



# Department of Youth & Community Development

156 WILLIAM STREET, 6<sup>TH</sup> FLOOR  
NEW YORK, NEW YORK 10038

## Fiscal Manual

MICHAEL R. BLOOMBERG  
MAYOR

JEANNE B. MULLGRAV  
COMMISSIONER

JOHN V. CIROLIA  
ASSISTANT COMMISSIONER  
CONTRACT AGENCY FINANCE DEPARTMENT

CAFD HelpDesk  
212-442-6265  
or  
[CAFDHELP@DYCD.NYC.GOV](mailto:CAFDHELP@DYCD.NYC.GOV)

Budget Review Helpline E-mail  
[BUDGETS@DYCD.NYC.GOV](mailto:BUDGETS@DYCD.NYC.GOV)

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### Defining Acronyms Frequently Used:

- 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 policies and procedures followed by the Department of Youth and Community Development (“DYCD”) are in compliance with Federal, State, and City regulations. The requirements outlined in the DYCD Fiscal Manuals must be adhered to by all Community Based Organizations (“CBOs”) funded by DYCD.

### **Contract Agency Finance Department Overview**

The Contract Agency Finance Department (“CAFD”) is responsible for monitoring the fiscal compliance of DYCD’s human services contracts. Dependent 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, 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/form\\_index.shtml](http://www.nyc.gov/html/dycd/html/resources/form_index.shtml)

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 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 the 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, Special Accident for Program Participants, Equipment, 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 Comptroller’s Directive.

#### **Program Expense Report Summary (PERS) Payment Unit:**

The PERS Payment Unit is responsible for receiving financial reports, analyzing data, issuing payments, 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 [CAFDbhelp@dycd.nyc.gov](mailto:CAFDbhelp@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 participating in 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 appears on the Award Notice.
- 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, 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 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 one of DYCD contracts, she is still considered a full-time employee for DYCD contract and PERS claiming purposes.

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

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 budget 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 DYCD's Insurance Package through New York City's Central Insurance Program (CIP). The package offered under this program includes General Liability Insurance, Special Accident, Workers Compensation, Disability and Equipment Insurance. This insurance does not cover incidents of child, or sexual abuse.

The cost of the CIP Basic 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 two **original Certificates 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, 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. **Both the City of New York and DYCD are to be included as additional insured in the Description Box and Certificate Holder Box** on the certificate of General Liability (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 is currently \$106,800. Please note that these rates and dollar amounts are determined by the Federal government, and are subject to change.

**State Unemployment Insurance (SUI)** is budgeted at the CBOs insurance rate for up to and including the first \$8,500 of an employee's salary. **Please note:** Terminated staff as well as new staff hired within the same calendar year must be covered by SUI.

**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 CBO Board of Directors member's signature may NOT be substituted by 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. 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 and will be registered with the NYC Comptroller. For each Subcontractor listed on the Budget, attach a

signed, notarized Subcontract Agreement with their EIN # and a listing of their Board of Directors. Subcontractor services are exempt from the bidding requirements (**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.

### **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. CBOs must follow the purchasing procedures outlined in the Fiscal Manual for the procurement of goods and service (Section 4).

### **Fiscal Conduit**

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, with the exception of a Department of Education site. 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 allocation portion of the rental or mortgage charges. **No renovation or construction projects may be paid for with DYCD's program funds.** However, some repairs can be allowed.

### **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.

**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 general liability 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.

### **Summer Trips**

Expenditures must be incurred during the operating period in which goods and services are received or delivered. Tickets purchased for summer 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.

### **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.

### **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 will be conducted and not the 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 audit 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 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 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 relates 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/financial\\_services\\_budget\\_review.shtml](http://www.nyc.gov/html/dycd/html/resources/financial_services_budget_review.shtml)

The number of budget modifications allowed will be 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:

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

Budget modifications cannot be requested during the first or last month of the Fiscal Year. 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.

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 than 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 are to 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.
- Internal controls: Internal controls will vary significantly 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.

### **Retention of Accounting Records**

In accordance with City contracts 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 Principals. 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
- Fingerprint Clearance Registry Form (where applicable)
- Personnel Action Form

### **Resigned Employees:**

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

### **Invoices**

All invoices submitted as documentation to a claim must be original, and must display the Organization's name as the recipient of the goods/services.

### **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/dycd/html/resources/form\\_index.shtml](http://www.nyc.gov/html/dycd/html/resources/form_index.shtml)**

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 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. If the contract term is less than four (4) months, the initial

advance will be one-half of the budgets. 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 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 preclude duplication of payment.
- Receipts for items purchased with corporate credit cards must be attached to credit card statements and retained by the CBOs. Confirmation receipts printed from online purchases must be 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, comparative reasonable procedures should be developed to allow for proper accountability and segregation of duties in handling disbursements. A written description of these comparative 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. 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 is fair competition among those bidders). These procedures also apply to the rental or leasing of equipment.

1. Purchases less than \$5,000

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 document must include the name of the vendor, the item purchased, the date and amount paid.

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

A minimum of five (5) telephone bids must be obtained for the purchase of goods of similar items where the cost can reasonably be expected to be between \$5,001 and \$25,000. Documentation of the bids and the purchase must be maintained by the organization. This document must include the name of the bidder, the vendor, and the item purchased, the date and amount paid.

3. Purchases from \$25,001 - \$100,000

A minimum of five (5) written bids must be obtained for the purchase of goods of similar items where the cost can reasonably be expected to be between \$25,001 and \$100,000. 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.

4. Purchases greater than \$100,000

A public solicitation of a minimum of five (5) sealed, written bids must be conducted for purchases of goods of like items where the cost can reasonably be expected to exceed \$100,000. The bids must be solicited from responsible bidders offering such commodities or services. Detailed product specifications must be developed and provided to all potential bidders in writing. The criteria to be used in determining the acceptability of bids should be contained in the specification. Bids may be solicited in one of the following ways:

### **Method A**

A notice to bidders may be published in a generally circulated daily newspaper at a reasonable time prior to the due date of the bids. The notification should appear for a minimum of three (3) business days.

The notice to bidders should contain a general description of the goods or services for which bids are being solicited, a description of how and where specifications may be obtained, the closing date for acceptance of bids, and the date, place and time of the opening of bids. The bids must be opened at the place and on the date and time in the notice. **The process of opening bids is public. Accordingly, vendors may not be excluded from the bid opening.**

### **Method B**

Contractors may elect to establish a list of qualified firms from which bids may be solicited. To establish this list, publication of a notice in a widely circulated newspaper is required. This notice is not a solicitation for bids. Such notice shall contain a general description of the goods and services that contractors may wish to obtain. Respondents to the notice should indicate their capability to provide the goods and services and their willingness to subsequently submit bids in response to a future solicitation. The list must be constantly updated to ensure competition. Contractors may solicit bids from the qualified bidders on the list by mailing those invitations to bid. The invitation to bid must include all relevant specifications, the due date for submission and the date, place and time of the bid opening. The bids must be opened at the place and on the date and time specified.

Contractors must document the process followed in its selection of the most responsible lowest bidder and, upon request, submit the same to DYCD. The criteria for selection of the most responsible lowest bidder should include at least the following:

- a. Meeting or exceeding the bid specifications;
- b. Price;
- c. Reliability of bidder;
- d. Net 30 days, unless discount is given; and,
- e. Availability of goods and time frame for delivery.

Contractors shall make every reasonable effort to obtain competition before the purchase of commodities or services and must document any situation where reasonable competition is not available.

### **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)

Bids are required if there are multiple purchases totaling more than \$5,000 with the same vendor in a 30 day period.

Note: Consultants and Subcontractors are exempt from the bidding process.

### **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 Equipment**

All equipment purchased with DYCD funds remains 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**

# **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 \$500.00. 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 **\$100 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 and the cost. The reverse side of the receipt may be used to list items purchased, if such is the case. Attach each receipt to its proper invoice.
6. Each expense from the petty cash voucher should be journalized in the organization general ledger to the appropriate expense account with an offsetting entry to the petty cash account.
7. Periodically, when the amount of cash requires a level of 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 are:**

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

## **SECTION SIX**

# **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 SEVEN**

# **PROGRAM EXPENSE REPORT SUMMARY (PERS)**

**PROGRAM EXPENSE REPORT SUMMARY (PERS) OVERVIEW**

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. 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 30<sup>th</sup>). 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 30<sup>th</sup> 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.

**Contracts over \$50,000**

A monthly PERS is required for contracts over \$50,000. 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.

**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

**Contracts \$10,000 and under**

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.

### **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](http://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 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 considered 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 date 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](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 when the DYCD Fiscal Analyst approves the submitted PERS. It can take approximately 5-7 business days for an Electronic Funds Transfer (EFT) or check to be issued.

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; or, funds due to DYCD from the CBO.

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 6<sup>th</sup> 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](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.

- OST Payment Process

Effective 7/1/09 OST contracts will be paid up to 80% of the budget amount or approved expenses, whichever is less. The remaining 20% will be withheld until the Program Operations Unit determines if performance outcomes have been met. A penalty will be applied to expenses where outcomes have not been met. The penalty amount is determined by Program Operations.



# **SECTION EIGHT**

# **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 regulation.

### **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 30<sup>th</sup> have a deadline of August 31<sup>st</sup>.

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 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.

### **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 the amount owed to DYCD. A check must be issued to DYCD within ten (10) days for the refund due amount. 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](mailto: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 6<sup>th</sup> 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 the DYCD's Office of Legal Affairs for collection. A CBO may be referred for a Caution Rating in the VENDEX system for non payment. 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 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:

CBO shall 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.

CBO assigned a DYCD Van 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 rated and 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). In addition, an evaluation of the organization's ability to maintain financial books and records in accordance with generally accepted accounting procedures may be conducted. This evaluation will assess 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 Fiscal Agent Services.

## **SECTION NINE**

# **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, saving the City millions of dollars a year in insurance premium costs. The Central Insurance Program is operated by the Mayor's Office.

### **General Liability Insurance**

General Liability Insurance is automatically assigned to CBOs that opt to participate in the CIP. DYCD will deduct 4.5% of a contract's total budget to cover the cost of the insurance. The 4.5% is non-reimbursable.

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

### **Special Accident Insurance**

A Special Accident Insurance Policy covers verifiable medical expenditures for authorized participants injured in the program. The policy will cover medical bills up to \$5,000 per incident and dental bills up to \$2,500 per incident.

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. Payment of medical and dental bills takes approximately three months.

### **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

### **Equipment Insurance**

CIP covers equipment which is purchased or leased with DYCD funds. Equipment stolen or damaged will be covered by CIP. There is a \$500.00 deductible per loss. A DYCD Equipment Loss Form (**See Appendix 13**) must be submitted (along with a Police Report) to DYCD. Claims must be submitted within 20 days of the date of the incident.

### **Exclusions**

CIP insurance does not include coverage for allegations of child or sexual abuse. The CBO must immediately notify the DYCD Office of General Counsel 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 – 5<sup>th</sup> Floor  
New York, New York 10007  
Tel: (212) 788-7600

# **SECTION TEN**

# **AUDIT**

## **Certified Public Accountant (CPA) Audit Requirements**

Not-for-Profit Organizations are required to file a series of reports with the Federal and State government in order to maintain their tax exempt status. In New York State, 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 financial report certified by its board with its CHAR 500 to the NYS AG's office. 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 to the Federal and State requirements DYCD requires the following:

### **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.

### **A133 – Audit Federal Requirements**

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

### **Fiscal Field Reviews (FFR)**

An 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 Fiscal Manual and the contract. The FFR notes both administrative and fiscal findings. FFR are performed either by DYCD Audit staff or CPA firms under contract to DYCD.

### **Technical Assistance**

DYCD may 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 when in doubt of applicable fiscal procedures.



# **SECTION ELEVEN**

# **APPENDICES**

## SECTION ELEVEN

### APPENDICES

- APPENDIX 1 [DOWNLOAD EFT ENROLLMENT FORM](#)
- APPENDIX 2 [TITLE CODES](#)
- APPENDIX 3 [CERTIFICATE OF LIABILITY INSURANCE SAMPLES](#)
- APPENDIX 4 [CONSULTANT AGREEMENT](#)
- APPENDIX 5 [SUBCONTRACT AGREEMENT](#)
- APPENDIX 6 [SUBCONTRACT AGREEMENT FOR FISCAL CONDUIT](#)
- APPENDIX 7 [SPACE RENTAL COST ALLOCATION FORM](#)
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- 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](#)
- APPENDIX 13 [EQUIPMENT LOSS FORM](#)