



Department of Youth & Community Development

156 WILLIAM STREET, 6TH FLOOR
NEW YORK, NEW YORK 10038

Fiscal Manual

MICHAEL R. BLOOMBERG
MAYOR

JEANNE B. MULLGRAV
COMMISSIONER

JUSTIN WALTER
ASSISTANT COMMISSIONER
CONTRACT AGENCY FINANCE DEPARTMENT

CAFD Help Desk
212-442-6265
or
CAFDHELP@DYCD.NYC.GOV

Budget Review Helpline E-mail
BUDGETS@DYCD.NYC.GOV

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Frequently Used Acronyms:

- ACCO:** Agency Chief Contracting Officer
CAFD: Contract Agency Finance Department
CBO: Community Based Organizations
CIP: Central Insurance Program
DYCD: Department of Youth and Community Development
EFT: Electronic Fund Transfer/Direct Deposit
EIN #: Federal Employer Identification Number
FMS: Financial Management System
PERS: Program Expense Report Summary
PS: Personnel Services
OTPS: Other Than Personnel Services
SUI: State Unemployment Insurance

Introduction and Overview

The Contract Agency Finance Department (“CAFD”) is responsible for monitoring the fiscal compliance of DYCD’s human services contracts. Depending upon the funding stream, there are different regulations which govern the administration and expenditure of program funds. To provide guidance to organizations, DYCD has developed the General, Workforce Investment Act (“WIA”) and Fiscal Agent Manuals. All three manuals may be viewed on DYCD’s website under the Resources for CBOs tab, or at:

http://www.nyc.gov/html/dycd/html/resources/cbo_form_index.shtml

The requirements outlined in this Fiscal Manual must be adhered to by all Community Based Organizations (“CBOs”) funded by DYCD, including those receiving discretionary awards.

Contract Agency Finance Department Overview

CAFD has four units that interact with CBOs. Below is a description of each unit and its functions.

Budget Review Unit:

The Budget Review Unit is responsible for ensuring that budgets and budget modifications submitted by the funded CBOs are in compliance with the City of New York and DYCD rules and regulations regarding budgetary requirements and fiscal accountability. The Budget Review Unit is responsible for the final approval of all budgets and budget modifications.

Budgets and Budget Modifications must first be submitted to the assigned Program or Contract Manager. Once approved, budget and budget modifications will be forwarded to CAFD Budget Review for final approval.

Risk Management Unit:

The Risk Management Unit coordinates New York City’s Central Insurance Program (CIP) for CBOs that do not have their own general liability insurance. This program includes specific insurance (General Liability, Worker’s Compensation and Disability) that pertains to DYCD funded activities.

This Unit is also responsible for collecting and maintaining the general liability insurance certificate of each CBO not participating in CIP to ensure compliance with the contract terms.

Program Expense Report Summary (PERS) Payment Unit:

The PERS Payment Unit is responsible for receiving financial reports, analyzing data, issuing payments, and providing assistance and training for the preparation of financial reports. A Fiscal Analyst is assigned to each contract and is responsible for the fiscal management of the contract. The Fiscal Analyst serves as the organization’s contact person for payment inquiries.

The cash flow process begins after the registration of the contract with the Comptroller's Office. When the contract is registered, the PERS Payment Unit automatically issues a two month advance. The Program Expense Report Summary (PERS) is the financial tool used to reimburse CBOs for contract expenses. The two month advance will be recovered against PERS submitted in the last quarter of the fiscal year.

NOTE:

The NYC Department of Finance mandates that all CBOs participate in the Electronic Fund Transfer (E.F.T. - Direct Deposit) Program. Payments are deposited directly into the organization's designated bank account. Enrollment forms (**See Appendix 1**) should be faxed to the NYC Department of Finance at (212) 361-7058.

The PERS Payment Unit offers workshops for CBOs in preparing the PERS and understanding DYCD's requirements for reimbursement. You may register by calling the CAFD Helpdesk at 212-442-6265 or sending an email to CAFDhelp@dycd.nyc.gov.

DYCD also contracts with organizations that provide technical assistance services to our funded programs. The assistance provided includes, but is not limited to: accounting, budget development, setting up general ledgers, financial books and records, bank reconciliations, and payroll processing. Organizations interested in receiving these services must contact the assigned Program or Contract Manager, who will make the referral to a technical assistance program.

Contract Agency Audit Unit:

The Contract Agency Audit Unit is responsible for conducting Fiscal Field Reviews (FFRs) of funded programs as well as evaluating related audits and reviews performed by independent Certified Public Accountants. This unit also issues Corrective Action Plans, often in conjunction with program staff. Contract Agency Audit Unit staff also provide technical assistance to CBOs.

SECTION ONE

THE BUDGET

BUDGET OVERVIEW

After a contract is awarded, a budget is prepared based on the proposed services, funding availability, and contract term. Budgets generally include an allocation for Staff, Non-Staff Services, and Other Than Personnel Services (OTPS).

Below are the categories used by DYCD and the relevant Budget Codes within each category:

Personnel Services Categories:

- 1100 Salaries and Wages
- 1200 Fringe Benefits
- 1300 Central Insurance Program (CIP)

Non-Staff Services Categories:

- 2100 Consultants
- 2200 Subcontractors
- 2300 Stipends
- 2400 Vendors
- 2500 Fiscal Conduit

Other Than Personnel Services Categories:

- 3100 Consumable Supplies
- 3200 Equipment Purchases
- 3300 Equipment Other
- 3400 Space Cost
- 3500 Travel
- 3600 Utilities and Telephone
- 3700 Other Operational Costs
- 3800 Van Maintenance (for DYCD issued vehicles only)
- 3900 Fiscal Agent Services

Completed budgets are submitted to the assigned Program Manager. The budget will be reviewed by program and fiscal staff within DYCD. A final budget, agreed to by DYCD and the organization, is included in the CBO's contract.

COMPLETING THE DYCD BUDGET

The DYCD Budget Form is an Excel Spreadsheet which uses a series of individual worksheets (see tabs entitled Salary, Fringe, Non-Staff Services and OTPS). The first page (the Budget Summary) will automatically be completed as these worksheets are prepared. Most of the information requested is self-explanatory. Below is some information you should keep in mind as you complete the DYCD budget.

General Information

- A. DYCD ID #, Budget Code #, and Amendment #: This information will be provided to you by DYCD.
- B. State Unemployment Insurance Number: This number appears on all correspondence relating to SUI, and may be obtained by calling the New York State Department of Labor at 1-888-899-8810.
- C. Operating Period: The term of the contract, (start date to end date) may overlap Fiscal Years. The City's Fiscal Year runs from July 1 to June 30. In multi-year contracts or contracts spanning more than one City Fiscal Year, a separate budget must be submitted for each Fiscal Year, indicating the portion of the award spent in each year.
- D. In-Kind Contributions: DYCD recognizes that in some cases the funding received from DYCD does not represent the full amount needed to operate a program. CBOs often provide additional funding; in some cases, additional funding is a requirement of the RFP. The dollar value of existing resources from other funders that are allocated to this contract should be reflected as In-Kind Contributions. The equivalent monetary value of volunteer service should be added to the In-Kind Contributions category.
- E. Total CBO Budget (all sources): This entry should reflect the total operating budget of the CBO, from all sources.
- F. Total DYCD Budget: This column reflects the total amount of DYCD funding allocated to each budget category. This column reflects the sum of the Program Administered and the Centrally Administered columns, described below.
- G. Program Administered: The portion of the budget that will be managed by the CBO.
- H. Centrally Administered: Specific items covered and paid by DYCD. **These are non-reimbursable costs, and CBOs will not have access to these funds.** These costs include Fiscal Agent Service fees, Van Maintenance, and the Central Insurance Program (CIP). No other items may be included in this column.

PERSONNEL SERVICES (PS) refers to programmatic expenses for Salaries and Fringe Benefits. Please keep in mind the following information as you complete the DYCD budget:

- An employee paid with DYCD funds must perform work related to the DYCD contract, directly or indirectly.

For DYCD contracts, a full-time employee is defined as one who works 35 hours or more per week, is paid on a salary or hourly basis and retains a full-time position with the organization. A full-time employee shall not be claimed as a part-time employee because her hours are shared between contracts. For example, if the employee is full-time and is scheduled to work one-fifth of her time on a DYCD contract, she is still considered a full-time employee for DYCD contract and PERS claiming purposes.

A part-time employee is generally defined as an employee who is scheduled to work less than 35 hours per week and/or is paid on an hourly or seasonal basis, and retains a part-time employment status with the organization. A part-time employee shall not be claimed as full-time, simply because he/she only works on a DYCD contract.

The PERS must reflect the correct employment status of each employee as defined above.

- The current minimum wage in New York City is \$7.25. That rate will increase to \$8.00 per hour as of January 1, 2014; \$8.75 as of January 1, 2015 and \$9.00 per hour as of January 1, 2016.

DYCD has developed titles appropriate for the provision of contracted services. No other titles may be used on DYCD budgets. Attached is a list of approved titles and the respective title codes (**See Appendix 2.**)

- The New York City Fiscal Year runs from July 1 through June 30.
- If the contract period overlaps fiscal years, multiple budgets must be prepared. Each budget should reflect the number of months worked in the specific fiscal year to which the budget applies. For example, a 16-month contract starting May 1, 2011 and ending August 31, 2012 would have three budgets (one covering FY 2011 for 2 months, one covering FY2012 for 12 months and one covering FY 2013 for 2 months.)
- An Annual Salary is the amount earned in a consecutive twelve month period, whether or not that is the contract term.
- Some employees work on multiple programs. Estimate the percent of time devoted to each program and allocate only the appropriate amount to each contract. The total of all estimates (including programs not funded by DYCD) cannot exceed 100%.

Fringe Benefits

The maximum rate allowed for fringe benefits is 30%. The rate includes all benefits under the Fringe Benefits category. Fringe Benefits may include FICA, Unemployment Insurance, Workers

Compensation, Disability, Life Insurance, Pension, and Medical Benefits. A minimum Fringe Benefit rate of 7.65% for FICA is required for all contracts.

The minimum rate for CBOs under the Fiscal Agent is 12.65%. This represents 7.65% (FICA) plus a 5% estimated Unemployment Insurance rate.

New York City's Central Insurance Program

CBOs have the option of buying into New York City's Central Insurance Program (CIP). The package offered under this program includes General Liability Insurance, Workers Compensation, and Disability Insurance. This insurance does not cover incidents of child or sexual abuse.

The cost of the CIP Insurance Package is 4.5% of the contract's total budget. CIP cannot be purchased for a portion of the contract term. Entering into the Central Insurance Program covers the CBO for the full contract year.

CBOs That Provide Their Own Insurance

CBOs that choose not to buy into the CIP Insurance Program must provide DYCD with an **original Certificate of General Liability Insurance**, as well as any renewal certificates required during the contract term. Required certificates not presented in a timely manner may result in CBO being placed on check hold. Non-compliance will also be reflected in the final VENDEX evaluation of the contract.

CBOs are required to have General Liability Insurance in the sum of not less than **one million dollars per occurrence** to protect itself, the City of New York and the Department of Youth and Community Development against claims, losses, or damages. The policy should include theft insurance to guard against loss of equipment as a result of a break-in or robbery. Each CBO must be covered for loss due to burglaries, vandalism, fire or floods that affect equipment or furniture that is leased or purchased with DYCD funds. If the equipment is lost or stolen, the CBO must obtain a police report detailing the nature of the incident as well as submit a claim to the insurance carrier. In addition, the CBO must submit an official report to DYCD. The CBO must replace lost or stolen equipment with funds obtained from settlement of the claim.

Insurance must be obtained from a company licensed to do business in the State of New York. **The City of New York must be included as additional insured in the Description Box** on the certificate of General Liability. **If the contracted program is located in a New York City Housing Authority or Department of Education facility, NYCHA and/or DOE, as the case may be, must also be included as an additional insured.** (See Appendix 3.) The Risk Management Unit/CAFD must receive written notification within fifteen (15) days if the policy is cancelled during the contract term.

All other mandatory insurance policies must be made available for inspection by DYCD staff, CPA Auditors, or other authorized agents.

DYCD retains the right to enroll a non-compliant CBO in CIP and to withhold 4.5% of the contract.

Employer's FICA is budgeted at 7.65% of total salaries. The maximum of wages taxed for the Social Security portion of FICA can be found at ssa.gov. Please note that these rates and dollar amounts are determined by the Federal government, and are subject to change.

State Unemployment Insurance (SUI). For calendar year 2013, SUI is budgeted at the CBOs insurance rate for up to and including the first \$8,500 of an employee's salary. As a result of changes in NYS law, the wage bases will be adjusted annually on January 1. The table below lists the wage bases for 2014-2026. **Please note:** Terminated staff as well as new staff hired within the same calendar year must be covered by SUI.

Wage Base. The wage base is the amount of an employee's wages used to calculate an employer's Unemployment Insurance contributions. The wage base will be adjusted on January 1 of each year as follows:

January 2014 \$10,300	January 2021 \$11,800
January 2015 \$10,500	January 2022 \$12,000
January 2016 \$10,700	January 2023 \$12,300
January 2017 \$10,900	January 2024 \$12,500
January 2018 \$11,100	January 2025 \$12,800
January 2019 \$11,400	January 2026 \$13,000
January 2020 \$11,600	

After 2026, the wage base will be adjusted on the first day of January each year to 16 percent of the state's average annual wage.

Medical Benefits, Life Insurance, Pension, Workers Compensation, and Disability costs are to be calculated based upon the Organization's policies.

Administrative Practices Related to Personnel Services

Salary increases will be at the discretion of the CBO, provided they are within the scope of services and are pre-approved by the Program Operations Unit.

Time sheets for all full-time and part-time employees must be dated and signed by the employee and the employee's supervisor, and are subject to review by DYCD and its designees.

The Executive Director's time sheet must be signed by a member of the Board of Directors. The required director's signature may NOT be replaced by the signature of another member of management (e.g. comptroller or accountant).

Non-Staff Expenditures

Non-Staff Expenditures refers to the following categories: Consultants, Subcontractors, Stipend, Vendors and Fiscal Conduit.

Consultants

Consultants are independent firms or individuals, with specific skills, retained to perform limited programmatic tasks or complete projects within the contract that cannot be accomplished by regular staff. The services provided by the Consultant must be related to the program work scope described in the contract. All consultants paid by the DYCD contract are required to be an approved item within the budget under line 2100, pursuant to a consultant agreement (see below).

Consultants cannot be salaried employees. Consultants usually consider themselves self-employed, maintain their own service and financial records and have a place of business separate from the CBO. For each consultant listed, attach a signed, notarized Consultant Agreement (See **Appendix 4**) and a resume. (If extra space is required to list the Consultants, please use the tab “Additional Info Page 3” of the Budget Spreadsheet.)

Consultants retained by a CBO must enter into a written agreement, detailing the specific tasks to be performed. Consultants will be allowed by DYCD only for those services that cannot be performed by CBO staff. If a consultant’s services are required for an extended period, such an individual must be hired as an employee. Consultant Agreements must be maintained by the CBO for six (6) years beyond the end of the contract. Consultant invoices must be maintained by the CBO with the following details: rate, hours, type of services, date of service, consultant signature, and approval by the Organization’s Executive Director or his/her designee. Consultant services are exempt from bidding requirements.

Subcontractors

Subcontractors are independent, non-profit entities retained to perform specific programmatic services. A Subcontract Agreement will be governed by the terms of the DYCD contract. For each Subcontractor listed on the Budget, attach a signed, notarized Subcontract Agreement with their EIN # and a listing of their Board of Directors (See Appendix 5).

Stipend

Stipends are an incentive or allowance that benefits only a participant, client, or volunteer of the program. Stipends may be included as a part of a training program, to assist a client in acquiring the skills necessary to obtain employment and to subsequently retain employment. A stipend is a nominal allowance and may be paid according to hourly, daily or weekly rates. A stipend **may not** be used to displace an employee or position, including partial displacement such as a reduction in hours and wages, to avoid hiring salaried workers, or to perform services that would otherwise be performed by an employee, including an employee who recently resigned or was discharged, an employee who is subject to reduction in workforce, or an employee who is on leave. Stipends may not be used to pay for service being received by the CBO or to avoid payment of FICA, Unemployment Insurance, or Worker’s Compensation Insurance.

Participant Incentives

All expenses incurred under the contract must be properly supported with documents that validate the expenses. Expenses for participants’ incentives (gift cards, digital cameras, metrocards, etc.) must be supported, at the minimum, with the participant signed receipt in addition to the invoice. Other supporting documents may include but are not limited to the organization incentive plan, and participant award letter.

Vendors

Vendors are businesses retained to provide non-program services, such as cleaning, security, accounting, etc. Vendor Agreements should be maintained on file at the CBO for a minimum of six (6) years. In selecting vendors, CBOs must follow the purchasing procedures outlined in the Fiscal Manual for the procurement of goods and service (Section 4).

Fiscal Conduit (FOR DISCRETIONARY AWARDS)

Fiscal Conduits are DYCD contractors acting as financial intermediaries to specific sub-recipients. Each sub-recipient must be listed and have a notarized Subcontract Agreement (**See Appendix 6.**)

OTHER THAN PERSONNEL SERVICES (OTPS) – refers to programmatic expenses other than Salaries, Fringe Benefits or Non-Staff Services. The following is a description of the OTPS categories:

Consumable Supplies

Consumable supplies are supplies that do not last or are not permanent in nature. Consumable supplies include office and maintenance supplies, such as pens, stationery, chalk, erasers, towels, cleaning supplies, and books.

Equipment Purchase

Equipment purchases are supplies that are durable or permanent in nature, such as furniture, printers, fax machines, televisions, cameras, and computers, etc. All equipment purchased with DYCD funds must be listed on the budget.

All equipment and/or furniture purchased with DYCD funds is the property of the New York City Department of Youth and Community Development, and must be tagged “Property of DYCD.” At the end of the contract, all non-depreciated equipment that still has a useful life and was purchased with DYCD funds must be returned if requested by DYCD. Contact the assigned Contract Manager regarding continued use or other disposition of equipment. DYCD will consider requests for continued use or other recommended disposition of such equipment, upon termination or non-renewal of a contract. Contact the assigned Contract Manager regarding continued use or other disposition of equipment

Capitalization of equipment should be based on whether the equipment purchased benefits the operation for more than one year, or any additional expenditure on existing equipment extends the equipment life.

A capitalization level starting at \$500 for an asset with useful life of more than a year should be established for financial statement purposes and depreciated on a straight-line basis for all DYCD funded equipment.

Equipment-Other

Costs associated with equipment include rental, lease, licensing fees, computer software, repair and maintenance of office/programmatic equipment used in the performance of the CBO’s operation. Maintenance service contracts and payments for equipment repair and maintenance may also be reflected in this category. (Equipment or furniture leased with an option to buy may also become the property of DYCD at the end of the contract.)

Space Cost

Space costs are those costs associated with paying for the space necessary for program operation. Space Cost is separated into two subcategories:

Public School

Opening fees and room rentals paid to the Department of Education for school rental costs. CBO must complete a Space Cost Allocation Plan and provide the DOE permit (**See Appendix 7.**)

Space Cost/Other

All rent, mortgage and other expenses associated with the use of a facility. Along with the budget, the organization will be required to submit a copy of its mortgage, lease, or month-to-month rental agreement. In addition, the organization must submit a completed Space Cost Allocation Form. (See Appendix 7, Space Cost Allocation Plan) The Agreement will reflect DYCD's allocated portion of the rental or mortgage charges. **No renovation or construction projects may be paid for with DYCD's program funds.** However, some repairs may be allowed, **subject to prior approval by DYCD.**

Travel Costs

Travel costs refer to costs appropriated for local travel by the employees and, in some instances, participants of the CBO, to conduct official business related to the DYCD contract. Travel may be by public transportation, by a CBO's vehicle, or personal automobiles used for CBO business. Costs for the use of a personal automobile will be reimbursed at a maximum rate of 28 cents per mile plus tolls. A mileage log must be maintained for both personal and business-owned vehicles used to conduct business related to the funded program.

All participant-related travel expenses, e.g., bus trips and local travel, is to be budgeted under this category. Bus companies must be insured.

CBOs should charge expenses for business-owned vehicles such as car maintenance, gasoline, tolls and automobile insurance to this category. CBO-owned vehicles used for DYCD purposes must be co-insured with the City of New York as named beneficiary.

Tickets for traffic violations may not be paid for with program funds.

Utilities and Telephone

Utility and telephone costs related to the DYCD program are covered. Costs should be pro-rated over the operating period.

Other Operating Costs

Expenses which do not fall into any of the categories described above are referred to as Other Operating Costs. These expenses are further separated into two subcategories: Operating Costs and Indirect Costs.

Operating Costs

Costs such as printing, postage, admissions, publications, bank charges, subscription costs, internet service fees, and wiring associated with computer set up are considered operating costs. This category also includes the cost of general liability insurance for CBOs not participating in the Central Insurance Program. Participant costs such as refreshments, entrance fees, awards, T-shirts, uniforms, sporting and recreational supplies are included in this category.

Trips

Expenditures must be incurred during the operating period in which goods and services are received or delivered. Tickets purchased for trips must be used for the participants under the program of that budgeted period. The CBO will not be reimbursed for tickets purchased in one contract year but used for participants of the subsequent contract year.

Audit Fees

DYCD will reimburse CBOs for a portion of their audit fees. If the CBO receives funding from other sources besides DYCD, the CBO may only include DYCD's proportionate share. The proportionate share should be calculated by dividing the total DYCD budget by the organization's total budget and applying that percentage to the total Audit Cost. Audit fees are to be budgeted and expensed in the contract year in which the audit is performed. For example, an audit for contract year 2010 must be budgeted for in contract year 2011. CBOs that are including audit costs in their budget must submit an Audit Cost Allocation Plan with the budget (**See Appendix 8.**)

Indirect Costs

The Indirect Cost category is used to capture overhead costs incurred by a CBO that operates several programs and has administrative costs that cannot be identified as a direct cost to a specific program. CBOs with multiple programs where some administrative costs are shared may incur indirect costs. The maximum Indirect Cost rate allowed by DYCD is 10%.

Any of the generally accepted methods of calculating and allocating indirect cost may be used. It is the responsibility of the CBO to maintain documentation to justify the percentage and allocation plan used to arrive at the indirect cost rate. This documentation must be made available upon request.

Note: The category "Indirect Cost" cannot be used by CBOs administered through the Fiscal Agent since all costs must be itemized.

Van Maintenance

If the CBO has been assigned a city-owned van, DYCD will provide maintenance through the Department of Citywide Administrative Services. A total of \$2,000 will automatically be deducted annually from the contract for Van Maintenance. This cost is centrally administered and is not reimbursable.

Fiscal Agent Services

All CBOs have the option of purchasing the services of the Fiscal Agent who will:

- Establish financial records
- Maintain and report on available CBO budget balance
- Verify invoices
- Provide payroll services and personnel reporting
- Ensure the timely filing and payment of employment-related taxes
- Ensure that Accounts Payable and Ledger system and activities are in accordance with generally accepted accounting practices and procedures
- File Federal Tax Form 941 and 941B
- Prepare W2s, W3s, and 1099s

Fiscal Agent Fees

Fiscal Agent Services will be charged to the organization’s budget in accordance with the scale indicated below. Please note this schedule is subject to change:

<u>CONTRACT DOLLAR VALUE</u>	<u>FISCAL AGENT SERVICE FEES</u>
\$2,500 - \$25,000	\$400
\$25,001 - \$50,000	\$3,200
\$50,001 - \$100,000	\$4,400
\$100,001 - \$200,000	\$5,500
\$200,001 - \$300,000	\$6,000
\$300,001 - \$400,000	\$6,500
\$400,001 - \$500,000	\$7,500
OVER \$500,000	\$10,000

Note:

A CBO that chooses to be placed under, or is mandated to use, the services of the Fiscal Agent **must have all of its non WIA DYCD contracts administered by the Fiscal Agent.** The Fiscal Agent fees are centrally administered costs and are not reimbursable. Those agencies mandated for Fiscal Agent services due to poor fiscal performance (less than a satisfactory rating) will receive written notification from DYCD.

SECTION TWO

BUDGET MODIFICATIONS

BUDGET MODIFICATION POLICIES AND PROCEDURES OVERVIEW

Changes to the approved and registered budget may be submitted only as they relate directly to the accomplishment of services required in the contract. CBOs must submit all modifications (both programmatic and budgetary) to the assigned DYCD Contract Manager in Program Operations. Budget modifications must not be implemented prior to approval by CAFD.

Forms to request a contract modification can be accessed through the DYCD website: http://www.nyc.gov/html/dycd/html/resources/cbo_budgets.shtml

The number of budget modifications allowed is based on the term of the contract. CBOs must plan their programs and budgets carefully, since there is a limit on the number of allowable budget modifications. The number of modifications accepted is based on the contract term, as follows:

Contract Term	Number of Budget Modifications Allowed
3 months or less	1 Modification
4 to 8 months	2 Modifications
9 to 12 months	3 Modifications

Requests are to be submitted to the assigned Contract Manager two weeks prior to their proposed effective date. No budget or programmatic changes may be made without prior written approval from DYCD.

Please note: The last day for budget modifications to be submitted is April 30 of the Fiscal Year. CBOs with contracts that were registered after mid-March of the fiscal year are exempt from the above deadline.

Questions regarding the budget modification process should be directed to your DYCD Contract Manager.

SECTION THREE

**INTERNAL CONTROLS
AND
GENERAL ACCOUNTING
PROCEDURES**

INTERNAL CONTROLS

Executive and management staffs at CBOs are responsible for establishing and maintaining an internal control structure appropriate to the particular CBO. Internal controls will vary from one organization to the next, depending on such factors as their size, nature of operations and objectives. However, the need for internal controls remains the same; an organization should find the most efficient and effective way of implementing its needed internal control procedures

The following are examples of internal control activities that may be appropriate:

- Segregation of Duties: Duties and responsibilities should be divided among different staff members to reduce the risk of error or fraud. In large organizations there are often different staff members responsible for procurement and for payment.
- Proper Execution of Transactions and Events: Transactions and significant events should be authorized only by persons acting within the scope of their authority.
- Documentation of Transactions: All transactions need to be clearly documented, and all documents must be readily available for inspection.
- Secure Physical and Financial Assets: An organization must safeguard its assets, including cash and equipment. Periodic inventory checks will help prevent loss or unauthorized use of the organization's assets.

Retention of Accounting Records

In accordance with City contract requirements, CBOs must retain all contract related financial records, including auditors' reports, for six (6) years after the final invoice of the contract is paid.

Bookkeeping Practices and Procedures

Organizations must maintain separate accounting records for funds received through each contract with DYCD. Accounting records must be established and maintained in accordance with Generally Accepted Accounting Principles. It is essential that the organization maintain accurate, complete and permanent books and records, available for inspection by a DYCD staff member or its designee.

DYCD staff and its representatives will conduct both announced and unannounced site visits to organizations during the contract term to ensure that the books and records are being appropriately maintained.

Timesheets

Timesheets must be completed for all full and part time employees. Each timesheet must be signed and dated by the employee and the employee's supervisor. The Executive Director's timesheet must be reviewed and approved by a member of the Board of Directors.

Electronic timesheets may be maintained if they are certified as accurate by the signature of the Executive Director or a senior level management designee.

Employees Personnel Files:

Employees' personnel files must consist of all pertinent documents used in the hiring process. The hiring documents should consist of, at the minimum, the following documents:

- Employment Application
- I-9 Employment Eligibility Verification
- Authorized working papers for individual under 18
- Job Description
- W-4 form
- Resume
- Copy of Educational Degree, Diplomas or Certificate
- Background Check
- Personnel Action Form

Resigned Employees:

Employee vacation and sick time accumulated during the course of employment are allowed to be paid to that employee under the DYCD contract upon separation from employment, when such separation occurs during the contract operating period and the organization has a policy allowing for payment for such time. If the employee's time is cost allocated, it must be charged accordingly.

Invoices

All invoices maintained as documentation to support a claim (for example, where the CBO is using the services of the Fiscal Agent) must be original, and must display the Organization's name as the recipient of the goods/services.

If invoices do not need to be submitted, they must nevertheless be maintained and made available for review, in accordance with the record keeping requirements of the contract.

Bank Accounts

CBOs are not required to maintain separate bank accounts for each contract award. Electronic Funds Transfers (EFT) of the contract award can now be made to a single CBO bank account. The EFT Enrollment form can be found in **Appendix 1**, or on DYCD's website at http://www.nyc.gov/html/dof/downloads/pdf/07pdf/eft-direct_deposit_appl.pdf

CBOs are required to transfer all DYCD funds from the EFT account to the appropriate payroll and general accounts. Bank reconciliation of all accounts must be prepared on a monthly basis, reviewed by upper management, and kept on file for examination by DYCD staff or its designees.

Signatories

DYCD requires that an organization have at least two signatures on each check. Every organization is expected to comply with this policy unless it has received prior written authorization from DYCD stating otherwise.

Cash Flow

The cash flow process is initiated following registration of the contract with the New York City Comptroller's Office. DYCD is unable to release funds until the contract is registered. DYCD is not permitted to reimburse an organization for any expenses incurred for the provision of services until the contract is registered.

An initial advance equivalent to **two months** of the CBO's approved budget is issued by the Contract Agency Finance Department upon contract registration. (An advance is not available for WIA contracts.) If the contract term is less than four (4) months, the initial advance will be one-half of the budget. Funds are electronically transferred to the accounts of organizations enrolled in the EFT Program.

Disbursements

Disbursements, except those from petty cash funds and payment with the Organization's corporate credit or debit card, should be made by check. CBOs should adhere to the following control functions when handling DYCD disbursements

- The function of approving vouchers, preparing checks and recording disbursements should be handled by different employees.
- Employees handling disbursements should not have duties related to cash receipts or the reconciliation of bank accounts.
- Vouchers payable should be established for each payment and recorded promptly.
- Payment should be made only after the original voucher and all copies of pertinent papers have been approved.
- Invoices should be cancelled or stamped "Paid" in order to prevent duplication of payment.
- Confirmation receipts for online purchases must be printed out and retained by CBOs.
- A periodic review of vouchers should be made by an authorized person to determine that all processing steps are being followed properly.

If a CBO is unable to comply with the control functions described above, comparable reasonable procedures should be developed to allow for proper accountability and segregation of duties in handling disbursements. A written description of these comparable procedures should be sent to your Contract or Program Manager.

Unclaimed Funds

Unclaimed funds are funds that become available in the CBO's bank account due to returned checks or checks that were never cashed by the intended recipient. Undistributed funds remain the property of DYCD and must be reimbursed to DYCD at the end of the fiscal year. The following steps must be taken to account for DYCD unclaimed funds:

- The CBO is required to exhaust all efforts to contact the intended recipient, in a timely manner, within 90 days from the check date.
- After the 90 day period, the CBO is required to place a stop payment on those checks and return the funds to DYCD within 10 days.
- The CBO is required to retain all evidence of the steps used to contact the intended recipients.
- The CBO is not allowed, at any time, to submit DYCD unclaimed funds to New York State Office of Unclaimed Funds.

SECTION FOUR

PURCHASING PROCEDURES

GENERAL PROCUREMENT POLICIES

Any procurement of goods and/or services is to be conducted in the CBO's name. The organization is responsible for ordering, receiving, inspecting and accepting merchandise. The name of the Department of Youth and Community Development, its officials, employees, or the City of New York should not be used, under any circumstances, for the purpose of ordering and/or securing goods and services from a vendor. Invoices, bills, receipts, etc., must be issued in the name and address of the organization or its immediate affiliate. All expenditures must comply with applicable laws and contract regulations, and are subject to audit.

Purchasing Requirements/Competitive Bidding

The procurement of goods shall be governed by the competitive bidding requirements described below. The purpose of competitive bidding requirements is to establish a procedure that will secure the best possible price for goods and services while allowing for appropriate competition. The procurement process must be open and competitive (that is, no vendor qualified to provide the goods or services may be restricted from bidding and there must be fair competition among those bidders). These procedures also apply to the rental or leasing of equipment. A procurement shall not be artificially divided in order to meet the requirements of this section. The monetary thresholds identified below refer to payments made or obligations undertaken in the course of a one (1) year period with respect to any one (1) person or entity.

1. Purchases of \$5,000 or less

For purchases with a value of \$5,000 or less, no competitive bids are required. Documentation of the purchase must be maintained by the organization. This documentation must include the name of the vendor, the item purchased, the date and amount paid.

2. Purchases from \$5,001 - 25,000

Contractor shall conduct sufficient market research and/or competition to support its determination that the price of such purchased goods, supplies, services or equipment is reasonable. Documentation of the market research and the purchase must be maintained by the organization. This documentation must include the name of the entities contacted, the vendor, and the item purchased, the date and amount paid.

3. Purchases \$25,001 or greater

A minimum of three (3) written bids must be obtained for the purchase of goods, supplies or services of similar items where the cost can reasonably be expected to be \$25,001 or greater. The bids must contain a description of the item requested, the time, date, place and form of requested responses, and the name of the employee responsible for securing bids. The bids must be maintained by the organization.

Sole Source Procurement

Purchases exceeding \$5,000 where a CBO is purchasing items that are considered to be sole source in nature, do not require bids. Sole source procurements are exceptions to normal purchasing

procedures and are permitted only when there is one, and only one, potential bidder or offer for an item or service.

Examples of circumstances that could justify sole source procurements are:

- Newspaper advertisements
- Health and Liability Insurances, Workers Compensation
- Tickets to sporting events or theme parks
- One-time performances by artists for participants
- Utilities (gas, electricity, telephone)

Note: The selection of Consultants and Subcontractors are not subject to the bidding process, but must demonstrate a reasonable degree of care.

Proof of Delivery Date:

DYCD may require proof of delivery date for goods purchased between June 20th and the 30th.

Inventory

CBOs must maintain an inventory of all furniture and equipment purchased with DYCD funds. An inventory control decal must be placed on the equipment indicating that it is the property of New York City.

A physical inventory is required every year, and inventory records must include the date of the last physical inventory review.

Relinquishment or Disposal of Furniture and Equipment

All furniture and equipment purchased with DYCD funds remain the property of the City of New York and must be returned at the end of the contract. Organizations should contact their DCYD Contract Manager to arrange for disposition of equipment.

If it is determined that the equipment bought with DYCD funds is fully depreciated and has no further useful value, please notify the DYCD Assistant Commissioner for Contract Agency Finance, in writing, with a list of the equipment, serial number(s), model number(s) and purchase date. Organizations will receive written notification with specific instructions regarding the disposal of equipment.

Inventory lists must include the method and reasons for disposition and the value of disposed equipment. In cases of loss or theft, property lists must include all pertinent information to support the claim. If appropriate, copies of police reports should be attached.

SECTION FIVE

CREDIT/DEBIT CARDS POLICIES AND PROCEDURES

Policies and Procedures Credit/Debit Cards

Written policies and procedures are necessary to establish an internal control structure for credit/debit card use. A CBO's Board of Directors should first determine whether to approve use of credit or debit cards; once the CBO's Board has approved the use of credit/debit cards, the Board should adopt a comprehensive credit/debit card policy that, at a minimum:

- Identifies all authorized users
- Sets appropriate credit limits
- Establishes custody of the cards when not in use
- Requires proper documentation for all transactions
- Establishes a means to recoup any unauthorized expenditures
- Specifies that the safeguard of, and charges appearing on, each card, are the responsibility of the cardholder
- Prohibits purchases that are personal in nature
- Prohibits use of cards to split orders or otherwise circumvent bidding thresholds
- Limits the use of staff and/or volunteer personal credit cards for organization-related purchases to emergency situations (with emergencies to be defined) where standard procurement methods are unfeasible. Such expenditures, moreover, should be consistent with the organization's purchasing policies and procedures.
- Sets limits on the amount that can be purchased in any individual transaction; and requires preapproval for purchases over that limit
- Limits cash withdrawals/advances to emergency situations (with emergencies to be defined), and requires such withdrawals to be governed by the following rules:
 - Amount may not exceed \$200 per ATM withdrawal.
 - The CBO Executive Director or a designee must authorize cash withdrawals. If the CBO Executive Director is the individual making such cash withdrawals, the CBO Executive Director must receive authorization from the CBO Board Chairperson.
 - When a payment is made with cash from an ATM withdrawal a receipt from the transaction is filed and maintained in an ATM transaction and cash box (this should be a box kept separate and apart from the petty cash box).
 - Any cash withdrawn from a credit/debit account that is not utilized in a purchase should be deposited in the ATM transaction and cash box or re-deposited in the agency credit/debit account.

- Each expense emanating from an ATM withdrawal should be recorded in the organization's general ledger to its corresponding expense account, with an offsetting entry to the credit account associated with the credit/debit card. A monthly reconciliation of the ATM transaction box and the credit/debit general ledger account must be performed.
- The CBO is not allowed to commingle DYCD funds from cash balances related to ATM withdrawals with Non-DYCD funding streams. Separate general ledger accounts must be established to account for DYCD cash balances related to ATM withdrawals.

The CFO or Comptroller should ensure that a proper review of claims is performed prior to the payment of each credit card statement. This includes requiring that itemized receipts or other similar documents signed by the individual making the purchase adequately support all charges on the statements. In the case of debit card usage, bank statements should be regularly and timely reviewed and checked against supporting documentation.

SECTION SIX

PETTY CASH POLICY

I. PETTY CASH FUND ESTABLISHMENT

To facilitate the payment of certain minimal charges that cannot be handled by check, CBOs may establish a Petty Cash Fund for up to \$1,000.00. It is important to remember that items purchased with Petty Cash Funds are subject to the same regulations and accounting practices as expenses paid by check.

The Petty Cash Fund must be maintained in a secure place to safeguard against loss from unauthorized use or disposition. In the event of loss due to theft or fire, the CBO will NOT be reimbursed for loss of the Petty Cash Fund.

B. PETTY CASH FUND USE

A Petty Cash Fund shall be governed by the following rules:

1. A Petty Cash Expense may not exceed **\$200 dollars per total purchase**.
2. The CBO Executive Director or a designee must authorize petty cash expenses.
3. When a cash payment is made from the Petty Cash Fund, a Petty Cash Voucher (**See Appendix 9**) together with receipt is placed in the petty cash box.
4. Therefore, the total of cash remaining in the box plus the total amount of vouchers therein should equal the petty cash fund amount.
5. Each voucher must be supported with a receipt or invoice which shows the date of purchase, item purchased, the cost, and who made the purchase. Attach each receipt to its proper invoice.
6. Each expense from the petty cash voucher should be journaled in the organization's general ledger to the appropriate expense account with an offsetting entry to the petty cash account.
7. Periodically, when the amount of cash remaining in the box requires replenishment, a check is drawn for the amount of all vouchers in the box. Cash from the check is placed in the petty cash box to replenish the Petty Cash Fund to its full amount. The reimbursement check amount is to be credited to the applicable operating cash account with an offsetting debit to the petty cash general ledger account. A separate Petty Cash Voucher Form must be used for the replenishment of the Petty Cash Fund.
8. A monthly reconciliation of Petty Cash funds with the petty cash general ledger account must be performed.
9. The CBO is not allowed to commingle DYCD funds used for petty cash. A separate general ledger account must be established to account for DYCD petty cash.

Examples of reimbursable expenses for which use of petty cash may be appropriate:

- a. Local travel by public transportation
- b. Programmatic supplies
- c. Postage (The purchase of one hundred stamps will be allowed through petty cash.)

Examples of non-reimbursable expenses are:

- a. personal expenses
- b. alcoholic beverages for a staff party

SECTION SEVEN

GENERATED INCOME

OVERVIEW OF GENERATED INCOME

Income derived by a CBO as a result of resources paid for by the Department of Youth and Community Development funds is considered Generated Income. CBOs engaged in such income generating activities must maintain a monthly report of those activities. These reports must be made available to DYCD for review upon request.

CBOs with income generating activities must adhere to the following bookkeeping standards:

- A separate bank account must be established;

- All bank documents, such as deposit slips, reconciliations, statements, canceled checks;

- Signature cards must be properly maintained on file;

- A separate cash receipts journal must be established to record cash receipts generated;

- A separate cash disbursement journal must be maintained to record cash expenditures (the cash disbursement journal must be established in a form that reflects the nature of the expense);

- Supporting documentation for each disbursement recorded in the cash disbursement journal must be properly maintained on file;

- If appropriate, a general ledger must be maintained in order to summarize monthly transactions;

- A monthly trial balance must be taken; and

- All financial and accounting records relating to income-generating activities must be available for examination and audit by DYCD or its designees upon request.

Grants that a CBO receives from other government sources or foundations are not considered generated income.

SECTION EIGHT

PROGRAM EXPENSE REPORT SUMMARY (PERS)

PROGRAM EXPENSE REPORT SUMMARY (PERS) OVERVIEW¹

DYCD uses a document called the “Program Expense Report Summary (PERS)” to reimburse CBOs for program expenditures. A Fiscal Analyst analyzes the information listed on the PERS to determine whether the expenses submitted are appropriate for its contracted services and comply with the approved budget. From this analysis, DYCD determines the reimbursement amount.

DYCD PERS must be prepared on a cash basis. Expenses should be reported on the PERS for the month in which the check was issued or, in the case of credit or debit cards, the month in which the payment was made. For example, a PERS submitted for the month of October should reflect checks issued in October.

There are circumstances where checks are allowed outside the PERS submission period. During the year end close out, a CBO may have a payroll service period or invoice service period that runs across a Fiscal Year. The prorated portion of that check may be charged to the appropriate Fiscal Year (or budget operating period if the budget ends prior to June 30th). An example of this would be a payroll issued 07/06/09 with a payroll service period of 06/28/09 through 07/05/09. Only June 28, 29, and 30th may be reflected on the June-Final PERS. The remainder of the payroll would be reflected on the July PERS. Please indicate that the amount was prorated with a footnote on the PERS.

Annual Contracts of \$50,000 or greater

A monthly PERS is required for contracts with annual budgets of \$50,000 or greater. CBOs must submit their PERS listing the expenditures made during the month by the 10th day of the following month. PERS received after the 15th of the following month are considered late and may result in a negative contract performance rating.

Annual Contracts \$10,001 - \$50,000

Contracts in this range have the option of submitting PERS monthly or quarterly. Quarterly reports are due as follows:

July-September	Submission Date October 10
October-December	Submission Date January 10
January-March	Submission Date April 10
April-June	Submission Date July 10
Final PERS	Submission Date due August 31

Annual Contracts of \$10,000 or less

A CBO with a contract of \$10,000 or less has the option of submitting PERS monthly, quarterly or one PERS for the full amount.

¹ WIA CONTRACTS DO NOT USE THE PERS FORM.

Payment Information Tracking

CBOs have two tracking methods to trace all payments against their DYCD contracts. Both methods require on line registration. Registration for both can be arranged through the DYCD website: www.nyc.gov/dycd

DYCD offers consolidated Expense and Payment History Reports to all providers for all contracts. They are generated and emailed the third week of every month. (This service is not available for contracts under the Fiscal Agent.)

The City of New York offers the Payee Information Portal (PIP) that allows CBOs to track all payments made through Department of Finance by any NYC Agency. It also allows a CBO to perform vendor maintenance on their records (address, telephone updates, etc.). The PIP website address is: <https://a127-pip.nyc.gov> .

Salary Claim Calculation:

Full-Time Employee

The CBO must use the DYCD approved budgeted salary percentage to calculate the amount of employee's salary which will be claimed during a pay period. For example, if the approved budget allows the CBO to charge 20% of the Executive Director's (ED) Salary, the CBO is only allowed to claim 20% of the ED salary in accordance with the organization's pay period method (weekly, biweekly, semimonthly, or monthly). If the CBO decides to significantly increase an employee's salary, a budget modification must be submitted to DYCD for approval in order to accommodate the change in annual salary.

Part-Time Employee

The CBO is only allowed to use the approved hourly pay rate, as indicated by the budget, to calculate a part-time employee salary. The total hours charged to the contract must reflect actual hours worked by the part-time employee.

In no instance may a CBO take the total amount paid to a part time employee divided by the budgeted rate to arrive at the total hours worked for the part-time employee. For example, if an employee was paid \$150 (\$15 an hour for 10 hours) but the approved budgeted hourly rate was \$10, the CBO cannot take the \$150 and divide it by \$10 to arrive at 15 hours worked. This will result in a disallowance.

Reimbursement of PERS

Reimbursement for a properly prepared PERS should be received within 20-25 days of submission to DYCD.

Blank PERS

CBOs may obtain blank PERS from the DYCD website, which is: http://www.nyc.gov/html/dycd/html/resources/cafd_pers_payment_unit.shtml

A PERS must be submitted with two original signatures. CBOs may develop their own PERS as long as it mirrors DYCD's PERS format. If the required fields are not on the CBO-created PERS, the Fiscal Analyst may reject the PERS and require resubmission in the correct format.

OVERVIEW PROCESSING OF THE PERS BY DYCD

The Fiscal Analyst reviews the PERS to determine whether expenses are appropriate, are within the scope of the contract, and are in compliance with DYCD's policy and procedures. If the PERS do not meet these requirements, the expenses are not eligible for reimbursement and are "*disallowed.*"

If expenses are disallowed, a Status Report letter is sent to the CBO notifying them of the disallowance(s) and the reason. When the discrepancy has been corrected, CBOs may resubmit the expense on the next upcoming PERS.

PERS with substantial errors or omissions will be rejected by the Fiscal Analyst and returned to the CBO for correction.

Important note: Each organization is rated on VENDEX based on the timeliness and accuracy of PERS submissions. Four or more status letters with major discrepancies may result in an overall "Poor" or "Unsatisfactory" rating.

A payment voucher is processed, once DYCD approves the submitted PERS. It can take approximately 5-7 business days for an Electronic Funds Transfer (EFT) or check to be issued once the payment voucher is processed.

An initial advance is issued when a contract is registered. Generally, advances will be recovered in the last quarter of the operating budget period (approximately 1/3rd each month). However, DYCD has the option to recover advances earlier, based on the actual spending rate.

In some instances a CBO will be placed on "Check Hold." Among the reasons an organization might be placed on check hold are: missing or expired insurance; a corrective action plan associated with the contract; funds due to DYCD from the CBO; or late submission of financial or program reports to DYCD.

If a CBO is on Check Hold, a submitted PERS will be reviewed, but not paid until the deficiency or discrepancy is rectified.

DISALLOWANCES

Expenditures for items neither budgeted nor allowable under DYCD Federal, State and City guidelines will not be reimbursed. A Status Report Letter will serve as notification to a CBO of disallowed expenses. The status letter will detail the reasons for the disallowance and will reflect the adjusted approved expenses for the PERS processed.

The following are the types of expenses that will not be reimbursed by DYCD:

- Purchase of land and buildings.

- Taxes from which municipalities are exempt (Sales Tax, NYS Franchise Tax, Federal Unemployment Tax (FUTA).
- Capital improvements, which are defined to mean the erection of substantial structures which are capital in nature, or the valuable additions to or valuable modifications of real estate; this includes expenditures for hard surfacing, cement installations, substantial repairs to a building, basic heating, lighting or sanitary equipment and installation, permanent outdoor lighting systems, fencing (except for partial fencing justified as a safety device), swimming and wading pools and tennis courts;
- Personal membership fees in clubs or professional organizations and associations.
- League franchise fees.
- Interest and penalty costs.
- Activities for which a fee is charged.
- Activities that are normally considered a part of the regular school curriculum.
- Activities of a commercial nature.
- Expenditures for pre-paid payroll or consulting services. The date on the check (pay date) must be on or after the period of service.
- Expenditure for fund raising activities.
- Expenditures for stipends when used to replace existing staff and/or for the primary purpose of saving money by using low cost labor, and to avoid paying fringe benefits, or to replace other funding. Special exceptions may be made in advance with approval from DYCD and Office of Children and Family Services, when no other sources are available and stipends are critical for the implementation of the program model.
- Prizes other than inexpensive awards such as trophies, medals or ribbons.
- Medical liability insurance and fire insurance on capital structures.
- Security Deposits.
- Bonuses
- Severance payment

Questions regarding acceptability of specific items may be emailed to your Fiscal Analyst.

PROGRAM EXPENSE REPORT SUMMARY (PERS)

The Program Expense Report Summary (PERS) is the financial reporting document used to report CBO program expenses. It is the form used to determine reimbursement amounts to the CBO on a monthly and/or quarterly basis.

Please mail original PERS to:

**Department of Youth and Community Development
Contract Agency Finance Division
156 William Street 6th floor
New York, New York 10038**

The PERS is available via internet on DYCD's website at:

http://www.nyc.gov/html/dycd/html/resources/cafd_pers_payment_unit.shtml

PAGE 1: PERS SUMMARY (TAB: SUMMARY)

SUMMARY

1. Complete the top portion of the PERS by entering the Organization's Name, Address, Budget Period, DYCD ID# and Budget Code. The DYCD ID# is the Award Number / Contract Number on your Notice of Proposed Award Letter. The Budget Period, DYCD ID# and Budget Code are all listed on your Notice of Proposed Award Letter.
2. **OST Providers Only:** Please fill out the cash contribution budgeted and paid for the month or quarter for which PERS are being submitted. Please note that these expenses are in addition to the line item expenses reported on the PERS. The fields are on the top portion of the PERS Form. If there are no cash contributions, please reflect a zero.
3. Enter the Month and Year for which expenses are being reported. Quarterly PERS submission must reflect the quarter being reported.
4. Enter the approved line item budget under the column "Approved Budget Total". Totals will be calculated automatically.
5. The bottom section of the PERS should be completed and signed by the preparer and the Executive Director. DYCD will only accept **original** signed PERS. Please be sure to include the most up to date contact information.
6. Complete Page 2 to Page 6. Individual category expenses will automatically calculate and transfer to Page 1 under the column "Expended this Period".

SALARIES AND WAGES

PAGE 2: FULL-TIME (TAB: SALARIES FT)

SALARIES FT

Complete all fields for each full-time employee paid: Check Number, Direct Deposit Number, Check Date, Payee Name, Title Code (**select from pull down menu**), Payroll Period, Gross Salary and Total DYCD Cost.

Total Full-Time Salaries will calculate automatically and transfer to Page 1. **Please select the title code on the approved budget.** Pages 2A – 2E are available if additional entries are required.

PAGE 3: PART-TIME (TAB: SALARIES PT)

SALARIES PT

Complete all fields for each part-time employee paid: Check Number, Check Date, Payee Name, Title Code (**select from pull down menu**) Payroll Period, Hourly Rate, Hours Worked, and Salary charged to DYCD.

Total Part-Time Salaries will calculate automatically and transfer to Page 1. **Please select the title code on the approved budget.** Pages 3A – 3E are available if additional entries are required.

PAGE 4: FRINGE BENEFITS (TAB: FRINGE BENEFITS)

FRINGE BENEFITS

Complete the field for each check issued: Check Number, Check Date, Period Covered, Payee Name, Type of Fringe Benefits, Amount of Check and Amount Chargeable to DYCD.

Total Fringe Benefits will calculate automatically and transfer to Page 1. The maximum FICA payable against claimed salaries is reflected at the bottom of Page 4. Pages 4A is available if additional entries are required.

PAGE 5: NON-STAFF SERVICES (TAB: NON-STAFF SERVICES)

NON STAFF SERVICES

Enter the appropriate Account Code **from the pull down menu**. Enter the Check Number, Date, Service Period Covered, Payee Name, Title Service, and Number of hours/days if applicable, amount of check, amount chargeable to DYCD.

Total Non-Staff Services will calculate automatically and transfer to Page 1. Pages 5A is available if additional entries are required.

PAGE 6: OTHER THAN PERSONNEL SERVICES (TAB: OTPS)

OTPS

Complete the field for each check issued: Check Number, Check Date, Account Code (**select from pull down menu**), Item Description, Payee/Vendor Name, Invoice Service Date, Check Amount, and DYCD Cost.

- 3200 – Equipment Purchases: Each item purchased must be listed separately and the description item must include the make, model, and serial number for all equipment \$500.00 or more.

- Indirect Cost – 3720: To claim this cost indicate Indirect Cost in the Item Description column: indicate the Service Period being claimed and the amount under DYCD Cost. No other details are required CBOs may claim a monthly or quarterly prorated amount based on the budget allocation and budget operating period.
- Van Maintenance – 3800, Fiscal Agent Services - 3900: These costs are centrally administered and should not be reflected on the PERS.

Total Other Than Personnel Services will calculate automatically and transfer to Page 1. Page 6A is available if additional entries are required.

Note: Do not submit blank pages.

Special Conditions for Reimbursement of PERS

- Contract Amendment (Increase of Budget)

Expenditures for an amendment (resulting in a budget increase) that has not been registered should not be included on the PERS. Expenses over the original budget will be disallowed. Once an organization has been notified that the amendment has been registered, expenses for all related and retroactive costs can be submitted.

- Payment Process

DYCD reserves the right to retain a percentage of the annual budget based on the RFP and contract.

SECTION NINE

YEAR END CLOSE OUT

YEAR END CLOSE OUT

Contract Term

The CBO must perform all contract services and receive all goods and vendor services by the last day of the contracted operating period. Employer's FICA and New York State Unemployment Insurance (SUI) expenses applicable to salary expenditures incurred and paid through the last day of the contract period must be included. Any expenditure made for goods and services which are received after the last day of the contract/budget period will NOT be accepted as an authorized expenditure. There are no exceptions to this rule.

Deadline for Submission of Final PERS

The deadline for submission of a FINAL PERS is no later than (60) sixty days after the end date of the budget operating period. Budgets ending June 30th have a deadline of August 31st.

NOTE: Failure to meet this deadline will result in the rejection and disallowance of all expenses reported on the PERS.

Unpaid PERS

An Unpaid PERS is a document used to reflect expenses not paid due to insufficient funds. An Unpaid PERS is filled out on a regular PERS form. "UNPAID PERS" should be reflected in the month field. This report should only reflect bills that have not been paid. Do not include paid expenditures in this document. This "UNPAID PERS" will be reviewed by the fiscal analyst and if warranted will generate an advance.

Once the bills are paid by the CBO, a PERS must be submitted with the check numbers and all the required documentation for expenses previously reported on the "UNPAID PERS". If a PERS is not submitted, the advance will become a refund due DYCD.

Refunds Due

Any balance of funds issued by DYCD and not accounted for by an approved expenditure is a refund due to DYCD. CBOs should make a refund due check payable to the NYC Department of Youth and Community Development. The check should be sent to: DYCD/CAFD 156 William Street, 6th Floor, New York, NY 10038-2609.

Annual Close Out Letter and Financial Recap Form

When all PERS have been processed, a fiscal analyst will officially close out the contract. A Close Out Letter and Financial Recap Form reflecting approved expenditures for each month and all payments issued from DYCD will be mailed to the CBO. It is extremely important that the CBO verify its expenditures and payments against the Financial Recap Form.

The Close Out Letter will inform the organization of any amount owed to DYCD. A check for the refund due amount must be issued to DYCD within ten (10) days of receipt of the year end Close Out Letter. If the refund due amount is not received by that date, the organization will automatically be placed on Check Hold for all future payments from DYCD.

If a check issued by DYCD is reflected on the financial recap but has not been received, notify the CBOs Fiscal Analyst immediately by telephone, or e-mail the CAFD Help Desk at Cafdhhelp@dycd.nyc.gov. A stop payment request will be made to the Department of Finance and a new check will be issued.

Any discrepancy in expenditures must be explained in writing to DYCD's Contract Agency Finance Division, 156 William Street 6th floor, NY, NY 10038 (attach a Final PERS with the expenditures in question).

Refund Due - Non-Responsive Letter

If a refund check or Final PERS is not submitted in response to the Close Out Letter, your organization will be referred to DYCD's Office of Legal Affairs for collection. Nonpayment may also result in the CBO's being referred for a Caution Rating in the VENDEX system. This rating may have a negative impact upon the Organization's ability to secure future funding with DYCD or other City agencies. CBOs having a poor VENDEX rating may also be mandated to use the services of DYCD's Fiscal Agent.

Recoupment Procedures

DYCD reserves the right to offset against another contract the amount of an unpaid refund due.

Close Out Procedures for Terminated CBOs

Upon receipt of a termination notice and effective date of termination, the CBO shall comply with all applicable DYCD closeout procedures, which include, but are not limited to the following:

- Submit PERS accounting for expenditures prior to termination date

- Any balance of funds not accounted for by an approved expenditure is to be refunded to DYCD.

- Comply with guidelines outlined in Section Four of this manual pertaining to Relinquishment of Equipment.

- If assigned a DYCD Van, a CBO will immediately surrender the Van to DYCD pursuant to Paragraph 12(C) of the Van License agreement.

VENDEX Evaluation

DYCD will conduct on-going assessments of CBOs' fiscal and programmatic performance. This assessment will be reported on the City of New York's VENDEX System. The Financial portion of each rating is based upon an Organization's ability to submit timely and accurate monthly expenditure reports (PERS); the organization's ability to maintain financial books and records in accordance with generally accepted accounting procedures; and the organization's capacity to maintain an internal control structure with reasonable assurances that its assets are safeguarded against loss or misuse.

CBOs found to be deficient in the conduct of their financial duties may receive poor VENDEX ratings and be mandated to use the services of the Fiscal Agent.

SECTION TEN

CENTRAL INSURANCE PROGRAM (CIP) FOR PARTICIPATING CBOs

CENTRAL INSURANCE PROGRAM (CIP)

The Central Insurance Program (CIP) serves the insurance needs of not-for-profit contractors who do business with human services agencies in the City.

CIP provides comprehensive general liability, workers' compensation, and disability benefit programs to these vendor agencies. The Central Insurance Program is operated by the Mayor's Office.

DYCD will deduct 4.5% of a contract's total budget to cover the cost of the insurance. The 4.5% is non-reimbursable.

General Liability Insurance

General Liability Insurance is automatically assigned to CBOs that opt to participate in the CIP.

The General Liability policy provides coverage limited to \$1 million dollars per occurrence for incidents that occur in connection with program activities described in the CBO's contract with DYCD. The General Liability policy also provides coverage for the costs of defending claims or suits resulting from bodily injury or property damage.

The policy also provides coverage for verifiable medical expenditures for authorized participants injured in the program. All injuries, however slight, to any program participant, volunteer, visitor, or others must be reported on a DYCD Incident Report Form (See Appendix 10). The Incident Report Form must be on file with DYCD before submission of related medical bills.

Original medical and dental bills must be submitted with a second copy of the Incident Report Form.

Workers' Compensation and Disability Insurance

Workers' Compensation covers injuries suffered by employees while on the job. This coverage only pertains to employees listed on the DYCD budget.

Disability benefits to employees listed on the DYCD budget are provided in case of a non-work related illness or injury causing disability.

The CBO must submit the Employer's Report of Injury (C-2 Form) and/or the Form for Disability to the CIP Program.

Staff Changes made in contracts with CIP

When new staff is hired, the CBO must submit an Individual Enrollment Form (**See Appendix 11**) to DYCD. When an employee is terminated or resigns, the CBO must submit a Termination Roster (**See Appendix 12.**) The completion of this roster will ensure that the name(s) of former employees are removed from the Central Insurance Program. In both instances, the forms are to be returned to:

Department of Youth and Community Development
Contract Agency Finance Department
Budget Review and Risk Management Unit
156 William Street, 6th Floor
New York, New York 10038-2609

Exclusions

CIP insurance does not include coverage for allegations of child or sexual abuse. The CBO must immediately notify DYCD of any incident or allegation of abuse of a program participant by any of the Contract’s administrators or staff, including both paid staff and volunteers. Written notification is to be submitted on DYCD’s Incident Report Form (**See Appendix 10.**)

The term “abuse” refers to any physical, sexual, emotional or verbal abuse, or any other maltreatment of a program participant. Compliance with this reporting requirement does not satisfy any other legally mandated reporting of abuse, such as notifying the law enforcement officials or notifying the NYS Central Register of Child Abuse and Maltreatment.

The CIP coverage terminates at the end of each fiscal year.

Forms and additional information related to CIP may be obtained from the Central Insurance Program.

Mayor’s Office of Operations
Central Insurance Program
253 Broadway – 5th Floor
New York, New York 10007
Tel: (212) 788-7600

SECTION ELEVEN

AUDIT

Reporting and Audit Requirements

Not-for-Profit Organizations that contract with DYCD are required to comply with all applicable state and federal laws with respect to required filings. For federal reporting purposes, Not-for-Profit Organizations may be required to file an information return (e.g. the I.R.S. Form 990). In accordance with New York law, organizations may be required to register with the Charities Bureau of the New York State Attorney General's Office; in addition, organizations that solicit from the public are required to file with the NYS Attorney General's Office financial forms that vary depending on the organization's gross revenues. Organizations with gross revenues greater than \$250,000 must have a financial audit performed by an independent CPA. Those with revenues between \$100,000 and \$250,000 must have a CPA's review report. Those with revenues below \$100,000 are not required to retain a CPA, but must submit a certified financial report. Regardless of the size or type of a not-for-profit organization, an annual audit can help to improve operations and provide proper accountability for public and private resources.

In addition, DYCD funded organizations are subject to the following requirements:

Contracts with DYCD Funding Greater Than \$75,000

CBOs with aggregate DYCD funding greater than \$75,000 will be audited by a CPA firm under contract to DYCD. The Auditor will perform random verification checks of the expenditures claimed on the PERS. The audit is performed after the fiscal year is completed and relates only to DYCD contracts. The CBO will be notified of the findings and questioned costs. Unresolved questioned cost(s) may have to be reimbursed to DYCD.

Contracts with DYCD Funding Between \$25,000 and \$75,000

CBOs with aggregate DYCD funding between \$25,000 and \$75,000 will be responsible for providing DYCD with a copy of an independent CPA audit.

CBOs with aggregate DYCD funding between \$25,000 and \$75,000 are subject to fiscal field reviews ("FFR"). A FFR evaluates a CBO's system of internal accounting and administrative controls. The objective of the FFR is to ensure that CBOs adhere to the procedures and requirements cited in the Fiscal Manual and the contract. The FFR notes both administrative and fiscal findings. FFRs are performed either by DYCD Audit staff or CPA firms under contract to DYCD.

A133 – Audit Federal Requirements

CBOs expending more than \$500,000 in total federal funds per fiscal year from are required to have an audit done in accordance with Office of Management and Budget Circular No. A-133.

Technical Assistance

DYCD may be able to provide technical assistance to a CBO in matters that may affect contract performance, such as compliance with applicable laws and regulations, preparation of required reports, and dissemination of information necessary to keep the CBO abreast of changes that may affect the program operation and reporting requirements. The CBO should at all times feel free to contact DYCD with questions about applicable fiscal procedures.

SECTION TWELVE

APPENDICES

SECTION TWELVE

APPENDICES

- APPENDIX 1 [DOWNLOAD EFT ENROLLMENT FORM](#)
- APPENDIX 2 [TITLE CODES](#)
- APPENDIX 3A [CERTIFICATE OF LIABILITY INSURANCE SAMPLE](#)
- APPENDIX 3B [CERTIFICATE OF LIABILITY INSURANCE NYCHA/DOE SAMPLE](#)
- APPENDIX 4 [CONSULTANT AGREEMENT](#)
- APPENDIX 5 [SUBCONTRACT AGREEMENT](#)
- APPENDIX 6 [SUBCONTRACT AGREEMENT FOR FISCAL CONDUIT](#)
- APPENDIX 7 [SPACE RENTAL COST ALLOCATION FORM](#)
- APPENDIX 8 [AUDIT COST ALLOCATION FORM](#)
- APPENDIX 9 [PETTY CASH VOUCHER](#)
- APPENDIX 10 [INCIDENT REPORT FORM](#)
- APPENDIX 11 [ENROLLMENT APPLICATION FOR DISABILITY & WORKER'S COMP. COVERAGE ONLY](#)
- APPENDIX 12 [STAFF TERMINATION ROSTER](#)