

**Office of Vocational Rehabilitation**  
**Innovation and Expansion Project**  
**Contract Additional Terms and Conditions**

**CONTRACTOR**

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(Name of Agency)

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(Address)

The purpose of this project, as described in the Statement of Work, is for the identified Contractor to develop business transformation plans, implement workforce development strategies, and engage provider leadership activities aimed at supporting people with disabilities to successfully transition from subminimum wage to competitive integrated employment.

No aspect of this Agreement, or its referenced attachments (SOW, Budget, etc.) may be changed, modified, or otherwise amended unless they have been reduced to writing, signed by all parties and affixed to this Agreement. This pertains to changes in project scope, contract term, budget (overall total project amount as well as individually identified line item amounts set forth through the budget for the purpose of completing the audit), or any other special considerations, conditions, or agreements.

This Agreement shall take effect on the date of funding approval or the date all Commonwealth approvals have been obtained whichever is later.

Any project or program information released by the Contractor must identify the Office of Vocational Rehabilitation (OVR) as a funding source, and a copy of the release must be forwarded to the Contractor and Grantee Services Division, OVR Central Office at OVRGRANTS@pa.gov.

OVR shall monitor and evaluate the program, the financial operation of this project, and any subcontracts.

Contractor shall notify all subcontractors of their responsibility to adhere to these requirements, conduct compliance reviews at reasonable times, to insure adherence to all civil rights and discrimination laws, and other applicable provisions of this agreement, and notify OVR of any violations or suspected violations.

**STAFF REQUIRED  
FOR PROJECT**

The Contractor certifies that it shall be adequately staffed with personnel qualified to carry out the project, and that funds for staffing may be utilized only during the term of the project.

Contractor shall maintain current “conflict of interest” disclosures for all staff working in, involved and/or paid through this project (as identified in Appendix B Budget and all subsequent budget revisions or addenda), and further assure that all project transactions completed by staff shall be “arm’s length” transactions.

Direct salary charges for project staff must be supported by time/activity reports (Staff Certification Forms) completed by each employee and verified by his/her supervisor.

Staff Certification Forms must be completed monthly, submitted with the Quarterly Report and must reflect the total time the employee spent on project supported activities, as well as any changes in assignment. All project-related activities and the number of hours spent accomplishing these activities must be described on the Staff Certification Form.

Salaries for project staff shall be based upon the Contractor’s established salary and wage scales for comparable positions (classifications). General raises may also be extended to the project staff; however, project monies may only be used to fund such raises if the raises have been included in the Contractor’s budget.

**BUILDING AND  
FACILITY  
EQUIPMENT**

Project funds may not be used to finance building expansion.

The Contractor shall be adequately prepared to carry out the funded project. The Contractor certifies that equipment requested for its use in administering this project is not already on hand and is required for the operation of the Project.

All purchases (including, but not limited to, equipment) made by the Contractor with a cost of ten thousand dollars (\$10,000) or more per individual item shall be competitively bid. The Contractor shall request written bids from at least three (3) vendors, which include a description of the equipment and price quote. The lowest responsible bid shall be accepted.

If a competitive bid is not possible, the Contractor shall provide OVR with a written explanation of the circumstances that preclude a competitive bid and request sole source approval for the proposed purchase. Written OVR approval of the sole source justification must pre-date expenditure of project funds.

**EQUIPMENT  
TITLE**

OVR shall hold first lien on all equipment, with a cost of \$10,000 or more per individual item, purchased with project funds for a period of seven years. The value of OVR’s lien, as registered with the PA Department of State, will equal the portion of the equipment purchase price financed with project funds. The Contractor will file OVR’s lien with the PA Department of State using the Financing Statement, Uniform Commercial Code UCC-1.

Ownership of such equipment will revert to OVR if the terms of this Contract are violated, or if the project has terminated while OVR holds the aforementioned lien.

Equipment purchased with project funds may not be used as collateral in any transactions while OVR holds a lien against such equipment.

**EQUIPMENT  
REGISTRATION**

The Contractor shall file the Form UCC-1, Uniform Commercial Code Financing Statement with the PA Department of State in order to register OVR's interest in project-purchased equipment. The Contractor (Debtor, as identified in the UCC-1 filing), shall pay all filing fees required by the Commonwealth of PA and the Contractor shall furnish OVR with proof that OVR's security interest has been registered in an effective and timely manner. Filing fees may **not** be paid with project funds.

The Contractor will obtain copies of form UCC-1 Financing Statement from the PA Department of State. The UCC-1 Financing Statement and instructions are available online at <http://www.dos.state.pa.us/portal/server.pt/community/corporations/12457/forms/571880> through the PA Department of State voice mail system by calling (717) 772-1057.

Information concerning filing fees is available online at [http://www.dos.state.pa.us/portal/server.pt/community/corporations/12457/fees\\_payment/571873](http://www.dos.state.pa.us/portal/server.pt/community/corporations/12457/fees_payment/571873) or by telephone at (717) 787-1057.

**LANDLORD  
WAIVER**

If Project-purchased equipment is placed in rented premises, a Landlord's waiver must be executed by the landlord prior to the placement of the equipment on the premises.

**COMPLIANCE  
WITH  
APPLICABLE  
LAWS**

Contractor, subcontractors, and participating employers shall:

- A. Comply with applicable laws and regulations relating to employee health, safety, and sanitation.
- B. Comply with applicable Unemployment Compensation (UC) laws. Contractors electing to provide UC coverage may not use the contract money to build a contingency fund against possible future Unemployment Compensation claims.
- C. Comply with applicable laws with respect to fire protection, safety devices or guards on machinery, and accident hazards.
- D. Comply with applicable Federal, state, and local minimum wage and hour laws and policies.

- E. Comply with applicable Workers' Compensation statutes relating to work accidents and occupational diseases.
- F. Safeguard the rights and welfare of human subjects who are involved in activities supported by Federal funds. For purposes of this policy, a human subject is an individual who may be exposed to the possibility of physical, psychological, sociological or other harm as a result of any activity that goes beyond the application of those established and accepted methods necessary to meet the subject's needs.

**EVALUATION COMPONENT**

Contractor shall perform an analysis of the total project that will identify the results and effectiveness of the project as measured by the Statement of Work, Deliverables, goals and objectives, and the benefits to the individuals and communities served. Contractor shall conduct surveys of project participants' satisfaction with services rendered under the project.

**CONTROL OF EXPENDITURES**

Contractor shall maintain adequate accounting records for the project, separate and apart from records kept for its usual operation and other contracts or grants.

Contractor shall make its records available at its office, at all reasonable times during the term of this project, for inspection, audit or reproduction by an authorized representative of the Secretary of Labor & Industry or the Auditor General. Invoices for all equipment and other expenditures must be retained and are subject to audit. If non-project items are noted on the same invoice, items that are project-related must be identified. When this project terminates, the records relating to this project shall be retained and available for a period of seven years. If any litigation, claim, or audit is started before the expiration of the seven year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.

Monies received by Contractor from OVR must be immediately deposited into a separate interest-bearing account, through which the movement of project funds may be readily traced.

- A. Checks used in project-related transactions must be clearly imprinted with or otherwise show the indelible notation of: the specific OVR I&E Project (as titled in Appendix A) – year of the project issuance and the dedicated cost center.
- B. All transactions must have supporting documentation in the project file and must be related to the project purposes.
- C. Funds may not be commingled. If funds are commingled, the total monies paid under this Funds Commitment must be returned to OVR upon demand.

- a. Commingle means depositing or recording funds in a general account without the ability to identify each specific source of funds for any expenditure.
- b. The funds from each funding source must be identifiable with a clear audit trail for each source. As expenditures occur it is appropriate for those funds to be consolidated for carrying out a common purpose.

**D.** Project funds may be used only for the purposes of this project. Temporary transfers such as payment of debts and/or purchase of non-project items with project funds may not be made from the project funds. If funds are improperly transferred, the total monies paid under this project must be returned to OVR upon demand.

<b>AUDIT REQUIREMENTS</b>
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Audit Requirements for contractors receiving Federal funds and/or a combination of state and Federal funds from the Commonwealth

**A.** For Projects with a budget that is comprised of Federal funds passed through the Commonwealth (including Federal monies awarded by OVR for this Project) in the amount of \$750,000 or more during a single fiscal year period Contractor **MUST** have a single or program-specific audit conducted for that year ending the 30<sup>th</sup> day of June in accordance with the following provisions:

- a. Single Audit – a non-federal entity that expends Federal funds of \$750,000 or more during the non-federal entity’s fiscal year, must have a single audit conducted in accordance with 2 C.F.R. § 200.514, “Scope of Audit,” except when it elects to have a program-specific audit conducted in accordance with paragraph (c) below.
- b. Report submission for single audit - Generally, the audit must be completed and the data collection form described in subsection 2 C.F.R. § 200.512(b) and reporting package described in 2 C.F.R. § 200.512(c) must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or three months after the end of the audit period (the 30<sup>th</sup> day of June). If the due date falls on a Saturday, Sunday, or Federal holiday, the reporting package is due the next business day.
- c. Program-Specific Audit election – When Contractor expends Federal funds under only one Federal program and Federal statutes, regulations, or the terms and conditions of the agreement with OVR do not otherwise require a financial statement audit, Contractor may elect to have a program specific audit conducted in accordance with 2 C.F.R. § 200.507.
- d. Report submission for program-specific audits - The audit must be completed and the reporting required by 2 C.F.R. § 200.515(c)(2) or (c)(3) submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or three

months after the end of the audit period, (the 30<sup>th</sup> day of June), unless a different period is specified in a program-specific audit guide. Unless restricted by Federal law or regulation, the auditee must make report copies available for public inspection. Auditees and auditors must ensure that their respective parts of the reporting package do not include protected personally identifiable information.

- e. Contractor must submit an electronic copy of the Single Audit report package to the Federal Audit Clearinghouse, as well as send an electronic copy to the OVR, Division of Budget and Administrative Services as well as the OVR, Contractor and Grantee Services Division.
- f. Contractor must send a copy of the confirmation from the Federal Audit Clearinghouse to the resource account [RA-BOASingleAudit@pa.gov](mailto:RA-BOASingleAudit@pa.gov)

**B.** Contractor receiving state funds only or a combination of state and Federal Funds from the Commonwealth (where Federal monies awarded including those by OVR for this Project total an amount LESS THAN \$750,000 during a single fiscal year period) shall have a program-specific audit conducted for the year ending the 30<sup>th</sup> day of June, in accordance with the following provisions:

- a. Program-Specific Audit – When Contractor expends state and/or state and Federal funds and the conditions of the agreement with OVR do not otherwise require a financial statement audit, Contractor shall have a program specific audit conducted in accordance with 2 C.F.R. § 200.507.
- b. Report submission for program-specific audits - The audit must be completed and the reporting required by 2 C.F.R. § 200.515(c)(2) or (c)(3) submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or three months after the end of the audit period, (the 30<sup>th</sup> day of June), unless a different period is specified in a program-specific audit guide. Unless restricted by Federal law or regulation, the auditee must make report copies available for public inspection. Auditees and auditors must ensure that their respective parts of the reporting package do not include protected personally identifiable information.
- c. Contractor must submit an electronic copy of the Program Audit report package to the OVR, Division of Budget and Administrative Services as well as the OVR, Contractor and Grantee Services Division.

**C.** Contractor is responsible for obtaining and securing the services of a certified public accountant or independent government auditor, at its own expense to fulfill all applicable audit requirements and

provisions outlined. A reasonable portion of this expense up to 10% of the program approved administrative budget, but not to exceed \$5,000 per awarded project per year may be included as an allowable administrative expense on the Budget as found in Appendix B.

- D.** Contractor must comply with all applicable Federal and state grant requirements including The Single Audit Act Amendments of 1996; 2 C.F.R. Part 200 *as amended*; and any other applicable law or regulation, and any amendment to such other applicable law or regulation that may be enacted or promulgated by the Federal government.
- E.** OVR and the Commonwealth reserve the right for Federal and/or state agencies or their authorized representatives to perform additional audits of a financial or performance nature if deemed necessary by either the Commonwealth, OVR, or Federal agencies.
- F.** In instances where a Federal program-specific audit guide is available, the audit report package for a program-specific audit may be different and should be prepared in accordance with the appropriate audit guide, Government Auditing Standards, and 2 C.F.R. § 200.500, Subpart F.
- G.** In addition to the requirements of 2 C.F.R. § 200.500, Subpart F, Commonwealth agencies may require that the single audit reporting packages include additional components in the Schedule of Expenditures of Federal Awards, or supplemental schedules, as identified through the respective grant agreement.
- H.** Contractor's auditor shall retain the audit report for a minimum of seven years from the date of issuance, unless the Contractor is notified in writing by the Commonwealth, the cognizant Federal agency for audit, or the oversight Federal agency for audit to extend the retention period. Audit documentation will be made available upon request to authorized representatives of the Commonwealth, the cognizant Federal agency for audit, the oversight Federal agency for audit, the Audit documentation and audit reports must be retained by the OVR as the Federal funding agency, or the US Government Accountability Office (GAO).

<b>PROJECT BUDGET REQUIREMENTS</b>
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Project monies shall be expended in accordance with the approved Budget, as presented and attached herein as Appendix B. Approved Project Award budgets

may include up to a 10% maximum total administrative expense allotment. Any budgeted administrative costs in excess of 10% will be deemed ineligible for reimbursement by OVR.

Project budgets may be revised, but revisions shall not be retroactive, and shall only become effective upon the date the final and fully executed budget revision request is attached to this agreement. Fully executed shall mean the date of the last signature on the revision request.

Items approved by the original Budget or subsequent Budget Revision Requests must be purchased and/or obligated prior to the expiration date of the project.

- A. Documentation that the funds were obligated prior to the expiration date will require Contractor to provide purchase orders or signed purchase contracts. OVR's approval of a Budget Revision Request permits expenditure for those approved items, but does not constitute obligation of funds by Contractor for their purchase.
- B. Staff salaries and fringe benefits may not be obligated for future payment.
- C. If obligated funds are not supported by purchase orders or signed contracts, Contractor must make appropriate refunds to OVR.

**QUARTERLY  
NARRATIVE  
AND FINANCIAL  
STATEMENT  
REPORT**

Contractor shall email the Program Narrative and Financial Statement Report by the fifteenth (15) of the month at the end of each calendar quarter of the project to the Contractor and Grantee Services Division, OVR Central Office at OVRGRANTS@pa.gov. The Quarterly Narrative Report shall demonstrate Contractor's implementation of its Program Evaluation System.

The narrative report shall include at least the following information:

- A. A summary of project activity to include the status of each Deliverable in the Statement of Work and other goals and objectives;
- B. Data driven summary of outcomes being tracked; including starting point, current status and goal;
- C. Challenges and/or barriers involved in meeting proposed outcomes;
- D. Strategies to address challenges and/or barriers;
- E. Identification of technical assistance requirements.

**(NOTE: Failure to provide OVR Quarterly Reports in a timely manner, as specified in the first paragraph of this Section, will result in interruption of OVR project payments.)**



A Final Expenditures Report and Narrative Report covering project activities over the entire project period shall be emailed to Contractor and Grantee Services Division, Central Office, to the OVR BBVS/BVRS District Administrator and the Regional Transition Specialist within 30 days after the end of the project. The following information shall be included in the narrative:

- A.** A statement of the progress toward achieving the Project's Deliverables, goals and objectives.
- B.** Itemization of how project funds were utilized, including:
  - a.** The project staff hired, if applicable.
  - b.** Equipment purchased by Contractor. (List equipment and purchase price.)
  - c.** Other benefits resulting from the project.
- C.** Description of the major problems and difficulties encountered in the project and their resolution.
- D.** Status of plans for continuing project activities after expiration of project support for the project.

## **TERMINATION**

In addition to the Termination Provision in the Standard Terms and Conditions from the Department of General Services (DGS), Bureau of Procurement (BOP) also attached to this contract or grant, the following conditions apply.

If the project is terminated by the Commonwealth, in addition to any other rights retained, the Commonwealth may require Contractor to deliver to the Commonwealth, in the manner and to the extent directed by the OVR Executive Director, such partially completed reports or other documentations as Contractor has specifically produced or specifically acquired in connection with this project.

The rights and remedies of the Commonwealth provided in this paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Funds Commitment.

## **SUBCONTRACTS**

In addition to the Assignability and Subcontracting Provision of the Standard Terms and Conditions of DGS BOP attached to this contract or grant, the following conditions apply.

Any subcontract entered into, subsequent to the execution of this project, must be approved by OVR. Any subcontract entered by Contractor with a value of five thousand dollars (\$5,000) or more shall be competitively bid or supported by sole source justification approved in writing by OVR in advance of entering the subcontract.

This provision does not require the approval of contracts of employment between Contractor and its personnel assigned for services. Any approved

subcontractor must comply with the terms and conditions of the contract and must make available to OVR any records for inspection or other documentation related to the subcontract or this project. The Commonwealth may undertake or award other contracts for additional or related work, and the Contractor shall fully cooperate with other Contractor, subcontractors and Commonwealth employees.

## **DISCLAIMER**

Contractor hereby certifies that it is not in receipt of funds from any other Federal source covering any portion of the project. If this certification is false, this project may be revoked in whole or in part, and any monies paid hereunder shall be refunded to OVR with any penalties that may be imposed by law or regulations.

## **ADVANCE PAYMENT PROCESS PROVISIONS**

The provisions of this Advance Payment Process section shall take precedence over any other inconsistent provisions contained in this contract.

*Pursuant to Management Directive 310.19 Amended, Item A*, the policy of OVR, Division of Grants Administration, is that Contractor shall prepare and submit for review the following documentation: 1) a completed Advance Payment Request Form complete with verifiable justification outlining the reason for the request; 2) a Request for Funds (RFF) for advance payment for anticipated costs to perform services during the quarter. The maximum amount of the advancement request shall not exceed 25% of the state share of the total budget for the fiscal year for the quarter LESS any outstanding prior advance balance. OVR will provide a template form for the RFF, as well as instructions for its use, a submission schedule, and a spreadsheet to maintain a record of monthly expenses. These completed forms along with a cover letter must be submitted electronically to the OVR Resource Account.

Upon receipt, OVR will review the justification provided in terms of the provisions of the Department of General Services (DGS) Procurement Handbook Item A.1.b. Upon approval of the justification reason, and review of the RFF, OVR shall process and arrange for payment to be issued in the amount requested (but in no case to exceed 25% of the state share of the total budget for OVR per quarter). Payment will be effected through the Automated Clearing House Network, as outlined in the PA Electronic Payment Program, per Management Directive 310.30, issued May 22, 2009.

Contractor will payback advanced funds by deducting the amount advanced from the amount invoiced for each billing period until the advance is fully paid back.

If more funds are advanced than actually used by Contractor during a particular quarter, those funds will be offset against future advance payment requests. At its sole discretion OVR will determine whether additional advance requests shall be made if there are pre-existing outstanding advance balances.

If additional funds were utilized by Contractor during a particular quarter, Contractor will submit a supplemental RFF. At its sole discretion OVR will determine whether additional advance requests shall be made if there are pre-existing outstanding advance balances.

Contractor will provide documents, invoices, receipts, and other verification of expenditures to OVR. This documentation should be supplied electronically on at least a quarterly basis.

OVR will review the documentation in support of expenditures and perform a reconciliation to determine whether expenditures were appropriate under this agreement. Expenses deemed questionable will require additional justification. Expenses deemed inappropriate will be deducted from future requests for reimbursement. Any expenses deemed inappropriate at the end of each fiscal year must be returned to OVR, along with any interest earned on the amount deemed inappropriate.

## **GENERAL**

Contractor will comply with Titles VI and VII of the Civil Rights Act of 1964 (P.L. 88-352) and all requirements imposed by the Department of Health and Human Services (45 C.F.R. Part 80) issued pursuant to that title, to the end that, in accordance with Titles VI and VII of that Act and the Regulation, no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which Contractor receives Federal financial assistance from OVR; and **HEREBY GIVES ASSURANCE THAT** it will immediately take any measures necessary to effectuate this agreement.

Contractor will comply with the Fair Labor Standards Act of 1938 and all changes imposed by the United States Department of Labor.

Contractor will comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d) prohibiting employment discrimination where a) the primary purpose of a project is to provide employment or b) discriminatory employment practices will result in unequal treatment of persons who are, or who should be, benefiting from the project-aided activity.

Contractor will comply, as applicable, with the provisions of the National Environmental Policy Act of 1969 (P.L. 90-190).

Contractor will establish safeguards to prohibit employees from using their positions for a purpose that is, or gives the appearance of being, motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties.

An approved Contractor shall encourage and allow, wherever possible, maximum community participation.

In order to comply with Federal match requirements, OVR is charged with the responsibility of control over all project funds. This includes, but is not limited to monitoring and evaluation of all funds awarded to other service agencies. This responsibility also applies to controlling all program and financial aspects of this project and any subcontracts.

The Contractor agrees that the Commonwealth may set off the amount of any state tax liability or other debt of the Contractor or its subsidiaries that is owed to the Commonwealth and not being contested on appeal against any payments due the Contractor under this Funds Commitment or any contract with the Commonwealth.