

**DPH CONTRACTUAL
SERVICES INVOICE
PROCEDURES MANUAL**

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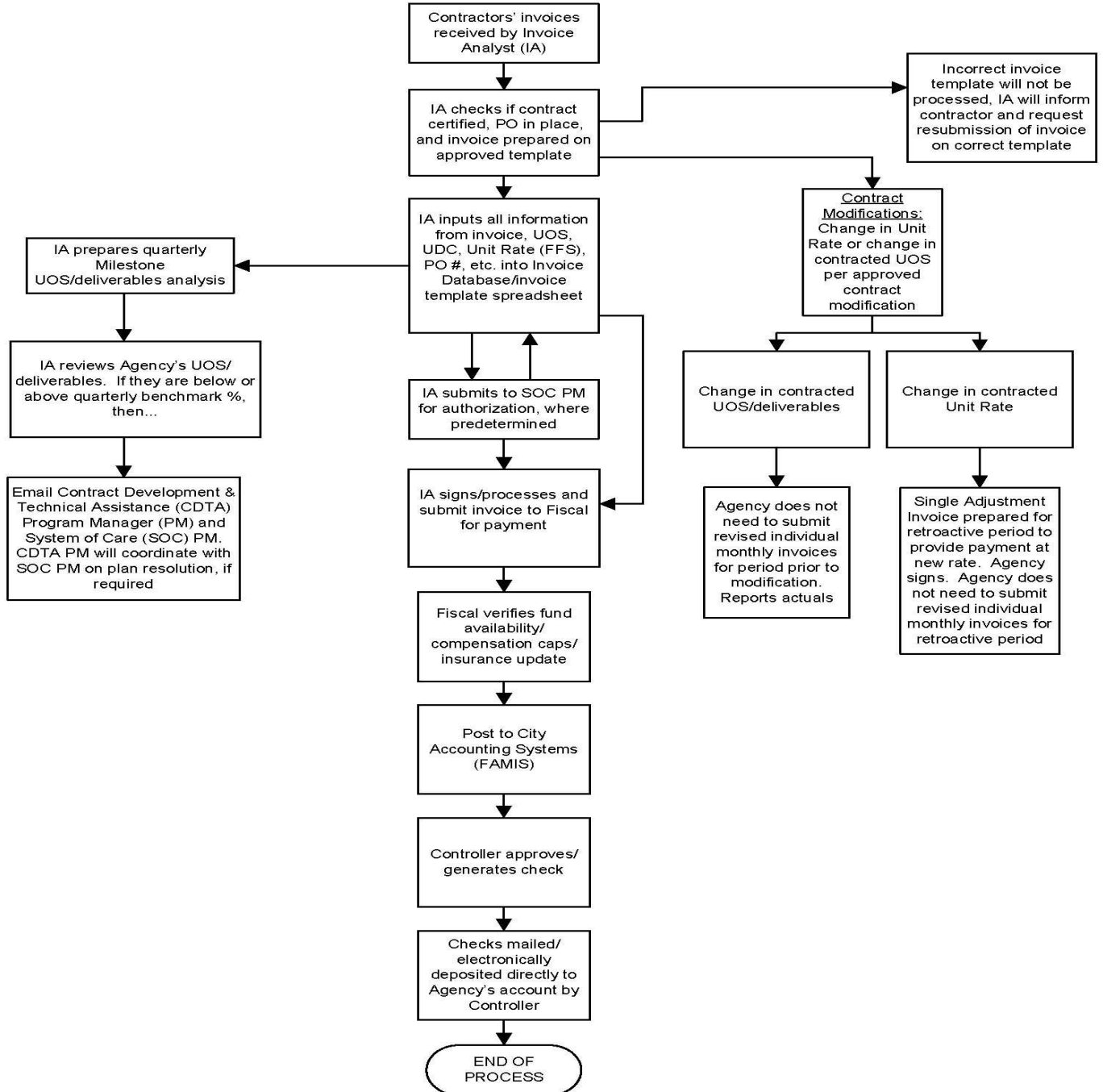
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Section I: DPH Branch and Section Names

DPH Branch Name	DPH Section Name	Previous DPH Section Name
Population Health Division	Community Health Equity and Promotion (CHEP)	HIV Prevention Section (HPS)
Population Health Division	Applied Research, Community Health Epidemiology & Surveillance (ARCHES)	HIV Surveillance (HIV SURV)
Population Health Division	Center for Public Health Research (CPHR)	HIV Epidemiology (HIV EPI)
Population Health Division	Bridge HIV	HIV Research (Research)
SF Health Network	Ambulatory Care-Primary Care (PC)	HIV Health Services (HHS)
Population Health Division	Community Health Equity and Promotion (CHEP)	Community Health Promotion and Prevention (CHPP)
SF Health Network	Ambulatory Care-Behavioral Health Services (BHS)	Community Behavioral Health Services (CBHS) Mental Health Substance Abuse
SF Health Network	Ambulatory Care-Primary Care (PC)	Primary Care (COPC contracts prepared by 1380 Howard Contract Office)
SF Health Network	Ambulatory Care-Maternal, Child, and Adolescent Health (MCAH)	Maternal, Child and Adolescent Health

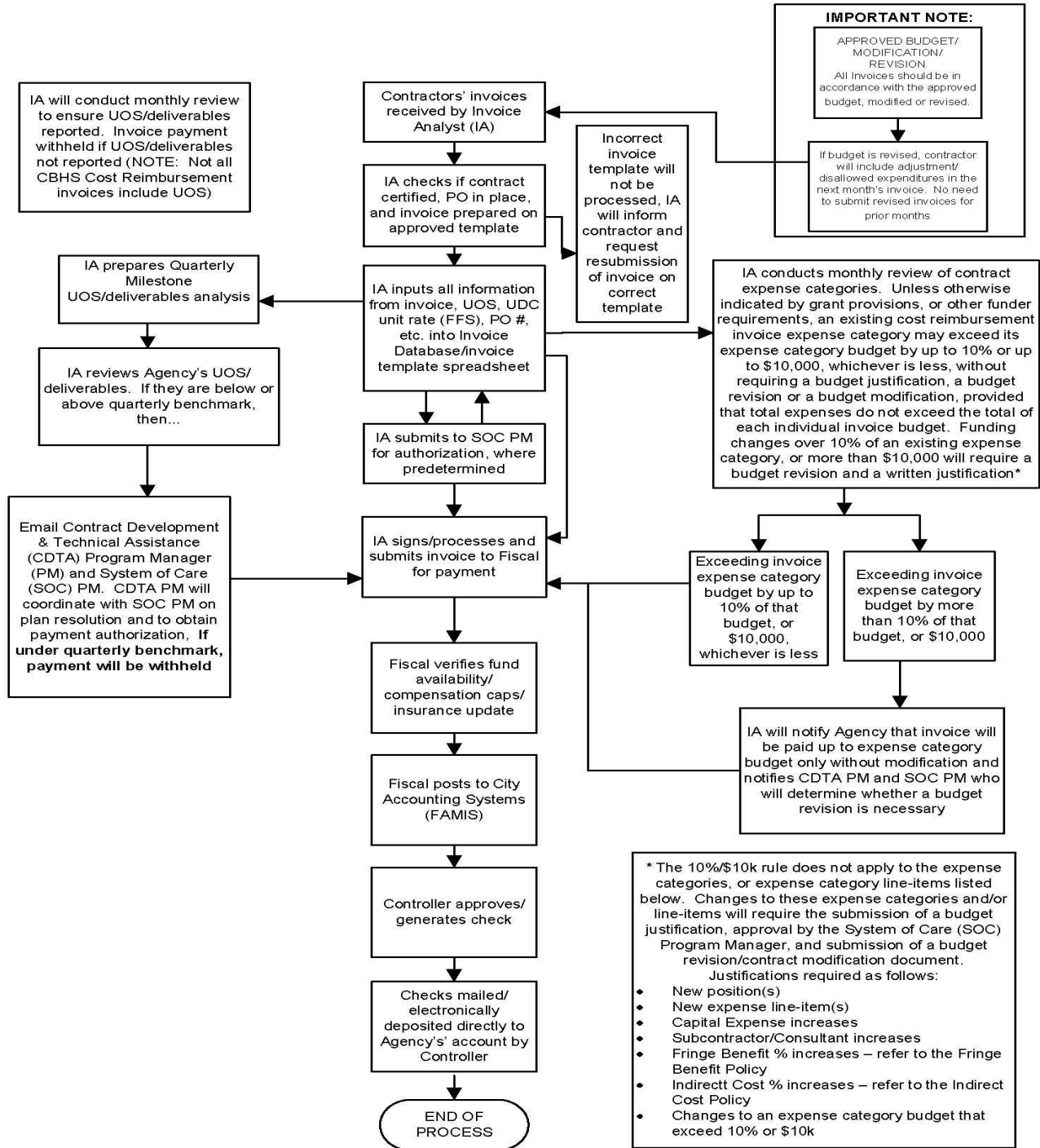
Section II: Invoice Processing Flowchart: Fee-For-Service

SAN FRANCISCO DEPARTMENT OF PUBLIC HEALTH
DPH BUSINESS OFFICE
DPH Contract/MOU Invoice Payment Process – Fee For Service
(FFS)



Section III: Invoice Processing Flowchart: Cost Reimbursement

SAN FRANCISCO DEPARTMENT OF PUBLIC HEALTH DPH BUSINESS OFFICE DPH Contract/MOU Invoice Payment Process – Cost Reimbursement (CR)



Section IV: Payment Timeline & Processing Issues

Invoices are due to DPH Invoice Analyst by the 15th calendar day of each month for expenses and deliverables from the previous month. Contractors can expect to receive contract payments approximately 15 to 21 working days following receipt of the invoice by DPH.

Incorrectly prepared invoices or other factors may result in delayed processing. Common errors include:

- Invoice sent to wrong person or office (Note: the name and address where the invoice should be sent is indicated on the official invoice template).
- Using an invoice template not provided by the DPH Invoice Analyst. For example, not using the latest invoice template prepared by the DPH Invoice Analyst after budget modification.
- Billing estimated expenditures or deliverables, not actual expenditures or deliverables incurred for the billing period (for example, billing 1/12 of the budget). Monthly expenditures or deliverables reported should be based on actual expenses/units of services delivered.
- Inaccurate Delivered-to-Date or Expenses-to-Date figures caused by overriding formulas placed in the electronic invoice template.
- Absence of Fee-For-Service reconciliation along with final invoice (if applicable).
- Absence of Contractor's authorized signature for non-electronic invoice.
- The name of the consultant on the invoice does not match the name in the subcontract agreement.
- The term indicated on the invoice does not match the term on the subcontract agreement.
- Invoice is filled out incorrectly. For example, the indirect cost rate (%) is higher than the budgeted rate, or the fringe benefits rate (%) is higher than the budgeted rate, or billed expenses are not budgeted.
- Absence of required supporting forms or documentation such as Page B, Detail of Personnel Expenditures.
- The description of the operating expense line-item under "Other" does not have sufficient detail or the detail (# of units times cost in the description) does not equal to the actual expenditure amount on the invoice.
- Contract modification or budget revision has not yet been approved, so the expenses don't match the approved budget.
- Contractor has not submitted work plan to address low UOS/UDC (when applicable).
- Contractor has not submitted current and updated insurance.

Section V: Obtaining Official Invoice Templates

- A. The DPH Invoice Analyst creates the appropriate invoice template (Fee-For-Service or Cost Reimbursement) for each contract appendix. The Contractor is to only use the invoice template provided by the DPH Invoice Analyst. **Contractors are not to modify any part of the invoice template except to enter data.**
- B. The invoice template will match the certified contract. The Contractor will receive a copy of the current certified contract from the DPH Contracts Unit via e-mail.
- C. The contractor will receive an electronic copy of the invoice templates that match the certified contract from the Invoice Analyst.

Section VI: Definition of Invoice Format Components & Funding Sources

The two invoice formats are defined below.

- Fee-For-Service - Invoicing and payment are based on the number of units of service delivered multiplied by the contracted unit rate, less initial payment recovery and/or the value of client fees/miscellaneous income incorporated into the unit rate, if applicable.
- Cost Reimbursement - Invoicing and payment are based on actual line-item expenses (salaries and benefits, materials and supplies, general operating, etc.) less initial payment recovery, if applicable. Page B, Detail of Personnel Expenditures, must accompany cost reimbursement invoice submissions.

The fields on the invoice template are defined below.

- 1) Contract Purchase Order Number – A Contract Purchase Order Number is the assigned number generated by the Controller's Office to identify the funding (encumbrance) to be used for the reimbursement of the certified contract between the Contractor and the City. The Contract Purchase Order verifies that funds, grants, and index codes have been encumbered (earmarked for this contract) and so performance of the contract/program can begin.
- 2) Invoice Number – A unique identifier assigned to each monthly invoice. The components in the identifier vary by section, as described below. Standardization is anticipated, but current procedures are being continued at this time.

Population Health Division – CHEP, ARCHES, CPHR, Bridge HIV, and SF Health Network Ambulatory Care-Primary Care (HHS) with ACE Requirements

The invoice template for services that have an ACE data entry requirement has 15 characters:

- a) The first four digits of the ACE number identify the contractor.
- b) The second four digits identify the year of funding and the specific program. For example, 1206 represents the year 2012 and the program 06.
- c) The next two characters (A1, A2, etc.) are the sequence characters assigned for that invoice template to correspond to the Appendix.
- d) The next three characters (JUL, AUG, etc.) represents the invoice billing month.
- e) The last two numbers represent the invoice billing year.

Example:

3871	1206	A1	JUN	12
{	{	{	{	{
Contractor Number	The year of funding & specific program	Subsequent Appendix #	The month of June	The year of 2012

San Francisco Health Network – Primary Care (COPC), BHS, MCAH, and Population Health Division - CHEP (CHPP) Section:

These invoice templates (except those with an ACE data entry requirement), have 6 characters.

- a) The first character identifies the section.
 - “S” references a Behavioral Health Services -Substance Abuse contractor
 - “M” references a BHS-Mental Health contractor
 - “P” references a Community Health Equity and Promotion (CHPP) contractor
 - “C” references a Primary Care (COPC) contractor
 - “A” references a Maternal Child & Adolescent Health contractor
- b) The next two numbers (01, 02, etc.) are the sequence numbers assigned for that invoice template.
- c) The next two characters (JL, AU, SE, etc.) represent the invoice billing month.
- d) The last number represents the invoice billing year. For example, ‘2’ represents the year of 2012.

Example:

M	01	JN	2
└─┘	└─┘	└─┘	└─┘
Mental Health	Sequence Number	The month of June	The year 2012

- 3) Invoice Period – The billing month in which the units of service were delivered and expenses were incurred.
- 4) Unduplicated Client – is an individual who is counted once even though he/she receives more than one service during the fiscal year or funding term.
- 5) Units of Service – specific number of deliverables as stipulated in the contract.
- 6) Unit Rates (Fee-For-Service invoices only) – is the approved rate stipulated in the contract to deliver a unit of service.

Funding Source Description:

The four generic funding categories are described below. The funding source included in the contract will match the applicable Funding Notification letter.

- Grant Funds: Grant revenues passed through from the City to a contractor or subcontractor.
- Work Order Funds: Work order funds are provided to the Department of Public Health to perform a service on behalf of another City department. The Department allocates these funds to a contract agency for the provision of these services. The Department has reporting responsibilities to the requesting work order department.
- General Fund: General Fund, for the purpose of preparing invoices, includes all non-work order, non-grant dollars. This includes Federal Medi-Cal, State Realignment, General Fund, EPSDT, etc.
- State Funds: State revenue passed through from the City to a contractor or subcontractor that requires separate reporting such as Mental Health Services Act (MHSA).

Section VII: Preparing the Fee-For-Service Invoice Template

(see Attachment A)

Differences by DPH Sections:

Ambulatory Care - Behavioral Health Services (BHS) Section

As general rule, the DPH Invoice Analyst will prepare a separate invoice template by funding source, funding term, and index code. However, if a single program is funded with more than one funding source, then a single invoice may be prepared. (Refer to example 1) Additionally, multiple programs sharing a funding source may all be listed on a single fee-for-service invoice. (Refer to example 2)

- Example (1): An invoice is prepared for a program funded by both general fund and MHSA, when MHSA is used as a match to Medi-Cal services, or the cost is shared equally and it isn't appropriate to separate.
- Example (2): Several programs use one "General Fund Invoice" (per the city definition of general fund that includes Short Doyle Medi-Cal, Realignment, and EPSDT) for various programs on one invoice. This invoice is settled to the bottom line. In other words, one program may be under spent and another may be over spent, but total expenses do not exceed the bottom line of the reimbursement budget. For example, a Behavioral Health children's contractor invoice may include Therapeutic Behavioral Services, Multi-Therapeutic Foster Care Placement, Long Term Connections, and Multi-Systematic Therapy. This is done for efficiency purposes and to decrease contract modifications as children move in and out of the various contract components as their needs change.

Other Sections (Non-BHS)

The DPH Invoice Analyst will prepare a separate invoice template for each program, each funding source, each funding term, and each index code and will not combine programs if any of the above components differ.

- Invoices are prepared by program and index code. Programs with the same funding source would still have separate invoices created to reflect each program. For grant funding, an invoice is prepared by program and by grant code.

Completing the Invoice: To be Filled Out by the DPH Invoice Analyst

- 1) The DPH Invoice Analyst will fill in the Purchase Order number which is located on the “Certified Contract Purchase Order” Document (see Attachment C).
- 2) The DPH Invoice Analyst will insert the appropriate Invoice Number in the upper-right corner.
- 3) The DPH Invoice Analyst will insert the appropriate Invoicing Period in the upper-right corner.
- 4) The DPH Invoice Analyst will fill in the Fund Source name in the corresponding space in the upper-right corner. The Fund Source will coincide with the DPH revenue section of Contract Appendix B. This box will clearly identify: (a) General Fund; (b) a specific work order; or, (c) a specific grant.¹ Each work order and grant must have a separate invoice if the funding is used for different programs (contract appendix) as designated by the funding agency. For example, if the Human Services Agency (HSA) funds two programs through one work order, the DPH Invoice Analyst will prepare invoice templates for each program (e.g. HSA-W/O-Childcare, or HSA-W/O-CalWORKs).
- 5) The DPH Invoice Analyst will enter the information for the columns titled Deliverables, Total Contracted UOS, Unit Rate, and Unduplicated Clients (if applicable).
- 6) The DPH Invoice Analyst will place formulas in the remaining columns (Amount Due, Delivered-to-Date, Percentage of Total and Remaining Deliverables) which will automatically calculate the data.

All Sections: Fee-For-Service Adjustment Invoice (to reflect Contract Modifications)

The DPH Invoice Analyst will issue revised invoice templates following a contract modifications. Additionally, an Adjustment Invoice will be created to adjust for any differences between the original and modified contract.

- The DPH Invoice Analyst will prepare a separate, one-page budget adjustment form reflecting program deliverables, the value of units invoiced at the former rate, the value of invoiced units at the revised rates, and the difference between the two values. After preparing, the DPH Invoice Analyst

¹ A Fee-for-service invoice can be utilized for grant payment if the granting agency allows reimbursement by deliverables. Otherwise, a cost reimbursement invoice will be used.

will provide the Invoice Adjustment form to the affected contractor for signature. There is no need to revise the previously submitted invoices. This only applies to Fee-for-Services invoices.

- For Cost Reimbursement Invoices (See Page 15), a contractor will simply make adjustments on the next monthly invoice.

Completing the Invoice: To be Filled out by the Contractor and General Instructions

- 1) Contractor will fill in each column with the appropriate information for Contracted Units of Service (UOS), Clients (UDC), and UOS and Clients (UDC) delivered during each respective invoice period. Delivered-to-Date UOS and UDC, % of Total, and Remaining Deliverables are automatically calculated.
- 2) The contractor is to complete the Signature/Date/Title section. Authorized signatories must sign every invoice except as noted below. Typically, the authorized signatories are the Executive Director, Chief Financial Officer, or Agency Program Manager. Contractors may e-mail, fax or submit invoices via COOL for payment. Contractors wishing to obtain authorization to file electronically are to submit a letter addressed to Anne Okubo, Deputy Financial Officer, 101 Grove Street. This authorization will eliminate the need for hand written signatures, and thereby allow payment against unsigned invoices submitted electronically. The letter seeking this authorization must be signed by the contractor's Executive Director or Chief Financial Officer and must specify which form of electronic invoicing the contractor will use.
- 3) DPH Fiscal will determine the Initial Payment Recovery in accordance with the contract boilerplate "Method of Payment" section. Contractors are not to enter amounts in this cell. Generally, initial payments will be made available for General Fund and MHSA contract appendices, while this is not generally the case for grants and work orders.
- 4) DPH Fiscal will enter information in the "Other Adjustments" row (i.e. cost report settlement). Please leave blank.
- 5) Each month of the contract term will have a separate invoice that covers expenses and deliverables for the entire month.
- 6) Contractors must provide an invoice for each month of the contract term even if there are no costs/units to report that month. Contractors submitting Fee-For-Service invoices for months with no UOS delivered are to report "0" (zero) UOS and show a total reimbursement amount of "\$0.00".

- 7) Contractors are required to submit invoices in sequential order. DPH Fiscal will not pay invoices if there is a gap in sequence. For example, a May invoice cannot be paid without first paying an April invoice, an April invoice cannot be paid without first paying a March invoice, and so forth.
- 8) Since contract settlement for fee-for-service programs is based on units entered into Avatar, contractors should ensure that units entered on invoices reconcile to Avatar data. Avatar back-up may become a required attachment to invoice submissions. Additionally Avatar data will be reconciled with invoice submissions on a quarterly basis.

Submission of Final Invoice of Fiscal Year

- 9) Check the **Final Invoice** box.
 - a) Contractors are to submit a final closing invoice, clearly marked "FINAL, no later than forty-five (45) calendar days following the closing date of the contract unless specified otherwise, e.g., some grant awards may specify 30 days. If no "final" invoice is submitted during this time period, DPH is NOT obligated to make any additional payments, and any funding balance will automatically revert to the Funder.
 - b) Contractors are to check the Final Invoice box if this is the final invoice of the contracted period. Otherwise, leave blank.
 - c) Ambulatory Care - Primary Care (HHS), Community Health equity and Promotion (HPS), Applied Research, Community Health Epidemiology & Surveillance (HIV Surveillance), Center for Public Health Research (HIV Epidemiology) and Bridge HIV (HIV Research) contractors with Fee-For-Service contracts are required to submit an annual reconciliation comparing revenues received to actual costs incurred. This reconciliation is due with the final invoice, 45 calendar days after the end of the contract appendix term. Revenues received in excess of actual costs incurred for delivery of services reported must be returned to the Department of Public Health. Reconciliation detail is by Service Mode, not by contract appendix total. If contractor must return funds to the Department, please submit a check, made payable to the Department of Public Health, along with your FFS reconciliation and final invoice. Sample courtesy letters referencing this requirement, as well as a copy of a suggested reconciliation form/format, are attached as Attachment I.

The Ambulatory Care – Behavioral Health (BHS) end-of-the year cost report process will determine the final amount owed to a contractor. Fee-for-Service reimbursement will be based on the actual units entered into Avatar, (BHS electronic health record/billing system). Overpayment (or underpayment)

based on invoice reimbursement will be determined during this process, with the Fiscal Cost Report Unit notifying the contractor of any discrepancies.

Section VIII: Preparing the Cost Reimbursement Template (see Attach. B)

The DPH Invoice Analyst will prepare a separate cost reimbursement invoice template for each program by funding source. Typically, grant and work order funds require cost reimbursement invoices.

Completing the Invoice: To be Filled Out by the DPH Invoice Analyst

- 1) The DPH Invoice Analyst will fill in the PO number which is located on the “Certified Contract Purchase Order” Document (Refer to Attachment C).
- 2) The DPH Invoice Analyst will insert the appropriate Invoice Number in the upper-right corner.
- 3) The DPH Invoice Analyst will insert the appropriate Invoicing Period in the upper-right corner.
- 4) The DPH Invoice Analyst will fill in the Fund Source name in the corresponding space in the upper-right corner. The Fund Source will coincide with the DPH revenue section of Contract Appendix B. This box will clearly identify: (a) General Fund; (b) a specific work order; or, (c) a specific grant. Each work order and grant must have a separate invoice if the funding is used for different programs (contract appendix) as designated by the funding agency. For example, if the Human Services Agency (HSA) funds three programs through one work order, the DPH Invoice Analyst will prepare invoice templates for each program (e.g. HSA-W/O-ChildCare, or HSA-W/O-CalWORKs).
- 5) The DPH Invoice Analyst will enter the information for the columns titled Deliverables, Total Contracted UOS, and Unduplicated Clients (if applicable).
- 6) The DPH Invoice Analyst will include the line-item budget amount in the Budget column.
- 7) The DPH Invoice Analyst will enter the formulas in the Expenses-To-Date, the Percentage of Budget, and the Remaining Balance columns.
- 8) The DPH Invoice Analyst will issue revised invoiced templates for certification of contract modifications. The DPH Invoice Analyst will enter the revised line-item budget amount in the budget column.

All Sections: Cost Reimbursement Adjustment Invoice (to reflect funding changes between Fiscal Year contracts or budget revisions)

For each certified contract, there is a set of invoices prepared by DPH to reflect the budget of each program. If a contractor has a revision or modification to the existing contract that results in a new set of invoices, then the contractor will simply include any changes in costs into the next invoice template due, within the appropriate line-items, to reflect actual total expenses in that category. It is not necessary to resubmit prior month invoices.

For Fee-for-Services Invoices (See Page 11), an Adjustment Invoice will be created to adjust for any differences between the original and modified contract.

Completing the Invoice: To be Filled Out by the Contractor and General Instructions

- 1) Contractor will fill in the appropriate information for Contracted Units of Service (UOS) and Clients (UDC), and UOS and Clients (UDC) delivered during respective invoice period. Delivered-to-Date UOS and UDC, % of Total and Remaining Deliverables are automatically calculated.
- 2) The Contractor will enter actual expenditures. Invoices incorporating estimated or pro-rated amounts will not be processed. Contractors can only be paid up to the total contracted amount.
- 3) The Contractor must complete the Detailed Personnel Expenditures form (Appendix F, Page B) providing their **position titles** as they appear in the certified contract AND the **staff names** along with monthly expenses. This form should be part of the monthly invoice submission. If there is more than one employee in a position, the contractor must provide detailed monthly expenditures for each employee.
- 4) Agencies with contracts that contain Subcontractors/Consultants expenses must submit a copy of all subcontractor contracts or Memorandum of Understanding (MOU's) to their CDTA Program Manager either with or prior to submission of the first invoice. Invoice payments will be withheld until a copy of subcontractor/consultant contracts/MOUs are on file with the CDTA Program Manager. Contractors who are providing reimbursement to subcontractors and/or consultants must attach a copy of the subcontractor/consultant's invoice each time the contractor's monthly invoice includes these expenses.

- 5) The contractor is to complete the Signature/Date/Title section. Authorized signatories must sign every invoice except as noted below. Typically, the authorized signatories are the Executive Director, Chief Financial Officer, or Agency Program Manager. Contractors may e-mail, fax or submit invoices via COOL for payment. Contractors wishing to obtain authorization to file electronically are to submit a letter addressed to Anne Okubo, Deputy Financial Officer, 101 Grove Street. This authorization will eliminate the need for hand written signatures, and thereby allow payment against unsigned invoices submitted electronically. The letter seeking this authorization must be signed by the contractor's Executive Director or Chief Financial Officer and must specify which form of electronic invoicing the contractor will use.
- 6) DPH Fiscal will determine the Initial Payment Recovery in accordance with the contract boilerplates Method of Payment section. Contractors are not to enter amounts in this cell. Generally, initial payments will be made available for General Fund and MHSa contract appendices, while this is not generally the case for grants and work orders.
- 7) DPH Fiscal will enter information in the Other Adjustments row. (For example, cost report settlement.) Please leave blank.
- 8) Each month of the contract term will have a separate invoice that covers expenses and deliverables for the entire month.
- 9) Contractors must provide an invoice for each month of the contract term even if there are no expenditures to report that month. Contractors submitting cost reimbursable invoices for months with no costs are to report "0" (zero) cost and show a total reimbursement amount of "\$0.00."
- 10) Invoices must be submitted in sequential order. DPH Fiscal will not pay invoices if there is a gap in sequence. For example, a May invoice cannot be paid without first paying an April invoice, an April invoice cannot be paid without first paying a March invoice, and so forth.
- 11) For a contract modification/budget revision, after the certification of the contract/approval of budget revision, the contractor will include adjustment expenditures in the next month's invoice. There is no need to revise the previously submitted invoices.

Submission of Final Invoice of Fiscal Year

- 12) Check the Final Invoice box. Contractors are to submit a final closing invoice, clearly marked "FINAL, no later than forty-five (45) calendar days following the closing date of the contract unless specified otherwise, e.g.,

some grant awards may specify 30 days. If no “final” invoice is submitted during this time period, DPH is NOT obligated to make any additional payments, and any funding balance may automatically revert to the Funder, including the City’s General Fund. Contractors are to check the Final Invoice box if this is the final invoice of the contracted period. Otherwise, leave blank.

Section IX: Invoice Template for Multi-Year Contracts

The DPH Invoice Analyst will send the initial invoice templates each year based on the previous fiscal year’s funding less one-time funding and reductions (or based on prior year submissions if a budget was previously submitted for more than one year). After the final contract is certified for the current year, the DPH Invoice Analyst will send a revised invoice template to reflect the current year’s budget (Appendix B) in the certified contract.

Section X: Invoice Submission Instructions

Unless sent electronically, Contractors are to send all original, signed invoices to the address located in the bottom left-hand side of the invoice. To ensure prompt payment, submit monthly invoices on or before the 15th calendar day of the month covering expenses and deliverables of the previous month.

Establish Electronic Invoice

To sign up for electronic invoice submission, refer to Attachment H.

Section XI: Expenditure Policies and Expense Justification Requirements

Expense Category Changes and Approval Requirements for Cost Reimbursement Invoice Only

Allowable Expense Category Changes of 10% or \$10k (changes that don't require contract modification)

Unless otherwise indicated by grant provisions or other funding requirements, actual invoice expenses may exceed the expense category budget by up to 10% or \$10,000, whichever is less, and the invoice will be paid. However, any overspending in one expense category must be offset by underspending in another expense category(ies). The result of any changes cannot exceed the total budget of the invoice. If the overspending amount in an expense category does not exceed \$1,000, a contract modification or justification is not required. Refer to the scenarios in the table on page 21.

In addition to General Fund monies, this provision may be applied to programs funded by special project funding, work orders, or grant funding if the funding entity does not address this within its funding guidelines, or specifically state alternative guidelines. The funding agency's guidelines supersede this policy.

The following are three examples of how to apply this rule:

Example #1: Total Budget of General Operating expense category = \$150,000
10% of General Operating expense category = \$15,000
Maximum Dollar Value for Any Increase = \$10,000

The actual general operating expenses may only go up to \$160,000 (original budget of \$150,000 plus \$10,000) without a contract modification, (because the maximum dollar value of \$10k is lower than the value of 10%, or \$15,000), provided that the total expenses do not exceed its total invoice budget. In other words, an increase in one expense category must be offset by reduced spending in another expense category(ies).

Example #2: Total Budget of General Operating expense category = \$30,000
10% of General Operating expense category = \$3,000
Maximum Dollar Value for Any Increase = \$10,000

The actual general operating expenses may go up to \$33,000 (original budget of \$30,000 plus \$3,000) without a contract modification, (because the value of the 10% increase is lower than the maximum of \$10k), provided that the total expenses do not exceed its total invoice budget. In other words, an increase in one expense category must be offset by reduced spending in another expense category(ies).

Example #3: Total Budget of General Operating expense category = \$5,000

Actual expenses exceeded by \$600 so total expenses = \$5,600

\$600 is 12% of the expense category total. While 12% exceeds the lesser of 10% or \$10,000 of the expense category budget, it does not exceed the \$1,000 threshold, so the invoice will be paid. The total expenses do not exceed its total invoice budget. In other words, an increase in one expense category must be offset by reduced spending in another expense category(ies).

Invoice Variance Request form and Justification are required.

When overspending in an existing expense category exceeds \$1,000 and the increase exceeds the lesser of \$10K or 10% of the expense category budget, contractors must request an approval by submitting the ***Invoice Variance Request Form*** (attachment G) and an accompanying justification (there is space provided for the justification on the back of the ***Invoice Variance Request Form***). Any overspending in an expense category must be offset by underspending in another expense category(ies). The result of any changes cannot exceed the total budget of the invoice.

Please Note: The *Invoice Variance Request Form* may only be filed once per fiscal year and only at the time the final invoice is submitted. The form is used only to authorize the payment of an invoice variance resulting from overspending in the last month of the fiscal year or funding term. Changes or moves between line items during the year must be made via the normal contract modification process.

The 10%/\$10,000 Expense Category Change Rule does not apply when the following changes are made to the expense categories or line-items listed below. The changes listed below require the submission of an Internal Contract Revision. (Refer Section XII: Definitions of Original Agreement, Contract Amendment, and Internal Contract Revision)

- a) New position(s) not previously contained in the budget **
- b) New line-item(s) not previously contained in the budget
- c) Capital Expense increase
- d) Subcontractor/Consultant increase
- e) Fringe Benefit rate increase
- f) Indirect Cost rate increase

** An increase in FTE of the existing position is not considered a new position

When to process an Internal Contract Revision or use an Invoice Variance Request form (Refer to Attachments G, G-1, and G-2 for Invoice Variance Request form and instructions):

Invoice Expense Category	Scenario	Requirement for Payment Approval/ Processing
Salaries	New position(s) not previously contained in the budget (an increase in FTE of an existing position is not considered a new position)	Internal Contract Revision
Fringe Benefit	Rate increase	Internal Contract Revision
Indirect	Rate increase	Internal Contract Revision
Consultant/Subcontractor	Any increase	Internal Contract Revision
Capital Expense	Any increase	Internal Contract Revision
Occupancy, Materials & Supplies, General Operating, Staff Travel, Other, and Salaries (raise, or FTE increase of existing positions)	The increase does NOT exceed \$1K of the expense category	No action required; invoice will be processed. See #2 below
	(1)The increase exceeds \$1K of the expense category, and (2)the increase does NOT exceed the lesser of \$10K or the 10% of the expense category budget	No action required; invoice will be processed. See #2 below
	Applicable during the year (1)The increase exceeds \$1K of expense category, and (2) the increase exceeds the lesser of \$10K or the 10% of the expense category budget	Internal Contract Revision
	Applicable to last month of the fiscal year or funding term (1)The increase exceeds \$1K of expense category, and (2) the increase exceeds the lesser of \$10K or the 10% of the expense category budget	Invoice Variance Request Form with justification. See #2 and #3 below

Note:

1. The invoice, like the budget, is broken down into expense categories, e.g. Personnel, Operating, etc. as listed in column A above. Within each expense category there are specific expense line-items. An Internal Contract Revision is required for any new line-item not previously contained in the budget.
2. The total expenses cannot exceed the total budget of the invoice. Overspending of one expense category(ies) must be offset by underspending in a different expense category(ies).
3. The Invoice Variance Request Form may only be filed once per fiscal year and only at the time the final invoice is submitted. The form is used only to authorize the payment of an invoice variance resulting from overspending in the last month of the fiscal year or funding term. Changes or moves between line items during the year must be made via the normal contract modification process.
4. This policy may be superceded by specific grant provisions or other funding requirements.
5. An Internal Contract Revision (ICR) is a change to the contract that is within (does not exceed) the total Compensation/Not To Exceed (NTE) amount and the existing term contained in the contract agreement boilerplate. Contractor should submit the contract Change Request Form to CDTA for an Internal Contract Revision. For fringe rate or indirect cost rate increase, refer to the applicable policies. For the consultant/subcontractor increase, the contractor needs to submit to CDTA an updated subcontract agreement.

Definition of Contract Expense Categories

The following are the most common expense categories and their line items:

Personnel

- Salaries
- Fringe benefits

Occupancy

- Office rent
- Utilities: Telephone, electricity, water, gas
- Building repair/maintenance

Materials & Supplies (\$5,000 or less per unit)

- Office supplies
- Photocopying
- Printing
- Program supplies
- Computer hardware/ software

General Operating

- Training/staff development
- Insurance
- Professional license
- Permits
- Equipment lease & maintenance

Staff Travel

- Local travel
- Out of town travel
- Field expenses

Consultant/ Subcontractor (provide name, title, service detail) (See additional instructions on page 23)

Other

- Credit reports
- Client related expenditures
- Stipends
- Award & incentives
- Rental subsidies
- Client food
- Client activities
- Client supplies
- Vouchers
- Client travel

Capital expenditures (over \$5,000 per unit) (See additional instructions on page 23)

Indirect Expenses

Note: Neither the City nor DPH will reimburse Interest expenses.

- Except for applicable California sales and use taxes charged by the contractor to City, other taxes are not reimbursable.
- Interest, late/penalty fees, non-sufficient service fee/overdraft fees, cash advance fee, foreign exchange fees, and credit card fees are not reimbursable.
- Generally, bank fees are not reimbursable but small bank fees such as charges for bank account maintenance and check cashing that are ordinary and necessary costs for running a business may be reimbursable.

**Operating Expense Line Item and Expense Category Justification
Requirements (applies to both Cost Reimbursement and Fee-For-
Service invoices)**

Consultant/Subcontractor

Contract that contains subcontractor/consultants expenses must submit a copy of all subcontractor contracts to their CDTA Program Manager prior to submission of the first invoice. Invoice payments will be withheld until a copy of the subcontractor/consultant contract is on file with CDTA Program Manager. Refer to Attachment O for Subcontracting Requirements Policy and Procedure. Contractors that are providing reimbursement to subcontractors and/or consultants **must** attach a copy of the subcontractor/consultant's invoice each time the contractor's monthly invoice includes these expenses. This will serve as supporting documentation for payment of subcontractor line-item expenses. This requirement is in response to audit findings which identified discrepancies between actual subcontractor payment/rates and approved subcontractor/consultant budgets as included in a contractor's contract.

Capital Expenditures

Proof of purchase is required for all expenses incurred within the Capital Expenditure category. Capital expenditures are items that exceed \$5,000 per unit, including units of equipment that exceed \$5,000. City, State and Federal auditors closely scrutinize these purchases, and capital expenditure information such as purchase date, location, useful life, and amount are required to submit to the Federal annually, so the Department is requiring proof of purchase, (i.e. receipt) as back-up in advance preparation. This proof of purchase should be submitted with the invoice that includes the expense.

Charges for capital expenditures must be supported by adequate property records and physical inventories must be taken at least once every two years to ensure that assets exist and usable and needed.

Contractor is required to submit an inventory list of all capital and equipment purchases that were paid by DPH at the end of fiscal year.

Capital expenditures are **NOT** Medi-Cal reimbursable; therefore, the cost should not be funded by MediCal and its corresponding matching fund, or built into the unit rate that contains Medi-Cal as a funding source. In other words, only non-matched General Fund monies may be used. Most grants (and often work order) funding do not reimburse capital expenses.

Depreciation

Depreciation is an allowable expense that DPH may reimburse. Contractors who wish to include depreciation as a funded contract expense will be required to provide supporting documentation. The documentation would include an **agency-wide cost allocation plan** and a **depreciation schedule** that clearly ties to the budget. This supporting documentation must be submitted together with the Appendix B budget pages. Charges for depreciation must be supported by adequate property records and physical inventories must be taken at least once every two years to ensure that assets exist and are usable and needed. Contractor must maintain adequate records in event of an audit to demonstrate that these actions have occurred. Depreciation expense is not allowed if the item is already funded through the capital expense category. In other words, no duplicate billing is allowed.

Supporting Documentation for Operating Expenses

The vendor is required to maintain back-up records (such as receipts, payroll register, timesheets, names of clients receiving gift cards and amount of gift cards) that support the invoice billing. This documentation for any expense line-item (supporting an expense category total), by unique invoice must be available upon request.

The Business Office of Contract Compliance will apply the current monitoring review standards used to review contracts included in the Citywide Nonprofit Monitoring and Capacity Building Program to all DPH contracts. Specifically, related to the review of backup documentation for invoices, DPH staff will request two months of current year invoices and review associated General Ledger and other backup documentation such as timesheets, payroll register, receipts, etc. to ensure consistency.

Additional Information

DPH may require a contractor to submit additional justification and supporting documentation for a particular expense line item or category, in addition to what has been noted above. Payment may be delayed or withheld if the proper documentation is not submitted with the contractor's invoice upon request.

Section XII: Definitions of Original Agreement, Contract Amendment, and Internal Contract Revision

Original Agreement

The Original Agreement is the legal agreement which is made by and between the City and County of San Francisco and the Contractor. Original agreements are made only as the result of a competitive solicitation (RFP/RFQ) or an approved Office of Contract Administration (OCA) sole source waiver.

The Original Agreement contains the legal language required by the City, which is also referred to as “the boilerplate” or “City template,” and refers to everything in the Original Agreement up to and including the signature page.

The “Original Agreement” is subject to the approval by the City’s Office of Contract Administration and the City Attorney. This legal agreement outlines the current city contracting terms and policies, the term of the agreement, and the amount of the contract agreement.

Contract Amendment - Formal Contract Modification

A Contract Amendment literally amends—modifies and changes—the Original Agreement. Once it is fully executed (signed) and certified, all of the changes that the contract amendment describes are legally incorporated into the contract, and any changes or modifications made then supersede the Original Agreement or any previous contract amendments.

Contract amendments are subject to the same City approval and certification process as the Original Agreement.

A contract amendment is made when there are changes to the boilerplate (the section of the contract agreement before the signature page). Accordingly, it is typically utilized when the original term of the contract needs to be extended, or the total Compensation/Not to Exceed (NTE) amount is increased. Other changes may trigger a contract amendment, but these are the most common.

Examples of changes that would require a Contract Amendment include:

- Any change to the contract boilerplate
- Any change to the total contract amount
- Any change in the time period for which the funds are obligated (contract term)
- Any change to the agency’s name

Internal Contract Revision (ICR)

An Internal Contract Revision (ICR) is a change to the contract that is within (does not exceed) the total Compensation/Not To Exceed (NTE) amount and the existing term contained in the contract agreement boilerplate.

ICRs do not require approval by the City Attorney or City Purchaser/Office of Contract Administration (OCA), but they do require the re-submission of the revised narrative and budget appendices to reflect the changes.

Examples of changes that would require an Internal Contract Revision include:

- No change in the contract boilerplate.
- Addition or deletion of a mode of service, as listed in Appendix B.
- Any change in the Scope of Work or Methodology.
- Any increases/decreases in Contract Deliverables (either Units of Service or Unduplicated Clients) that does not result in an overall increase in contract funding.
- Any new line-items added with no change in the total contract amount (including the contingency amount).
- Any changes in unit rates or number of deliverables with no change in the total amount (including the contingency amount).
- Switching from cost reimbursement to FFS invoice (vice versa) that does not result in an overall increase in contract funding.

Section XIII: Invoice Processing

Items That Can Be Corrected by the DPH Invoice Analyst.

- The DPH Invoice Analyst can manually correct or change the Purchase Order Number when there is a change in the PO number due to additional encumbrances.
- If an invoice line-item exceeds 10% of the budget for the line item, the DPH Invoice Analyst will manually reduce the amount to the allowed 10%, and process accordingly. The DPH Invoice Analyst will inform the contractor of the disallowed amount.
- The DPH Invoice Analyst will make hand-written corrections to the invoice the first time an error occurs if the incorrect invoice is due to mathematical errors. The DPH Invoice Analyst will inform the contractor to correct the error(s) for the following month. Any other type of errors will not be processed, and the DPH Invoice Analyst will inform the contractor of the need for correction and resubmission.

Quarterly Reconciliation of Units of Service, and/ or Deliverables

Each quarter, the DPH Business Office's Budget Unit will conduct an analysis of units of service/deliverables against the contractor's budget. If a contractor's units of

service/deliverables are below 15% or above 15% of the quarterly benchmark percentage (cumulative), the over/under production will be flagged and forwarded to the contractor's Contract Development & Technical Assistance (CDTA) Program Manager and System of Care (SOC) Program Manager to coordinate development of a resolution.

For units of service/deliverables that are below 15% of the quarterly benchmark percentage (cumulative), payment authorization for Cost Reimbursement invoices will be required from the SOC Program Manager before the invoice will be paid. However, Fee-For-Service invoice payment will not be withheld because payment is based on actual units of service provided. Agencies with Medi-Cal revenues will also be subject to a quarterly analysis, but this will be based on Avatar data and not on invoices.

Deliverables Are:	Fee-For-Service Invoice	Cost Reimbursement Invoice
15% below quarterly benchmark %	Invoice payment will be processed; Invoice Analyst will inform SOC and cc CDTA for plan resolution, if required. CDTA will coordinate and follow up.	<u>Invoice payment will be withheld;</u> Invoice Analyst will inform SOC and cc CDTA for plan resolution and payment authorization. CDTA will coordinate and follow up.
15% above quarterly benchmark %	Invoice payment will be processed; Invoice Analyst will inform SOC and cc CDTA for plan resolution, if required. CDTA will coordinate and follow up.	Invoice payment will be processed; Invoice Analyst will inform SOC and cc CDTA for plan resolution, if required. CDTA will coordinate and follow up.

Quarterly Milestone Units of Service Analysis:

15% below quarterly benchmark

Quarter	Quarterly Benchmark %	15% below Benchmark	Will Flag Invoice for Follow-up if UOS/Deliverables are:
1st qtr	25%	21%	Under 21% of deliverables
2nd qtr	50%	43%	Under 43% of deliverables
3rd qtr	75%	64%	Under 64% of deliverables
4th qtr	100%	85%	Under 85% of deliverables

15% over quarterly benchmark

Quarter	Quarterly Benchmark %	15% over Benchmark	Will Flag Invoice for Follow-up if UOS/Deliverables are:
1st qtr	25%	29%	Over 29% of deliverables
2nd qtr	50%	58%	Over 58% of deliverables
3rd qtr	75%	86%	Over 86% of deliverables
4th qtr	100%	100%	Over 100% of deliverables

Section XIV: Contact Information

TOPIC	POINT OF CONTACT	PHONE
<ol style="list-style-type: none"> 1. Where to mail the invoices 2. Where to email electronic invoices 3. Status of invoice payment 4. Questions regarding monthly invoice templates 5. Copy of contract invoice templates 	CHEP (HPS), ARCHES, CPHR, Bridge HIV, and Ambulatory Care-PC (HHS) 1380 Howard Street, room 422 San Francisco, CA 94103 Attention: Invoice Analyst To: aidsoffice@sfdph.org Cc: annie.salcedo@sfdph.org deanna.chan@sfdph.org	255-3498
	CHEP (CHPP), Ambulatory Care-BHS, PC (COPC), MCAH 1380 Howard Street, room 405D San Francisco, CA 94103 Attention: Invoice Analyst To: cbhsinvoices@sfdph.org Cc: aida.galino@sfdph.org * Refer to the Branch and Section Names in the front of this manual	255-3909

<ol style="list-style-type: none"> 1. Questions regarding budget revisions 2. Questions regarding work-plan to address low UOS/UDC 3. Questions regarding modification of unit rates, deliverables, expenditures 4. Status of contract certification 5. Contract award amount 	<p>CDTA Program Manager assigned to the contractor</p>	<p>Refer to your CDTA Program Manager</p>
<ol style="list-style-type: none"> 6. Questions regarding breakdown of check and adjustments made to invoiced amounts. 7. Questions regarding check shortage or overpayment 	<p>Ambulatory Care - BHS Accountants Christopher Seiwon Kim Herminia Sangalang</p> <p>Ambulatory Care-PC (COPC) Accountant : Gary Bates</p> <p>CHEP (HPS), CHEP (CHPP), Ambulatory Care-PC (HHS), ARCHES, CPHR, MCAH, and Bridge HIV Accountant: Melanie Lin</p>	<p>255-3459 255-3479</p> <p>206-3898 (ext 63898)</p> <p>255-3453</p>
<ol style="list-style-type: none"> 8. Questions regarding auditor requests for information/confirmation 	<p>AP Contracts Section Head Margarette Alviar 1380 Howard Street, room #415, San Francisco, CA 94103</p>	<p>255-3454</p>

Section XV: Frequently Asked Questions and Other Pertinent Information

1. **The contractor doesn't have a copy of the contract. Where can one be obtained?** Upon signing the contract, the DPH Contracts Unit provides a complete copy of the contract to the Agency's Executive Director (or to whomever signed the contract). If this doesn't occur, please contact your CDTA Program Manager.
2. **What supporting documents are needed to prepare an invoice?**
Documents in the current certified contract needed to prepare an invoice include:
 - Boilerplate section of the contract
 - Appendix A Narrative including Program Units of Service (UOS) deliverables information
 - Appendix B Budget pages
 - Appendix F Invoice templates
 - Avatar data (if applicable)
 - Other programmatic billing record reports to determine units of service and costs for services Expenditure information for cost reimbursement invoices such as general ledger details
 - Personnel costs by position
 - Receipts for capital expenditures
 - Invoices of Subcontract/Consultant Invoice

- 3. Can the contractor submit an invoice if the contract is not yet certified?**
No. The contractor should not submit an invoice until the contract is certified and the contractor receives the invoice template from the DPH Invoice Analyst.
- 4. For multi-year contracts and 18-month contracts, when may a contractor submit its invoices for the new fiscal year?**
The DPH Invoice Analyst will send the initial invoice templates each year based on the previous fiscal year's funding less one-time funding and reductions (or based on prior year submissions if a budget was previously submitted for more than one year). After the final contract is certified for the current year, the DPH Invoice Analyst will send a revised invoice template to reflect the current year's budget (Appendix B) in the certified contract.
- 5. When will revised unit rates for fee-for-service programs and/or revised budgets for cost reimbursable programs be incorporated in invoices?**
Following certification of contract modifications, fee-for-service rate adjustments will be handled by the DPH Invoice Analyst via a separate, one-page budget adjustment form reflecting program deliverables, the value of units invoiced at the former rate, the value of invoiced units at the revised rates, and the difference between the two values. The DPH Invoice Analyst will prepare an Invoice Adjustment form and submit it to the contractor for signature. (Refer to Attachment F). After the certification of the contract modification of the cost reimbursement invoices, the contractor will simply include the costs into the next invoice template due, within the appropriate line-items, to reflect actual total expenses in that category. It is not necessary to resubmit prior month invoices.
- 6. When can new services be invoiced?**
Invoicing may begin after the contract is certified and upon receipt of the invoice template prepared by the DPH Invoice Analyst.
- 7. What process is used when a contractor is not paid for an invoice or an invoice appears to have been lost?**
Contractors should contact the DPH Invoice Analyst if submitted invoices have not been paid within 21 working days of submission. If the invoice appears to have been lost, the contractor will be required to resubmit the invoice.
- 8. When a contractor is not paid for an invoice, should the contractor submit next month's invoice on schedule?**
No. If the invoice is not paid, the contractor should not submit the next month's invoice until the issue is resolved.
- 9. Can the contractor submit invoices out of monthly sequence?**
No. DPH Fiscal will not pay any invoice that is out of monthly sequence. For example, a May invoice cannot be paid without first processing the April invoice, etc.

Also, contractors must submit an invoice every month of the contract term even if there are no deliverables/expenditures for that month. Invoices for months with no expenditures should show a total reimbursement amount of "\$0.00." Contractors should contact the DPH Invoice Analyst if submitted invoices have not been paid.

10. When a contractor's records do not reconcile with Avatar data, can the contractor use its own data for invoicing?

Monthly invoices may be prepared using data from Avatar or from a contractor's internal tracking system. It is the contractor's responsibility to identify errors and reconcile Avatar data. Note: Cost report settlements for fee-for-service contractors will be based upon units entered into Avatar.

BHS Contractors are responsible for reconciling the deliverables they enter on invoices with Avatar reports. Since contract settlement for fee-for-service programs is based on units entered into Avatar, contractors should ensure that units entered on invoices reconcile to Avatar.

11. Is it necessary to submit all invoices on or before the 15th calendar day of the following month?

Yes. Contractors should submit all invoices on or before the 15th calendar day of the following month. Contractors will increase the probability of prompt payment if invoices are submitted on time. The final invoice should be submitted on or before the 45th calendar day after the end of funding term. Repeated delayed or problematic invoices may constitute non-compliance with the contract and may affect the contractor's monitoring reports. The delay may also impact the payment to the contractors if it is funded by grant or work order.

12. Will contractors be paid more than the contracted amount on Fee-For-Service invoices?

No. The contractor will only be compensated up to the maximum dollar amount allowed under the contract. However, actual units of service/deliverables should still be reported as this data is useful in negotiating future contracts.

13. Can contractors with cash flow problems submit invoices early (to cover partial months)?

No. Invoices will not be accepted for partial months or in advance of the submission period. Cash flow issues will be addressed by the initial payment process, the initial payment recovery schedule, or based on other special arrangements that will be formalized in the contract agreement. The CDTA Program Manager should be contacted by any contractor experiencing cash flow problems.

14. Should contractors include expenses exceeding the contract amount on cost reimbursable invoices?

No, when the contract maximum is reached, no additional expenses should be invoiced.

- 15. Should contractors continue to report the deliverables and units of services on cost reimbursable invoices after the contract maximum is reached?**
Yes, even though the contract maximum is reached, contractors should continue to report the deliverables and units of services on cost reimbursable invoices as this data is useful in negotiating future contracts.
- 16. Will contractors be reimbursed for line item overages in actual cost reimbursable invoices as long as the total expenses are within budget?**
Refer to Section XI, Expenditure Policies and Expense Justification Requirements-Expense Category Changes and Approval Requirements, page 19.
- 17. What is the process when a contractor's check does not appear to be accurate?**
The Contractor should contact the DPH Fiscal Unit (see Section XIV Contact Information).
- 18. When should the "Final" invoice be submitted?**
Unless otherwise indicated by grant provisions or other funding requirements, the contract stipulates that a "Final" invoice must be submitted no later than 45 days from the closing date of the funding term. A "Final" invoice should include only those expenses and services incurred during the contractual period of performance. Submission of the "Final" invoice indicates that the contractor has reconciled its books and is ready to close out the account. DPH Fiscal is not obligated to pay invoices that are received after the 45-day period following the closing date of the funding term.
- 19. When should a contractor expect payment?**
If the invoice is correctly prepared and the contract is certified, The City will process the invoice and mail the check to the contractor within 21 working days following the date the invoice was received by the DPH Invoice Analyst. For direct deposit, payment will be deposited into the contractor's bank account within 15 working days following the date the invoice was received by the DPH Invoice Analyst.
- 20. Will the contractor receive a new invoice template after a contract modification?**
Yes. The DPH Invoice Analyst will email the Contractor a new invoice template after the a contract modification is completed.
- 21. Does the contractor need to resubmit revised monthly invoices after a contract modification?**
No. The contractor does not need to resubmit the revised invoices. The invoices will be adjusted as follows:

Fee-For-Service Invoice after contract modification:

The DPH Invoice Analyst will prepare a separate, one-page budget adjustment form reflecting program deliverables, the value of units invoiced at the former rate, the value of invoiced units at the revised rates, and the difference between the two values. After preparing, the DPH Invoice Analyst will provide the Invoice Adjustment form to the affected contractor for signature. There is no need to revise the previously submitted invoices. This only applies to Fee-for-Services invoices.

Cost Reimbursement Invoice after contract modification:

The Contractor should include adjustments in the next month's invoice using the new invoice template provided by the Invoice Analyst. There is no need to revise the previously submitted invoices.

22. Can the contractor submit an invoice before the contract modification is approved?

Yes. The contractor can continue to submit the invoices using the current invoice template. After the contract modification is approved, the contractor should use the revised template forwarded by the DPH Invoice Analyst. Subsequent to the approved contract modification, if the old invoice template is still utilized, payment will not be processed.

23. Can the contractor modify the invoice template?

No. The contractor should not modify the invoice template. The DPH Invoice Analyst will send the official invoice template to the contractor. If the invoices the contractor submits are in any way different from the invoices in the certified contract, the invoice will not be processed.

24. When the contractor calls to inquire about the status of an invoice, what information is needed to help expedite the request?

- Contractor Name/Contact Info
- Contract Purchase Order Number
- Funding (i.e., CDC, CARE, and General Fund)
- Month of the invoice
- Amount of the invoice
- Appendix Name
- ACE Control Number (if applicable)
- Date invoice was submitted

25. Where should the contractor send the requests/notices from auditors for contract account confirmation/information?

Send auditor requests/notices directly to the following address:

Fiscal Contract Payment
1380 Howard Street, 4th floor, room 415
San Francisco, CA 94103

- 26. Where to find the Catalog of Federal Domestic Assistance (CFDA) Number for the contract's grant funding?**
The CFDA number is indicated in the Funding Notification letter.
- 27. How can the Contractor sign up for electronic invoicing?**
Refer to Attachment H.
- 28. How does the contractor submit its invoices to DPH?**
The contractor may submit its invoices as follows:
Electronic invoices:
Excel or PDF formats are accepted.
DPH accepts electronic invoices with typed name of authorized signatory.
Hard copy invoices:
Refer to Section XIV "Contact Information."
- 29. What is the Advance Payment Policy?**
Refer to Attachment K.
- 30. What is the Initial Payment Process?**
Refer to Attachment L.

Attachment A

DEPARTMENT OF PUBLIC HEALTH CONTRACTOR FEE FOR SERVICE STATEMENT OF DELIVERABLES AND INVOICE

Appendix F
PAGE A

Control Number

INVOICE NUMBER:

Contractor:

Ct. Blanket No.: BPHM

TBD

User Cd

Address:

CBHS

Ct. PO No.: POHM

TBD

Tel No.:

Fund Source:

Fax No.

Invoice Period :

Funding Term:

Final Invoice:

(Check if Yes)

PHP Division: Community Behavioral Health Services

ACE Control Number:

	Total Contracted Exhibit UDC	Delivered THIS PERIOD Exhibit UDC	Delivered to Date Exhibit UDC	% of TOTAL Exhibit UDC	Remaining Deliverables Exhibit UDC
Unduplicated Clients for Exhibit:					

*Unduplicated Counts for AIDS Use Only.

DELIVERABLES Program Name/Reptg. Unit Modality/Mode # - Svc Func (MH Only)	Total Contracted		Delivered THIS PERIOD		Unit Rate	AMOUNT DUE	Delivered to Date		% of TOTAL		Remaining Deliverables			
	UOS	CLIENTS	UOS	CLIENTS			UOS	CLIENTS	UOS	CLIENTS	UOS	CLIENTS	UOS	CLIENTS
					\$ -	\$ -	0.000			#DIV/0!		0.000		
					\$ -	\$ -	0.000			#DIV/0!		0.000		
TOTAL	-		0.000				0.000			#DIV/0!		0.000		
	Budget Amount				\$ -		Expenses To Date			% of Budget		Remaining Budget		
							\$ -	-	#DIV/0!			\$ -		

NOTES:

SUBTOTAL AMOUNT DUE \$ -
 Less: Initial Payment Recovery
 (For DPH Use) Other Adjustments
NET REIMBURSEMENT \$ -

I certify that the information provided above is, to the best of my knowledge, complete and accurate; the amount requested for reimbursement is in accordance with the contract approved for services provided under the provision of that contract. Full justification and backup records for those claims are maintained in our office at the address indicated.

Signature: _____

Date: _____

Title: _____

Send to:

Community Programs Budget/ Invoice Analyst
1380 Howard St., 4th Floor
San Francisco, CA 94103

DPH Authorization for Payment

Authorized Signatory

Date

Attachment B

DEPARTMENT OF PUBLIC HEALTH CONTRACTOR COST REIMBURSEMENT INVOICE

Appendix F
PAGE A

Control Number

INVOICE NUMBER:

Contractor:

Ct. Blanket No.: BPHM

Address:

User Cd

Ct. PO No.: POHM

Tel No.:

CBHS

Fund Source:

Fax No.:

Invoice Period:

Funding Term:

Final Invoice: (Check if Yes)

PHP Division: Community Behavioral Health Services

ACE Control Number:

Program/Exhibit	TOTAL CONTRACTED		DELIVERED THIS PERIOD		DELIVERED TO DATE		% OF TOTAL		REMAINING DELIVERABLES		% OF TOTAL	
	UOS	UDC	UOS	UDC	UOS	UDC	UOS	UDC	UOS	UDC	UOS	UDC
					-		#DIV/0!		-		#DIV/0!	

Unduplicated Counts for AIDS Use Only.

Description	BUDGET	EXPENSES THIS PERIOD	EXPENSES TO DATE	% OF BUDGET	REMAINING BALANCE
Total Salaries	\$ -	\$ -	\$ -	0.00%	\$ -
Fringe Benefits	\$ -	\$ -	\$ -	0.00%	\$ -
Total Personnel Expenses	\$ -	\$ -	\$ -	0.00%	\$ -
Operating Expenses:					
Occupancy	\$ -	\$ -	\$ -	0.00%	\$ -
Material and Supplies	\$ -	\$ -	\$ -	0.00%	\$ -
General Operating	\$ -	\$ -	\$ -	0.00%	\$ -
Staff Travel	\$ -	\$ -	\$ -	0.00%	\$ -
Consultant/ Subcontractor	\$ -	\$ -	\$ -	0.00%	\$ -
Other:	\$ -	\$ -	\$ -	0.00%	\$ -
	\$ -	\$ -	\$ -	0.00%	\$ -
	\$ -	\$ -	\$ -	0.00%	\$ -
Total Operating Expenses	\$ -	\$ -	\$ -	0.00%	\$ -
Capital Expenditures	\$ -	\$ -	\$ -	0.00%	\$ -
TOTAL DIRECT EXPENSES	\$ -	\$ -	\$ -	0.00%	\$ -
Indirect Expenses	\$ -	\$ -	\$ -	0.00%	\$ -
TOTAL EXPENSES	\$ -	\$ -	\$ -	0.00%	\$ -
Less: Initial Payment Recovery					
Other Adjustments (DPH use only)					
REIMBURSEMENT		\$ -			

NOTES:

I certify that the information provided above is, to the best of my knowledge, complete and accurate; the amount requested for reimbursement is in accordance with the contract approved for services provided under the provision of that contract. Full justification and backup records for those claims are maintained in our office at the address indicated.

Signature: _____

Date: _____

Printed Name: _____

Title: _____

Phone: _____

Send to:

Community Programs Budget/ Invoice Analyst
1380 Howard St., 4th Floor
San Francisco CA 94103-2614

DPH Authorization for Payment

Authorized Signatory _____ Date _____

**DEPARTMENT OF PUBLIC HEALTH CONTRACTOR
COST REIMBURSEMENT INVOICE**

Appendix F
PAGE B

Control Number

Invoice Number

0	0	0
---	---	---

User Cd

Contractor:

CT PO No.

--	--

Tel. No.:

DETAIL PERSONNEL EXPENDITURES

NAME & TITLE	FTE	BUDGETED SALARY	EXPENSES THIS PERIOD	EXPENSES TO DATE	% OF BUDGET	REMAINING BALANCE
			\$ -	\$ -	0.00%	\$ -
			\$ -	\$ -	0.00%	\$ -
			\$ -	\$ -	0.00%	\$ -
TOTAL SALARIES	-	\$ -	\$ -	\$ -	0.00%	\$ -

I certify that the information provided above is, to the best of my knowledge, complete and accurate; the amount requested for reimbursement in accordance with the contract approved for services provided under the provision of that contract. Full justification and backup records for those claims are maintained in our office at the address indicated.

Signature: _____

Date: _____

Printed Name: _____

Title: _____

Phone: _____

Attachment C

* * * * * R E V I S E D * * * * * CHANGE NO: 003
CITY AND COUNTY OF SAN FRANCISCO PAGE :01



CONTRACT PURCHASE ORDER RELEASE
COMMUNITY HEALTH SERVICES

PO NUMBER: DPHC13000305
PO AMOUNT: \$211,232.55

TO: NATIVE AMERICAN HEALTH CENTER
160 CAPP ST
SAN FRANCISCO CA 94110

PO PRINT DATE: 06/18/2013

CONTACT: MARK ESPINOSA, EXEC
PHONE : 415-553-6621
VENDOR ID: 19088

TERMS: NET
FOB : DEST

ISSUE DATE : 07/31/2012

BPO # : BPHC11000133 <<
EFF. DATE : 03/01/2011
EXP. DATE : 02/28/2015

DELIVER TO: 101 GROVE ST. ROOM 112
SAN FRANCISCO CA 94102-0000

AUTHORIZED SIGNATURE: _____

DATE : 6/18/2013
PHONE: _____

ORIGINAL ORDER MUST BE SIGNED TO BE VALID

INVOICE TO: DEPARTMENT OF PUBLIC HEALTH (HCI01)
1380 HOWARD ST 4TH FLR
SAN FRANCISCO CA 94103

TERMS:

THIS CONTRACT PURCHASE ORDER AND THE ACCOMPANYING SIGNED CONTRACT
AUTHORIZE YOU TO BEGIN PERFORMING THE CONTRACT AND INVOICING THE
CITY. THIS IS SUBJECT TO THE TERMS AND CONDITIONS IN THE CONTRACT. ANY
TERMS AND CONDITIONS ON THE REVERSE OF THIS DOCUMENT DO NOT APPLY.

YOU MUST INCLUDE THE CONTRACT PURCHASE ORDER NUMBER ON ALL INVOICES.

CONTINUED, NEXT PAGE

***** R E V I S E D ***** CHANGE NO: 003
CITY AND COUNTY OF SAN FRANCISCO PAGE :03



CONTRACT PURCHASE ORDER RELEASE
COMMUNITY HEALTH SERVICES

PO NUMBER: DPHC13000305
PO AMOUNT: \$211,232.55

SFX	INDEX	SUBOBJ	USERCODE	PROJECT	PRJDTL	GRANT	GRNTDTL	AMOUNT
01	HCHPDHIVSVGR	02789				HCPD13	1201	83,453.55
02	HCHIVHSVCSGR	02789				HCPD13	1301	77,779.00
03	HCHIVPREVNGF	02789						50,000.00

								211,232.55



**** END OF DOCUMENT ****

Attachment D

Direct Versus Indirect Costs

Direct Costs:

Direct costs are those which are clearly identifiable and attributable to a specific program service, or activity.

Indirect Costs:

Indirect costs are the costs that are NOT clearly identifiable and attributable to a specific program, or activity. Agencies must have a documented, consistent indirect cost allocation methodology across all programs, activities, and funding sources. Refer to the San Francisco Office of the Controller's "Cost Allocation Guidelines for Nonprofits Doing Business with the City" for more guidance.

Common examples of direct and indirect costs as follows:

Direct Costs	Indirect Costs
<p>Examples of Direct Costs include:</p> <ul style="list-style-type: none">• Staff providing direct service to clients• Program goods and materials for service to clients• Share of rent, utilities, and maintenance of program space/environment• Staff travel for client service• Subcontractor providing client service	<p>Examples of Indirect Costs include:</p> <ul style="list-style-type: none">• Executive positions• Clerical• Maintenance (Security, Janitor, etc)• Accounting• Payroll• Audit fees• Administration• Information Technology• Human Resources

Attachment E



CITY AND COUNTY OF SAN FRANCISCO

COST ALLOCATION GUIDELINES FOR NONPROFITS DOING BUSINESS WITH THE CITY

Why is the City Controller issuing these guidelines?

Per the City Charter, the Controller has the responsibility to protect the financial and functional integrity of City government. City government includes approximately \$400 million of health and human services provided annually by nonprofit contractors. These cost allocation guidelines are meant as best practices, and serve as part of an overall endeavor to ensure the integrity and efficiency of the City's nonprofit expenditures.

What is Cost Allocation?

Cost allocation is a process that seeks, through reasonable and documented means, to allocate costs appropriately to funding sources. Many funding sources, including the City, require that the percentage of costs charged to the funds they are providing be reasonable. In other words, there has to be a clear logic behind the charge and percentage. For example, rent expenses are often charged based on the square footage allocated to a particular program and funding source. Many funding sources also require a written cost allocation plan that describes how shared costs are charged, and the logic behind the percentage allocation.

How do Federal requirements and the City's guidelines relate to each other?

Federal regulations are the primary driver for nonprofit cost allocation requirements. The City's cost allocation guidelines for nonprofit contractors largely follow those described by Generally Accepted Accounting Principles (GAAP) and in Federal OMB Circular A-122.

Specifically, A-122 dictates that costs must be:

- Reasonable
 - Ordinary and necessary
 - Comparable to market prices
- Consistently applied
 - Contractors cannot switch methods to generate more revenue or treat one cost as direct for one contract and indirect for another (see section on direct costs-pg.2).
- Allowable
 - The City follows the guidelines under Federal OMB Circular A-122. Exceptions are any costs prohibited by local law (e.g., costs made ineligible under City prohibitions).
- Allocable
 - Costs must benefit the objective(s) being funded
- Documented
 - The methodology for allocating the cost should be documented. For example, time studies, functional time sheets and percentage of direct salaries.

When is cost allocation required?

Cost allocation is required when a nonprofit agency has:

- multiple activities, one funding source
- one activity, multiple funding sources

9/23/2005

1

- multiple funding sources, multiple activities

In organizations with multiple programs, all costs can be divided into two different types: direct costs and indirect costs.

What is a direct cost?

Direct costs are those which are clearly and easily attributable to a specific program or funding source. Direct costs can generally be identified with a specific final cost objective (i.e., a particular award, project, service, or other direct activity of an organization). However, a cost may not be assigned to an award as a direct cost if any other cost incurred for the same purpose, in like circumstance, has been allocated to an award as an indirect cost. Costs identified specifically with awards are direct costs of those awards and are to be assigned directly to those awards. Costs identified specifically with other final cost objectives of the organization are direct costs of those cost objectives and are not to be assigned to other awards directly or indirectly.

Any direct cost of a minor amount may be treated as an indirect cost for reasons of practicality, where the accounting treatment for such cost is consistently applied to all final cost objectives. The costs of activities performed primarily as a service to members, clients, or the general public, when significant and necessary to the organization's mission, must be treated as direct costs whether or not allowable and be allocated an equitable share of indirect costs. These types of expenses are usually categorized as direct fundraising costs, and may include the following types of activities:

- Maintenance of membership rolls, subscriptions, publications, and related functions.
- Providing services and information to members, legislative or administrative bodies, or the public.
- Promotion, advocacy, and other forms of public relations.
- Meetings and conferences except those held to conduct the general administration of the organization.
- Maintenance, protection, and investment of special funds not used in operation of the organization.
- Administration of group benefits on behalf of members or clients, including life and hospital insurance, annuity or retirement plans, financial aid, etc.
- Salaries and benefits for employees working with clients that are served through a single contract.

What is an indirect cost?

Indirect costs are those which are not easily identifiable with one specific program but which are, nonetheless, necessary to the operation of the program. Indirect costs cannot be easily attributed to one activity or funding source and these costs benefit more than one activity and/or represent one or more funding sources. These costs are shared among programs and, in some cases, among functions (e.g., general fundraising). The Executive Director's salary is a common example of an expense which benefits all programs and functions.

Because of the diverse characteristics and accounting practices of nonprofit organizations, it is not possible to specify the types of costs, which may be classified as indirect costs in all situations. However, typical examples of indirect costs for many nonprofit organizations may include use allowances on buildings and equipment, the costs of operating and maintaining

facilities, and general administration and general expenses, such as the salaries and expenses of executive officers, personnel administration, and accounting. Further examples of indirect, or shared costs, may include: rent, telephone, postage, printing and other expenses which benefit all programs and functions of an organization. Depreciation costs may also be categorized as an indirect cost, however these are subject to review by the granting agency and / or the Controller's Office.

What are allowable indirect costs?

Usually, these are administrative costs that benefit more than one activity and are not included in an indirect cost rate agreement. These costs may be allocated to all benefiting activities/programs by pooling like costs and allocating them using a reasonable methodology and basis. To be allowable under an award, costs must meet the following general criteria:

- Be reasonable for the performance of the award and be allocable thereto under these principles.
- Conform to any limitations or exclusions set forth in these principles or in the award as to types or amount of cost items.
- Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the organization.
- Be accorded consistent treatment.
- Be determined in accordance with generally accepted accounting principles (GAAP).
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
- Be adequately documented.

What is a reasonable cost?

A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs. The question of the reasonableness of specific costs must be scrutinized with particular care in connection with organizations, or separate divisions thereof, which receive the preponderance of their support from awards made by Federal agencies. In determining the reasonableness of a given cost, consideration shall be given to:

- Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the organization or the performance of the award.
- The restraints or requirements imposed by such factors as generally accepted sound business practices, arms length bargaining, Federal and State laws and regulations, and terms and conditions of the award.
- Whether the individuals concerned acted with prudence in the circumstances, considering their responsibilities to the organization, its members, employees, and clients, the public at large, and the Federal Government.
- Significant deviations from the established practices of the organization, which may unjustifiably increase the award costs.

What are allocable costs?

A cost is allocable to a particular cost objective, such as a grant, contract, project, service, or other activity, in accordance with the relative benefits received. A cost is allocable to a Federal award if it is treated consistently with other costs incurred for the same purpose in like circumstances and if it:

- Is incurred specifically for the award.
- Benefits both the award and other work and can be distributed in reasonable proportion to the benefits received, or
- Is necessary to the overall operation of the organization, although a direct relationship to any particular cost objective cannot be shown.
- Any cost allocable to a particular award or other cost objective under these principles may not be shifted to other Federal awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by the terms of the award.

What is the City requiring related to cost allocation?

The City requires a written cost allocation plan that is reasonable, based on logic that has a documented and/ or logical basis. "Documented or logical" could be, for example, allocating rent costs by square footage associated with a specific program and funding source, dividing up phone charges by staff and program, and paying for salaries based on the project hours documented on staff timesheets.

As of Fall 2005, the City is streamlining and standardizing its nonprofit monitoring procedures. For fiscal monitoring, a written cost allocation plan is an element that will be asked for and reviewed by fiscal monitors. Because each nonprofit agency is different, and there are differences within City funding sources, there is no "rubber stamp" cost allocation plan.

Illustration of Indirect Cost Allocation

Example 1: Indirect Costs: medium-to-large size organization

The Helping Hands In-Home Support Agency has administrative (Executive Director, Administrative Assistant, Front Office Receptionist, Human Resources Coordinator) and finance (Controller, accounts payable, accounts receivable, and payroll) salaries and benefits costs each month totaling \$30,000. The agency must allocate these indirect costs to all of its cost centers on a reasonable, consistent basis.

Helping Hands also has a Development Director who has an Administrative Assistant. The salaries and benefits of these two staff people must be reported as fundraising staff whose salaries and benefits may not be allocated to programs.

Each of Helping Hands' three programs use direct program staff in positions that have similar salary ranges. This makes allocation of indirect salaries and benefits based upon percentages of direct salaries a reasonable method. Total direct costs could also be a basis as long as one program didn't have disproportionately larger operating costs for some reason. The objective is to find an allocation basis that somehow shares out indirect costs in a manner that approximates the benefits received by each cost center. So, monthly indirect salaries and benefits could be allocated across its programs in the following manner:

- Program A: Direct salaries = \$20,000
- Program B: Direct salaries = \$50,000
- Program C: Direct salaries = \$15,000
- Development : Direct salaries = \$5,000

Total Direct salaries = \$90,000

Program A: receives indirect costs of \$ 6,667 ($\$20,000/\$90,000 \times \$30,000$)
Program B: receives indirect costs of \$16,667 ($\$50,000/\$90,000 \times \$30,000$)
Program C: receives indirect costs of \$ 5,000 ($\$15,000/\$90,000 \times \$30,000$)
Development receives indirect costs of 1,666 ($\$ 5,000/\$90,000 \times \$30,000$)

This allocates all of the \$30,000 of indirect salaries and benefits.

Example 2: Indirect Costs: smaller organization

The Helping Hearts Counseling Center has administrative (Executive Director, Administrative Assistant/Receptionist) and finance (Controller, accounts payable, and payroll) salaries and benefits cost each month totaling \$15,000. The agency must allocate these indirect costs to all of its cost centers on a reasonable, consistent basis.

The Executive Director is a Licensed Marriage, Family, and Child Counselor who also serves as the program director for the smaller of Helping Hearts' two programs. She keeps a functional time sheet that shows how much time each week she works in this capacity. The program operates out of a different facility than the administrative offices, so she dedicates one day on site at the program facility and records any program-specific meeting time on her timesheet during the rest of the week. For our sample one month, her time as Executive Director amounts to 75% and her Program Director time amounts to 25% of her total time during the month. 25% of her monthly salaries and benefits are \$1,300. This reduces the indirect salaries and benefits to \$13,700.

Each of Helping Hearts' two programs has total direct costs that are similar (no highly paid professional staff in just one program, no large payments to contractors in only one program, no more than one work shift per day for direct staff in just one program, etc.) So, monthly indirect salaries and benefits could be allocated across its programs in the following manner:

Program A: Total direct costs = \$45,000
Program B: Total direct costs = \$25,000. (includes 25% of the E.D.'s salary and benefits)

Total Direct salaries = \$70,000

Program A: receives indirect costs of \$8,807 ($\$45,000/\$70,000 \times \$13,700$)
Program B: receives indirect costs of \$4,893 ($\$25,000/\$70,000 \times \$13,700$)

This allocates all of the \$13,700 of indirect salaries and benefits.

Example 3: Allocable Direct Costs

The Helping Hand Agency is housed in a 3500 sq. foot facility. Approximately, 1400 sq. feet consists of kitchen areas, which are used to produce meals for Helping Hand's Brown Bag Lunch Program. Consequently, forty percent of Helping Hand's square footage is allocated to this particular program. Helping hand pays \$4000 per month in rent. This means that forty percent of Helping Hands total monthly rent (\$1600 per month or \$19,200 annually) can be

directly allocated to the funding source which finances their Brown Bag Lunch Program. Other Helping Hand Agency programs can be charged with direct rent expense based upon each program's relative percentage of actual square footage used. If administrative and finance offices reside in the same facility, the percentage of square footage used for those offices would be charged to programs as indirect costs.

Additional Resources

- OMB Circular A-122: Cost Principles for Nonprofit Organizations
<http://www.whitehouse.gov/omb/circulars/a122/a122.html>
- American Institute of Certified Public Accountants (AICPA)
<http://www.aicpa.org/index.htm>
<http://www.aicpa.org/Audcommctr/toolkitsnpo/homepage.htm>
- Alliance for Nonprofit Management
http://www.allianceonline.org/FAQ/financial_management
- Compasspoint Nonprofit Services
http://www4.compasspoint.org/p.asp?WebPage_ID=707&Profile_ID=128167
- Independent Sector
<http://www.independentsector.org/issues/sarbanesoxley.html>

Attachment F

DEPARTMENT OF PUBLIC HEALTH CONTRACTOR			
FEE FOR SERVICE ADJUSTED STATEMENT OF DELIVERABLES AND INVOICE			
	Control Number		Appendix F PAGE A
		INVOICE NUMBER:	AJ
Contractor:		Ct. Blanket No.: BPHM:	TBD
			User Cd
Address:	CBHS	Ct. PO No.: POHM:	TBD
Tel. No.:		Fund Source :	General Fund
Fax No.:		From	To
		Invoice Period :	
Contract Term:		Final Invoice :	(Check if Yes)
PHP Division: Community Behavioral Health Services		ACE Control Number :	

DELIVERABLES Program Name/Reptg. Unit Modality/Mode # - Svc Func (MH Only)	HAVE BEEN INVOICED AS:			SHOULD HAVE BEEN INVOICED AS:			(DIFFERENCE) ADJUSTMENTS	
	UOS	Unit Rate	Amount	UOS	Unit Rate	Amount	UOS	Amount
		\$ -	\$ -	-	\$ -	\$ -		\$ -
TOTAL	0.00	\$ -	\$ -	0.00	\$ -	\$ -		\$ -

I certify that the information provided above is, to the best of my knowledge, complete and accurate; the amount requested for reimbursement is in accordance with the contract approved for services provided under the provision of that contract. Full justification and backup records for those claims are maintained in our office at the address indicated.

Signature: _____

Date: _____

Title: _____

Send to:
Community Programs Budget/ Invoice Analyst
1380 Howard St., 4th Floor
San Francisco, CA 94103

DPH Authorization for Payment	
_____	_____
Authorized Signatory	Date

Attachment G

DEPARTMENT OF PUBLIC HEALTH: INVOICE VARIANCE REQUEST FORM

CONTRACTOR:		CONTRACT PURCHASE ORDER #:	
ADDRESS:		CMS #:	
PROGRAM NAME:		INVOICE NUMBER:	
BUDGET TERM:		FUNDING SOURCE:	
DPH SECTION:		APPENDIX B #:	

(please add rows to expense line items as necessary)

	FTE	TOTAL INVOICE BUDGET	FTE	TOTAL ACTUAL EXPENDITURES	FTE	VARIANCE INCR (DECR)	VARIANCE %
EXPENDITURES - (List expense Line Items as shown on Appendix B Salaries and Benefits Detail page)							
Personnel Expenses (list position titles):					0.00	\$0.00	0%
					0.00	\$0.00	0%
					0.00	\$0.00	0%
					0.00	\$0.00	0%
					0.00	\$0.00	0%
					0.00	\$0.00	0%
Total FTE/Salaries	0.00	\$0	0.00	\$0	0.00	\$0	0%
Fringe Benefits					0	\$0	0%
Total Personnel Expenses		\$0		\$0	0	\$0	0%
Operating Expenses: (List expense Line Items as shown on Appendix B Operating Expenses Detail page)							
Occupancy						\$0	0%
						\$0	0%
						\$0	0%
						\$0	0%
Occupancy Total:		\$0		\$0		\$0	0%
Materials and Supplies						\$0	0%
						\$0	0%
						\$0	0%
						\$0	0%
Materials and Supplies Total:		\$0		\$0		\$0	0%
General Operating						\$0	0%
						\$0	0%
						\$0	0%
						\$0	0%
General Operating Total:		\$0		\$0		\$0	0%
Staff Travel						\$0	0%
						\$0	0%
						\$0	0%
						\$0	0%
Staff Travel Total:		\$0		\$0		\$0	0%
Consultant/Subcontractor (add lines as necessary)						\$0	0%
CONSULTANT/SUBCONTRACTOR (Name and Amounts)						\$0	0%
CONSULTANT/SUBCONTRACTOR (Name and Amounts)						\$0	0%
CONSULTANT/SUBCONTRACTOR (Name and Amounts)						\$0	0%
Consultant/Subcontractor Total:		\$0		\$0		\$0	0%
Other: (provide details as shown on Appendix B)						\$0	0%
						\$0	0%
						\$0	0%
						\$0	0%
Other Total:		\$0		\$0		\$0	0%
Total Operating Expenses:		\$0		\$0		\$0	0%
Capital Expenditures						\$0	0%
						\$0	0%
Capital Expenditures Total:		\$0		\$0		\$0	0%
TOTAL DIRECT EXPENSES		\$0		\$0		\$0	0%
Indirect Expenses						\$0	0%
TOTAL	.00	\$0		\$0		\$0	0%

Contractor Signature:	Title:	Date:
FOR DPH OFFICE USE ONLY		
This request is (circle one):	SOC Approved	SOC Denied
Comments:		
Signature/Date:		
SOC Program Manager:	Date:	
Invoice Analyst initial and comments:		
This request is (circle one):	Budget Analyst Approved	Budget Analyst Denied
Comments:		
Signature/Date:		
Budget Analyst:	Date:	

DEPARTMENT OF PUBLIC HEALTH: INVOICE VARIANCE REQUEST FORM

Please provide justification for the invoice variance request on page 2			
CONTRACTOR:		CONTRACT PURCHASE ORDER #.:	
ADDRESS:		CMS #:	
PROGRAM NAME:		INVOICE NUMBER:	
BUDGET TERM:		FUNDING SOURCE:	
DPH SECTION:		APPENDIX B #:	

Invoice Variance Form Justification Statement:

Please provide a brief description of the reason for the invoice variance request. Additional documentation may be required to support the overspending for the last month of the fiscal year or funding term.

Attachment G-1

Instructions for Invoice Variance Request Form

For Cost Reimbursement Invoice Only

When to Use the Invoice Variance Request Form: If the overspending in an existing expense category exceeds \$1,000 and exceeds the lesser of 10% or \$10,000 of the expense category budget, the contractor must request approval of the invoice by submitting the ***Invoice Variance Request Form*** and a ***justification*** statement. The result of any changes cannot exceed the total budget of the invoice.

Please note: The Invoice Variance Request Form may only be filed once per fiscal year and only at the time the final invoice is submitted. The form is used only to authorize the payment of an invoice variance resulting from overspending in the last month of the fiscal year or funding term. Changes or moves between line items during the year must be made via the normal contract modification process.

1. Total Invoice Budget (Section A)

List the budget line items within the appropriate expense category as they appear in the Appendix B. Insert rows as necessary.

2. Total Actual Expenditures (Section B)

List the total actual expenditures in the appropriate expense line item.

3. Variance (A minus B)

A formula is provided that subtracts the Total Actual Expenditures (column B) from the Total Invoice Budget (column A) to show the amount of the change.

4. DPH Office Use Only

This section is for the use of DPH staff to record approval/denial of the request and the signatures and dates for the SOC Program Manager and Budget Analyst.

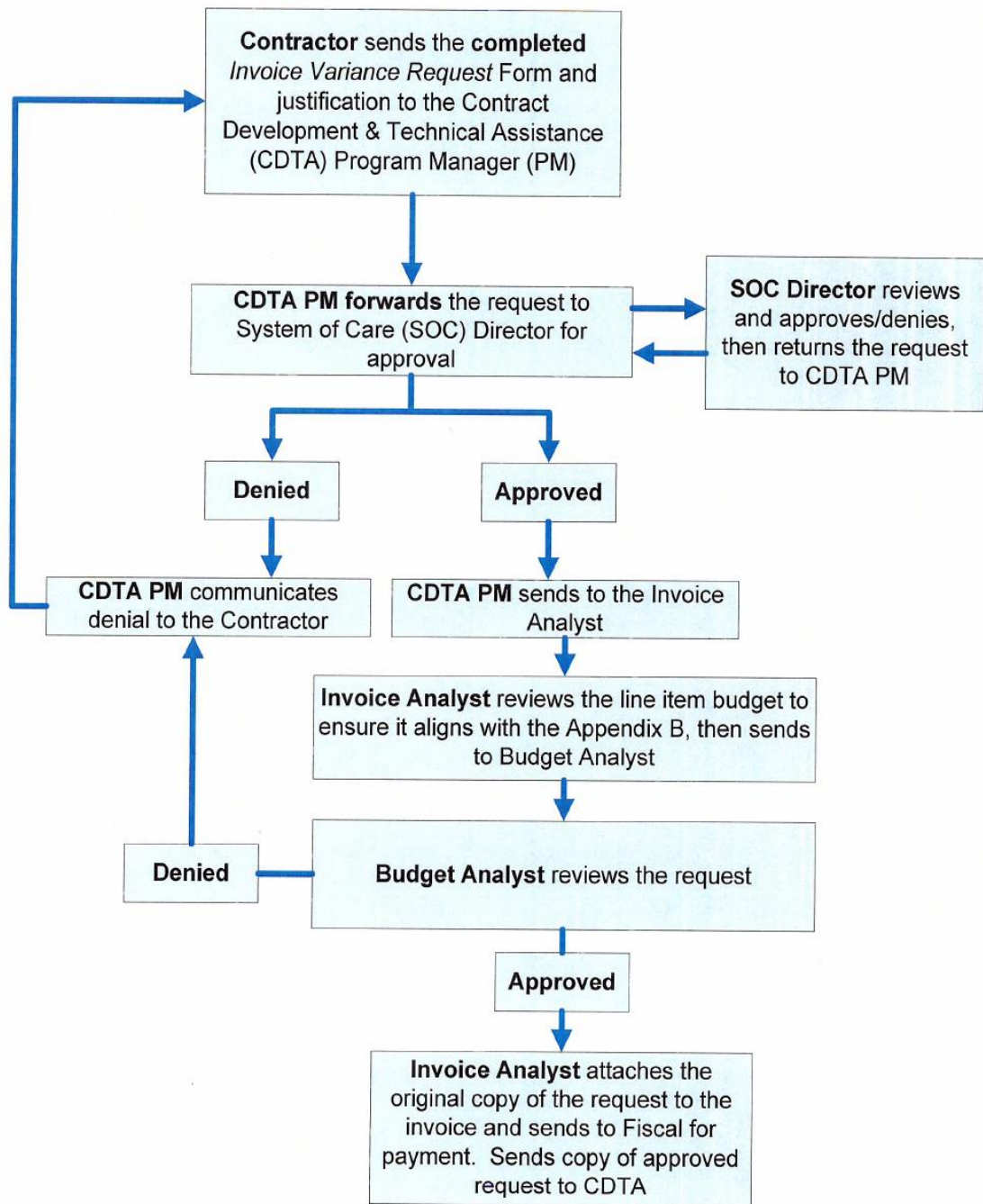
The 10%/\$10,000 Expense Category Change Rule does not apply when the following changes are made to the expense categories or line-items listed below. The changes listed below require the submission of an Internal Contract Revision.

- g) New position(s) not previously contained in the budget **
- h) New line-item(s) not previously contained in the budget
- i) Capital Expense increase
- j) Subcontractor/Consultant increase
- k) Fringe Benefit rate increase
- l) Indirect Cost rate increase

** An increase in FTE of the existing position is not considered as a new position

Attachment G-2

Invoice Variance Request Form



Note: The Invoice Variance Request form may only be filed once per fiscal year and only at the time the final invoice is submitted. Changes or moves between line items during the year must be made via the normal contract modification process

Attachment H

City and County of San Francisco

Department of Public Health



Edwin M. Lee
Mayor

Finance
101 Grove Street
San Francisco, CA 94102

March 5, 2014

To: DPH Non-Profit Contractor

From: Anne Okubo
Deputy Financial Officer

RE: Electronic Invoicing Policy for Non-Profit Contractors

Below is the revised DPH policy on electronic invoicing that will allow non-profit contractors to email, fax or submit invoices via COOL (Contracts Online) to DPH for payment. For non-profit contractors that choose this option, this will replace hard copy original invoices. This policy follows the guidelines specified by the Controller and is a recommendation of the Non-Profit Contract Task Force.

If you wish to electronically invoice, please submit a letter addressed to me from your Executive Director or Chief Financial Officer requesting authorization to electronically invoice. Please specify which method of electronic invoicing your agency will use to submit invoices to DPH (email, fax or COOL) and include the verbiage: *"We, the Contractor will be responsible for informing and updating the Department of Public Health of any changes in authorized personnel. Changes will be communicated through email to the department's contact person."* Please review the DPH policy on electronic invoicing prior to submitting electronic invoices.

DPH Electronic Invoicing Policy for Non-Profit Contractors

The following is the policy to allow electronic invoices from non-profit contractors. This policy follows the guidelines provided by the Controller.

- Non-profit contractors may submit electronic invoices to DPH via email, fax, or COOL (Contracts Online). Back up documentation may be submitted electronically.
- Non-profit contractors must submit a letter to DPH, signed by the agency's executive director or chief financial officer authorizing electronic invoicing prior to submission of electronic invoices to DPH.). This authorization will substitute for hand-written

signatures on electronic invoices. The letter must indicate which form of electronic invoicing the agency will use (email, fax or COOL) and should include the following verbiage: “We, the Contractor will be responsible for informing and updating the Department of Public Health of any changes in authorized personnel. Changes will be communicated through email to the department’s contact person.”

- To avoid duplicate invoices, a unique invoice number will be assigned to electronic invoices. (Please refer to the Community Programs Invoice Procedure Manual for details).
- Contractor will email or fax the invoice to DPH program staff (e.g. invoice analyst) for review and approval. If the electronic invoice is transmitted via COOL, contractor will notify DPH program staff that the invoice has been uploaded into COOL.

If you have any questions, please call me at 554-2825.

Attachment I

Sample Letter Request for Contractors

[Contractor's Letterhead]

Date
Anne Okubo
Deputy Financial Officer
San Francisco Department of Public Health
101 Grove Street
San Francisco, CA 94102

Dear _____,

On Behalf of [Contractor/Company name], I am writing to request permission for our office to submit electronic invoices each month via [email, fax or COOL]. I recognize that my signature on this letter will substitute for an original hand-written signature on all future invoices, and authorize all future invoices to be submitted electronically.

We have read and understood the department's electronic invoicing policy and will comply accordingly.

Our office will be responsible for informing and updating the Department of Public Health of any changes in authorized personnel. Changes will be communicated through email to the department's appropriate contact person (Invoice Analyst or Program Manager).

Thank you,

signature
Contractor's Executive Director or Chief Financial Officer
Signatory's office address
Signatory's email address

Attachment J



City and County of San Francisco Office of the Controller

Departmental Guidelines No. 007-11

Advance Payment to Vendors Processing Guidelines

Contact: Alan Pavkovic, alan.pavkovic@sfgov.org, 415-554-6609

DATE OF ISSUANCE

March 15, 2011

APPROVED FOR DISTRIBUTION: (signature)

Ben Rosenfield, Controller

Purpose of Guidelines

The purpose of this document is to provide departments with guidelines and prerequisites for advance payments or prepayments to contract providers.

Authority

These guidelines are issued under the authority granted to the Controller's Office in City Charter, Article I, Sec. 3.105.

OVERVIEW OF ADVANCE PAYMENTS OR PREPAYMENTS TO CONTRACT PROVIDERS

The City recognizes the contributions that community-based organizations provide to its residents. In agreeing to serve the needs of the community, such organizations rely on limited financial resources and personnel to carry out their missions. Contracting government entities who are themselves burdened with budget constraints understand the need to assist these non-profit organizations in some ways but with no added financial burden to the City.

Advances or prepayments are allowable in order to meet contractor cash flow needs in certain circumstances. Departments must have approved contracts with the vendor, and contracts must explicitly allow prepayments. The contracts must explicitly define and allow prepayments to contract providers, who have been awarded the contracts according to the City's procurement and contracting rules and regulations. If the original contract does not allow advance payment, then it needs to be amended to include prepayment provision. In the event the funder does not allow advance payment, the City department should not enter into such agreement with the contractor or sub-recipient. Any City agency's agreement allowing prepayment to a vendor should be based on the department's assessment of the organization's financial situation, proven track record of providing services, justified needs for advances, as well as compliance with City's purchasing and contracting rules and regulations. Periodic reconciliation, service tracking, and control procedures must be clearly defined in the contract, as they are critical to the effectiveness of this arrangement to prevent overpayment, misuse or loss of City funds.

Controller's Office • City Hall, Room 316 • 1 Dr. Carlton B. Goodlett Place • San Francisco, CA 94102 • 415.554.7500

<http://www.sfgov.org/controller>

Page 1 of 4

Procedures for Advances or Prepayments to Contract Providers

These procedures are necessary to ensure uniform implementation of agreements to provide advances or prepayments to contract providers.

City Agency - Advances or Prepayments to Providers

- Select service providers according to the City's purchasing and contracting guidelines.
 - Ensure that proposed prepayment agreement does not violate funding agencies' or City's rules or regulations, and that it does not create a difficult cash management situation for the department.
 - Develop required text to be inserted in contracts that will outline maximum prepayment amounts (dollar or percentage), permitted frequency, required repayment timelines, and method for tracking prepayment balances on claim forms or other reconciliation documents.
 - Add appropriate language to the contract to identify any special payment arrangement or agreement that does not fall within the standard or boiler plate provisions or rules of purchasing or contracting regulations.
-

City Agency – Ensuring Internal Controls Over Appropriate Use and Collection of Advances or Prepayments

- Require written request and justification from vendor to request prepayment for services.
 - Develop policy that states the criteria under which providers are eligible for advances or prepayments. Include allowable reasons for approving requests, and any additional requirements based on the department's assessment of satisfactory contract performance to date.
 - Require review and approval of advance and prepayment requests by responsible managers, and approval from the Department Head or highest financial officer in the department.
 - Effectively monitor prepayment activity and balances to safeguard against misuse or loss of City funds.
 - Ensure segregation of duties among contracting, program management, accounts payable, and accounts receivable functions within the department.
 - Ensure funds are available before issuing contract, and encumber funds as soon as purchase order is issued. Encumber the funds in FAMIS. When submitting prepayment request transaction, clearly describe as a prepayment against the purchase order and with appropriate notepad to certify that prepayment is explicitly allowed in the contract.
-

***City Agency –
Processing
Prepayments
in FAMIS***

- Process voucher of a purchase order or encumbrance payment. DO NOT use direct payment document (DV, PR, OT) or transaction code TC200 (from FAMIS-Purchasing system) or TC210 (FAMIS-Accounting) to process advances to contract providers covered by purchasing order or FAMIS-Accounting encumbrance.
- Process invoice (IVDD) and voucher (VCDD) in the FAMIS-Purchasing system if advances are being paid against a purchase order. Both documents should clearly describe the payment as advances on the description field and/or on the notepad. Posted vouchers are interfaced into FAMIS and recorded with a transaction code 205(P) on FAMIS transaction detail inquiry screen 6300 and on FAMIS document inquiry screen 6051, liquidation field of the related purchase order (GL470), or voucher payable (GL201).
- Process invoice as an encumbrance payment (EPDD) if advances are being processed against a FAMIS-Accounting encumbrance. The document should clearly describe the payment as advances on the description field and/or on the notepad. Posted encumbrance payments are recorded with a transaction code 215(P) on FAMIS transaction detail inquiry screen 6300 and on FAMIS document inquiry screen 6051, liquidation field of the related encumbrance (GL470), or voucher payable (GL201).
- Apply repayment of advances against subsequent invoices according to repayment agreement between the City Agency and contract provider. Process the net reconciled amount using applicable transaction code and/or document in FAMIS-Accounting or Purchasing.
- Prepayments are considered expenses at the time of payment, i.e. a reduction to the encumbrance. Ensure the time of payment, service period, and fiscal month posted in FAMIS are consistent and accurate.

***City Agency –
Preventative
Measures
Against
Overpayment***

- Review invoices in detail to ensure payment only for actual and authorized services rendered for the period indicated.
- Maintain accurate records of advances that match the balance in FAMIS vendor history. Departments should use tracking applications such as spreadsheets, contract management system, invoicing system, and perform reconciliation process to monitor advances and rendered services.
- Monitor closely the vendor payment history to ensure that the advances are being repaid as deduction from subsequent invoices and to safeguard against overpayment.
- Process final payment only when advances have been fully repaid, all services have been rendered and properly invoiced, documented, and authorized, and detailed review has confirmed the accuracy of the contract's remaining balance. This is especially important at fiscal year-end to ensure expenses are booked in the proper reporting period.
- Have a contingency plan to recover funds and act immediately in the event an overpayment is identified, to prevent further loss of City funds.
- Contract providers must be made aware of legal consequences and possible loss of city business if negligence and fraudulent billings result in overpayment.

Summary

When considering advances or prepayments to contract providers, departments must develop policies and procedures to ensure accurate and timely reconciliation of payments. Departments must have approved contracts with the vendor, and contracts must explicitly allow prepayments. If the original contract does not allow advance payment, then it needs to be amended to include prepayment provision. Contract provisions should also include terms which state the maximum prepayment amount, permitted prepayment frequency, required repayment timelines, and required method for tracking prepayment balances on claim forms or other reconciliation documents. Any deviations from these policies require the Controller's pre-approval.

In general, the prerequisites and conditions described in these guidelines should be met for contract providers to be considered for prepayment. Departments must also have in place service tracking, and internal control procedures to monitor and reconcile the advance payments, with the goal that such arrangements do not negatively impact the City's financial resources.

For accounting-related questions, refer to the Controller's Fund Accounting Supervisors assigned to your departments.

Attachment K



City and County of San Francisco

Edwin M. Lee, Mayor

San Francisco Department of Public Health

Barbara A. Garcia, MPA
Director of Health

Policy & Procedure Title: Advance Payment to Contractors (F\$C4)	
Category: Fiscal	
Effective Date: 10/22/12	Last Reissue/Revision Date:
DPH Unit of Origin: Fiscal	
Policy Contact - Employee Name and Title; and/or DPH Division: Anne Okubo, Deputy Financial Officer	
Contact Phone Number(s): 554-2825	
Distribution: DPH-wide	If not DPH-wide, other distribution: BHS

**All sections in table required.*

1. Purpose of Policy

The purpose of this document is to identify the guidelines for advance payments to contract providers.

2. Policy

The Controller's Office allows city departments to issue advance payments in order to meet contractor cash flow needs. DPH's policy for advance payments must meet the following requirements:

1. Payment of an advance will be based on an assessment of a contractor's financial need.
2. Advance payments must be approved by the program funding the advance.
3. Contractors providing behavioral health services are eligible to receive advance payments.
4. Advance payments are issued for services funded by general fund or MHSA. No advance payments will be issued for services funded by grants, work orders or projects.
5. The contract must contain the terms of the advance payment including the schedule for repayment.
6. Advances are fully repaid by the end of the fiscal year.
7. Any approved changes in repayment schedules will require a modification to the contract.

3. Procedures

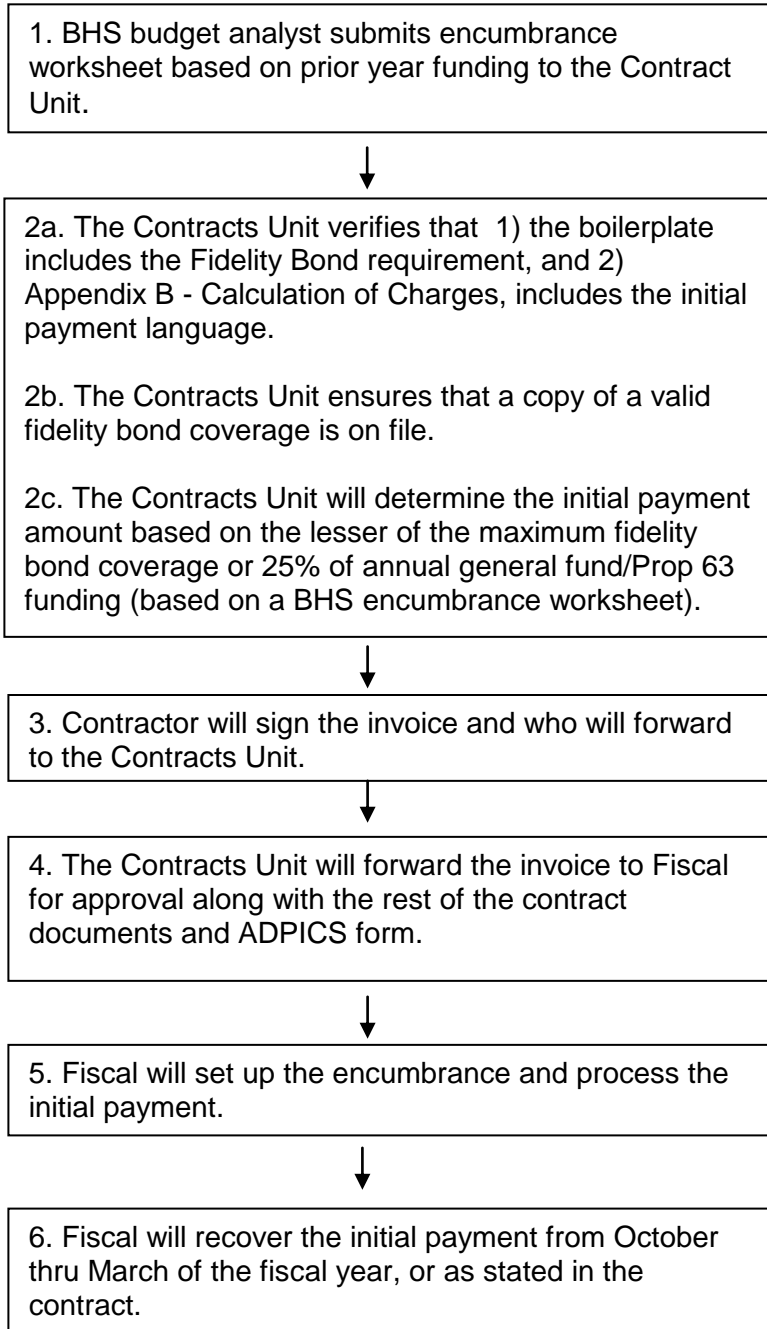
1. The contract must contain provisions for an advance payment and identify the repayment schedule.
2. Funds must be encumbered before an advance payment is issued.
3. The amount of the advance is determined by the terms of the contract. The amount is typically 25% of general funds and MHSA funds.
4. Repayments of the advance will be deducted from invoices according to the contract terms and repayment schedule. Repayment is typically deducted from invoices for services delivered in a six-month period, October through March.
5. Contractors requesting a change in the repayment schedule must submit a request to the Deputy Financial Officer.
6. The contract must be modified to reflect any approved changes in the repayment schedule.
7. Any exceptions to the above procedures require approval by the Deputy Financial Officer or Chief Financial Officer, as necessary.

4. References

Controllers Departmental Guidelines No. 007-01, Advance Payment to Vendors Processing Guidelines.

Attachment L

BHS Advance Payment Process



Attachment M

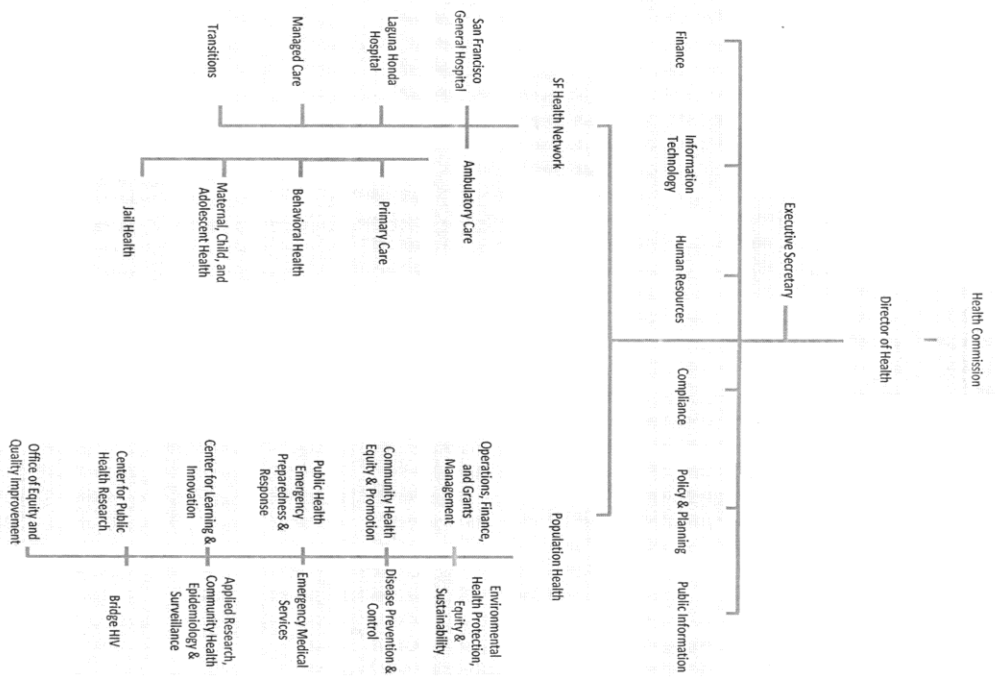
ANNUAL FEE-FOR-SERVICE RECONCILIATION SFDPH AIDS Office - Budget & Finance											
Agency											
PO No.											
ACE No.											
Program											
Amount											
Fund											
Term											
NOTE: Please complete header information (Agency, PO No., etc.); and replace "Deliverable #1", "Deliverable #2", etc., with actual service mode names, as appropriate; and DELETE this note.											
SERVICE MODES											
Personnel Expenses		Deliverable #1		Deliverable #2		Deliverable #3		Deliverable #4		Contract Totals	
Position Titles	FTE	Salaries	% of Total	Salaries	% of Total	Salaries	% of Total	Salaries	% of Total		
Total FTE & Total Salaries											
Fringe Benefits	#DIV/0!										
Total Personnel Expenses											
Operating Expenses		Expenditure	% of Total	Expenditure	% of Total	Expenditure	% of Total	Expenditure	% of Total	Contract Totals	
Rental Of Property											
Utilities											
Bldg Maint. Supplies & Repair											
Office Supplies/Postage											
Printing and Reproduction											
Program/Educational Supplies											
Insurance											
Staff Training											
Rental of Equipment											
Staff Travel											
Consultants/Subcontractor:											
Other:											
Total Operating Expenses											
Capital Expenditures											
Total Capital Expenditures											
Total Direct Expenses											
Indirect Expenses											
TOTAL EXPENSES											
REVENUE											
Difference (REV minus EXP)											
I certify that the information provided above is, to the best of my knowledge, complete and accurate; the amount requested for reimbursement is in accordance with the budget approved for the contract cited for services provided under the provision of that contract. Full justification and backup records for those claims are maintained in our office at the address indicated.											
Signature: _____										Date: _____	
Title: _____											



City and County of San Francisco
Edwin M. Lee
Mayor

San Francisco Department of Public Health

Barbara A. Garcia, MPA
Director of Health



10/1/2013

Attachment N

Attachment O



San Francisco Health Network
San Francisco Department of Public Health
Barbara A. Garcia, MPA
Director of Health

San Francisco Department of Public Health *Policy & Procedure Detail*

Policy & Procedure Title: Subcontracting Requirements		
Category: CDTA Technical Assistance		
Effective Date: March 2013	Last Revision Date: March 14, 2013	
DPH Unit of Origin: DPH Business Office; Contract Development & Technical Assistance and Budget Sections.		
Policy Owner: Erik Dubon	Phone: 255-3917	Email: erik.dubon@sfdph.org
Distribution: DPH-wide <input checked="" type="checkbox"/> Yes	Other: As specified in Purpose of Policy	

Policy

Contracts that contain subcontractor/consultant expenses must submit a copy of all subcontractor contracts to their CDTA Program Manager for review and approval prior to submission of the first invoice. Invoice payments will be withheld until a copy of the subcontractor/ consultant contract is on file with the CDTA Program Manager.

Procedure

Agencies that are providing reimbursement to subcontractors and/or consultants must attach a copy of the subcontractor/consultant's invoice as supporting documentation each time the contractor's monthly invoice includes these expenses. This requirement is in response to audit findings which identified discrepancies between the actual subcontractor payment/rate and the approved subcontractor/consultant budget as included in a contract.

Each Subcontract must specify:

- 1) The required scope of work;
- 2) Deliverables;
- 3) Budget with Detail by line item and budget justification;
- 4) Reimbursement rate;
- 5) Maximum amount reimbursable;
- 6) Invoicing and reporting requirements and timelines;
- 7) Term of agreement;
- 8) Dates and signatures of the Executive Directors of both agencies; and

The mission of the San Francisco Department of Public Health is to protect and promote the health of all San Franciscans.
We shall ~ Assess and research the health of the community ~ Develop and enforce health policy ~ Prevent disease and injury ~
~ Educate the public and train health care providers ~ Provide quality, comprehensive, culturally-proficient health services ~ Ensure equal access to all ~

- 9) Statement acknowledging familiarity and agreement to comply with the terms of the prime contract (i.e., City and County boilerplate provisions) under which the understanding is valid,
- A) "Contractor shall incorporate by reference in all subcontracts the provisions of §§12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code (copies of which are available from Purchasing) and shall require all subcontractors to comply with such provisions. Contractor's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement."
 - B) "Any subcontract entered into by Contractor shall require the subcontractor to comply with the requirements of Chapter 83 and shall contain contractual obligations substantially the same as those set forth in this Section."
- 10) Scheduled meeting requirements (if applicable);
- 11) A termination of the agreement change with a minimum of 30 days' notice (including specifically, transfer of current clients to alternative service providers, the storage/transfer of electronic/paper client records, etc);

If client charts will be opened, then, the following information must be also provided:

- 12) Supervision and quality assurance procedures and responsibilities (if applicable);
- 13) Name(s) and credentials/licenses of staff involved in the agreement (if applicable);
- 14) Client or service records maintenance requirements (i.e. data entry standards/timelines, who will have access to what level of client information, & location of paper and electronic files) (if applicable); and
- 15) Client referral procedure (if applicable).

A. Definition of Subcontractor

A subcontractor is a person/organization hired by a [general contractor \(or prime contractor, or main contractor\)](#) to perform a specific task as part of the overall project and is normally paid for services provided to the project by the originating general contractor.

Formula to be used on the Operating detail page for BHS contracts:

Consultant/Subcontractor: (Provide Name, Service Detail w/Dates, Hourly Rate and Amounts)

MD. John/Jane Doe, LCSW - Clinical Consultant, Provides supervision of clinical staff weekly in Groups (7/1/14 - 6/30/15). The hourly rate is \$165 per hour, with an average of 200 group hours provided during the fiscal year (\$165 x 200 = \$33,000).

Examples of type of sub-contracts:

Medical Director
Clinical Consultant
Childwatch/Child care Fees
Support for Families of Children with Disabilities
Consultant for Special Events
Outside firm to provide IT Support Services, etc.