

**Exhibit B**  
Budget Detail and Payment Provisions

**1. Invoicing and Payment**

- A. For services satisfactorily rendered, and upon receipt and approval of the invoices, CDPH agrees to compensate 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. Each invoice for the quarter shall be submitted for payment no more than 30 calendar days following the close of each quarter, unless an alternate deadline is agreed to in writing by the program contract manager. Direct all inquiries to:

Invoice Desk  
California Department of Public Health  
Office of AIDS  
MS 7700  
1616 Capitol Avenue, Suite 616  
P.O. Box 997426  
Sacramento, CA 95899-7426

C. Invoices shall:

- 1) Be submitted on Contractor letterhead and signed by an authorized representative, certifying that the expenditures claimed represent actual expenses for the service performed under this contract.
- 2) Identify Agreement number.
- 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.

**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, CDPH 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, CDPH shall have the option to either cancel this Agreement with no liability occurring to CDPH, 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*.

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**4. Amounts Payable**

A. The amounts payable under this Agreement shall not exceed:

- 1) \$XXX,XXX for the budget period of 11/01/2013 through 06/30/2014.
- 2) \$XXX,XXX for the budget period of 07/01/2014 through 06/30/2015.
- 3) \$XXX,XXX for the budget period of 07/01/2015 through 06/30/2016.

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.

**5. Timely Submission of Final Invoice**

A. A final undisputed invoice shall be submitted for payment no more than 45 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 CDPH under this Agreement have ceased and that no further payments are due or outstanding.

B. CDPH 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 CDPH approval shall be sought from the program contract manager prior to the expiration or termination date of this Agreement.

Contractor is hereby advised of its obligation to submit to CDPH, with the final invoice, a completed copy of the *Contractor's Release (Exhibit F)*.

**6. Allowable Line Item Shifts**

A. Subject to the prior review and approval of CDPH, line item shifts of up to 15% of the annual contract total, not to exceed a maximum of \$100,000 annually are allowed, so long as the annual Agreement total neither increases nor decreases.

The \$100,000 maximum limit shall be assessed annually and automatically adjusted by CDPH in accordance with cost-of-living indexes. Said adjustments shall not require a formal Agreement amendment. CDPH shall annually inform Contractor in writing of the adjusted maximum.

B. Line item shifts meeting this criteria shall not require a formal Agreement amendment.

C. The Contractor shall adhere to CDPH requirements regarding the process to follow in requesting approval to make line item shifts.

D. Line item shifts may be proposed/requested by either CDPH or Contractor.

**7. Expense Allowability / Fiscal Documentation**

A. Invoices, received from a contractor and accepted and/or submitted for payment by CDPH, shall not be deemed evidence of allowable Agreement costs.

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- 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 CDPH 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 CDPH. Upon receipt of adequate documentation supporting a disallowed or questionable expense, reimbursement may resume for the amount substantiated and deemed allowable.

## **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 CDPH and/or Federal Government by one of the following options:
  - 1) Contractor's remittance to CDPH of the full amount of the audit exception within 30 days following CDPH's request for repayment;
  - 2) A repayment schedule which is agreeable to both CDPH and Contractor.
- B. CDPH reserves the right to select which option will be employed and Contractor will be notified by CDPH 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 CDPH's demand for repayment.
- D. If 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 CDPH, the over-claimed or disallowed expenses, plus accrued interest. Interest accrues from Contractor's first receipt of CDPH's notice requesting reimbursement of questioned audit costs or disallowed expenses.

## **9. Budget/Invoice/Reporting Requirements and Billing Instructions**

- A. Contractor shall ensure that all approved subcontractor invoices are paid within 45 days of receipt.
- B. Contractor shall complete and submit an invoice backup spreadsheet, which will be provided by CDPH, along with each invoice submitted for reimbursement. Failure to submit the appropriate invoice back up will result in reimbursement delays.