendent of Schools

COUNTY OF FRESNO



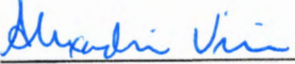
Dr. Michelle Cartwell-Copher,
Superintendent



Garry Bredefeld, Chairman of the Board of
Supervisors of the County of Fresno

1111 Van Ness Avenue
Fresno, CA 93711
Contact/Phone: 559-265-3010

Attest:
Bernice E. Seidel
Clerk of the Board of Supervisors
County of Fresno, State of California

By: 

Deputy

For accounting use only:

Org No.: 56304329/4330
Account No.: 7295
Fund No.: 0001
Subclass No.: 10000

FRESNO COUNTY DEPARTMENT OF BEHAVIORAL HEALTH FINANCIAL TERMS AND CONDITIONS

This Exhibit sets forth the financial terms and conditions, including compensation, invoicing, billing, audits, and other fiscal requirements, and is incorporated into the Specialty Mental Health Services (SMHS) Agreement between County and Contractor. County shall ensure timely and accurate compensation for services delivered and fulfill all responsibilities associated with funding sources under this Agreement.

I. Compensation

County shall compensate Contractor for services rendered under this Agreement, subject to the limitations and conditions herein. Compensation under this Agreement shall be paid only for services performed in accordance with its terms, while the Agreement is in effect, and subject to the amounts stated in this section. County employees have no authority to authorize payment beyond what is expressly provided in this Agreement.

a. Total Maximum Compensation

In no event shall total compensation payable to Contractor for all services provided under this Agreement exceed One Hundred Eighty-Eight Million Two Hundred Fifteen Thousand Two Hundred Twenty-Five and No/100 Dollars (\$188,215,225.00), during the entire term of this Agreement.

The maximum compensation may be increased only through a written amendment, contingent on the availability of sufficient funds.

i. Illustrative Table

Fiscal Year (FY)	SMHS Maximum FY Compensation	Early Intervention Services (EI) Maximum FY Compensation	Total FY Maximum Compensation
FY 2025-26	\$35,643,045.00	\$2,000,000.00	\$37,643,045.00
FY 2026-27	\$35,643,045.00	\$2,000,000.00	\$37,643,045.00
FY 2027-28	\$35,643,045.00	\$2,000,000.00	\$37,643,045.00
FY 2028-29	\$35,643,045.00	\$2,000,000.00	\$37,643,045.00
FY 2029-30	\$35,643,045.00	\$2,000,000.00	\$37,643,045.00
			\$188,215,225.00

b. Maximum Compensation for SMHS

For each fiscal year covered by this Agreement, the maximum compensation payable to Contractor for SMHS shall be as follows:

July 1, 2025 – June 30, 2026: Thirty-Five Million Six Hundred Forty-Three Thousand Forty-Five and No/100 Dollars (\$35,643,045.00)

July 1, 2026 – June 30, 2027: Thirty-Five Million Six Hundred Forty-Three Thousand Forty-Five and No/100 Dollars (\$35,643,045.00)

July 1, 2027 – June 30, 2028: Thirty-Five Million Six Hundred Forty-Three Thousand Forty-Five and No/100 Dollars (\$35,643,045.00)

July 1, 2028 – June 30, 2029: Thirty-Five Million Six Hundred Forty-Three Thousand Forty-Five and No/100 Dollars (\$35,643,045.00)

July 1, 2029 – June 30, 2030: Thirty-Five Million Six Hundred Forty-Three Thousand Forty-Five and No/100 Dollars (\$35,643,045.00)

This amount is not guaranteed and shall be paid only for approved services rendered and claims submitted and approved through the Electronic Health Record (EHR).

c. Maximum Compensation for EI

For each fiscal year covered by this Agreement, the maximum compensation payable to Contractor for EI shall be as follows:

July 1, 2025 – June 30, 2026: Two Million and No/100 Dollars (\$2,000,000.00)

July 1, 2026 – June 30, 2027: Two Million and No/100 Dollars (\$2,000,000.00)

July 1, 2027 – June 30, 2028: Two Million and No/100 Dollars (\$2,000,000.00)

July 1, 2028 – June 30, 2029: Two Million and No/100 Dollars (\$2,000,000.00)

July 1, 2029 – June 30, 2030: Two Million and No/100 Dollars (\$2,000,000.00)

This amount is not guaranteed and shall be paid only for approved services rendered and claims submitted and approved through the Electronic Health Record (EHR).

II. Performance Incentives for SMHS Fee-For-Service

Contractor may be eligible to receive performance-based incentives intended to encourage program growth, enhance service delivery, and improve overall wellness outcomes in unserved and underserved communities. The determination of eligibility and the calculation of such incentives shall be at the discretion of County's DBH Director or designee and governed by the following conditions:

a. Eligibility

- i. Incentives shall be available only after the completion of two full fiscal years under this Agreement for Contractors providing SMHS reimbursed under County's Fee-for-Service structure.
- ii. A baseline cannot be established using partial fiscal year data; therefore, eligibility requires two consecutive complete fiscal years of performance data.
- iii. Contractors entering this Agreement after the initial contract fiscal year shall become eligible upon completion of two consecutive fiscal years under this Agreement.

b. Performance Baseline

- i. The initial performance baseline shall be established based on the Contractor's State-approved claimed dollar amount for services performed, claimed, and approved by the State in fiscal year one (1), as recorded by County.
- ii. This baseline shall be adjusted for any subsequent State rate changes to finalize the performance baseline for fiscal year two (2).

c. Incentive Calculation

- i. Upon completion of fiscal year two (2), if Contractor exceeds the established performance baseline, Contractor shall be eligible for an incentive payment equal to eight percent (8%) of the Medi-Cal reimbursements generated above the baseline amount.

d. Annual Adjustments

- i. Each subsequent fiscal year's performance baseline shall be adjusted annually to the higher of:
 1. The prior fiscal year's actual State-approved claimed amount plus any State rate increases; or
 2. The previously established performance baseline amount plus any State rate increases.
- ii. Under no circumstances shall the performance baseline decrease from one fiscal year to the next.

e. Illustrative Table

The table below provides an example of annual baseline adjustments. This table is for reference only and is not binding. Actual details will be finalized between both parties at the conclusion of fiscal year one (1).

Fiscal Year	Prior Baseline (Before Adjustment)	State Rate Adjustment	New Performance Baseline (After Adjustment)	Actual Claimed Amount	Amount Above Baseline	Performance Incentive (8%)
Year 1	N/A	N/A	N/A	\$500,000	\$0	\$0
Year 2	\$500,000	+3%	\$515,000	\$550,000	\$35,000	\$2,800
Year 3	\$550,000	+2%	\$561,000	\$520,000	\$0	\$0
Year 4	\$561,000	+2%	\$572,220	\$600,000	\$27,780	\$2,222
Year 5	\$600,000	+2%	\$612,000	\$650,000	\$38,000	\$3,040

Contractor must be in satisfactory standing with all performance outcomes and reporting requirements under this Agreement prior to receiving any performance-based incentive payment. All required reports must be submitted in full and on time. Failure to meet these requirements may result in County’s DBH Director or designee, at their sole discretion, deeming Contractor ineligible for performance incentives or withhold payments until compliance is achieved.

County will calculate and provide written notification of any incentive award within ninety (90) calendar days after all State-approved claimed services for the targeted fiscal year have been received and recorded by County, or within nine (9) months following the end of the targeted fiscal year, whichever is later. Payment of any approved incentive will be made within forty-five (45) days after final approval.

Payment of performance incentives is contingent upon compliance with all applicable regulations and the availability of funds.

III. Rate Categories for Fee-For-Service

The program service components provided by the Contractor under this Agreement shall be reimbursed in accordance with the rate schedule set forth in Exhibit C – Attachment A, which is incorporated herein by reference and made part of this Agreement. Services shall be categorized as Clinic-Site Based, and the Contractor shall be compensated according to the applicable rate schedule specified in Exhibit C – Attachment A.

a. Clinic-Site Based:

Clinic-Site programs are defined as programs that provide less than fifty percent (50%) of services in the field. For purposes of this calculation, only billable services will be considered. “In the field” refers to services that do not occur through telehealth and do not occur at

designated sites where Contractor is afforded regular access. Designated sites shall be identified by Contractor and approved in writing by County's DBH Director or designee. County retains the sole discretion to classify a program as Clinic-Site Based.

For the purposes of this Agreement, Clinic-Site Based locations are defined as the following SmartCare (EHR) Locations (CMS Places of Service):

- i. Office
- ii. Telehealth Provided Other than in Persons Served Home
- iii. Telehealth Provided in Patient's Home
- iv. Any location where the mode of delivery is Video Conference, Telephone, or Written communication

These locations will be used to calculate the ratio of Clinic-Site Based to Field Based services.

b. Field Based:

Field Based programs are defined as programs that provide more than fifty percent (50%) of services in the field. "In the field" refers to services that do not occur through telehealth and do not occur at designated sites where the Contractor is afforded regular access. The County retains sole discretion to classify a program as Field-Based.

During the term of this Agreement, Contractor may submit a written proposal to County requesting compensation under the Field-Based reimbursement rate category. Such proposals must be submitted at least ninety (90) calendar days prior to the start of each new fiscal year. County shall provide a written decision prior to the start of the next fiscal year. If approved, County's DBH Director or designee will issue a rate change notification in accordance with the modification provisions of this Agreement, and Contractor's performance will be monitored for compliance with Field-Based service delivery requirements as outlined above.

If Contractor is deemed eligible to receive compensation at the Field-Based reimbursement rates and subsequently fails to meet the Field-Based service delivery requirements, Contractor shall be subject to recoupment of payments at the sole discretion of County's DBH Director or designee, upon written notice.

County shall complete Field-Based service delivery analysis and any recoupment reconciliation within ninety (90) calendar days following the end of the targeted quarter, or within ninety (90) calendar days after all billable services for that quarter have been entered into in the EHR by the Contractor, whichever is later. The recoupment amount shall equal the difference between payments made to Contractor during the targeted quarter and the amount recalculated at the respective fiscal year's Clinic-Site Based rate schedule, after applying any claiming

adjustments. County shall provide written notice to Contractor of the analysis results and, if applicable, process the recoupment in accordance with the terms and conditions of this Agreement.

County shall monitor Contractor on an ongoing basis and analyze data to ensure the accuracy of assigned rate categories. County retains authority to reassign rate categories as necessary and will provide written notice of any such changes in accordance with the modification provisions outlined in Article 15 of this Agreement. Contractor may appeal the category reassignment in writing within thirty (30) calendar days of receiving written notice. If no appeal is submitted within this timeframe, the reassignment will stand.

IV. Invoices

County shall process and pay Contractor's invoices for services rendered under this Agreement, subject to the limitations and conditions herein. Payment under this Agreement shall be made only for invoices submitted in accordance with its terms, while the Agreement is in effect, and subject to the deadlines and requirements stated in this section. County employees have no authority to authorize payment beyond what is expressly provided in this Agreement.

a. Definition of Acceptable Invoice

Definition

An Acceptable Invoice is a complete, itemized invoice submitted in accordance with the submission requirements set forth in Section IV(b) of this Exhibit. Each invoice shall include, at a minimum:

- i. Contractor's legal name and remit-to address;
- ii. Invoice number and date;
- iii. Contract or Purchase Order (PO) number;
- iv. Service period, including start and end dates;
- v. Itemized description of services, including units, rates, and applicable codes;
- vi. Total amount due, reflecting any credits or adjustments; and
- vii. County department or cost center, if applicable.

b. Invoice Submission Deadlines

Contractor shall comply with the following requirements for invoice submission and processing:

- i. Monthly Submission

1. Contractor shall use best efforts to submit monthly invoices, in arrears, by the fifteenth (15th) calendar day of each month.
2. Invoices shall be submitted in the format prescribed by County. This timeline is intended to facilitate prompt processing and does not supersede the final submission deadline specified below.

ii. Submission Method

All invoices shall be submitted electronically to the following recipients:

3. dbhinvoicereview@fresnocountyca.gov
4. dbh-invoices@fresnocountyca.gov
5. County's assigned DBH Staff Analyst

iii. Illustrative Table

The table below provides an example of FY 2026-2027 invoice deadlines.

Service Month	Target Submission	Initial Invoice Deadline	Supplemental*/ OHC Deadline
Jul 2026	Aug 15, 2026	Sep 29, 2026	Nov 28, 2026
Aug 2026	Sep 15, 2026	Oct 30, 2026	Dec 29, 2026
Sep 2026	Oct 15, 2026	Nov 29, 2026	Jan 28, 2027
Oct 2026	Nov 15, 2026	Dec 30, 2026	Feb 28, 2027
Nov 2026	Dec 15, 2026	Jan 29, 2027	Mar 30, 2027
Dec 2026	Jan 15, 2027	Mar 01, 2027	Apr 30, 2027
Jan 2027	Feb 15, 2027	Apr 01, 2027	May 31, 2027
Feb 2027	Mar 15, 2027	Apr 29, 2027	Jun 28, 2027
Mar 2027	Apr 15, 2027	May 30, 2027	Jul 29, 2027
Apr 2027	May 15, 2027	Jun 29, 2027	Aug 28, 2027
May 2027	Jun 15, 2027	Jul 30, 2027	Supplemental – Aug 29, 2027 OHC – Sep 28, 2027
June 2027	Jul 15, 2027	Aug 29, 2027	Supplemental – Aug 29, 2027 OHC – Oct 28, 2027

*Supplemental allowed if initial invoice submission is timely

c. Invoice Review and Withholding

At the discretion of County, if an invoice is found to be incorrect or is otherwise not in proper form or substance, County may withhold payment for only the portion of the invoice deemed incorrect or improper. Prior to withholding payment, County shall provide Contractor with at least five (5) calendar days' written notice. Contractor shall continue providing services

for up to ninety (90) calendar days after receiving notice of the invoice issue while resolution efforts are ongoing. If the invoice remains unresolved to County's satisfaction after the ninety (90) day period, County may elect to terminate this Agreement, in accordance with the termination provisions outlined in Article 6.

If County fails to provide notice of an incorrect or improper invoice and this results in delay in reimbursement, Contractor may initiate the escalation process through County's DBH Finance Division's Invoice Review Team. This process may include escalation to the DBH Finance Division Manager and ultimately County's DBH Director or designee to ensure timely reimbursement.

If County withholds any portion of an invoice due to incorrect or improper form or substance, Contractor shall resolve the issue and communicate any delays in resolution to County's DBH Finance Division Manager within ninety (90) calendar days of receiving notice of the withholding. Failure to resolve or communicate within this timeframe may result in the withholding being deemed final and non-payable at the sole discretion of County.

Contractor shall submit all initial invoices for services rendered within a given calendar month no later than sixty (60) calendar days following the end of the month in which services are provided. Invoices submitted after this 60-day period may be rejected and not processed for payment.

If the initial invoice is submitted within the required timeframe, supplemental or revised invoices may be submitted within one hundred twenty (120) calendar days following the end of the month in which services were provided. Supplemental invoices will not be accepted if the initial invoice is not submitted timely.

All billing related to Other Health Coverage (OHC) must be submitted within one hundred twenty (120) calendar days following the month in which services were provided.

The County shall not process or pay any invoices submitted more than sixty (60) calendar days after the end of the fiscal year in which the services were performed, except for claims related to Other Health Coverage (OHC), which must be submitted within one hundred twenty (120) calendar days following the month in which services were provided.

d. Fee-For-Service Invoice Calculation

Invoices for specialty mental health services shall be calculated based on the units of time associated with each CPT or HCPCS code entered into the County billing system, multiplied by the practitioner service rates specified in Exhibit C – Attachment A.

Services pending determination from Medicare, OHC, or any other third-party payers shall not be reimbursed until Explanation of Benefits (EOB) is processed and any remaining

balance is transferred to Medi-Cal or other applicable coverage, in accordance with this Agreement's funding requirements.

Notwithstanding the foregoing, County may, at its sole discretion, authorize payment for services provided to individuals with OHC when such services are not fully covered by the primary payer. This discretionary payment shall only apply to the remaining balance after all applicable third-party reimbursements have been applied and upon receipt of the EOB, unless DBH expressly approves earlier payment in writing. Such approval shall be documented and remain subject to all funding requirements under this Agreement.

County payments are provisional and subject to adjustment upon completion of all cost settlement and reconciliation activities. Adjustments, including recoupments, shall be made in accordance with this Agreement. County shall provide written notice of any adjustments. Final settlement will be based on audit findings and compliance with all applicable regulations.

Revenue reporting requirements are outlined in Section VII(f) (Financial Compliance and Enforcement).

e. Corrective Action Plans

Contractor shall enter all services into the County EHR and submit invoices in accordance with the deadlines and requirements specified in this Agreement, ensuring accuracy and completeness of all information.

Failure to comply with these requirements may result in the implementation of a corrective action plan at the discretion of the County. Corrective action plans may include, but are not limited to, financial penalties or termination of this Agreement in accordance with the termination provisions outlined in Article 6.

f. Payment

County shall make payment to Contractor in arrears for services provided during the preceding month, within forty-five (45) calendar days after receipt, verification, and approval of the invoice by County.

Payments shall be made upon certification or other proof satisfactory to County that services have been performed or actual expenditures incurred in accordance with this Agreement. Any compensation not expended by Contractor pursuant to this Agreement shall automatically revert to County.

i. Incidental Expenses

Contractor shall be solely responsible for all costs and expenses not identified as reimbursable by County under this Agreement. Such costs

include, but not limited to, administrative overhead, travel, and other incidental expenses.

g. Applicable Fees

Contractor shall not charge any person served or third-party payers for services provided under this Agreement unless expressly directed to do so by County at the time of referral. When directed to charge for services, Contractor shall use the uniform billing and collection guidelines prescribed by DHCS.

Contractor shall perform eligibility and financial determinations in accordance with DHCS' Uniform Method of Determining Ability to Pay (UMDAP), as outlined in BHIN 98-13 (available at dhcs.ca.gov), unless directed otherwise by County.

Contractor shall not submit claims to, or demand or collect reimbursement from, persons served or their representatives for specialty mental health or related administrative services provided under this Agreement, except to collect other health insurance coverage, share of cost, and co-payments, as permitted under California Code of Regulations, Title 9, §1810.365(c).

Under no circumstances shall Contractor bill persons served for covered services any amount greater than would be owed if the County provided the services directly. Contractor shall comply with all applicable requirements, including 42 C.F.R. § 438.106.

h. Claiming Responsibilities for SMHS

Contractor shall enter all claims data into the County's EHR using the California Mental Health Services Authority (CalMHSA) Smart Care Procedure Codes (available at <https://2023.calmhsa.org/procedure-code-definitions/>) by the fifteenth (15th) calendar day of each month for services rendered in the previous month. County's EHR system will convert these codes to Current Procedural Terminology (CPT) or Healthcare Common Procedure Coding System (HCPCS) codes, in accordance with the DHCS Billing Manual (available at <https://www.dhcs.ca.gov/services/MH/Pages/MedCCC-Library.aspx>), as amended from time to time.

All claims shall be accurate, complete, and error-free, and must include all required information. Contractor is responsible for monitoring and correcting any errors within thirty (30) calendar days from the date of service to ensure timely payment. County will monitor service volume, billing amounts, and service types entered into the EHR. Any audit exceptions resulting from Contractor' reporting shall be the sole responsibility of Contractor.

Contractor shall provide all necessary data to enable County to bill Medi-Cal and meet State and Federal reporting requirements. Data may be provided through direct EHR entry, electronic file submission compatible with County systems, or system integration. Contractor

shall maximize Federal Financial Participation (FFP) by claiming all eligible Medi-Cal services and correcting denied claims for resubmission.

Contractor is responsible for billing all SMHS for persons served with OHC and/or Medicare. For individuals with OHC and/or Medicare, Contractor shall bill the carrier and obtain payment or denial, or validate non-response after ninety (90) calendar days from claim submission. Contractor must report all third-party collections monthly and submit copies of EOBs or CMS 1500 forms to: DBHAccountsReceivable@fresnocountyca.gov. EOBs shall be submitted in batches by service month, with email subject lines including Contractor Name, Program Name, and Payment or Denial status.

V. Recoupments and Audits Requirements

a. Recoupment Process

County shall recapture from Contractor the value of any services or expenditures determined to be ineligible based on County or State monitoring results. County may enter into a repayment agreement with Contractor for up to twelve (12) months, with the option to extend to a total of twenty-four (24) months at County discretion. Repayment agreements require written approval by County. County may offset repayment amounts against future invoices or recoup all funds immediately. These remedies are not exclusive, and County may pursue other means of recovery.

Contractor shall be financially liable for all disallowances or audit exceptions identified through State audits, County utilization reviews, or other oversight processes. Disallowed amounts must be remitted within forty-five (45) calendar days or will be withheld from subsequent payments. Contractor shall not receive reimbursement for any services disallowed or denied by County or State review processes.

County will conduct periodic audits to verify clinical documentation, validate costs invoiced under cost reimbursement agreements, and ensure compliance with applicable regulations. Audits may require Contractor to reimburse County for previously paid services under circumstances including, but not limited to:

- i. Fraud, Waste, or Abuse as defined in federal regulations.
- ii. Overpayment due to errors in claiming or documentation
- iii. Other reasons specified by DHCS in the SMHS Reasons for Recoupment guidance.

Contractor shall reimburse County for all overpayments identified by any oversight entity within required timeframes. Funds owed must be paid within forty-five (45) calendar days of notification or will be offset against future payments.

b. Audit Requirements

The following requirements apply to all audits and reviews conducted under this Agreement.

Contractor is responsible for ensuring the accuracy of all claims submitted, including proper documentation, coding, and compliance with SMHS standards. Contractor shall maintain confidentiality of all records in accordance with HIPAA and applicable State and Federal laws.

Contractor shall cooperate fully with County, DHCS, or other regulatory bodies in any audit or review, including providing access to records, documents, and facilities. Contractor shall allow inspection and audit for ten (10) years following the Agreement's end date or until any audit or investigation is resolved, whichever is later, pursuant to 42 C.F.R. §§ 438.3(h) and 438.230(i)(3)(i-iii).

c. Single Audit Clause

If Contractor expends One Million Dollars (\$1,000,000.00) or more in Federal or Federal flow-through funds in any fiscal year, Contractor shall conduct an annual audit in accordance with the Single Audit Standards as set forth in Office of Management and Budget (OMB) 2 CFR 200. The audit report and management letter shall be submitted to County within nine (9) months of the fiscal year end. The audit must include either a statement of findings or a statement that no findings were identified. If findings exist, Contractor shall provide a corrective action plan signed by an authorized representative and take prompt action to address any material non-compliance or weakness.

Failure to perform the required audit may result in County conducting the audit or contracting with a public accountant to perform the audit at Contractor's expense. Audit costs related to this Agreement are the sole responsibility of Contractor.

If Contractor's Federal expenditures do not meet the Single Audit Clause threshold, Contractor shall perform a program audit and submit to County within nine (9) months of the fiscal year end. The program audit must attest to Contractor's financial solvency and compliance with Agreement requirements.

Contractor shall make all records and accounts available for inspection by County, the State, the Controller General of the United States, the Federal Grantor Agency, or their authorized representatives at all reasonable times for a period of at least three (3) years following the final payment under this Agreement or until all pending matters are resolved, whichever is later.

d. Audit Requirements for Pass-Through Entities

If County determines that Contractor is a “subrecipient” or pass-through entity as defined in 2 C.F.R. § 200, Contractor shall comply with all applicable cost principles, administrative requirements, and audit standards, including those governing claims for payment or reimbursement.

Financial audit reports must include a separate schedule identifying all funds received from or passed through the County. This schedule shall specify the Agreement number, Agreement amount, Agreement period, and the amount expended during the fiscal year by funding source.

Contractor will provide a financial audit report including all attachments to the report and the management letter and corresponding response within six months of the end of the audit year to the County’s DBH Director or designee. The County’s Director or designee is responsible for providing the audit report to the County Auditor.

Contractor shall submit the financial audit report, including all attachments, the management letter, and any corresponding response to County within six (6) months of the end of the audit year. The County will forward the report to the County Auditor.

Any required corrective action plan must be submitted to County at the same time as the audit report or as soon thereafter as available. County shall monitor implementation of the corrective action plan as it relates to services provided under this Agreement.

VI. County-Owned Property Requirements

This section shall only apply to the program components and services provided under Cost Reimbursement. County and Contractor recognize that fixed assets are tangible and intangible property obtained or controlled under County for use in operational capacity and will benefit County for a period more than one (1) year.

a. Agreement Assets

Assets shall be tracked on an agreement-by-agreement basis. Unless otherwise permitted by the funding source, all assets shall fall under the “Equipment” category. Items of a sensitive nature, including those containing HIPAA Protected Health Information (PHI), must be purchased and allocated to a single Agreement. Examples of assets include, but are not limited to:

- i. Computers (desktops and laptops);
- ii. Copiers, cell phones, tablets, and other devices with any HIPAA data;
- iii. Modular furniture;
- iv. Land;
- v. Any items over \$5,000;

- vi. Items of \$500 or more with a lifespan of at least two (2) years (e.g., televisions, washers/dryers, printers, digital cameras, other equipment/furniture).

Contractor shall maintain an asset tracking system that includes, at a minimum:

- i. Asset description and unique identifier (e.g., serial number);
- ii. Acquisition date and cost;
- iii. Quantity and location or assigned user;
- iv. Source of grant funding (if applicable);
- v. The disposition date and method (surplus, transfer, destruction, loss).

b. Retention and Maintenance

All assets shall remain County property upon expiration of this Agreement. Contractor shall participate in annual inventory and ensure return of all County-owned, undepreciated assets or reimburse County for their monetary value if unable to return them. Contractor shall:

- i. Maintain equipment in good working order, normal wear and tear excepted;
- ii. Label equipment with County-assigned program number and maintain inventory list as required;

Report loss or theft immediately in writing and provide a police report for stolen items.

c. Equipment Purchase

Any equipment purchased with funds under this Agreement requires prior written approval from County. Purchases must directly relate to services under this Agreement. County may deny reimbursement for unauthorized purchases.

d. Modification of Assets

Contractor must obtain prior written approval from County for any modification or change in use of property acquired or improved with Agreement funds. If such property is sold or used for non-qualifying purposes, Contractor shall reimburse County for its current fair market value, less any portion funded by non-County sources. These requirements remain in effect for the life of the property unless relieved by State action.

VII. Additional Compliance and Reporting Requirements

Contractor acknowledges and agrees that its obligations under this Agreement are subject to all applicable local, State, and Federal laws and regulations, including but not limited to those governing Medi-Cal, HIPAA, and the False Claims Act.

a. Notification of Changes

Contractor shall provide written notice to County of any material change affecting the performance of this Agreement, including but not limited to:

i. Organizational Changes

Changes in organizational name, Head of Service, or principal business address.

ii. Service Location Changes

Change in any service-delivery location. Notice shall be provided at least six (6) months in advance to allow County sufficient time to comply with site certification requirements. Such notice will become part of this Agreement upon written acknowledgment by the County, provided the change of address does not conflict with any other provisions of this Agreement.

iii. Ownership, Licensure, or Capacity Changes

Any change in ownership, organizational status, licensure, or Contractor's ability to provide the quantity or quality of the contracted services. Notice shall be provided immediately and no later than fifteen (15) calendar days following the change.

Failure to provide timely notice as required herein may result in corrective action, including withholding of payment or termination of this Agreement, in accordance with the provisions outlined in Article 6.

b. Record Maintenance and Retention

Contractor shall maintain complete, accurate, and current records to demonstrate accountability for all services and fiscal activities under this Agreement. Records include, but are not limited to:

i. Service Delivery Documentation

Monthly summary sheets, sign-in sheets, and other primary source documents supporting services provided.

ii. Fiscal Records

All financial records shall be maintained in accordance with Generally Accepted Accounting Principles (GAAP) and must account for all funds, tangible assets, revenues, and expenditures. Fiscal records shall also comply with the requirements set forth in 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

iii. Retention Requirements

Contractor shall retain all service and financial records for a minimum of ten (10) years from the date of final payment, the final date of this Agreement, final settlement, or until all audit findings are resolved, whichever is later.

iv. Access and Compliance

Contractor shall provide County access to all records upon request and comply with all applicable local, State, and Federal laws regarding the maintenance and relinquishment of medical records.

Failure to maintain records in accordance with these requirements may result in withholding of payments or termination of this Agreement, as outlined in Article 6.

c. Financial Reports

Contractor shall submit audited financial reports to County on an annual basis. The audit shall:

i. Standards

Be conducted in accordance with GAAP and generally accepted auditing standards.

ii. Submission Timeline

The audit report, including all attachments, the management letter, and any corresponding response, must be submitted to County within six (6) months of the end of the audit year.

iii. Corrective Action

If findings are identified, Contractor shall provide a corrective action plan signed by an authorized representative at the time of submission or as soon thereafter as available. County shall monitor implementation of the corrective action plan as it relates to services provided under this Agreement.

Failure to submit required financial reports within the specified timeframe may result in corrective action, including withholding of payment or termination of this Agreement, in accordance with Article 6.

d. Agreement Termination

In the event this Agreement is terminated, reaches its designated term, or Contractor ceases operations, Contractor shall:

i. Delivery of Records

Provide or make available to County all financial and service records accumulated under this Agreement, whether completed, partially completed, or in progress, within seven (7) calendar days of the termination or end date.

ii. Final Compensation

Contractor shall be entitled to payment for all SMHS satisfactorily provided through and including the effective date of termination, subject to the terms and conditions of this Agreement.

This provision shall not limit or reduce any damages owed to County resulting from Contractor's breach of this Agreement.

Failure to comply with these requirements may result in withholding payment or other remedies available to the County under Article 6.

e. Restrictions and Limitations

This Agreement is subject to all restrictions, limitations, and conditions imposed by County, State, or Federal funding sources that may affect the fiscal provisions or funding for this Agreement. Key provisions include:

i. Funding Contingency

This Agreement is contingent upon sufficient funds being made available by County, State, or Federal sources for the term of this Agreement. If the State or Federal governments reduce financial participation in the Medi-Cal program, County shall meet with Contractor to discuss renegotiating the services required.

ii. Fiscal Year Funding

Funding is allocated by fiscal year. Any unspent appropriation for a fiscal year does not roll over and is not available for services provided in subsequent years.

iii. Delayed Payments

In the event funding for these services is delayed by the State Controller, County may defer payments to Contractor. The deferred amount shall not exceed the amount of funding delayed by the State Controller to County. The deferral period shall not exceed the duration of the State Controller's delay plus forty-five (45) calendar days.

f. Financial Compliance and Enforcement

County maintains the right to monitor Contractor's performance under this Agreement to ensure accuracy of claims for reimbursement and compliance with all applicable laws and regulations.

Contractor shall claim and collect all other available revenues, including but not limited to Medicare, private insurance, grants, client rent/fees, and any other third-party funding sources. Contractor shall maintain accurate records of all such revenues collected and report them to County in the format and frequency specified by County. Reports shall be submitted concurrently with monthly invoices or as otherwise directed and must include sufficient detail to support reconciliation and verification of revenue sources.

No federal funds provided under this Agreement shall be used to pay the salary of an individual at a rate exceeding Level 1 of the Executive Schedule, as published by U.S. Office of Personnel Management and amended from time to time amended.

Federal Financial Participation shall not be available for any amount furnished to an excluded individual or entity, or at the direction of a physician during the period of exclusion when the person providing the service knew or should have known of the exclusion, or to an individual or entity when the County failed to suspend payments during an investigation of a credible allegation of fraud, pursuant to 42 U.S.C. section 1396b(i)(2).

Contractor shall be responsible for any disallowances resulting from inadequate documentation.

Failure by either party to enforce any provision of this Agreement shall not constitute a waiver of that provision or any other provision.

If Contractor fails to comply with any provision of this Agreement, County may, upon written notice, be relieved of its obligation to provide further compensation.

g. Compliance with Federal and State Laws

Contractor shall comply with all applicable Federal and State laws and regulations governing the provision of services and the use of funds under this Agreement, including but not limited to:

- i. The False Claims Act employee training and policy requirements set forth in 42 U.S.C. §1396a(a)(68) and any related guidance issued by the U.S. Department of Health and Human Services;
- ii. Medi-Cal program requirements;
- iii. HIPAA privacy and security standards;
- iv. Any other applicable statutes, regulations, and administrative rules.

Contractor shall maintain documentation demonstrating compliance with these requirements and make such documentation available to County upon request.

h. Restrictions on Fund Redirection

Contractor shall not redirect or transfer funds from one funded program to another funded program under this Agreement, except through a duly executed amendment approved by County.

Contractor shall not allocate or charge services provided to an eligible person under one funded program to another funded program unless the person served is also eligible for services under the second funded program.

i. Record Retention and Access

Contractor shall maintain complete, accurate, and current records to demonstrate accountability for all services and fiscal activities under this Agreement. Records shall include, but are not limited to:

- i. Service delivery documentation (e.g., monthly summary sheets, sign-in sheets, and other primary source documents);
- ii. Fiscal records maintained in accordance with Generally Accepted Accounting Principles (GAAP), accounting for all funds, tangible assets, revenues, and expenditures;
- iii. Documentation required under 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Retention Requirements:

Contractor shall retain all service and financial records for a minimum of ten (10) years from the date of final payment, the final date of this Agreement, final settlement, or until all audit findings are resolved, whichever is later.

Access and Compliance:

Contractor shall provide County access to all records upon request and comply with all applicable local, State, and Federal laws regarding the maintenance and relinquishment of medical records.

Failure to maintain records in accordance with these requirements may result in withholding of payments or termination of this Agreement, as outlined in Article 6.