



BARBARA FERRER, Ph.D., M.P.H., M.Ed.
Director

MUNTU DAVIS, M.D., M.P.H.
County Health Officer

ANISH P. MAHAJAN, M.D., M.S., M.P.H.
Chief Deputy Director

GARY TSAI, M.D.
Bureau Director
Substance Abuse Prevention and Control Bureau
1000 South Fremont Avenue, Building A-9 East, 3rd Floor, Box 34
Alhambra, California 91803
TEL (626) 299-4101 • FAX (626) 458-7637

www.publichealth.lacounty.gov

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SAPC INFORMATION NOTICE 24-05

September 19, 2024

TO: Los Angeles County Substance Use Disorder
Contracted Providers

FROM: Gary Tsai, M.D., Bureau Director *GT*
Substance Abuse Prevention and Control Bureau

**SUBJECT: BUDGET FORMAT FOR SUBSTANCE USE SERVICES
AGREEMENTS AND CONTRACTS**

The Los Angeles County Department of Public Health’s Bureau of Substance Abuse Prevention and Control (SAPC) is issuing this Information Notice (IN) describing the County’s new budget template and system to be used by provider agencies with an agreement or contract with SAPC for the provision of specialty substance use disorder (SUD) prevention, harm reduction, treatment, and other services. The new budget template is now web-based and should reduce error potential and improve efficiencies.

SAPC is committed to ensuring the responsible and appropriate use of public funds and maintaining adherence to all relevant fiscal guidelines and regulations. Program budgets are a shared document between contracted providers and SAPC’s Finance Services Division, Contracts and Compliance Division, and relevant programmatic Division(s) that oversee the services described in agreements and contracts. Budgets confirm the appropriate use of funds and once approved, serve as a guide for providers to successfully manage County funds and ensure programs have the needed resources to succeed. Additionally, it is understood that budgets will evolve and adapt to changes as a result of program implementation. As such, the budget should not be used as a constricting tool that impedes the appropriate use of County funds or negatively impacts the ability to deliver services.

SAPC uses a braided funding approach to strategically expend various funding sources

and contracted providers generally do not have visibility on all of the funding source(s) used to support the delivery of care to clients/patients within their service agreements and contracts. SAPC must impose requirements to ensure fiscal compliance is in alignment with County's standards and its funding sources. Providers should contact their respective programmatic, finance, and/or contract analyst with any questions regarding the use of funds. Providers may also send inquiries to sapc-finance@ph.lacounty.gov. Additional information may be found in your SAPC agreement(s) / contract(s) and the [County of Los Angeles Department of Auditor-Controller's Contract Accounting and Administrative Handbook \(A-C Handbook\)](#).

Budget Automated System (BAS)

Effective July 1, 2024, all contracted providers must use the new Budget Automated System (BAS) as directed by SAPC. The system mirrors the prior Excel-based budget and is designed to streamline the review and approval process. To operate the BAS, users must be registered with the County and establish log in credentials, including C-Numbers, Microsoft Authenticator app, and access to the County's Virtual Private Network (VPN).

Budget Automated System

The system is available at the following link: [Budget Automated System](#)

- **Step 1 – C-Number Creation:**
 - 1a. Log on to the following County site to create your C-Number: [Create Your C-Number](#).
 - 1b. Once you have created your C-Number, please send an email to SAPCMonitoring@ph.lacounty.gov. Our Contracts team will use your C-Number to begin the monitoring and creation process.
- **Step 2 – C-Number Registration:** Register your C-number and set your password. You may use the following document to walk you through this process: [Register Your C-Number](#).
- **Step 3 – Virtual Private Network:** Register for the County's Virtual Private Network. You can do so by accessing the following form: [VPN Registration Form](#).
- **Step 4 – BAS Access:** Contact SAPCMonitoring@ph.lacounty.gov to request access to the BAS system.
 - 4a. You will receive an email from SAPC Contracts team with a link to initiate the BAS log-in procedure along with a temporary password.
 - 4b. Once you log on, you will be prompted to establish a new password and configure your Microsoft Authenticator app by using the instruction given

in "[How to Set up the Microsoft Authenticator app as Verification Method.pdf](#)".

BAS Training Video & User Guide

SAPC has developed a video and user guide to assist providers in the use of the system. Both are available under [Manuals, Bulletins, and Forms - Finance](#) on the SAPC website. Once you visit the site, please see the following links/subjects:

- Budget Approval System (BAS) Training Video (*New – June 2024*)
- Budget Approval System (BAS) User Guide (*New – June 2024*)

Budget Approval Process

Budgets are required for all agreements and contracts and will be distributed by the SAPC Contracts Management staff, as needed. Budgets are a part of any contract action(s), including amendments to increase funds. Once submitted, the budget is reviewed and approved by the following SAPC Divisions:

- Contracts and Compliance Division: Your assigned Contract Program Auditor will review the budget to ensure contractual compliance.
- Program Division: Your programmatic analyst will review the budget and ensure it supports the goals of the respective program.
- Finance Services Division: A budget analyst will review and confirm adherence to all relevant funding guidelines and accounting principles.

Budget Instructions

The attached budget instructions provide guidance on how to complete the budget. The BAS has been formulated to automatically calculate amounts entered in key areas. It is important that providers read the instructions carefully to avoid processing delays. A few key notes to keep in mind:

- Only contracted sites and services may be included in the budget.
- Budget must adhere to all relevant regulations and funding guidelines.
- Providers are allowed to generate reserves but should be mindful not to create excessive gaps between revenue and expenditures. Funds are intended to support viable and strong programs and should be used as such, including offering competitive salaries and benefits to staff.
- Budgets should be continuously monitored and adjusted to meet the needs of the program and offset any unutilized funds in categories.
 - *Example*: Funds allocated to salaries are unused due to hiring delays.

Indirect Cost Rate Options

SAPC allows for two (2) Indirect Cost Rates options. An indirect cost rate is a percentage (indirect cost pool / direct cost base) used to distribute indirect costs to all cost centers benefiting from those costs. Contracted providers use these funds for administrative and organizational activities associated with program implementation. Options include:

OPTION A: Federally Approved Indirect Rate

Providers who receive direct federal funds may qualify for a Federally Approved Indirect Cost (FAIC) rate. Providers with a FAIC must use that rate as described in their approval letter. To qualify for this option, providers must attach a copy of their FAIC approval letter when submitting their budget. Please check with your assigned Contract Program Auditor to confirm SAPC has a copy of your approval letter.

OPTION B: 15% De Minimis Rate

If a provider does not have a FAIC, the standard is up to 15% De Minimis Rate must be used as the indirect cost. When completing the budget, simply select this option in the tool and no additional information is required. Please note that effective July 1, 2024, the De Minimis rate increased from 10% to up to 15%. This rate may only be applied to budgets effective July 1, 2024 and after.

Excel Worksheet

Providers may wish to utilize the attached Excel file to work through their internal budget process prior to entering the amounts in BAS. The Excel file mirrors the required information in BAS and can allow for organizational analysis and confirmation of needed program and organizational expenditures prior to electronic submission. The template may also be used to facilitate internal discussion on the monitoring and utilization of funds.

Please contact Finance Services Division at SAPC-Finance@ph.lacounty.gov should you have any questions or need additional information.

GT:dd

Attachments

- Budget Instructions
- Excel Budget Template