

DPH Business Office Answers to Frequently Asked Questions about the Contract Invoicing Process



The Business Office has prepared this document as a resource to help you better understand DPH’s contract invoicing process. If you have further questions, please refer to the [DPH Contractual Service Invoice Procedures Manual](#) or contact your CDTA Program Manager.

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1. When should a contractor submit invoices?

The Contractor is responsible for following the terms of its contract and submitting monthly invoices on-time or before the 15th calendar day of the next month, even if no cost or units of service need to be reported. For example, an April invoice should be submitted on or before May 15th. The final invoice should be sent on or before the 45th calendar day after the end of funding term. For example, if your contract follows the City's fiscal year, i.e. July 1 – June 30, then the final invoice(s) should be submitted no later than August 15th. Furthermore, invoices must be sent in sequential order. For example, a May invoice cannot be paid without first paying an April invoice. These requirements are detailed in Appendix B Calculation of Charges, under the Method of Payment section of each contract.

2. Why haven't I received my invoice templates yet?

Invoice templates are issued as the final step in the contract processing, reflecting the final Appendix B (budget). Processing a new original agreement (contract), or an amendment to the original contract can take a minimum of 6 to 8 weeks after contract documents have been received and processed by the Contract Analyst, as the contract agreement must be approved outside of DPH. However, a revision that is processed internally within DPH, or a Revision to Program Budgets (RPB's) and any other informal modifications made to the contract take much less time to process.

3. Can a contractor modify the invoice template?

No. The contractor should never change the invoice template. The DPH Invoice Analyst sends the official invoice template to the contractor, and this template is based on the approved contract budget. If the invoices the contractor submits are different from the invoices in the certified contract, then the invoice will not be processed. If you find any errors on your invoice template(s), please contact the Invoice Analyst.

4. If the contractor's actual expenditure(s) exceeds the budgeted line item(s) on the invoice template, will payment be issued?

Possibly. The rule is that the Invoice Analyst will approve a Cost Reimbursement Invoice only if the actual expenditure amount exceeding a budget line item(s) is no more than \$1,000 of the total applicable expense category, or this line-item over-expenditure amount does not exceed the LESSER of either 10% or \$10,000 of the total funding in the applicable expense category. Also, over expending in a line-item is limited to identified allowable expense categories. Allowable expense categories include: Occupancy, Materials & Supplies, General Operating, Staff Travel, Other, and Salaries (raises or FTE increases of existing positions). The overspending must also be in a pre-existing line item(s) and expense category(ies) already in the budget; a new line item or new category cannot be added to the budget. Moreover, the overspending must be offset by underspending in another pre-existing expense category(ies) so that the individual invoice budget is not exceeded. For all other pertinent restrictions related to this rule go to [Section XI, pg. 19 of the DPH Contract Service Invoice Procedures Manual](#).

5. What is a BHS initial payment (IP)? (BHS Only)

This is a historical practice limited to Behavioral Health Services (BHS) contractors. Most BHS contractors receive an initial payment at the beginning of a fiscal year, which is typically equal to 25% of the contractor’s prior year budget, using the most recent Appendix B. In other words, if a contractor is awarded new funding in the current year that has not made it to the contract yet, then the initial payment will not contain those funds. The amount of the IP is calculated based upon eligible funding sources (i.e., General Fund and Mental Health Services Act funding). (Grant and work order funding is not included in the calculation of the initial payment amount); and the contractor must have proof of sufficient fidelity/employee dishonesty bond insurance.

This one-time payment is issued in the form of an Initial Payment invoice that is prepared by DPH’s Contracts Office and signed by the contractor. A reduction to future monthly invoice payments is made in equal monthly amounts by the DPH Fiscal/Accounts Payable Office in order to recover the initial payment during the period of October through March, or as stated in the certified contract.

6. What is the difference between an initial payment and an advance payment?

The correct terminology utilized by DPH is “Initial Payment”. An “Advance” is former terminology used for the same process. However, the term “Advance” has legal meaning that is not an accurate reflection of the DPH process, and therefore this term is no longer utilized.

7. Do I have to pay back the initial payment issued at the beginning of the fiscal year? (BHS Only)

Yes. DPH’s Fiscal Unit recovers the initial payment value from the monthly invoices submitted by the contractor, during October through March of the City fiscal year, or as stated in the contract to ensure that the Department has not issued an overpayment against actual services delivered during the year

8. Can I extend the recovery period (payback schedule) for the initial payment? (BHS Only)

While there is a set recovery period identified in the contract, a contractor wishing to lengthen the recovery period may make a formal request to Drew Murrell, Deputy Finance Officer. The contractor will be expected to provide the Deputy FO with financial information to assist him with the evaluation of the request.

9. What is a “Multi-Year Encumbrance (MYE) invoice template? (BHS only)

MYE invoice templates are monthly invoices that are issued only to Behavioral Health Services (BHS) contractors at the start of a new fiscal year using the rates and budget from the prior fiscal year, if the contract for the new fiscal year has not yet been processed. For example, FY20-21 MYE invoices are based on the contractor’s FY19-20 budget. These invoices are placeholder invoices to continue cash flow, while the new year budget and invoices are being developed and processed. The term “MYE” is not a formal term, but is the term used by DPH to reference these placeholder invoices.

9a. Why is a MYE invoice used?

Virtually all DPH contracts are multi-year contracts (see Article 2 Terms of the Agreement to confirm your contract term). However, BHS, contractors submit updated Appendix As (narrative) and Bs (budget) on an annual basis, as opposed to submitting these all years at the time the original contract is certified. This is a historical practice due in large part because there are always changes impacting the budget, e.g. added Cost of Doing Business (CODB) funding that will require a new set of invoice templates. Until a new fiscal year's funding notification is issued, and the updated appendices are processed with corresponding new invoice templates, the interim MYE invoices are utilized. These MYE invoice templates are based on the prior year's budget and rates because that is what exists in the certified contract as a basis for the MYE invoice template development.

9b. When is a MYE used?

At the beginning of the new fiscal year, the Invoice Analyst will issue MYE invoice templates. The contractor will submit and be paid using these MYE invoices until the new appendices are processed, and new invoice templates are issued reflecting the current year funding notification and corresponding updated contract. For a Fee-For-Service (FFS) invoice, shortly after the first month of the current year invoice is submitted, an adjustment invoice* will be prepared by the Invoice Analyst (see below) to provide the contractor with any difference owed. For a Cost Reimbursement (CR) invoice, the contractor will include the adjustment expenditures in the next month's invoice. Please note: New multi-year contracts** will not receive MYE invoices the first year, not until the contract has been formally certified.

* An adjustment invoice is completed to correct the differences between the original and modified contract.

**Most DPH contracts are multi-year, i.e. the full contract term is five or more years and written in the contract. Contractors with non-BHS multi-year contracts submit the program narratives (Appendix As) and budgets (Appendix Bs) for each year of the contract one time when the contract is first developed, modifying only as changes occur. Typically, this is not the case with BHS contracts; Contractors with BHS contracts are required to submit Appendix A's and B's each year for multi-year contracts.

10. What is the difference between MYE invoice templates and current year invoice templates? (BHS Only)

"MYE" invoices will reflect prior year funding amounts and rates. The provider will submit these monthly invoices until the current year invoices are developed and issued; current year invoices will reflect the current year funding notification and are based upon the updated budget appendices (i.e. Appendix B and CRDC).

11. Is there an easy way to see if I am using an "MYE" invoice template versus the current year invoice template? (BHS Only)

Yes. Check the bottom left area of the Invoice Template. If it is a MYE, it will note: MYE. For current year invoice templates, there are three possibilities which may be noted on the bottom left corner:

1. Agreement- a new contract,
2. Amendment as an amendment or change to the existing Contract, or

3. RPB a Revision to Program Budget

Each of the above will be noted on the bottom left corner of the Invoice Template.

12. Do you have to complete all 12 current year invoice templates if you already submitted monthly MYE invoices? (BHS Only)

No, you do not need to resubmit monthly invoices if MYE invoices were already submitted. Current monthly invoices based on a certified contract, a Revised Program Budget (RPB), or an amendment will REPLACE THE MYE INVOICE TEMPLATES. Once the current-year invoice templates are received, DO NOT USE any other MYE invoice templates. For example if, a contractor submits MYE invoices for July through October, then in November current-year invoice templates are issued; then, the agency should discard the old MYE invoices and begin using the revised invoice template starting November and, continue to use these invoices through the end of the fiscal year or until the contract has been modified. Most often when a contract is modified in the year it was certified, new invoice templates will be issued replacing the last set of invoices.

13. When are Adjustment Invoices issued and who is responsible for completing an Adjustment Invoice? DPH or the Contractor? (Applies to both BHS and Non-BHS)

For Fee-For-Service contracts, DPH's Invoice Analyst will prepare and send the contractor an adjustment invoice shortly after the contractor submits a new invoice template that is based on the current fiscal year budget (not on previous year funding (thus, not an MYE invoice)). For more information go to [DPH Invoice Procedure Manual Training-19-20 document, pages 12-15](#). For Cost Reimbursement contracts, the contractor will include the adjustment expenditures in the next month's invoice. For more information go to [DPH Invoice Procedure Manual Training -19-20 document, pages 16-18](#).

14. When is it necessary for the contractor to submit a reconciliation invoice? (HHS, HPS and CHEP only) Why?

This applies only to Fee-For-Service (FFS) contracts. This reconciliation is due with the final invoice, 45 calendar days after the end of the contract appendix term. HIV Health Services (HHS) and HIV Prevention (CHEP) contracts with Fee-For-Service contractors are required to submit an annual reconciliation comparing revenues received to actual costs incurred. Revenues received in excess of actual costs incurred for delivery of services reported must be returned to the Department of Public Health. Reconciliation detail is by Service Mode, not by contract appendix total. If a contractor must return funds to the Department, the contractor will submit a check, made payable to the Department of Public Health, along with the FFS reconciliation and final invoice. The reconciliation is done to ensure that DPH does not overpay the contractor and payment is based on actual expenditure incurred.

15. What is an Invoice Variance Request (IVR) form and when is it used?

The Invoice Variance Request form is used if a contractor's overspending in an existing budgeted expense category exceeds (1) \$1,000 and exceeds the 10% of the expense category, or (2) \$10,000 of the total expense category. When this occurs, the contractor may request approval of the invoice by submitting an IVR Form. This form may only be filed once at the end of the fiscal year and only at the time the final year-end invoice is submitted. The form is used only to authorize the payment of an invoice variance in the last month of the fiscal year or funding term. The policy only applies to Cost Reimbursement invoices and does not apply to non-allowable expenses such as Subcontractors/Consultants, Indirect Expenses, Fringe Benefits, Capital Expenses or to any new line items in the budget.

Fringe Benefits (IVR can be used if fringe benefit expenses exceed \$1,000. IVR will not be applicable if the contractor would like to reflect the increase in the fringe benefit rate in ongoing years; then a Revision to Program Budget (RPB) must be processed), Capital Expenses or to any new line items in the budget.

[See IVR Summary on Page 7.](#)

Invoice Variance Request Summary

Invoice Expense Category	Exceed up to \$1K Invoice Payment will be processed	Exceed up to 10% or \$10K Invoice Payment will be processed	Exceed \$1K, \$10% or \$10K, use Invoice Variance Request	Revision to Program Budget (RPB)
Salaries (existing position)	√	√	√	
Salaries (new position)				√
Fringe Benefits (not increase in rate)	√		√	
Fringe Benefits (rate increase)				√
Occupancy	√	√	√	
Material & Supplies	√	√	√	
General Operating	√	√	√	
Staff Travel	√	√	√	
Consultant/Subcontractor				√
Other	√	√	√	
Capital Expenditures				√
Indirect Expenses (rate increase)				√
New line item				√

- The Approved Invoice Variance Request is applicable ONLY to the last month of that fiscal year or funding term.
- In order to reflect these changes in ongoing years, a Revision to Program Budget (RPB) must be processed.
- Changes during the year must be made via the normal contract modification process.
- The total expenses cannot exceed the total budget of the invoice. Overspending of one expense category(ies) must be offset by underspending in a different expense category(ies).

16. Is there an Invoice Manual available for me to reference?

The DPH Business Office-Budget Unit has [published the DPH Contractual Services Invoice Procedures Manual*](#) which can be found on CDTA's website at sf.gov/cdta

17. How do I receive training on how to complete DPH's invoices?

Please refer to sf.gov/cdta and download the [Invoice Training PowerPoint Presentation](#) to provide yourself with an overview. You may also contact your Invoice Analyst for assistance. Finally, the DPH Business Office-Budget Unit offers an invoice training class annually, with a goal to occur during the first quarter of the new fiscal year.

18. Delay in full payments are usually due to:

- A. Incorrect invoice template use.
- B. Invoices not submitted in sequential order.
- C. Low deliverables that do not pass quarterly milestone invoice assessment will require SOC approval before payment is issued (This is specifically for non-BHS, Cost Reimbursement (CR) contracts) that may require a delay. You may speed up this process by submitting an explanation with your invoice submission.
- D. Subcontractors not properly named or not listed on the contractor's Appendix B. (See Subcontractor Policy at sf.gov/cdta)
- E. Subcontractor agreement does not match submitted invoice
- F. Invoice Analyst does not have a copy of the subcontractor agreement. Signed agreements should be submitted to your CDTA Program Manager.
- G. Contractor does not attach subcontractor invoices as supporting documentation.
- H. Invoice exceeds the expense category budget over 10% or \$10,000 do you mean the invoice line-item>?
- I. New positions, new line items, Capital Expense increases, subcontractor increases, fringe benefit increases, or indirect cost increases are included in the invoice template and either don't exist in the budget or aren't in an allowable expense category to support excess spending without a budget revision. These adjustments require the completion of a Contract Change Request (CCR) form, and if authorized, then the contractor must submit a Revised Program Budget (RPB).
- J. Refer to invoice Manual FAQ for other issues that may hold up invoices.

Please contact your CDTA PM or go to sf.gov/cdta to download DPH's Invoice Manual to get more information.