

**Exhibit B**  
**Budget Detail and Payment Provisions**

**1. Invoicing**

- A. For services satisfactorily rendered according to the scope of work and the terms, conditions and exhibits of this agreement, and upon receipt and approval of the invoices, the California Department of Public Health (CDPH) agrees to compensate the Contractor for actual expenditures incurred in accordance with the budget(s) attached hereto.
- B. Invoices shall include the Agreement Number and shall be submitted not more frequently than monthly in arrears to:

Gilda Carpenter, Chief or designee  
California Department of Public Health  
Cancer Prevention and Nutrition Section  
1616 Capitol Avenue, Suite 74.516  
MS 7204  
P.O. Box 997413  
Sacramento, CA 95899-7413

C. Invoices shall:

1. Be prepared on Contractor letterhead and signed 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 Contractor's name as shown on the agreement.
3. Identify the billing and/or performance period covered by the invoice.
4. Itemize costs 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. Report expenses attributed to Disabled Veteran Business Enterprise (DVBE) subcontractors or DVBE suppliers at any tier (if any). This requirement only applies if the contractor identified DVBEs for participation during the selection or negotiation process.

- D. Monthly invoices shall be submitted for payment within 30 days following the end of each calendar month in which the work was performed and costs incurred in the performance of the agreement, unless the contract has reached the expiration or termination date (see paragraph 5, Timely Submission of Final Invoice) or a later or alternate deadline is agreed to in writing by the program contract manager.

- E. CDPH reserves the right to revise, modify and/or update the USDA allowable charges under FSNE as frequently as it deems necessary.

It shall be the contractors responsibility to ensure that all charges invoiced are on the allowable list at the time the expenses were incurred.

The contractor shall like wise be responsible for ensuring that a copy of all past and current allowable list(s) are kept on file.

**Exhibit B**  
**Budget Detail and Payment Provisions**

- F. On an annual basis the contractor shall submit a summary of all expenses paid to DVBEs during the term of this agreement (see Exhibit J for report format).
- G. The State may, at its discretion, choose not to honor any delinquent invoice if the Contractor 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 Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement.
- 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 Contractor 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 amount payable under this agreement shall not exceed the budgets shown below.

Budget Year 1 (contract term)	9 months	– \$15 million	(01/01/2009 to 09/30/2009)
Budget Year 2 (fund period)	12 month	– \$20 million	(10/01/2009 to 09/30/2010)
Budget Year 3 (fund period)	12 month	– \$20 million	(10/01/2010 to 09/30/2011)
Budget Year 4 (fund period)	12 month	– \$20 million	(10/01/2011 to 09/30/2012)
Budget Year 5 (fund period)	12 month	– \$20 million	(10/01/2012 to 09/30/2013)
Budget Year 6 (contract term)	3 month	– \$5 million	(10/01/2013 to 12/31/2013)

Contract Term for this agreement is from 01/01/2009 through 12/31/2013—a term of five (5) calendar years. Total budget for this contract shall not exceed \$100 million (one hundred million) throughout the term of the agreement. Budget Year 6 refers to budget period required to complete the contract term and does not represent an additional year to the contract.

- B. For each fiscal year or fund period the amount of \$1,000,000.00 (one million dollars) shall be set aside for the purpose of funding Work Authorizations. For the purpose of tracking the budget and expenditures of Work Authorizations \$1,000,000.00 (\$1 million dollars) shall be evenly divided by 12 months which shall not exceed \$83,333 per month multiplied by the number of months shown on sub-paragraph 4.A of this Exhibit “Amounts Payable”.

Prior to the end of the fourth quarter of each budget year, the Contractor may re-allocate any unexpended funds set aside for Work Authorizations. **Contractor needs to provide**

**Exhibit B**  
**Budget Detail and Payment Provisions**

**CPNS a formal notification letter specifying the exact amount that will be re-allocated and provide the specific dollar value re-allocated to each line item in the budget for the fiscal year the transfer is made. These fund re-allocations will not need a formal contract amendment.** However, at the end of the budget year any unexpended fund not re-allocated **cannot move or be used** for the next budget year.

For the purposes of this agreement, each Work Authorization shall have a maximum not to exceed value of \$200,000 and a maximum of \$1,000,000 (one million dollars) for the budget year).

Final payment for each Work Authorization shall be processed after the Program Manager has approved the work product associated with the Work Authorization (see Goal 1, Activity 12 of the Scope of Work).

- C. Reimbursement shall be made for allowable expenses up to the amount annually encumbered commensurate with the state fiscal year in which services are performed and/or goods are received.
- D. The Contractor must maintain records reflecting actual expenditures for each state fiscal year covered by the term of this agreement.

**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 Contractor 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 Contractor 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. Progress Payment Withholds**

- A. This provision replaces and supersedes provision 22 of Exhibit D(F).
- B. Progress payments may not be made more frequently than monthly in arrears for work performed and costs incurred in the performance of the agreement. In the aggregate, progress payments may not exceed 90 percent of the total agreement amount, regardless of agreement length.

**Exhibit B**  
**Budget Detail and Payment Provisions**

- C. Ten percent (10%) may be withheld by CDPH from each invoice submitted for reimbursement, under the following conditions:
- 1) For services and costs associated with contractor and/or subcontractor performance that is considered to be of an ongoing nature or performed continuously throughout the term of the agreement.
  - 2) For individual services associated with a specific agreement deliverable that has not yet been received or completed in its entirety.
  - 3) For individual and/or distinct tasks, work plans, or project activities that have not yet been completed in their entirety.

D. Release of Amounts Withheld

As individual and/or distinct tasks, services, work plans, or project activities are completed in their entirety by either the Contractor or Subcontractor and any scheduled/required deliverables or reports are delivered to CDPH; then any funds so withheld may be released to the Contractor upon acceptance and/or acknowledgement that all such items have been completed to the full satisfaction of CDPH.

E. Payment Requests Excluded from the 10 Percent (10%) Withhold

Ten percent (10%) payment withholds shall not be applied to reimbursements or periodic payment requests for direct costs associated with equipment purchases, media buys, operating expense items, and other procurements not directly associated with the Contractor's personal performance.

**7. Expense Allowability / Fiscal Documentation**

- A. Invoices, received from a Contractor and accepted and/or submitted for payment by the State, shall not be deemed evidence of allowable agreement costs.
- B. Contractor 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.

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".

- D. Costs and/or expenses deemed unallowable are subject to recovery by CDPH. See provision 8 in this exhibit entitled, "Recovery of Overpayments" for more information.

**Exhibit B**  
**Budget Detail and Payment Provisions**

**8. Recovery of Overpayments**

- A. Contractor 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) Contractor's remittance to the State of the full amount of the audit exception within 30 days following the State's request for repayment; or
  - 2) A repayment schedule which is agreeable to both the State and the Contractor.
- B. The State reserves the right to select which option will be employed and the Contractor 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 commencing on the date that an audit or examination finding is mailed to the Contractor, beginning 30 days after Contractor's receipt of the State's demand for repayment.
- D. If the Contractor 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 Contractor loses the final administrative appeal, Contractor shall repay, to the State, the over-claimed or disallowed expenses, plus accrued interest. Interest accrues from the Contractor's first receipt of State's notice requesting reimbursement of questioned audit costs or disallowed expenses.

**9. Revenue**

- A. This provision supersedes and replaces provision 6 entitled, "Income Restrictions" appearing in Special Terms and Conditions Exhibit D(F).
- B. If the Contractor realizes a profit from the sale of nutrition education materials (videos, literature, etc. paid with contract dollars), it must report the amount to the State as Contractor income on the SF-269 form. The Contractor shall make the SF-269 form available to the State on request. The Contractor shall place any income, fees, or reimbursements accruing to or received by the Contractor for services rendered under this agreement into a separate identifiable account. Revenues generated by the Contractor as a result of this State agreement must be utilized to meet identified, agreed upon, program-related needs of the Contractor, or must be returned to the State. Any revenues accruing to the Contractor, based on services supported in whole or in part by the State pursuant to this agreement, shall be used to defray costs incurred by this project to measurably expand the program or improve the quality of services detailed in this agreement, and must be approved in writing by the State. Adequate documentation of the use of these funds shall be maintained.

**Exhibit B**  
**Budget Detail and Payment Provisions**

**10. Salary Comparability**

Salary rates paid to contract staff must not exceed the salary/rates paid to State personnel holding comparable classifications or performing duties with a comparable level of responsibility. In addition, proposed cost of living increases cannot exceed those increases granted annually to state employees.