



**DATE:** July 1, 2014  
**PROGRAM:** Small Population County  
Funding Augmentation  
**CONTROL NO.:** SPC 2014-01

## LOCAL AREA AGREEMENT FOR FIRST 5 CALIFORNIA PROGRAM FUNDS

**LEAD AGENCY:**

**LEAD AGENCY ADDRESS:**

**PROGRAM NAME:** Small Population County Funding Augmentation

On April 24, 2014, the State Commission approved a new funding methodology and accountability framework (Framework) to continue the support of First 5 County Commissions with small populations in their work and to ensure Proposition 10 is truly a statewide effort that impacts the lives of young children throughout California. The new funding approach reflects state and county input from the Small Population County Workgroup (Workgroup) and will be in effect beginning Fiscal Year (FY) 2014 - 15 and ending FY 2016 - 17.

The adopted Small Population County Funding Augmentation (SPCFA) formula is as follows:

1. The formula consists of a fixed, graduated baseline determined by the number of births in each county in 2011. The baseline amount will remain consistent for the duration of this SPCFA, regardless of number of live births in subsequent years.
2. The SPCFA provides funding to the 20 smallest population counties meeting the eligibility criteria of annual births of 1,000 or less.
3. First 5 California will augment the difference between the annual Proposition 10 tax revenue allocated to each county and the pre-determined baseline amount for the SPCFA.
4. The minimum baseline is \$275,000 for counties qualifying with 1–50 births, and increases by \$25,000 for each 50 births, as represented in the table on the following page.

**TABLE 1**  
**SPCFA Baseline Formula**

Number of Births	County	2011 Births	Baseline	Number of Births	County	2011 Births	Baseline
1-50	Alpine	6	\$275,000	351-400	Glenn	391	\$450,000
	Sierra	23		401-450	Tuolumne	430	\$475,000
51-99	Modoc	87	\$300,000	451-500	Siskiyou	472	\$500,000
100-150	Trinity	123	\$325,000	701-750	Lake	715	\$625,000
	Mariposa	132			Tehama	728	
151-200	Mono	156	\$350,000	751-800	Nevada	761	\$650,000
	Plumas	165			San Benito	772	
201-250	Inyo	213	\$375,000	<p><b>Note: The formula includes intervals from 501-700 births, at the same rate of increase, but were not included for ease of reading.</b></p>			
251-300	Amador	269	\$400,000				
	Lassen	300					
301-350	Colusa	302	\$425,000				
	Calaveras	326					
	Del Norte	337					

The Framework has been developed by the Workgroup and incorporated into the Local Area Agreement (LAA) to provide specific and measurable evidence of the local commissions' efforts to meet the requirements of Health and Safety Code (HSC) sections 130100 – 130155.

The LAA acknowledges the following general terms and conditions:

1. The funds received annually, both SPCFA and Proposition 10 tax revenue, by the Lead Agency for FYs 2014 -15 through 2016 -17, are displayed in Table 1: SPCFA Baseline Formula.
2. SPCFA dollars are to be used pursuant to all statutory requirements for the Lead Agency's expenditure of funds allocated to the county's local Children and Families Trust Fund and expended only for the purposes authorized by the California Children and Families Act of 1998, in accordance with the county's approved strategic plan, and as further specified in HSC section 130140.
3. Lead Agencies are expected to spend the majority of SPCFA dollars on direct services to children. At the discretion of First 5 California, funds can be withheld if unassigned fund balances reported in the Lead Agency's financial statements and First 5 California's Web-based Annual Reporting System exceed 100 percent of the estimated portion funded by First 5 California without proper justification.

4. The distribution of SPCFA dollars for future fiscal years will be contingent upon the Lead Agency's compliance with the LAA and all documents incorporated therein.
5. If adherence to the LAA and reporting requirements has been satisfied:
  - a. Seventy-five percent of First 5 California's estimated portion of SPCFA dollars will be disbursed to the Lead Agency upon execution of the LAA by both parties, but no earlier than July 1, 2014, and every subsequent July of the corresponding FY's.
  - b. The remaining twenty-five percent will be disbursed by August 31 of the following FY, once the annual total of Proposition 10 tax revenue to be allocated to each Lead Agency has been determined.
  - c. Alternate funding disbursement of up to ninety percent may be considered for Lead Agency's experiencing financial hardship.

This LAA acknowledges the following requirements outlined in the Framework:

1. The initial year of implementation, FY 2014 -15 will be used as a baseline to identify specific needs of the participating counties and develop continuous improvement plans if necessary, pursuant to the LAA.
2. All participating Lead Agencies shall clearly outline the use of SPCFA dollars, the specific programs to be funded wholly or partially by the SPCFA, and the outcomes expected as a result of such investments. Lead Agencies will be expected to provide the following upon execution of the LAA:
  - a. Detailed descriptions and benchmarks for the programs funded wholly or partially by the SPCFA (such as scopes of work, project descriptions, etc.)
  - b. A current strategic plan
  - c. The most recent evaluation report which includes progress towards meeting the specific outcomes of each funded program, if available
  - d. A long-range financial plan as described in the First 5 Financial Management Guide
3. The goal of the SPCFA is to support Lead Agencies and ensure programs funded by the SPCFA are incorporated into local strategic plans as described in HSC Section 130140 (a)(1)(C)(ii): the county strategic plan shall at a minimum, include a description of the programs, services, and projects proposed to be provided, sponsored, or facilitated, and a description of how measurable outcomes of such programs, services, and projects will be determined by the

county commission using appropriate reliable indicators. In order to be deemed adequate or complete, county strategic plans will need to describe how programs, services, and projects relating to early childhood development with the county will be integrated into a consumer-oriented and easily accessible system.

4. SPCFA funds may be used to support administrative, program, and evaluation services.
5. The Lead Agency is required to fully or partially fund a minimum of one program with SPCFA funds.
6. Lead Agencies must meet the requirements specified in Core Areas A and B (Successful Local Systems and Measuring Outcomes and Progress) in the Framework and outlined below, and a minimum of one criterion in Core Area C (Promoting Early Learning and Healthy Development Outcomes for Children). The Core Areas are as follows:

**Core Areas A and B** - Counties must address all of the criteria under Core Areas A and B.

**A. Successful Local Systems:** All criteria under Core A are required.

1. Local Administration

Counties can utilize up to 25 percent of the SPCFA dollars to support personnel and operating costs necessary to accomplish the work set forth in the LAA as reported in the administrative audit. Counties are required to demonstrate compliance with regulatory audit requirements through annual independent audits. Counties will use the First 5 Financial Management Guide to determine appropriate definition and allocation of costs.

2. Fiscal Systems Stability

Counties will be expected to implement fiscal systems that ensure full compliance with First 5 reporting requirements articulated in the Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act. Counties will be expected to work to address any deficiencies by the State Controller's Office and/or any findings by independent auditors. First 5 California will work with the First 5 Association (Association) throughout the augmentation period to provide training and technical assistance geared toward strengthening of internal systems.

3. Continuous Quality Improvement/Training and Technical Assistance

First 5 California will work with the Association and the Workgroup to explore ways to provide new opportunities for technical assistance in each of the following three areas: fiscal, evaluation, and program. Training and

technical assistance (T&TA) will be targeted for small county commissions using webinars, the small county summit, and other venues. Counties will be required to participate in some T&TA efforts, when applicable, both as T&TA providers whenever possible, and as participants when needs have been identified.

4. Local Service Systems Integration

Counties will demonstrate work with community partners and available state and/or federal programs to integrate service systems, develop new partnerships, and other activities to build a stronger system of services and support for children prenatal through age five.

**B. Measuring Outcomes and Progress:** All criteria under Core B are required.

1. Evaluation

Counties will provide annual evaluation reports for all programs funded by First 5 California, which may be a single evaluation report for all county commission activities. First 5 California and the Association will work together on the development of SPCFA program evaluation requirements, including a kit of effective evaluation tools and outcome reporting measures for funded programs, and will assist counties in adopting such tools to support data-driven decision making.

2. Strategic Plan

Counties will be expected to provide evidence of a strategic plan, adopted within the past five years, that meets the requirement of the HSC Section 130140 (a)(1)(C)(ii). T&TA will be developed to support strategic planning efforts and operationalizing in counties, where needed.

**Focused Investment Area C** - A minimum of one criterion in Focused Investment Area C must be addressed.

Counties receiving the SPCFA will be required to use evidence-based, promising practices, or high-quality local models to ensure the highest likelihood of measurable improvement in key child and family indicators. Local models must meet benchmarks for program quality and an effective evaluation design. Result areas for key indicators include family functioning, child development, child health, and systems of care. Key indicators will be jointly developed by the Workgroup and First 5 California, and align to the extent possible with other major federal and state programs and evaluations (e.g., California Home Visiting Program, *Help Me Grow [HMG]*, and Race to the Top-Early Learning Challenge [RTT-ELC]).

First 5 California will work with the Association and the Workgroup to identify a list of program models that have proven successful and implementable in rural

and small population settings. As much as possible, the strategies and funded programs will align with current state and federal initiatives. Potential models include *HMG*, Parents as Teachers, Raising a Reader, Nurturing Parenting, Center on the Social and Emotional Foundations for Early Learning (CSEFEL), Early Head Start, Healthy Families America, and Nurse-Family Partnership. For programs in the health area, the use of trained practitioners or paraprofessionals will suffice as evidence of quality design.

### **C. Promoting Early Learning and Healthy Development Outcomes for Children**

#### **1. Developmental and Health Needs**

Counties can focus on implementing programs or strategies to identify and address the behavioral, developmental, and health needs of children prenatal through age five to improve school readiness and to target more intensive strategies and supports to children with high needs (e.g., *HMG*, Health Care, Oral Health, Children's Health Initiative, and CSEFEL).

#### **2. Engaging and Supporting Families**

Counties can focus on engaging and supporting families through a variety of school readiness, parent engagement, and home visiting strategies (e.g., Strengthening Families, Parenting Education, Family Resource Centers, Home Visiting, and School Readiness Playgroups).

#### **3. High-Quality Early Learning/Early Educator Support and Effectiveness**

Counties can help drive local quality improvement efforts for early learning and development programs by supporting the implementation of the RTT-ELC Quality Continuum Framework within the core areas of Child Development and School Readiness, Teachers and Teaching, and Program and Environment.

Counties that choose to provide access and support for local early educators to meet the benchmarks outlined in the RTT-ELC Quality Continuum Framework will have the opportunity to participate in some of the training opportunities offered through other First 5 California programs including those through the Early Education Effectiveness Exchange (E4) and online trainings such as *Introduction to the Classroom Assessment Scoring System™ (CLASS™)*, *Looking at CLASSrooms™*, and *My Teaching Partner™ (MTP™)*.

During the initial year, FY 2014 -15, a Framework Implementation Plan (FIP) template will be developed in collaboration with First 5 California staff and each Lead Agency. Upon review and approval by First 5 California, the FIP will be incorporated into the LAA. The FIP will include, at a minimum, specific programs to be funded wholly or partially by SPCFA dollars, timeline for implementation and incorporation into the Strategic Plan, and the outcomes expected as a result of such investments, as well as serve as a baseline for areas identified as needing improvement.

Deliverables are as follows:

**LAA Certification Checklist** (Exhibit A) – Due with signed LAA, and updated July 31 of each FY

**Framework Implementation Plan** – Due no later than June 30, 2015

**Annual Performance Report** – Due by July 31 of each FY 2015, 2016, and 2017

**Annual Evaluation Report** – Due by October 31 of each FY

**Strategic Plan** – Due when updated (if applicable)

SPCFA Due Dates (Exhibit B) outlines all deliverables pursuant to the LAA, is attached.

### Terms

The term of the LAA and FIP shall be from July 1, 2014, through June 30, 2017. The not-to-exceed amount of this agreement is \$XXX,XXX annually, for a total of \$XXXX over three years. The amount of the LAA is consistent with the baseline formula approved by the State Commission on April 24, 2014.

Funding of the LAA is contingent upon the availability of funds pursuant to California HSC sections 130100 - 130155. The LAA may be immediately terminated upon written notice by First 5 California if sufficient funds are not available to fulfill its obligations under the LAA. Any provision of the LAA found to be in violation of federal and/or state statute or regulation shall be invalid, however, such a finding shall not affect the remaining provisions of the LAA.

Standard Provisions for Local Area Agreements (Exhibit C) is attached.

<b>In Witness Whereof, this agreement has been executed by the parties identified below:</b>			
<b>STATE OF CALIFORNIA</b>		<b>AWARDEE</b>	
AGENCY NAME First 5 California		LEAD AGENCY NAME First 5	
BY (Authorized Signature) 	DATE SIGNED	BY (Authorized Signature) 	DATE SIGNED
PRINTED NAME AND TITLE OF PERSON SIGNING		PRINTED NAME AND TITLE OF PERSON SIGNING	
Executive Director		Executive Director	
ADDRESS 2389 Gateway Oaks Drive, Suite 260 Sacramento, CA 95833-4247		ADDRESS	



**Small Population County Funding Augmentation (SPCFA)  
Local Area Agreement (LAA) Certification Checklist**

Please provide the following four documents upon execution of the LAA and each year thereafter. Indicate whether updates to documents are in progress in the third column. The letters in front of column 2 SPCFA Requirements correspond to the Framework requirements on page 3, section 2 of the LAA.

<b>First 5 County Name:</b>		
<b>Attached</b>	<b>SPCFA Requirement</b>	<b>Update in progress</b>
<input type="checkbox"/>	a. <b>Program Descriptions</b> (2014 only) Detailed descriptions and benchmarks for programs to be funded wholly or partially by SPCFA.	<input type="checkbox"/> yes date expected _____ <input type="checkbox"/> no
<input type="checkbox"/>	OR <b>Annual Performance Report Program Descriptions</b> (beginning July 31, 2015) Summary of achievements, lessons learned, challenges, and strategies used to overcome challenges.	
<input type="checkbox"/>	b. <b>County Strategic Plan</b> Current strategic plan, as described in Health and Safety Code Section 130140 (a)(1)(C)(ii), copied below.	<input type="checkbox"/> yes date expected _____ <input type="checkbox"/> no
<input type="checkbox"/>	c. <b>Annual Evaluation Report</b> Most recent evaluation report including description of progress towards meeting the specific outcomes of each funded program, if available.	<input type="checkbox"/> yes date expected _____ <input type="checkbox"/> no
<input type="checkbox"/>	d. <b>Fiscal Stability Plan</b> Long-range financial plan as described in the First 5 Financial Management Guide.	<input type="checkbox"/> yes date expected _____ <input type="checkbox"/> no

Health and Safety Code Section 130140 (a)(1)(C)(ii): The county strategic plan shall at a minimum, include a description of the goals and objectives proposed to be attained, programs, services, and projects proposed to be provided, sponsored, or facilitated, and a description of how measurable outcomes of such programs, services, and projects will be determined by the county commission using appropriate reliable indicators. In order to be deemed adequate or complete, county strategic plans will need to describe how programs, services, and projects relating to early childhood development with the county will be integrated into a consumer-oriented and easily accessible system.

**Small Population County Funding Augmentation (SPCFA)  
Local Area Agreement Certification Checklist  
SPCFA Funded Program Descriptions**

County Name: \_\_\_\_\_

Key personnel who will be the contact for the SPCFA Project:

Name: \_\_\_\_\_ Phone number: \_\_\_\_\_ E-mail: \_\_\_\_\_

In the chart below, please list every program funded by your county, whether funded by the SPCFA, and population served.

Name of Program Funded by First 5 County Commission	Funding Source:			Population Served (check all that apply)			
	SPCFA wholly	SPCFA in partially	No SPCFA funding	Children	Parents	Teachers/ Providers	Other
1.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please complete the form on the next page for every program to be funded wholly or partially by the SPCFA. If additional space is needed for county-funded programs, please duplicate the form.

**Small Population County Funding Augmentation (SPCFA)  
Local Area Agreement Certification Checklist  
SPCFA Funded Program Descriptions**

Please complete this form for **every** program to be funded wholly or partially by the SPCFA.

Identified SPCFA-funded Program Name:
SPCFA Funding Amount:    \$
Describe the specific target population(s) served by this SPCFA-funded program ( <i>such as children ages 0-5 in low income households, parents of infants, or teachers serving children with special needs</i> ).
Describe the outreach strategies used to reach the target population(s).
Describe this SPCFA-funded program ( <i>e.g., scope of work, including where and when the program meets, number of participants if limited, frequency and duration of program, etc.</i> ).
Describe the expected outcome(s) of this SPCFA-funded program for the target population.
Describe the method(s) used to evaluate this SPCFA-funded program, including indicators of success, data collection instruments, and frequency of data collection.



Exhibit B

**Small Population County Funding Augmentation (SPCFA)  
Due Dates**

<b>Deliverables</b>	<b>Funding Year 2014-15</b>	<b>Funding Year 2015-16</b>	<b>Funding Year 2016-17</b>
<b>Certification Checklist</b>	With signed Local Area Agreement	Updated July 31, 2015	Updated July 31, 2016
<b>Framework Implementation Plan (FIP)</b>	As developed during initial year, but no later than June 30, 2015	N/A	N/A
<b>Annual Performance Report</b>	N/A	July 31, 2015 (for Fiscal Year 2014 -15)	July 31, 2016 (for Fiscal Year 2015 -16)
<b>Annual Evaluation Report</b>	Most current version with signed LAA	Oct. 31, 2015 (for Fiscal Year 2014 -15 or Fiscal Year 2013 -14)	Oct. 31, 2016 (for Fiscal Year 2014 -15 or Fiscal Year 2015 -16)
<b>Strategic Plan</b>	When update is needed	When update is needed	When update is needed

## **STANDARD PROVISIONS FOR LOCAL AREA AGREEMENTS**

### **1. INDEMNITY**

The Lead Agency agrees to indemnify, defend, and hold harmless First 5 California, the State, its officers, agents, and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers, and any other person, firm, or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm, or corporation who may be injured or damaged by the Lead Agency in the performance of the Local Area Agreement (LAA).

### **2. INDEPENDENT CAPACITY**

The Lead Agency, and the agents and employees of the Lead Agency, in the performance of the LAA, shall act in an independent capacity and not as officers or employees or agents of the State.

### **3. AMENDMENT**

No amendment or variation of the terms and conditions of the LAA shall be valid unless made in writing and duly executed by both First 5 California and the Lead Agency. No oral understanding, representation or other agreement outside of the LAA will be binding on either of the parties, nor may either party rely on any such oral understanding, representation, or other agreement, unless in the form of a formal written amendment to the LAA and mutually executed by duly authorized representatives of both parties.

### **4. ASSIGNMENT**

The LAA is not assignable by the Lead Agency, either in whole or in part, without the consent of the State in the form of a formal written amendment.

### **5. EXPENDITURE OF FUNDS AND BUDGET REVISION**

The Lead Agency shall expend funds in the manner described in the LAA.

### **6. DRUG-FREE WORKPLACE CERTIFICATION**

By signing the LAA, the Lead Agency will comply with the requirements of the Drug-Free Workplace Act of 1990 (Government Code section 8350 et. seq.) and will provide a drug-free workplace by taking the following actions:

- A. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is

prohibited and specifying actions to be taken against employees for violations.

**B. Establish a Drug-Free Awareness Program to inform employees about:**

- i. The dangers of drug abuse in the workplace
- ii. The person's or organization's policy of maintaining a drug-free workplace
- iii. Any available counseling, rehabilitation and employee assistance programs
- iv. Penalties that may be imposed upon employees for drug abuse violations

**C. Every employee who works on the LAA will:**

- i. Receive a copy of the company's drug-free workplace policy statement
- ii. Agree to abide by the terms of the company's statement as a condition of employment on the LAA

Failure to comply with these requirements may result in suspension of payments under the LAA or termination of the LAA or both, and the Lead Agency may be ineligible for award of any future State agreements if First 5 California determines that any of the following has occurred: (1) the Lead Agency has made false certification, or (2) the Lead Agency violated the certification by failing to carry out the requirements as noted above.

**7. NATIONAL LABOR RELATIONS BOARD CERTIFICATION**

The Lead Agency certifies that no more than one (1) final, unappealable finding of contempt of court by a federal court has been issued against the Lead Agency within the immediately preceding two-year period because of the Lead Agency's failure to comply with an order of a federal court, which orders the Lead Agency to comply with an order of the National Labor Relations Board. (Public Contract Code, section 10296.) (Not applicable to public entities.)

**8. SWEATFREE LABOR**

- A. All Lead Agencies contracting for the procurement or laundering of apparel, garments, or corresponding accessories, or the procurement of equipment, materials, or supplies, other than procurement related to a public works contract, certify that no apparel, garments, or corresponding accessories, equipment, materials, or supplies furnished to the state pursuant to the LAA have been laundered or produced in whole or in part by sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor, or exploitation of children in sweatshop labor, or with the benefit of sweatshop labor, forced labor, convict labor, indentured labor under

penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor. The Lead Agency further declares under penalty of perjury that they adhere to the Sweatfree Code of Conduct as set forth on the California Department of Industrial Relations website located at [www.dir.ca.gov](http://www.dir.ca.gov), and Public Contract Code section 6108.

- B. The Lead Agency agrees to cooperate fully in providing reasonable access to the Lead Agency's records, documents, agents or employees, or premises if reasonably required by authorized officials of the contracting agency, the Department of Industrial Relations, or the Department of Justice to determine the Contractor's compliance with the requirements under paragraph A of this section.

#### 9. DOMESTIC PARTNERS

Commencing on July 1, 2014, the Lead Agency certifies that it is in compliance with Public Contract Code section 10295.3 with regard to benefits for domestic partners. For any agreements executed or amended, bid packages advertised or made available, or sealed bids received on or after July 1, 2014, and prior to June 30, 2017, a Lead Agency may require an employee to pay the costs of providing additional benefits that are offered to comply with Public Contract Code section 10295.3(d).

#### 10. TERMINATION

Either party retains the option to mutually terminate the LAA without cause at its sole discretion, provided that written notice has been delivered to the other party at least thirty (30) days prior to such termination date.

- A. Notwithstanding Section 6, First 5 California may terminate the LAA immediately upon written notice by First 5 California if sufficient funds are not available to fulfill its obligations under the LAA.
- B. If the Lead Agency terminates the LAA, it remains liable for certifying that all funds received pursuant to the LAA were expended in compliance with all statutory requirements for the Lead Agency's expenditure of funds allocated to the Lead Agency's local Children and Families Trust Fund.

#### 11. FISCAL AUDITS

- A. First 5 California or its duly authorized representative shall have access and the right to examine, audit, review, excerpt, and transcribe any books, documents, papers or records of the Lead Agency and/or subcontractor, which in the opinion of First 5 California or the State may be related or pertinent to the LAA. Such material for each year of the LAA must be retained for a period of five (5) years after the termination of the LAA or until an audit is

completed by the State and all questions arising there from are resolved. An exception to the five-year retention period is when an audit of the LAA is in dispute or litigation. In those instances, the records are to be retained until the dispute or litigation is fully resolved.

Audits and reviews may be conducted at any time during the performance of the LAA. It is the Lead Agency's responsibility to ensure that all expenditures claimed, including all subcontractor expenditures, are allowable costs associated with the LAA.

- B. The Lead Agency must maintain accurate and verifiable financial data for all costs, in accordance with generally accepted accounting principles and standards for governmental entities. For example, if an employee is multi-funded on a time accounting basis, then the employee's timesheet must indicate the actual amount of time spent in each program per day.
- C. If expenditures are found to be unallowable as a result of any audit or review of the Lead Agency's invoices, the Lead Agency shall immediately remit the amount of the unallowable costs to First 5 California. At First 5 California's discretion, it may offset future claims in the amount of the unallowable cost or take any other reasonable action to retrieve the funds.