



City and County of San Francisco
London N. Breed, Mayor

San Francisco Department of Public Health

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San Francisco Department of Public Health *Policy & Procedure Detail*

Policy & Procedure Title: Subcontractor/Consultant Contractual Requirements	
<ul style="list-style-type: none"> A. Subcontract/Consultant Agreement Submission Requirements B. Indirect Rate Exclusions on Subcontract/Consultant Agreements C. Invoice Requirement Procedures D. Subcontract/Consultant Agreement Information E. Termination of Subcontractor 	
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Distribution: <input checked="" type="checkbox"/> DPH-Wide	
*Contract your CDTA Program Manager for any questions/clarifications on this policy.	

I. DEFINITION of SUBCONTRACTOR

A subcontractor/consultant is a person/organization hired by a general contractor (or prime contractor, or main contractor) to perform a specific task as part of the overall project and is paid for services provided to the project by the originating general contractor.

Examples of Types of Subcontractors

- Medical Director
- Clinical Consultant
- Child watch/Childcare Provider
- Consultant for Special Events

II. POLICY

Note: this policy **does not** apply to contracts created for the sole purpose of providing program administration for consultant and/or subcontractor services.

A. Subcontract/Consultant Agreement Submission Requirements

Vendors with contracts that contain subcontractor/consultant expenses are expected to submit a copy of all subcontractor/consultant agreements (signed and dated) between the vendor and the subcontractor/consultant **at the same time as the contract's Appendices A and B are submitted to DPH for contract processing.** Payment of monthly invoices containing subcontractor expenses will be withheld until a copy of the subcontractor/ consultant contract is on file with the Department.

For vendors that are unable to submit their Subcontractor/Consultant Agreements with the submission of the Appendices A and B, e.g. the subcontractor has not yet been identified, then the vendor must: 1) Provide a written explanation (a) why this requirement cannot be met, and/or (b) why the name of the subcontractor is unknown in the Appendix B, via email to their CDTA Program Manager (or Contract Analyst if a CDTA Program Manager was not assigned to this contract), and; 2) Submit the Subcontractor/Consultant Agreement no later than 30 days of the submission of the Appendix A and B, or from the point at which the subcontractor has been identified. **No invoice payments containing subcontractor expenses will occur without a copy of the required agreement.**

Please note: Subcontractor/consultant names are listed in the contract boilerplate under Article 4, Section 4.3 Subcontracting, and/or in the Appendices B. Therefore, if the subcontractor has been identified, the Appendix B contract budget detail pages should indicate the vendor name in the subcontractor/consultant line item and not indicate "TBD". If the name of the subcontractor or other detailed information is unknown, the Contracts Office will indicate "Subcontractors to be determined" in the boiler plate and will then be required to modify the contract to incorporate the name and rate information once that information is available. **Invoice payments cannot be processed if the subcontractor's name is not identified in the contract, (unless there is a subcontract agreement that identifies this subcontractor) or if the name is different from the Appendix B, or the reimbursement rate is different from the rate indicated in Appendix B. Additionally, payment will not occur if the Department has not received a copy of the subcontract.**

B. Indirect Rate Exclusions on Subcontractor/Consultant Expenses

Please Note:

- This section only applies if the source of subcontractor/consultant funding is a Federal grant, or a Federal pass-through grant, i.e. a Federal grant funding passed through the State and allocated to the City. This does not apply to other funding sources.
- And, this section only applies if the Federally funded subcontractor is providing the same type of service as performed by the prime contractor. In other words, if the City is paying a vendor to provide mental health services, and the vendor subcontracts a portion of the dollars to a subcontractor to provide the mental health services, then the indirect rate would not be paid twice in full. The limitations described in this section would not apply to subcontractors funded by the prime contractor to perform a different service, e.g. a media consultant to publicize the availability of mental health services delivered by the prime contractor.

Indirect Rate Exclusions City Policy (Effective FY20/21)

Per the City's Controller Guidelines for Cost Categorization in Non-Profit Contracts and Grants, and consistent with the Federal OMB Uniform Guidance Part 200 Subpart A Section 200.68 Modified Total Direct Cost (MTDC), the following guidance is applicable to DPH contracts that contain subcontractors funded by Federal grants or Federal pass-through funding and where the subcontracted services are the same as those provided by the prime contractor:

- For federal grant or federal pass through grant funding, the prime contractor can only **charge indirect costs on the first \$25,000 of each subcontract** at the approved/allowed indirect cost rate. Additional subcontract expenses beyond \$25,000 must be excluded from the indirect rate calculation. (Please see above for exclusions from this policy)

Per the boilerplate of Article 5 Insurance and Indemnity/5.1.5(F), Other Insurance Requirements of P-600: If Contractor will use any subcontractor(s) to provide Services, Contractor must require the subcontractor(s) to be appropriately insured, provide all necessary insurance and to name the City and County of San Francisco, its officers, agents and employees and the Contractor as additional insureds.

In most cases, DPH contractors should not hire other existing DPH contractors to serve as subcontractors, if the proposed service is the same service that the subcontractor is already providing in its direct contract with DPH. In that instance, the Department will add the funding directly to both prime contracts. Requests for exceptions should be submitted in writing to DPH.

C. Invoice Requirement Procedures

Agencies that are providing reimbursement to subcontractors and/or consultants must attach a copy of the subcontractor/consultant's invoice as supporting documentation each time the contractor's monthly invoice includes these expenses.

The name of the subcontractor/consultant MUST match with the name listed in Appendix B.

The budget in the subcontractor agreement MUST match with Appendix B, such as hourly rate, number of hours, etc.

D. Subcontract/Consultant Agreement Information

Specifications for Subcontracting Agreement

The following information should be included in the agreement between the vendor and the subcontractor/consultant:

- 1) The required scope of work;
- 2) Deliverables;
- 3) Budget with detail by line item and budget justification;

Example Formula to be used on the Operating detail page for BHS contracts:

Consultant/Subcontractor: (Provide Name, Service Detail w/Dates, Hourly Rate and Amounts)

MD. John/Jane Doe, LCSW - Clinical Consultant, Provides weekly group supervision of clinical staff (07/01/2021-06/30/2022). The hourly rate is \$165 per hour, 2 hours per week at 48 weeks during the fiscal year ($\$165 \times 96 = \$15,840$).

(96 hours = 2 hours x 48 weeks)

- 4) Reimbursement rate;
- 5) Maximum amount reimbursable;
- 6) Invoicing and reporting requirements and timelines;
- 7) Term of agreement (no longer than the term of the prime contract);
- 8) Dates and signatures of the prime contractor Executive Director and the subcontracted entity;
- 9) Subcontractor acknowledgement that services provided as stated in the agreement are also not reimbursed through another specific funding source.

10) Statement acknowledging familiarity and agreement to comply with the terms of the prime contract (i.e., City and County of San Francisco boilerplate provisions) under which this agreement is made and the stated services are provided:

a. Non-Discrimination

“Contractor shall comply with the provisions of Chapters 12B and 12C of the [San Francisco Administrative Code](#). Contractor shall incorporate by reference in all subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all subcontractors to comply with such provisions. Contractor is subject to the enforcement and penalty provisions in Chapters 12B and 12C. Contractor’s failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.”

11) If the prime contract includes a Data Access and Sharing Terms, (most likely Appendix D), then the subcontractor must comply with the requirements identified in the clause specific to subcontracting.

a. First Source Hiring Program

“Any subcontract entered into by Contractor shall require the subcontractor to comply with the requirements of the First Source Hiring Program, Chapter 83 of the [San Francisco Administrative Code](#) and shall contain contractual obligations substantially the same as those set forth in this Section.”

Note: First Source Hiring applies to contracts that are 100% General Fund supported, and/or have LBE Goals set by the City.

12) Scheduled meeting requirements (if applicable);

13) Termination or change of the agreement provision with a minimum of 30 day's notice (including, current signed subcontractor agreements, transfer of current clients to alternative service providers, storage/transfer of electronic/paper client records, etc.);

If Protected Health Information (PHI) will be accessed by the subcontractor, such as client charts, the following must be specified:

14) Supervision and quality assurance procedures and responsibilities;

15) Name(s) and credentials/licenses of staff involved in the agreement;

16) Client or service records maintenance requirements (i.e. data entry standards/timelines, who will have access to what level of client information, & location of paper and electronic files); and

17) Client referral procedure.

18) In the event of a breach in privacy, contact your direct supervisor and call the Office of Compliance and Privacy Affairs hotline at (855) 729-6040.

E. TERMINATION of SUBCONTRACTOR

1) If DPH terminates the contract with the prime Contractor, the Contractor is responsible for notifying and terminating any and all subcontracts within the timeline specified by DPH and the subcontractual agreement.

2) If a Subcontractor fails to perform the duties outlined in the subcontract with the Contractor, the Contractor has the right to terminate the subcontract with prior written approval of DPH and in accordance with the termination policy specified in the subcontract. Contractor requests to provide the services themselves or to select a different Subcontractor must be made in

writing by submitting a [Contract Change Request \(CCR\)](#) form to their assigned CDTA Program Manager. The appropriate System of Care Director will either approve or deny the requested change.

- 3) Any new Subcontractor chosen must adhere to all the SF City and County procedures outlined in this policy.