



MEMORANDUM

TO: All Current HSA Contractors

FROM: John Tsutakawa, Director of Contracts *JCT*

DATE: May 16, 2017

RE: Important information regarding year-end invoicing for HSA grantees and contractors

This memo covers the FY 16/17 year-end close out and payments in July. Please note that city departments have slightly different invoicing procedures and this information applies specifically to HSA.

The new citywide financial system, Financial System Project (FSP), will roll out July 3, 2017 and replace the older FAMIS system. This will have some impact on the processing of contracts and invoices. When the new system is open for use on July 3, 2017, city staff will be creating new purchase orders within FSP to be able to pay contractors. There may be some delay in paying invoices through the new system, as staff becomes proficient in the new system.

1. General information regarding end and beginning of fiscal year invoicing and advances
 - A. FSP follow up – Your agency should have been notified regarding the new FSP system via email (sfcitypartner@sfgov.org) or mail. Please attend workshops and training offered by the Controller's office. It will be important for contractors and grantees to log into FSP and make sure your information is correct including contacts and addresses to make sure the payments are routed to the right address. When FSP opens in the beginning of July, it will be critical for contractors and grantees to log on to FSP and enter bank account information in order to receive ACH payments. Please visit <https://sfcitypartner.sfgov.org/> for more information, and email sfcitypartner@sfgov.org if you have any questions, including if you have not been contacted or have any questions about how to update your agency's general and Point of Contact information in the SF City Partner website.

- B. Invoicing continues through Carbon – HSA grantees will continue to invoice through Carbon. HSA will consider and test invoicing directly once the system is up and running and tested. However, until further notice, HSA will continue to use Carbon as the invoicing portal. In order to transition into the new system, there are specific deadlines around invoicing.
- C. May invoices and payments – May invoices received by June 16, 2017 will be paid through the old FAMIS system. While OCM will continue to process invoices in FAMIS up to a certain point, invoices received after June 16, 2017 may be paid through the new FSP system starting in July.
- D. June actual invoices – June invoices for actuals will be paid when submitted in July. Invoices for June should be submitted by July 14, 2017.
- E. June estimated invoices - If an agency has received June estimated payments in prior years, HSA can pay this in June. The June estimate will be reconciled in July with the actual invoice, due July 14, 2017. Estimated invoices cannot be paid for certain funding sources including specific federal funding sources that require payment based on actuals. June estimated invoices should be submitted by CBOs by June 16, 2017.

This process has been created to assist nonprofit contractors with cash flow issues at the end of each fiscal year and help the City to effectively closeout the fiscal year to meet State and Federal funding cycles. This policy has been effective in providing cash flow to contractors during the month of July and reduces the need for advance payments.

The estimated June payment is based upon the amount of the May invoice or the balance of the annual contract amount whichever is less. This estimated June payment is made at the same time as the May payment.

- F. Advances for FY 17/18 – There are a few agencies that receive advances in the first week of July each year to cover cash flow issues. This is used primarily for contracts handling large pass-through payments such as IHSS wages, child care payments, and other similar funding. If this applies to your contract, please contact your contract manager as well as the director contracts as soon as possible so OCM can make arrangements for this.
- G. FY 17/18 invoices in general – It is anticipated that all contract and grant purchase orders will be in place to make July and subsequent payments starting in August, following the normal billing process.

2. Specific instructions on submitting estimated and actual June invoices

A. Timeline on submitting June invoice estimate

From June 1st to June 15th, eligible non-profit vendors will be able to submit a June estimated invoice.

In a normal billing cycle this will produce a larger payment on or before June 30. Receiving the June payment 30 days earlier will provide cash flow to the contractor for the month of July.

As in all general guidelines, there will be exceptions made on a case-by-case basis. This policy for June estimates does not apply to federally funded grants, grants that are fee for service types and for-profit contract agreements.

B. Deadline on submitting June actual invoice

OCM requires the actual June invoice no later than July 14, 2017, regardless of funding source. Any adjustments needed to reconcile the estimated June payment to the actual June expenses will be made at the time of submission of the June actual invoice.

C. Entering invoices on Carbon

1. Submitting the June estimate invoice on Carbon by June 16, 2017

- a. Log into the system and open a June invoice.
- b. Enter estimated expenses into the column labeled "Invoice."
- c. After you confirm the values, click "Submit" to submit the invoice and receive an email confirmation.
- d. The invoice will be processed by HSA in the month of June.

2. Submitting the June actual invoice on carbon by July 14, 2017

- a. On July 1, 2017, CARBON will unlock all paid June estimates and require vendors to submit actual expenses.
- b. Enter June actual expenses into the column labeled "Invoice." To help vendors, CARBON will pre-populate the Invoice column with values from the June estimate. Vendors will overwrite these values with June actual values.
- c. The June invoice will display a read-only column labeled "Estimate" that reflects the amount paid to the vendor based on the June estimate.

- d. The June invoice will display a column labeled "Est.-Act. Diff" that will calculate the difference between the estimated and actual invoice amounts.
- e. After you confirm values entered into the "Invoice" column, click "Submit" to submit the invoice and receive an email confirmation.
- f. The invoice will be processed by HSA. If the actual approved expenses exceed the estimate, HSA will issue an additional payment. If the June estimated expenses exceed June actual expenses, the vendor will be required to reimburse HSA for the difference.