



Commonwealth of Kentucky CONTRACT

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 Memorandum of Agreement
Reason for Modification:

Issuer Contact:

Name: Dani Pyles
Phone:
E-mail: Dani.Pyles@ky.gov

Vendor Name:	Vendor No.	KY0032969
LEXINGTON FAYETTE URBAN CO GOVERNMENT	Vendor Contact	
	Name:	Chad Hancock
200 EAST MAIN STREET	Phone:	8592583313
LEXINGTON KY 40507	E-mail:	chancock@lexingtonky.gov

Shipping Information:

Billing Information:

CHFS DPH Division Of Maternal & Child Health
 275 E Main Street HS2WA

Frankfort KY 40621

Effective From: 07/01/2026 **Effective To:** 06/30/2028

Line Item	Delivery Date	Quantity	Unit	Description	Unit Price	Contract Amount	Total Price
1		0.00000		FY27 Home Visiting Services	\$0.000000	\$733,100.00	\$733,100.00

Extended Description:

This is a subaward of federal financial assistance.

The Lexington Fayette Urban County Government, Family Care Center shall provide home-visiting services using the Health Access Nurturing Development Services (HANDS) program to Fayette County residents.

Funding:
 Agency - 72%
 Tobacco - 19%
 Federal - 9%
 FAIN - X1053615
 CFDA - 93.870

UEI - VM1GLHWZXA96

Lexington Fayette Urban County Government Contact:

Amanda Patrick

apatrick@lexingtonky.gov

Department for Public Health Contact:

Andrew Waters

andrew.waters@ky.gov

Effective From: 07/01/2026

Effective To: 06/30/2028

Line Item	Delivery Date	Quantity	Unit	Description	Unit Price	Contract Amount	Total Price
2		0.00000		FY28 Home Visiting Services	\$0.000000	\$733,100.00	\$733,100.00

Extended Description:

Funding:

Agency - 72%

Tobacco - 19%

Federal - 9%

FAIN - X1053615

CFDA - 93.870

TOTAL CONTRACT AMOUNT	\$1,466,200.00
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SUBRECIPIENT Memorandum of Agreement Terms and Conditions

Regular (Government/Quasi-Governmental) (PON2)

This Memorandum of Agreement (MOA) between the Commonwealth of Kentucky, Cabinet for Health and Family Services, Department for Public Health (“the Commonwealth”) and Lexington-Fayette Urban County Government (“the Contractor”). For purposes of this agreement and all federal requirements incorporated herein, the Contractor shall be considered the “Subrecipient” as that term is defined in 2 CFR §200.1. The initial MOA is effective from 07/01/2026 through 06/30/2028.

SECTION 1 – ADMINISTRATIVE OVERVIEW

1.00 Purpose and Background

Health Access Nurturing Development Services (HANDS) program as an evidence-based, voluntary statewide home visitation program that supports at-risk parents during the prenatal period until the child's third birthday. The goals of the HANDS program are to:

- a. facilitate safe and healthy delivery of babies;
- b. provide information about optimal child growth and human development;
- c. facilitate the safety and health of homes; and
- d. encourage greater self-sufficiency of families. Family Support Workers work with families using a Department for Public Health (DPH) approved curriculum.

The Lexington Fayette Urban County Government Family Care Center, hereinafter referred to as Family Care Center, shall provide HANDS services to Fayette County residents and ensure that program goals and objectives are met.

1.01 Terminology

For this Contract, the following terms may be used interchangeably:

- Vendor: Contractor, Offeror, The Second Party, Proposer
- Issuer of Contract: Buyer, Purchaser, Contract Officer
- Commonwealth of Kentucky: Commonwealth, State
- Cabinet for Health and Family Services: the Cabinet, the Department, the Agency, CHFS
- Fiscal Year is the Commonwealth fiscal year: July 1 through June 30
- Biennium is the Commonwealth biennium: July 1 of each even numbered year through June 30 of the next even numbered year.

1.02 Definitions/Acronyms

1. HANDS - Health Access Nurturing Development Services
2. CHFS - Cabinet for Health and Family Services
3. HANDS Manual (“HANDSBook”)
4. CEUs - Continuing Education Units
5. DPH - Department for Public Health

SECTION 2 – SCOPE OF SERVICES

2.00 Services Required

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The Family Care Center shall provide HANDS services to eligible pregnant individuals and parents in accordance with the HANDS Manual (“HANDSBook”) and all applicable laws, regulations, and codes of federal and state governments:

1. Employ and assign ongoing home visitors, social workers and supervisors as necessary to meet the HANDS program guidelines for home visiting in accordance with 902 KAR 4:120.
2. Provide all HANDS staff with the necessary training on family counseling and education services including information and skills pertaining to assessment, intervention, social services resources, supervision and continuous quality assurance.
3. Ensure maintenance of any required Certified Education Units (CEUs) or certifications necessary for staff to continue to perform HANDS functions.
4. Provide intensive family intervention, support services and resources using the HANDS model. Service shall:
 - a. enhance physical, emotional, and educational development of children;
 - b. promote positive parenting;
 - c. enhance parent-child interaction;
 - d. ensure that families have primary medical homes;
 - e. promote appropriate use of community resources; and
 - f. prevent child abuse.
5. Provide equipment and supplies, as needed, for the HANDS staff.
6. Enter HANDS data into the HANDS database system.
7. Provide malpractice insurance for staff employed under this agreement with minimum liability of \$1,000,000 per occurrence.

2.01 Deliverables

Family Care Center will ensure:

1. Review documentation/minutes of community collaboration participation to ensure regular partnering efforts to support referrals and committees. Report the results to CHFS in the format provided by CHFS.
2. Provide HANDS services to no less than 100 families annually.
3. Services submitted for payment must be entered into the HANDS database system.

2.02 Reporting Requirements

Family Care Center will ensure:

1. Submit a HANDS Quality Assurance Site Review Visit Summary following each annual site visit outlining the compliant and non-compliant policies and procedures.
2. All visit information shall be entered into the HANDS database system.

2.03 Subcontractors/2nd-Tier Subrecipients

The Subrecipient may not subcontract with any other party to perform any of the Subrecipient’s obligations under this Contract.

2.04 CHFS/Department for Public Health Responsibilities

Department for Public Health (DPH) is responsible for:

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1. DPH will maintain communication with the contractor concerning HANDS program implementation to include training, quality assurance procedures, and overall program implementation.
2. DPH will provide technical assistance to the contractor and contractor's staff Regarding implementation of HANDS services.
3. DPH will make available curriculum and program procedures training for staff.

2.05 Monitoring Requirements

1. DPH shall conduct contract monitoring at least semi-annually, including a mid-year contract review conducted annually in December, to assess progress on deliverables, reporting compliance, and overall contract performance.
2. Monitoring may include review of fiscal records, program performance, and staff performance related to the contract. Monitoring may occur at DPH offices in Frankfort or other locations designated by the Department.

SECTION 3 – PRICING/INVOICING

Payment is conditioned upon receipt of appropriate, accurate, and timely invoices. Invoices for payment shall be submitted electronically to MCH.Contracts@ky.gov. The Contractor shall submit monthly invoices. Invoices must be submitted no later than thirty (30) calendar days after completion of the service period.

The invoice must include, at a minimum:

1. Subrecipient's name and address
2. Document Number (PON2 or PON3 and DO)
3. Clearly listed dates of service (from and to)
4. Date of Invoice (date invoice is prepared)
5. Total amount due for the current billing cycle
6. Cumulative total for all invoices to date
7. Detailed description of services provided

Invoices that do not contain the above requirements will be rejected and returned to the Contractor for re-invoicing.

The Contractor shall maintain documents to substantiate invoices and shall provide upon request.

3.01 General Conditions for Payment

1. Payment under this Agreement is expressly conditioned upon the Contractor's full and timely completion of all required deliverables, reports, and documentation. Failure to meet monthly deliverables or reporting requirements may result in delayed, reduced, or withheld payment.
2. Funding distributed under this Agreement, including through any subsequent agreements, shall be issued as a "subrecipient" agreement or a subaward of federal financial assistance.
3. The total fees and reimbursable expenses under this Agreement shall not exceed the amount approved in the executed contract and applicable budget attachment(s).
4. Personnel costs may only be invoiced for filled positions and only for staff time devoted to the approved program. Personnel costs shall not be invoiced during periods in which positions are vacant.

Invoices will not be processed until all required reports are received, complete, and deemed acceptable.

3.02 Budget, Indirect Costs and Allowable Expenses

1. Services shall be reimbursed in accordance with the approved fee reimbursement schedule attached to this Agreement, up to the annual amount of the contract.

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2. An indirect cost rate is not approved and included in the budget. No indirect charges may be billed unless expressly authorized.

3. Only expenses expressly detailed and approved in the Contract are allowable. Travel expenses, if permitted, shall be reimbursed if required to complete the scope of work. No out-of-state travel may be billed unless expressly authorized.

4. Contractor shall be eligible to invoice for a semi-annual Medicaid cost settlement amount not to exceed an amount determined by the DPH.

5. Contractor shall be eligible to invoice for up to 25% of direct personnel costs of staff performing home visits. Indirect personnel costs are not eligible for reimbursement. Personnel costs not associated with home visits (e.g., supervision) are not eligible for reimbursement. Reimbursement is subject to continued federal approval and budget availability.

3.03 Withholding of Funds

DPH may withhold all or part of contract funds if it determines the Contractor has failed to perform contractual obligations, failed to meet required performance thresholds, or failed to submit required deliverables or reports.

DPH shall provide written notice specifying:

1. The nature of the non-performance
2. The amount to be withheld
3. Any reduction to future payments
4. Conditions for release of withheld funds
5. The Contractor's right to appeal

Any withheld amount shall bear a reasonable relationship to the extent of non-performance. Funds shall be released upon DPH's determination that corrective conditions have been met.

SECTION 4 – CHFS GENERAL TERMS AND CONDITIONS

Incorporated by Reference

Finance & Administration Cabinet Policy FAP 111-44-00
Memorandum of Agreement

4.00 Memorandum of Agreement Standard Terms and Conditions

4.00.01 Order of Precedence

In the event of any conflict or ambiguity between the provisions in the Agreement or any attached documents, the order of precedence shall be:

1. Procurement statutes, regulations, and policies;
2. This written Agreement; and
3. Any attachments, schedules, exhibits, or appendices to this Agreement.

4.00.02 Changes and Modifications to the Contract

Pursuant to 200 KAR 5:311, no modification or change of any provision in the Contract shall be made, or construed to have been made, unless such modification is mutually agreed to in writing by the Contractor and the Commonwealth, and incorporated as a written amendment by the Cabinet prior to the effective date of such modification or change. Modification shall be subject to prior approval from the Secretary of the Finance and Administration Cabinet, or authorized designee, and the LRC Government Contract Review Committee.

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Memoranda of Understanding, written clarification, and/or correspondence shall not be construed as amendments to the Contract.

If the Contractor believes contract modification is necessary, it shall promptly report such matters to the Issuer identified on page 1 for consideration and decision.

4.01 General Provisions

4.01.01 Headings

The section headings in this Contract are for reference and convenience only and shall not have any effect on the construction or legal effect of this Contract.

4.01.02 Notices

This Contract shall be binding upon and inure to the benefit of the respective legal successors of the Parties. Neither this Contract nor any rights or obligations may be assigned, in whole or in part, without the prior written consent of CHFS, Division of Procurement and Grant Oversight, and the Finance and Administration Cabinet.

4.01.03 No Required Use of Contract

This Contract does not guarantee any minimum use of services. The Cabinet reserves the right to leave all, or any portion, of the contract unused. The Cabinet may establish or award other contracts for additional or related work, services, supplies, or commodities, and the Contractor shall fully cooperate with any such other contractors and Commonwealth employees. The Contractor shall not commit or permit any act that will interfere with the performance of work by any other contractor or by Commonwealth employees.

4.01.04 Severability

If any part of this Contract is held by a court of competent jurisdiction to be illegal or in conflict with any law of the Commonwealth or the United States of America, the validity of the remaining parts shall not be affected, and the rights and obligations of the Parties shall be construed and enforced as if the Contract did not contain the particular part held to be invalid, if the remainder of the Contract is capable of performance.

4.01.05 Indemnification

To the extent allowable by law, the Contractor shall indemnify and hold harmless CHFS and its agents, representatives, officers, directors, employees, insurers, successors, and assigns from and against any and all expenses, costs (including attorneys' fees), causes of action, liabilities, losses, and/or damages suffered or incurred that results from or arises out of (a) the Contractor's performance under the terms of this Contract; (b) the Contractor's or any of its employees' or subcontractor's negligent acts, omissions, intentional misconduct, or any dishonest, fraudulent, or criminal, acts, errors, or omissions; (c) the policies and procedures of the Contractor, including all Contractor employment practices during the term of this or any prior Contract with CHFS; (d) the unauthorized publication, translation, reproduction, delivery, use, or disposition of any CHFS data; or (e) the Contractor's failure to comply with any applicable state or federal laws or regulations. This shall not be deemed a waiver of sovereign immunity or any third party defense available to Contractor.

If the Contractor is an agency of the Commonwealth of Kentucky, liability shall be governed by KRS 49.010 through KRS 49.180 and limited to any award from the Board of Claims up to the jurisdictional amount.

4.01.06 Sovereign Immunity

No provision of this Contract constitutes a waiver by CHFS of any immunities from suit or liability that it may have by operation of law.

4.01.07 Force Majeure

Neither Party shall be liable for failure of or delay in performing obligations set forth in this Agreement if such failure or delay is due to events or causes beyond the reasonable control of either Party. Events or conditions beyond the Parties' reasonable control include, but are not limited to, natural or man-made disasters, weather events, transportation crashes, labor strikes or shortages, war, riots, or other civil unrest, state or national declared

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emergencies, pandemics, or public utility failures. However, CHFS retains the right to obtain any services elsewhere in the event of the Contractor's non-performance. In this event, the Parties shall negotiate in good faith any appropriate offset to the compensation payable under this Contract. The Contractor shall cooperate and shall require that any Subcontractor cooperate with CHFS in such event. The existence of such causes of delay or failure will extend the period of performance in the exercise of reasonable diligence until after the causes of delay or failure have been removed. Each Party must inform the other as soon as possible of the existence of a force majeure event. To preserve this right as a defense, each Party must inform the other in writing, with confirmation of receipt, within twenty (20) business days of the force majeure event or otherwise waive this right as a defense to other Party's claim of non-performance.

4.01.08 Maintenance of Insurance

During this Contract, the Contractor shall maintain and shall require any Subcontractor to maintain their directors and officers liability insurance, Workers' Compensation insurance, employer liability insurance, and such other liability insurance as reasonably necessary in the Contractor's business judgment to provide adequate coverage against losses and liabilities attributable to the acts or omissions of the Contractor and the Subcontractor(s) in the performance of this Contract. The Contractor shall provide and shall require any Subcontractor to provide evidence of such coverage upon request.

If the Contractor and any Subcontractor are not self-insured, each shall name CHFS as an additional insured on any policy of coverage, except the Workers' Compensation and any reinsurance. The Contractor and any Subcontractor shall provide proof of coverage within five (5) business days of coverage upon request.

CHFS shall not be responsible for any premiums or assessments on policy(ies) held by the Contractor or any subcontractor under this Contract. CHFS may, at its sole discretion, pay one or more premiums, if doing so would be in the Cabinet's best interest. Should CHFS exercise this option, the Contractor shall fully reimburse CHFS, either directly or by an offset against future payments.

The Certificate of Insurance for any policy other than self-insurance or any reinsurance must require that the insurer cannot cancel the coverage without thirty (30) days prior written notice to CHFS. The Contractor shall notify CHFS within five (5) business days of any cancellation or interruption of the Contractor's or Subcontractor's insurance coverage. In any subcontract, the Contractor shall require that any Subcontractor also provide such notice to the Contractor and CHFS. Any insurance must remain in effect at all times during this Contract. If any insurance coverage expires during this Contract, the Contractor and any Subcontractor shall provide a new Certificate of Insurance evidencing coverage for not less than the remainder of the Contract at least thirty (30) calendar days prior to the expiration date.

4.01.09 Compliance with Licensure, Permits, and Tax Obligations

The Contractor shall ensure that all licenses, certifications, registrations, and permits required for performance under this Contract are obtained, kept in good standing, and maintained throughout the term of the Contract. These documents shall be readily accessible and available for inspection upon request.

To the extent required by law, the Contractor shall be solely responsible for the payment of any taxes associated with this Contract, including but not limited to sales, use, personal property, income, and other applicable taxes. The Contractor shall also be responsible for all required federal (including FICA), state, and local tax withholdings

4.01.10 Legal Proceedings

Except as specifically disclosed in writing to CHFS prior to the date of this Contract, the Contractor certifies it is not aware of any there are no suits, investigations, or other proceedings pending or threatened against the Contractor or any Subcontractor that would have a material effect on this Contract or, if applicable, any subcontracts. The Contractor shall use reasonable efforts to notify CHFS within one (1) business day, and in writing within three (3) business days, of any suits, investigations, or other proceedings involving the Contractor related to this Contract.

4.01.11 No Grant of Employment or Agency

Nothing in this Contract shall be construed as granting any individual providing services under the Contract any of the claims, privileges, or rights under KRS Chapter 18A or KAR Title 101. No individual providing services

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under this Contract shall be considered a full-time or part-time employee of CHFS, for any purpose, including but not limited to unemployment, taxes, withholding, health insurance, liability, retirement, Workers' Compensation, vacation, sick or other leave, the Family Medical Leave Act, accrued benefits, or evaluations. At all times, any such individual shall be an employee, volunteer, or independent contractor of the Contractor. No employee, volunteer, or independent contractor of the Contractor shall be a third-party beneficiary of this Contract.

4.01.12 CHFS Discrimination Prohibited

During this Contract, the Contractor agrees as follows:

1. The Contractor will not discriminate against any employee or applicant for employment or any individual requesting or receiving services from Contractor on the grounds of race, color, religion, sex, national origin, age, disability, veteran status, or any other protected class identified in federal, state, or local laws. The Contractor will not retaliate for prior civil rights activity. The Contractor agrees to comply with, as applicable, the Kentucky Civil Rights Act, the Americans with Disabilities Act of 1990 as Amended (ADA), Section 1557 of the Patient Protection and Affordable Care Act, the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, and all other applicable federal, state, and local laws prohibiting discrimination.
2. The Contractor agrees to post in conspicuous places, available to program or service applicants or recipients, notices setting forth the provisions of this non-discrimination clause.
3. In all program or service solicitations or advertisements related to this Contract the Contractor will set forth the provisions of this non-discrimination section.
4. The Contractor agrees to provide, free of charge, appropriate accommodations and reasonable modifications for applicants or recipients with disabilities. The Contractor agrees to post a notice in a conspicuous place, in an accessible format, informing individuals with disabilities about the availability of and the process for requesting free, reasonable accommodations and modifications.
5. The Contractor agrees to provide meaningful access and language assistance measures free of charge to program or service applicants or recipients with limited English proficiency. The Contractor agrees to post a notice in a conspicuous place informing individuals with limited English proficiency about the availability of free language assistance services in a language they can understand.

4.01.13 Staffing

Any individual providing services under this Contract must not be prohibited or debarred from providing services or participating in any state or federal governmental program, including but not limited to the Medicare and Medicaid programs. In the event of any such prohibition or debarment, the Contractor shall immediately notify CHFS.

CHFS expressly reserves the right to immediately disqualify or prohibit the continued use of any Contractor staff that has been provided to perform Contract services, if, in CHFS's discretion, it is determined that their continued use is not in CHFS's best interests, that such staff fails to meet any Contract requirements, or that such staff has violated any state or federal law or violated any policies and procedures of CHFS.

4.02 Contract Performance

4.02.01 Service Delivery Requirements

All services provided by the Contractor shall comply with all applicable federal and state statutes and regulations.

4.02.02 Total Amount of Funds and Budget Revisions

CHFS any overpayment, regardless of the reason. Any reconciliation or settlement of fund balances contained in the Summary Line Item Section of this Contract shall be negotiated between CHFS and the Contractor and determined as soon as possible before the end of this Contract.

4.02.03 Financial Record Retention

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Unless otherwise specified in this Contract, the Contractor agrees to maintain all Contract records for not less than three (3) years after all Contract matters (e.g., audit, settlement of audit exceptions, disputes) are resolved and in accordance with applicable federal and/or state laws, regulations, and policies.

4.02.04 Confidential Information

The Contractor shall comply with applicable state and federal law, policies, and procedures governing access to and use of information and data provided by CHFS or collected by the Contractor under the Contract. The Contractor shall use such information or data only for purposes expressly authorized in this Contract and will maintain strict confidentiality in accordance with CHFS security and privacy standards. The Contractor shall ensure that all employees, agents, and subcontractors adhere to these requirements and shall maintain signed confidentiality agreements or equivalent binding policies with all personnel who may access CHFS data.

Any dissemination of information about projects funded and the scope of work of this Contract must be fully documented, reviewed, and approved by the Cabinet's project manager and the Chief Information and Security Officer (CISO) before any representation of projects, their funding sources, use of data, or data analyses may be posted to a web page or otherwise published.

Prohibited Activities

The Contractor and its personnel are expressly prohibited from:

1. Uploading, sharing, or transmitting any CHFS information—including de-identified, aggregated, or anonymized data—into any non-CHFS-approved external artificial intelligence (AI) tools, platforms, or extensions (e.g., ChatGPT, Bard, Traciq AI, Read AI, or similar).
2. Transferring CHFS information to personal devices, removable media (e.g., USB drives), or unapproved storage locations.
3. Sending CHFS information through unsecured email or unapproved collaboration tools.
4. Using CHFS information for testing, demonstration, or non-contractual research purposes without written approval from CHFS.

Monitoring and Enforcement

CHFS reserves the right to monitor, audit, and investigate any suspected or actual unauthorized access, use, or disclosure of information. Violations of this section may result in:

- Immediate contract termination;
- Disciplinary or legal action against responsible individuals; and
- Reporting to regulatory or law enforcement authorities as applicable.

Exceptions

The foregoing will not apply to:

1. Information that the Commonwealth has released in writing from confidentiality;
2. Information already in the public domain through lawful publication; or
3. Information that, after disclosure, becomes part of the public domain as defined above, through no act of the Contractor; or
4. Information required by law to be disclosed, provided that prior written notice is given to CHFS to allow for protective action.

4.02.05 HIPAA Confidentiality Compliance

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If applicable, the Contractor agrees to comply the "HIPAA Privacy Rule," 45 CFR Parts 160 and 164 established under the Health Insurance Portability and Accountability Act, Public Law 104-191 (42 USC 1320d).

4.02.06 Response/Compliance with Audit Findings

The Contractor shall comply with and require any Subcontractor to comply with any findings of noncompliance with any law, regulation, audit, inspection, or generally accepted accounting principle related to this Contract. Within thirty (30) calendar days of the Contractor's notification of noncompliance, the Contractor will provide CHFS, for CHFS' approval, a Corrective Action Plan that addresses the identified deficiencies. The Contractor shall bear the expense of compliance with any noncompliance finding that impacts or is related to the Contractor's work under this Contract. Noncompliance may also result in penalties as described in Section 4.02.08-Performance-Based Penalties.

4.02.07 Research Project Approval and Institutional Review Board Requirements

If applicable, any proposed research project under this Contract shall comply with 920 KAR 1:060, which provides for the Cabinet's review of research projects supported or funded in whole or in part through CHFS. If the proposed research project involves human subjects, it shall comply with 45 CFR 46 and the Cabinet's Institutional Review Board for the Protection of Human Subjects (IRB) requirements. The CHFS project manager will provide all documentation and protocols for review and approval by the CHFS IRB. No research may begin until the IRB approves the project.

4.02.08 Performance-Based Penalties

Upon a determination of failure to perform services outlined in Section 2-Scope of Services, the Cabinet may issue penalties up to five percent (5%) of the total amount of the contract for each instance of non-performance. If the Cabinet elects not to exercise a penalty clause, this shall not be construed as a waiver of the Cabinet's right to pursue the future assessment of any performance standard requirement and associated penalties. The Cabinet will work with the Contractor to resolve performance issues at all times.

1. Requirement of Corrective Action:

A. Letter of Concern

Should the Agency determine that the Contractor or any Subcontractor is in violation of any requirement of this Contract, the Agency shall notify the Contractor of the deficiency through a "Letter of Concern." The Contractor shall contact the designated Agency Contact within two (2) business days of receipt of the Letter of Concern and shall indicate how such concern is unfounded or how it will be addressed. If the Contractor fails to timely contact the designated representative, the Agency may proceed to the additional remedies.

B. Corrective Action Plan

Should the Cabinet determine that the Contractor or any Subcontractor is not in substantial compliance with any material provision of this Contract, the Cabinet shall issue a written deficiency notice and require a corrective action plan be filed by the Contractor within ten (10) business days following the date of the notice.

A corrective action plan shall describe the time and manner in which each deficiency is to be corrected. The plan shall be subject to approval by the Finance and Administration Cabinet or the Cabinet, which may accept the plan as submitted, accept the plan with specified modifications, or reject the plan within ten (10) business days of receipt. The Cabinet may reduce the time allowed for corrective action depending on the nature of the deficiency.

C. Failure to Respond to Letter of Concern or Corrective Action Plan Notice

Failure of the Contractor to respond to a Letter of Concern within two (2) business days of receipt may result in up to a \$500.00 per day penalty for each day until the response is received. Failure of the Contractor to submit a Corrective Action Plan within ten (10) business days following the date of the written deficiency notice may result in up to a \$1,000.00 per day penalty for each day until the Corrective Action Plan is received.

D. Request for Extension

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Upon request, CHFS may extend the time allowed for both a response to the Letter of Concern and a Corrective Action Plan depending upon the deficiency. The Contractor shall request an extension of time in writing from the designated representative and state. The request shall contain justification and proposed extension period. If an extension is granted, the penalty per day for both a late Letter of Concern or a late Corrective Action Plan would begin after the expiration of the extension period.

2. Failure to Correct any identified deficiency may result in an action pursuant to Finance Terms - Cancellation of this Contract.

3. Upon timely resolution of all performance-based issues outlined in the Corrective Action Plan, the Contractor shall receive reimbursement of a percentage of the amount withheld based on the following tier schedule:

A. Resolution within 30 days: at least 75% will be reimbursed to Contractor.

B. Resolution within 60 days: at least 50% will be reimbursed to Contractor.

C. Resolution within 90 days: at least 25% will be reimbursed to Contractor.

D. Resolution after 90 days: total penalty withholdings are forfeited.

4.02.09 Performance and Evaluation

CHFS may complete a Performance Evaluation (PE) twice a year to document contract performance. PE documents will be entered into the Commonwealth's electronic financial system (eMARS). Performance documented by PE may be considered when making future awards. To obtain a copy of the PE documents for this Contract, contact the Issuer identified on page 1.

4.02.10 Business Continuity, Disaster Recovery, and Information Security Requirements

The Contractor shall maintain and implement a Business Continuity Plan, Disaster Recovery Plan, and Information Security Plan, which shall detail the steps the Contractor will take in the event of an outage or failure of either the Contractor's or CHFS' data, communication, or technical support system. Such plans shall enable the Contractor to continue to meet all contractual requirements. The Contractor shall provide a copy of its plans upon request. All costs associated with activating and sustaining the execution of all plans shall be borne by the Contractor

4.02.11 Protection of Personal Information Security and Breach Investigation Procedures and Practices Act

When applicable, contractors that receive Personal Information, as defined by KRS 61.931, shall secure and protect the Personal Information by complying with all applicable requirements of the Personal Information Security and Breach Requirements contained in KRS 61.931- KRS 61.934. In accordance with KRS 61.932(2)(a), the Contractor shall implement, maintain, and update security and breach investigation procedures that are appropriate to the nature of the information disclosed and that are at least as stringent as the security and breach investigation procedures and practices established by the Commonwealth Office of Technology:

See:

<http://technology.ky.gov/ociso/Pages/InformationSecurityPolicies,StandardsandProcedures.aspx>

The Contractor shall comply with all applicable notification provisions in KRS 61.932 and KRS 61.933. The Contractor agrees to undertake a prompt and reasonable investigation of any security breach, as defined in KRS 61.931, as required by KRS 61.933. Upon conclusion of an investigation of a security breach of Personal Information, the Contractor agrees to an apportionment of the costs of the notification, investigation, and mitigation of the security breach. The Contractor agrees that the Commonwealth may withhold payment(s) owed to the Contractor for any violation of the requirements contained in KRS 61.931- KRS 61.934. The Contractor agrees to cooperate with the Commonwealth in complying with any response, mitigation, correction, investigation, and notification requirements of KRS 61.931- KRS 61.934.

The Contractor shall comply with the Commonwealth's policy on the use of Artificial Intelligence (AI).

4.03 Breach and Contract Termination

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4.03.01 Remedies for Breach

In the event of a breach of contract by the Contractor, CHFS may pursue any remedy available to it under this Contract, KRS Chapter 45A, or by law. The remedies may be invoked without regard to the existence of any other available remedy and may include the enforcement of any holdback provision or payment of any specified liquidated damages.

4.03.02 Transition/Turnover/Closure

The Contractor shall give the Commonwealth at least thirty (30) days written notice of any insolvency, bankruptcy, dissolution, or the closure of business operations related to this Contract.

Upon receipt of the notice of non-renewal or termination or the Contractor's closure of business operations, the Contractor shall provide any turnover assistance reasonably necessary to enable CHFS (or its designee) to effectively close out the Contract and transition to another Contractor or to perform the work in-house. The Contractor is responsible for the orderly transition of work and the accuracy of data in coordination with CHFS and any new Contractor.

Within three (3) business days of CHFS's determination to initiate transition activities, the Agency Contract Manager will provide written instructions to the Contractor regarding the required activities.

Activities may include, but are not limited to:

1. Submission of a detailed Transition Plan within three (3) business days of receipt of CHFS communication. Upon receipt, CHFS will review and, if acceptable, approve the Transition Plan within three (3) business days. If CHFS determines that the Transition Plan is missing necessary information, CHFS shall provide the Contractor with written instructions for the required information, and the Contractor shall amend the Transition Plan to include the necessary information.
2. If the Commonwealth determines the Contractor was providing necessary, direct public services, notification to any individual receiving such services of the non-renewal, termination, or closure of business operations, advising the individual of reasonable, alternative service options. Prior to distribution, the notification shall be sent to the Issuer for CHFS approval. The Contractor shall provide written certification to the Commonwealth once all individuals have been notified.
3. Deliver all documents, records, and appropriate reference materials, including data models and file documentation, by the date approved in the Transition Plan.
4. Deliver a final report on the status of contracted services. This report shall be provided to CHFS by the close of business on the date of termination.
5. Deliver a complete accounting report to CHFS within ninety (90) calendar days of the effective date of termination.
6. Provide reasonable and appropriate assistance to CHFS and its designee(s) regarding the contents of such documents and records submitted. This assistance shall be provided to CHFS for a minimum of ninety (90) calendar days following the effective date of termination.

The Contractor shall be responsible for paying any additional costs incurred by CHFS that are the result of the Contractor's failure to provide the requested records, documents, data, or materials within the agreed time frames in the Transition Plan.

4.03.03 Disputes

The parties agree to take reasonable steps to resolve any disputes arising under this Contract.

4.04 Miscellaneous Provisions

4.04.01 Advertising Award Prohibition

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The Contractor shall not reference the Award of Contract in commercial advertising in such a manner as to state or imply that the Contractor or its services are endorsed or preferred by the Commonwealth of Kentucky.

4.04.02 Bankruptcy

In the event the Contractor becomes the subject debtor in a case pending under the Federal Bankruptcy Code, the Commonwealth's right to terminate this Contract may be subject to the rights of a trustee or a debtor-in-possession in bankruptcy to assume or assign this Contract. Subject to any US laws, the trustee or debtor-in-possession shall not have the right to assume or assign this Contract unless:

1. All defaults under this Contract are promptly cured;
2. The Commonwealth is promptly compensated for the monetary damages incurred as a result of such default; and
3. Adequate assurance of future performance, as determined by the Commonwealth, is provided.

4.04.03 Code of Ethics

The Contractor and all personnel who may provide services under this Contract or any subcontract with the Contractor shall abide by any applicable codes of ethics or conduct. Failure to do so may result in the immediate termination of the Contract.

4.04.04 Notices and Pamphlets

All notices, advertisements, information pamphlets, research reports, and similar public notices prepared and released by the Contractor pursuant to this Contract shall be pre-approved by CHFS and include a statement identifying the appropriate source of funds for the project or service, including, but not limited to, identifying whether the funding is in whole or in part from federal, CHFS, or other state funds.

4.04.05 Scientific Misconduct

If applicable, the Contractor shall establish a procedure for the investigation, appeal, and disposition of complaints alleging misconduct in research projects funded by federal funds or Public Health Services research grants. Such policies and procedures shall comply with 42 CFR Part 93 and shall be made available, upon request, to CHFS. The Contractor shall immediately notify CHFS of any activity reported to the Contractor under this section.

4.04.06 Intellectual Property

Any formulae, methodology, or other reports and compilations of data provided by CHFS to the Contractor under this Contract shall be the exclusive property of CHFS. Any other use of these materials must be reviewed and approved in advance by CHFS. Any intellectual property owned by the Contractor prior to this Contract shall remain the exclusive property of the Contractor.

Any formulae, methodology, other reports, or compilations of data prepared or produced by the Contractor pursuant to this Contract shall, upon request, be made available for use by CHFS without charge. The Cabinet reserves a royalty-free, non-exclusive, and irrevocable right to reproduce, publish, or otherwise use the formulae, methodology, or other reports and compilations of data prepared or produced under this Contract.

4.04.07 Business Associate Agreement

A Business Associate Agreement has been determined to be unnecessary for this Agreement.

SECTION 5 – FEDERAL REQUIREMENTS

If federal funds are utilized, the Contractor is responsible for complying with all applicable provisions of 2 CFR Part 200, including Appendix II, Subpart D, Subpart E, Subpart F, and §200.332, as applicable to subrecipient agreements.

5.00 Certain Provisions Contained Within 2 CFR, Part 200, Appendix II

5.00.01 Clean Air Act and Federal Water Pollution Control Act

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The Contractor and Subcontractors shall comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act, 42 U.S.C. 7401 et seq., and the Federal Water Pollution Control Act, as amended 33 U.S.C. 1251 et seq. Violations shall be reported to the U.S. Department of Health and Human Services (HHS) and the appropriate Regional Office of the Environmental Protection Agency.

5.00.02 Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion, Lower Tier Covered Transactions

In accordance with Federal Acquisition Regulation 52.209-5, 2 CFR 180.300, 2 CFR 200.318, 2 CFR 200.303, and FAP 111-59-00, the Contractor certifies by signing the Contract, that to the best of its knowledge and belief, the Contractor and/or its Principals is (are) not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any state or federal agency. If debarred during the life of the contract, the vendor shall notify the Commonwealth buyer of record within seventy-two (72) hours of the federal debarment. For this certification, "Principals," means officers, directors, owners, partners, and persons having primary management or supervisory responsibilities within a business entity (e.g., general manager, plant manager, head of a subsidiary, division, or business segment, and similar positions).

5.00.03 Certification of Lobbying Activities

The Contractor shall disclose any lobbying activities in accordance with Section 1352. The Contractor certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an 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 Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
3. The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all Contractors shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000.00 and not more than \$100,000.00 for each such failure.

5.00.04 Equipment

For reimbursement-type contracts, the Contractor shall not purchase equipment or property with contract funds without prior written approval from the Agency.

Equipment and property reimbursed by CHFS to fulfill the requirements of this Contract must be allowable under 2 CFR 200 and may require prior approval by the Cabinet and/or the federal awarding agency, as specified in the federal award terms.

The contractor is responsible for maintaining an inventory tracking log of all equipment (regardless of acquisition price) purchased with funds from this contract. The inventory log must include all of the following information:

1. Description of the Property
2. Serial Number
3. Source of Funding for the Property (including FAIN for Federal Awards)

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4. Who the property is assigned to
5. The acquisition date of the property
6. The cost of the property at purchase
7. Percentage of federal funds used to acquire the property
8. Location of the property
9. Use and condition of the property
10. Any disposition data for property disposed of during the contract cycle

The Agency will send information notifying contractors that this inventory log will be due by February 1st of each contract cycle year. Contractors will be required to sign a declaration form declaring that the inventory reported was correct to the best of their knowledge. Contractors will also need to review the "Contractor Inventory Tracking Guide" that will be sent out with the letter in December and declare on the declaration form that they have reviewed it.

The physical inventory and Inventory Training Declaration signed form will need to be returned via email to MCH.Contracts@ky.gov:

Per the Code of Federal Regulations 2 CFR 200.313(d)(3) a control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property purchased with contract funds. Contractors will be required to have policies in place for equipment purchased with contract funds that will prevent the loss, theft, and/or damage of the property. Contractors should ensure that all staff using equipment purchased with contract funds are aware of these safeguards.

Per the Code of Federal Regulations 2 CFR 200.313(d)(2) a physical inventory of the property must be taken, and the results reconciled with the property records at least once every two years.

The contractor will be responsible for cooperating with the Agency to complete the physical inventory.

5.00.05 Telecommunications and Video Surveillance Services or Equipment

In accordance with 2 CFR 200.216, Contractors and subrecipients are prohibited from obligating or expending loan or grant funds to:

- (1) Procure or obtain;
- (2) Extend or renew a contract to procure or obtain; or
- (3) Enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in Public Law 115-232, section 889, covered telecommunications equipment is telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).
 - (i) For the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities).
 - (ii) Telecommunications or video surveillance services provided by such entities or using such equipment.
 - (iii) Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country.

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5.00.06 Domestic Preferences for Procurements

In accordance with 2 CFR 200.322:

(a) As appropriate and to the extent consistent with law, the non-Federal entity should, to the greatest extent practicable under a federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all subawards including all contracts and purchase orders for work or products under this award.

5.00.07 Procurement of Recovered Materials

In accordance with 2 CFR 200.323, a non-Federal entity that is a state agency or agency of a political subdivision of a state and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

5.01 Subrecipient Provisions

This Contract has been identified as a subrecipient agreement. The Contractor and all lower tier subrecipients shall comply with 2 CFR, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), the terms and conditions of the federal award, and the federal funding agency's implementing regulations.

Unless otherwise indicated by this Agreement, this subaward does not include Research and Development.

The Contractor shall be fully for any federal disallowances or refunds related to deficiencies identified in audit, monitoring, or state or federal review.

5.02 Pass-Through Entity Requirements – Federal Award Identification, Performance, and Monitoring

5.02.01 Federal Award Identification

Pursuant to 2 CFR §200.332(a)(1), the following federal award identification information applies to this subaward and is incorporated into this Agreement by reference to the federally approved grant application, Notice of Award, and/or Attachment(s) to this Contract:

1. Pass-Through Entity Name: Department for Public Health
2. Subrecipient Name: Lexington-Fayette Urban County Government
3. Federal Award Identification Number (FAIN): X1055015
4. Federal Award Date: August 12, 2025
5. Subaward Period of Performance Start and End Dates: September 30, 2025 - September 29, 2027
6. Amount of Federal Funds Obligated by this Action: \$8,931,415.00
7. Total Amount of Federal Funds Obligated to the Subrecipient: \$1,466,200.00
8. Total Federal Award Amount: \$9,452,625.00
9. Federal Awarding Agency: Dept of Health and Human Services - Health Resources and Services Admin
10. Assistance Listing (CFDA/ALN) Number and Program Title: 93.870 – Maternal, Infant, and Early Childhood Home Visiting Grant Program

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11. Identification of Award as Research and Development, if applicable: No

5.02.02 Scope of Work and Federal Program Objectives

The Contractor shall perform the Scope of Work in a manner consistent with the purpose, objectives, and conditions of the federal award. All costs incurred must be allowable, allocable, reasonable, and necessary to accomplish the federal program objectives.

5.02.03 Performance Measurement and Reporting

The Contractor shall submit programmatic performance reports in the form, content, and frequency required by CHFS and/or the federal awarding agency. Performance reports shall include measurable outputs and outcomes aligned with federal program goals. Failure to submit required reports may result in enforcement action.

5.02.04 Financial Reporting

The Contractor shall submit financial reports and supporting documentation as required by CHFS and the federal awarding agency to support reimbursement requests and demonstrate compliance with the approved budget and federal cost principles.

5.02.05 Monitoring and Access to Records

CHFS reserves the right to monitor the Contractor's programmatic and financial performance through desk reviews, on-site reviews, and other monitoring activities. The Contractor shall provide CHFS, the federal awarding agency, the Comptroller General of the United States, and their authorized representatives access to records, personnel, and facilities as necessary for monitoring, audit, and oversight purposes.

5.02.06 Remedies for Noncompliance

In accordance with 2 CFR §200.339, if the Contractor fails to comply with federal statutes, regulations, or the terms and conditions of this Agreement, CHFS may impose remedies including withholding payments, disallowing costs, suspending or terminating the Agreement, or other remedies permitted by law.

5.02.07 Applicability of Federal Requirements

In addition to 2 CFR Part 200, the Contractor is subject to all applicable federal statutes, regulations, executive orders, and the terms and conditions of the prime federal award, including any special conditions imposed by the federal awarding agency. Compliance is required regardless of whether such requirements are expressly restated in this Agreement.

5.02.08 Risk-Based Monitoring

CHFS shall monitor the Contractor's use of federal funds based on an assessment of risk in accordance with 2 CFR §200.332(d). Monitoring activities may include financial and programmatic reviews, desk reviews, on-site monitoring, review of audit reports, and follow-up on corrective actions. CHFS may provide technical assistance as needed to address identified deficiencies.

5.02.09 Program Income

Unless otherwise authorized in writing by CHFS and the federal awarding agency, any program income generated under this Agreement shall be used, reported, and disposed of in accordance with 2 CFR §200.307 and the terms of the federal award.

5.02.10 Closeout Requirements

Upon expiration or termination of this Agreement, the Contractor shall comply with closeout requirements in accordance with 2 CFR §§200.344–200.345, including submission of all final financial, performance, and property reports; return of any unspent or disallowed federal funds; and disposition of federally funded property as directed by CHFS.

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The Contractor shall retain all records related to this subaward for three (3) years from the date of submission of the final expenditure report, or longer if required due to audit, litigation, or claim, in accordance with 2 CFR §200.334.

5.02.11 Flow-Down Requirements

The Contractor shall ensure that all applicable federal statutes, regulations, and award conditions are included in any lower-tier subawards and that lower-tier subrecipients comply with all applicable federal requirements.

5.03 Federal Funding Accountability and Transparency Act Compliance

In accordance with 2 CFR, Part 170, the Contractor shall comply with the Federal Funding Accountability and Transparency Act (FFATA or Transparency Act), including registration of a unique entity identifier number if the amount of federal funding awarded to the Contractor is \$25,000.00 or more.

The Contractor must disclose to CHFS the names of the top five executives and total compensation to each, if:

1. More than 80% of the Contractor's annual gross revenues originate from federal funds (received directly or indirectly), and those revenues are greater than \$25,000,000.00 annually; and
2. Compensation information is not already available to the public (such as through reporting under the Securities Exchange Act of 1934. See 2 CFR, Part 170 for additional details regarding executive compensation requirements).

5.04 Audit Requirements

The Contractor shall have an audit conducted in accordance with Generally Accepted Government Auditing Standards and 2 CFR, Part 200, Uniform Guidance, Subpart F. The audit report's accompanying financial statements shall be issued in accordance with Generally Accepted Accounting Principles (GAAP) and reflect financial position, results of operations or changes in net assets, and, where appropriate, cash flows for the fiscal year audited.

The audit shall cover each fiscal year period of the contract duration, and a copy of the Contractor's audit report(s), federal schedule of expenditures, supplemental information by cost center and/or program and audit findings with a corrective action plan shall be submitted to the Issuer identified on page 1 within nine (9) months after the fiscal year end.

Should the audit report refer to a separate management letter of findings, the Contractor shall include a copy of the management letter with the audit report and comments and/or a corrective action plan. All material findings shall be reported in the audit section of audit findings and shall include the management's response and/or corrective action as required by 2 CFR, Part 200, Subpart F.

The audit report shall include a schedule of expenditures of federal awards and all federal award identification information as required by 2 CFR, Part 200, Subpart F.

The audit report shall include supplemental information of all federal grant and/or award expenditures by cost centers and/or programs identifying all administrative and indirect cost for each state fiscal year. The Contractor shall include in the supplemental information a list of their subrecipients of federal monies received through this Agreement and provide their subrecipient name, and unique entity identifier, Catalog of Federal Domestic Assistance (CFDA) number and description, Contractor's expenditures and related contract number in addition to all other information required in 2 CFR, Part 200.

Upon request, a copy of the engagement letter shall be submitted to the agency contact identified on page 1 no later than three (3) months before the Contractor's fiscal year end, unless CHFS grants an extension in writing. If the Auditor of Public Accounts (APA) is to perform the audit, the name of the APA auditor and the anticipated start date shall be submitted to the agency contact identified on page 1 no later than three (3) months prior to fiscal year end, unless that office or its designee grants an extension in writing.

5.05 Response/Compliance with Audit Findings

The Contractor shall comply with and shall ensure any Contractor's or Subcontractor's compliance with any finding of noncompliance with any law, regulation, audit, inspection, or generally accepted accounting principle relating to this Contract. The Contractor will provide CHFS, for CHFS' approval, a Corrective Action Plan that addresses the

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deficiencies identified in any audit, review, or inspection within thirty (30) calendar days of the close of the audit, review, or inspection. The Contractor shall bear the expense of compliance with any noncompliance finding that impacts or is related to the Contractor's work under this Contract.

5.06 Reporting Requirements

1. Single Audit Report: When applicable, the Contractor shall ensure audit reports are made available through the Federal Audit Clearinghouse, in accordance with 2 CFR 200.512(b). Notice of audit completion and availability shall be provided to the individual identified on page 1 of the Contract within ten (10) calendar days of submission to the Federal Audit Clearinghouse. If not required to submit audit reports through the Federal Audit Clearinghouse, the Contractor shall submit three (3) written copies of the audit report or an electronic copy to the Issuer identified on page 1 no later than six (6) months following the end of the audited fiscal year, unless an extension is approved in writing by CHFS.

2. All reports and documentation: Electronic submission of required documents may be acceptable at the Agency Contact identified on page 1's discretion.

5.07 Cost Share or Matching

If indicated elsewhere in this Agreement, the Contractor shall provide the required match as outlined in the federally approved grant application. The Contractor shall be fully liable for federal refund of any match deficiencies identified in audit. The cost sharing or matching contributions shall meet the following criteria:

- Are verifiable from the Contractor's records;
- Are not included as match contributions for any other federal award;
- Are necessary and reasonable for the accomplishment of project or program objectives;
- Are allowable under 2 CFR Part 200, Subpart E – Cost Principles;
- Are not paid by the federal government under another federal award, except where federal law specifically provides that federal funds made available for such program can be applied to matching or cost sharing requirements of other federal programs and written authorization has been received from the other federal program; and
- Conform to the other provisions of 2 CFR, Part 200 and the federal funding agency implementing regulation for 2 CFR, Part 200, as applicable.

5.08 Certification Regarding Drug-Free Workplace

The Contractor certifies that it will comply with the drug-free workplace requirements in 2 CFR Part 182.

5.09 Additional Subrecipient Requirements (2 CFR §200.332 Compliance)

5.09.01 Applicability of Federal Requirements

In addition to 2 CFR Part 200, the Contractor is subject to all applicable federal statutes, regulations, executive orders, and the terms and conditions of the prime federal award, including any special conditions imposed by the federal awarding agency. Compliance is required regardless of whether such requirements are expressly restated in this Agreement.

5.09.02 Risk-Based Monitoring

CHFS shall monitor the Contractor's use of federal funds based on an assessment of risk in accordance with 2 CFR §200.332(d). Monitoring activities may include financial and programmatic reviews, desk reviews, on-site monitoring, review of audit reports, and follow-up on corrective actions. CHFS may provide technical assistance as needed to address identified deficiencies.

5.09.03 Program Income

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Unless otherwise authorized in writing by CHFS and the federal awarding agency, any program income generated under this Agreement shall be used, reported, and disposed of in accordance with 2 CFR §200.307 and the terms of the federal award.

5.09.04 Closeout Requirements

Upon expiration or termination of this Agreement, the Contractor shall comply with closeout requirements in accordance with 2 CFR §§200.344–200.345, including submission of all final financial, performance, and property reports; return of any unspent or disallowed federal funds; and disposition of federally funded property as directed by CHFS.

5.09.05 Indirect Rate (de minimis)

The Contractor shall be reimbursed for indirect costs only when the Contractor incurs indirect costs in addition to costs that are reimbursed as direct program costs. Indirect cost rates shall be recognized in the following order:

1. The Contractor's federally approved negotiated rate, if one exists, shall be recognized for charging indirect costs to the federal programs administered through this agreement, except as limited by federal law. The Contractor shall submit the federally approved indirect cost rate document to the Issuer identified on page 1. A federally approved negotiated rate may exist in cases where the Contractor conducts business directly with the federal government other than as related to this Agreement. CHFS may issue an acceptance letter in addition to this Agreement to acknowledge the appropriate federally approved rate.

2. If no federally approved negotiated rate exists, the Contractor may request to utilize an indirect cost rate or cost allocation plan developed in accordance with 2 CFR, Part 200, Subpart E, by submitting a request and detailed indirect cost plan description to the Issuer identified on page 1. Plan or rate approval must be documented by written acknowledgment by the Contractor as acceptable for purposes of billing, to be applied to federal programs except where limited by federal law. If approved, CHFS will issue a separate letter of acceptance, which shall be valid for the term of this Agreement.

If options 1 or 2 above are not utilized, the Contractor may elect to utilize the de minimis rate (15% of Modified Total Direct Costs) as in 2 CFR 200.414(f), for requesting reimbursement for indirect costs as a Contractor, to be applied to federal programs except where limited by federal law.

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**Memorandum of Agreement Standard Terms and Conditions
Revised February 2026**

1.00 Effective Date

All Memorandum of Agreements are not effective until the Secretary of the Finance and Administration Cabinet or his authorized designee has approved the agreement and until the agreement has been submitted to the government contract review committee. However, in accordance with KRS 45A.700, memoranda of agreement in aggregate amounts of \$50,000 or less are exempt from review by the committee and need only be filed with the committee within 30 days of their effective date for informational purposes.

KRS 45A.695(7) provides that payments on personal service contracts and memoranda of agreement shall not be authorized for services rendered after government contract review committee disapproval, unless the decision of the committee is overridden by the Secretary of the Finance and Administration Cabinet or agency head if the agency has been granted delegation authority by the Secretary.

The Commonwealth will make payment within thirty (30) working days of receipt of contractor and/or subrecipient's invoice or of acceptance of goods and/or services in accordance with KRS 45.453 and KRS 45.454.

Payments are predicated upon successful completion and acceptance of the described work, services, supplies, or commodities, and delivery of the required documentation. Invoices for payment shall be submitted to the agency contact person or its representative.

2.00 Cancellation Clause

Both parties shall have the right to terminate and cancel this contract at any time not to exceed thirty (30) days' written notice served on the Contractor and/or subrecipient by registered or certified mail.

3.00 Funding Out Provision

The state agency may terminate this agreement if funds are not appropriated to the contracting agency or are not otherwise available for the purpose of making payments without incurring any obligation for payment after the date of termination, regardless of the terms of the agreement. The state agency shall provide the Contractor and/or subrecipient thirty (30) calendar day's written notice of termination of the agreement due to lack of available funding.

4.00 Reduction in Contract Worker Hours

The Kentucky General Assembly may allow for a reduction in contract worker hours in conjunction with a budget balancing measure for some professional and non-professional service contracts.

If under such authority the agency is required by Executive Order or otherwise to reduce contract hours, the agreement will be reduced by the amount specified in that document. If the contract funding is reduced, then the scope of work related to the contract may also be reduced

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commensurate with the reduction in funding. This reduction of the scope shall be agreeable to both parties and shall not be considered a breach of contract.

5.00 Access to Records

The state agency certifies that it is in compliance with the provisions of KRS 45A.150, "Access to contractor and/or subrecipient's books, documents, papers, records, or other evidence directly pertinent to the contract." The Contractor and/or subrecipient, as defined in KRS 45A.030, agrees that the contracting agency, the Finance and Administration Cabinet, the Auditor of Public Accounts, and the Legislative Research Commission, or their duly authorized representatives, shall have access to any books, documents, papers, records, or other evidence, which are directly pertinent to this agreement for the purpose of financial audit or program review. The Contractor and/or subrecipient also recognizes that any books, documents, papers, records, or other evidence, received during a financial audit or program review shall be subject to the Kentucky Open Records Act, KRS 61.870 to 61.884. Records and other prequalification information confidentially disclosed as part of the bid process shall not be deemed as directly pertinent to the agreement and shall be exempt from disclosure as provided in KRS 61.878(1)(c).

6.00 Violation of tax and employment laws

KRS 45A.485 requires the Contractor and/or subrecipient and all subcontractors performing work under the contract to reveal to the Commonwealth any final determination of a violation by the Contractor and/or subrecipient within the previous five (5) year period of the provisions of KRS chapters 136, 139, 141, 337, 338, 341, and 342. These statutes relate to corporate and utility tax, sales and use tax, income tax, wages and hours laws, occupational safety and health laws, unemployment insurance laws, and workers compensation insurance laws, respectively. Disclosure of any violations is required prior to the award of any state contract and throughout the duration of the contract.

Failure to disclose violations shall be grounds for the Commonwealth's disqualification of a contractor and/or subrecipient or subcontractor from eligibility for future state contracts for a period of two (2) years.

To comply with KRS 45A.485, the Contractor and/or subrecipient and all subcontractors performing work under this contract shall report any such final determination(s) of any violation(s) within the previous five (5) years to the Commonwealth by providing a list of the following information regarding any violation(s): (1) specific KRS violated, (2) date of any final determination of a violation, and (3) state agency which issued the final determination.

A list of any disclosures made prior to award of a contract shall be attached to the contract. The Contractor and/or subrecipient affirms that it has not violated any of the provisions of the above statutes within the previous five (5) year period, aside from violations explicitly disclosed and attached to this contract. Contractor and/or subrecipient further affirms that it will (1) communicate the above KRS 45A.485 disclosure requirements to any subcontractors and (2) disclose any subcontractor violations it becomes aware of to the Commonwealth.

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7.00 Nondiscrimination

The Equal Employment Opportunity Act of 1978 (the “Act”), KRS 45.560 to 45.640, applies to all State government contracts or subcontracts in an amount exceeding \$500,000. The contractor and/or subrecipient shall comply with all terms and conditions of the Act.

During the performance of this contract, the Contractor and/or subrecipient agrees as follows:

- (a) The Contractor and/or subrecipient shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, age forty (40) and over, disability, veteran status, or national origin or.
- (b) The Contractor and/or subrecipient shall take affirmative action in regard to employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination rates of pay or other forms of compensation, and selection for training, so as to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, sex, age forty (40) and over, disability, veteran status, and national origin.
- (c) The Contractor and/or subrecipient shall state in all solicitations or advertisements for employees placed by or on behalf of the Contractor and/or subrecipient that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, age forty (40) and over, disability, veteran status, or national origin.
- (d) The Contractor and/or subrecipient shall post notices in conspicuous places, available to employees and applicants for employment, setting forth the provisions of this non-discrimination clause.

The Contractor and/or subrecipient shall send a notice to each labor union or representative of workers with which he/she has a collective bargaining agreement or other contract or understanding advising the said labor union or workers' representative of the Contractor and/or subrecipient's commitments under this nondiscrimination clause.

The Contractor and/or subrecipient's noncompliance with the nondiscrimination clauses of this contract shall constitute a material breach of the contract.

Each Contractor and/or subrecipient shall, for the length of the contract or at the point at which the contract is covered by this Act and until its conclusion, furnish such information as required by the Act and any rules, regulations and orders issued pursuant thereto and permit access to all books and records pertaining to his employment practices and work sites by the contracting agency and the Cabinet to ascertain compliance with the Act.

This section applies to agreements disbursing federal funds, in whole or part, only when the terms for receiving those funds mandate its inclusion.

8.0 Artificial Intelligence (AI)

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Vendor agrees to adhere to [CIO-126 Artificial Intelligence Policy.pdf](#), which includes but is not limited to, the required written disclosure, in advance, of every use of generative AI and/or integrations with generative AI system. Vendor agrees to disclose all parts of contracted work that is expected to be or will be performed with the assistance of AI. Further, Vendor understands and agrees to take appropriate measures to ensure Generative AI shall not be used for any activities that are illegal or in violation of state policy, COT policy, or agency policy per CIO-126. Vendors may not use Commonwealth confidential or internal data in generative AI queries or for building or training proprietary generative AI programs unless explicitly approved in writing by the agency head with consultation from the COT Chief Information Officer. Vendor agrees to provide reasonable written notice of any issue of noncompliance with these requirements.

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Approvals

This contract is subject to the terms and conditions stated herein. By affixing signatures below, the parties verify that they are authorized to enter into this contract and that they accept and consent to be bound by the terms and conditions stated herein. In addition, the parties agree that (i) electronic approvals may serve as electronic signatures, and (ii) this contract may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all counterparts together shall constitute a single contract.

CHFS Cabinet Approval:

Signature

Title

Printed Name

Date

Contractor Approval:

Signature

Title

Printed Name

Date

CHFS Department Review:

Signature

Title

Printed Name

Date

Approved as to form and legality:

Attorney

Date