

Department of Health Services
Health Policy, Planning and Evaluation Division
Budget Modification Procedures

All contract budget modifications proposed by a contractor must first be discussed with the Department of Health Services (DHS) assigned Contract Monitor (CM) prior to submission of required documentation. Requests will be reviewed by the CM for consistency with state, federal and county contract requirements and for budget accuracy. Once approved, a signed copy of the budget modification request will be returned to the contractor and should be maintained with the contractor's records. Work associated with the budget modification should only take place once the contractor has received a signed copy of the budget modification request. Any work associated with the budget modification that takes place before the signed copy is received may not be reimbursed.

Please note, in accordance with each program's unique funding guidelines, Program Managers may establish additional requirements or limitations to the budget modification process, including stipulations regarding the frequency of budget modifications.

There are three types of possible budget modifications:

Budget Amendment

A budget amendment involves changing the total budget amount of the contract. Budget modifications of this nature can only be made with the written approval of the Director of the Department of Health Services, in the form of an executed **Contract Amendment**. Depending upon the size of the contract budget, contract modifications may also require approval by the Board of Supervisors. Proposed changes of this nature are initiated by the CM. Upon verification and approval by the CM, the CM will usher proposed changes through the DHS approval process.

Budget Revision

A budget revision involves 1) transferring funds between existing budget sections (e.g. from the Personnel section to the Operating Expenses section) or 2) between line items within a budget section (e.g. from office supplies to travel) if the total of the proposed changes is greater than 10% of the total contract amount for that year. A **Budget Revision Request** form and the accompanying **Budget Revision Justification** form must be submitted to your CM at least two weeks in advance of the targeted approval date. Budget revisions that are submitted within 30 days of the contract end date will not be approved.

Line Item Adjustment

A line item adjustment involves 1) transferring funds between existing budget sections (e.g. from the Personnel section to the Operating Expenses section) or 2) between line items within a budget section (e.g. from office supplies to travel) if the total of the proposed changes is less than or equal to 10% of the total contract amount for that year. For such requests, a **Line Item Adjustment Request** form must be submitted to your CM with or prior to any contract invoice implementing the proposed changes.

Please contact your CM if you have questions.

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