



MARK B HORTON, MD, MSPH
Director

State of California—Health and Human Services Agency
California Department of Public Health



ARNOLD SCHWARZENEGGER
Governor

October 18, 2007

TO: PROJECT COORDINATORS
NETWORK FOR A HEALTHY CALIFORNIA (NETWORK)

SUBJECT: PROGRAM LETTER #07-10
CLARIFICATION ON SPENDING FFY 2007 FUNDS HELD DUE
TO PRINT AND PROMOTIONAL ITEM MORATORIUM

The *Network* has worked with United States Department of Agriculture (USDA) to address unspent funds from FFY 2007 frozen due to the August 3, 2007 moratorium by California Department of Public Health (CDPH) on developing, distributing and printing promotional items in approved *Network* contract budgets. At this time, we have gotten approval from USDA and are allowing *Network* contractors who have opened purchase orders or have encumbered through a subcontract/consultant agreement for nutrition education reinforcement items (NERI), promotional materials or nutrition education materials, that they may execute those purchase orders for nutrition education materials that have been released from the moratorium. The purchase orders and encumbrances must be executed no later than October 31, 2007, in order to be considered for reimbursement with *Network* funds.

The following materials which fit all of the following criteria are no longer included in the moratorium:

- Provide key health education guidance
- Composed solely of paper – specifically brochures, fliers, pamphlets, booklets (bound by standard telephone book or assembled with staples), and posters. Paper materials bound with metal or plastic spiral binding or similar construction are still under the moratorium
- Not intended for use by children under the age of six.

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If contractors have an approved budget justification that includes these items, and have not executed a purchase order on items listed above, may do so with approval from their fiscal departments. Since the *Network* contracts with a variety of different organizations with different purchasing requirements, we encourage contractors to verify with their accounting department that they are allowed to purchase after the fiscal year end due to extraordinary circumstance. When billing the CDPH for moratorium items, *Network* contractors should include the following justification on the federal share invoice – “delayed execution due to CPDH moratorium.” Please put this on the back-up documentation as well. This will provide clarification during a review or audit that the expenditures were part of the moratorium. It is important to note, that the expenditures must be in the approved budget justification. If the expenditures are not in the approved justification, contractors must contact their Contract Managers and Program Managers who will determine whether or not the proposed expenditures meet criteria of being reasonable and historical, necessary and not excessive.

We realize this has been challenging and the advance notice is short, but hope it can help you given the restrictions. We also want to thank USDA for their assistance with this matter. If you have any questions, please contact your assigned Contract or Program Manager.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Rosanne K. Stephenson', with a long horizontal flourish extending to the right.

Rosanne K. Stephenson, M.P.A.
Staff Services Manager I
Cancer Prevention and Nutrition Section