

**MI-2324 Amendment 1**  
**Exhibit B – Budget Detail, Payment Provisions, and Closeout**

**ARTICLE I. FUNDS**

**A. Expenditure of Funds**

1. The Contractor shall expend all funds received hereunder in accordance with this Agreement.
2. Any reimbursement for authorized travel and per diem shall be at rates not to exceed those amounts paid by the State in accordance with the California Department of Human Resources' (CalHR) rules and regulations.

In State:

- Mileage/Per Diem (meals and incidentals)/Lodging
- <https://www.calhr.ca.gov/employees/pages/travel-reimbursements.aspx>

Out of State:

- <http://hrmanual.calhr.ca.gov/Home/ManualItem/1/2201>

This is not to be construed as limiting the Contractor from paying any differences in costs, from funds other than those provided by CDA, between the CalHR rates and any rates the Contractor is obligated to pay under other contractual agreements. No travel outside the state of California shall be reimbursed unless prior written authorization is obtained from the State. [SCM 3.17.2.A(4)]

The Contractor agrees to include these requirements in all contracts it enters into with subcontractors to provide services pursuant to this Agreement.

3. CDA reserves the right to refuse payment to the Contractor or disallow costs for any expenditure, as determined by CDA to be: out of compliance with this Agreement, unrelated or inappropriate to contract activities, when adequate supporting documentation is not presented, or where prior approval was required but was either not requested or not granted.

**B. Accountability for Funds**

1. The Contractor shall maintain accounting records for funds received under the terms and conditions of this Agreement. These records shall be separate from those for any other funds administered by the Contractor, and shall be maintained in accordance with Generally Accepted Accounting Principles and Procedures and the Office of Management and Budget's (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards. [45 CFR 75]

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**ARTICLE I. FUNDS (Continued)**

**2. Financial Management Systems**

The Contractor shall meet the stipulations for Financial management and standards for financial management systems outlined in 45 CFR 75.302 including but not limited to:

- a. Financial Reporting.
- b. Accounting Records.
- c. Complete Disclosure.
- d. Source Documentation.
- e. Internal Control.
- f. Budgetary Control.
- g. Cash Management (written procedures).
- h. Allowable Costs (written procedures).

**C. Unexpended Funds**

Upon termination, cancellation, or expiration of this Agreement, or dissolution of the entity, the Contractor shall return to the State immediately upon written demand, any funds provided under this Agreement, which are not payable for goods or services delivered prior to the termination, cancellation, or expiration of this Agreement, or the dissolution of the entity.

**D. Funding Contingencies**

- 1. It is understood between the parties that this Agreement may have been written before ascertaining the availability or appropriation of funds, for the mutual benefit of both parties, in order to avoid program and fiscal delays that would occur if this Agreement were executed after that determination was made.
- 2. This Agreement is valid and enforceable only if sufficient funds are made available to the State by the United States Government or the Budget Acts of the appropriate fiscal years for purposes of this program(s). In addition, this Agreement is subject to any additional restrictions, limitations, or conditions enacted by the Congress or the Legislature that may affect the provisions, terms, or funding of this Agreement in any manner.

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ARTICLE I. FUNDS (Continued)

3. Limitation of State Liability

Payment for performance by the Contractor shall be dependent upon the availability of future appropriations by the Legislature or Congress for the purposes of this Contract and approval of an itemized budget. No legal liability on the part of the State for any payment may arise under this Contract until funds are made available, the itemized budget is received and approved by the State, and the Contractor has received an executed agreement.

4. Funding Reduction(s)

- a. If funding for any State fiscal year is reduced or deleted by the Department of Finance, Legislature, or Congress for the purposes of this program, the State shall have the option to either:
  - i. Terminate the Agreement pursuant to Exhibit D, Article XII., A of this Agreement, or
  - ii. Offer an Agreement amendment to the Contractor to reflect the reduced funding for this Agreement.
- b. In the event the State elects to offer an amendment, it shall be mutually understood by both parties that:
  - i. The State reserves the right to determine which contracts, if any, under this program shall be reduced.
  - ii. Some contracts may be reduced by a greater amount than others, and
  - iii. The State shall determine at its sole discretion the amount that any or all of the contracts shall be reduced for the fiscal year.

E. Interest Earned

- 1. Interest earned on federal advance payments deposited in interest-bearing accounts must be remitted annually to CDA. Interest amounts up to \$500 per year may be retained by the Contractor and subcontractors for administrative expenses. [45 CFR 75.305 (b)(9)]
- 2. Interest earned on advances of federal funds shall be identified as non-match cash.

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**ARTICLE I. FUNDS (Continued)**

3. The Contractor must maintain advance payments of federal awards in interest-bearing accounts, unless the following apply:  
[45 CFR 75.305 (b)(8)]
  - a. The Contractor receives less than \$120,000 in federal awards per year.
  - b. The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on federal cash balances.
  - c. The depository would require an average or minimum balance so high that it would not be feasible within the expected federal and non-federal cash resources.
  - d. A foreign government or banking system prohibits or precludes interest bearing accounts.

**ARTICLE II. BUDGET AND BUDGET REVISION**

- A. The Contractor shall be compensated for expenses only as itemized in the approved Budget with the exception of line item budget transfers as noted in this Exhibit and shall not be entitled to payment for these expenses until this Agreement is approved and executed by CDA. The approved budget is hereby incorporated by reference into this Agreement as a part of Exhibit B.
- B. The Budget must set forth in detail the reimbursable items, unit rates and extended total amounts for each line item. The Contractor's budget shall include, at a minimum, the following items when reimbursable under this Agreement:
  1. Personnel Costs - monthly, weekly, or hourly rates, as appropriate and personnel classifications together with the percentage of time to be charged to this Agreement.
  2. Fringe Benefits.
  3. Contractual Costs - subcontract and consultant cost detail.
  4. Indirect Costs – costs incurred for a common or joint purpose benefitting more than one cost objective and not readily assignable as a direct cost.
  5. Rent

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**ARTICLE II. BUDGET AND BUDGET REVISION (Continued)**

6. Supplies.
  7. Equipment - detailed description and total costs.
  8. In State Travel - mileage reimbursement rate, lodging, per diem and other costs.
  9. Out of State Travel - any travel outside the State of California including mileage reimbursement rate, lodging, per diem and other costs.
  10. Training.
  11. Other Costs - a detailed list of other operating expenses.
- C. The Contractor shall ensure that the subcontractor shall submit a budget, which shall be incorporated by reference into the subcontract and will have, at a minimum, the categories listed in Section B. above.
- D. The Contractor shall submit a revised budget to CDA when one or the cumulative line item budget transfers exceed ten percent (10%) of the total budget for each sub-cost category
- E. The Contractor shall maintain a written record of all budget changes and clearly document line item changes. The records shall include the date, amount and purpose of the transfer. This record shall be available to CDA upon request and shall be maintained in the same manner as all other financial records.
- F. Unless otherwise specified by CDA, the final budget revision must be submitted at least sixty (60) days prior to the ending date of the Agreement.
1. The original Contract Budget is due electronically to the Contractor's CDA Local Finance Analyst no later than thirty (30) days from the date of the transmission of the Budget Display and Agreement.
- G. Indirect Costs
1. The maximum reimbursement amount allowable for indirect costs is ten percent (10%) of the Contractor's and/or Subcontractor's modified total direct costs (MTDC), excluding in-kind contributions and nonexpendable equipment unless there is an accepted negotiated rate. [45 CFR 75.414 (c) (1) and (f)].
  2. Contractors requesting reimbursement for indirect costs shall retain on file an approved indirect cost rate or an allocation plan documenting the methodology used to determine the indirect costs.

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**ARTICLE II. BUDGET AND BUDGET REVISION (Continued)**

For major Institutes of Higher Education and major nonprofit organizations, indirect costs must be classified within two broad categories: “Facilities” and “Administration.” “Facilities” is defined as depreciation on buildings, equipment and capital improvement, interest on debt associated with certain buildings, equipment and capital improvements, and operations and maintenance expenses.

“Administration” is defined as general administration and general expenses such as the director's office, accounting, personnel and all other types of expenditures not listed specifically under one of the subcategories of “Facilities” (including cross allocations from other pools, where applicable). [45 CFR 75.414(a)]

- H. Funds made available under this Agreement shall supplement, and not supplant, any federal, State, or local funds expended by a State or unit of general-purpose local government.

**ARTICLE III. PROGRAM SPECIFIC FUNDS**

- A. Program Income  
No Program Income is required under the terms and conditions of this Agreement.
- B. Matching Contributions  
No match is required under the terms and conditions of this Agreement.
- C. Administration  
Contractor Administration shall be no more than ten percent (10%) of the total program allocation.
- D. Equipment  
Equipment/Property with per unit cost over \$5,000 or any computing devices, regardless of cost, requires justification from the Contractor and approval from CDA. To request approval for specific equipment items, requests with justifications shall be sent to [finance@aging.ca.gov](mailto:finance@aging.ca.gov). Such items must also be included in Contractor's approved MIPPA budget. Please note: an approved budget does not constitute approval for Contractor's equipment purchase.

**ARTICLE IV. PAYMENT**

The State shall reimburse the Contractor with MIPPA funding that has been appropriated, designated, encumbered, or otherwise made available for payment by the State under this Agreement. The following process applies to all funding with this Agreement:

- A. The Contractor shall submit monthly expenditures in an electronic format, utilizing the CDA's online Local Finance Reporting System, no later than the last business

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**ARTICLE IV. PAYMENT (Continued)**

day of each month unless otherwise specified by CDA, reporting costs and funding for the month prior.

- B. Payments will be made to reimburse monthly expenditures reported. CDA shall process and approve reported expenditures that are based upon actual, not estimated expenditures. CDA shall notify the Contractor of any disputed expenditures.
- C. The Contractor shall notify CDA if they wish to be on a reimbursement or advanced payment.
- D. The Contractor shall submit timely expenditures to CDA. Late expenditures may lead to a delay in payment until the following month.
- E. Upon written request by CDA, Contractor must submit additional documentation or justification to support the reported expenditures.
- F. Contractor shall be charged \$75 per program fund source for expedited payments to recover the fees charged by the State Controller's Office. CDA may waive the fees on a case-by-case basis as appropriate.
  - a. If the Agreement is executed late to no fault of CDA then the Contractor may be liable for the incurred processing fees.
  - b. If the Agreement is executed late due to CDA's handling, then CDA shall cover the incurred processing fees.
- G. The Contractor shall ensure, to the extent feasible, that all budgeted funds are expended by the expiration of this Agreement.

**ARTICLE V. CLOSEOUT**

- A. The MIPPA Financial Closeout Report shall be submitted annually to the CDA Local Finance Bureau. All contractors are required to submit Closeout Reports electronically as instructed by CDA.
- B. The MIPPA Financial Closeout Report and the Program Property Inventory Certification shall be submitted annually to the CDA Local Finance Bureau. All contractors are required to submit Closeout Reports as instructed by CDA.
- C. Final expenditures must be reported to CDA in accordance with the budget display in Exhibit B. If the expenditures reported by the Contractor exceed the advanced amount, CDA will reimburse the difference to the Contractor up to the contract amount. If the expenditures reported by the Contractor are less than the advanced amount, CDA will invoice the Contractor the unspent funds.

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**ARTICLE V. CLOSEOUT (Continued)**

The payment on the invoice is due immediately upon receipt or no later than 30 calendar days from the date on the invoice.

If payment is not received within 30 calendar days, CDA will collect payment from upcoming disbursements. To account for the collected funds from the outstanding invoice, the AAA will need to adjust records to move the funds already on hand from the previous year's contract to the current contract period.