



ADMINISTRATIVE DIRECTIVE

<b>FINANCIAL PARTICIPATION AGREEMENTS AND MASTER OPERATING AGREEMENTS</b>	NUMBER <b>3.05-3</b>	PAGE <b>1 of 3</b>
	EFFECTIVE DATE <b>January 24, 2013</b>	

**I. PURPOSE**

To create a process for preparing agreements with outside agencies that will assure the most effective and efficient use of monies allocated by Mayor and Council.

**II. POLICY**

To ensure that the City funds are effectively allocated, each Financial Participation Agreement (FPA) and Master Operating Agreement (MOA) shall incorporate, or provide for, program performance measures and/or a statement of specific services to be provided. To ensure that City funds are properly accounted for each FPA and MOA shall require the organization to provide, at the end of the fiscal year, a statement of revenues received and expenses incurred.

All FPAs and MOAs shall be reviewed and approved by the City Attorney's Office to ensure all payments to outside agencies are for a public purpose and valuable consideration is received by the public for the payment. Valuable consideration exists if the public expenditure is not "far exceeded" by the value of the item or service received by the public.

**III. DEFINITIONS**

- A. Assigned Department** - The department responsible for preparing and, usually, for monitoring FPAs and MOAs.
- B. Financial Participation Agreement (FPA)** - An annual contract between the City and an outside agency to render services designated by the Mayor and Council as beneficial to the community in exchange for a specified amount of funding. An FPA is a formal contract which must be approved by Mayor and Council at Regular Session. FPAs are not used with Mayor and Council Boards, Committees, or Commissions or an entity that is not a corporation.
- C. Master Operating Agreement (MOA)** - A long-term commitment of City support (usually three to five years) which is subject to an annual allocation of funds by the Mayor and Council. MOAs are designed to provide a framework for future cooperative efforts between the City and the agency, and outline agency and City responsibilities. A MOA is a formal contract that must be approved by the Mayor and Council at Regular Session. Agencies that have MOAs with the City are also required annually to enter into an FPA.
- D. Outside Agency** - An incorporated non-profit, private organization that is not a Mayor and Council Board, Committee, Commission, or a department or division of the City. (For contracting with other governmental agencies, see Administrative Directive 1.04-1, Intergovernmental Agreements. For information on human service programs, contact the Housing and Community Development Department.)



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IV. PREPARING FINANCIAL PARTICIPATION AGREEMENTS AND MASTER OPERATING AGREEMENTS

The assigned department shall:

1. Obtain, if needed, a sample format from the Budget and Internal Audit Office.
2. Obtain a contract number from the City Clerk's Office - FPAs only. MOAs do not require a contract number.
3. Verify with the City's Risk Manager that insurance and hold harmless provisions are appropriate for the specific contract. The Risk Manager has authority to revise the standard insurance requirements and/or to include additional requirements for some types of services or agencies.
4. Work with outside agency representatives to develop a scope of services (performance measures) within the limits of the approved funding.
5. Incorporate the performance measures, the agreed on funding level, the terms of payment, the reporting requirements, the contract duration, and the contract "boiler plates" into the FPA, MOA format.
6. Contact Internal Audit to determine appropriate accounting provisions to be included in the agreement.
7. Send the draft agreement to the City Attorney's Office for review of special provisions and approval as to form.
8. Obtain an authorized agency signature on the completed agreement, and schedule the agreement for a Mayor and Council meeting (regular meeting for MOAs and FPAs) (See Administrative Directive 1.02-3, Scheduling, Preparing and Processing Mayor and Council Agenda Materials).
9. Notify the agency of the date and time of the Mayor and Council meeting when their agreement is scheduled for consideration.
10. Prepare a Mayor and Council Communication and process it according to Administrative Directive 1.02-3, Scheduling, Preparing, and Processing Mayor and Council Agency Materials.

**NOTE:** The City Clerk's Office will send a copy of the executed FPA or MOA to the agency, the department assigned to monitor the agreement, and to Internal Audit .



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V. MONITORING THE AGREEMENTS

A. Assigned Department

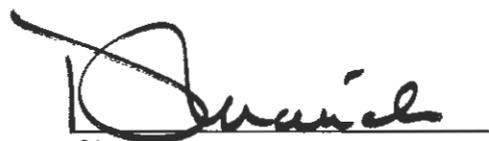
1. Ensure that (a) any agencies receiving city funds submit performance and financial reports on schedule, (b) outside agencies submit a Certificate of Insurance as required in the agreement, and (c) insurance coverage extends throughout the contract period. Ensure that the outside agency is in good standing with the Arizona Corporation Commission.
2. Process requests for payment from the agency (subject to compliance with reporting requirements and contract provisions). Payments shall be made using a DA-23 approved by Budget and Internal Audit Office staff.
3. Monitor agency performance. Internal Audit is available to provide assistance regarding FPA and MOA contract compliance issues.

**Appendices**                      Examples of FPAs and MOAs are available from the Budget and Internal Audit Office.

**References**                      AD 1.02-3 Scheduling, Preparing and Processing Mayor and Council Agenda Material  
AD 1.04-1 Intergovernmental Agreements  
Article IX, Section 7 of the Arizona Constitution

**Review Responsibility and Frequency**                      The City Manager shall review this directive annually, or as necessary.

**Authorized**

  
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City Manager

1-29-13  
Date