

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 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:
- [Name of Contract Manager]
California Department of Public Health
Cancer Detection Section
MS 7203
P.O. Box 997413
Sacramento, CA 95899-7413
- C. Invoices shall:
- 1) Be prepared on Contractor letterhead. If invoices are not on produced letterhead invoices must be 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) Be supported by appropriate documentation (e.g., vendor invoices or paid vouchers) that is retained on file by the Contractor.
- D. The contractor will submit a monthly invoice to the Cancer Detection Section (CDS) using a Cover Letter, Exhibit j entitled 8-Line Item Invoice Template and Exhibit k entitled Additional Budget Detail Invoice Template..
- E. CDS may, at its option, request a corrected invoice or return a disputed invoice for correction and resubmission prior to requesting payment or reduce claimed itemized expenses that are not fully substantiated, cannot be verified as appropriate project expenses, are not in accordance with an approved Budget, or are not in accordance with Exhibits j, k, and l. Disputed expenses may be withheld from payment until all billing disputes and/or errors are remedied.
- F. Invoices must be submitted to CDS no later than sixty (60) days after the end of the invoice period. CDS, at its discretion, may disallow 10% of the invoice amount if the invoice has not been received ninety (90) days after the end of an invoice period.

- G. CDS will audit invoices during the term of the contract. Contractor will be required to submit all back-up documentation on a quarterly basis for the months of September, December, March, and June.
- H. CDS will only reimburse Contractor for employee vacation and sick leave earned and accrued during the contract term. CDS will not reimburse Contractor for vacation and/or sick leave taken after the termination of the Agreement, or earned before the start date of the Agreement.
- I. Indirect expenses shall not exceed 25% of the total Personnel and Fringe.

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 amounts payable under this agreement shall not exceed:
 - 1) \$250,875 for the budget period of 06/01/11 through 06/30/11.
 - 2) \$3,010,500 for the budget period of 07/01/11 through 06/30/12.
 - 3) \$3,010,500 for the budget period of 07/01/12 through 06/30/13.
 - 4) \$3,010,500 for the budget period of 07/01/13 through 06/30/14.
- B. 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.
- C. 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 complete list of all equipment that was purchased through this contract including any equipment still in use from a prior state contract; a **“Contractor’s Release Form”** acknowledging submission of the final invoice to the State.

6. 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.
- 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 provision 8 in this exhibit entitled, “Recovery of Overpayments” for more information.

7. 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 thirty (30) days following the State’s request for repayment;
 - 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 thirty (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.

8. Invoice Cover Letter Template

The Invoice Cover Letter shall be submitted under the letterhead of the Contractor. **Address the invoice to the assigned Cancer Detection Section (CDS) Contract Manager.** Include the Contract Number, Term of the Contract, Period of Invoice, and Invoice Number. The Invoice Cover Letter must have an original signature, in blue ink, by an authorized representative from the agency.

9. 8-Line Item Invoice Template

Contractor must submit an 8-Line Item Invoice, in the format of Exhibit j, along with the Invoice Cover Letter. Address the invoice to the assigned CDS Contract Manager. Include the Contract Number, Term of the Contract, Period of Invoice, Invoice Number, Date, Agency Contact, Agency Name, and Address. The 8-Line Item Invoice must have an original signature, in blue ink, by an authorized representative from the agency. The 8-Line Item Invoice must correspond to the Additional Budget Detail Invoice. The sum of the expenditure breakdown on the Additional Budget Detail Invoice for each of the 8-Line Items will be used to calculate the total expenditures per line-item on this invoice. Note: display a breakdown of expenses on the 8-Line Item Invoice only as they pertain to any breakdowns shown on the contract's approved 8-Line Item Budget.

10. Additional Budget Detail Invoice Template

Contractor must submit an original Additional Budget Detail Invoice, in the format of Exhibit k, along with the Cover Letter and the 8-Line Item Invoice. The Additional Budget Detail Invoice must have an original signature, in blue ink, by an authorized representative from the agency. The approved budget amount used on the Additional Budget Detail Invoice must match exactly with the contract's approved Additional Budget Detail exhibit. The Additional Budget Detail Invoice requested amounts must correspond to the 8-Line Item Invoice requested amounts. The expenditure breakdown shown on the Additional Budget Detail Invoice will be used to calculate the totals to be shown on the 8-Line Item Invoice.

A. Top Section

- 1) Address the invoice to the assigned CDS Contract Manager.
- 2) Include the Contract Number, Term of the Contract, Period of Invoice, Invoice Number.
- 3) Indicate the date the invoice was prepared.

- 4) Provide the Agency Contact or appropriate authorized representative name, Agency Name, and complete Address.

B. Column 1 - Budget Categories

- 1) Category A - Personnel: This column must include the employee position title, last name, percent of time, and monthly salary range. If a position is unfilled, enter the title and indicate that the position is vacant.
- 2) Category B - Fringe Benefits: Provide the actual fringe benefits percentage rate billed for the invoice period. Fringe Benefits are based on actual expenses.
- 3) Category C - Operating Expenses: Include a breakdown on all line items as shown on the contract's approved Additional Budget Detail exhibit, if any.
- 4) Category D - Equipment: Include a breakdown on all line items as shown on the contract's approved Additional Budget Detail exhibit, if any.
- 5) Category E - Travel: Include a breakdown of all line items as shown on the contract's approved Additional Budget Detail exhibit, if any.
- 6) Category F - Subcontracts: Include a breakdown of all line items as shown on the contract's approved Additional Budget Detail exhibit, if any.
- 7) Category G - Other Costs: Include a breakdown of all line items as shown on the contract's approved Additional Budget Detail exhibit, if any.
- 8) Category H - Indirect Costs: Provide the indirect costs by multiplying the Total Personnel and Fringe by no more than 25 percent.

Total Amount: Include the total amount being billed.

- C. Column 2 - Approved Budget: Insert the approved contract budget amount for each line item. Amounts entered in this column should be identical to the approved contract Additional Budget Detail exhibit for the appropriate fiscal year and cannot be changed without prior CDS approval.
- D. Column 3 - Actual Expenses This Period: Record the actual expenses for each line item during the invoice period. Expenses for each line must be shown. For budgeted lines without expenditures during the invoice period, signify with "\$0." The "Total Amount" claimed for this period should be carried down to the "Total payment Requested" row of the invoice, unless otherwise instructed.
- E. Column 4 - Cumulative Expenses To Date: Record the cumulative total of all expenses for each line item paid through and including the current invoice period.
- F. Column 5 - Unexpended Balance: Record the difference between Column 2 (Approved Budget) and Column 4 (Cumulative Expenses To Date). Column 2 minus Column 4 equals Column 5.