

LINDA LINGLE
GOVERNOR OF HAWAII



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**FAMILY HEALTH SERVICES DIVISION POLICY ON BUDGET
REVISIONS
FOR COST REIMBURSEMENT CONTRACTS
(Effective July 1, 2008)**

The Family Health Services Division (“FHSD”) has developed the following policies for budget revisions related to cost reimbursement contracts to promote consistency in its implementation and to ensure that program objectives are not adversely affected by major revisions.

As a general rule, any proposed *transfer of funds between Cost Elements*, e.g. “Personnel” to “Other Operating,” shall require *prior* approval by the State. To transfer funds between Cost Elements, please provide the State with the following forms:

1. **Budget Revision Justification Form (FHSD/BUDREV)**. In Section I. of the form, please document the amount of the proposed transfer between Cost Element(s). In Section II, please provide a detailed justification for the proposed transfer(s). If funds are being transferred from Personnel to another Cost Element, the justification shall include an explanation of the impact of such transfers in the attainment of planned outcome, output, and other performance objectives as described under the terms and conditions of the contract. Please attach additional sheets as necessary.
- 2.. **FHSDBud/Rev1& 2 Forms**. Please submit the revised budget using this form.
3. **SPO-H-206 A-J**. Please submit the appropriate budget justification forms as they relate to the specific budget revisions made to the expenditure categories. To obtain these forms online, please go to the Hawaii State Procurement Office website at: <http://hawaii.gov/spo/spoh/for-private-providers/forms-and-instructions-for-private-providers-applicants> .

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In addition to above, the following policies shall only apply to proposed changes within the existing approved expenditure categories. (No transfers of funds between Cost Elements are involved).

1. Any proposed amendment(s) to the full time equivalency (“FTE”) and/or percentage of time charged to the contract related to Personnel costs (other than the FTEs and/or percentages approved under the Contract Budget) shall receive prior written approval by the DOH before the changes are implemented. Please submit SPO-H-206A as an e-mail attachment to the FHSD Program Manager to justify the proposed changes. The FHSD Program Manger will respond to the Contractor via e-mail and will include an effective date for the changes, as warranted.
2. Any proposed addition(s) of a new expenditure cost category (other than the pre-authorized expenditure cost categories approved under the Contract Budget) shall receive prior written approval by the DOH before such new expenditure cost categories are added to the budget. To accomplish this, the Contractor shall send a written justification to the FHSD Program Manager via e-mail. The FHSD Program Manager will respond to the Contractor via e-mail and will include an effective date for the amendments, as warranted.

Should there be questions in reference to the above policy, please do not hesitate to contact the FHSD Program Manager assigned to your program.