

Exhibit B
Budget Detail and Payment Provisions

1. Invoicing and Payment

- A. For services satisfactorily rendered, and upon receipt and approval of the invoices, the State WIC Program agrees to compensate the Contractor for actual allowable expenditures incurred in accordance with the budget attached.
- B. Invoices shall include the Agreement Number and shall be submitted as one (1) original invoice in arrears not more frequently than monthly, unless an alternative period has been approved in writing, in advance, by the State WIC Program. Each monthly invoice shall be submitted for payment no more than forty-five (45) calendar days following the close of each month. Invoices are to be submitted to:

California Department of Public Health
State WIC Program
Attention: Local Agency Fiscal Section
3901 Lennane Drive
Sacramento, CA 95834

The State WIC Program, at its discretion, may designate an alternate invoice submission address. A change in the invoice address shall be accomplished via a written notice to the Contractor by the State WIC Program and shall not require an amendment to this Agreement.

- C. The information and instruction on invoices to be submitted to the State WIC Program are provided in the Contract Management Binder (CMB) Chapter 12, Section II, Invoice Requirements.
- D. The State WIC Program's Catalog of Federal Domestic Assistance (CFDA) Number and Program Title are:
 - 1) CDFA Number: 10.557
 - 2) CDFA Program Title: Special Supplemental Nutrition Program For Women, Infants, and Children

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 the Contractor or to furnish any other considerations under this Agreement and the 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 the Contractor to reflect the reduced amount.
- C. If sufficient federal funds are not allocated to carry out the WIC Program, the State may, upon thirty (30) days advance notice, void this Agreement or reduce the

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maximum payable amount. The Contractor's budget and Scope of Work may be renegotiated with the State based on available federal funds.

- D. If the State cancels this Agreement and/or reduces the funding amount, the Contractor shall not submit an invoice for, and the State shall not reimburse allowable costs in excess of, the adjusted 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) \$X,XXX,XXX for the budget period of 10/01/14 through 09/30/15.

- 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 of actual expenditures for the fiscal year covered by the term of this Agreement. These documents must be retained for three (3) years following the final payment under this Agreement. The State may periodically request documentation for expenditures to verify that the cost is allowable and necessary.

5. Timely Submission of Final Invoice

- A. A final undisputed invoice shall be submitted for payment no later than December 15th following the expiration or termination date of this Agreement, unless a later or alternate deadline is agreed to in writing by the State WIC Program. Said invoice should be clearly marked "Final Invoice," indicating that all payment obligations of the State under this Agreement have ceased and that no further payments are due or outstanding. The State WIC Program may, at its discretion, choose not to honor any delinquent final invoice submitted after the deadline set forth in paragraph A of this Provision if the Contractor fails to obtain prior written State WIC Program approval of an alternate final invoice submission deadline.

- B. The Contractor is hereby advised of its obligation to submit, with the final invoice of the contract, a "Contractor's Release (Exhibit F)."

6. Expense Allowability / Fiscal Documentation

- A. Invoices received from the Contractor for payment by the State WIC Program shall not be deemed evidence of allowable Agreement costs.

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- B. The Contractor shall retain for review and audit by the State WIC Program adequate documentation of all expenses claimed pursuant to this Agreement to permit a determination of expense allowability.
- C. If the allowability 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 (GAAP), 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. Travel is a reimbursable expense; receipts must be maintained to support the claimed expenditures.

7. Recovery of Overpayments

- A. The Contractor agrees that claims based upon the terms of this Agreement or an audit finding and/or an audit finding that is appealed and upheld, will be recovered by the State by one of the following options:
 - 1) The 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 that is agreeable to both the State and the Contractor; or
 - 3) The State may offset the amount of the audit finding by reducing any outstanding invoice from the Contractor by that amount.
- B. The State reserves the right to select which option (as indicated above in paragraph A) will be employed and the Contractor will be notified by the State, in writing, of the claim procedure to be utilized. Guidelines for recovery of overpayment are detailed in the CMB Chapter 12, Section IX.
- 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 an examination finding is mailed to the Contractor, beginning thirty (30) days after the Contractor's receipt of the State's demand for repayment.
- D. If the Contractor has filed an 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 decision, the Contractor shall repay, to the State, the over-claimed or disallowed expenses, plus the accrued interest. Interest accrues from the Contractor's first receipt of the State's notice requesting reimbursement of questioned audit costs or disallowed expenses.

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8. Report of Actual Expenditures

- A. A Report of Actual Expenditures, described in the CMB Chapter 13, shall be submitted by November 15th [within forty-five (45) calendar days following September 30th of each budget period]. The Report of Actual Expenditures shall be based on actual expenditures, unliquidated obligations, and the time study (as described in Provision 13 of this Exhibit) initiated and completed by the Contractor for that budget period.
- B. A list of all unliquidated obligations shall be submitted to the State WIC Program with the Report of Actual Expenditures within forty-five (45) calendar days following September 30th of each budget period. As the unliquidated obligation is liquidated, an invoice may be submitted to the State WIC Program for payment. All unliquidated obligations shall be liquidated by the submission of the "Final Invoice" as stated in Provision 12 of this Exhibit.

9. Funding

The Contractor may not spend funds prior to, or without written authorization from the State WIC Program, through a WIC local agency award letter. An award letter is sent prior to the beginning of the Agreement and will contain the Maximum Payable Amount, which is the funding amount allocated to the Contractor. The Maximum Payable Amount includes base funding for caseload and funding for Other WIC Services. Funding amounts for Other WIC Services are provided in the Maximum Payable Amount as detailed in the funding award letter. The amounts for Other WIC Services may be subject to adjustment based on actual funding received. The Contractor will be notified via an updated award letter.

10. Payment Denial and Withhold

- A. This provision supplements Exhibit D(F), Special Terms and Conditions, Provision 22, entitled "Payment Withholds".
- B. The State WIC Program reserves the right to deny or withhold payment of any outstanding invoice for any one or combination of exceptions. The detailed listing of the exceptions is found in the CMB Chapter 12, Section X.

11. Charges/Reductions for Noncompliance

- A. The State may recover up to eighteen percent (18%) of the annual Nutrition Service and Administration (NSA) funds for a budget period of this Agreement for the following reasons:
 - 1) Failure to spend, document, or report the required minimum of one sixth (1/6) of NSA funds on Nutrition Education Services for each budget period of this Agreement in accordance with the CMB Chapter 2, Section I, Provision C; and/or

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- 2) Failure to spend, document, or report the required minimum amount of NSA funds per pregnant and/or breastfeeding participant for each budget period of this Agreement in accordance with the CMB Chapter 2, Section I, Provision D.

12. Final Invoice of a Budget Period

The final invoice of a budget period shall be submitted by December 15th following the end of the budget period. If a final invoice is not received by this date, the last original invoice received from the Contractor shall be considered the final invoice even if not stamped with the words "Final Invoice." The State WIC Program reserves the right to deny payment of the final invoice if it is received after the due date.

13. Time Study

The Contractor shall, in each budget period of this Agreement, complete a time study. Each time study shall cover a minimum of one (1) week a month or one (1) month per quarter. All staff providing WIC services, directly and indirectly are to be included in the time study. The time study must accurately document time spent on the Farmers' Market Nutrition Program, the Breastfeeding Peer Counseling, and the four (4) Federal WIC cost categories: 1) general administration, 2) client services, 3) nutrition education, and 4) breastfeeding, as detailed in the CMB Chapter 13, Section III.

14. Indirect Cost Rate Percentage

The Contractor shall provide to the State WIC Program, as part of the Request for Funding Application, a copy of their cost allocation plan including the current approved indirect cost rate percentage authorized for their agency. The CMB Chapter 2, Section 1, Provision I provides the guidelines and requirements.

**Exhibit B Attachment I
Budget
Year 1
10/01/14 through 09/30/15**

<u>Budget</u>		Total
1. Personnel*		\$ -
Salaries & Wages	<u>\$ -</u>	
Fringe Benefits	<u>\$ -</u>	
2. Operating Expenses		\$ -
3. Capital Expenditures		\$ -
4. Other Costs		\$ -
5. Indirect Costs ** (Maximum is XX%)		\$ -
Total		\$ -

*Total of "Salaries & Wages" and "Fringe Benefits" must equal the total of the "Personnel" line item.

** The Indirect Costs amount listed shall not exceed the Maximum Indirect Cost Rate Percentage allowed for this contract.

**Exhibit B, Attachment II
Budget Detail Justifications
Women, Infants and Children (WIC) Nutrition Program
FFY 2015**

Contractor Name: XXX
Contract Number: XXXX Contracted Service Level: XXX per month
Total Budget, Year 1: \$XXX

The State WIC Program, WIC local agency Agreement, Scope of Work (SOW) requires the WIC local agencies to provide certification, nutrition education, breastfeeding support, benefit issuance, and referral services to the contracted number of participants at accessible locations throughout the geographic service area. The budget items listed below are allowable and support the delivery of WIC services.

OPERATING EXPENSES

1. Budget Category: Equipment/Furniture

Budgeted furniture and equipment costing less than \$5,000 per unit. Examples include: modular furniture; desks and chairs for counselors; classroom tables and chairs and other classroom items such as white boards; waiting room chairs; furniture for required lactation rooms; and other items needed to meet the SOW. The equipment requested may be purchased to replace outdated equipment.

2. Budget Category: Postage

WIC local agencies may mail appointment reminders to participants. Federal regulations and the WIC Program Manual 380-10 allow for food instruments to be mailed to participants under defined and limited conditions. The budgeted postage will cover the costs of mailing these items.

3. Budget Category: Photocopying/Duplicating

Budgeted reproduction of materials ensures required education, certification, outreach and related materials are available in multiple languages as needed to provide to participants to carry out the SOW.

4. Budget Category: Space

WIC local agencies utilize space to carry out the SOW. Space Costs, detailed on the Space Costs for Operating Expenses worksheet, includes the type of space (clinic site, administration site, Training Center, etc.), total square feet, and cost of space per month (monthly rent/lease costs). Additional space costs, listed on the Additional Space Costs for Operating Expenses worksheet, includes other space cost expenses such as maintenance and insurance.

5. Budget Category: Supplies

The SOW requires the WIC local agencies to maintain supplies and materials for nutrition education and breastfeeding support, as well as administrative forms for certification of participants, time accounting and other required activities. Supply items

have a unit cost of less than \$500. Examples include calculators, toner, paper, pens/pencils, staplers, flip charts, and teaching aids.

6. Budget Category: Training

WIC local agencies are required to ensure that annual training requirements are met as detailed in WPM Section 190-00. Annual staff training includes Civil Rights, Alcohol and Drug Abuse, and National Voter Registration Act. Breastfeeding Education must occur monthly. The WIC Director or designee and Breastfeeding Coordinator must attend conferences and nutrition training events. Additional ongoing training also takes place to ensure all direct service staff remain updated on WIC requirements, use of the automated system for participant certification, health and nutrition assessment methods, nutrition needs of the target population, education methods, and community referral resources.

7. Budget Category: Travel

The SOW requires the WIC local agencies to send direct service, training, and/or management staff to one (1) or more WIC conferences per year, as well as attend other mandatory training sessions, workshops and conferences to maintain nutrition, breastfeeding and education knowledge. Examples of travel costs include meal expenses, transportation costs, and registration fees. Travel expenses may also include staff travel to and from locations for business-related reasons, such as to provide WIC services at satellite clinic sites throughout the agency's geographic service area.

8. Budget Category: Utilities

The SOW requires WIC local agencies to utilize utilities to carry out the SOW. Examples include costs for sites utilized by WIC staff and participants such as electric, gas, telephone services, autodialer services for participant calls, voice-over IP systems.

9. Budget Category: Membership, Subscriptions and Professional Certifications

The SOW requires the WIC local agencies to maintain staffing that includes Registered Dietitians, International Board Certified Lactation Consultants, and Certified Health Educators. These professionals are required to maintain their professional certification, which is an allowable cost to the WIC program. Costs of relevant subscriptions or memberships to business, professional, and technical periodicals or organizations are also included.

10. Budget Category: Outreach/Promotion

To meet the Performance Standard listed in the SOW and the Referrals, Health Linkages and Integration, and Outreach requirements listed in WPM 700 series, the WIC local agencies perform outreach to potentially WIC eligible individuals in their service area to make them aware of the WIC program as part of the goal to serve 100% of their caseload. Examples include costs for television or radio public service announcements; newspaper ads and articles; community newsletters; magazine ads; and other printed materials such as door hangers, flyers, and leaflets.

11. Budget Category: Breastfeeding Promotion

The SOW requires the WIC local agencies to perform work to increase and advance the initiation and continuation of breastfeeding among WIC participants. The WIC local agencies must spend a minimum of \$36.93 (subject to annual adjustment) per pregnant and/or breastfeeding participant on these activities. Examples include breast pumps, nursing bras, nursing pads, demonstration dolls, and training costs.

12. Budget Category: Nutrition Education

The SOW requires the WIC local agencies to provide individual or group education sessions to WIC participants to improve their health status, achieve positive changes in dietary habits, and emphasize the relationships between nutrition and health. The State WIC Program must spend approximately 18% of the contract expenditures on these activities. Examples include the cost of procuring, producing, and/or translating general education materials including posters, pamphlets, audio visuals, and health education materials. Translation languages may include the following: Arabic, Armenian, Chinese, Hmong, Russian, Spanish, and Vietnamese.

13. Budget Category: Audit

The SOW requires the WIC local agency to be audited by an independent auditor annually to determine that financial operations are being properly conducted and complying with all applicable laws, regulations and administrative requirements.

CAPITAL EXPENDITURES

A Capital Expenditure is defined as the acquisition cost of a tangible item of equipment having a base unit cost of \$5,000 or more and a useful life expectancy of one (1) or more years, including installation costs. WIC local agency purchases of Capital Expenditures must meet the approval requirements detailed in the WIC Contract Management Binder, Chapter 7. These include various types of equipment used at the WIC local agencies to carry out the requirements listed in the SOW.

1. Budget Category: Telephone System

Examples of Telephone System capital expenditures include auto dialer equipment, telephone system equipment, etc. WIC local agency telephone systems require the replacement and upgrade of various related equipment throughout the term of the Agreement to support and maintain the telephone system. The purchase of an autodialer or telephone system equipment would be for participant contact (appointment confirmation/messages).

2. Budget Category: Information Technology Equipment

Examples of Information Technology Equipment capital expenditures include firewalls/routers, network switches, blade servers, power systems, E-storage, videoconferencing equipment, etc. WIC local agency networks require the replacement and upgrade of various network equipment throughout the term of the Agreement to

support and maintain the computer system. Video conferencing equipment allows for participant and staff training; and attendance at Regional and Task Force meetings saving the cost of travel.

3. Budget Category: Vehicles

Examples of Vehicles capital expenditures include box trucks, SUVs, vans, etc. WIC local agency employees need reliable transportation to and from service locations, some of which are over 75 miles round trip from the administrative office. In some geographical areas, the vehicles must meet special requirements (i.e., four-wheel drive, etc.). Vehicles may be replaced at different sites throughout the service area as part of the usual replacement cycle. All vehicle purchases must receive prior approval from the State WIC Program and follow the requirements listed in the CMB Chapter 7, Section IV, and Chapter 10, Sections V-VII.

4. Budget Category: Photocopy and Duplication Equipment

Examples of Photocopy and Duplication Equipment capital expenditures include office copiers, work center copiers, fax/copier/printer combination equipment, etc. Photocopy and Duplication Equipment is used at the WIC local agencies to provide necessary copies of various documents (nutrition education information, participant documentation, and day to day required copies) to carry out the SOW.

5. Other

Other should rarely be used. It includes any other capital expenditure not categorized above. Examples may include other large office equipment or capital repairs.

SUBCONTRACTS

A Subcontract is a written agreement between a WIC local agency and another individual or business to provide WIC services detailed in the SOW, such as administrative, certification, nutrition, breastfeeding education, outreach, staff training, etc. Subcontracts may be used to help WIC local agencies provide all contractually required services outlined in the SOW. WIC local agency subcontracts must meet the approval requirements detailed in the WIC Contract Management Binder, Chapter 8.

Examples of Subcontracts include messaging services, translation services, training, etc.