

Chapter 3
Contract
Modifications

Chapter 3: Contract Modifications

Section 1: Contract Modification Types

HIVCS recognizes that as the contract year progresses, you may need to make changes to your program design and/or service levels because of changing client needs and environments. For cost-based programs, you may also need to make changes to your budget to reflect actual costs of operating the program. HIVCS provides opportunities throughout the year for agencies to request changes to their respective programs. In order to request a modification to your contract, you must submit a Contract Modification Request Form to HIVCS. Each contract reimbursement type has a specially designed modification request form. The three types of contract modification request forms are as follows:

- Cost-based Contract Modification Request Form
- Performance-based Contract Modification Request Form
- Deliverables-based Contract Modification Request Form

Your Contract Manager will review the contract modification request and documentation of contract performance, including but not limited to: monthly reports; site visit reports; corrective actions taken and your correspondence with us. Your Contract Manager will also review the timeliness and accuracy of your monthly reports and take into account whether you have a demonstrated ability to quickly identify program problems and implement corrective actions. You will be notified in writing of the disposition of your contract modification request within 60 days from the receipt of the completed contract modification request.

Cost-Based Contracts

Cost-based contractors are permitted to request both program and budget changes to their contract. The cost-based Contract Modification Request Form allows for changes to program and budget. The form includes a program summary section, a budget summary and justification section.

Cost-based budget modifications may be requested to re-allocate funds between budget categories, for example, from personnel services to supplies, or within the same budget category, for example, from staff travel to client travel. Not all budget categories require modification requests to make changes. Detailed explanations appear in the instruction page of the contract modification request document, and in section 2 of this chapter. A budget modification may also be requested to create new budget lines, if appropriate.

Performance-Based Contracts

Line-item budget changes are not applicable to performance-based contracts. They are neither necessary nor allowed. Budget modifications do not apply because the reimbursement is based on units of service and not expenses.

Deliverables-Based Contracts

Budget changes do not apply to deliverables-based contracts. Instead, program changes can generally be submitted to revise the Deliverable Schedule. Requests to modify service projections or aspects of the scope should be directed to your HIVCS Contract Manager and discussed with your NYCDOHMH Project Officer prior to submission.

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Section 2: Contract Modification Opportunities

General Rules

Contractors are generally allowed to submit one contract modification per year, with a final opportunity to make changes at the end of the year during the closeout process. The contract modification must include a thorough justification of why changes are needed. Although you may only be completing the program section of the contract modification, all pages of the form must be submitted together. Agencies must be current with all monthly reports for HIVCS to consider any modification request. Changes may generally be retroactive to the time you made HIVCS aware of the need for the change. As soon as you become aware of the need to modify your program, notify your Contract Manager in writing of the change and your intent to submit a contract modification.

Due Dates

Generally, contract modification requests may be submitted during the 6th and 7th months of the contract period only. In the case of partial-year contracts and in other certain circumstances, different contract modification due dates will be communicated by HIVCS.

Memo Modification

A formal modification request is not required for budget changes within the Equipment, Supplies and Other budget categories PROVIDING the individual category totals are not exceeded. Your HIVCS Contract Manager will NOT be monitoring spending at the individual line-item level in these three categories. Instead, he or she will review your spending only by the overall budget category totals. This offers your organization flexibility to spend more or less on individual budget lines within these larger categories without having to submit a formal budget modification.

For example: under the "Other" category, you may budget \$500 for postage and \$1,000 for printing and photocopying. Every month, you will report to us how much you spent for each of these lines. However, as the year goes by, if you see that your actual postage expense will exceed \$500, but printing costs will fall below \$1,000, there will be no need to modify your budget – as long as you do not exceed your budget for "Other" expenses. Similarly, if you detail in your equipment budget that you anticipate purchasing a printer, but you subsequently determine that you need a fax machine more, you would not need to modify your budget, unless you anticipate overspending your total equipment budget line.

Although we do not require a formal Contract Modification Request form be submitted, you must submit, in memo format, an explanation of why you are exceeding the budget for the affected individual line items. The memo can be submitted at any time during the contract period but no later than the modification due date. The memo does not require HIVCS approval; however, if it contains costs that are unallowable or inconsistent with your program services, staff will contact you to discuss. Otherwise, you should not expect to hear back from us and you should continue to spend as you see fit on the affected budget items.

Please note that changes to all other categories (Personnel Services, Fringe Benefits, Travel, Consultants and Indirect Costs/Program Administration) will require the submission of a formal modification request.

NYCDOHMH Review and Approval

Budget modification requests that shift more than 20 percent of the program's maximum reimbursable amount requires final approval by NYCDOHMH. Program changes or changes to your Deliverable Scheduled should be discussed with your NYCDOHMH Project Officer prior to submission. Significant program changes including changes to the intervention(s) or service(s) provided or changes to your program design will be discussed with your PO and require final approval by NYCDOHMH.

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Section 3: Obtaining Contract Modification Request Forms

Contract Modification Request forms are available for download on the HIVCS website (www.healthsolutions.org/hivcare). You can also contact your HIVCS Contract Manager for modification request forms.

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Section 4: Contract Modification Request Form and Attachments

The Contract Modification Request Form consists of the following sections, each on a separate worksheet within an Excel workbook:

- Instructions
- Cover Page
- Required Signatures
- Program Section (1 worksheet)
- Budget Section (6 worksheets)

Various attachments may also be required depending on the types of changes being requested.

Contract Modification Request Form Sections

Below is a description of each of the sections of the Contract Modification Form.

Instructions

The instruction page is customized for each type of Contract Modification Form and includes step-by-step instructions on how to complete each of the other sections of the form.

Cover Page

The cover page contains fields for you to provide your agency and contract information, as well as answer several questions regarding the types of changes you are requesting. Your answers to these questions will determine which of the subsequent sections you must complete.

Required Signatures

Those individuals identified in the Contract Contact Verification Form as the Fiscal Manager and the Program Manager must complete this page by either typing in their name or using an electronic signature. The appearance of their name certifies that they are authorized to submit the contract modification and that the changes are consistent with the intent of the funded program and adhere to the CDC, NYCDOHMH and Public Health Solutions/HIVCS guidelines.

Program Section

You must complete the program section if you are proposing changes to your Service Target Grid, Scope of Services, or other program documents. In this section, you will outline your proposed modifications, describe the reason for the changes, describe any impact they will have on the budget, and indicate the proposed effective date.

Budget Section

You must complete the budget section if you are proposing to make changes to your line-item budget. Using the worksheets in these sections, list your current line-item budget amounts, the requested change, the line-item budget amounts

after the changes, and the justifications for each requested change. Details for completing each worksheet are listed in Chapter 3, Section 5.

Attachments

Below is a description of each of the various attachments that may be required to be submitted with your Contract Modification Request Form.

Amendment to Schedule A: Scope of Services

If the contract modification includes changes to sections of your Scope of Services, you must attach an Amendment to Schedule A: Scope of Services indicating sections/questions of the scope being revised and the changes to be made. Your Contract Manager can provide you with the proper amendment template to use.

Revised Service Target Grid

If the contract modification includes adding or removing service types or changing service target projections, you must attach a revised Service Target Grid. You should use your most recently approved Service Target Grid as a starting point. If you do not have an electronic version of the most recent grid, contact your Contract Manager.

Revised Service Level Analysis

If the contract modification includes revisions to the service target projections, rates (performance-based only), time per unit of service (cost-based only), or direct-service staff FTE (cost-based only), you must attach a revised Service Level Analysis. You should use your most recently approved Service Level Analysis as a starting point. If you do not have an electronic version of the most recent analysis, contact your Contract Manager.

Revised Deliverables Schedule

If the contract modification includes adding or removing deliverables or changing deliverable descriptions, required documentation, target completion date, or dollar amount, you must submit a revised Deliverable Schedule. You should use your most recently approved Deliverable Schedule as a starting point. If you do not have an electronic version of the most recent schedule, contact your Contract Manager.

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Section 5: Program Changes

Completing the Program Section

The program section consists of four questions that appear as listed below and must be answered.

Proposed Modification

Describe the proposed modification(s) to your program and the impact on the contract scope of services (e.g., changes in service targets and/or service delivery design that impacts staffing or description of program services as outlined in your current contract). You should list all programmatic changes that you propose to make. You may only add services that were included in the RFP category in which your program was funded. As previously stated, significant program changes require NYCDOHMH approval.

When proposing program changes, keep in mind that the level of services provided to clients should be maintained. For performance-based contracts, changes in projections between service families must be equal in dollar value to maintain your full MRA. If warranted, an MRA decrease may be proposed. For cost-based contracts, the budget and service level requirements applied during contract negotiation must be maintained. Other restrictions may apply including maintaining fidelity, the core components of the intervention and/or service delivery model.

Modification Reason(s)

Describe the reason(s) for each the program modification(s).

The reason(s) should be justified and supported by evidence.

Effects to Service Level Analysis (SLA)

Describe any effects that the program modification(s) will have on the budget, summarizing any necessary changes to the budget.

For example, service target changes may require adjustments to the staff FTE funded by this contract or to associated other-than-personnel categories like program supplies or client travel. For performance-based contracts you must describe any effects that the program modification(s) will have on the Service Level Analysis including changes to the MRAs of any service families.

Effective Date

Indicate the proposed effective date of this program modification.

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Section 6: Budget Changes

Important Items to Remember

As soon as you become aware of the need to modify your budget, notify your Contract Manager in writing of the change and your intent to submit a budget modification request. This written notification will prevent denial of the budget modification request for retroactive reasons. It does not, however, guarantee approval of the budget modification request once submitted. Any expenditure made and reported prior to formal approval of a written budget modification request will be disallowed. Budget modification requests approved by HIVCS will be retroactive to the date in which you initially notified your Contract Manager. This is a very good reason to keep your Contract Manager abreast of these issues as they arise.

A common error contained in budget modification requests is the reallocation of funds already spent. For this reason, HIVCS staff will be unable to process a budget modification request if there are any outstanding monthly reports. Please review year-to-date expenditures prior to completing the budget modification request and make sure that all monthly reports have been submitted and are current.

All budget modification requests must be fully justified. Please refer to Contract Modification Form instructions page for complete information regarding justification requirements.

Completing Budget Section

The budget section consists of four parts; changes to Personnel Services (PS), Changes to Other Than Personnel Services (OTPS), Totals, Budget Modification Justification.

PS

For each personnel services line that is being modified, provide the title and name of the employee, the approved and revised annual salary, the approved and revised FTE, the approved and revised number of months that the position will be funded and the approved and revised amount requested. Also provide the dollar amount of the requested change and a full justification for the change.

This page indicates, in detail, requested modifications to wages, salaries and fringe benefits. Include only those individuals on your organization's payroll. Do not list individuals paid as consultants in this budget category

OTPS

Use these pages to request modifications to the lines of your budget assigned to each of the five OTPS categories. Use the instructions for completing the Personnel Services (PS) page to complete the OTPS pages. Itemize all budget lines per OTPS category as they appear in your approved budget.

Totals

This page shows the sum of all Direct Costs, Indirect Costs, the total budget amount and the total requested change

Budget Modification Justification

In addition to the budget schedules, you must also submit a justification narrative. The justification narrative should explain why the requested change is needed. Your explanation should address the following issues:

- Need for the requested modification
- How service delivery will be affected by the modification
- Whether unspent funds will be used for one-time, non-recurring costs
- Whether administrative costs charged to your Prevention contract will be increased.
- If the modification covers costs overlooked in the original budget

Further details regarding each issue are included in the Contract Modification Request Form instruction page.

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Section 7: Submitting Contract Modifications

Submission Method

Contract Modification Requests must be submitted to HIVCS via email at mods@healthsolutions.org by 5:00 p.m. on the date listed on the modification form.

The contract modification request must be submitted as an attachment with the file name configured as follows:

agencyname_contract#_datesubmitted_versionnumber.xls.

It is very important that the file name is configured exactly as shown. If not, it will be difficult for HIVCS staff to clearly identify the agency, contract number and version of the contract modification that was received. The subject line should read:

Agency Name - Contract Mod.

Example:

To: mods@healthsolutions.org
Subject line: ABC AIDS Services – Contract Mod
Attached document file name: **ABC AIDS Services_07-COF-123_06-01-09_v1.xls**

Pre-Submission Checklist

The items listed below can serve as a checklist to ensure all sections are complete prior to sending your mod:

- The email does not need to contain a message.
- The contractor certification page must be completed by the person designated as Program Manager or Fiscal Manager on your contract contact verification form (CCVF) in order for the Contract Modification request to be accepted by HIVCS.
- Your original Contract Modification request submission should be labeled "version 1" (abbreviated as "v1" in this example). In the event that HIVCS staff asks you to revise your request, you will identify future versions through this portion of the document name.

The sender will receive an automatically generated reply notification that the email was received by HIVCS. If your organization does not have access to the internet, you must deliver one original, two hard copies and a digital file copy of the Contract Modification Request to HIVCS to the attention of your Contract Manager.