

RFA # 67-175

PAYMENT PROVISIONS

The Department agrees to pay the Contractor for services rendered pursuant to this Grant Agreement as follows:

- A. Subject to the availability of state and Federal funds and the other terms and conditions of this Contract, the Department will pay the Contractor in accordance with Appendix C, and any subsequent amendments thereto, for the costs incurred in providing the services described in this Contract.
- B. Payment to the Contractor shall be made in accordance with the Budget set forth in Appendix C and any subsequent amendments thereto, as follows:
 - 1. One payment will be made to the Contractor upon complete execution of the Contract unless the Contractor has received notice of annual payment. State and Federal funds received under this Contract shall be promptly deposited by the Contractor in an insured interest-bearing account or invested according to the following investment requirements. All interest derived by the Contractor from the use of state and Federal funds during the Contract shall be utilized to provide additional services pertaining to the project(s) funded by this Contract.
 - a. Investment Requirements:

The Contractor shall only invest that portion of the fund which is not maintained in cash or cash balances in the following types of obligations: (i) insured money market funds; (ii) repurchase agreements relating to United States government securities, provided, however, that any such repurchase obligation which is not an "overnight" obligation (hereinafter defined) shall be possessory; (iii) obligations of, or guaranteed as to interest and principal by, the United States government maturing within one year after investment; (iv) open market commercial paper of any corporation incorporated under the laws of the United States or any state thereof rated "prime-1" or its equivalent by Moody's Investor Service, Inc., or "A-1+" or its equivalent by Standard & Poor's Corporation (provided that no more than twenty percent (20%) of the Account shall be invested in the commercial paper of any one issuer or its affiliates); (v) certificates of deposit and time deposits maturing within one year after such investment issued by domestic offices of commercial banks organized under the laws of the United States having a combined capital and surplus in excess of one hundred million dollars (\$100,000,000); and (vi) municipal bonds issued by the State of Pennsylvania or any county, city, town, village, municipality, district or political subdivision thereof, if payable by general tax revenues or special assessments, rated "A" or its equivalent by Moody's Investor Service, Inc., or Standard & Poor's Corporation. For purposes of this paragraph, repurchase agreements shall be considered to be "overnight" obligations only if they mature or are otherwise to be repurchased on the next Business Day immediately following the date of purchase. The term "Business Day" shall mean any day other than (i) a Saturday, Sunday, or legal holiday, or (ii) a day on which banking institutions are authorized by law to close.

The following are some securities the Contractor may buy:

- (i) United States Treasury securities ("Treasuries") and United States Agency securities ("Agencies"; Treasuries and Agencies are, collectively, "Federal Obligations") which mature within two years of the date of issue;
- (ii) Short-term commercial paper issued by industrial, common carrier or finance companies which bears a rating of "P-1" from Moody's or "A-1" from Standard & Poor's;
- (iii) Uncollateralized or collateralized certificates of deposit of Pennsylvania-based commercial banks, savings banks, and savings and loans up to a level equal to 20% of the institution's capital and surplus or net worth (refer to limitations imposed under Investment Policy Guidelines below);
- (iv) Repurchase agreements secured by Federal Obligations;
- (v) Banker's Acceptances written by domestic commercial banks whose debt is rated "Aa" or better by Moody's or its equivalent by either Standard & Poor's or Fitch's Rating Service.

- b. Investment Policy Guidelines include the following:
 - (i) At least 50 percent of the Pool will be comprised of Federal Obligations or repurchase agreements secured by the same.
 - (ii) At least 30 percent of the Pool will consist of U.S. Treasuries or repurchase agreements secured by U.S. Treasuries.

- (iii) All other things being equal, preference will be given to investments offered in or through Pennsylvania corporations and financial institutions.
- 2. The Department shall have the right to disapprove any expenditure made by the Contractor that is not in accordance with the terms of this Contract. The Contractor shall reimburse the Commonwealth for any disapproved expenditure.
- 3. The Contractor shall submit to the Department a final expenditure report within 60 days of the Contract's termination date. The report shall be sent by the Contractor to the Health Research Office SharePoint site. The report shall show the Contract's SAP number, Federal Identification number, date when submitted, name of person preparing the report and total expense amount. The report shall include detailed records to substantiate the report, a detailed report of expenditures, and a report of interest earned to date and expenditures on the interest earned.
- 4. Funds must be spent by the Contractor by the termination date of the Contract, unless a no cost extension is granted pursuant to the terms of this Contract. Any unspent funds at the end of the Contract, including interest earned but not expended on the services pertaining to the project funded by this Contract, shall be returned to the Commonwealth within 45 days of the Contract's termination date. A check in the amount due to the Commonwealth shall be made payable to the "Commonwealth of Pennsylvania, Department of Health". The Contractor shall also provide a breakdown of the funds being returned and shall include the Contract's SAP number. The check and correspondence shall be mailed to:

Pennsylvania Department of Health
Attention: Administrative Officer
Health Research Office, 8th Floor West, Health & Welfare Building,
625 Forster Street, Harrisburg, PA 17120-0701

- 5. The Contractor has the option to reallocate funds between and within budget categories (Budget Revision), subject to the following criteria:
 - a. General Conditions for Budget Revisions
 - (i) Budget Revisions At or Exceeding 20%.
 - A. The Contractor shall not reallocate funds between budget categories in an amount at or exceeding 20% of the total amount of the Contract as set forth in *Appendix C Budget*, and any subsequent amendments thereto, without prior written approval of the Department's Project Officer.
 - B. The Contractor shall request prior written approval from the Department's Project Officer when the cumulative total of all prior Budget revisions is 20% or greater of the total amount of the Contract.
 - C. Reallocations at or exceeding 20% of the total amount of the Contract may not occur more than once unless the Department's Project Officer finds that there is good cause for approving one additional request. The Project Officer's determination of good cause shall be final.
 - (ii) *Budget Revisions Under 20%*. The Contractor shall notify the Department's Project Officer of any Budget Revision under 20% of the total amount of the Contract in writing, but need not request Department approval, except as provided for in Paragraph 5(a)(i)(B) above.
 - (iii) The Contractor shall obtain written approval from the Department's Project Officer prior to reallocating funding into a previously unfunded budget category or prior to eliminating all funding from an existing budget category, regardless of the percentage amount.
 - (iv) The Contractor shall provide the Department's Project Officer with notice or make a request for approval prior to the submission of the next Annual or Final Expenditure Report based on these changes.
 - (v) At no time can Administrative/Indirect cost rates be increased via a Budget Revision.
 - b. Budget Revisions Relating to Personnel

- (i) Any change to funds in the Personnel Category requires written approval of the Department's Project Officer, and any such change at 20% or over as set forth in Paragraph 5(a)(i) shall be counted as one Budget Revision under that paragraph
 - (ii) The Contractor may not reallocate funds to, or move funds within, the Personnel Services Category of the Budget (Appendix C), and any subsequent amendments thereto, to increase staff personnel or fringe benefit line items unless one of the following circumstances apply:
 - A. The Contractor is subject to a collective bargaining agreement or other union agreement and, during the term of this Contract, salaries, hourly wages, or fringe benefits under this Contract are increased because of a renegotiation of that collective bargaining agreement or other union agreement. The Contractor shall submit to the Department's Project Officer written documentation of the new collective bargaining or other union agreement, which necessitates such reallocation.
 - B. The Contractor is unable to fill a position that is vacant or becomes vacant at or after the effective date of this Contract. The Contractor shall submit to the Department's Project Officer written justification for the request to increase rates and reallocation of funds in connection with filling such a position in sufficient detail for the Department to evaluate the impact of that reallocation on the performance of the work of the Contract, as well as the Contractor's inability to fill the position at the existing rates. Justification may include, for example, documentation of salaries for the same or similar positions in the same geographic area. No increase relating to a position may exceed 10% of the original rate.
 - C. The Contractor is unable to perform the work of the Contract with the existing positions, titles or classifications of staff. The Contractor may add or change a position, title or classification in order to perform work that is already required. The Contractor shall submit to the Department's Project Officer for his or her approval written justification for the request to increase rates and reallocation of funds in connection with changing or adding a position, title or classification, in sufficient detail for the Department to evaluate the impact of that reallocation on the performance of the work of the contract, as well as the Contractor's inability to fill current position. Justification may include, for example, documentation of salaries for the same or similar positions in the same geographic area. No increase relating to an addition or change may exceed 10% of the rate for the original position.
 - (iii) The Department's determination regarding the validity of any justification is final.
 - (iv) All increases are subject to the availability of funds awarded under this Contract. The Commonwealth is not obligated to increase the amount of award.
 - (v) This paragraph is not intended to restrict any employee from receiving an increase in salary based on the employer's fee schedule for the job classification. The Contractor may pay beyond the cap with non-Grant funds.
6. The Commonwealth will make payments through the Automated Clearing House (ACH). Within 10 days of award of the Contract or Purchase Order, the Contractor must submit or must have already submitted its ACH information within its user profile in the Commonwealth's procurement system (SRM). Within 10 days of the Grant award, the Grantee must submit or must have already established its ACH information in the Commonwealth's Master Database. The Grantee will also be able to enroll to receive remittance information via electronic addenda and email (e-Remittance). ACH and e-Remittance information is available at <https://www.budget.pa.gov/Services/ForVendors/Pages/Direct-Deposit-and-e-Remittance.aspx>.
- a. It is the responsibility of the Contractor to ensure that the ACH information contained in SRM (for Contracts or Purchase Orders) or in the Commonwealth's Master Database (for Grant Agreements) is accurate and complete. Failure to maintain accurate and complete information may result in delays in payments.
 - b. In the event this language conflicts with language contained elsewhere in this agreement, the language contained herein shall control.
- C. The Department's determination regarding the validity of any justification or of any request for approval under these Payment Provisions is final.