II.	FISCAL SECTION
500	Reimbursement Process

State share requirements for Continuing Contracts: State share is not applicable for the federal fiscal year (FFY) 2012 budget year of October 1, 2011 to September 30, 2012. Instead, a new type of contribution, "soft in-kind," will be used to complement federal share funds.

State share requirements for Renewing Contracts: State share is not applicable for the FFY 2012 budget year of October 1, 2011 to September 30, 2012. Instead, a new type of contribution, "soft in-kind," will be used to complement federal share funds.

Budget Adjustment Request (BAR) requirements for FFY 2012 Renewing Contracts will not have administrative relief; this means that no line item transfers and/or BARs will be allowed without executing a formal amendment.

The Network for a Healthy California (*Network)* will provide further guidance regarding in-kind guidelines for the upcoming FFY 2013 as information becomes available.

501 General Information

The following process applies to contractors seeking reimbursement for services by submitting the federal invoice. The Network for a Healthy California (*Network)* Local Project, also known as the *Network* Local Incentive Award (LIA) contract, must be fully executed before the federal invoice can be processed for payment. Prompt and consistent reporting helps to insure that a contractor will not experience a delay in payment. Further contractor payment information can be found in the *Network* contract under Exhibit B – Budget Detail and Payment Provisions.

502 Federal Invoices

Contractors must submit a federal invoice (Appendix A8) for reimbursement of expenses incurred to perform their Scope of Work (SOW) activities (Appendix A3) for each quarter of the budget year, unless the *Network* has approved an alternative timeframe.

The federal invoice must be based on actual expenses incurred within the quarter specified, and these expenses claimed must be from the approved Budget Justification (BJ). All expenses claimed must be substantiated by supporting documentation as described in Subsection 600, Fiscal Documentation and Record Keeping. The *Network* requires that supporting documentation, be kept on file for a period of three (3) years after the end of the contract term and submitted for review when requested.

The *Network* contracts are cost reimbursement contracts, and under no circumstances will the United States Department of Agriculture (USDA) allow the *Network* to approve reimbursements prospectively in a renewed or continuing contract year.

The following are due dates for submitting quarterly federal share invoices. Federal share invoices are due sixty (60) days following the end of each calendar contracts beginning in quarter. Final undisputed invoices shall be submitted for payment no more than sixty (60) calendar days following the expiration or termination date of the agreement:

Federal Invoices Due Dates (Quarterly)

Quarter	Period			Due Date
1st	October 1, 2011	through	December 31, 2011	February 28, 2012
2nd	January 1, 2012	through	March 31, 2012	May 31, 2012
3rd	April 1, 2012	through	June 30, 2012	August 31, 2012
4th	July 1, 2012	through	September 30, 2012	November 30, 2012

Note: A delinquency letter will be sent out to the Contractors if they do not meet the above due dates. Failure to submit invoices within the required time may cause significant delays in the payment of your invoice, or in some cases, depending on the age of the delinquency, your request for payment may be denied.

503 Federal Invoices with Subcontractor/Consultant Expenses

When an invoice contains expenses for services performed and relating to a subcontract agreement and/or independent consultant that total $5,000 or more, the *Network* must review and approve the agreement before reimbursement of those expenses can be made.

The *Network* may withhold payment of the invoice for the subcontract line item amount until the subcontractor/consultant agreement is received from the contractor and approved by the CM. The contractor must obtain at least three bids or justify a sole source award when securing subcontracts/consultants for services of $5000 or more.

For more information on Subcontractor requirement and agreements refer to Section 1000. Subcontractor and Consultant Agreements.

504 Federal Invoices with Equipment Expenses

When an invoice contains expenses in the equipment line item, the Contractor Equipment Purchased with the California Department of Public Health Funds form CDPH 1203 (Appendix A9) must be completed and submitted with the quarterly invoice, in order for the invoice to be processed. The invoice will not be processed until this form is received by the CM.

For additional information on Equipment reimbursements refer to Subsection 806, Procedures and Guidelines for Computer and Mobile Devices.

505 Mailing Documents

When mailing documents, and all other contract-related materials, please have them prepared on company letterhead and include the contract number before mailing it off to one of the following addresses:

If sending regular mail:

(Assigned *Network* Contract Manager)
California Department of Public Health
Network for a Healthy California
MS-7204
P.O. Box 997377
Sacramento, CA 95899-7377

Note: Regular mail can take up to two weeks for delivery.

If sending overnight mail:

(Assigned *Network* Contract Manager)
California Department of Public Health
Network for a Healthy California
1616 Capitol Avenue, Suite 74.516
MS-7204
Sacramento, CA 95814

506 Payment Time Frames

The *Network* strives to process invoices in an expeditious manner. In anticipation of inherent delays in the Department's Accounting Section and the State Controller's Office (SCO), the *Network* CMs work towards forwarding invoices to accounting for payment within 5 to 10 working days from receipt, and 10 to 20 days for last quarter invoices of the contract term. If there are problems with the invoice, the CM will contact the Contractor either by telephone or in writing during this period. The Accounting Section processes an invoice into a payment schedule within approximately 25 to 30 calendar days. The payment schedule is sent to SCO where a payment warrant (check) is prepared and generally mailed within 15 calendar days. Total Invoice processing time can take approximately 45 to 60 days. All invoices are processed on a first-come, first served basis. This process is outlined in the Invoice Process flow chart included in Subsection 513, Invoice Flow Chart.

507 Supplemental Documents

Supplemental federal share invoices are necessary when expenses incurred during a given quarter were not included on a previously submitted federal share invoice.

For example; in January (2nd Quarter), a Contractor incurred an additional $100 in Operating Expenses during October (1st Quarter) that was not included on the first quarter invoice previously submitted. The Contractor should not include this additional $100 expense on the second quarter invoice.

The Contractor must submit a federal share supplemental invoice claiming only the additional expense against the appropriate quarter in which it was incurred and must clearly label the invoice as "Supplemental" in the heading next to the invoice period. Cumulative expenses on supplemental invoices should include all expenses incurred on all prior invoices submitted to-date.

Supplemental invoices for FFY2012 renewing contracts cannot exceed 20 percent of the contract amount for the fiscal year in which the supplemental invoice is submitted. Supplemental invoices for the first three quarters is due no later than (90) days after the end of each quarter. A final supplemental or fourth quarter supplemental invoice is due no later than (120) days following expiration date of the agreement and or contract term.

508 Contractor Information Changes

Contractors are required to submit written notification to the *Network* of any changes in the agency's address, staff, and other matters. The information must be sent to the Contract Manager (CM) in the form of an email, revised Contractor Information Form (CIF) (Appendix A27), and/or revised budget justification with a narrative explaining the reason for the revision.

509 Processing Guidelines

Contractors can help prevent delays in federal invoice processing by following these guidelines:

1. If in doubt, contractors should contact the *Network* CM regarding questions or potential problems before submitting a federal share invoice. This will help prevent errors and delays in processing and payment.
2. The federal invoice must have original signatures using a pen color other than black ink. **Do not use black ink to sign the documents** because black ink often resembles a photocopied signature and may be rejected for payment.
3. Do not use whiteout or correction tape to correct errors. To correct errors, draw a line through the incorrect amount or information (e.g., address), initial each change and enter the correct amount or information next to it.
4. Corrections that increase or decrease the approved USDA total budget amount for the assigned contract is unallowable.

510 Fourth Quarter Invoice/Final Invoice

The *Network* will withhold payment of the contractor's last quarter federal invoice for the contract period (i.e., July through September) until the final comprehensive Annual Progress Report and other contract deliverables have been received and approved by the PM. The *Network* at its discretion, reserves

the right to not honor final invoice payment until the Annual Progress Report has been approved.

A final invoice may or may not be the last quarter federal share invoice. For example, a final invoice may be a supplemental federal invoice that captures expenses that were not included in the federal share invoices from prior quarters.

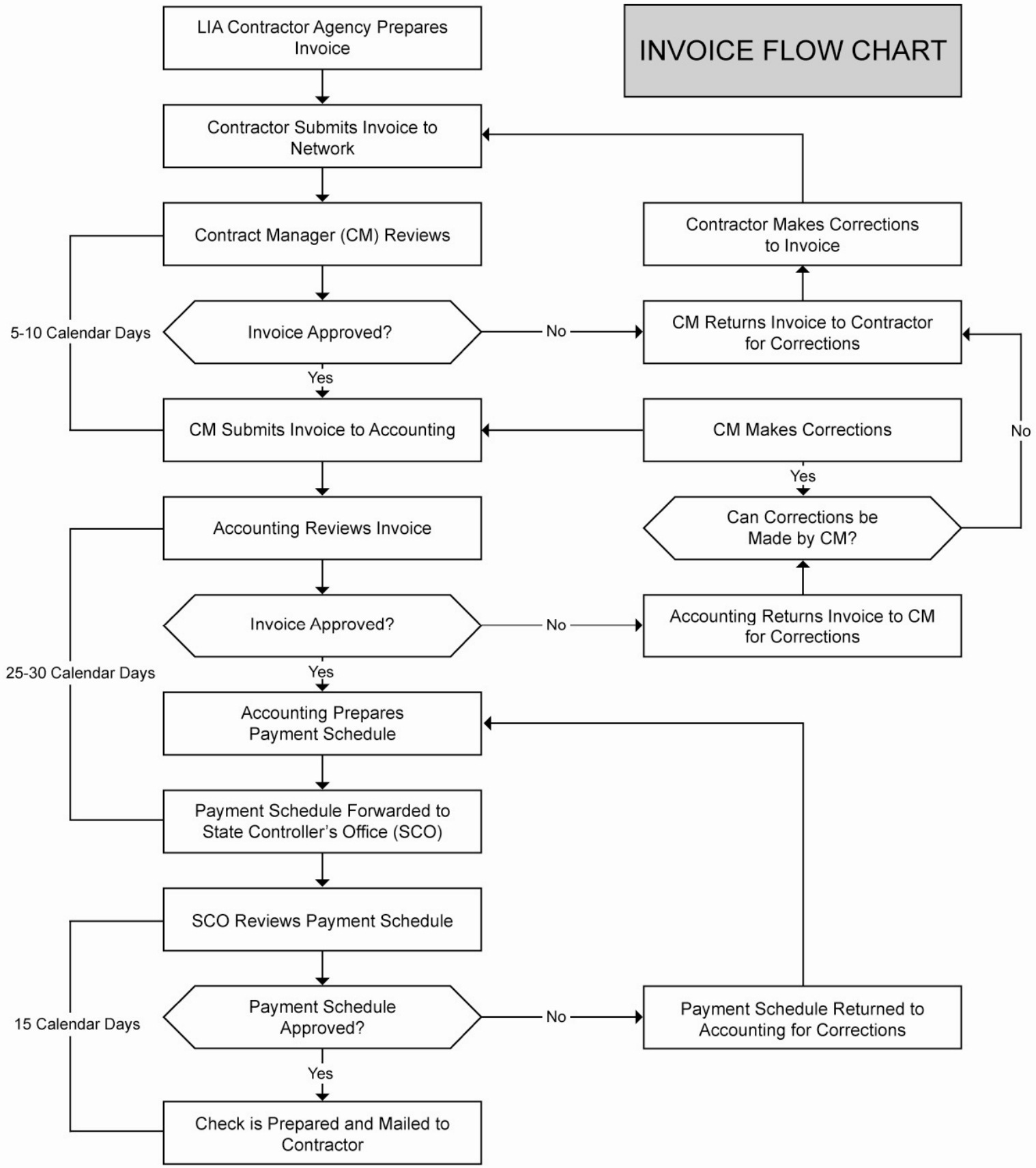
511 Invoice Dispute Notification Form

Invoices disputed for "reasonable cause" must be acknowledged, in writing, by sending an Invoice Disputed Notification STD 209 form (Appendix A29) to the contractor within 15 days of receipt of the federal share invoice. This is per the Public Health Administrative Manual (PHAM), Fiscal Services Section 4-1050.1 through 4-1050.4. Contractors will work with the CM to resolve the dispute. Once the dispute is resolved a new invoice will be submitted with the STD 209 form and the original federal share invoice. The new invoice will be processed as noted in Section 502.

512 Contractor's Release Form

In accordance with the contract terms and conditions, Contractors are required to submit one Contractor's Release Form (Appendix A10) to the *Network* with the final invoice at the end of the contract term, (i.e., end of a one year and/or three year contract term.) This form serves as the contractor's acknowledgment that final payment has been requested. The contractor acknowledges that expenses authorized for reimbursement does not guarantee final allowability of said expenses. The contractor agrees that the amount of any sustained audit exceptions resulting from any subsequent audit made after final payment will be refunded to the State. Remember to mark the final federal invoice for the contract with an "**X**" next to "Check for Final Invoice Contract Term."

513 Invoice Flow Chart



45-60 Total Calendar Days for Invoice Processing