

HSA Professional Services Revisions & Modifications Process

HSA Office of Contract Management

October 2023

Basic Contract Process Overview

i.e. “from cradle to grave”

To orient you in the life cycle of the grant:

- ▶ **Procurement** = ‘cradle’, develop program, release bid, choose vendor
- ▶ **Negotiation** = finalize scope and budget w/chosen vendor
- ▶ **Commission** = seek approval for agreement plan
- ▶ **Certification (aka Execution)** = prepare all agreement documents & compliance documents, route for final signatures/execution...contract or grant is now active.
- ▶ **Modifications and Revisions** = making changes to an active agreement
- ▶ **Expiration** = ‘grave’, agreement done/lapses, no more changes.

Modifications and Revisions

General Information

- ▶ Grant or Contract is **already certified /executed / active** and **changes are needed**
 - ▶ Request for change can come from Vendor or Program but must go through Contracts
- ▶ **Common reasons** to change the agreement:
 - ▶ Add more funding \$\$, e.g. OTO or Addback for program enhancement
 - ▶ Extend the time/term, e.g. NCE (No-Cost Extension)
 - ▶ Add a new scope of work that aligns with RFP
 - ▶ NOTE: you could do one or more of the above at the same time...
- ▶ Some changes can be done **informally, without legally amending/modifying** the agreement
 - ▶ Generally, the bigger the adjustment, more likely to require a legal modification

Modifications and Revisions

Some Agreement Basics:

Contract Managers will refer to **four specific amounts** in each agreement:

- ▶ Annual Amount: the total amount for each budget year (fiscal year) of the program
- ▶ Grant/Contract Amount: total of all the Annual Amounts
- ▶ Contingency: 10% of Grant/Contract Amount, for use in making minor additions to the Annual Amounts, such as CODB (Cost of Doing Business)
- ▶ Not-To-Exceed (NTE): total of Grant/Contract Amount PLUS Contingency = this is the LEGAL THRESHOLD amount of the agreement.
 - ▶ We cannot spend past or go over the NTE, **EVER**.

NOTE: Appendix B budget excels do NOT include Contingency & NTE amounts!

Modifications and Revisions

Some Agreement Basics:

Example:

ABC Vendor has a four-year grant to provide services at \$25k per year

Annual Amount	\$25,000
Grant Amount	\$100,000
Contingency @ 10%	\$10,000
Not-To-Exceed (NTE):	\$110,000

These specific amounts are key to determining HOW Contracts will accomplish the change Program is seeking for the agreement...

Modifications and Revisions

Types of Changes

Three ways to change the grant/contract, depending on what you're trying to do:

➤ **Revision (often aka “Budget Revision”)**

- For **MINOR** changes, easiest to process - requests/approvals done through email
- No change to **Annual Amount, Contingency, or NTE**, i.e. **NO LEGAL CHANGES**
- Common Examples:
 - Moving \$\$ from one line item to another within the same budget, same fiscal year
 - Carryforward \$\$ from one fiscal year to another (requires prior Budget approval)
 - Change to scope that does not involve any budget changes (e.g. adjust # of service units, or clarification)

➤ **Informal Modification**

- Easy to process, like a Revision - requests/approvals done through email
- Usually for increases in Annual Amount using Contingency, no changes to NTE, i.e. **NO LEGAL CHANGES**

➤ **Formal Modification**

- Time-intensive, process like a New contract or grant - including Negotiation, Commission, Certification
- For **MAJOR** changes, usually increasing beyond current NTE and/or extending the time/term, i.e. **LEGAL MODIFICATION/AMENDMENT**

Revisions & Informal Modifications

Previous Example in Action:

Example:

ABC Vendor has a four-year grant to provide services at \$25k per year

Annual Amount	\$25,000
Grant Amount	\$100,000
Contingency @ 10%	\$10,000
Not-To-Exceed (NTE):	\$110,000

Let's assume this is our starting point...

Revisions & Informal Modifications

Some Examples:

REVISION: Vendor requests to move \$ from Salaries to Operating in Y3:

Original Grant	Amounts	NOTES
Year 1	\$25,000	
Year 2	\$25,000	
Year 3	\$25,000	No change
Year 4	\$25,000	
Grant Amount	\$100,000	
Contingency	\$10,000	
NTE	\$110,000	No change

INFORMAL MOD: PM wants to increase service units by adding \$5k OTO to Y3:

Original Grant	Amounts	NOTES
Year 1	\$25,000	
Year 2	\$25,000	
Year 3	\$30,000	+\$5k Additional Funding
Year 4	\$25,000	
Grant Amount	\$105,000	
Contingency	\$5,000	-\$5k Additional Funding
NTE	\$110,000	No change

Formal Modifications

Example:

- ▶ PM has an **ADDBACK** for \$10k for both Y3 and Y4, so \$20k total for a major program enhancement...a Revision or Informal Mod won't work here:

	Old Amounts	New Amounts	Change NOTES
Year 1	\$25,000	\$25,000	
Year 2	\$25,000	\$25,000	
Year 3	\$25,000	\$35,000	+10k
Year 4	\$25,000	\$35,000	+10k
Grant Amount	\$100,000	\$120,000	Over NTE, need to formally modify
Contingency	\$10,000	\$0	Not enough to cover new \$\$
NTE	\$110,000		

Formal Modifications

Calculating New Contingency & NTE

- ▶ PM has an ADDBACK for \$10k for both Y3 and Y4, so \$20k total for a major program enhancement:

Mod #1	New Amounts	NOTES
Year 1	\$25,000	
Year 2	\$25,000	
Year 3	\$35,000	+10k enhancement
Year 4	\$35,000	+10k enhancement
Revised Grant Amount	\$120,000	
Contingency @ 10%	\$12,000	Establishing a new contingency for use going forward
New NTE	\$132,000	

Revisions and Modifications

Helpful Tips:

- ▶ **Revision Excels should show only CURRENT REQUESTED CHANGES**
 - ▶ Once a revision is approved, it becomes the official revised amount. Subsequent revisions should build from the latest official revised amount. i.e. prior changes should already be incorporated...**What are we changing with this revision?**
 - ▶ Only 1 set of Mod/Revision columns per year
 - ▶ Multi-Program budgets, Or Narrative budgets may be set up differently! Case-by-case basis...
- ▶ **No partial budgets!** The revision should include All YEARS of the contract or grant...exceptions can be made for multi-program or narrative budgets, etc...
- ▶ Once both the Program Manager and Contract Manager have reviewed and approved the revision, **only then can the changes be input into CARBON...**

Formatting the Revision or Modification

	A	B	C	D	E	F	G	H
1				ADD THIS COLUMN	ADD THIS COLUMN	Appendix B, Page 1		
2								
3	HUMAN SERVICES AGENCY BUDGET SUMMARY							
4	BY PROGRAM							
5	Name						Term	
6	ABC Vendor						7/1/2022 to 6/30/2026	
7	(Check One) New <input checked="" type="checkbox"/> Renewal <input type="checkbox"/> Modification <input type="checkbox"/>							
8	If modification, Effective Date of Mod.				No. of Mod.			
9	Program: Social Services FY 22 - 26							
10	Budget Reference Page No.(s)	7/1/2022 to 6/30/2023	7/1/2023 to 6/30/2024		7/1/2024 to 6/30/2025	7/1/2025 to 6/30/2026		
11	Program Term	Original	Original	Modification	Revised	Original	Original	Total
12	Expenditures							
13	Salaries & Benefits	\$626,982	\$626,982	(\$13,420)	\$613,562	\$645,792	\$665,166	\$2,551,502
14	Operating Expense	\$89,391	\$89,391	\$6,612	\$96,003	\$84,564	\$80,171	\$260,738
15	Subtotal	\$716,373	\$716,373	(\$6,808)	\$709,565	\$730,356	\$745,337	\$2,185,258
16	Indirect Percentage (%)	15%	15%	15%	15%	15%	15%	
17	Indirect Cost (Line 16 X Line 15)	\$107,456	\$107,456	(\$1,021)	\$106,435	\$109,553	\$111,800	\$327,789
18	Pass-through to Providers	\$20,941	\$20,941	\$7,829	\$28,770	\$20,941	\$20,941	\$70,652
19	Total Expenditures	\$844,770	\$844,770	(\$0)	\$844,770	\$860,850	\$878,078	\$2,583,699
20	HSA Revenues							
21	General Fund	\$844,770	\$844,770		\$844,770	\$860,850	\$878,078	\$2,583,699
22								
23								
24								
25								
26								
27								
28								
29	TOTAL HSA REVENUES	\$844,770	\$844,770	\$0	\$844,770	\$860,850	\$878,078	\$2,583,699

Add *Modification* and *Revision* Columns for EVERY YEAR and EVERY TAB that's being changed...

Formatting the Revision or Modification

Program Name: Social Services 22-26
(Same as Line 9 on HSA #1)

Appendix B, Page 2

Salaries & Benefits Detail

POSITION TITLE	Agency Totals		HSA Program		7/1/22 - 6/30/23	7/1/2023 - 6/30/2024			7/1/24 - 6/30/25	7/1/25 - 6/30/26	TOTAL
	Annual Full Time Salary for FTE	Total FTE	% FTE funded by HSA (Max 100%)	Adjusted FTE	Original	Original	Modification	Revised	Original	Original	7/1/22 to 6/30/26
	Provider Services Director	\$100,000	1.00	40%	0.40	\$40,000	\$40,000	(\$20,000)	\$20,000	\$41,200	\$42,436
Quality Network Manager	\$75,000	1.00	100%	1.00	\$75,000	\$75,000	(\$10,000)	\$65,000	\$77,250	\$79,568	\$296,818
Coordinators	\$65,000	1.00	100%	1.00	\$65,000	\$65,000		\$65,000	\$66,950	\$68,959	\$265,909
Consultants	\$59,000	4.00	100%	4.00	\$236,000	\$236,000	\$20,000	\$256,000	\$243,080	\$250,372	\$985,452
Providers Services Manager	\$64,000	1.00	80%	0.80	\$51,200	\$51,200		\$51,200	\$52,736	\$54,318	\$209,454
				-							
				-							
				-							
				-							
TOTALS		8.00	420%	7.20	\$467,200	\$467,200	(\$10,000)	\$457,200	\$481,216	\$495,652	\$1,901,268
FRINGE BENEFIT RATE	34.20%										
EMPLOYEE FRINGE BENEFITS					\$159,782	\$159,782	(\$3,420)	\$156,362	\$164,576	\$169,513	\$650,234
TOTAL SALARIES & BENEFITS	\$0				\$626,982	\$626,982	(\$13,420)	\$613,562	\$645,792	\$665,166	\$2,551,502

HSA #2

Add *Modification* and *Revision* Columns for EVERY YEAR and EVERY TAB that's being changed...

Formatting the Revision or Modification

		ADD THIS COLUMN		ADD THIS COLUMN		Appendix B, Page 3	
Program Name: Social Services 22-26 (Same as Line 9 on HSA #1)							
Operating Expense Detail							
TERM	FY22-23	FY23-24		FY24-25	FY25-26	FY22-26	
Expenditure Category	Original	1/0/1900	Modification	Revised	1/0/1900	1/0/1900	TOTAL
Rental of Property	\$17,280	\$17,280	\$5,000	\$22,280	\$17,280	\$17,280	\$74,120
Utilities (Elec, Water, Gas, Phone, Scavenger)	\$2,160	\$2,160	\$2,517	\$4,677	\$2,160	\$2,160	\$11,157
Office Supplies, Postage	\$4,320	\$4,320	(\$120)	\$4,200	\$4,320	\$4,320	\$17,160
Building Maintenance Supplies and Repair	\$1,647	\$1,647	\$2,000	\$3,647	\$1,647	\$1,647	\$8,588
Printing and Reproduction	\$1,266	\$1,266	(\$285)	\$981	\$1,266	\$1,266	\$4,779
Staff Training	\$22,700	\$22,700	(\$2,700)	\$20,000	\$21,973	\$17,580	\$82,253
Staff Travel (Local & Out of Town)	\$16,768	\$16,768	\$0	\$16,768	\$16,768	\$16,768	\$67,072
Provider Trainings and Events	\$15,950	\$15,950	\$0	\$15,950	\$15,950	\$15,950	\$63,800
Technology	\$7,300	\$7,300	\$200	\$7,500	\$3,200	\$3,200	\$21,200
TOTAL OPERATING EXPENSE	\$89,391	\$89,391	\$6,612	\$96,003	\$84,564	\$80,171	\$350,129
HSA #3							10/25/2016

Add **Modification** and **Revision** Columns for EVERY YEAR and EVERY TAB that's being changed...

Revisions and Modifications

Final Thoughts

- ▶ The terms *Modification* and *Amendment* are interchangeable in our context
- ▶ NCE = No-Cost Extension, i.e. adding time but not more \$\$\$
- ▶ **Budget Revisions and Informal Modifications** do not change the legal agreement and are **NOT** numbered
- ▶ **Formal Modifications** are legal changes to the agreement and **are numbered**
 - ▶ e.g. *ABC Vendor, Child Welfare Review grant, Mod #1* means the grant has been formally/legally modified once - however it may have had several revisions or informal mods between original certification and Mod #1 certification...

Working Together

- ▶ Cooperation
- ▶ Understanding the process
- ▶ Planning ahead
- ▶ Hitting deadlines
- ▶ Mutual decision-making
- ▶ Regular communication

Office of Contract Management: Staff and Assignments

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THANK YOU!

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