

Exhibit B
Budget Detail and Payment Provisions

1. Invoicing and Payment

- A. For services satisfactorily rendered, and upon receipt and approval of the invoices, the State agrees to compensate the Grantee for actual expenditures incurred in accordance with the budget(s) attached hereto.
- B. Invoices shall include the Agreement Number and shall be submitted in duplicate not more frequently than quarterly in arrears to:

Contract Manager
California Department of Public Health (CDPH)
Maternal, Child and Adolescent Health Division/
Office of Family Planning
MS Code 8305
1615 Capitol Avenue, Suite 73.560
P.O. Box 997420
Sacramento, CA 95899-7420

C. Invoices must:

- 1) Be prepared and submitted on company letterhead in a format determined by OFP. Invoices must be signed **in blue ink** by an authorized official, employee or agent certifying that the expenditures claimed represent actual expenses for the service performed under this contract.
- 2) Bear the Grantee's name as shown on the agreement.
- 3) Identify the expense, billing and/or performance period covered by the invoice.
- 4) Itemize costs for each Budget line item for the billing period in the same or greater level of detail as indicated in this agreement. Subject to the terms of this agreement, reimbursement may only be sought for those costs and/or cost categories expressly identified as allowable in this agreement and approved by CDPH.
- 5) No more than one (1) original Payment – Invoice Request and one copy must be submitted for each quarterly expense billing, and/or performance period claimed.
- 6) If equipment has been purchased during the invoice period, include the Contractor Equipment Purchased with CDPH Funds (Exhibit H) form cdph 1203.

D. Annual Initial Allotment

An annual initial grant allotment of up to twenty-five (25) percent of the yearly grant can be requested at the beginning of each fiscal year. The request must be submitted in a format determined by Office of Family Planning (OFP) and is subject to the following conditions:

- 1) The prior year annual initial allotment issued by the funding program under this agreement, if any, has been full liquidated, offset by applicable expense documentation, or repaid in full.
- 2) At no time may the sum total of any annual initial allotment exceed twenty-five (25) percent of the annual agreement amount.
- 3) The Budget Act of the current year and/or any subsequent years covered under the agreement appropriates sufficient funds for the program.

Exhibit B
Budget Detail and Payment Provisions

E. Payment Schedule

The periods covered by the Annual Initial Allotment and the Quarterly invoices are identified in the table below.

Payment Schedule		
Payment Type	Period	Due Date
Annual Initial Allotment Payment Request	July 1 – June 30, 20XX	August 1, 20XX
First Quarterly Invoice	July 1 – September 30, 20XX	November 1, 20XX
Second Quarterly Invoice	October 1 – December 31, 20XX	February 1, 20XX
Third Quarterly Invoice	January 1 – March 31, 20XX	May 1, 20XX
Fourth Quarterly Invoice	April 1 – June 30, 20XX	September 30, 20XX

F. Annual Initial Allotment Recovery Schedule

Quarter	Period	Amount of Initial Allotment Payment Deducted From Invoice
First Quarter	July 1, 20XX – September 30, 20XX	1/3
Second Quarter	October 1, 20XX – December 31, 20XX	1/3
Third Quarter	January 1, 20XX – March 31, 20XX	1/3
Fourth Quarter	April 1, 20XX – June 30, 20XX	0 or any remaining percentage of Initial Allotment Balance

G. Quarterly invoices shall be submitted for payment within 30 days following the end of each calendar quarter, except for fourth quarterly invoices, in which the work was performed and costs incurred in the performance of the agreement unless the grant has reached the expiration or termination date (see in this provision section #5, Timely Submission of Final Invoice) or a later or alternate deadline is agreed to in writing by the program contract manager.

H. The State may, at its discretion, choose not to honor any delinquent invoice if the Grantee fails to obtain prior written State approval of an alternate invoice submission deadline.

2. Budget Contingency Clause

A. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Grantee or to furnish any other considerations under this Agreement and Grantee shall not be obligated to fulfill any provisions of this Agreement.

Exhibit B
Budget Detail and Payment Provisions

- B. If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, the State shall have the option to either cancel this Agreement with no liability occurring to the State, or offer an agreement amendment to Grantee to reflect the reduced amount.

3. Prompt Payment Clause

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.

4. Amounts Payable

- A. The amounts payable under this agreement shall not exceed:

- 1) \$XXX,XXX for the 2011/2012 fiscal year (July 1, 2011 through June 30, 2012).
- 2) \$XXX,XXX for the 2012/2013 fiscal year (July 1, 2012 through June 30, 2013).
- 3) \$XXX,XXX for the 2013/2014 fiscal year (July 1, 2013 through June 30, 2014).
- 4) \$XXX,XXX for the 2014/2015 fiscal year (July 1, 2014 through June 30, 2015).
- 5) \$XXX,XXX for the 2015/2016 fiscal year (July 1, 2015 through June 30, 2016).
- 6) \$XXX,XXX for the entire agreement term.

- B. Payment allocations shall be made for allowable expenses up to the amount annually encumbered commensurate with the state fiscal year in which services are fulfilled and/or goods are received.

5. Timely Submission of Final Invoice

- A. A final undisputed invoice shall be submitted for payment no more than ninety (90) calendar days following the expiration or termination date of this agreement, unless a later or alternate deadline is agreed to in writing by the program contract manager. Said invoice should be clearly marked "Final Invoice", thus indicating that all payment obligations of the State under this agreement have ceased and that no further payments are due or outstanding.
- B. The State may, at its discretion, choose not to honor any delinquent final invoice if the Grantee fails to obtain prior written State approval of an alternate final invoice submission deadline. Written State approval shall be sought from the program contract manager prior to the expiration or termination date of this agreement.
- C. The Grantee is hereby advised of its obligation to submit, with the final invoice, a "**Contractor's Release (Exhibit F)**" acknowledging submission of the final invoice to the State and certifying the approximate percentage amount, if any, of recycled products used in performance of this agreement.

6. Allowable Line Item Shifts

- A. Subject to the prior review and approval of the contract manager, line item shifts of up to \$25,000 or ten percent of the annual grant total, whichever is less, may be made up to a cumulative maximum of \$25,000 or 10%, whichever is less, for all line item shifts over the life of the grant. There must be a substantial business justification for any shifts made. Fund shifts which increase Indirect, Operating or General Expense line items are

Exhibit B
Budget Detail and Payment Provisions

prohibited. Line item shifts may be proposed/requested by either the California Department of Public Health or the grantee in writing and must not increase or decrease the total grant amount allocated. Any line item shifts must be approved in writing by the Deputy Director of (managing division), or his or her designee. If the grant is formally amended, any line item shifts agreed to by the parties must be included in the amendment.

- B. Line item shifts meeting this criteria shall not require a formal agreement amendment.
- C. The Grantee shall adhere to State requirements regarding the process to follow in requesting approval to make line item shifts.
- D. Line item shifts may be proposed/requested by either the State or the Grantee.

7. Expense Allowability/Fiscal Documentation

- A. Invoices, received from a Grantee and accepted and/or submitted for payment by the State, shall not be deemed evidence of allowable agreement costs.
- B. Grantee shall maintain for review and audit and supply to CDPH upon request, adequate documentation of all expenses claimed pursuant to this agreement to permit a determination of expense allowability.
- C. If the allowability or appropriateness of an expense cannot be determined by the State because invoice detail, fiscal records, or backup documentation is nonexistent or inadequate according to generally accepted accounting principles or practices, all questionable costs may be disallowed and payment may be withheld by the State. Upon receipt of adequate documentation supporting a disallowed or questionable expense, reimbursement may resume for the amount substantiated and deemed allowable.
- D. If travel is a reimbursable expense, receipts must be maintained to support the claimed expenditures. For more information on allowable travel and per diem expenses and required documentation, see [Exhibit G](#) entitled, "Travel Reimbursement Information".
- E. Costs and/or expenses deemed unallowable are subject to recovery by CDPH. See section #8 in this exhibit entitled, "Recovery of Overpayments" for more information.

8. Recovery of Overpayments

- A. Grantee agrees that claims based upon a contractual agreement or an audit finding and/or an audit finding that is appealed and upheld, will be recovered by the State and/or Federal Government by one of the following options:
 - 1) Grantee's remittance to the State of the full amount of the audit exception within 30 days following the State's request for repayment;
 - 2) A repayment schedule which is agreeable to both the State and the Grantee.
- B. The State reserves the right to select which option will be employed and the Grantee will be notified by the State in writing of the claim procedure to be utilized.
- C. Interest on the unpaid balance of the audit finding or debt will accrue at a rate equal to the monthly average of the rate received on investments in the Pooled Money Investment Fund

Exhibit B
Budget Detail and Payment Provisions

commencing on the date that an audit or examination finding is mailed to the Grantee, beginning 30 days after Grantee's receipt of the State's demand for repayment.

- D. If the Grantee has filed a valid appeal regarding the report of audit findings, recovery of the overpayments will be deferred until a final administrative decision on the appeal has been reached. If the Grantee loses the final administrative appeal, Grantee shall repay, to the State, the over-claimed or disallowed expenses, plus accrued interest. Interest accrues from the Grantee's first receipt of State's notice requesting reimbursement of questioned audit costs or disallowed expenses.

9. Prohibited Expenses

The Grantee shall not use Community Challenge Grant (CCG) Program funds to supplant any existing program funding. Furthermore, the Grantee shall not use funds from this grant agreement for reimbursement of the costs related to any of the following goods, services, or activities:

- A. Bonuses/Commissions. Bonuses and commissions paid from grant funds are prohibited.
- B. Lobbying. Grant funds may not be used for lobbying activities. Lobbying is an attempt to influence public officials in connection with the awarding of contracts, grants, or loans.
- C. Fund-raising. Grant funds shall not be used for fund raising activities.
- D. Purchase of Real Property. Grant funds cannot be used to purchase real property.
- E. Interest. The cost of interest payments is not an allowable expenditure.
- F. Lease-Purchase Options. It is prohibited to use grant funds to enter into a lease-purchase contract for the purchase of equipment or any other personal property, or for the purchase of real property.
- G. Grant Writing. All costs associated with responding to the RFA and preparing the application are not reimbursable expenses.
- H. Clinical Services. Funds shall not be used to provide clinical services related to reproductive health, including diagnosis and treatment of infections and condition, including cancers, that threaten reproductive capability, medical family planning treatment and procedures, including contraceptive supplies and follow-up.
- I. Religious Doctrine/Benefits. The CCG Program must comply with the mandates of the California Constitution (Article XVI, Section 5), which prohibit the use of public funds to aid any religious sect, church, creed, or sectarian purpose. Program activities shall not include sectarian beliefs and/or information related to the doctrines of any religious group or organization.
- J. Mental Health Counseling. Funds shall not be used to provide mental health counseling services to youth or other target populations.
- K. Existing Programs. Funds shall not be used to support pre-existing programs (outreach, counseling, educational, or other) funded by other public or private sources.

Exhibit B
Budget Detail and Payment Provisions

- L. Health Insurance. Funds shall not be used to pay for project participant's enrollment in any type of health insurance program. A client, who does not have insurance and is in need of reproductive health clinical services, can be referred to a Family Planning, Access, Care, and Treatment provider who will provide services to eligible participants at no cost.
- M. Food and Refreshment
 - 1) The purchase of food and refreshments for anyone other than the target population is prohibited.
 - 2) Food and refreshment must be used as an incentive and only provided to the target population during prevention or educational activities, not for personnel, at health fairs, or collaborative meetings.
 - 3) OFP recommends contributions for food or food incentives, from local community vendors, continue to be recommended in lieu of allocating funds.
- N. Project Planning Costs. Funds shall not be used for project planning purposes, e.g. conducting needs assessments used for the application, developing curricula, planning a media campaign, etc.
- O. Case Management. The development of case plans for the evaluation, treatment, and/or care of individuals who are unable to arrange for services on their own behalf; assess the individual's needs and coordinate the delivery of needed services; ensure that services are obtained in accordance with the case plan; and follow up and monitor progress to ensure that services are having an impact on the problem. This includes coordination and assurance in health services, legal services, social services, and victim services, whether these services are offered to individuals or reached through group based interventions.
- P. Curricula Development. Funds shall not be used to develop or test new non-evaluated or modified curricula.

10. Community Match Requirements

CCG Program statutes require Grantees to match their grant funds with either dollar or measurable in-kind contributions. The purpose of the match requirement is to encourage Grantees to secure ongoing commitment and support from community agencies and businesses, and to encourage community collaboration. The match must come from nongovernmental sources. Therefore, public agencies must obtain the required match from private sources. Likewise, a non-profit community-based agency may not use other governmental/public source funds or in-kind contributions to meet the match requirement. Funds secured must not include the agency's discretionary funds.

As stated in the statute, the match for new Grantees, must not be less than ten (10) percent of the grant amount for the first year of the grant, not less than fifteen (15) percent for the second year, and not less than twenty (20) percent for the third through subsequent years of the grant.

The following are some examples of allowable in-kind contributions:

Exhibit B

Budget Detail and Payment Provisions

- A. Promotional and incentive items for participants (i.e. pens, pencils, water bottles, refreshments for participants, meals, tee-shirts, music discs, awards) funded or donated from businesses, agencies, or individuals.
- B. Volunteer staff time calculated at a reasonable rate based upon the expertise, skills, and experience of the volunteer (cannot exclusively use staff time from agency).
- C. Donated equipment, office supplies, and educational materials from private sources.
- D. Private foundation grants.
- E. Curricula or materials developed with private funds.
- F. TV or radio public service announcements (PSAs).
- G. Billboard placement of an ad.
- H. Placement of an ad in a newspaper or magazine.
- I. Rent or meeting space.