

10A NCAC 27A .0106 CONTRACT REQUIREMENTS FOR AREA PROGRAMS

(a) This Rule shall apply to all contracts between an area program (hereafter referred to as "contractor") and contract providers (hereafter referred to as "contractees"). For purposes of this Rule, contractees include:

- (1) an individual with whom a contract is made for professional services, including consultants and guest speakers; and
- (2) an agency, other than another area program, with whom a contract is made for the provision of services to one or more clients.

(b) The basis for the relationship between the contractor and the for-profit or non-profit contractee is the written contract. All mutual understandings and expectations shall be clearly stated in the contract. All contracts for provision of services to clients, shall contain, at a minimum, the following provisions as indicated in this Rule, except that Subparagraphs (b)(11) and (b) (18) of this Rule shall not apply to contracts with individuals:

- (1) names of the contracting parties;
- (2) beginning and ending dates of the contract period; however, no contract shall extend beyond the fiscal years, except as allowed by G.S. 159;
- (3) description of the services to be provided and the expectations of the parties;
- (4) amount and method of payment;
- (5) address and social security number or IRS identification number of contractee;
- (6) the following statement when a contract period is greater than 30 days: "This contract may be terminated at any time upon mutual consent of both parties or after 30 days upon notice of termination by one of the contracting parties;"
- (7) a statement which indicates that the contract may be terminated immediately with cause upon written notice to the other party; the cause shall be documented in writing to the other party detailing the grounds for termination; and if applicable, the contract may contain a provision indicating method of payment of liquidated damages upon such termination;
- (8) a clause which indicates that the contractor (area) is held harmless from acts committed by the contractee;
- (9) signature of each party to the contract;
- (10) a pre-audit statement in accordance with G.S. 159-28;
- (11) a statement specifying the procedure for budget revisions, if applicable, and provisions for fund balance;
- (12) the procedure for resolving disagreement between the contracting parties;
- (13) for equipment purchased with non unit-cost reimbursement funds, such as start up or special purpose funding, title to assets purchased under the contract in whole or in part rests with the contractor so long as that party continues to provide the services which were supported by the contract; if such services are discontinued, disposition of the assets shall occur as approved by the Division;
- (14) client records of the contractee shall be accessible for review for the purpose of monitoring services rendered, financial audits of third party payors, research and evaluation;
- (15) upon request, the contractee shall provide data about individual clients for research and study to the contractor;
- (16) the contractor requirement to provide to the contractee all pertinent rules, regulations, standards and other information distributed by the Division necessary for the performance of the contractor under the terms of the contract;
- (17) the contractor requirement to monitor the contract to assure compliance with rules of the Commission, the Secretary and G.S. 122C-142;
- (18) a copy of the independent audit referenced in Subparagraph (b)(20) of this Rule, if required, shall be forwarded to the Office of the State Auditor at 2 S. Salisbury Street, 20601 Mail Service Center, Raleigh, North Carolina 27699-0601.
- (19) provisions which outline the responsibility of the contractee for the adoption, assessment, collection and disposition of fees in accordance with G.S. 122C-146;
- (20) a requirement that the contractee shall make available to the contractor its accounting records for the purpose of audit by State authorities and that the party will, when required by general statute or in accordance with the annual Memorandum of Agreement, have an annual audit by an independent certified public accountant.

(c) Agreements with another area program for provision of services to clients shall be incorporated into the annual Memorandum of Agreement referenced in Rule .1002 of this Section.

History Note: Authority G.S. 122C-112; 122C-141; 122C-142; 122C-146; 143-6.1; 159-40;

Eff. February 1, 1976;

Amended Eff. February 1, 1996; October 1, 1992; February 1, 1986; July 1, 1985;

Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. June 25, 2016.