

DEPARTMENT OF PUBLIC HEALTH
POLICIES AND PROCEDURES REGARDING CONTRACT BUDGET CHANGES
CONTRACT MODIFICATIONS AND BUDGET REVISIONS

It is the policy of the Department of Public Health of the City and County of San Francisco to assure accountability of funds obligated to contractors through contractual agreements.

The Department of Public Health (DPH) requires that contractors and DPH program managers/contract administrators adhere to the following procedures regarding contract budget changes or other changes affecting funding.

Definition: The meaning of the word “change” as used herein includes: addition, deletion, increase, or decrease.

CONTRACT MODIFICATION

A modification to a contract (subject to the same approval process as new and renewal contracts) is required for any of the following proposed changes to a contract:

- A. Any change in the City’s maximum dollar obligation.
- B. Any change in the time period for which the funds are obligated.
- C. Addition or deletion of a mode of service as listed in Exhibit B, Page 2 (Mode of Service Page).
- D. Any change in the Scope of Work or Methodology. (Changes in the scope of work will not be allowed if it would violate the conditions of the solicitation under which the services were funded).
- E. Increase/decrease in Contract Deliverables (either Units of Service or Unduplicated Clients), which must include a corresponding increase/decrease in the funds obligated.
- F. Any addition of a budget line item not included in the certified contract.
- G. Any movement of budgeted funds between Personnel and Operating expenses in an exhibit in excess of 10% of the certified exhibit budget.
- H. Any change in contractor name -- same party (this is a change in the legal entity to whom funds are obligated).

Contract modifications must include appropriate changes to the scope of work, budget and budget justification if necessary. For contract modifications due to changes (increases/decreases) in deliverables, a contract agency must differentiate between New and Renewal contracts.

- For New or Renewal contracts: If there is a factual error in the contract Units of Service or Unduplicated Clients (US/UDC) formula, a No-Cost Contract Modification will be completed. The request for this modification must be received by the program manager/contract administrator by the end of the first six months of the contract period.
- For New Programs only: Contracted UOS/UDC may be changed through a Contract Modification request during the contract period, only if the change is greater than 10%. The agency must provide in-depth justification and support documentation for the change

or else the UOS/UDC may be reduced along with the contract award in order to maintain the same cost per unit of service. The request for this modification must be received by the program manager/contract administrator by the end of the first six months of the contract period.

- For Renewal Programs: Contractor may request a reduction in both the value of the contract and the UOS/UDC during the contract period if there is a significant and substantiated change in service delivery model, client target population, or extreme increase in the cost of doing business from one fiscal year to the next. Contractor may not request a change in UOS/UDC only. The agency must submit a written request to the DPH program manager/contract administrator, who must review and send a written decision within twenty (20) days of receipt of the request. The request for this modification must be received by the program manager/contract administrator by the end of the first six months of the contract period.

BUDGET REVISION

A budget revision is a change to a contract that does not require a formal modification to the contract but does require prior written approval by the DPH program manager/contract administrator before incurring the expenses. An original Budget Revision Request Form and an attached cover letter that details the rationale for the requested revised budget, on a line-item-by-line-item basis, must be submitted to the program's DPH program manager/contract administrator. Faxed requests will not be accepted. No more than three (3) budget revisions are allowed in a contract year.

Note: Contractors must request these changes in writing and cannot implement them until they receive written approval.

A budget revision is allowed for:

- A. Any change in a negotiated and approved expenditure line item amount on any page of the budget so long as the value of the change for each item is less than 10% of the total value of the program or exhibit that is affected by the change.
- B. Any change in a revenue line item amount on the "Contract Budget Summary by Program" or the "Cost Reporting/Data Collection" page so long as the value of each change for each revenue line is less than 10% of the total value of the program or exhibit affected.

The following applies to all budget revisions:

- Budget Revision Requests may be submitted to your program manager/contract administrator throughout the contract period up to forty-five (45) days before the end of the contract period.
- The approved Budget Revision Request becomes the budget of record for the contract. Invoices produced after the approval must reflect the most current budget on record for actual cost reimbursement contracts.
- If there is a fiscal agent, the Budget Revision Request must be signed by both the contract service provider and the fiscal agent.

A Budget Revision Request will be approved or denied within twenty (20) working days from the date of receipt. The agency will be sent a copy of the approved/denied request.

An agency may appeal a denial of a Budget Revision Request by submitting a written letter to the Section or Unit Director or Chief within ten (10) working days of receipt of the written notification of the denial. This letter must provide the rationale for the appeal, including specific workplans and timelines for using the requested amount to meet contract deliverables (units of service or unduplicated clients). The Section/Unit Director or Chief will rule on the appeal within ten (10) working days of receipt of the agency appeal letter. The decision of the Section/Unit Director or Chief will be final.

Note: The Department of Public Health reserves the right to require prior approval for changes not included above in all paragraphs related to contract changes, in special circumstances as determined by the designee of the Director of Public Health, which will usually be the Deputy Director for the set of services under which the contract operates.

Questions regarding these procedures should be addressed to the Contracts Office.

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