

STATE OF NEW JERSEY  
DEPARTMENT OF HUMAN SERVICES

**SUBJECT:** Significant Events

**EFFECTIVE:** This policy shall become effective on October 1, 2005 and shall then be implemented immediately.

**PROMULGATED:** August 11, 2005

**PURPOSE:** The purpose of this circular is to instruct DHS Contracted Provider Agencies on the criteria for identifying significant events that may impact on the provider's organization and DHS Contracts.

I. SCOPE

This policy circular applies to all DHS Third Party Social Service and Training Contracts.

II. DEFINITIONS

Significant Events means a known or anticipated program, financial or administrative event or circumstance of a nature and extent that can reasonably be expected to diminish the quality or quantity of services to clients, or to influence or to jeopardize the ability of the Provider Agency to deliver contracted services, or to meet responsibilities under the Contract and which requires Notice to the Departmental Component. Examples include **Legal/Administrative/Financial/Services** such as, but not limited to, Bankruptcy petition, Merger, Acquisition, Affiliation, Consolidation, Civil or Criminal action taken against an employee of the agency, a finding of abuse or neglect against an employee of the agency and Planned Relocation or change in Service location(s).

III. POLICY

A. Criteria For Notification

Notification by the Provider Agency to a DHS Departmental Component is required for Significant Events including, but not limited to:

1. The taking of any action by the Provider Agency which adds or eliminates significant personnel or program functions covered by the contract.

- a. Changes in salary line items are generally not reportable as a Significant Event, unless other criteria for Significant Event reporting are affected (such as: the elimination or addition of DHS funded positions would be reportable; however the use of temporary overtime, or payment of overtime to individual line items to meet daily operational needs are not reportable.);
2. Changes in the compensation, bonuses or benefit packages of the Provider Agency personnel covered in the DHS contract, and specifically the principal decision makers and/or the highest managerial personnel within the Provider Agency, when such changes are different, by a standard of reasonableness, than those offered or provided to other Provider Agency staff;
3. Any administrative, financial, service or program event or circumstance which can reasonably be expected to adversely impact on the provider's operation or service delivery. Such events may include but are not limited to:
  - o suspension or revocation of license;
  - o loss of lease;
  - o union strike/action;
  - o child abuse investigation;
  - o changes in corporate by laws;
  - o loss of Insurance;
  - o loss of funding associated with the contract;
  - o significant facility damage; and
  - o client or other law suits
4. Changes, additions to or loss of any funding sources (other than DHS) supporting the contract; and
5. Changes which are long term in nature and can reasonably be expected to continue into a new Contract period.

B. Unreported Significant Events

In circumstances where the Departmental Component learns of a Significant Event (e.g. through a site review, audit or other media) that was not reported the non compliance with this Policy shall be brought to the attention of the contract signatory and the Provider Agency's Board by postal mail.

Policy Circular P1.11

C. Department's Responsibilities regarding Significant Events

The Department is not obligated to assume the cost of a Provider Agency's Significant Event.

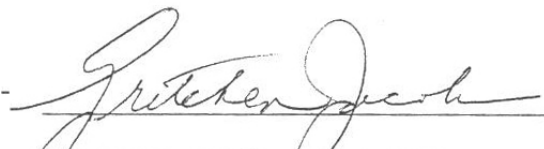
In circumstances where the provider is not timely in notifying the Departmental Component about a Significant Event, regardless of the reason, the Department reserves the right to take reasonable action to assess the matter and, pending the assessment, also may provide a notice of termination, per the Standard Language Document, P2.01.

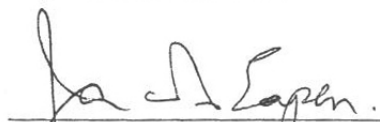
IV. PROCEDURES

Person responsible, time frames for notification and response

1. The Provider Agency's contract signatory is required to initially notify the DHS Contract Administrator(s) by phone or e mail within 3 business days of the event, and the written notification is also to be received by DHS Departmental Component by postal mail within 10 business days of the Significant Event.
2. Upon written notification by a Provider Agency of a Significant Event, Departmental personnel shall respond within 20 working days.

Issued by:

  
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