

## **AMENDMENT NO. 1 TO SERVICE AGREEMENT**

This Amendment No. 1 to Service Agreement ("Amendment No. 1") is dated \_\_\_\_\_ and is between JDT Consultants Inc., a California Stock corporation ("Contractor"), and the County of Fresno, a political subdivision of the State of California ("County").

## Recitals

7 A. County Behavioral Health Plans (BHPs) are required to determine the need for, ensure  
8 access to, and provide or arrange for the provision of Therapeutic Behavioral Services (TBS) as  
9 a Medi-Cal Early and Periodic Screening, Diagnosis and Treatment (EPSDT) supplemental  
10 specialty mental health service as defined in Title 9 California Code of Regulations (CCR),  
11 section 1810.215.

12 B. On August 5, 2025, the County and the Contractor entered into Agreement No. 25-378  
13 ("Agreement"), for Therapeutic Behavioral Services (TBS).

14 C. The County and Contractor now desire to amend the Agreement to increase the  
15 maximum compensation by Three Million Seven Hundred Seventy-Seven Thousand Two  
16 Hundred Ninety-Five and No/100 Dollars (\$3,777,295.00). The increase in compensation is due  
17 to first quarter projections indicating a higher growth trend than previously estimated by both  
18 parties due to an increase in services provided to persons served.

The parties therefore agree as follows:

20       1. All references to Exhibit C shall be deemed references to "Revised Exhibit C". Revised  
21      Exhibit C is attached and incorporated by this reference.

22 2. When both parties have signed this Amendment No. 1, the Agreement, and this  
23 Amendment No. 1 together constitute the Agreement.

24 || 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.

a. An “electronic signature” means any symbol or process intended by an individual signing this Amendment to represent their signature, including but not limited to (1) a digital signature; (2) a faxed version of an original handwritten signature; or (3) an electronically scanned and transmitted (for example by PDF document) version of an original handwritten signature.

b. Each electronic signature affixed or attached to this Amendment (1) is deemed equivalent to a valid original handwritten signature of the person signing this Amendment for all purposes, including but not limited to evidentiary proof in any administrative or judicial proceeding, and (2) has the same force and effect as the valid original handwritten signature of that person.

c. The provisions of this section satisfy the requirements of Civil Code section 1633.5, subdivision (b), in the Uniform Electronic Transaction Act (Civil Code, Division 3, Part 2, Title 2.5, beginning with section 1633.1).

d. Each party using a digital signature represents that it has undertaken and satisfied the requirements of Government Code section 16.5, subdivision (a), paragraphs (1) through (5), and agrees that each other party may rely upon that representation.

e. This Amendment is not conditioned upon the parties conducting the transactions under it by electronic means and either party may sign this Amendment with an original handwritten signature.

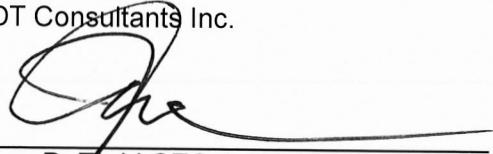
5. This Amendment may be signed in counterparts, each of which is an original, and all of which together constitute this Amendment.

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

[SIGNATURE PAGE FOLLOWS]

1           The parties are signing this Amendment No. 1 on the date stated in the introductory  
2 clause.

3           JDT Consultants Inc.



4  
5           Jana D. Todd CEO & Founder

6  
7           4205 W. Figarden Drive  
8           Fresno, CA 93722

9  
10           COUNTY OF FRESNO

11  
12           Garry Bredefeld, Chairman of the Board of  
13           Supervisors of the County of Fresno

14           **Attest:**

15           Bernice E. Seidel  
16           Clerk of the Board of Supervisors  
17           County of Fresno, State of California

18           By: \_\_\_\_\_  
19           Deputy

20           For accounting use only:

21           Org No.: 56302666  
22           Account No.: 7295  
23           Fund No.: 0001  
24           Subclass No.: 10000

## FRESNO COUNTY DEPARTMENT OF BEHAVIORAL HEALTH FINANCIAL TERMS AND CONDITIONS

Fresno County Department of Behavioral Health is committed to ensuring timely and accurate compensation for the delivery of services in our communities and fulfilling all associated responsibilities of the funding sources related to this Agreement. This document provides guidance on this Agreement's financial terms and conditions, responsibilities of each party, which includes but not limited to, maximum compensation, compensation structure, invoicing, payments, billing, recoupments, audits, reviews, examinations, and other fiscal related requirements.

### I. **Compensation**

The County agrees to pay, and the Contractor agrees to receive, compensation for the performance of its services as described below.

#### **a. Specialty Mental Health Services (SMHS) Maximum Compensation**

The maximum compensation payable to the Contractor under this Agreement for the period of August 5, 2025 through June 30, 2026 for SMHS is Five Million Two Hundred Fifty-Nine Thousand Three Hundred Sixty-Three and No/100 Dollars (\$5,259,363.00), which is not a guaranteed sum but shall be paid only for services rendered and received.

The maximum compensation payable to the Contractor under this Agreement for the period of July 1, 2026 through June 30, 2027 for SMHS is Five Million Two Hundred Fifty-Nine Thousand Three Hundred Sixty-Three and No/100 Dollars (\$5,259,363.00), which is not a guaranteed sum but shall be paid only for services rendered and received.

The maximum compensation payable to the Contractor under this Agreement for the period of July 1, 2027 through June 30, 2028 for SMHS is Five Million Two Hundred Fifty-Nine Thousand Three Hundred Sixty-Three and No/100 Dollars (\$5,259,363.00), which is not a guaranteed sum but shall be paid only for services rendered and received.

The maximum compensation payable to the Contractor under this Agreement for the period of July 1, 2028 through June 30, 2029 for SMHS is Five Million Two Hundred Fifty-Nine Thousand Three Hundred Sixty-Three and No/100 Dollars (\$5,259,363.00), which is not a guaranteed sum but shall be paid only for services rendered and received.

The maximum compensation payable to the Contractor under this Agreement for the period of July 1, 2029 through June 30, 2030 for SMHS is Five Million Four Hundred Eighty-Four Thousand Five Hundred Fifty-Nine and No/100 Dollars (\$5,484,559.00), which is not a guaranteed sum but shall be paid only for services rendered and received.

#### **b. Total Maximum Compensation**

In no event shall the maximum contract amount for all the services provided by the Contractor to County under the terms and conditions of this Agreement be in excess of Twenty-Six Million Five Hundred Twenty-Two Thousand Eleven and No/100 Dollars (\$26,522,011.00), during the entire term of this Agreement.

The Contractor acknowledges that the County is a local government entity and does so with notice that the County's powers are limited by the California Constitution and by State law, and with notice that the Contractor may receive compensation under this Agreement only for services performed according to the terms of this Agreement and while this Agreement is in effect, and subject to the maximum amount payable under this section.

The Contractor further acknowledges that County employees have no authority to pay the Contractor except as expressly provided in this Agreement.

See table below for compensation breakdown by Fiscal Year and Total Maximum Compensation for this Agreement.

Fiscal Year (FY)	Total FY Maximum Compensation
2025-2026	\$5,259,363
2026-2027	\$5,259,363
2027-2028	\$5,259,363
2028-2029	\$5,259,363
2029-2030	\$5,484,559
	\$26,522,011

### **c. Fee-For-Service Reimbursement Rate Categories**

The Therapeutic Behavioral Services provided by the Contractor under this Agreement shall be reimbursed according to the Therapeutic Behavioral Services rate schedule as indicated in Exhibit C – Attachment A, attached hereto and incorporated herein by reference and made part of this Agreement. The services provided by the Contractor under this Agreement shall be categorized as Therapeutic Behavioral Services Based and the Contractor shall be compensated according to the Therapeutic Behavioral Services Based rate schedule as indicated on Exhibit C – Attachment A, attached hereto and incorporated herein by reference and made part of this Agreement:

- i. Clinic-Site Based: Clinic-Site Based programs shall be defined as programs who provide less than fifty percent (50%) of services in the field. In the field services are those services that do not occur through telehealth and do not occur in designated sites in which the Contractor is afforded regular access.

Designated sites shall be identified by the Contractor and approved by County's DBH Director or designee in writing. Only billable services will be considered for the purpose of this calculation.

1. Clinic-Sites Based locations are defined as the following SmartCare (EHR) Locations (CMS Places of Service) for this Agreement and will be utilized to calculate the ratio of Clinic-Site Bases to Field Based services: Office, Telehealth Provided Other than in Patient's Home, Telehealth Provided in Patient's Home, and all locations where the mode of delivery is Video Conference/Telephone/Written. All other SmartCare (EHR) Locations (CMS Places of Service) will be considered as Field Based services under this Agreement.
- ii. Field Based: Field based programs shall be defined as programs that provide more than fifty percent (50%) of services in the field.
  1. During the term of this Agreement, Contractor is eligible to submit a proposal for compensation at the Field Based reimbursement rate category ninety (90) days prior to each new fiscal year to County's DBH for consideration. County's DBH will provide a decision to Contractor prior to the start of the next fiscal year. County's DBH will provide a decision to Contractor prior to the start of the next fiscal year. If approved, County's DBH will issue a rate change notification according to the modification section of the agreement and Contractor's performance will be monitored for the Field Based mode of service delivery requirements as outlined above.
  2. If Contractor is deemed eligible to receive compensation at the Field Based reimbursement rates in accordance with the above paragraph and Contractor is subsequently unable to meet the mode of service delivery requirements, as defined above, Contractor will be subjected to recoupment at County's discretion.
  3. County's DBH will complete Field Based mode of service delivery analysis and recoupment reconciliation for said Contractor within ninety (90) days following the end of the targeted quarter or within ninety (90) days after all billable services for the targeted quarter has been entered in the Electronic Health Record (EHR) by the Contractor, whichever is later. The recoupment amount will be the

difference in value of any services paid to Contractor throughout the targeted quarter after being reconciled at the respective fiscal year's Clinic-Site Based rate schedule and after any claiming adjustments may have been applied, if any. County's DBH will inform the Contractor of the result and, if necessary, the recoupment shall be processed and applied based on terms, conditions, and limitations as set forth herein.

4. If Contractor does not meet the Field Based mode of service delivery requirements after any targeted quarterly review, County's DBH shall recommend and reassign the Contractor to the Clinic-Site Based rate category. Contractor may appeal the rate category reassignment to County's DBH within thirty (30) days of receiving notice or the rate category change will stand with a written notification as set forth below.

County's DBH shall continuously monitor the Contractor and analyze data to review accuracy of rate categories assigned. County's DBH Director or designee shall have the authority to reassign rate categories, and the Contractor will be notified in writing of any such changes, as outlined in Article 5.

**d. Specialty Mental Health Services Fee-For-Service Performance Incentives**

Contractor is eligible to receive performance-based incentives to promote growth, increase service delivery and overall wellness to our unserved and/or underserved communities. If the Contractor meets the performance metrics outlined by County's DBH below, Contractor is eligible to a portion of the Medi-Cal reimbursements received and recorded by County's DBH.

This opportunity, subject to County's discretion, is only available after the second fiscal year term of this Agreement for Contractor providing SMHS and reimbursed through the County's Fee-for-Service reimbursement structure. The initial performance actual claimed baseline will be set by the Contractor's performance in fiscal year one (1). County's DBH will use the Contractor's State-approved claimed dollar amount, as received and recorded by County's DBH, for services that were performed, claimed, and approved by the State in fiscal year one (1) and adjust it with any subsequent State rate changes, if any, to finalize a performance baseline for fiscal year two (2). After completing the claiming of services and receipt of Medi-Cal reimbursements for fiscal year two (2), if the Contractor exceeds the established performance baseline, the Contractor is eligible to be compensated for eight percent

(8%) of the Medi-Cal reimbursements that were generated above the established performance baseline amount of fiscal year two (2).

Each subsequent fiscal year's performance baselines will be adjusted annually to either the prior fiscal year's actual State-approved claimed amount plus adjusted for any subsequent State rate increases, or any of the previously established performance baseline amounts plus adjusted for any State rate increases for the upcoming fiscal year, whichever is higher. The new performance baseline shall always be calculated from the higher value between the State-approved claimed amount and the previous fiscal year's performance baseline amount regardless of projected performance in the upcoming fiscal year. The rate adjustment shall always be a positive amount and the performance base shall not decrease from one fiscal year to the next.

The table below illustrates the annual baseline adjustments. This table is an example only and is not binding. The actual details will be determined and finalized between both parties at the conclusion of year one (1).

Example:

Fiscal Year	Rate Increase	Baseline	State Approved Claim Amount	Amount Exceeding Baseline	Additional Amount Paid (8%)
1			\$1,100,000		
2	+3.0%	\$1,133,000	\$1,633,000	\$500,000	\$40,000
3	+1.0%	\$1,649,330	\$1,500,000	\$0	\$0
4	+2.0%	\$1,682,317	\$1,882,317	\$200,000	\$16,000
5	+3.5%	\$1,948,198	\$2,048,198	\$100,000	\$8,000

In addition to meeting the performance-based incentive metrics above, Contractor must be in satisfactory standing with the Agreement's performance outcomes and reporting requirements prior to being awarded the incentive payment. At the discretion of County's DBH Director or designee, if it is determined that the required outcomes are not met and/or reports are not submitted in full and on time, the Contractor shall be ineligible for performance incentives or withheld until such requirements are met and/or deemed to be satisfactory by County's DBH.

County's DBH will calculate and notify Contractor of the award amounts, if any, within ninety (90) days after all of Contractor's State-approved claimed services are received and recorded by County's DBH for the targeted fiscal year or within nine (9) months following the

end of the targeted fiscal year, whichever is later. County's payments to Contractor for performance-based incentives, if any, shall be made within forty-five (45) days after approval by County.

**II. Invoices**

The Contractor shall submit monthly invoices, in arrears by the fifteenth (15th) day of each month, in the format directed by the County. The Contractor shall submit invoices electronically to: [dbhinvicereview@fresnocountyca.gov](mailto:dbhinvicereview@fresnocountyca.gov); [dbh-invoices@fresnocountyca.gov](mailto:dbh-invoices@fresnocountyca.gov); and the assigned County's DBH Staff Analyst.

At the discretion of County's DBH Director or designee, if an invoice is incorrect or is otherwise not in proper form or substance, County's DBH Director, or designee, shall have the right to withhold payment as to only the portion of the invoice that is incorrect or improper after five (5) days prior notice to Contractor. Contractor agrees to continue to provide services for a period of ninety (90) days after notification of an incorrect or improper invoice. If after the ninety (90) day period, the invoice is still not corrected to County's satisfaction, County's DBH Director, or designee, may elect to terminate this Agreement, pursuant to the termination provisions stated in Article 6 of this Agreement. If County's DBH does not provide notice of incorrect or otherwise improper invoices and causes delay in the reimbursement process, Contractor will follow the escalation process through the County's DBH Finance Division's Invoice Review Team, up to the DBH Finance Division Manager, and including the County's DBH Director and/or designee for the timely reimbursement of payment to Contractor.

Withholdings to an invoice by County's DBH shall be addressed by the Contractor and/or Contractor shall communicate any delays in resolving the incorrect or improper form with County's DBH within ninety (90) days of receiving notice or the withholdings will stand in perpetuity, or subject to County's discretion.

All final invoices for any fiscal year shall be submitted by Contractor within one hundred and twenty (120) days following the final month for which payment is claimed in that fiscal year. No action may be taken by County on any invoices submitted after one hundred and twenty (120) days of the end of the fiscal year where services are performed.

**a. Specialty Mental Health Claimable Services Invoices**

For specialty mental health services, invoices shall be based on claims entered into the County's electronic health record (EHR) for the prior month.

Monthly payments for claimable services shall only be based on the units of time assigned to each CPT or HCPCS code entered in the County's billing and transactional database multiplied by the practitioner service rates in Exhibit C – Attachment A.

Any claimable services pending determination from Medicare, OHC, and any other third-party source will not be reimbursed until Explanation of Benefits (EOB) are processed and the balance is transferred to the Medi-Cal coverage plan, and ready to claim to the Medi-Cal coverage plan, or the appropriate coverage plan(s), as deemed appropriate by the Agreement's funding resources or approval by County's DBH. Claimable services that are pending determinations must be addressed and invoiced to County's DBH within one hundred and twenty (120) days following the month of service. Any delays to invoicing must be communicated to and approved by County's DBH within one hundred and twenty (120) days following the month of service or the services may be ineligible for payment at County's discretion.

County's payments to Contractor for performance of claimed services are provisional and subject to adjustment until the completion of all settlement activities. County's adjustments to provisional payments for claimed services shall be based on the terms, conditions, and limitations of this Agreement or the reasons for recoupment set forth herein.

Any claimable services entered into the County's EHR beyond four (4) months from the month of service may be ineligible for payment, subject to the determination of the County.

**b. Corrective Action Plans**

Contractor shall enter services into the County's EHR/billing and transactional database and submit invoices in accordance with the specified deadlines, ensuring all information is accurate. Failure to meet the requirements set forth above will result in the implementation of a corrective action plan at the discretion of the County's DBH Director, or designee, and may result in financial penalties or termination of Agreement per Article 6 of this Agreement.

**III. Payment**

Payments shall be made by County to Contractor in arrears, for services provided during the preceding month, within forty-five (45) days after the date of receipt, verification, and approval by County. All final invoices shall be submitted by Contractor within one hundred and twenty (120) days following the final month of service for which payment is claimed for each fiscal year. No action shall be taken by County on claims submitted beyond the one hundred and twenty (120) day closeout period of each fiscal year. Any compensation which is not expended by Contractor pursuant to the terms and conditions of this Agreement shall automatically revert to County.

Payments shall be made upon certification or other proof satisfactory to the County that services have been performed or actual expenditures incurred by the Contractor, as specified in this Agreement.

**a. Incidental Expenses**

The Contractor is solely responsible for all of its costs and expenses that are not specified as payable by the County under this Agreement. If Contractor fails to comply with any provision of this Agreement, County shall be relieved of its obligation for further compensation.

**b. Applicable Fees**

Contractor shall not charge any persons served or third-party payers any fee for service unless directed to do so by the County's DBH Director or designee at the time the individual is referred for services. When directed to charge for services, Contractor shall use the uniform billing and collection guidelines prescribed by DHCS.

Contractor will perform eligibility and financial determinations, in accordance with DHCS' Uniform Method of Determining Ability to Pay (UMDAP), see BHIN 98-13, available at [dhcs.ca.gov](http://dhcs.ca.gov), for all individuals unless directed otherwise by the County's DBH Director or designee.

Contractor shall not submit a claim to, or demand or otherwise collect reimbursement from, the person served or persons acting on behalf of the person served for any specialty mental health or related administrative services provided under this Agreement, except to collect other health insurance coverage, share of cost, and co-payments (California Code of Regulations, Title 9, §1810.365(c)).

The Contractor must not bill persons served, for covered services, any amount greater than would be owed if the County provided the services directly and otherwise not bill persons served as set forth in 42 C.F.R. § 438.106.

**IV. Specialty Mental Health Services Claiming Responsibilities**

Contractor shall enter claims data into the County's EHR/billing and transactional database system 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) of every month for actual services rendered in the previous month. County's EHR/billing and transactional database system will convert the CalMHSA Procedure Codes to Current Procedural Terminology (CPT) or Healthcare Common Procedure Coding System (HCPCS) codes, as provided in the DHCS Billing Manual available at <https://www.dhcs.ca.gov/services/MH/Pages/MedCCC-Library.aspx>, as from time to time amended.

Claims shall be complete and accurate and must include all required information regarding the claimed services. Claims data entry into the County's EHR system shall be the responsibility of Contractor. County shall monitor the volume of services, billing amounts and

service types entered into County's EHR system. Any and all audit exceptions resulting from the provision and reporting of specialty mental health services by Contractor shall be the sole responsibility of Contractor. Contractor will comply with all applicable policies, procedures, directives, and guidelines regarding the use of County's EHR/information system.

Contractor must provide all necessary data to allow County to bill Medi-Cal for services and meet State and Federal reporting requirements. The necessary data can be provided by a variety of means, including but not limited to: 1) direct data entry into County's electronic health record/information system; 2) providing an electronic file compatible with County's electronic health record/information system; or 3) integration between County's electronic health record/information system and Contractor's information system(s). Contractor shall maximize the Federal Financial Participation (FFP) reimbursement by claiming all possible Medi-Cal services and correcting denied services for resubmission as needed.

If a person served has dual coverage, such as other health coverage (OHC) or Federal Medicare, Contractor will be responsible for billing the carrier and obtaining a payment/denial or have validation of claiming with no response for ninety (90) days after the claim was mailed. Contractor must report all third-party collections for Medicare, third-party or client-pay or private-pay in each month. A copy of an explanation of benefits or CMS 1500 form (if no response is received from the carrier after 90 days from date of submission of the CMS 1500) is required as documentation. Contractor must comply with all laws and regulations governing the Federal Medicare program, including, but not limited to: 1) the requirement of the Medicare Act, 42 U.S.C. section 1395 et seq; and 2) the regulation and rules promulgated by the Federal Centers for Medicare and Medicaid Services as they relate to participation, coverage and claiming reimbursement. To the extent they are applicable, Contractor will be responsible for compliance as of the effective date of each Federal, State or local law or regulation specified.

#### **V. Recoupments, Audits, Reviews, and Examinations**

County shall recapture from Contractor the value of any services or other expenditures determined to be ineligible based on the County or State monitoring results. The County reserves the right to enter into a repayment agreement with Contractor, with the term of the repayment agreement not to exceed twelve (12) months from the date of the repayment agreement, to recover the amount of funds to be recouped. The County has the discretion to extend the term of repayment plan up to a total of twenty-four (24) months from the date of the repayment agreement. The repayment agreement may be made with the signed written approval of County's DBH Director, or designee, and respective Contractor through a repayment agreement. The monthly repayment amounts may be netted against the Contractor's

monthly billing for services rendered during the month, or the County may, in its sole discretion, forego a repayment agreement and recoup all funds immediately. This remedy is not exclusive, and County may seek requital from any other means, including, but not limited to, a separate contract or agreement with Contractor.

Contractor shall be held financially liable for any and all future disallowances/audit exceptions due to Contractor's deficiency discovered through the State audit process and County utilization review for services provided during the course of this Agreement. At County's election, the disallowed amount will be remitted within forty-five (45) days to County upon notification or shall be withheld from subsequent payments to Contractor. Contractor shall not receive reimbursement for any units of services rendered that are disallowed or denied by the Fresno County MHP utilization review process or claims review process or through the State of California DHCS audit and review process, cost report audit settlement if applicable, for Medi-Cal eligible beneficiaries.

**a. Reasons for Recoupment**

County will conduct periodic audits of Contractor files to ensure appropriate clinical documentation, that original third-party source documents support costs invoiced under hybrid or cost reimbursement agreements, high quality service provision and compliance with applicable federal, state and county or other funding source regulations.

Such audits may result in requirements for Contractor to reimburse County for services previously paid in the following circumstances:

- i. Identification of Fraud, Waste or Abuse as defined in federal regulation
  1. Fraud and abuse are defined in C.F.R. Title 42, § 455.2 and W&I Code, section 14107.11, subdivision (d).
  2. Definitions for "fraud," "waste," and "abuse" can also be found in the Medicare Managed Care Manual available at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals>
- ii. Overpayment of Contractor by County due to errors in claiming or documentation.
- iii. Other reasons specified in the SMHS Reasons for Recoupment document released annually by DHCS and posted on the DHCS BHIN website.

Contractor shall reimburse County for all overpayments identified by Contractor, County, and/or state or federal oversight agencies as an audit exception within the timeframes required by law or County or state or federal agency. Funds owed to County will be due within forty-five (45) days of notification by County, or County shall withhold future payments until all excess

funds have been recouped by means of an offset against any payments then or thereafter owing to County under this or any other Agreement between the County and Contractor.

**b. Internal Audits/Reviews**

Contractor is responsible for ensuring the accuracy of all claims submitted for reimbursement. This includes, but is not limited to, verifying that the services billed are properly documented, correctly coded, and align with applicable SMHS definitions and standards. Contractor must also ensure that all supporting documentation is accurate, complete, and reflects the services actually rendered.

In addition, Contractors with medication prescribing authority shall adhere to County's medication monitoring review practices. Contractor shall provide County with notification and a summary of any internal audit exceptions, and the specific corrective actions taken to sufficiently reduce the errors that are discovered through Contractor's internal audit process. Contractor shall provide this notification and summary to County as requested by the County.

**c. Confidentiality in Audit/Review Process**

Contractor and County mutually agree to maintain the confidentiality of Contractor's records and information of persons served, in compliance with all applicable State and Federal statutes and regulations, including but not limited to HIPAA and California Welfare and Institutions Code, Section 5328. Contractor shall inform all of its officers, employees, and agents of the confidentiality provisions of all applicable statutes.

Contractor's fiscal records shall contain sufficient data to enable auditors to perform a complete audit and shall be maintained in conformance with standard procedures and accounting principles.

Contractor's records shall be maintained as required by DBH and DHCS on forms furnished by DHCS or the County. All statistical data or information requested by the County's DBH Director or designee shall be provided by the Contractor in a complete and timely manner.

**d. Cooperation with Audits/Reviews**

Contractor shall cooperate with County in any review and/or audit initiated by County, DHCS, or any other applicable regulatory body. This cooperation may include such activities as onsite program, fiscal, or chart reviews and/or audits.

In addition, Contractor shall comply with all requests for any documentation or files including, but not limited to, files for persons served and personnel files.

Contractor shall notify the County of any scheduled or unscheduled external evaluation or site visits when it becomes aware of such visit. County shall reserve the right to attend any or all parts of external review processes.

Contractor shall allow inspection, evaluation and audit of its records, documents and facilities for ten (10) years from the term end date of this Agreement or in the event Contractor has been notified that an audit or investigation of this Agreement has been commenced, until such time as the matter under audit or investigation has been resolved, including the exhaustion of all legal remedies, whichever is later pursuant to 42 C.F.R. §§ 438.3(h) and 438.230I(3)(i-iii).

**e. Single Audit Clause**

If Contractor expends One Million No/100 Dollars (\$1,000,000.00) or more in Federal and Federal flow-through monies, Contractor agrees to conduct an annual audit in accordance with the requirements of the Single Audit Standards as set forth in Office of Management and Budget (OMB) 2 CFR 200. Contractor shall submit said audit and management letter to County. The audit must include a statement of findings or a statement that there were no findings. If there were negative findings, Contractor must include a corrective action plan signed by an authorized individual. Contractor agrees to take action to correct any material non-compliance or weakness found as a result of such audit. Such audit shall be delivered to County's DBH Finance Division for review within nine (9) months of the end of any fiscal year in which funds were expended and/or received for the program. Failure to perform the requisite audit functions as required by this Agreement may result in County performing the necessary audit tasks, or at County's option, contracting with a public accountant to perform said audit, or may result in the inability of County to enter into future agreements with Contractor. All audit costs related to this Agreement are the sole responsibility of Contractor.

A single audit report is not applicable if Contractor's Federal contracts do not exceed the One Million and No/100 Dollars (\$1,000,000.00) requirement. If a single audit is not applicable, a program audit must be performed and a program audit report with management letter shall be submitted by Contractor to County as a minimum requirement to attest to Contractor solvency. Said audit report shall be delivered to County's DBH Finance Division for review no later than nine (9) months after the close of the fiscal year in which the funds supplied through this Agreement are expended. Failure to comply with this Act may result in County performing the necessary audit tasks or contracting with a qualified accountant to perform said audit. All audit costs related to this Agreement are the sole responsibility of Contractor who agrees to take corrective action to eliminate any material noncompliance or weakness found as a result of such audit. Audit work performed by County under this paragraph shall be billed to Contractor at County cost, as determined by County's Auditor-Controller/Treasurer-Tax Collector.

Contractor shall make available all records and accounts for inspection by County, the State of California, if applicable, the Controller General of the United States, the Federal Grantor

Agency, or any of their duly authorized representatives, at all reasonable times for a period of at least three (3) years following final payment under this Agreement or the closure of all other pending matters, whichever is later.

**f. Financial Audit Report Requirements for Pass-Through Entities**

If County determines that Contractor is a “subrecipient” (also known as a “pass-through entity”) as defined in 2 C.F.R. § 200 et seq., Contractor represents that it will comply with the applicable cost principles and administrative requirements including claims for payment or reimbursement by County as set forth in 2 C.F.R. § 200 et seq., as may be amended from time to time. Contractor shall observe and comply with all applicable financial audit report requirements and standards.

Financial audit reports must contain a separate schedule that identifies all funds included in the audit that are received from or passed through the County. County programs must be identified by 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 must submit any required corrective action plan to the County simultaneously with the audit report or as soon thereafter as it is available. The County shall monitor implementation of the corrective action plan as it pertains to services provided pursuant to this Agreement.

In the event this Agreement is terminated, Contractor shall be entitled to compensation for all Specialty Mental Health Services (SMHS) satisfactorily provided pursuant to the terms and conditions of this Agreement through and including the effective date of termination. This provision shall not limit or reduce any damages owed to the County due to a breach of this Agreement by Contractor.

**VI. Property of County**

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. All assets shall fall into the "Equipment" category unless funding source allows for additional types of assets. Items of sensitive nature shall be purchased and allocated to a single Agreement. All items containing Health Insurance Portability and Accountability Act (HIPAA)/Protected Health Information (PHI) data are considered sensitive. At a minimum, the following types of items are considered to be assets:

- 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:
  - 1. Televisions
  - 2. Washers/Dryers
  - 3. Printers
  - 4. Digital Cameras;
  - 5. Other equipment/furniture
  - 6. Items in total when purchased or used as a group fall into one or more of the above categories

Contractor shall ensure proper tracking for contact assets that include the following asset attributes at a minimum:

- i. Description of the asset;
- ii. The unique identifier of the asset if applicable, i.e., serial number;
- iii. The acquisition date;
- iv. The quantity of the asset;
- v. The location of the asset or to whom the asset is assigned;
- vi. The cost of the asset at the time of acquisition;
- vii. The source of grant funding if applicable;
- viii. The disposition date, and
- ix. The method of disposition (surplus, transferred, destroyed, lost).

**b. Retention and Maintenance**

Assets shall be retained by County, as County property, in the event this Agreement is terminated or upon expiration of this Agreement. Contractor agrees to participate in an annual inventory of all County fixed and inventoried assets. Upon termination or expiration of this

Agreement, Contractor shall be physically present when fixed and inventoried assets are returned to County possession. Contractor is responsible for returning to County all County owned undepreciated fixed and inventoried assets, or the monetary value of said assets if unable to produce the assets at the expiration or termination of this Agreement. Contractor further agrees to the following:

- i. Maintain all items of equipment in good working order and condition, normal wear and tear excepted;
- ii. Label all items of equipment with County assigned program number, to perform periodic inventories as required by County and to maintain an inventory list showing where and how the equipment is being used in accordance with procedures developed by County. All such lists shall be submitted to County within ten (10) days of any request therefore; and
- iii. Report in writing to County immediately after discovery, the loss or theft of any items of equipment. For stolen items, the local law enforcement agency must be contacted, and a copy of the police report submitted to County.

**c. Equipment Purchase**

The purchase of any equipment by Contractor with funds provided hereunder shall require the prior written approval of County's DBH Director or designee, shall fulfill the provisions of this Agreement as appropriate, and must be directly related to Contractor's services or activity under the terms of this Agreement. County may refuse reimbursement for any costs resulting from equipment purchased, which are incurred by Contractor, if prior written approval has not been obtained from County.

**d. Modification of Assets**

Contractor must obtain prior written approval from County's DBH whenever there is any modification or change in the use of any property acquired or improved, in whole or in part, using funds under this Agreement. If any real or personal property acquired or improved with said funds identified herein is sold and/or is utilized by Contractor for a use which does not qualify under this Agreement, Contractor shall reimburse County in an amount equal to the current fair market value of the property, less any portion thereof attributable to expenditures of funds not provided under this Agreement. These requirements shall continue in effect for the life of the property. In the event this Agreement expires, the requirements for this paragraph shall remain in effect for activities or property funded with said funds, unless action is taken by the State government to relieve County of these obligations.

**VII. Other Financial Requirements**

**a. Notification of Changes**

Contractor shall notify County in writing of any change in organizational name, Head of Service or principal business at least fifteen (15) business days in advance of the change. Contractor shall notify County of a change of service location at least six (6) months in advance to allow County sufficient time to comply with site certification requirements. Said notice shall become part of this Agreement upon acknowledgment in writing by the County, and no further amendment of the Agreement shall be necessary provided that such change of address does not conflict with any other provisions of this Agreement.

Contractor must immediately notify County of a change in ownership, organizational status, licensure, or ability of Contractor to provide the quantity or quality of the contracted services in no event more than 15 days of the change.

**b. Record Maintenance**

Contractor shall maintain all records and management books pertaining to service delivery and demonstrate accountability for agreement performance and maintain all fiscal, statistical, and management books and records pertaining to the program. Records should include, but not be limited to, monthly summary sheets, sign-in sheets, and other primary source documents. Fiscal records shall be kept in accordance with Generally Accepted Accounting Principles and must account for all funds, tangible assets, revenue and expenditures. Fiscal records must also comply with the Code of Federal Regulations (CFR), Title II, Subtitle A, Chapter 11, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

All records shall be complete and current and comply with all requirements in this Agreement. Failure to maintain acceptable records per the preceding requirements shall be considered grounds for withholding of payments for billings submitted and for termination of this Agreement.

Contractor shall maintain records of persons served and community service in compliance with all regulations set forth by local, state, and federal requirements, laws, and regulations, and provide access to clinical records by County staff.

Contractor shall comply with all local, state, and federal laws and regulations regarding relinquishing or maintaining medical records.

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

**c. Financial Reports**

Contractor shall submit audited financial reports on an annual basis to the County. The audit shall be conducted in accordance with Generally Accepted Accounting Principles and generally accepted auditing standards.

**d. Agreement Termination**

In the event this Agreement is terminated, ends its designated term, or Contractor ceases operation of its business, Contractor shall deliver or make available to County all financial records that may have been accumulated by Contractor or subcontractor under this Agreement, whether completed, partially completed or in progress within seven (7) calendar days of said termination/end date.

**e. Restrictions and Limitations**

This Agreement shall be subject to any restrictions, limitations, and/or conditions imposed by County or state or federal funding sources that may in any way affect the fiscal provisions of, or funding for this Agreement. This Agreement is also contingent upon sufficient funds being made available by County, state, or federal funding sources for the term of this Agreement. If the federal or state governments reduce financial participation in the Medi-Cal program, County agrees to meet with Contractor to discuss renegotiating the services required by this Agreement.

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

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

**f. Additional Financial Requirements**

County has the right to monitor the performance of this Agreement to ensure the accuracy of claims for reimbursement and compliance with all applicable laws and regulations.

Contractor must comply with the False Claims Act employee training and policy requirements set forth in 42 U.S.C. 1396a(a)(68) and as the Secretary of the United States Department of Health and Human Services may specify.

Contractor agrees that no part of any federal funds provided under this Agreement shall be used to pay the salary of an individual per fiscal year at a rate in excess of Level 1 of the Executive Schedule at <https://www.opm.gov/> (U.S. Office of Personnel Management), as from time to time amended.

Federal Financial Participation is not 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 had reason to know 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 [42 U.S.C. section 1396b(i)(2)].

Contractor must maintain financial records for a minimum period of ten (10) years or until any dispute, audit or inspection is resolved, whichever is later. Contractor will be responsible for any disallowances related to inadequate documentation.

**g. Contractor Prohibited from Redirection of Contracted Funds**

Contractor may not redirect or transfer funds from one funded program to another funded program under which Contractor provides services pursuant to this Agreement except through a duly executed amendment to this Agreement.

Contractor may not charge services delivered to an eligible person served under one funded program to another funded program unless the person served is also eligible for services under the second funded program.