

**FISCAL YEAR 2018 - PERFORMANCE CONTRACT
CONTRACT GENERAL PROVISIONS
(CORE/SUBRECIPIENT)**

ARTICLE I CONTRACT COMPONENTS

Section 1.01 Contract Components.

As used in herein, the “Contract” consists of the following documents:

- a. The Core Contract and the Program Attachment(s) or statements of work, including all attachments,
- b. Addenda or amendments thereto and these Fiscal Year 2017 General Provisions;
- c. The solicitation document, including all attachments, addenda or amends thereto; and
- d. The response, proposal or application submitted by Contractor in response to the solicitation document.

Section 1.02 Order of Precedence.

To the extent that there is any conflict between the terms of any contract component document, the conflict will be resolved in the above order or priority in Section 1.01.

ARTICLE II COMPLIANCE AND REPORTING

Section 2.01 Compliance. Subcontractor shall comply, and shall require its Vendor Subcontractor(s) to comply, with the requirements of these General Provisions and all other applicable state and federal statutes, regulations, rules, and executive orders, as such statutes, regulations, rules, and executive orders including as such statutes, regulations, rules and executive order may be amended.

Section 2.02 Precedence of Contract Terms. To the extent this Contract imposes a higher standards or additional requirements beyond those required by applicable statutes, regulations, rules or executive orders, the terms of this Contract shall take precedence and control.

Section 2.03 Effect of Legislative Changes. Subcontractor agrees that upon notification from the South Texas Development Council (STDC), Subcontractor shall comply with any changes to the term of the contract include in its contracts that are a result of legislation during the term of this Contract.

Section 2.04 Compliance with Requirements of Solicitation Document. If applicable and except as specified in these General Provisions or the Contract’s terms, the Subcontractor shall comply with the requirements, eligibility conditions, assurances, certifications and program requirements of the Solicitation Document, if any, (including any revised or additional terms agreed to in writing by Subcontractor and STDC prior to execution of this Contract) for the duration of this Contract or any subsequent renewals. The Parties agree that the STDC has relied upon the Subcontractor’s response to the Solicitation Document. The Parties agree that any misrepresentation contained in the Subcontractor’s response to the Solicitation Document constitutes a breach of this Contract and may result in termination.

Section 2.05 Reporting. Subcontractor shall submit reports in accordance with the reporting requirements established by the STDC and/or Department and provided for in the Contract and in these General Provisions. Except as otherwise provided for in this Contract or General Provisions. The Subcontractor shall submit reports to the designated staff at STDC. Subcontractor shall provide any other information requested by the STDC and/or Department in the format required by STDC. Failure to submit any required report or additional requested information by the due date specified in the Contract, Program Attachment(s) or upon request constitutes a breach of contract, may result in delayed payment and/or the imposition of sanctions and remedies. Failure to comply with a reporting requirement may adversely affect evaluation of Subcontractor’s ability to contract in the future with STDC and/or Department.

Section 2.06 Applicable Contracts Law and Venue for Disputes. Except as provided in Article XV and XVI, all issues related to contract, including formation, performance and interpretation that may arise in any dispute between the Parties, this Contract will be governed by and construed in accordance with, the laws of the State of Texas. In the event of a dispute between the Parties, venue for any suit will be Webb County, Texas.

Section 2.07 Statutes and Standards of General Applicability. Subcontractor is responsible for reviewing and complying with all applicable statutes, rules, regulations, executive orders and policies. To the extent applicable to Subcontractor, Subcontractor agrees and shall comply with the following:

- a. Statutes, rules, regulations, and STDC and/or DSHS policy (and any of their subsequent amendments) that collectively prohibit discrimination, exclusion from or limitation of participation in programs, benefits or activities or denial of any aid, care, service or other benefit on the basis of race, color, national origin, limited English proficiency, sex, sexual orientation (where applicable), disabilities, age, substance abuse, political belief or religion:
 1. Title VI of the Civil Rights Act of 1964, 42 USC §§ 2000d et seq.;
 2. Title IX of the Education Amendments of 1972, 20 USC §§ 1681-1683, and 1685-1686;
 3. Section 504 of the Rehabilitation Act of 1973, 29 USC § 794(a);
 4. the Americans with Disabilities Act of 1990, 42 USC §§ 12101 et seq.;
 5. Age Discrimination Act of 1975, 42 USC §§ 6101-6107;
 6. Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970, 42 USC § 290dd (b)(1);
 7. 45 CFR Parts 80, 84, 86 and 91;
 8. U.S. Department of Labor, Equal Employment Opportunity E.O. 11246;
 9. Texas Labor Code Chapter 21;
 10. Food Stamp Act of 1977 (7 USC § 2011 et seq.);
 11. Executive Order 13279, 45 CFR Part 87 or 7 CFR Part 16 regarding equal treatment and opportunity for religious organizations;
 12. Drug Abuse Office and Treatment Act of 1972, 21 USC §§ 1101 et seq., relating to drug abuse;
 13. Public Health Service Act of 1912, §§ 523 and 527, 42 USC § 290dd-2, and 42 CFR Part 2, relating to confidentiality of alcohol and drug abuse patient records;
 14. Title VIII of the Civil Rights Act of 1968, 42 USC §§ 3601 et seq., relating to nondiscrimination in housing; and
 15. DSHS Policy AA-5018, Non-discrimination Policy for DSHS Programs;
- b. Immigration Reform and Control Act of 1986, 8 USC § 1324a, and Immigration Act of 1990, 8 USC 1101 et seq., as amended by Public Law 113-4 (March 7, 2013), regarding employment verification; and Illegal Immigration Reform and Immigrant Responsibility Act of 1996;
- c. Pro-Children Act of 1994, 20 U.S.C §§ 6081-6084, and Pro-Children Act of 2001, 20 USC § 7183, regarding the non-use of all tobacco products;
- d. National Research Service Award Act of 1971, 42 USC §§ 289a-1 et seq., and 6601 (PL 93-348 and PL 103-43), regarding human subjects involved in research;
- e. Hatch Political Activity Act, 5 USC §§ 1501-1508 and 7324-26, which limits the political activity of employees whose employment is funded with federal funds;
- f. Fair Labor Standards Act, 29 USC §§ 201 et seq., and the Intergovernmental Personnel Act of 1970, 42 USC §§ 4701 et seq., as applicable, concerning minimum wage and maximum hours;
- g. Texas Government Code Chapter 469 pertaining to eliminating architectural barriers for persons with disabilities;
- h. Texas Workers' Compensation Act, Texas Labor Code, Chapters 401-406 and 28 Texas Administrative Code (TAC) Part 2, regarding compensation for employees' injuries;
- i. The Clinical Laboratory Improvement Amendments of 1988, 42 USC § 263a, regarding the regulation and certification of clinical laboratories;
- j. The Occupational Safety and Health Administration Regulations on Blood Borne Pathogens, 29 CFR § 1910.1030, or Title 25 Texas Admin Code Chapter 96 regarding safety standards for handling blood borne pathogens;
- k. Laboratory Animal Welfare Act of 1966, 7 USC §§ 2131 et seq., pertaining to the treatment of laboratory animals;
- l. Environmental standards pursuant to the following:
 1. Institution of environmental quality control measures under the National Environmental Policy Act of 1969, 42 USC §§ 4321-4347 and Executive Order 11514 (35 Fed. Reg. 4247), "Protection and Enhancement of Environmental Quality;"

2. Notification of violating facilities pursuant to Executive Order 11738 (40 CFR Part 32), "Providing for Administration of the Clean Air Act and the Federal Water Pollution Control Act with respect to Federal Contracts, Grants, or Loans;"
 3. Protection of wetlands pursuant to Executive Order 11990, 42 Fed. Reg. 26961;
 4. Evaluation of flood hazards in floodplains in accordance with Executive Order 11988, 42 Fed. Reg. 26951 and, if applicable, flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (PL 93-234);
 5. Assurance of project consistency with the approved State Management program developed under the Coastal Zone Management Act of 1972, 16 USC §§ 1451 et seq;
 6. Federal Water Pollution Control Act, 33 USC § 1251 et seq.;
 7. Protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, 42 USC §§ 300f-300j;
 8. Protection of endangered species under the Endangered Species Act of 1973, 16 USC §§ 1531 et seq.;
 9. Conformity of federal actions to state clean air implementation plans under the Clean Air Act of 1955, 42 USC §7401 et seq.; and
 10. Wild and Scenic Rivers Act of 1968 (16 USC §§ 1271 et seq.) related to protecting certain river systems.
- m. Lead-Based Paint Poisoning Prevention Act (42 USC §§ 4801 et seq.) prohibiting the use of lead-based paint in residential construction or rehabilitation;
 - n. Intergovernmental Personnel Act of 1970 (42 USC §§ 4278-4763) regarding personnel merit systems for programs specified in Appendix A of the Federal Office of Program Management's Standards for a Merit System of Personnel Administration (5 CFR Part 1200 et seq.);
 - o. Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, 42 USC §§ 4601 et seq (PL 91-646), relating to fair treatment of persons displaced or whose property is acquired as a result of Federal or federally-assisted programs;
 - p. Davis-Bacon Act (40 USC §§ 3141-3148);
 - q. Copeland Act (40 USC § 276c and 18 USC § 874);
 - r. Contract Work Hours and Safety Standards Act (40 USC §§ 3702) et seq., regarding labor standards for federally-assisted construction sub-agreements;
 - s. National Historic Preservation Act of 1966, §106 (16 USC § 470), Executive Order 11593, and the Archaeological and Historic Preservation Act of 1974 (16 USC §§ 469a-1 et seq.) regarding historic property to the extent necessary to assist STDC and/or DSHS in complying with the Acts;
 - t. Trafficking Victims Protection Act of 2000, Section 106(g) (22 USC § 7104);
 - u. Executive Order 13513 (October 1, 2009), Federal Leadership on Reducing Text Message While Driving, October 1, 2009, if required by a federal funding source of the Contract;
 - v. Whistleblower Protection Enhancement Act (5 U.S.C. 2302(b)(8)) and Texas Whistleblower Act (Tex. Gov. Code Chapter 554); and
 - w. Requirements of any other applicable state and federal statutes, executive orders, regulations, rules and policies.

Section 2.08 Applicability of General Provisions to Interagency and Interlocal Contracts.

- a. The following sections or portions of sections of these General Provisions shall not apply to Interagency Cooperation Contract (Texas Government Code 771) or Interlocal Cooperation Contracts (Texas Government Code, Chapter 791):
 1. Hold Harmless and Indemnification, Section 14.17;
 2. Independent Subcontractor, Section 13.05;
 3. Historically Underutilized Businesses (HUB), Section 13.02 (Subcontractor, however, shall comply with HUB requirements of other statutes and rules specifically applicable to that entity);
 4. Debt to State and Corporate Status, Section 4.01;
 5. Application of Payment Due, Section 4.02; and
 6. Article XV Claims against the Department.
- b. The following additional provisions shall apply to Interlocal Cooperation Contracts:
 1. Payments made by STDC to Subcontractor shall be from current revenues available from DSHS; and
 2. Each party represents that it has been authorized to enter into this Contract.

Section 2.09 Civil Rights Policy and Complaints. Upon request, Subcontractor shall provide the Health and Human Services Commission (HHSC) Civil Rights Office with copies of all Subcontractor's civil rights policies and procedures.

Subcontractor shall notify HHSC's Office of Civil Rights of any civil rights complaints received relating to performance under this Contract no more than ten (10) calendar days after Subcontractor's receipt of the claim. Notice must be directed to –

Civil Rights Office
Health and Human Services Commission
701 W. 51st St., Mail Code W206
Austin, Texas 78751

Toll-free phone (888) 388-6332
Phone (512) 438-4313
TTY Toll-free (877) 432-7232
Fax (512) 438-5885

HHSCivilRightsOffice@hhsc.state.tx.us

Section 2.10 Licenses, Certifications, Permits, Registrations and Approvals. Subcontractor shall obtain and maintain all applicable licenses, certifications, permits, registrations and approvals to conduct its business and to perform the services under this Contract. Failure to obtain or any revocation, surrender, expiration, non-renewal inactivation or suspension of any such license, certification, permit, registration or approval constitutes grounds for termination of this Contract or other remedies STDC deems appropriate. Subcontractor shall ensure that all its employees, staff and volunteers maintain in active status all licenses, certifications, permits, registrations and approvals required to perform their duties under this Contract and shall prohibit any person who does not hold a current, active required license, certification, permit, registration or approval from performing services under this Contract.

Section 2.11 Funding Obligation. This Contract is contingent upon the availability of funding. If funds become unavailable through lack of appropriations, budget cuts, transfer of funds between programs or health and human services agencies, amendment of the Appropriations Act, health and human services agency consolidation, or any other disruptions of current appropriated funding for this Contract, STDC may restrict, reduce or terminate funding under this Contract. Notice of any restrictions or reduction shall include instructions and detailed information on how STDC/DSHS shall fund the services and/or goods to be procured with the restricted or reduced funds.

Section 2.12 Whistleblower Act Protection. This Contract is required to include the Whistleblower Protection Acts (see Section 2.07(v)) protections to grantees, their subgrantees and vendor subcontractors and Subcontractor must inform its employees of whistleblowers' rights and remedies. The requirement is in effect for all grants, contracts, subgrants, and subcontractors issued beginning July 1, 2013 through January 1, 2017.

Section 2.13 Federal Assistance Identification Number. Subcontractor shall include the Federal Assistance Identification (FAIN) on each subaward under a Federal award to enable reporting of expenditures according to the FAIN. As a condition of the award Federal agencies require that all recipients document the assigned FAIN on each subaward under the Federal award.

ARTICLE III SERVICES

Section 3.01 Education to Persons in Residential Facilities. If applicable, Subcontractor shall ensure that all persons, who are housed in Department licensed and/or funded residential facilities and who are twenty-two (22) years of age or younger, have access to educational services as required by Tex. Educ. Code § 29.012. Subcontractor shall notify the local education agency or local early intervention program as prescribed by Tex. Educ. Code § 29.012 not later than the third calendar day after the date a person who is twenty-two (22) years of age or younger is placed in Subcontractor's residential facility.

Section 3.02 Disaster Services. In the event of a local, state, or federal emergency, including natural, man-made, criminal, terrorist, and/or bioterrorism events, declared as a state disaster by the Governor, or a federal disaster by the appropriate federal official, Subcontractor may be called upon to assist STDC and/or DSHS in providing services, as appropriate, in the following areas:

- a. Community evacuation,
- b. Health and medical assistance;
- c. Assessment of health and medical needs;
- d. Health surveillance;
- e. Medical care personnel;
- f. Health and medical equipment and supplies;
- g. Patient evacuation;

- h. In-hospital care and hospital facility status;
- i. Food, drug, and medical device safety;
- j. Worker health and safety;
- k. Mental health and substance abuse;
- l. Public health information;
- m. Vector control and veterinary services; and
- n. Victim identification and mortuary services.

Subcontractor shall carry out disaster services in the manner most responsive to the needs of the emergency, in the most cost-effective, and least intrusive manner to Subcontractor's primary services.

Section 3.03 Consent to Medical Care of a Minor. If Subcontractor provides medical, dental, psychological or surgical treatment to a minor under this Contract, either directly or through contracts with Subcontractors. Subcontractors shall not provide treatment of a minor unless informed consent to treatment is obtained pursuant to Texas Family Code, Chapter 32 relating to consent to treatment of a child by a non-parent or child or pursuant to other state law. If requirements of federal law relating to consent directly conflict with this Chapter, then federal law supersedes state law.

Section 3.04 Telemedicine/Telepsychiatry Medical Services. If applicable, the Subcontractor shall ensure that if a vendor subcontractor uses telemedicine/telepsychiatry that the services are implemented in accordance with written procedures and using protocol approved by the Subcontractor's medical director and using equipment that complies with the equipment standards as required by the Department. Procedures for providing telemedicine service must include the following requirements:

- a. Clinical oversight by the Subcontractor's medical director or designated physician responsible for medical leadership;
- b. Contraindication considerations for telemedicine use;
- c. Qualified staff members to ensure the safety of the individual being served by telemedicine at the remote site;
- d. Safeguards to ensure confidentiality and privacy in accordance with state and federal laws;
- e. Use by credentialed licensed providers providing clinical care within the scope of their licenses;
- f. Demonstrated competency in the operations of the system by all staff members who are involved in the operation of the system and provision of the services prior to initiating the protocol;
- g. Priority in scheduling the system for clinical care of individuals;
- h. Quality oversight and monitoring of satisfaction of the individuals served; and
- i. Management of information and documentation for telemedicine services that ensures timely access to accurate information between the two sites. Telemedicine Medical Services does not include chemical dependency treatment services provided by electronic means under 25 TAC Rule § 448.911.

Section 3.05 Services and Information for Persons with Limited English Proficiency.

- a. Subcontractor shall take reasonable steps to provide services and information, both orally and in writing, in appropriate languages other than English, to ensure that persons with limited English proficiency are effectively informed and can have meaningful access to programs, benefits, and activities.
- b. Subcontractor shall identify and document on the client records the primary language/dialect of a client who has limited English proficiency and the need for translation or interpretation services and shall not require a client to provide or pay for the services of a translator or interpreter.
- c. Subcontractor shall make every effort to avoid use of any persons under the age of eighteen (18) or any family member or friend of the client as an interpreter for essential communications with a client with limited English proficiency unless the client has requested that person and using the person would not compromise the effectiveness of services or violate the client's confidentiality and the client is advised that a free interpreter is available.

ARTICLE IV FUNDING

Section 4.01 Debt to State and Corporate Status.

- a. Pursuant to Texas Government Code §403.055, the Department and STDC shall not approve and the Texas State Comptroller shall not issue payment to Subcontractor if Subcontractor is indebted to the State for any reason, including a tax delinquency.

- b. Subcontractor, if a corporation, certifies by execution of this Contract that it is current and shall remain current in its payment of franchise taxes to the State of Texas or that it is exempt from payment of franchise taxes under Texas law (Texas Tax Code §§171.001 et seq). As a corporation, this Subcontractor further certifies that it is and shall remain in good standing with the Secretary of State's office.
- c. A false statement regarding franchise tax or corporate status is a material breach of this Contract. If franchise tax payments become delinquent during the Contract term, all or part of the payments under this Contract may be withheld until Subcontractor's delinquent franchise tax is paid in full.

Section 4.02 Application of Payment Due. Subcontractor agrees that any payments due under this Contract will be applied towards any debt of Subcontractor, including but not limited to delinquent taxes and child support that is owed to the State of Texas.

ARTICLE V PAYMENT METHODS AND RESTRICTIONS

Section 5.01 Payment Methods. Except as otherwise provided by the provisions of this Contract and the Program Attachment(s), the payment method is based on unit rate (fixed price or a specified) or fee for service (Delivery of specified unit of service) as stated in the Contract. The payment method for each Program Attachment will be one of the following method:

- a. Cost Reimbursement. This payment method is based on an approved budget in the Program Attachment(s) and acceptable submission of a request for reimbursement.

Section 5.02 Invoice/Billing Submission.

- a. Subcontractors shall bill the STDC in accordance with the Contract and the Program Attachment(s) in the form and format prescribed by STDC. If applicable, the Subcontractor must submit all of required documentation, reports, forms, and/or deliverables in order to receive payment from STDC.
- b. Unless otherwise specified in the Contract and the Program Attachment(s) or permitted under the Third Party Payors (See Section 5.05 below), Subcontractor shall submit requests for reimbursement or payment monthly within fifteen (15) calendar days following the end of the month covered by the bill or upon special request.
- c. Subcontractor shall maintain all documentation that substantiates billing submissions and make the documentation available to STDC upon request.

Section 5.03 Financial Status Reports (FSRs). Except as otherwise provided in these General Provisions or in these General Provisions or in the terms of the Contract or Program Attachment(s), if a contract has a categorical budget, Subcontractor shall submit monthly FSRs to STDC, Attn: Maribel Rodriguez, Program Coordinator, P.O. Box 2187, Laredo, Texas 78044-2187, by the fifteen (15th) calendar day of the month, following the end of prior month of the Program Attachment term for STDC's review and financial assessment or upon special request. The final FSR must be submitted to STDC no later than thirty (30) days following the end of the applicable contract term.

Section 5.04 Final Invoice/Billing Submission. Unless otherwise provided by the STDC per special request, Subcontractor shall submit a reimbursement or payment request as a final close-out bill not later than thirty (30) calendar days following the end of the term of the Contract and the Program Attachment for goods received and services rendered during the term. If necessary to meet this deadline, Subcontractor may submit reimbursement or payment requests electronically or by facsimile transmission. Reimbursement or payment requests received in STDC's offices more than thirty (30) calendar days following the end of the applicable term will not be paid. Consideration of requests for an exception will be made on a case-by-case basis, subject to the availability of funding, and only for an extenuating circumstance, such as, a catastrophic event, natural disaster, or criminal activity that substantially interferes with normal business operations, or causes damage or destruction of a place of business and/or records. A written statement describing the extenuating circumstance and the last request for reimbursement must be submitted to the STDC Accounting Department for review and approval.

Section 5.05 Third Party Payors. Except as provided in this Contract, Subcontractor shall screen all clients and may not bill STDC for services eligible for reimbursement from third party payors, who are any person or entity who has the legal responsibility for paying for all or part of the services provided, including commercial health or liability insurance carriers, Medicaid, or other federal, state, local, and private funding sources. As applicable, the Subcontractor shall:

- a. Enroll as a provider in Children’s Health Insurance Program and Medicaid if providing approved services authorized under this Contract that may be covered by those programs, and bill those programs for the covered services;
- b. Provide assistance to individuals to enroll in such programs when the screening process indicates possible eligibility for such programs;
- c. Allow clients who are otherwise eligible for HIV services, but cannot pay a deductible required by a third party payor, to receive services up to the amount of the deductible and to bill the Department for the deductible;
- d. Not bill the STDC for any services eligible for third party reimbursement until all appeals to third party payors have been exhausted;
- e. Maintain appropriate documentation from the third party payor reflecting attempts to obtain reimbursement;
- f. Bill all third party payors for services provided under this Contract before submitting any request for reimbursement to STDC; and
- g. Provide third party billing functions at no cost to the client.

ARTICLE VI TERMS AND CONDITIONS OF PAYMENT

Section 6.01 Prompt Payment. Upon receipt of a timely, undisputed invoice pursuant to this Contract, STDC shall make payments in accordance with the Texas Prompt Payment Act (Texas Government Code Chapter 2251) contingent upon the availability and timely receipt of funds from the Department from which payment for contract purposes can be made. STDC will authorize the payment for services performed, being sufficiently documented and must have incurred the costs prior to claiming reimbursement and within the applicable term to be eligible for reimbursement of the STDC’s receipt of Subcontractor’s invoice, provided information on respective invoice is accurate.

Section 6.02 STDC and Department Review/Payment by STDC. Payments of invoices by the STDC shall not constitute acceptance or approval of Subcontractor’s performance nor foreclose the right to recover excessive or illegal payments. All invoices and Subcontractor’s performance are subject to review and audit by STDC and/or the Department.

Section 6.03 Withholding Payments. The STDC and the Department may withhold all or part of any payments to Subcontractor to offset reimbursement for any ineligible expenditures, disallowed costs, or overpayments that Subcontractor has not refunded to STDC or Department, or if financial status report(s) required by the STDC are not submitted by the date(s) due. STDC may take repayment from funds available under this Contract due to the Contractor for services performed or goods delivered in amounts necessary to fulfill Subcontractor’s repayment obligations.

ARTICLE VII CONFIDENTIALITY

Section 7.01 Maintenance of Confidentiality. Subcontractor must maintain the privacy and confidentiality of information and records received during or related performance of this Contract, including patient and client records that contain Protected Health Information (PHI), and any other information that discloses confidential personal information or identifies any client served by DSHS, in accordance with applicable federal and state laws, rules and regulations, including but not limited to:

- a. 7 CFR of Federal Regulation (CFR) Part 246; 42 CFR Part 2, 45 CFR Parts 160 and 164 (Health Insurance Portability and Accountability Act [HIPAA]);
- b. Texas Health and Safety Code Chapters 12, 47, 81, 82, 85, 88, 92, 161, 181, 241, 245, 251, 534, 576, 577, 596, 611, and 773; and
- c. Texas Occupations Code, Chapters 56 and 159 and
- d. Any other applicable federal and state laws, rules and regulations.

The HHS Data use Agreement (Version 8.3) at http://www.hhsc.state.tx.us/about_hhsc/BusOpp/data-use-agreemtn.pdf is incorporated as part of the Contract and describes Subcontractor’s rights and obligations with respect to the Confidential Information and the limited purposes, for which the Subcontractor may create, receive, maintain, use, disclose or have access to Confidential Information. For the purpose of this Contract, the:

- Subcontractor does not access Confidential Information and does not have to comply with HHS Data Use Agreement (Version 8.3); or
- Subcontractor accesses Confidential Information as defined in and agrees to comply with the HHS Data Use Agreement (Version 8.3).

Section 7.02 Department Access to PHI and Other Confidential Information. Subcontractor shall cooperate with STDC and Department to allow STDC and/or Department to request, collect and receive PHI and other confidential information under this Contract, without the consent of the individual to whom the PHI relates, for funding, payment and administration of the grant program, and for purposes permitted under applicable state and federal confidentiality and privacy laws.

Section 7.03 Exchange of Client-Identifying Information. Except as prohibited by other law, Subcontractor, STDC and DSHS shall exchange PHI without the consent of clients in accordance with 45 CFR § 164.504(e)(3)(i)(B), Texas Health and Safety Code § 533.009 and 25 TAC Chapter 414, Subchapter A or other applicable laws, rules or regulations.

Subcontractor shall disclose information described in Texas Health and Safety Code § 614.017(a)(2) relating to special needs offenders, to an agency described in Texas Health and Safety Code §614.017(c) upon request of that agency, unless Subcontractor documents that the information is not allowed to be disclosed under 45 CFR Part 164 or other applicable law.

Section 7.04 Security of Patient or Client Records. Subcontractor shall ensure that patient and client records are managed in compliance with state and federal law relating to security and retention of medical or mental health and substance abuse patient records and client records. STDC and/or Department may require Subcontractor to transfer original or copies of patient and client records to STDC and/or Department, without the consent or authorization of the patient or client, upon termination of this Contract or a Program Attachment to this Contract, as applicable, or if the care and treatment of the individual patient or client is transferred to another entity. Prior to providing services funded under this Contract to a patient or client, Subcontractor shall attempt to obtain consent from the patient or client to transfer copies of patient or client records to another entity funded by STDC upon termination of this Contract or Program Attachment to this Contract, as applicable, or if care or treatment is transferred to another STDC funded Subcontractor.

Section 7.05 HIV/AIDS Model Workplace Guidelines. If providing direct client care, services, or programs, Subcontractor shall implement Department's policies based on the HIV/AIDS (Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome) Model Workplace Guidelines for Businesses, State Agencies, and State Subcontractors, Policy No. 090.021, and Subcontractor shall educate employees and clients concerning HIV and its related conditions, including AIDS, in accordance with the Texas Health & Safety Code § 85.112-114. A link to the Model Workplace Guidelines can be found at <http://www.dshs.state.tx.us/hivstd/policy/policies.shtm>.

ARTICLE VIII

PUBLIC INFORMATION ACT

Section 8.01 Texas Public Information Act. The Subcontractor understands that STDC shall comply with the Texas Public Information Act (Texas Government Code Chapter 552).

If Subcontractor is not a state agency, institution of higher education or other government entity, then the Subcontractor is required to make any information created or exchanged with the state pursuant to a contract, which is not otherwise excepted from disclosure under the Texas Public Information Act, available in a format that is accessible by the public at no additional charge to the state.

ARTICLE IX RECORDS RETENTION

Section 9.01 Retention.

- a. Subcontractor shall retain and preserve records in accordance with applicable state and federal statutes, rules and regulations. At a minimum, Subcontractor shall maintain all records, including but not limited to financial records that are generated or collected by Subcontractor under the provisions of this Contract, for a period of four (4) years after the termination of this Contract.
- b. If federal retention period for services are funded through Medicaid is more than four (4) years, then the Subcontractor will retain the records for longer period of time.
- c. Subcontractor shall retain all records pertaining to this Contract that are the subject of litigation or an audit until the litigation has ended or all questions pertaining to the audit are resolved.
- d. Subcontractor shall retain medical records in accordance with 22 Texas Administrative Code § 165.1(b) or other applicable statutes, rules and regulations governing medical information.

- e. Subcontractor shall include this provision concerning records retention in any subcontract it awards.
- f. Subcontractor ceases business operations, it shall ensure that records relating to this Contract are securely stored and are accessible by the STDC and Department upon STDC and/or Department's request for at least four (4) years from the date Subcontractor ceases business or from the date this Contract terminates, whichever is sooner.
- g. Subcontractor shall provide, and update as necessary, the name and address of the party responsible for storage of records to the STDC and Accounting Department assigned to the Program Attachment and Contract.

ARTICLE X ACCESS, INSPECTION AND AUDIT OF RECORDS

Section 10.01 Access and Inspection. In addition to any right of access arising by operation of law, Subcontractor, and any of Subcontractor's affiliate or subsidiary organizations or Vendor Subcontractors shall permit the STDC and/or Department or any of its duly authorized representatives, as well as duly authorized federal, state or local authorities, including the Comptroller General of the United States, the Office of the Inspector General at HHSC (OIG), and the State Auditor's Office (SAO) or any other their successor agencies unrestricted access to and the right to examine any site where business is conducted or client services are performed, and all records which includes but is not limited to financial, client and patient records, books, papers or documents related to this Contract. If deemed necessary by the STDC, the Department, or the OIG, for the purpose of investigation or hearing, Subcontractor shall produce original documents related to this Contract. The STDC, Department, and HHSC will have the right to audit billings both before and after payment, and all documentation that substantiates the billings.

Subcontractor shall include this provision concerning the right of access to, and examination of, sites and information related to this Contract is included in any subcontract it awards.

Section 10.02 State Auditor's Office. Subcontractor shall, upon request, make all records, books, papers, documents, or recordings related to this Contract available for inspection, audit, or reproduction during normal business hours to any authorized representative of the STDC, the Department or SAO. The Subcontractor understands that the acceptance of funds under this Contract acts as acceptance of the authority of the SAO, or any successor agency, to conduct an audit or investigation in connection with those funds. The Subcontractor shall cooperate fully with the SAO or its successor in the conduct of the audit or investigation, including providing all records requested, and providing access to any information the SAO considers relevant to the investigation or audit. The SAO's authority to audit funds shall apply to Contract funds disbursed by Subcontractor to its subrecipients, and the Subcontractor shall include this provision concerning the SAO's authority to audit and the requirement to cooperate, in any subcontract the Subcontractor awards.

Section 10.03 Responding to Deficiencies. Any deficiencies identified by STDC, DSHS or HHSC upon examination of Subcontractor's records or during an inspection of Subcontractor's site(s) will be conveyed in writing to Subcontractor. Subcontractor shall submit, by the date prescribed by STDC or DSHS, a resolution to the deficiency in a site inspection, program or management review or financial audit to the satisfaction of STDC and/or DSHS or directed by STDC and/or DSHS, a corrective action plan to resolve the deficiency. An STDC, DSHS or HHSC determination of either an inadequate or inappropriate resolution of the findings may result in contract remedies or sanctions under the Breach of Contract and Remedies for Non-Compliance (See Article XV) of these General Provisions.

ARTICLE XI REPORTING REQUIREMENTS

Section 11.01 Child Abuse Reporting Requirement. This section applies to mental health and substance abuse Subcontractors and Subcontractors for the following public health programs:

- a. Human Immunodeficiency Virus/Sexually Transmitted Diseases (HIV/STD);
- b. Family Planning;
- c. Primary Health Care;
- d. Maternal and Child Health; and
- e. Women, Infants and Children (WIC) Nutrition Services.

Subcontractor shall comply with child abuse reporting guidelines and requirements in Texas Family Code Chapter 261 relating to investigations of reports of child abuse and neglect.

Subcontractor shall develop, implement and enforce a written policy that includes at a minimum the Department's Child Abuse Screening, Documenting, and Reporting Policy for Subcontractors/Providers and train all staff on reporting requirements. Subcontractor shall use the DSHS Child Abuse Reporting Form located at www.dshs.state.tx.us/childabusereporting as required by the Department. Subcontractor shall retain reporting documentation on site and make it available for inspection by STDC and/or DSHS.

This section is in addition to and does not supersede any other legal obligation of the Subcontractor to report child abuse.

Section 11.02 Significant Incidents. In addition to notifying the appropriate authorities, Subcontractor shall report to the STDC and Accounting Division assigned to the Program Attachment and Contract significant incidents involving substantial disruption of Subcontractor's program operation, or affecting or potentially affecting the health, safety or welfare of the STDC/Department funded clients or participants within seventy-two (72) hours of discovery.

Section 11.03 Litigation. Subcontractor shall notify STDC assigned to this Program Attachment and Contract of litigation related to or affecting this Contract and to which Subcontractor is a party within seven (7) calendar days of becoming aware of such a proceeding. This includes, but is not limited to an action, suit or proceeding before any court or governmental body, including environmental and civil rights matters, professional liability, and employee litigation. Notification must include the names of the parties, nature of the litigation and remedy sought, including amount of damages, if any.

Section 11.04 Contract or License Action Against the Subcontractor. Subcontractor shall notify STDC and Accounting Division assigned to the Contract and Program Attachment if Subcontractor has had any contract suspended or terminated for cause by any local, state or federal department or agency or nonprofit entity within three (3) working days of the suspension or termination. Such notification must include the:

- a. Reason for such action;
- b. Name and contact information of the local, state or federal department or agency or entity;
- c. Date of the contract;
- d. Date of the suspension or termination; and
- e. Contract or case reference number.

If Subcontractor has surrendered its license or has had its license suspended or revoked by any local, state or federal department or agency or non-profit entity, it shall disclose this information within three (3) working days of the surrender, suspension or revocation to STDC assigned to the Program Attachment and Contract by submitting a one page description that includes the:

- a. Reason(s) for such action;
- b. Name and contact information of the local, state or federal department or agency, or entity;
- c. Date of the license action; and
- d. License or case reference number.

Section 11.05 Insolvency. Subcontractor shall notify in writing the STDC assigned to the Program Attachment and Contract of Subcontractor's insolvency, incapacity, or outstanding unpaid obligations to the Internal Revenue Service (IRS) or Texas Workforce Commission (TWC) within three (3) working days of the date of determination that Subcontractor is insolvent or incapacitated, or the date Subcontractor discovered an unpaid obligation to the IRS or TWC. Subcontractor shall also notify in writing the STDC assigned to the Program Attachment and Contract of its plan to seek bankruptcy protection within three (3) working days of such action by the Subcontractor's board of directors or governing body.

Section 11.06 Performance Malfeasance. Subcontractor shall report to STDC assigned to the Program Attachment, any knowledge of debarment, suspected fraud or unlawful activity related to performance under this Contract. Subcontractor shall make such report no later than three (3) working days from the date that the Subcontractor has knowledge or reason to believe such activity has taken place. Additionally, if this Contract is federally funded by the Department of Health and Human Services (HHS), Subcontractor shall report any credible evidence that a principal, employee, subcontractor or agency of Subcontractor, or any other person, has submitted a false claim under the False Claims Act (31 U.S.C. §3729-3733) or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving those funds. Subcontractor shall make this report to the SAO at <http://sao.fraud.state.tx.us> and to the HHS Office of Inspector General at <http://www.oig.hhs.gov/fraud/hotline/> no later than three (3) working days from the date that Contractor has knowledge or reason to believe such activity has taken place.

Section 11.07 Criminal Activity and Disciplinary Action.

- a. Subcontractor affirms that no person who has an ownership or controlling interest in the organization or who is an agent or managing employee of the organization has been placed on community supervision, received deferred adjudication, is presently indicted for or has been convicted of a criminal offense related to any financial matter, federal or state program or felony sex crime.
- b. Subcontractor shall report in writing to STDC assigned to the Program Attachment and Contract, no later than three (3) working days from the date that the Subcontractor has knowledge or reason to believe such activity has taken place, if it has reason to believe Subcontractor, or a person with ownership or controlling interest in the organization or who is an agent or managing employee of the organization, an employee or volunteer of Subcontractor, or a Subcontractor has engaged in any activity that:
 - 1. Would constitute a criminal offense equal to or greater than a Class A misdemeanor;
 - 2. Would reasonably constitute grounds for disciplinary action by a state or federal regulatory authority,
 - 3. Has been placed on community supervision, received deferred adjudication, or been indicted for or convicted of a criminal offense relating to involvement in any financial matter, federal or state program or felony sex crime.
- c. Subcontractor shall not permit any person who engaged, or was alleged to have engaged, in an activity subject to reporting under this section to perform direct client services or have direct contact with clients, unless otherwise directed in writing by STDC and DSHS.

Section 11.08 Retaliation Prohibited. Subcontractor shall not retaliate against any person who reports a violation of, or cooperates with an investigation regarding, any applicable law, rule, regulation or standard to the STDC, SAO, the Department, another state agency, or any federal, state or local law enforcement official.

Section 11.09 Documentation. Subcontractor shall maintain appropriate documentation of all notices and reporting to STDC/DSHS as required under these General Provisions or this Contract.

ARTICLE XII ASSURANCES AND CERTIFICATIONS

Section 12.01 Certification. Subcontractor certifies by execution of this Contract to the following and will include such in all of its subcontractors:

- a. It is not disqualified under 2 CFR §376.935 or ineligible for participation in federal or state assistance programs;
- b. Neither it, nor its principals, are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal or state department or agency in accordance with 2 CFR Parts 376 and 180 (parts A-I), 45 CFR Part 76 (or comparable federal regulations);
- c. It has not knowingly failed to pay a single substantial debt or a number of outstanding debts to a federal or state agency;
- d. It is not subject to an outstanding judgment in a suit against Subcontractor for collection of the balance of a debt;
- e. It is in good standing with all state and/or federal agencies that have a contracting or regulatory relationship with Subcontractor;
- f. That no person who has an ownership or controlling interest in Subcontractor or who is an agent or managing employee of Subcontractor has been convicted of a criminal offense related to involvement in any program established under Medicare, Medicaid, or a federal block grant;
- g. Neither it, nor its principals have within the three (3) year period preceding this Contract, has been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a private or public (federal, state, or local) transaction or contract under a private or public transaction, violation of federal or state antitrust statutes (including those proscribing price-fixing between competitors and bid-rigging), or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements or false claims, tax evasion, obstruction of justice, receiving stolen property or any other offense indicating a lack of business integrity or business honesty that seriously and directly affects the present responsibility of Subcontractor or its principals;
- h. Neither it, nor its principals is presently indicted or otherwise criminally or civilly charged by a governmental entity (federal, state, or local) with the commission of any of the offenses enumerated in subsection (g) of this section; and
- i. Neither it, nor its principals within a three (3) year period preceding this Contract has had one or more public transaction (federal, state or local) terminated for cause or default.

Subcontractor shall include the certifications in this Article in all subcontracts and solicitations for vendor subcontracts. Where Subcontractor is unable to certify to any of the statements in this Article, Subcontractor shall submit an explanation to the STDC assigned to the Program Attachment and Contract. If Subcontractor's status with respect to the items certified in this Article changes during the term of this Contract, Subcontractor shall immediately notify the STDC.

Section 12.02 Child Support Delinquencies. As required by Texas Family Code § 231.006, a child support obligor who is more than thirty (30) calendar days delinquent in paying child support and a business entity in which the obligor is a sole proprietor, partner, shareholder, or owner with an ownership interest of at least twenty-five percent (25%) is not eligible to receive payments from state funds under a contract to provide property materials, or services or receive a state-funded grant or loan. If applicable, Subcontractor shall maintain its eligibility to receive payments under this Contract, certifies that it is not ineligible to receive the payments specified in this Contract, and acknowledges that this Contract may be terminated and payment may be withheld if this certification is inaccurate.

Section 12.03 Authorization. Subcontractor certifies that it possesses legal authority to contract for the services described in this Contract and that a resolution, motion or similar action has been duly adopted or passed as an official act of the Subcontractor's governing body, authorizing the binding of the organization under this Contract including all understandings and assurances contained in this Contract, and directing and authorizing the person identified as the authorized representative of the Subcontractor to act in connection with this Contract and to provide such additional information as may be required.

Section 12.04 Gifts and Benefits Prohibited. Subcontractor certifies that it has not given, offered to give, nor intends to give at any time hereafter, any economic opportunity, present or future employment, gift, loan, gratuity, special discount, trip, favor, service or anything of monetary value to a STDC, DSHS or HHSC official or employee in connection with this Contract.

Section 12.05 Ineligibility to Receive the Contract.

- a. Pursuant to Texas Government Code § 2155.004 and federal law, Subcontractor is ineligible to enter into this Contract if the Contract includes financial participation by a person who received compensation from STDC or DSHS to participate in developing, drafting or preparing the specifications, requirements, statement of work or Solicitation Document on which this Contract is based. Subcontractor certifies that neither Subcontractor, nor its employees, nor anyone acting for the Subcontractor has received compensation from STDC or DSHS for participation in the development, drafting or preparation of specifications, requirements or statement(s) of work for this Contract or in the Solicitation Document associated with this Contract.
- b. Pursuant to Texas Government Code §§ 2155.006 and 2261.053, Subcontractor is ineligible to enter into this Contract, if the Subcontractor or any person who would have financial participation in this Contract has been convicted of violating federal law, or been assessed a federal civil or administrative penalty, in connection with a contract awarded by the federal government for relief, recovery or reconstruction efforts as a result of Hurricanes Rita or Katrina or any other disaster occurring after September 24, 2005.
- c. Subcontractor certifies that the individual or business entity named in this Contract is not ineligible to receive the specified Contract under Texas Government Code §§ 2155.004, 2155.006 or 2261.053, and acknowledges that this Contract may be terminated and payment withheld if these certifications are inaccurate.

Section 12.06 Antitrust. Pursuant to 15 USC § 1, et seq. and Texas Business & Commerce Code § 15.01, et seq. Subcontractor certifies that neither Subcontractor, nor anyone acting for the Subcontractor has violated the antitrust laws of this state or federal antitrust laws, nor communicated directly or indirectly regarding the bid with any competitor or any other person engaged in Subcontractor's line of business for the purpose of substantially lessening competition in such line of business.

ARTICLE XIII GENERAL BUSINESS OPERATIONS OF SUBCONTRACTOR

Section 13.01 Program Site. Subcontractors shall provide services only in the locations that are in compliance with all applicable local, state and federal zoning, building, health, fire and safety standards.

Section 13.02 Historically Underutilized Businesses (HUBs). If Subcontractor was not required to submit a HUB subcontracting plan and if subcontracting is permitted under this Program Attachment, Subcontractor is encouraged to make a good faith effort to consider subcontracting with HUBs in accordance with Texas Government Code Chapter 2161 and 34 Tex. Admin. Code § 20.14 et seq. Subcontractors may obtain a list of HUBs at <http://www.window.state.tx.us/procurement/prog/hub>. If Subcontractor has filed a HUB subcontracting plan, the plan is incorporated by reference in this Contract. If Subcontractor desires to make a change in the plan, Subcontractor must obtain prior approval of the revised plan from the Department's HUB Coordinator before proposed changes shall be effective under this Contract.

Subcontractor shall make a good faith effort to subcontract with HUBs during the performance this contract and shall report HUB subcontract activity to the Department's HUB Coordinator by the tenth (10th) day of each month for the prior month's activity, if there was any such activity, in accordance with 34 Texas Administrative TAC Code § 20.16(c).

Section 13.03 Buy Texas. Subcontractor shall purchase products and materials produced in Texas when the products and materials are available at a price and time comparable to products and materials produced outside of Texas as required by Tex. Admin. Code § 2155.4441.

Section 13.04 Contracts with Subcontractors.

- a. STDC will obtain approval from DSHS for all Subcontracts at the time of completion of program renewal attachment.
- b. Subcontractor acknowledges and is fully aware of the requirements placed upon by state/federal statutes, rules, and regulation and by the provisions of this Contract.
- c. Subcontractor is responsible to STDC for the performance under this contract.
- d. Subcontractor shall maintain pertinent records that must be available for inspection and monitoring by STDC and the Department for financial and programmatic performance.
- e. Contracts with all Subcontractors, must be in writing and include the following:
 1. Name and address of all parties and the subcontractor's Vendor Identification Number (VIN) or Employee Identification Number (EIN);
 2. A detailed description of the services to be provided;
 3. Measurable method and rate of payment and total not-to-exceed amount of contract;
 4. Clearly defined and executable termination clause; and
 5. Beginning and ending dates that coincide with the dates of the applicable Program Attachment(s) or cover a term within the beginning and ending dates of the applicable Program Attachment(s).
- f. Subcontractor will ensure that that is debarred, suspended, or excluded from or ineligible for participation in federal assistance programs; or if the subcontractor would be ineligible under Section 12.05 - Ineligibility to Receive the Contract, Section 14.03 - Conflict of Interest and Section 14.04 - Transactions Between Related Parties of the General Provisions.

Section 13.05 Status of Subcontractors. Subcontractor shall require that all subrecipient and vendor subcontractors to certify that/have:

- a. In good standing with all state and federal funding and regulatory agencies;
- b. Not currently debarred, suspended or otherwise excluded from participation in federal grant programs;
- c. Not delinquent on any repayment agreements;
- d. Not had a required license or certification revoked;
- e. Not ineligible under the following sections of these General Provisions: Ineligibility to Receive the Contract (Assurance and Certifications Article) or the Conflict of Interest or Transactions Between Related Parties sections (General Terms Article); and
- f. Not had a contract terminated by the Department.

Subcontractors shall further require that subcontractors certify that they have not voluntarily surrendered within the past three years any license issued by the Department.

Section 13.06 Incorporation of Terms in Subcontracts.

- a. STDC is incorporating the required terms in this subcontract, without modification (except as required to make applicable to the subcontractor):
 1. Assurances and Certifications in Article XII of the General Provisions;

2. Section 14.03 and 14.04 of the General Provisions; and
 3. A provision granting to DSHS, SAO, OIG, and the Comptroller General of the United States, and any of their representative, the right of access to inspect the work and the premises on which any work is performed, and the right to audit the subcontractor in accordance with Article X of the General Provisions.
- b. Subcontractor contract includes these General Provisions and a copy of the Statement of Work and any other provisions in the Program Attachment(s) applicable to the subcontract.
 - c. Subcontractor contract incorporate the terms of this Contract so that all terms, conditions, provisions, requirements, duties and liabilities under this Contract applicable to the services provided or activities conducted by a Subcontractor.
 - d. No provision of this Contract creates privity of contract between STDC and any Subcontractor.
 - e. If a subcontractor is unable to certify (or status changes during contract term) to any of the statements in Section 14.03 and 14.04 or any of the certifications stated in Article XII of the General Provisions, Subcontractor shall submit an explanation to STDC.

Section 13.07 Independent Subcontractor. Subcontractor is an Independent Subcontractor. Subcontractor shall direct and be responsible for the performance of its employees, subcontractors, joint venture participants or agents. Subcontractor is not an agent or employee of the STDC, the Department or the State of Texas for any purpose whatsoever. For purposes of this Contract, Subcontractor acknowledges that its employees, Subcontractors, joint venture participants or agents will not be eligible for unemployment compensation from the STDC, the Department or the State of Texas.

Section 13.08 Tax Liability. Subcontractor shall comply with all state and federal tax laws and is solely responsible for filing all required state and federal tax forms and making all tax payments. If STDC or the Department discovers that Subcontractor has a liability or has failed to remain current on a delinquent liability to the IRS, this Contract shall be subject to remedies and sanctions under this Contract, including immediate termination at the STDC and/or Department's discretion. If the Contract is terminated under this section, the STDC and/or the Department will not enter into a contract with Subcontractor for three (3) years from the date of termination.

Section 13.09 Notice of Organizational Change. Subcontractor shall submit written notice to the STDC assigned to the Program Attachment and Contract within ten (10) business days of any change to the following: Subcontractor's name; contact information; key personnel, officer, director or partner; organizational structure; such as merger, acquisition or change in form of business; legal standing; or authority to do business in Texas.

A change in Subcontractor's name and certain changes in organizational structure require an amendment to this Contract in accordance with the amendment provisions in Article XIII.

Section 13.10 No Endorsement. Other than stating the fact that Subcontractor has a contract with STDC, Subcontractor and its vendor subcontractors are prohibited from publicizing the contractual relationship between Subcontractor and STDC, and from using the STDC's name, logo or website link in any manner that is intended, or that could be perceived, as an endorsement or sponsorship by STDC of Subcontractors organization, program, services or product, without the express written consent of STDC.

Section 13.11 E-Verify System. By entering into this Contract, the Subcontractor certifies and ensure that it utilizes and will continue to utilize, for the term of this Contract, the U.S. Department of Homeland Security's E-Verify system to determine the eligibility of:

- a. All persons employed to perform duties within Texas, during the term of the Contract; and
- b. All persons (including subcontractors) assigned by the Subcontractor to perform work pursuant to the Contract, within the United States of America.

ARTICLE XIV GENERAL TERMS

Section 14.01 Assignment. Subcontractor shall not transfer, assign, or sell its interest, in whole or in part, in this Contract, without the prior written consent of STDC and/or Department.

Section 14.02 Lobbying.

- a. Subcontractor shall comply with Texas Government Code § 556.0055, which prohibits Subcontractors who receive state funds from using those funds to pay lobbying expenses. Further, Subcontractor shall not use funds paid under this Contract, either directly or indirectly to support the enactment, repeal, modification, or adoption of any law, regulation or policy at any level of government, or to pay the salary of expenses of any person related to any activity designed to influence legislation, regulation, policy or appropriations pending before Congress or the state legislature, or for influencing or attempting to influence an officer or employee of any federal or state agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any contract or the extension, continuation, renewal, amendment, or modification of any contract (31 USC § 1352).
- b. If at any time this Contract exceeds \$100,000 of federal funds, Subcontractor shall file with STDC assigned to the Contract and Program Attachment a declaration containing the name of any registrant under the Lobbying Disclosure Act of 1995 who has made lobbying contacts on behalf of Subcontractor in connection with the Contract, a certification that none of the funds provided by Department have been or will be used for payment to lobbyists, and disclosure of the names of any and all registered lobbyists with whom Subcontractor has an agreement.
- c. Subcontractor shall file the declaration, certification, and disclosure:
 1. At the time of application for this Contract;
 2. Upon execution of this Contract unless Subcontractor previously filed a declaration, certification, or disclosure form in connection with the award; and
 3. At the end of each calendar quarter in which any event occurs that materially affects the accuracy of the information contained in any declaration, certification, or disclosure previously filed. Subcontractor shall require any person who requests or receives a subcontract to file the same declaration, certification and disclosure with the Program Manager assigned to the Program Attachment and Contract. Subcontractor shall include this provision in any subcontracts.

Section 14.03 Conflict of Interest. Subcontractor represents to the STDC and to the Department that it and its subrecipients and vendor subcontractors, if any do not have nor shall Subcontractor knowingly acquire or retain, any financial or other interest that would conflict in any manner with the performance of their obligations under this Contract. Potential conflicts of interest include, but are not limited to, an existing or potential business or personal relationship between Subcontractor (or subrecipient/vendor subcontractor), its principal (or a member of the principal's immediate family), or any affiliate or Subcontractor and the STDC, Department or HHSC, their commissioners or employees, or any other entity or person involved in any way in any project that is the subject of this Contract.

Subcontractor shall establish safeguards to prohibit employees, subrecipients/vendor subcontractors and their employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest or personal gain. If, at any time during the term of this Contract, Subcontractor or any of its subrecipients/vendor subcontractors has a conflict of interest or potential conflict of interest to the Program Manager assigned to the Program Attachment and Contract within ten (10) days of when Subcontractor becomes aware of the existence of the actual or potential conflict of interest. Subcontractor shall require each of its subrecipients/vendor subcontractors to report to Subcontractor any conflict of interest or potential conflict of interest the subrecipient/vendor subcontractor has or may have within ten (10) days of when the subcontractor becomes aware of the actual or potential conflict of interest.

Section 14.04 Transactions Between Related Parties. Subcontractor shall identify and report to STDC any transactions between Subcontractor and a related party that is part of the work that the STDC is purchasing under this Contract before entering into the transaction or immediately upon discovery. A related party is a person or entity related to Subcontractor by blood or marriage, common ownership or any association that permits either to significantly influence or direct the actions or policies of the other. Subcontractor, for purposes of reporting transactions between related parties, includes the entity contracting with the STDC under this Contract as well as the chief executive officer, chief financial officer and program director of Subcontractor.

Subcontractor shall submit to STDC assigned to the Program Attachment the name, address and telephone number of the related party, how the party is related to the Subcontractor and the work the related party will perform under this Contract.

Subcontractor shall comply with Texas Government Code Chapter 573.

Subcontractor shall maintain records and supply any additional information requested by STDC and the Department, regarding a transaction between related parties, needed to enable STDC and the Department to determine the appropriateness of the transaction pursuant to applicable state or federal law, regulations or circulars, which may include 45 CFR Part 74.42.

Section 14.05 Intellectual Property.

- a. Texas Health and Safety Code § 12.020 authorizes STDC and DSHS to protect intellectual property developed as a result of this Contract. “Intellectual property” means created property that may be protected under copyright, patent, or trademark/service mark law.
- b. For purposes of this Contract intellectual property prepared for STDC and DSHS use, or a work specially ordered or commissioned through a contract for DSHS use is “work made for hire”. DSHS owns works made for hire unless it agrees otherwise by contract. To the extent that title and interest to any such work may not, by operation of law, vest in DSHS, or such work may not be considered a work made for hire, Subcontractor irrevocably assigns the rights, title and interest therein to DSHS.
- c. DSHS has the right to obtain and hold in its name any and all patents, copyright registrations or other such protections as may be appropriate to the subject matter, and any extensions and renewals thereof. Subcontractor shall give DSHS and the State of Texas, as well as any person designated by DSHS and the State of Texas, all assistance required to perfect the rights defined herein without charge or expense beyond those amounts payable to Subcontractor for goods provided or services rendered under this Contract. If federal funds are used to finance activities supported by this Contract that result in the production of intellectual property, the federal awarding agency reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, or otherwise use, and to authorize others to use, for federal government purposes:
 - 1. Copyright in any intellectual property developed under this Contract, including any subcontract; and
 - 2. Any rights of copyright to which a Subcontractor purchases ownership with contract funds.
- d. Any rights of copyright, service or trademarks or patents to which a grantee, subgrantee or a Subcontractor purchases ownership with contract funds.
- e. If the results of the contract performance are subject to copyright law, the Subcontractor cannot publish those results without prior review and approval of STDC and/or DSHS. Subcontractor shall submit requests for review and approval to STDC’s Program Manager which is assigned to this Contract and Program Attachment.

Section 14.06 Other Intangible Property. At the conclusion of the contractual relationship between STDC, the Department and the Subcontractor, for any reason, the Department shall have the sole ownership rights and interest in all non-copyrightable intangible property that was developed, produced or obtained by Subcontractor as a specific requirement under this Contract or under any grant that funds this Contract, such as domain names, URLs or software licenses with a value of \$500 or more. Subcontractor shall inventory all such non-copyrightable intangible property. Subcontractor shall cooperate with STDC and the Department and perform all actions necessary to transfer ownership of such property to the Department or its designee, or otherwise affirm Department’s ownership rights and interest in such property. This provision will survive the termination or expiration of this Contract.

Section 14.07 Severability and Ambiguity. If any provision of this Contract is construed to be illegal or invalid, the illegal or invalid provision will be deemed stricken and deleted to the same extent and effect as if never incorporated, but all other provisions will continue. The Parties represent and agree that the language contained in this Contract is to be construed as jointly drafted, proposed and accepted.

Section 14.08 Legal Notice. Except as otherwise provided in this Contract or General Provisions, any notice required or permitted to be given by the provisions of this Contract or General Provisions shall be deemed to have been received by a Party on the third business day after the date on which it was mailed to the Party at the address specified by the Party to the other Party in writing or, if sent by certified mail, on the date of receipt.

Section 14.09 Successors. This Contract will be binding upon the Parties and their successors and assignees, except as expressly provided in this Contract.

Section 14.10 Survivability of Terms. Termination or expiration of this Contract or a Program Attachment for any reason shall not release either Party from any liabilities or obligations in this Contract that the parties have expressly agreed shall survive any such termination or expiration or remain to be performed, including but not limited to maintaining confidentiality of information and records retention.

Section 14.11 Customer Service Information. If requested, Subcontractor shall supply such information as required by STDC and the Department to comply with the provisions of Texas Government Code Chapter 2114 regarding Customer Service surveys.

Section 14.12 Amendment(s). The Parties agree that STDC and the Department may unilaterally reduce funds pursuant to the terms of this Contract without the written agreement of Subcontractor. All amendments to this Contract must be in writing with justification and agreed to by both Parties, except as otherwise specified in the Subcontractor's Notification of Change to Certain Contract Provisions section or the Subcontractor's Request for Revision to Certain Contract Provisions section of this Article. Subcontractor's request for certain budget revisions or other amendments must be submitted in writing, including a justification for the request, to program manager at STDC assigned to the Program Attachment; and if a budget revision or amendment is requested during the last quarter of the Contract or Program Attachment term, as applicable, Subcontractor's written justification must include a reason for the delay in making the request. Revision or other amendment requests may be granted at the discretion of STDC and DSHS. Except as otherwise provided in this Article, Subcontractor shall not perform or produce, and STDC and DSHS will not pay for the performance or production of, different or additional goods, services, work or products except pursuant to an amendment of this Contract that is executed in compliance with this section; and DSHS will not waive any term, covenant, or condition of this Contract unless by amendment or otherwise in compliance with this Article.

Section 14.13 Contractor's Notification of Change of Contact Person or Key Personnel. Within ten (10) calendar days shall notify STDC in writing of any change enumerated in the Subcontractor's Contact Personnel or Key Personnel, if include in their response to the solicitation document.

Section 14.14 Subcontractor's Notification of Change to Certain Contract Provisions. The following changes may be made to this Contract without a written amendment or the STDC's prior approval:

- a. Cumulative budget line item transfers that do not exceed 25% among direct cost categories other than the equipment category, of cost reimbursement contract Program Attachments of less than \$100,000, provided that the total budget amount is unchanged. (This subsection does not apply to contracts funded by funding sources that have different percentage requirements). Subcontractor shall submit notification through letter to STDC indicating changes and transfers made. The letter should be sent with reimbursement request during the month it occurred;
- b. Minor corrections or clarifications to the Contract language that in no way alter the scope of work, objectives or performance measures; and
- c. A change in the Subcontractor's share of the budget concerning non-DSHS funding other than program income or match, regardless of the amount of the change, provided that in changing the budget, Subcontractor is not supplanting STDC/DSHS funds.

Subcontractor within ten (10) calendar days shall notify in writing the STDC's Program Manager assigned to the Program Attachment of any change enumerated in this section, but the contract will not be amended. The notification may be by letter, fax or email. Except for contracts funded by funding sources that have different percentage requirements, cumulative budget line items transfers of 25% or less among direct cost categories, other than equipment, of cost reimbursement contracts of any amount do not require written amendment or prior approval or notification.

Section 14.15 Subcontractor's Request for Revision of Certain Contract Provisions. A Subcontractor's Revision Request is an alternative method for amending certain specified provisions of this Contract that is initiated by the Subcontractor, but must be approved by STDC. The following amendments to this Contract may be made through a Subcontractor's Revision Request, rather than through the amendment process described in the Amendment section of this Article:

- a. Cumulative budget line item transfers among direct cost categories, other than the equipment category, that exceeds 25% of Program Attachments of \$100,000 or more; provided that the total budget amount is unchanged. (This subsection does not apply to contracts funded by funding sources that have different percentage requirements);
- b. Budget line item transfer to other categories of funds for direct payment to trainees for training allowances;
- c. Change in clinic hours or location;
- d. Change in equipment list substituting an item of equipment equivalent to an item of equipment on the approved budget;
- e. Changes in the equipment category of a previously approved equipment budget;

- f. Changes specified in applicable OMB Circular cost principles as requiring prior approval, regardless of dollar threshold (e.g. foreign travel expenses, overtime premiums, membership fees); and
- g. cumulative budget transfers into or out of the equipment category that do not exceed 10% of any Program Attachment, provided that the total budget amount is unchanged (cumulative transfers from or to the equipment category that equal or exceed 10% of any Program Attachment require an amendment to this Contract as described in the Amendment section of this Article).

In order to request a revision of any of the enumerated provisions, Subcontractor shall obtain a Contract Revision Request Form from STDC and complete the form as directed by the STDC and/or the Department. Two copies of the completed form must be signed by Subcontractor’s representative who is authorized to sign contracts on behalf of Subcontractor, and both original, signed forms must be submitted to the STDC. Any approved revision will not be effective unless signed by STDC’s Executive Director. A separate Subcontractor Revision Request is required for each Program Attachment to be revised. Circumstances of a requested contract revision may indicate the need for an amendment described in the Amendment section of this Article rather than a contract revision amendment under this section.

Section 14.16 Unilateral Amendment. The STDC reserves the right to amend this Contract through execution of a unilateral amendment signed by the Executive Director for this Contract and provided to the Subcontractor with ten days notice prior to execution of the amendment under the following circumstances to:

- a. Correct an obvious clerical error in this Contract;
- b. Incorporate new or revised federal or state laws, regulations, rules or policies; and
- c. Change the name of the Subcontractor in order to reflect the Subcontractor’s name as recorded by the Texas Secretary of State.

Section 14.17 Interim Extension Amendment.

- a. Prior to or on the expiration date of this Contract, the Parties agree that this Contract can be extended as provided under this Section.
- b. STDC/DSHS shall provide written notice of interim extension amendment to the Subcontractor under one of the following circumstances:
 - 1. Continue provision of services in response to a disaster declared by the governor; or
 - 2. To ensure that services are provided to clients without interruption.
- c. STDC will provide written notice of the interim extension amendment that specifies the reason for it and period of time for the extension.
- d. Subcontractor will provide and invoice for services in the same manner that is stated in the Contract.
- e. An interim extension under Section (b)(1) above shall extend the term of the contract not longer than 30 days after governor’s disaster declaration is declared unless the Parties agree to a shorter period of time.
- f. An interim extension under Section (b)(2) above shall be a one-time extension for a period of time determined by STDC.

Section 14.18 Immunity Not Waived. The Parties expressly agree that no provision of this contract is in any way intended to constitute a waiver by STDC, the Department or the State of Texas of any immunities from suit or from liability that STDC, the Department or the State of Texas may have by operation of law.

Section 14.19 Hold Harmless and Indemnification. Subcontractor, as an independent Subcontractor, agrees to hold STDC, Department, the State of Texas, individual STDC employees, individual state employees and officers, and the federal government harmless and to indemnify them from any and all liability, suits, claims, losses, damages and judgments, and to pay all costs, fees, and damages to the extent that such costs, fees, and damages arise from performance or nonperformance of Subcontractor, its employees, subrecipients, vendor subcontractors, joint venture participants or agents under this Contract.

Section 14.20 Waiver. Acceptance by either Party of partial performance or failure to complain of any action, non-action or default under this Contract will not constitute a waiver of either party’s rights under this Contract.

Section 14.21 Electronic and Information Resources Accessibility and Security Standards.

- a. **Applicability.**

The following Electronic and Information Resources (EIR) requirements apply to the Contract because the Subcontractor performs services that include EIR that DSHS employees are required or permitted to access. This section does not apply to incidental uses of EIR in the performance of the agreement and contract, unless the parties agree that the EIR will become property of the STDC, the Department or will be used by STDC clients or recipients after completion of the Contract. Nothing in this section is intended to prescribe the use of particular designs or technologies or to prevent the use of alternative technologies, provided they result in substantially equivalent or greater access to and use of a product/service.

b. Definitions.

For purposes of this Section.

1. "Accessibility Standards" means accessibility standards and specification for Texas agency and institution of higher education websites and EIR set forth in 1 TAC Chapter 206 and/or Chapter 213.
2. "Electronic and Information Resources" means information resources, including information resources technologies, and any equipment or interconnected system of equipment that is used in the creation, conversion, duplication, or delivery of data or information. The term includes, but is not limited to, telephones and other telecommunications products, information kiosks, transaction machines, Internet websites, multimedia resources, and office equipment, including copy machines and fax machines.
3. "Electronic and Information Resources Accessibility Standards" means the accessibility standards for electronic and information resources contained in Texas Administrative Code, Chapter 213.
4. "Products" means information resources technologies that are, or are related to, EIR.
5. "Website Site Accessibility Standards/Specifications" means standards contained in Volume 1 Texas Administrative Code Chapter 206(c) Accessibility Requirements.

Accessibility. Under Texas Government Code Chapter 2054, Subchapter M, and implementing rules of the Department of Information Resources (DIR), STDC must procure Products and Services that comply with the Accessibility Standards when such Products and Services are available in the commercial marketplace or when such Products and Services are developed in response to procurement solicitation. Accordingly, Subcontractor must provide electronic and information resources and associated Product and Services documentation and technical support that comply with the Accessibility Standards.

c. Evaluation, Testing and Monitoring.

1. STDC and DSHS may review, test, evaluate and monitor Subcontractor's Products and Services; as well as associated documentation and technical support for compliance with the Accessibility Standards. Review, testing evaluation and monitoring may be conducted before and after the award of a contract. Testing and monitoring may include user acceptance testing. Neither the review, testing (including acceptance testing), evaluation or monitoring of any Product or Services; nor the absence of such review testing, evaluation or monitoring, will result in a waiver of the State's right to contest the Subcontractor's assertion of compliance with the Accessibility Standards.
2. Subcontractor agrees to cooperate fully and provide STDC, the Department and its representative's timely access to Products, records, and other items and information needed to conduct such review, evaluation, testing and monitoring.

d. Representation and Warranties.

1. Subcontractor represents and warrants that:
 - i. As of the effective date of the Contract, the Products and associated documentation and technical support comply with the Accessibility Standards as they exist at the time of entering the Agreement or Contract, unless and to the extent the Parties otherwise expressly agree in writing; and
 - ii. If the Products will be in the custody of the state or a STDC/DSHS client after the Contract expiration or termination, the Products and Services will continue to comply with such Accessibility Standards after the expiration or termination of the Contract term, unless STDC, DSHS and/or clients or recipients, as applicable, uses the Products in a manner that renders it noncompliant.
2. In the event Subcontractor becomes aware, or is notified that the Product or Service and associated documentation and technical support do not comply with the Accessibility Standards, Subcontractor represents and warrants that it will, in a timely manner and at no cost to STDC, DSHS, perform all necessary steps to satisfy the Accessibility Standards, including but not limited to remediation, replacement, and upgrading of the Product or Service, or providing a suitable substitute.

3. Subcontractor acknowledges and agrees that these representations and warranties are essential inducements on which STDC and DSHS relies in awarding this Contract.
4. Subcontractor's representations and warranties under this subsection will survive the termination or expiration of the Contract and will remain in full force and effect throughout the useful life of the Product.

c. **Remedies.**

1. Pursuant to Texas Government Code §2054.465, neither Subcontractor nor any other person has cause of action against STDC/DSHS for claim of a failure to comply with Texas Government Code Chapter 2054, Subchapter M, and rules of the Department of Information Resources.
2. In the event of a breach of Subcontractor's representations and warranties, Subcontractor will be liable for direct and consequential damages and any other remedies to which STDC/DSHS may be entitled under this Contract and other applicable law. This remedy is cumulative of any and all other remedies to which STDC/DSHS may be entitled under this Contract and other applicable law.

Section 14.22 Force Majeure. Neither Party shall be liable for any failure or delay in performing all or some of its obligations, as applicable, under this Contract if such failure or delay is due to any cause beyond the reasonable control of such Party, including, but not limited to, extraordinarily severe weather, natural disasters, fire, civil disturbance, epidemic strikes, riots, rebellion, terrorism, war, court order or acts of God and any valid order, rule, or regulation of governmental authority or similar events that are beyond the control of the affected party. The existence of any such cause of delay or failure will extend the period of performance in the exercise of reasonable diligence until after the cause of the delay or failure no longer exists and, if applicable, for any reasonable period of time thereafter required to resume performance. A Party, within a period of time reasonable under the circumstances, must inform the other party as soon as practicable. This Party also must submit written notice with proof of receipt, of the existence of a force majeure event or otherwise waive the right as defense to non-performance.

Section 14.23 Interim Contracts. The Parties agree that the Contract and/or any of its Program Attachments will automatically continue as an "Interim Contract" beyond the expiration date of the term of the Contract or Program Attachment(s), as applicable, under the following circumstances: (1) on or shortly prior to the expiration date of the Contract or Program Attachment, there is a state of disaster declared by the Governor that affects the ability or resources of the STDC contract or program staff managing the Contract to complete in a timely manner the extension, renewal, or standard contract process for the Contract or Program Attachment; and (2) STDC with approval from DSHS makes the determination in its sole discretion that an Interim Contract is appropriate under the circumstances. STDC will notify Subcontractor promptly in writing if such a determination is made. The notice will specify whether STDC is extending the Contract or Program Attachment for additional time for Subcontractor to perform or complete the previously contracted goods and services (with no new or additional funding) or is purchasing additional goods and services as described in the Program Attachment for the term of the Interim Contract, or both. The notice will include billing instructions and detailed information on how STDC and/or DSHS will fund the goods or services to be procured during the Interim Contract term. The Interim Contract will terminate thirty (30) days after the disaster declaration is terminated unless the Parties agree to a shorter period of time.

Section 14.24 Cooperation and Communication. Subcontractor shall cooperate with STDC and the Department staff and, as applicable, other DSHS contractors, and shall promptly comply with requests from STDC for information or responses to DSHS inquiries concerning Subcontractor's duties or responsibilities under this Contract.

Section 14.25 Insurance. Subcontractor shall acquire and maintain for the duration of this Contract, insurance and with financially sound and reputable insurers licensed by the Texas Department of Insurance, in the type and amount customarily carried within the Subcontractor's industry or profession. Subcontractor must submit evidence of insurance as required under this Contract, including if requested a schedule of coverage or "underwriter's schedules" establishing to the satisfaction of STDC and DSHS the nature and extent of coverage granted by each such policy upon request by STDC and DSHS. In the event that any policy is determined to be deficient to comply with the terms of this Contract, Subcontractor shall secure such additional policies or coverage as STDC and DSHS may reasonably request or that are required by the law or regulation.

ARTICLE XV BREACH OF CONTRACT AND REMEDIES FOR NON-COMPLIANCE

Section 15.01 Actions Constituting Breach of Contract. Actions or inactions that constitute breach of contract include, but are not limited to, the following:

- a. Failure to properly provide the services and/or goods purchased under this Contract;
- b. Failure to comply with any provision of this Contract, including failure to comply with all applicable statutes, rules or regulations;
- c. Failure to pay refunds or penalties owed to the STDC or the Department;
- d. Failure to comply with a repayment agreement with the STDC or the Department or agreed order issued by the STDC or the Department;
- e. Discovery of a material misrepresentation in any aspect of Subcontractor's application or response to the Solicitation Document;
- f. Any misrepresentation in the assurances and certifications in the Subcontractor's application or response to the Solicitation Document or in this Contract; or
- g. Subcontractor is on or is added to the Excluded Parties List System (EPLS).

Section 15.02 General Remedies and Sanctions. The STDC and the Department will monitor Subcontractor for both programmatic and financial compliance. The remedies and sanctions in the section are available to the Department against Subcontractor and any entity that subcontracts with Subcontractor for provision of services or goods.

Additionally, the STDC, Department, HHSC OIG may investigate, audit and impose or recommend imposition of remedies or sanctions to Subcontractor for any breach of this Contract.

The STDC may impose one or more remedies or sanctions for each item of noncompliance and shall determine remedies or sanctions on a case-by-case basis if breaches this Contract by failing to comply with one or more of the terms of this Contract, including but not limited to compliance with applicable statutes, rules or regulations, the STDC with approval from DSHS may take one or more of the following actions:

- a. Terminate this Contract by one of means provided in Article XVII. If applicable, notify Contractor of the opportunity to request a hearing on the termination pursuant to Texas Government Code Chapter 2105 regarding administration of Block Grants;
- b. Suspend all or part of this Contract by notifying that the Subcontractor that STDC is temporarily discontinue performance of all or part of this Contract as provided for in Article XVII; as of the effective date of the suspension pending DSHS's determination to terminate, amend the Contract or permit the Subcontractor to resume performance. Subcontractor shall not bill STDC for services performed during suspension, unless expressly authorized by the notice of suspension;
- c. Use as a basis to deny additional or future contracts with Subcontractor;
- d. Temporarily withhold cash payments to Subcontractor for proper charges or obligations incurred, pending resolution of issues of noncompliance with conditions of this Contract or indebtedness to the United States or to the State of Texas;
- e. Permanently withhold cash payments by retaining funds billed by Subcontractor.
- f. Request that Subcontractor be removed from the Centralized Master Bidders List (CMBL) or any other state bid list, and barred from participating in future contracting opportunities with the State of Texas;
- g. Declare this Contract void upon the STDC's determination that this Contract was obtained fraudulently, or was illegal or invalid from this Contract's inception and demand repayment of any funds under this Contract;
- h. Delay execution of a new contract or contract renewal with Subcontractor while other imposed or proposed sanctions are pending resolution;
- i. Demand repayment from Subcontractor when it has been verified that the Contract has been overpaid for reasons such as payments not supported by proper documentation or failure to comply with Contract terms;
- j. Pursue a claim for damages as a result of breach of contract;
- k. Require Subcontractor to prohibit any employee or volunteer of the Subcontractor from performing under this Contract or having direct contact with STDC/DSHS-funded clients or participant, if the employee or volunteer has been indicted or convicted of the misuse of state or federal funds, fraud or illegal acts that are in contraindication to continued obligations under this Contract, as reasonably determined by STDC and DSHS;
- l. Withhold any payments to Subcontractor to satisfy any recoupment imposed by STDC or DSHS, and take repayment from funds available under this Contract in amounts necessary to fulfill Subcontractor's payment or repayment obligations;

- m. Reduce the Contract term;
- n. Recoup improper payments when it is verified that the Subcontractor has been overpaid for reasons such as payments are not supported by proper documentation, improper billing or failure to comply with the Contract terms; and
- o. Impose any other remedies, sanctions or penalties permitted by federal or state statute, law, regulation or rule.

Section 15.03 Notice of Remedies or Sanctions.

- a. STDC shall formally notify Subcontractor in writing when a remedy or sanction is imposed (with the exception of accelerated monitoring, which may be unannounced), stating the nature of the remedies and sanction, the reasons for imposing them, the corrective actions, if any, that must be taken before the actions shall be removed and the time allowed for completing the corrective actions, and the method, if any, of requesting reconsideration of the remedies and sanctions imposed.
- b. Other than in the case of repayment or recoupment, Subcontractor is required to file, within fifteen (15) calendar days of receipt of notice, a written response to STDC acknowledging receipt of such notice.
- c. If requested by the STDC, the written response must state how Subcontractor shall correct the noncompliance by agreeing to a corrective action plan or demonstrate in writing that the findings on which the remedies or sanctions are based are either invalid or do not warrant the remedies or sanctions. If STDC determines that a remedy or sanction is warranted, unless the remedy or sanction is subject to review under a federal or state statute, regulation, rule or guideline, STDC’s decision is final. STDC shall provide written notice to Subcontractor of STDC’s final decision.
- d. If required by the STDC and DSHS, Subcontractor shall submit a corrective action plan for STDC approval and take corrective action as stated in the corrective action plan approved by STDC. If STDC/DSHS determines that repayment is warranted, STDC and DSHS shall issue a demand letter to Subcontractor for repayment. If full repayment is not received within the time limit stated in the demand letter, and if recoupment is available, STDC and DSHS will recoup the amount due to STDC and DSHS from funds otherwise due to the Contractor under this Contract.

Section 15.04 Emergency Action. In an emergency, STDC may immediately terminate or suspend all or part of this Contract, temporarily or permanently withhold cash payments, deny future contract awards or delay contract execution by delivering written notice to Subcontractor, by any verifiable method, stating the reason for the emergency action. An “emergency” is defined as Subcontractor is noncompliant and the noncompliance has a direct adverse effect on the public or client health, welfare or safety. The direct adverse effect may be programmatic or financial and may include failing to provide services, providing inadequate services, providing unnecessary services.

Whether Subcontractor’s conduct or noncompliance is an emergency will be determined by STDC on a case-by-case basis and will be based upon the nature of the noncompliance or conduct.

ARTICLE XVI CLAIMS AGAINST THE DEPARTMENT AND STDC – NOTICE OF DISPUTE

Section 16.01 Breach of Contract Claim. The process for a breach of contract claim against the Department provided for in Texas Government Code Chapter 2260 and implemented in the rules at 25 TAC §§ 4.11-4.24 or as amended by STDC, shall be used by STDC and Subcontractor to attempt to resolve any breach of contract claim against STDC.

Section 16.02 Notice. Subcontractor’s claims for breach of this Contract that the Parties cannot resolve in the ordinary course of business must be submitted to the negotiation process provided in Texas Government Code Chapter 2260 and 25 TAC or as amended. To initiate the process, Subcontractor shall submit written notice, as required by subchapter B, to STDC and DSHS’s Office of General Counsel. The notice must specifically state that the provisions of Chapter 2260, are being invoked and comply with all the requirements in this Chapter and TAC. A copy of the notice must also be given to all other representatives of STDC, DSHS and Subcontractor.

Section 16.03 Performance Not Suspended. Neither the occurrence of an event nor the pendency of a notice of claim filed by the Subcontractor constitutes grounds for the suspension in whole or part of performance by Subcontractor.

ARTICLE XVII TERMINATION AND TEMPORARY SUSPENSION

Section 17.01 Expiration of Contract or Program Attachments.

- a. Except as provided in the Survivability of Terms section of the General Terms Article, Subcontractor's service obligations stated in each Contract or Program Attachment shall end upon the expiration date of that Contract or Program Attachment unless extended or renewed by written amendment.
- b. Prior to completion of the term of all Contracts or Program Attachments, all or a part of this Contract may be terminated with or without cause under this Article and in the Contract.
- c. A Program Attachment's term cannot extend past the Contract term in its associated Contract.

Section 17.02 Effect of Termination.

- a. Upon termination of this Contract or Program Attachment, as applicable, Subcontractor shall cooperate with STDC to the fullest extent possible to ensure the orderly and safe transfer of responsibilities under this Contract or Program Attachment, as applicable to STDC or another entity designated by STDC/DSHS.
- b. Upon termination of all or part of this Contract, STDC and Subcontractor shall be discharged from any further obligation created under the applicable terms of this Contract or the Program Attachment, as applicable except for the equitable settlement of the respective accrued interests or obligations incurred prior to termination and for Subcontractor's duty to cooperate with STDC, and except as provided in the Survivability of Terms section of the General Terms Article.
- c. Termination does not, however, constitute a waiver of any remedies for breach of this Contract. In addition, Subcontractor's obligations to retain records and maintain confidentiality of information will survive this Contract.

Section 17.03 Termination or Temporary Suspension Without Cause.

- a. Either Party may terminate this Contract or a Program Attachment, as applicable, with at least thirty (30) calendar days prior written notice to the nonterminating Party.
- b. If Subcontractor seeks to terminate a Contract or Program Attachment that involves residential client services, Subcontractor shall give the STDC at least ninety (90) calendar days prior written notice and shall submit a transition plan to ensure client services are not disrupted.
- c. The Parties may terminate this Contract or a Program Attachment by mutual agreement.
- d. STDC may temporarily suspend or terminate this Contract or a Program Attachment if funds become unavailable through lack of appropriations, budget cuts, transfer of funds between programs or health and human services agencies, amendments to the Appropriations Act, health and human services consolidations, or any disruption of current appropriated funding for this Contract or Program Attachment. Subcontractor shall be notified in writing of any termination or temporary suspension and of any cessation of temporary suspension. Upon notification of temporary suspension, Subcontractor will discontinue performance under the Contract as of the effective date of the suspension, for the duration of the suspension.

Section 17.04 Immediate Termination. STDC may terminate this Contract or a Program Attachment immediately when, in the sole determination of STDC, termination is in the best interest of the STDC, the Department and the State of Texas.

Section 17.05 Termination For Cause. STDC may immediately terminate this Contract, in whole or in part, for breach of contract or for any other conduct that jeopardizes the Contract objectives, by giving at least ten (10) calendar days written notice to Subcontractor. Such conduct may include one or more of the following:

- a. Subcontractor has failed to adhere to any laws, ordinances, rules, regulations or orders of any public authority having jurisdiction;
- b. Subcontractor fails to communicate with STDC or fails to allow its employees or those of its Subcontractor to communicate with STDC as necessary for the performance or oversight of this Contract;
- c. Subcontractor breaches a standard of confidentiality with respect to the services provided under this Contract;
- d. STDC determines that Subcontractor is without sufficient personnel or resources to perform under this Contract or that Subcontractor is otherwise unable or unwilling to fulfill any of its requirements under this Contract or exercise adequate control over expenditures or assets;

- e. STDC determines that Subcontractor, its agent or another representative offered or gave a gratuity (e.g., entertainment or gift) to an official or employee of STDC, DSHS or HHSC for the purpose of obtaining a contract or favorable treatment;
- f. STDC determines that this Contract includes financial participation by a person who received compensation from STDC or DSHS to participate in developing, drafting or preparing the specifications, requirements or statement(s) of work or Solicitation Document on which this Contract is based in violation of Tex. Gov. Code §2155.004; or the STDC determines that Subcontractor was ineligible to receive this Contract under Tex. Gov. Code §§ 2155.006 or 2261.053 related to certain disaster response contracts;
- g. Subcontractor appears to be financially unstable. Indicators of financial instability may include one or more of the following:
 - 1. Subcontractor fails to make payments for debts;
 - 2. Subcontractor makes an assignment for the benefit of its creditors;
 - 3. Subcontractor admits in writing its inability to pay its debts generally as they become due;
 - 4. If judgment for the payment of money in excess of \$50,000 (that is not covered by insurance) is rendered by any court or governmental body against Subcontractor, and Subcontractor does not
 - i. Discharge the judgment or
 - ii. Provide for its discharge in accordance with its terms, or
 - iii. Procure a stay of execution within ten (10) calendar days from the date of entry of the judgment, or
 - iv. If execution is stayed, within the ten (10)-day period or a longer period during which execution of the judgment has been stayed, within the ten (10)-day period or a longer period during which execution of the judgment has been stayed, appeal from the judgment and cause the execution to be stayed during such appeal while providing such reserves for the judgment as may be required under Generally Accepted Accounting Principles;
 - 5. A writ or warrant of attachment or any similar process is issued by any court against all or any material portion of the property of Subcontractor, and such writ or warrant of attachment or any similar process is not released or bonded within ten (10) calendar days after its issuance;
 - 6. Subcontractor is adjudicated bankrupt or insolvent;
 - 7. Subcontractor files a case under the Federal Bankruptcy Code or seeks relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, receivership or liquidation law of any jurisdiction then in effect, or consents to the filing of any case or petition against it under any such law;
 - 8. Any property or portion of the property of Subcontractor is sequestered by court order and the order remains in effect for more than ten (10) calendar days after Subcontractor obtains knowledge of the sequestration;
 - 9. A petition is filed against Subcontractor under any state reorganization, arrangement, insolvency, readjustment of debt, dissolution, receivership or liquidation law of any jurisdiction then in effect, and the petition is not dismissed within ten (10) calendar days; or
 - 10. Subcontractor consents to the appointment of a receiver, trustee, or liquidator of Subcontractor or of all or any part of its property;
- h. Subcontractor's management system does not meet the UGMS management standards; or
- i. Any required license, certification, permit, registration or approval required to conduct Subcontractor's business or to perform services under this Contract is not obtained or is revoked, is surrendered, expires, is not renewed, is inactivated or is suspended.

Section 17.06 Notice of Termination. Either Party may deliver written notice of intent to terminate by any verifiable method. If either Party gives notice of its intent to terminate all or a part of this Contract, STDC and Subcontractor shall attempt to resolve any issues related to the anticipated termination in good faith during the notice period. Notice of termination is effective when it is received by the non-terminating party.

ARTICLE XVIII VOID, SUSPENDED, AND TERMINATED CONTRACTS

Section 18.01 Void Contracts. STDC may void this Contract upon determination that the award was obtained fraudulently or was otherwise illegal or invalid from its inception.

Section 18.02 Effect of Void, Suspended, or Involuntarily Terminated Contract. A Subcontractor who has been a party to a contract with STDC that has been found to be void, or is suspended, or is terminated for cause is not eligible for any renewal or increase of funding for an existing contract, or new contracts or renewals until, in the case of suspension or termination, the STDC has determined that Subcontractor has satisfactorily resolved the issues underlying the suspension or termination. Additionally, if this Contract is found to be void, any amount paid to the Subcontractor is subject to recoupment by STDC/DSHS.

Section 18.03 Appeals Rights for Funded Block Grants. Pursuant to Texas Government Code §2105.302, after receiving notice from the STDC or DSHS of termination of a contract with STDC or DSHS funded by block grant funds, Subcontractor may request an administrative hearing under Texas Government Code Chapter 2001.

ARTICLE XIX CLOSEOUT

Section 19.01 Cessation of Services at Closeout. Upon expiration or termination of this Contract or Program Attachment, as applicable, (and any renewals of the Contract or Program Attachment) on its own terms, Subcontractor shall stop providing services or the delivery of goods under this Contract or Program Attachment; and shall cooperate with STDC to the fullest extent possible upon expiration or prior to expiration, as necessary, to ensure the orderly and safe transfer of responsibilities under the Contract to STDC or another entity designated by STDC. Upon receiving notice of Contract or Program Attachment termination or non-renewal, the Subcontractor shall immediately begin to effect an orderly and safe transition of recipients of services to alternative service providers, as needed. Subcontractor also shall completely cease providing services under this Contract or Program Attachment by the date specified in the termination or non-renewal notice. Subcontractor shall not bill STDC and/or DSHS for services performed or goods delivered after termination or expiration of this Contract or Program Attachment, or incur any additional expenses once this Contract or Program Attachment is terminated or has expired. Upon termination, expiration of this Contract or a Program Attachment, Subcontractor shall immediately initiate Closeout activities described in this Article.

Section 19.02 Administrative Offset. The STDC shall have the right to administratively offset amounts owed by Subcontractor against any invoice submitted for payment.

Section 19.03 Deadline for Closeout. Subcontractor shall submit all financial, performance, and other Closeout reports required under the Contract within thirty (30) calendar days after the Contract or Program Attachment end date, if applicable, has terminated. Unless otherwise provided under the Final Billing Submission section of the Payment Methods and Restrictions Article, the STDC is not liable for any claims that are not received within thirty (30) calendar days after the Contract or Program Attachment end date.

Section 19.04 Payment of Refunds. Any funds paid to the Subcontractor in excess of the amount to which the Subcontractor is finally determined to be entitled under the terms of this Contract constitute a debt to the STDC and will result in a refund due, which Subcontractor shall pay any amount due within the time period established by the STDC.

Section 19.05 Disallowances and Adjustments. The Closeout of this Contract or Program Attachment does not affect the STDC's right to disallow costs and recover funds on the basis of a later audit or other review or the Subcontractor's obligation to return any funds due as a result of later refunds, corrections, or other transactions.

**FISCAL YEAR 2017-2018
ADDITIONAL PROVISIONS**

ARTICLE XX DSHS GENERAL PROVISIONS

In addition to the terms and conditions in the Department of State Health Services (DSHS or Department) FY2017 General Provisions (General Provisions), Subcontractor agrees to comply with these 2017 Federal Grant Subrecipient Additional Provisions.

ARTICLE XXI PROGRAM OPERATIONS

Section 21.01 Client Financial Eligibility. Where applicable, Subcontractor shall use financial eligibility criteria, financial assessment procedures and standards developed by the Department to determine client eligibility.

Section 21.02 Contracts with Subrecipient and Vendor Subcontractors.

- a. Subcontractor may enter into contracts with subrecipient and vendor subcontractors unless restricted or otherwise prohibited in a specific Program Attachment(s).
- b. Prior to entering into a subrecipient agreement equaling or exceeding \$100,000, Subcontractor shall obtain written approval from STDC.
- c. Subrecipient and Vendor Subcontractor shall establish written policies and procedures for competitive procurement and monitoring of vendor subcontracts and shall produce a subcontracting monitoring plan.
- d. Subcontractors shall monitor subrecipient and/or vendor subcontractors for both financial and programmatic performance and shall maintain pertinent records that must be available for inspection by STDC and the Department.
- e. Subcontractor shall ensure that vendor subcontractors are fully aware of the requirements placed upon them by state/federal statutes, rules, and regulations and by the provisions of this Contract.
- f. Contracts with all Subcontractors, whether vendor or subrecipient, must be in writing and include the following:
 1. Name and address of all parties and the subcontractor's Vendor Identification Number (VIN) or Employee Identification Number (EIN);
 2. A detailed description of the services to be provided;
 3. Measurable method and rate of payment and total not-to-exceed amount of contract;
 4. Clearly defined and executable termination clause; and
 5. Beginning and ending dates that coincide with the dates of the applicable Contract or Program Attachment(s).
- g. Subcontractor is responsible to STDC and DSHS for the performance of any subrecipient and vendor subcontractor.
- h. Subcontractor shall not contract with a subrecipient or vendor subcontractor, at any tier, that is debarred, suspended, or excluded from or ineligible for participation in federal assistance programs; or if the subcontractor would be ineligible under Section 12.05 - Ineligibility to Receive the Contract, Section 14.03 - Conflict of Interest and Section 14.04 - Transactions Between Related Parties of the General Provisions.

Section 21.03 Status of Subcontractors. Subcontractor shall require that all subrecipient and vendor subcontractors to certify that/have:

- a. In good standing with all state and federal funding and regulatory agencies;
- b. Not currently debarred, suspended or otherwise excluded from participation in federal grant programs;
- c. Not delinquent on any repayment agreements;
- d. Not had a required license or certification revoked;
- e. Not ineligible under the following sections of these General Provisions: Ineligibility to Receive the Contract (Assurance and Certifications Article) or the Conflict of Interest or Transactions Between Related Parties sections (General Terms Article); and
- f. Not had a contract terminated by the Department.

Subcontractors shall further require that vendor subcontractors certify that they have not voluntarily surrendered within the past three years any license issued by the Department.

Section 21.04 Incorporation of Terms in Subrecipient and Vendor Subcontracts.

- a. Subcontractor shall include in all its contracts with subrecipient/vendor subcontractors and solicitations for subrecipient subcontracts, without modification (except as required to make applicable to the subcontractor):
 - 1. Assurances and Certifications in Article XII of the General Provisions;
 - 2. Section 14.03 and 14.04 of the General Provisions; and
 - 3. A provision granting to DSHS, SAO, OIG, and the Comptroller General of the United States, and any of their representative, the right of access to inspect the work and the premises on which any work is performed, and the right to audit the subcontractor in accordance with Article X of the General Provisions.
- b. Each subrecipient and vendor subcontract contract must also include a copy of these General Provisions and a copy of the Statement of Work and any other provisions in the Program Attachment(s) applicable to the subcontract.
- c. Subcontractor shall ensure that all written agreements with the subrecipient and vendor subcontractors incorporate the terms of this Contract so that all terms, conditions, provisions, requirements, duties and liabilities under this Contract applicable to the services provided or activities conducted by a Subcontractor are passed down to that subrecipient and vendor subcontractor.
- d. No provision of this Contract creates privity of contract between STDC and any subrecipient/vendor subcontractor of Subcontractor.
- e. If a subcontractor is unable to certify (or status changes during contract term) to any of the statements in Section 14.03 and 14.04 or any of the certifications stated in Article XII of the General Provisions, Subcontractor shall submit an explanation to program manager assigned to the contract at STDC.

Section 21.05 Quality Management. Subcontractor shall comply with quality management requirements as directed by STDC and the Department.

Section 21.06 Amendment(s). The Parties agree that STDC and the Department may unilaterally reduce funds pursuant to the terms of this Contract without the written agreement of Subcontractor. All amendments to this Contract must be in writing with justification and agreed to by both Parties, except as otherwise specified in the Subcontractor's Notification of Change to Certain Contract Provisions section or the Subcontractor's Request for Revision to Certain Contract Provisions section of this Article. Subcontractor's request for certain budget revisions or other amendments must be submitted in writing, including a justification for the request, to program manager at STDC assigned to the Program Attachment; and if a budget revision or amendment is requested during the last quarter of the Contract or Program Attachment term, as applicable, Subcontractor's written justification must include a reason for the delay in making the request. Revision or other amendment requests may be granted at the discretion of STDC and DSHS. Except as otherwise provided in this Article, Subcontractor shall not perform or produce, and STDC and DSHS will not pay for the performance or production of, different or additional goods, services, work or products except pursuant to an amendment of this Contract that is executed in compliance with this section; and DSHS will not waive any term, covenant, or condition of this Contract unless by amendment or otherwise in compliance with this Article.

Section 21.07 Subcontractor's Notification of Change to Certain Contract Provisions. The following changes may be made to this Contract without a written amendment or the STDC's prior approval:

- a. Cumulative budget line item transfers that do not exceed 25% among direct cost categories other than the equipment category, of cost reimbursement contract Program Attachments of less than \$100,000, provided that the total budget amount is unchanged. (This subsection does not apply to contracts funded by funding sources that have different percentage requirements). Subcontractor shall submit notification through letter to STDC indicating changes and transfers made. The letter should be sent with reimbursement request during the month it occurred;
- b. Minor corrections or clarifications to the Contract language that in no way alter the scope of work, objectives or performance measures; and
- c. A change in the Subcontractor's share of the budget concerning non-DSHS funding other than program income and match, regardless of the amount of the change, provided that in changing the budget, Subcontractor is not supplanting STDC/DSHS funds.

Subcontractor within ten (10) calendar days shall notify in writing the STDC's Program Manager assigned to the Program Attachment of any change enumerated in this section, but the contract will not be amended. The notification may be by letter, fax or email. Except for contracts funded by funding sources that have different percentage requirements, cumulative budget line items transfers of 25% or less among direct cost categories, other than equipment, of cost reimbursement contracts of any amount do not require written amendment or prior approval or notification.

Section 21.08 Subcontractor's Request for Revision of Certain Contract Provisions. A Subcontractor's Revision Request is an alternative method for amending certain specified provisions of this Contract that is initiated by the Subcontractor, but must be approved by STDC. The following amendments to this Contract may be made through a Subcontractor's Revision Request, rather than through the amendment process described in the Amendment section of this Article:

- a. Cumulative budget line item transfers among direct cost categories, other than the equipment category, that exceeds 25% of Program Attachments of \$100,000 or more; provided that the total budget amount is unchanged. (This subsection does not apply to contracts funded by funding sources that have different percentage requirements);
- b. Budget line item transfer to other categories of funds for direct payment to trainees for training allowances;
- c. Change in clinic hours or location;
- d. Change in equipment list substituting an item of equipment equivalent to an item of equipment on the approved budget;
- e. Changes in the equipment category of a previously approved equipment budget;
- f. Changes specified in applicable OMB Circular cost principles as requiring prior approval, regardless of dollar threshold (e.g. foreign travel expenses, overtime premiums, membership fees); and
- g. cumulative budget transfers into or out of the equipment category that do not exceed 10% of any Program Attachment, provided that the total budget amount is unchanged (cumulative transfers from or to the equipment category that equal or exceed 10% of any Program Attachment require an amendment to this Contract as described in the Amendment section of this Article).

In order to request a revision of any of the enumerated provisions, Subcontractor shall obtain a Contract Revision Request Form from STDC and complete the form as directed by the STDC and/or the Department. Two copies of the completed form must be signed by Subcontractor's representative who is authorized to sign contracts on behalf of Subcontractor, and both original, signed forms must be submitted to the STDC. Any approved revision will not be effective unless signed by STDC's Executive Director. A separate Subcontractor Revision Request is required for each Program Attachment to be revised. Circumstances of a requested contract revision may indicate the need for an amendment described in the Amendment section of this Article rather than a contract revision amendment under this section.

Section 21.09 Responsibilities and Restrictions Concerning Governing Board, Officers, and Employees.

- a. Subcontractor and its governing body, shall bear full responsibility for the integrity of the fiscal and programmatic management of the organization. This provision applies to all organizations, including Section 501(c)(3) organizations as defined in the Internal Revenue Service Code as not-for-profit organizations.
- b. Each member of Subcontractor's governing body shall be accountable for all funds and materials received from STDC. The responsibility of Subcontractor's governing body shall also include accountability for compliance with STDC and Department Rules, policies, procedures, and applicable federal and state laws and regulations; and correction of fiscal and program deficiencies identified through self-evaluation, STDC and Department's monitoring processes. Subcontractor's governing body shall ensure separation of powers, duties, and functions of governing body members and staff. Staff members, including the executive director, shall not serve as voting members of the Subcontractor's governing body.
- c. No member of Subcontractor's governing body, or officer or employee of Subcontractor shall vote for, confirm or act to influence the employment, compensation or change in status of any person related within the second degree of affinity or the third degree of consanguinity (as defined in Texas Government Code Chapter 573) to the member of the governing body or the officer or any employee authorized to employ or supervise such person. This prohibition does not prohibit the continued employment of a person who has been continuously employed for a period of two (2) years prior to the election, appointment or employment of the officer, employee, or governing body member related to such person in the prohibited degree. These restrictions shall also apply to the governing body, officers and employees of Subcontractor's subrecipients and vendor subcontractors. Ignorance of any Contract provisions or other requirements contained or referred to in this Contract will not constitute a defense or basis for waiving or appealing such provisions or requirements.

Section 21.10 Direct Operation. At the STDC's and DSHS's discretion, STDC and/or DSHS may temporarily assume operations of a Subcontractor's program or programs funded under this Contract when the continued operation of the program by Subcontractor puts at risk the health and safety of clients and/or participants served by the Subcontractor.

ARTICLE XXII PROGRAM EQUIPMENT AND SUPPLIES

Section 22.01 Equipment (Including Controlled Assets). Equipment means an article of nonexpendable, tangible personal property having a useful lifetime of more than one year and a per unit acquisition cost that exceeds the lesser of the capitalization level established by the of \$5,000 or more. Subcontractors shall inventory all equipment, and report the inventory on the Contractors Property Inventory Form or Form GC-11 as required under Section 22.04.

Subcontractor shall initiate the purchase of all equipment approved in writing by STDC and/or Department, in the first quarter of the Contract or Program Attachment term, as applicable. Failure to timely initiate the purchase of equipment may result in loss of availability of funds for the purchase of equipment. Requests to purchase previously approved equipment after the first quarter of the Program Attachment must be submitted to the STDC assigned to the Program Attachment.

Section 22.02 Equipment List.

- a. All items of equipment to be purchased with funds under this Contract must be itemized in Subcontractor's equipment list as finally approved by STDC and the Department in the executed Contract. The equipment list must include:
 1. Description of the property;
 2. Serial number of the property;
 3. Source of funding for the property (including the Federal Assistance Identification Number);
 4. Who holds title;
 5. Acquisition date and cost of the property;
 6. Percentage of Federal participation in the project cost for the Federal Award under which the property was acquired;
 7. Location use and condition of the property; and
 8. Any ultimate disposition data including the date of disposal and sale price of property. Any changes to the approved equipment list in the executed Contract must be approved in writing by STDC prior to purchase of equipment.
- b. Subcontractor shall submit to STDC assigned to the Program Attachment, a written description including complete product specifications and need justification prior to purchasing any item of unapproved equipment. If approved STDC and the Department will acknowledge its approval by means of a written amendment or by written acceptance of Subcontractor's Contract Revision Request, as appropriate; or, in the case of minor changes to Subcontractor's approved equipment list, by email in accordance with DSHS Contractor's Financial Procedures Manual.

Section 22.03 Supplies.

- a. Supplies are defined as consumable items necessary to carry out the services under this Contract including medical supplies, drugs, janitorial supplies, office supplies, patient educational supplies, software, and any items of tangible personal property other than those defined as equipment above.
- b. Tangible personal property includes controlled assets, including firearms, regardless of the acquisition costs, and the following assets with an acquisition cost of \$500 or more, but less than \$5,000; desktop and laptop computers (including notebooks, tablets and similar devices), non-portable printers and copiers, emergency management equipment, communication devices and systems, medical and laboratory equipment, and media equipment are also considered Supplies.
- c. Prior approval of DSHS of the purchase of controlled assets is not required, but such purchases must be reported on the Subcontractors Property Inventory Form or Form GC-11 as detailed under Section 22.04.

Section 22.04 Property Inventory and Protection of Assets. Subcontractor shall maintain an inventory of equipment, supplies defined as controlled assets, and property described in the Other Intangible Property Section 14.06 of the General Provisions and submit an annual cumulative report of the equipment and other property on Form GC-11 (Contractor's Property Inventory Report) to STDC at mrodriguez@stdc.cog.tx.us and Department's Contract Oversight and Support Section, Mail Code 1326, P.O. Box 14937, Austin, Texas 78714-9347, no later than **October 10th** of each year. The report is located on the DSHS website at <http://www.dshs.state.tx.us/contracts/forms.shtm>. Subcontractor shall maintain, repair, and protect assets under this Contract to assure their full availability and usefulness. If Subcontractor is indemnified, reimbursed, or otherwise compensated for any loss of, destruction of, or damage to the assets provided or obtained under this Contract, Subcontractor shall use the proceeds to repair or replace those assets.

Section 22.05 Assets as Collateral Prohibited. Subcontractors on a cost reimbursement payment method shall not encumber equipment purchased with Department funds without prior written approval from STDC and the Department.

ARTICLE XXIII PROGRAM FUNDS AND PAYMENTS

Section 23.01 Use of Funds. Subcontractor agrees that it shall expend STDC funds only for the provision of approved services and for reasonable and allowable expenses directly related to those services.

Section 23.02 Use for Match Prohibited. Subcontractor shall not use funds provided through this Contract for matching purposes in securing other funding unless directed or approved by the Department in writing.

Section 23.03 Program Income.

- a. Gross income directly generated from Department funds through a project or activity performed under a Contract/Program Attachment and/or earned only as a result of this Contract/Program Attachment during its term is considered program income.
- b. Unless otherwise required under the terms of the grant funding this Contract, Subcontractor shall use the addition alternative, as provided in Uniform Grant Management Standards § .25(g)(2), for the use of program income to further the program objectives of the state or federal statute that provided the authority of this Contract or its Program Attachment, and Subcontractor shall spend the program income on the same Program Attachment or Statement of Work project in which it was generated.
- c. Subcontractor shall identify and report this income in accordance with the Compliance and Reporting Article of these General Provisions, the Contractor's Financial Procedures Manual located at <http://www.dshs.state.tx.us/contracts/cfpm.shtm> and the provisions of the Program Attachment(s).
- d. Subcontractor shall expend program income during the Program Attachment term and may not carry forward to any succeeding term. Subcontractor shall refund program income not expended in the term in which it is earned to DSHS.
- e. STDC and DSHS may base future funding levels, in part, upon Subcontractor's proficiency in identifying, billing, collecting, and reporting program income, and in using it for the purposes and under the conditions specified in this Contract.

Section 23.04 Nonsupplanting. Subcontractor shall not use funds from this Contract to replace or substitute existing funding from other sources that also supports the activities that are the subject of this Contract but rather shall use funds from this Contract to supplement existing state or local funds currently available for a particular activity. Subcontractor shall make a good faith effort to maintain its current level of support. Subcontractor may be required to submit documentation substantiating that a reduction in state or local funding, if any, resulted for reasons other than receipt or expected receipt of funding under this Contract.

Section 23.05 Payment Methods. The General Provision, Section 5.01 is replaced with the following: Except as otherwise provided by the provisions of this Contract and the Program Attachment(s), the payment method for it will be cost reimbursement. This payment method is based on an approved budget in the Contract or its Program Attachment(s) and acceptable submission of a request for reimbursement.

Section 23.06 Financial Status Reports (FSRs). Except as otherwise provided in these General Provisions or in these General Provisions or in the terms of the Contract or Program Attachment(s), if a contract has a categorical budget, Subcontractor shall submit monthly FSRs to STDC, Attn: Maribel Rodriguez, Program Coordinator, P.O. Box 2187, Laredo, Texas 78044-2187, by the fifteen (15th) calendar day of the month, following the end of prior month of the Program Attachment term for STDC's review and financial assessment. The final FSR must be submitted to STDC no later than thirty (30) days following the end of the applicable contract term.

Section 23.07 Invoice/Billing Submission.

1. Subcontractors shall bill the STDC in accordance with the Contract and the Program Attachment(s) in the form and format prescribed by STDC. If applicable, the Subcontractor must submit all of required documentation, reports, forms, and/or deliverables in order to receive payment from STDC.

2. Unless otherwise specified in the Contract and the Program Attachment(s) or permitted under the Third Party Payors, Subcontractor shall submit requests for reimbursement or payment monthly within fifteen (15) calendar days following the end of the month covered by the bill or upon special request.
3. Subcontractor shall maintain all documentation that substantiates billing submissions and make the documentation available to STDC upon request.

Section 23.08 Final Invoice/Billing Submission. Unless otherwise provided by the STDC per special request, Subcontractor shall submit a reimbursement or payment request as a final close-out bill not later than thirty (30) calendar days following the end of the term of the Contract and the Program Attachment for goods received and services rendered during the term. In order to process the final payment, Subcontractors are required to submit final billing and final expenditure reports with supporting documentation by the date requested or approved. If necessary to meet this deadline, Subcontractor may submit reimbursement or payment requests electronically or by facsimile transmission. Reimbursement or payment requests received in STDC's offices more than thirty (30) calendar days following the end of the applicable term will not be paid. Consideration of requests for an exception will be made on a case-by-case basis, subject to the availability of funding, and only for an extenuating circumstance, such as, a catastrophic event, natural disaster, or criminal activity that substantially interferes with normal business operations, or causes damage or destruction of a place of business and/or records. A written statement describing the extenuating circumstance and the last request for reimbursement must be submitted to the STDC Accounting Department for review and approval.

Section 23.09 Working Capital Advance. If necessary, if allowed by law, and if permitted at the Department's sole discretion, Subcontractor's requests for an advance of funds shall be limited to the minimum amount needed for effective accomplishments of the Project under this Contract, and shall be timed as closely as under this Contract and shall be timed as closely as possible to actual cash requirements. Subcontractor shall establish procedures to minimize the time elapsing between the transfer of funds from STDC to Subcontractor, and shall ensure that such funds are disbursed as soon as administratively possible.

Section 23.10 Condition Precedent to Requesting Payment. Subcontractor shall disburse program income, rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting cash payments including any advance payments from STDC.

Section 23.11 Management and Control Systems.

- a. Subcontractor shall maintain an appropriate contract administration system to insure that all terms, conditions, and specifications are met during the term of the contract through the completion of the close-out procedures.
- b. Subcontractor shall develop, implement, and maintain financial management and control systems that meet or exceed the requirements of UGMS. Those requirements and procedures include, at a minimum, the following:
 1. Financial planning, including the development of budgets that adequately reflect all functions and resources necessary to carry out authorized activities and the adequate determination of costs;
 2. Financial management systems include accurate accounting records that are accessible and identify the source and application of funds provided under each Program Attachment of this Contract, and original source documentation substantiating that costs are specifically and solely allocable to a Contract and its Program Attachment and are traceable from the transaction to the general ledger;
 3. Effective internal and budgetary controls;
 4. Comparison of actual costs to budget; determination of reasonableness, allowableness and allocability of costs;
 5. Timely and appropriate audits and resolution of any findings;
 6. Billing and collection policies; and
 7. Mechanism capable of billing and making reasonable efforts to collect from clients and third parties.

Section 23.12 Effect of Close Out. Subcontractor must submit all requests for reimbursement prior to the date of the closure of the grant. STDC may reject any request for reimbursement submitted after closure of the grant.

ARTICLE XXIV ALLOWABLE COSTS AND AUDIT REQUIREMENTS

Section 24.01 Allowable Costs.

- a. Except as provided by Section 23.06, STDC will reimburse Subcontractor for services satisfactorily performed, and sufficiently documented, pursuant to this Contract. STDC will reimburse Subcontractor for allowable costs.
- b. Subcontractor must have incurred a cost prior to claiming reimbursement and within the applicable term to be eligible for reimbursement under this Contract.

- c. STDC will determine whether costs submitted by Subcontractor are allowable and eligible for reimbursement.
- d. If STDC has paid funds to Subcontractor for unallowable or ineligible costs, STDC will notify Subcontractor in writing, and Subcontractor shall return the funds to STDC within thirty (30) calendar days of the date of this written notice.
- e. STDC may withhold all or part of any payments to Subcontractor to offset reimbursement for any unallowable or ineligible expenditures that Subcontractor has not refunded to STDC, or if financial status report(s) required under the Financial Status Reports Section are not submitted by the due date(s). STDC may take repayment (recoup) from funds available under this Contract in amounts necessary to fulfill Subcontractor's repayment obligations. Applicable cost principles, audit requirements, and administrative requirements include:

Applicable Cost Principles, Audit Requirements and Administrative Requirements

Applicable Entity	Applicable Cost Principles	Audit Requirements	Administrative Requirements
State, Local and Tribal Governments	OMB Circular A-87 (2 CFR, Part 225)	OMB Circular A-133 and UGMS	UGMS, OMB Circular A-102, and applicable Federal awarding agency common rule
Educational Institutions	OMB Circular A-21 (2 CFR, Part 220)	OMB Circular A-133 and UGMS	OMB Circular A-110 (2 CFR, Part 215) and applicable Federal awarding agency common rule; and UGMS, as applicable
Non-Profit Organizations	OMB Circular A-122 (2 CFR, Part 230)	OMB Circular A-133 and UGMS	UGMS; OMB Circular A-110 (2 CFR, Part 215) and applicable Federal awarding agency common rule
For-profit Organization other than a hospital and an organization named in OMB Circular A-122 (2 CFR Part, 230) as not subject to that circular.	48 CFR Part 31, Contract Cost Principles Procedures, or uniform cost accounting standards that comply with cost principles acceptable to the federal or state awarding agency	OMB Circular A-133 and UGMS	UGMS and applicable Federal awarding agency common rule

A chart of applicable Federal awarding agency common rules is located through a weblink on the DSHS website at <http://www.dshs.state.tx.us/contracts/links.shtm>. OMB Circulars will be applied with the modifications prescribed by UGMS with effect given to whichever provision imposes the more stringent requirement in the event of a conflict. The Contract will specify appropriate grant guidance.

Section 24.02 Property Acquisitions. STDC and Department funds may not be used to purchase buildings or real property. Any costs related to the initial acquisition of the buildings or real property are not allowable.

Section 24.03 Cost Allocation Plan.

- a. Subcontractor shall implement and follow the applicable Cost Allocation Plan.
- b. Subcontractor shall submit a Cost Allocation Plan to STDC on the format provided in the Department's Contractor's Financial Procedures Manual to the STDC at 1002 Dicky Lane, Laredo, Texas 78043; and Department's Contract Oversight and Support Section at Mail Code 1326, P.O. Box 14937, Austin, Texas 78714-9347, or by email to sergio@stdc.cog.tx.us and <mailto:coscap@dshs.state.tx.us> no later than the 60th calendar day after the effective date of the Contract, except when a Subcontractor has a current Cost Allocation Plan on file with the Department. If Subcontractor's plan is the same as the plan previously submitted to STDC and DSHS, by signing this Contract, Subcontractor certifies that its current Cost Allocation Plan for the current year is the same as the plan previously submitted.

- c. If the Cost Allocation Plan changes during the Contract term, Subcontractor shall submit a new Cost Allocation Plan to the STDC and the Subcontractor Oversight and Support Section within thirty (30) calendar days after the effective date of the change. Cost Allocation Plan must comply with the guidelines provided in the Department's Contractor's Financial Procedures manual located at <http://www.dshs.state.tx.us/contracts/cfpm.shtm>.

Section 24.04 Overtime Compensation. Except as provided in this section, Subcontractor shall be responsible for any obligations of premium overtime pay due employees. Premium overtime pay is defined as any compensation paid to an individual in addition to the employee's normal rate of pay for hours worked in excess of normal working hours.

Funds provided under this Contract may be used to pay the premium portion of overtime only under the following conditions:

- a. With the prior written approval of STDC and DSHS;
- b. Temporarily, in the case of an emergency or an occasional operational bottleneck;
- c. When employees are performing indirect functions, such as administration, maintenance, or accounting;
- d. In performance of tests, laboratory procedures, or similar operations that are continuous in nature and cannot reasonably be interrupted or otherwise completed; or
- e. When lower overall cost to STDC and DSHS will result.

Section 24.05 Independent Single or Program-Specific Audit.

- a. If Subcontractor within Subcontractor's fiscal year expends a total amount of at least \$750,000 in federal funds awarded, Subcontractor shall have a single audit or program-specific audit in accordance with the Office of Management and Budget (OMB) 2 CFR § 200.501. The \$750,000 federal threshold amount includes federal funds passed through by way of state agency awards.
- b. If Subcontractor within Subcontractor's fiscal year expends a total amount of at least \$750,000 in state funds awarded, Subcontractor must have a single audit or program-specific audit in accordance with UGMS, State of Texas Single Audit Circular.
- c. For-profit Subcontractors whose expenditures meet or exceed the federal and/or state expenditure thresholds stated above shall follow the guidelines in 2 CFR § 200.501 or UGMS, as applicable, for their program specific-audits.
- d. The HHSC Office of Inspector General (OIG) will notify Subcontractor to complete the Single Audit Determination Registration Form.
- e. If Subcontractor fails to complete the Single Audit Status Form within thirty (30) calendar days after notification by OIG to do so, Subcontractor shall be subject to STDC and DSHS sanctions and remedies for non-compliance with this Contract.
- f. The audit must be conducted by an independent certified public accountant and in accordance with applicable OMB Circulars, Government Auditing Standards, and Uniform Grant Management Standards (UGMS), which is accessible through weblink on the DSHS website at <http://www.dshs.state.tx.us/contracts/links.shtm>.
- g. Subcontractor shall procure audit services in compliance with this section, state procurement procedures, as well as with the provisions of UGMS. Subcontractor, unless Subcontractor is a state governmental entity, shall competitively re-procure independent single audit services at every six (6) years.

Section 24.06 Submission of Audit. Within thirty (30) calendar days of receipt of the audit reports required by the Independent Single or Program-Specific Audit section, Subcontractor shall submit one copy to the South Texas Development Council, the Department's Contract Oversight and Support Section, and one copy to the Texas Health and Human Services Commission (HHSC), Office of Inspector General (OIG), at the following addresses:

South Texas Development Council
Attn: Sergio Vigil, Director of Finance
P.O. Box 2187
Laredo, Texas 78044-2187

Texas Health and Human Services Commission
Office of Inspector General
Compliance/Audit Mail Code 1326
P.O. Box 85200
Austin, Texas 78708-5200

Department of State Health Services
Contract Oversight and Support, Mail Code 1326
P.O. Box 149347
Austin, Texas 78714-9347

Electronic submission to STDC should be addressed as follows: sergiiov@stdc.cog.tx.us. Electronic submission to DSHS should be addressed as follows: COSSContractAdministration@dshs.state.tx.us. Electronic submission to HHSC should be addressed as follows: Dani.fielding@hhsc.state.tx.us. If the Subcontractor fails to submit the audit report as required by the Independent Single or Program-Specific Audit section within thirty (30) calendar days of receipt by Subcontractor of an audit report, Subcontractor shall be subject to STDC/DSHS sanctions and remedies for non-compliance with this Contract.

ARTICLE XXV INSURANCE AND BONDS

Section 25.01 Insurance.

In addition to the Insurance provision in Section 14.25 of the General Provisions, Subcontractor shall maintain insurance or other means of repairing or replacing assets purchased with STDC and Department funds.

Subcontractor shall repair or replace with comparable equipment any such equipment not covered by insurance that is lost, stolen, damaged or destroyed. If any insured equipment purchased with STDC and DSHS funds is lost, stolen, damaged or destroyed, Subcontractor shall notify the STDC assigned to the Program Attachment within five (5) business days of learning of the loss, to obtain instructions whether to submit and pursue an insurance claim. Subcontractor shall use any insurance proceeds to repair the equipment or replace the equipment with comparable equipment or remit the insurance proceeds to DSHS.

Section 25.02 Fidelity Bond.

- a. For the benefit of DSHS, Subcontractor is required to carry a fidelity bond or insurance coverage equal to the amount of funding provided under this Contract up to \$100,000 that covers each employee of Subcontractor handling funds under this Contract, including person(s) authorizing payment of such funds.
- b. The fidelity bond or insurance shall provide for indemnification of losses occasioned by any fraudulent or dishonest act or acts committed by any of Subcontractor's employees, either individually or in concert with others, and/or failure of Subcontractor or any of its employees to perform faithfully his/her duties or to account properly for all monies and property received by virtue of his/her position or employment. The bond or insurance acquired under this section must include coverage for third party property.
- c. Subcontractor shall notify, and obtain prior approval from, the STDC and the DSHS Subcontractor Oversight and Support Section before settling a claim on the fidelity bond or insurance.

Section 25.03 Liability Coverage. For the benefit of DSHS, Subcontractor shall at all times maintain liability insurance coverage, referred to in Texas Government Code § 2261.102, as "director and officer liability coverage," or similar coverage for all persons in management or governing positions within Subcontractor's organization or with management or governing authority over Subcontractor's organization (collectively "responsible persons"). This section applies to entities that are organized as non-profit organizations under the Texas Non-Profit Corporation Act; for-profit corporations organized under the Texas Business Corporations Act; and any other legal entity.

Subcontractor shall maintain copies of liability policies on site for inspection by DSHS and shall submit copies of policies to STDC and DSHS upon request. Subcontractor shall maintain liability insurance coverage in an amount not less than the total value of this Contract and that is sufficient to protect the interests of STDC and/or Department in the event an actionable act or omission by a responsible person damages Department's interests. Subcontractor shall notify, and obtain prior approval from, the DSHS Contract Oversight and Support Section before settling a claim on the insurance.

ARTICLE XXVI TERMINATION, BANKRUPTCY AND CLOSEOUT

Section 26.01 Final Budget. Subcontractor shall submit an actual Final Budget to STDC as requested no later than thirty (30) days after the contract termination date or at the conclusion of all contract activities, whichever occurs first. The Budget shall be in a format prescribed by STDC and shall be accompanied by a report of all activities performed under this Contract.

Section 26.02 Bankruptcy. In the event of bankruptcy, Subcontractor shall sever Department property, equipment, and supplies in possession of Subcontractor from the bankruptcy, and title must revert to STDC and/or the Department. If directed by STDC and DSHS, Subcontractor shall return all such property, equipment, supplies to DSHS. Subcontractor shall ensure that its subcontracts, if any, contain a specific provision requiring that in the event the Subcontractor's bankruptcy, the Subcontractor must sever Department property, equipment, and supplies in possession of the Subcontractor from the bankruptcy, and title reverts to Department, who may require that the property, equipment and supplies be returned to STDC and/or DSHS.

Section 26.03 Title to Property. At the conclusion, expiration or termination of the contractual relationship between the STDC and the Subcontractor, for any reason, title to any remaining equipment and supplies purchased from funds under this Contract reverts to STDC. Title may be transferred to any other party designated by the Department. The STDC may, at its option and to the extent allowed by law, transfer the reversionary interest to such property to Subcontractor.

Section 26.04 Disposition of Property.

- a. Subcontractor shall follow the procedures in the American Hospital Association's (AHA's) "Estimated Useful Lives of Depreciable Hospital Assets" in disposing, at any time during or after the Contract term, of equipment purchased with the Department's funds, except when federal or state statutory requirements supersedes or when the equipment requires licensure or registration by the state, or when the acquisition price of the equipment is equal to or greater than \$5,000.
- b. All other equipment not listed in the AHA reference (other than equipment that requires licensure or registration or that has an acquisition cost equal to or greater than \$5,000) will be controlled by the requirements of UGMS.
- c. If, prior to the end of the useful life, any item of equipment is no longer needed to perform services under this Contract, or becomes inoperable, or if the equipment requires licensure or registration or had an acquisition price equal to or greater than \$5,000, Subcontractor shall request disposition approval and instructions in writing from STDC and DSHS.
- d. After an item reaches the end of its useful life, Subcontractor shall ensure that disposition of any equipment is in accordance with Generally Accepted Accounting Principles, and any applicable federal guidance.

Section 26.05 Closeout of Equipment. At the end of the term of a Program Attachment that has no additional renewals or that will not be renewed (Closeout) or when a Program Attachment is otherwise terminated, Subcontractor shall submit to STDC assigned to the Program Attachment, an inventory of equipment purchased with Department funds and request disposition instructions for such equipment. All equipment purchased with Department funds must be secured by the Subcontractor at the time of Closeout or termination of the Program Attachment and must be disposed of according to STDC as required by the Department's disposition instructions, which may include return of the equipment to DSHS or transfer of possession to another DSHS Subcontractor, at the Subcontractor's expense.

ARTICLE XXVII NON-EXCLUSIVE LIST OF APPLICABLE LAWS

Section 27.01 Applicable Laws and Regulations Regarding Funding Sources. Where applicable, federal statutes and regulations, including federal grant requirements applicable to funding sources, will apply to this Contract. Subcontractor agrees to comply with applicable laws, executive orders, regulations and policies as well as Office of Management and Budget (OMB) Circulars (as codified in Title 2 of the Code of Federal Regulations), the Uniform Grant and Contract Management Act of 1981 (UGMA), Texas Government Code Chapter 783, and Uniform Grant Management Standards (UGMS), as revised federal circulars and incorporated in UGMS by the Comptroller of Public Accounts, Texas Procurement and Support Services Division. UGMA and UGMS can be located through web links on the DSHS website at <http://www.dshs.state.tx.us/contracts/links.shtm>.

Subcontractor also shall comply with all applicable federal and state assurances contained in Uniform Grant Management Standards (UGMS). If applicable, Subcontractor shall comply with the Federal awarding agency's Common Rule, and the U.S. Health and Human Services Grants Policy Statement, both of which may be located through weblinks on the DSHS website at <http://www.dshs.state.tx.us/contracts/links.shtm>. For contracts funded by block grants, Subcontractor shall comply with Texas Government Code Chapter 2105.