



Date February 16, 2021

To Department of Homelessness and Supportive Housing (HSH) Providers

From Gilda Kemper, Manager, Contracts

Through Gigi Whitley, Deputy Director, Administration and Finance

Cc Thomas Chen, Manager, Budget and Finance
HSH Budget and Finance, Contracts, and Programs Teams

Re Contracts Updates

Dear San Francisco Department of Homelessness and Supportive Housing (HSH) Providers:

The HSH Contracts team would like to share important updates about funding and reminders related to the close of fiscal year (FY) 2020-21, as well as plans for the upcoming FY 2021-22.

This letter contains changes to several policies and processes that may impact your organization, so please review, and share this communication within your agency.

Changes to Policies and Processes

Adjustments and Negative Invoice Amounts

While providers may need to occasionally correct amounts invoiced due to errors, such as miscoding staff to the incorrect project, providers may not submit invoices for negative amounts on already paid invoices to utilize non-HSH funding sources. For instance, providers may not input a negative amount in a line item that has already been paid by HSH because the provider received a non-HSH funding source that they would like to utilize instead.

In cases where an actual error has been made (e.g. personnel was incorrectly coded to a project) a provider must write a note in the invoice prior to submitting, and upload relevant documentation showing why the adjustment is necessary.

Invoices with negative amounts may result in longer payment times; HSH may hold invoices with unexplained negative amounts until the issues have been adequately resolved with the provider.

Budget Revisions

HSH is continuing to pause certain parts of its [Budget Revision policy](#) to provide flexibility in General Fund budgets. Specifically, HSH is allowing providers to overspend their existing line items, above 110 percent, as long as the costs are for existing line items; the total expenditures do not exceed the total budget; and the change in spending does not negatively impact operations and/or fidelity to the program model. This means that providers may shift costs between line items, but should not plan to exceed their total budget. Providers must still obtain approval from HSH to add a new line item. HSH will notify providers when the Budget Revision policy will be fully reinstated.

June Estimates

Please make note of the changes to May advances/June Estimates as shared in the [October 8, 2020 Letter](#).

When HSH formed, it utilized many of the procedures followed by the Human Services Agency (HSA). One such practice was the June estimate provided during the May invoicing period.

After four years as a department, HSH has determined that allowing invoicing of June estimates causes complications and delays in closing out the year, which ultimately lead to interruptions in amending and creating new agreements for the following year. Furthermore, providers often do not have enough costs to recoup the estimates with June actuals, which has resulted in providers needing to pay back funds.

Therefore, beginning this fiscal year, HSH will no longer allow HSH providers to submit June estimates with May invoices. It is important to note, that since HSH still shares its invoicing system (CARBON) with HSA, providers may still receive communications from HSA about the June estimate. Please disregard those communications for any HSH funded programs.

We believe that closing out the fiscal year and receiving final and actual invoices will prevent delays during year-end close and allow HSH staff to focus on renewing agreements so that providers may continue to invoice for delivered services. In practice, HSH will be able to pay end of year invoices faster through this change.

COVID-19 Cost Categorization Spreadsheet

Effective immediately, HSH is no longer requiring use of the COVID-19 Cost Categorization Spreadsheet with invoice documentation, unless requested by the Contract Analyst. This update supersedes the requirements of the [August 5, 2020 Letter](#) and process referenced in the [October 8, 2020 Letter](#).

Fiscal Year 2020-21

One-Time Cost of Doing Business (CODB) for FY 2020-21

On February 4, 2021, the Controller's Office sent a notice announcing a one-time CODB for nonprofits for FY 2020-21. Each Grantee's assigned HSH Contract Analyst will provide an allocation amount and incorporate the CODB into the relevant agreement as quickly as possible.

If the agreement term allows, funding will be added through a budget modification for immediate invoicing. If the agreement's not-to-exceed amount, including contingency, cannot accommodate the CODB, the Contract Analyst will prepare an amendment.

In all instances, Grantees will not be asked to allocate the funding within their existing salary line items due to the time limited duration of this funding. Instead, Grantees will be provided a separate and single line-item amount to spend down on allowable expenses related to the program (e.g. salaries/benefits and operating line items). The amount will then be placed in CARBON as a time-limited record and unspent amounts may be carried forward to the following fiscal year.

Minimum Compensation Ordinance (MCO) Increase for FY 2020-21

The February 4, 2021 notice also shared that the Mayor's Office will distribute funding to cover the required wage increase per the MCO based on the analysis conducted by the Controller in Fall 2019. Each Grantee's assigned HSH Contract Analyst will provide an allocation amount and incorporate the amounts into the relevant agreement as quickly as possible using the same methodology as CODB.

Unlike the one-time CODB, Grantees will be required to allocate the amounts into their budgets to ensure they are in compliance with the MCO.

ONE System Requirements

The ONE System is HSH's Homelessness Information Management System (HMIS). Per agreement requirements, records entered into the ONE system must meet or exceed the ONE System Continuous Data Quality Improvement Process standards: onesf.bitfocus.com/DQ-Improvement.

HSH's HMIS Administrator holds monthly meetings to discuss ONE related items and provides an opportunity for agency leads to receive support. Grantees utilizing the ONE System are strongly encouraged to attend the Monthly Agency Lead meetings to improve their data quality. For more information, please visit: <https://onesf.bitfocus.com/>.

Year End Reports

For HSH to conduct year-end processes in a timely manner, HSH asks that providers review their agreements carefully to ensure that all year-end requirements and reports are delivered within the specified timeline. Questions regarding year-end reports should be directed to the assigned HSH Program Manager, as listed in CARBON.

Invoicing

Providers must submit all invoices and any required documentation in the format specified in the Appendix C, Method of Payment of agreements, after costs have been incurred, and within 15 days after the month the service has occurred. Generally, providers are expected to spend down ongoing funding proportionally to the budget or project period. Providers must report unexpected delays and challenges to spending funds, as well as any lower than expected spending to the assigned HSH Contract Analyst and Program Manager, as listed in CARBON, prior to, or in conjunction with the invoicing period.

Providers must submit all final invoices within 15 days after the end of the fiscal year or project period. This allows HSH to plan for review and reconcile any issues, to deliver swift payments, as well as close out the fiscal year in accordance with the Controller's instructions.

Failure to spend significant amounts of funding, especially non-General Fund dollars, may result in reductions to future allocations. HSH may set specific spend down targets and communicate those to providers.

Cash Advance Repayment

All fiscal year 2020-21 advance recoveries must be made before the close of the fiscal year.

Fiscal Year 2021-22

The HSH Contracts team is continuing its efforts to ensure HSH providers have an executed agreement prior to the end of each agreement term, so services continue uninterrupted and nonprofits are paid in a timely fashion.

Many providers have agreements with HSH with terms that expire on or before June 30, 2021. The Contracts team is working to prepare the information necessary to ensure there is a current agreement in place for the following fiscal year.

Agreements will either be amendments, new, or will be merged. Generally, an agreement will be categorized as the following:

1. *Amendment* if its term is expiring and it has a valid procurement term – please note that the City Controller may approve a time-limited policy to allow amendments on agreements with expired procurements under certain circumstances¹;
2. *New*² if its term is expiring and it does not have a valid procurement term; or
3. *Merged* if the service could fit into an existing or new agreement.

Generally,³ the timeline for this work is as follows:

- **December to March:** The Contracts team has begun to prioritize agreements and to develop Appendix B, Budgets and other agreement information.
- **March to May:** The Contracts team will send a notification and email Appendix B, Budgets for provider review and update. Providers must accurately reflect staff salaries, full time equivalent (FTE), and provide clear budget narratives.
- **May to June:** HSH will review agreements internally for final approval, route for provider signature, and then City Attorney approval.

HSH Contract Analysts will send providers more detailed and individualized information for each agreement.

Continuing Agreements

Generally, for agreements with current terms, HSH plans to update the 2021-22 Appendix B, Budget in CARBON in July and August.

For Housing and Urban Development (HUD) Continuum of Care (CoC) funded agreements, HSH will provide an official subrecipient allocation once it has been finalized by the HSH federal team in alignment with the funding re-organization plan.

To ensure timely payment, providers with new, amended, or continuing agreements must promptly respond to requests to review, update, allocate, and provide a narrative for funding within the requested timeline.

Carry Forward Requests

Grantees may request a carry forward of unspent funding after payment of their final FY 2020-21 invoice. Each request will be reviewed by HSH and added into FY 2021-22 if approved. Funds that are carried forward may only be spent on one-time costs and may not be used for ongoing expenditures. Grantees should be prepared to fully utilize any carried forward funds in FY 2021-22.

Cash Advances

Nonprofit advance requests for 2021-22 must be made in accordance with the [Appendix C, Method of Payment](#) in executed agreements with General Fund dollars. Advances cannot be made until the agreement is signed by all signatories.

¹ Like Fiscal Year 2020-21, the City Controller may approve a policy that allows departments to amend an agreement with an expired procurement to help providers and departments respond to the pandemic.

² Generally, will be procured through the Emergency Ordinance, unless a previous Request for Qualifications has been conducted.

³ Generally, agreements that require Board of Supervisor approval and/or Office of Contract Administration (OCA) approval will occur on earlier timelines.

Finally, I am excited to share that the [Provider Updates](#) section of the HSH website continues to expand to include notices to providers, such as this letter, and other resources, including policies, procedures, and templates. Please let us know how we can improve this site by reaching out to HSHContracts@sfgov.org.

Thank you on behalf of HSH,

Gilda Kemper, Contracts Manager