

**Exhibit B**  
**Budget Detail and Payment Provisions**

**1. Invoicing, Payment and Cost Reports**

- A. California Department of Public Health (CDPH) shall make quarterly prospective payments to the Local Lead Agency (LLA) from January 1, 2022 through June 30, 2025 to provide services and deliverables as indicated in the approved Comprehensive Tobacco Control Plan (Plan). CDPH will provide the quarterly prospective payment invoice form to the LLA. The LLA is to sign the prospective payment invoice(s) and submit to the address indicated in paragraph 1.D.
- B. Quarterly prospective payments shall be contingent upon CDPH's receipt and approval of progress and/or cost reports. If CDPH determines that all or a portion of the allocated funds have been expended inappropriately during the period covered by the progress and/or cost report, in accordance with the services identified in the LLA's approved Plan, CDPH may offset the value of the inappropriate expenditures against current and/or future quarterly prospective payments. The LLA agrees that such deductions to sums due to the LLA are offsets and no further amount shall be due to the LLA.
- C. The LLA shall be reimbursed up to the amount budgeted in each line item and as justified by cost reports. CDPH, at its option, may return disputed costs reports to the LLA for correction and resubmission or CDPH may disallow expenses claimed which are not in accordance with the approved Plan and budget or which cannot be verified as project expenses by the LLA.

CDPH contact for Invoicing and Payment Provisions is:

Prospective Payment invoices shall be submitted electronically via the OTIS Communication Log. Attach the signed (PDF) file(s) to the corresponding "Prospective Payment Invoice" message sent by your Procurement Manager.

- D. The LLA shall submit semi-annual cost reports. The cost reports shall specify actual expenditures for tobacco education services provided by the LLA. The LLA shall submit cost reports in a form and format prescribed by CDPH in accordance with the following schedule:

	FROM	THROUGH	DUE DATE
Cost Reports			
a. First Report	01/01/22	06/30/22	08/31/22
b. Second Report	07/01/22	12/31/22	02/28/23
c. Third Report	01/01/23	06/30/23	08/31/23
d. Fourth Report	07/01/23	12/31/23	02/29/24
e. Fifth Report	01/01/24	06/30/24	09/02/24
f. Sixth Report	07/01/24	12/31/24	02/28/25
g. Seventh Report	01/01/25	06/30/25	09/01/25

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**2. Budget Contingency Clause**

- A. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to LLA or to furnish any other considerations under this Agreement and LLA shall not be obligated to perform any provisions of this Agreement.
- B. If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, the State shall have the option to either cancel this Agreement with no liability occurring to the State, or offer a revision to LLA to reflect the reduced amount.
- C. If statutory authority for programs funded under Health and Safety Code Section 104350 and 104375 expires, Prop 56, the California Healthcare, Research and Prevention Tobacco Tax ACT of 2016 expires, or this Agreement is terminated, the unexpended Agreement funds and accumulated interest pursuant to provision 8 of this exhibit shall be identified in a manner prescribed by CDPH and returned to CDPH within sixty (60) days of the expiration date to the address specified in Exhibit A, Paragraph 2.A. The words "Unexpended Tobacco Control Program Funds from Proposition 99" and "Unexpended Tobacco Control Program Funds from Proposition 56" and the Agreement number shall be written on the face of the checks or warrants that the LLA has issued to return unexpended funds.

**3. Prompt Payment Clause**

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.

**4. Amounts Payable**

- A. The maximum amount to be allocated under this Agreement is reflected in the California Tobacco Control Program, Local Lead Agency Allocation Table for Proposition 99 and Proposition 56 Funds FY 2021/22 - FY 2024/25.
- B. Funds allocated from each fiscal year may be expended or encumbered without regard to fiscal year pursuant to each year's budget authority.
- C. Any requirement of performance by the CDPH and the LLA for the period subsequent to January 1, 2022 will be dependent upon the availability of future appropriations.

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**5. Recovery of Overpayments**

- A. LLA agrees that claims based upon the terms of this Agreement or an audit finding and/or an audit finding that is appealed and upheld, will be recovered by the State by one of the following options:
  - 1) LLA's remittance to the State of the full amount of the audit exception within 30 days following the State's request for repayment;
  - 2) A repayment schedule which is agreeable to both the State and the LLA.
- B. The State reserves the right to select which option as indicated above in paragraph A will be employed and the LLA will be notified by the State in writing of the claim procedure to be utilized.
- C. Interest on the unpaid balance of the audit finding or debt will accrue at a rate equal to the monthly average of the rate received on investments in the Pooled Money Investment Fund commencing on the date that an audit or examination finding is mailed to the LLA, beginning 30 days after LLA's receipt of the State's demand for repayment.
- D. If the LLA has filed a valid appeal regarding the report of audit findings, recovery of the overpayments will be deferred until a final administrative decision on the appeal has been reached. If the LLA loses the final administrative appeal, LLA shall repay, to the State, the over-claimed or disallowed expenses, plus accrued interest. Interest accrues from the LLA's first receipt of State's notice requesting reimbursement of questioned audit costs or disallowed expenses.

**6. Advance Payment**

Per Health and Safety Code 104380 (a) and 104375 funds appropriated to the LLA shall be allocated prospectively.

**7. Trust Account and Expenditure Provisions**

- A. The LLA annual allocations from Prop 99 and Prop 56 shall be deposited into separate interest-bearing, insured trust accounts in accordance with the LLA Administrative and Policy Manual.
- B. Any interest earned on the allocation funds from the Tobacco Control Program funds shall be retained in the LLA's Tobacco Control Program trust accounts and shall be spent only to accomplish the goals and objectives outlined and identified in the approved Plan. The LLA shall not divert these funds to cover costs or expenses not specifically included in the Plan.

**8. Interest Earned**

- A. In accordance with the LLA Administrative and Policy Manual, interest accruing from prospective payments and/or any unexpended funds that were approved by CDPH for utilization shall be utilized by the LLA for activities approved by the CDPH and shall be used only to meet the goals and objectives identified in the LLA's approved Plan, to defray costs incurred by the program, to measurably expand the program, or to improve the quality of services above the

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level of services already funded under this agreement.

- B. The LLA shall maintain adequate documentation of the receipt and use of such interest and shall provide this documentation to the CDPH in the biannual Cost Reports. The LLA agrees to return to the CDPH any unexpended interest remaining in the Proposition 99 and Proposition 56 accounts, if funding authority for this program expires, or the Agreement is terminated, to the address specified in Exhibit A, Paragraph 2.A. within sixty (60) days from the expiration date.
- C. LLA's shall spend Prop 56 interest earned monies first, before Prop 99 interest earned monies in accordance with paragraph 8.A.
- D. The words "Unexpended Tobacco Control Program Interest, from Proposition 99" and the Agreement number, and "Unexpended Tobacco Control Program Interest from Proposition 56" and the Agreement number shall be written on the face of the checks or warrants that the LLA has issued to return unexpended interest.

**9. Restriction of Funds**

The LLA shall use funds pursuant to the agreement only and shall not, in whole or in part, freeze, restrict, or prevent the use of funds for the use pursuant to this agreement; LLA shall not divert or use funds for other purposes.

**10. Payment for Performance of Deliverables**

The LLA understands and agrees that all deliverables as specified in this agreement must be fully and satisfactorily performed in order to receive the maximum amount payable identified in Paragraph 4.A. above. The LLA agrees that if CDPH determines that any deliverable is not performed, only partially performed, or not completed satisfactorily, CDPH may reduce the maximum amount payable under this agreement as follows:

A. Where a deliverable is not performed:

CDPH shall calculate the pro rate share of the nonperformed deliverable by utilizing the percentage values specified in the Scope of Work for each deliverable and reduce to the maximum amount payable by deducting the percentage value of the deliverable from any sum due to the LLA to the degree that the sum due the LLA meets or exceeds the reduction. If the reduction exceeds the sum due to the LLA, the LLA shall pay such amount back to CDPH upon its demand. The LLA agrees that such deductions to sums due to the LLA are offsets and no further amount shall be due to the LLA.

B. Where a deliverable is only partially performed:

CDPH shall ascertain what percentage of the deliverable was performed. CDPH shall calculate the pro rata share of the partially performed portion by utilizing the percentage values specified in the Scope of Work for each deliverable and reducing the maximum amount payable by deducting the percentage value of the nonperformed portion of the deliverable from any sum due to the LLA. If the reduction exceeds the sum due to the LLA, the LLA shall pay such amount back to CDPH upon demand. The LLA agrees that such deductions to sums due to the LLA are offsets and no further amount shall be due to the LLA.

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C. Where a deliverable is not performed at a level of quality/satisfaction:

CDPH shall determine whether standard deliverable requirements were satisfactorily met in accordance with the activities, timelines and tracking measures as detailed in the Scope of

Work, the terms, conditions and exhibits of this agreement, and "Tell Your Story: Guidelines for Preparing a Complete, High Quality Final Evaluation Report." If requirements are not met, CDPH shall ascertain what percentage of the deliverable was not performed satisfactorily, calculate the pro rata share of that portion by utilizing the percentage values specified in the Scope of Work for each deliverable and reduce the maximum-amount payable by deducting the percentage value of that portion from any sum due to the LLA to the degree that the sum due to the LLA meets or exceeds the reduction. If the reduction exceeds the sum due to the LLA, the LLA shall pay such amount back to CDPH upon demand. The LLA agrees that such deductions to sums due to the LLA are offsets and no further amount shall be due to the LLA.