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Social Services**

Human Resources  
Administration

Department of  
Homeless Services

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**Memorandum**

**Date:** January 7, 2026

**To:** Department of Homeless Services (DHS) Providers / Human Resources Administration (HRA) Providers

**From:** Department of Social Services (DSS) – Office of Accountability /Compliance and Contract Monitoring

**Subject:** Guidance on General Ledger Requirements

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The purpose of this memorandum is to provide guidance to not-for-profit providers on the requirements for maintaining general ledgers during their City contract with DSS.

A general ledger represents the central record-keeping system for a company's financial transactions over a period of time, with debit and credit account records validated by a trial balance. It provides a record of each financial transaction that takes place during the life of an operating company and holds account information that is needed to prepare the company's financial statements.

General ledgers are organized as follows:

- **Balance Sheet accounts** (assets, liabilities, equity) and
- **Income Statement accounts** (revenues, expenses, gains and losses)

Under the terms of your City contract, your organization must maintain separate and accurate books, records, and documents and must utilize appropriate accounting procedures and practices related to expenses in performance of the contract.<sup>1</sup> Additionally, your organization must retain all books, records and other documents for at least six (6) years after the final payment or expiration of the contract, or for a period prescribed by Law, whichever is later.<sup>2</sup> At any time during your City contract or during the retention period, City, State and Federal auditors have the right to examine and copy all books, records and other documents maintained or retained by or on behalf of the provider.<sup>3</sup>

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<sup>1</sup> New York City Health and Human Services Contract, Appendix A, Article 5, Section 5.01 – Books and Records

<sup>2</sup> See Appendix A, Article 5, Section 5.02 – Retention of Records

<sup>3</sup> See Appendix A, Article 5, Section 5.03 – Inspection

During audits, DSS frequently finds general ledger issues that lead to errors in claimed expenses. Below are some of the most common findings:

### **Commons Issues with General Ledgers**

- 1) **Claimed expenses exceeded actual expenses recorded in the provider's books/general ledger.** This occurs when the amount billed to DSS does not match the amount found in the provider's book of records.
  - a. *Example – Insurance Expense for \$1,000 was claimed by the provider on the monthly invoice, however, the provider's general ledger showed only \$500 in insurance expense.*
- 2) **Claimed expenses were not recorded in the provider's books/general ledger.** In this instance, the provider submitted an expense to DSS for reimbursement, but the corresponding transaction was not found in the provider's books.
  - a. *Example – Fringe Benefits were claimed but was not recorded in the provider's general ledger.*
- 3) **Claimed expenses were recorded in the incorrect general ledger account (Misclassification).** In this case, an expense was assigned the incorrect general ledger account code or category, which can lead to errors in financial reporting.
  - a. *Example – A rent expense billed under the "Rent budget line" was recorded in the provider's general ledger under the "Maintenance" account.*

### **Best Practices**

To help ensure compliance and more accurate financial reporting, we recommend that your organization implement the following best practices:

- ❖ Record all transactions related to your City contract in your books/general ledger in a timely manner to make sure financial information is current, complete and reliable.
- ❖ Maintain clear and detailed supporting documentation (e.g., bank statements, invoices, receipts, etc.) for each transaction.
- ❖ Ensure that expenses claimed under your City contract are recorded in the correct general ledger account code or category each month.

- ❖ Before submitting every monthly invoice to DSS, reconcile your general ledger account balances with the expenses claimed to DSS, to help detect and resolve discrepancies promptly and ensure accurate reimbursement billing.
- ❖ Regularly consult guidelines and recommendations from standards bodies such as the Financial Accounting Standards Board (FASB). For instance, see ASU ASC 210<sup>4</sup> on principles for organizing one's Balance Sheet, or ASU ASC 225<sup>5</sup> for guidance on the Income Statements.

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<sup>4</sup> [FASB ASC 210](#)

<sup>5</sup> [FASB ASC 225](#)