



**Department of
Social Services**

Human Resources
Administration

Department of
Homeless Services

Human Resources Administration

Human Service Provider Fiscal Manual

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INTRODUCTION

Overview

Under the direction of the New York City Department of Social Services (**DSS**), the New York City Human Resources Administration (**HRA**) is dedicated to fighting poverty and income inequality by providing essential benefits for New Yorkers in need, such as Food Assistance and Emergency Rental Assistance. As the largest local social services agency in the country, HRA helps more than 3 million New Yorkers annually through the administration of more than 15 major public assistance programs.

This Fiscal Manual establishes the fiscal and administrative requirements for Health and Human Services (**HHS**) providers contracting with HRA. It outlines the policies, procedures, and documentation requirements that govern the fiscal management and oversight of HRA-funded contracts and serves as a reference for provider compliance.

These procedures are subject to periodic review and may be updated as needed to reflect changes in regulatory requirements and operational practices. All policies and procedures are intended to align with applicable Federal, State, and City regulations.

Contract Governance

This manual offers guidance on the management of HHS contracts with HRA for contracted providers. It covers a wide range of fiscal and administrative topics, including budgeting, invoicing, payments, audit, and other policies and procedures issued by HRA and the New York City Mayor's Office of Contract Services (MOCS).

Procedural Directives

Providers must adhere to all applicable New York City policies governing fiscal and administrative management of HHS contracts, including but not limited to:

Cost Policies and Procedures Manual

The [City of New York Health and Human Services Cost Policies and Procedures Manual](#) (**Cost Manual**) governs the definition of costs and calculation of indirect cost rates (ICRs) for all City HHS contracts. Its purpose is to:

- Standardize definitions of allowable and unallowable costs.
 - For costs not explicitly defined, classification will align with the closest applicable category at the discretion of the Contract Manager.
- Establish requirements for calculating ICRs across all City HHS agencies.
- Promote consistency and uniformity in fiscal management of City HHS contracts.

The Cost Manual prevails over the Fiscal Manual in cases of conflict, unless an executed contract dictates otherwise.

Procurement Policy Board Rules

The [Procurement Policy Board \(PPB\) Rules](#) govern the procurement practices of all New York City agencies and are intended to:

- Simplify, clarify, and modernize City procurement processes
- Establish consistent and uniform practices across all agencies
- Promote fairness, integrity, and transparency in City procurement

Providers are expected to understand and comply with the PPB Rules as they relate to contract award, administration, modification, and oversight.

Standard Health and Human Service Invoice Review Policy

The [Standard Health and Human Service Invoice Review Policy \(SIRP\)](#) defines the framework used by City agencies to review invoices submitted under HHS contracts governed by the Cost Manual. The purpose of the SIRP is to:

- Standardize documentation expectations
- Set criteria for allowable costs
- Establish agency review steps and timelines
- Outline the corrective action requirements where needed

Note: The SIRP is anticipated to be revised effective Fiscal Year 2027. Providers should monitor future guidance and direct any questions regarding invoice review requirements to the assigned Contract Manager or MOCS.

While this manual identifies certain audit and reporting requirements, it is not intended to serve as an audit guide. Rather, it supports the effective fiscal management of HHS contracts. Auditors should rely on applicable authoritative standards and guidance, including but not limited to:

- Applicable auditing standards issued by the American Institute of Certified Public Accountants (AICPA), known as Generally Accepted Auditing Standards (GAAS), including Statements on Auditing Standards (SAS), Statements of Position (SOP), and Auditing Interpretations.
- Generally Accepted Government Auditing Standards (GAGAS), commonly referred to as the “Yellow Book”, issued by the Government Accountability Office (GAO).
- Circulars and Uniform Guidance are issued by the Federal Office of Management and Budget, where applicable.

Oversight and Management Agencies

HRA relies on a combination of internal and external oversight offices to monitor contracts and ensure financial and fiscal compliance. These offices work together to provide guidance, enforce regulations, and maintain accountability in contract administration and execution. The offices responsible for this oversight are as follows:

New York City Office of Management and Budget (OMB)

The Office of Management and Budget (OMB) oversees the City’s budget and ensures that agency spending within HRA contracts aligns with approved appropriations and fiscal policies.

The office plays a critical role in:

- Reviewing and approving contracts to ensure alignment with the City budget

- Overseeing the fiscal integrity of contracts and expenditures
- Addressing budgetary or fiscal concerns raised by City agencies
- Monitoring agency spending and ensuring compliance with fiscal policies

Mayor's Office of Contract Services (MOCS)

The Mayor's Office of Contract Services (**MOCS**) is New York City's central oversight and service agency dedicated to optimizing operations and improving the processes involved in doing business with the City.

The office plays a critical role in:

- Overseeing and improving city procurement operations to ensure efficiency and compliance
- Advancing equitable procurement through greater transparency, accountability, and efficiency
- Providing guidance and oversight to City agencies on procurement and contract management practices

MOCS works closely with the Office of the Comptroller, DSS Office of Contracts, DSS Finance/Office of Fiscal Operations, and HRA Program areas as well as other oversight entities to ensure compliance with citywide procurement standards and policies.

For more information, please visit the MOCS webpage: [Nonprofits Initiatives | MOCS](#)

Mayor's Office of Nonprofit Services (MONS)

The Mayor's Office of Nonprofit Services (**MONS**) is New York City's central agency dedicated to supporting and strengthening the nonprofit sector.

The office plays a critical role in:

- Providing guidance and support to nonprofits and City agencies to ensure fiscal management and compliance
- Streamlining nonprofit contracting and reducing administrative barriers to access City funding
- Building capacity and advancing initiatives that promote equity, community hiring, and workforce development

MONS works closely with MOCS, HRA, and other City agencies to implement best practices, coordinate contracts, and enhance oversight of nonprofit service delivery.

For more information, please visit the MONS webpage: [About MONS](#).

Mayor's Office of Risk Management and Compliance (MORMC)

The Mayor's Office of Risk Management and Compliance (**MORMC**) is a Citywide oversight office responsible for strengthening risk management, internal controls, and compliance practices across New York City agencies.

The office plays a critical role in:

- Identifying and mitigating financial, operational, and compliance risks across City operations
- Coordinating agency responses to audit findings and monitoring corrective actions
- Promoting consistent internal control and compliance frameworks Citywide

MORMC works with City agencies, including oversight and fiscal entities, to support accountability, reduce risk exposure, and reinforce compliance with applicable laws, rules, and policies.

DSS Office of Contracts

The DSS Office of Contracts, under the direction of the Agency Chief Contracting Officer (ACCO), is responsible for overseeing all procurement and contract management activities for HRA.

The office plays a critical role in:

- Ensuring procurements and contract actions comply with all applicable laws, including the PPB Rules and relevant Executive Orders
- Supporting competitive solicitations, renewals, modifications, and registration processes
- Facilitating contract execution and ensuring that provider engagements adhere to Citywide procurement standards

The Office of Contracts serves as the primary liaison with MOCS, the Office of the Comptroller, and other oversight entities throughout the procurement and registration lifecycle.

DSS Finance Office of Fiscal Operations (DSS Finance)

The DSS Finance Office of Fiscal Operations (DSS Finance) is responsible for managing the fiscal administration of HRA contracts, including the distribution of payments and advances.

The office plays a critical role in:

- Processing and issuing advances and payments
- Conducting final financial review and approval of invoices submitted by providers
- Ensuring compliance with applicable Federal, State, and City funding requirements
- Assisting with audits, monitoring, and financial reporting to meet oversight standards

Management and Payment Platforms

Payee Information Portal (PIP)

Prior to submitting invoices, provider account information must be registered, complete, and accurate in the Payee Information Portal (PIP). This online system allows providers to manage payee information and track payments. Within PIP, providers can enter commodity codes to receive City solicitations, update business contact information, and manage other key account details. Establishing a PIP account also allows providers to view financial transactions with the City and ensures placement on the City's Bidders List.

Through PIP, users can confirm or update payee details, enroll in Electronic Fund Transfer (EFT), and view payment status and history. Ensuring that all information is accurate and current is critical, as incorrect or outdated payee data can delay and prevent payment.

For more information or access to the portal, visit: [NYC Payee Information Portal](#).

Provider Enrollment Center:

- vendorenrollment@cityhall.nyc.gov
- (212) 857-1680

Technical Assistance:

- PIP@fisa-opa.nyc.gov

Procurement and Sourcing Solutions Portal (PASSPort)

PASSPort serves as the City of New York’s centralized digital procurement system, developed and administered by MOCS. PASSPort is used by City agencies and providers to manage procurements, contracts, budgets, invoicing, and payments throughout the contract lifecycle. Most HRA HHS contracts are processed through PASSPort, which requires providers to register and maintain an active profile within the system to conduct business with the City.

For more information:

- Register, enroll, log in, or update a provider profile via: [MOCS: About PASSPort](#)
- For more information or clarification, refer to the [PASSPort Frequently Asked Questions](#)
- Direct any technical inquiries related to PASSPort to the [MOCS Service Desk](#)

Self-Sufficiency Employment and Assessment Management Systems (SEAMS)

SEAMS is HRA’s case and participant management system used for contracts with performance-based milestone payment elements. It records participant data (e.g., employment activity, training progress, or service milestones) and captures the outcomes that HRA relies on to validate provider-reported achievements. The information determines milestone eligibility and serves as the foundation for HRA’s review and approval of milestone payments. Maintaining accurate and timely information in SEAMS is essential, as it directly informs HRA’s milestone reconciliation process.

New York City Work, Accountability, and You (NYCWAY)

NYCWAY is HRA’s case management and work activity tracking system. The system records and monitors clients’ participation in required employment and related activities, including assignment status, attendance, and exemptions, and supports the administration of work rules for public assistance programs. NYCWAY is used by HRA and contracted providers to document client activities, manage referrals, and maintain compliance with program requirements.

Payment and Claiming System (PaCSWeb)

PaCSWeb is HRA’s web-based platform for reviewing and validating provider-submitted claims associated with program activities, including both milestone achievements and certain reimbursable expenses. The system tracks milestones tied to specific clients, incorporating demographic information pulled from SEAMS to support effective program funding and claiming. Achieved milestones form the basis of milestone payment to providers, while the related demographic data helps maximize program funding and reporting. Providers use PaCSWeb to upload required documentation and receive approval or rejection determinations. Once claims are approved, providers complete the invoice and payment process via PASSPort.

The Shelter Occupancy Reporting Tracking System (SORTS)

SORTS is a comprehensive data reporting and facility management tool that supports the full life cycle of shelter engagement for domestic violence (DV) households. The system links each client to a specific shelter placement, tracks shelter movement by recording admissions, discharges, and transfers, and captures attendance and billing information needed to support program reimbursement and monitoring. The DV shelter billing and reimbursement process occurs outside of PASSPort.

BUDGET

Program areas, in coordination with DSS Finance/Office of Budget Administration (OBA), oversee the establishment and ongoing monitoring of all Health and Human Services (HHS) contract budgets.

Each program area includes contract management teams that are responsible for:

- Reviewing and approving contract budgets
- Processing budget modifications and other changes to providers' budgets (e.g., Financial Contract Change Requests, Purchase Order Change Requests, amendments)
- Reviewing invoices and performance-based milestones
- Managing advance payments and recoupments

Providers are responsible for:

- Maintaining current organizational and compliance information
- Ensuring accuracy and consistency across all budget materials
- Monitoring Alerts/Messages and correcting errors to ensure timely contract processing
- Uploading required documents and verifying that all amounts match across the [Master Workbook](#), budget documents, and PASSPort PO lines
- Submitting budgets, amendments, and invoices by required deadlines
- Reviewing system notifications and responding promptly to HRA requests

For more information on how to set up a budget in PASSPort, visit: [Set Up Your Fiscal Year Budget](#).

Contract Award Procedure

Following ACCO selection, HRA program staff review the proposed budget and negotiate the final award amount. Upon agreement, the ACCO records the contract award for each selected provider in PASSPort through contract award creation. Provider's contract registration status may be monitored through the Award Milestones Tracker within the contract's Overview tab.

Once a contract is registered, the Comptroller Registration status in the Award Milestones Tracker is marked complete, and PASSPort automatically notifies the provider via email. Upon confirmation of registration in PASSPort, providers may proceed with post-registration actions.

Contract award procedures vary by funding source and award type. HRA administers contracts funded by City Tax Levy (CTL) and/or by grant revenue awarded by State, Federal, or private entities. Certain funding sources may require additional steps, review, documentation, or

compliance requirements. The funding source for each program must be identified early in the award process and incorporated into planning.

Types of Contract Awards

1. **Contracts Funded by City Tax Levy (CTL)**

All HRA/DSS contracts, including City Tax-funded contracts, follow the standard NYC contracting process. Most HRA/DSS programs utilize CTL funding.

Prior to contract award, HRA works with the City Office of Management and Budget (OMB) to ensure that:

- Contracts are appropriately allocated to an individual budget structure.
- Anticipated funding is available for a contract award.
- Budgetary concerns have been addressed by OMB.

HRA will provide a Certification of Funds setting forth the annual funding amounts for the contract and the relevant budget structure. The provider shall present HRA with a proposed performance-based and/or line-item budget.

2. **Grants**

HRA receives State, Federal, and private entity grant awards.

When a grant-based award is received, HRA works with OMB to ensure that:

- The contract is allocated to the appropriate budget structure.
- The anticipated grant funding is available for contract award.
- Budgetary concerns are addressed with OMB.
- The allocated budget meets the terms of the grant.

The provider shall submit to HRA a proposed performance-based and/or line-item budget.

3. **Line-Item Appropriations (Discretionary Contracts)**

As part of the City's budget process, the City Council and Borough Presidents provide funding to specific providers. These awards are typically granted to community-based human services organizations, cultural institutions, or other nonprofits who meet local needs and extend reach of services for City agencies. The contracts through which those funds flow are classified as line-item or discretionary appropriations.

The total contract amount cannot be negotiated. HRA receives notification from MOCS when City Council awards a discretionary contract to a provider for services. HRA is responsible for the administration and oversight of these contracts. In conjunction with OMB, HRA works with the relevant program area to establish a budget structure for each new discretionary contract. The program area finalizes the budget and scope, and the provider submits a proposed performance-based or line-item budget to HRA.

Human Services Budget Structures

In **PASSPort**, contracts use specific **budget structures** to categorize and manage funds. These structures determine provider reimbursement, measure performance, and track line-item expenses.

Below are the **primary budget structures** used for HHS contracts in PASSPort:

- **Line-Item Budget**
 - **Description:** The most common budget type for Human Services contracts. This budget structure aligns with the cost allocation, documentation, and fiscal accountability standards established under New York City Comptroller's Directive #2 for cost-reimbursable contracts.
 - **Structure:** Funds are allocated across specific expense categories and subcategories.
 - **Reimbursement:** Providers are reimbursed based on actual expenses paid and incurred, supported by documentation.
 - **Use Case:** Most standard HRA contracts, including supportive and affordable housing, case management, and other supportive services.

- **Hybrid Milestone-Based Budget**
 - **Description:** Payments are tied to the achievement of predefined performance milestones and include certain fixed line-item costs. This structure ensures reimbursement for both verified outcomes and essential operational expenses.
 - **Structure:** Each milestone includes specific deliverables and a fixed payment amount. Certain portions of the budget are reimbursed based on actual line-item expenses, while others are tied to achievement.
 - **Reimbursement:** Providers are reimbursed for line-item expenses based on actual expenses paid or incurred, and for milestone components upon verification of completion.
 - **Use Case:** Workforce development programs (e.g., PACE, WeCARE), internships, and job placement contracts.

Budget Setup

Setting up a budget in PASSPort involves completing specific steps based on how the contracting agency has configured the budget. There are multiple ways to initiate budget setup, depending on contract type:

- **System-Generated Budget with Provider Finalization:** PASSPort generates an initial one-line budget reflecting the total approved funding for the fiscal year. This budget is for set-up and advance purposes only and is not eligible for invoicing.

To enable invoicing, the provider must submit a **Purchase Order Change Request (POCR)** to allocate the total amount across the applicable detailed line-item budget categories. Upon agency review and approval, the detailed budget is activated in PASSPort and becomes available for invoicing.

- **Cost Allocation Plan** – If indirect or shared costs are included, an approved cost allocation plan must be submitted to document the methodology used to distribute these costs across programs. The plan must align with the methodology used to calculate any Indirect Cost Rate (ICR); see [Budget Item Categories and Sub-Item Categories](#).

- **Provider Created Budget:** In certain contracts, the provider prepares the detailed budget directly in PASSPort. A Vendor Budget Completion task and email notification are issued when action is required.
- **Agency-Created Budget (No Provider Action Required):** Applies to contracts in which budget details are managed outside of PASSPort, including large construction contracts. No provider action is required.

Note: For HHS contracts, the **Industry** field in the Contract Header section will display “Human/Client Service.”

For more information on how to set up a budget in PASSPort, visit: [Set Up Your Fiscal Year Budget](#).

Defining Costs

All costs charged to a contract must be classified in accordance with the [Cost Manual](#) and applicable contract terms. Each cost must first be evaluated for allowability before it can be further classified as a **direct** or **indirect cost**.

- **Allowable vs. Unallowable**
 - **Allowable Cost**

A cost that directly or indirectly benefits a contract and meets criteria for reasonableness, allocability, and consistency. Only allowable costs may be included as direct costs or in the base for the ICR.
 - **Unallowable Cost**

A cost that cannot be charged to a contract because it does not benefit the contract or fails to meet the allowability criteria. Unallowable costs are excluded from cost calculations for reimbursements or ICR.

Examples Include:

 - Entertainment or social events not related to contract work
 - Lobbying or political activities
 - Fines or penalties
 - Personal expenses
- **Direct vs. Indirect**
 - **Direct Cost**

A cost that can be specifically identified with a contract, project, or activity and is necessary for its performance. Direct costs are programmatic in nature and support the delivery of services required under the contract.
 - **Indirect Cost**

A cost that benefits multiple contracts, projects, or organizational activities and cannot be directly assigned to a single contract. Indirect costs are typically administrative or operational expenses that support the overall management and infrastructure of the organization.

Examples Include:

 - Salaries of administrative staff (e.g., finance, human resources, IT support)
 - Rent, utilities, and general facility maintenance
 - Office supplies, equipment, and technology supporting multiple programs

Budget Item Categories and Sub-Item Categories

The budget item categories and sub-item categories listed below are those most used in PASSPort for Human Services contracts.

Note: Only allowable expenditures may be included in the budget. Refer to the [Cost Manual](#) for guidance on unallowable costs.

1. Personal Services (PS)

Definition: Costs related to staff directly employed by the provider to deliver or support contracted services.

- Direct Program Staff – Salaries and wages for staff providing direct services to clients.
- Supervisory Staff – Salaries for staff supervising direct service personnel.
- Fringe Benefits – Employer-paid benefits such as health insurance, payroll taxes, and retirement contributions, applicable to all staff included in personal services.

Note: General administrative staff supporting multiple programs or organizational operations must be allocated through the ICR.

2. Other Than Personal Services (OTPS)

Definition: Costs necessary to deliver program services that are not personnel-related and are directly attributable to a specific contract or program.

2.1 Contracted Services

Definition: Payments to third-party entities for services essential to program operations.

- Consultants – Fees for individuals providing specialized services on a temporary or advisory basis, such as training, evaluation, or program design.
- Subcontractors – Partner organizations or third-party entities that deliver a portion of the contracted services (e.g., program support organizations or other service providers).
- Professional Services – Legal, accounting, or other licensed professional services obtained by an external provider.
- Interpretation/Translation – Language access services for clients with limited English proficiency.

Note: Subcontractors must be recorded in the separate subcontractor box in PASSPort, with sub-vendor costs included under the OTPS line item.

See [MOCS Guidance on Subcontracting in PASSPort](#) for details on submission, approval, and reporting requirements.

2.2 Space Costs

Definition: Expenses related to the physical space used for program operations.

- Utilities – Electricity, water, gas, and other utility costs.
- Maintenance & Repairs – Routine upkeep and minor repairs of program facilities.

- Insurance (Property) – Property and liability insurance for leased or owned space.
- Depreciation – Allowable depreciation on owned facilities, if applicable.

Note: Rent that is isolated for reporting or funding purposes should be recorded in the [Rent](#) category.

2.3 Equipment

Definition: Costs for acquiring, leasing, or maintaining equipment used in program delivery.

- Equipment Purchase – One-time purchases of equipment (e.g., computers, furniture).
- Equipment Lease – Ongoing lease payments for equipment.
- Equipment Maintenance – Service contracts or repairs for equipment.
- Equipment Depreciation – Allowable depreciation on capital equipment.

Note: Equipment purchased with City funds must be tagged as “**Property of NYC**” and managed through the [Inventory Management System](#).

2.4 Supplies and Materials

Definition: Consumable items necessary for program operations and service delivery.

- Office Supplies – General administrative supplies (e.g., paper, pens, toner).
- Program Supplies – Materials used directly in service delivery (e.g., hygiene kits, educational tools).
- Educational Materials – Books, workbooks, or training materials for clients.
- Cleaning Supplies – Janitorial and sanitation products.

2.5 Client Costs

Definition: Direct costs incurred on behalf of clients to support their participation and well-being.

- Transportation – OMNY, travel vouchers, or other transit support.
- Food and Meals – Meals or food assistance provided to clients.
- Clothing – Emergency clothing, uniforms, or other attire necessary for client participation.
- Emergency Assistance – One-time support for urgent client needs (e.g., rent, utilities).
- Stipends/Incentives – Modest incentives provided to encourage client participation, as pre-approved by the program.

2.6 Rent

Definition: Lease or occupancy costs for program space, recorded separately from general space costs if applicable, when required for reporting or funding purposes.

- Lease Payments – Rent paid for leased program facilities.

- Occupancy Costs – Other costs associated with occupying program space, if separately tracked from utilities or maintenance.

Note: When rent is included in general space costs, it should be recorded under [Space Costs](#).

2.7 Program Income

Definition: Gross income earned by the provider that is directly generated by a supported activity or earned as a result of the award.

- Client Fees – Fees collected from clients for program services.
- Third-Party Reimbursements – Payments from Medicaid, insurance, or other external sources.
- Interest Income – Interest earned on program funds, where applicable.
- Other Earned Income – Any other income generated through program-related activities.

Note: Providers should ensure that program income is separately tracked to support reporting and audit requirements.

2.8 Other Operating Costs

Definition: Miscellaneous costs necessary for program administration and delivery that do not fall under other categories.

- Communications – Phone, internet, and data services.
- Postage and Delivery – Mailing costs for program materials or client communication.
- Printing and Copying – Costs for printing outreach materials, forms, or reports.
- Staff Training & Development – Registration fees, materials, or travel for staff training.
- Licenses and Permits – Required certifications or permits for program operations.
- Bank Fees – Charges related to program-specific accounts.

3. Indirect Costs

Definition: Indirect costs are allowable administrative, facilities, and operational expenses that support overall organizational operations but are not directly attributable to a specific program or activity. Indirect costs benefit multiple contracts or programs and are allocated using an approved Indirect Cost Rate (ICR).

Indirect costs are not charged to contracts as individual line items; instead, they are reimbursed through the application of an approved ICR to eligible direct costs.

Composition of Indirect Costs:

The indirect cost pool includes allowable and recurring expenses that support program operations across the organization.

Examples of indirect costs include:

- Compensation and fringe benefits for administrative and support staff (e.g., finance, human resources, IT, executive management)

- Facility-related costs such as rent, utilities, maintenance, security, and food services.
- General office supplies, equipment, and technology that support multiple programs.

Personnel costs must be classified as either direct or indirect based on the nature of the work performed. The same personnel cost may not be charged as both a direct and indirect cost. Staff compensation included in a direct PS budget may also not be allocated to indirect costs. All indirect costs must meet allowability requirements and be consistently classified in accordance with the Cost Manual.

ICR Base and Cost Exclusions:

The ICR is calculated using an approved base of allowable direct costs that reasonably benefit from indirect support.

To ensure the accuracy of the rate, the following costs must be excluded from the ICR base:

- Unallowable costs
- Non-recurring or one-time expenses
- Costs representing direct programmatic or pass-through services, including subcontractor payments.

Costs excluded from the base may not be used to generate indirect cost reimbursement, as their inclusion would distort the relationship between program activity and organizational overhead.

Approved Rates and Approval Paths:

All indirect cost percentages charged to the program must be supported by the most current MOCS-approved rate. Approval may be obtained through one of the following:

- NICRA – Federally Negotiated Indirect Cost Rate (ICR) – must be supported by a current agreement.
- Independent Accountant's Report – Certified by a CPA.
- De Minimis Rate – 10% of Modified Total Direct Costs (MTDC), if no NICRA is available.

Supporting Documentation:

- Upload the MOCS approval letter for the rate used.
- If the rate exceeds 10%, the letter authorizing the higher rate must be included.
- Additional supporting documentation may be requested to demonstrate the basis for the approved rate.

Calculation Methodologies:

- Simple Allocation Method (SAM) – PASSPort default; automatically calculates the ICR. If a different methodology is used, the automated calculation in PASSPort may not be accurate.
- Alternative Methods – Multiple Allocation Base Method, Direct Allocation Method, or Special Indirect Cost Rates may be used if approved.

The selected allocation methodology must be identified and applied consistently across all programs. All costs included in the base must be consistently classified and documented following guidance for direct and indirect costs as outlined in the [Cost Manual](#). Please refer to [MOCS ICR](#) for additional guidance.

4. Allowance – Unallocated Funds

Definition: Refers to the contractual budgeting mechanism in HHS contracts that allows City discretion to add funding for anticipated or policy-driven cost adjustments.

Allowance funds are not part of the approved operating budget, cannot be invoiced, and require City and OMB authorization before being allocated to specific budget categories through an approved budget modification. Allowance funds cannot be invoiced directly. A contract allowance typically appears in the final year of the contract term and resides in an unallocated line item.

Typical Uses (Subject to Approval):

When authorized by the City, allowance funds may be allocated for minor, non-material programmatic cost adjustments, including but not limited to:

- Cost-of-Living Adjustments (COLA)
- Workforce Enhancement Initiatives (WEI)
- Changes in approved Indirect Cost Rates (ICR)
- Prevailing wage increases

Note: COLA and WEI allocations are added by DSS Finance through the Purchase Order process, as applicable.

Purpose: The allowance mechanism functions as a placeholder within the contract structure, enabling the City to add funding to a provider's approved operating budget without issuing a full contract amendment. This approach is intended to reduce administrative burdens and provides flexibility for expected or policy-driven cost adjustments, while minimizing delays to contract registration and payment processing.

Key Rules for Allowance – Unallocated Funds

- **Budget-Only Line Item**
An allowance is classified as a “budget-only” line item in PASSPort. It reflects potential funding that may be added to the operating budget but does not represent an authorized committed expenditure.
- **Un-invoiceable Until Allocated**
Funds in an allowance line item are un-invoiceable and may not be spent until they are formally allocated to an approved budget line through a POCR, following program review and required City approvals.
- **Requires Formal Budget Reallocation and City Approvals**
Use of allowance funds requires City approval and a formal budget modification. Once the proposed use is approved, HRA will process a Financial Contract Change Request (FCCR) and/or POCR, as applicable, to move the approved amount from the allowance line into the contract's operating budget.

- **Not Part of the Approved Operating Budget**

Allowance funds do not appear in the contract's operating budget and cannot be utilized until the reallocation is fully approved and reflected in PASSPort. Approval is not granted by a single individual and may require coordination across program, fiscal, and oversight entities.

PASSPort Annual Budget Review Process

The Annual Budget Review allows providers to submit budgets for the upcoming fiscal year and align proposed costs with anticipated programmatic and operational needs. This process helps reduce the need for mid-year budget modifications and ensures agreement between the provider and HRA regarding fiscal year allocations.

Providers must consult with the appropriate program area before proposing any changes to the allocated budget. Program area review ensures that proposed modifications align with approved service delivery and operational objectives. The Annual Budget Review process includes both required actions within PASSPort and the submission of supporting documentation.

Key Steps in the Annual Budget Review Process:

1. Budget Cycle Initiation

MOCS initiates the annual budget cycle in PASSPort. Budgets are typically pre-populated based on the prior fiscal year for ongoing contracts or reflect new allocations for contract renewals.

2. Budget Development

Providers work with the HRA program area to develop a detailed contract budget for the upcoming fiscal year, allocating funds across the appropriate budget lines in PASSPort.

3. Documentation and Pre-Submission Review

Providers complete all required worksheets and upload supporting documentation, which may include:

- Master Workbook – A standardized workbook issued by the program area that must be completed in full by the provider and submitted in PASSPort at the time of the applicable POCR.
- Budget Narratives – Written explanations supporting proposed budget amounts and programmatic alignment.
- Cost Allocation Plans – Documentation describing the methodology used to allocate shared costs across programs, where applicable, in accordance with program and MOCS guidance.
- Signature Pages – Required certification and authorization forms, using the approved format provided.
- Justifications for New or Adjusted Line Items – Explanations supporting material changes from the prior year's budget or new cost categories.

All required documentation must be uploaded to PASSPort as part of the budget submission. Failure to use required templates or provide complete supporting documentation may result in delays or the return of the budget for revision.

4. PASSPort Review, Approval, and Workflow

Once submitted, the budget follows the standard PASSPort review and workflow:

- 1.) Provider Submission – Vendor Admin or Financial L1/L2 submits proposed budget in PASSPort via POCR, including all required documentation.
- 2.) Level 1 Review (Contract Manager) – Confirms alignment with program scope, completeness of documentation, and adherence to budget structure.
- 3.) Level 2 Review (Program Contract Supervisor) – Performs final programmatic review and approval, ensuring compliance with contract terms and proper budget categorizations.
- 4.) Budget Activation – Once approved, POCR is finalized, PO status updates to **Active**, and approved lines become invoiceable. Operating advances and invoices cannot be submitted until activation.

Note: The budget may be returned at any point for revisions. Automated PASSPort approval thresholds exist, but final programmatic review is required for all HHS contracts.

Budget Recommendations for Providers

- Start preparing for the Annual Budget Review early to allow sufficient time for internal approvals and documentation gathering.
- Maintain ongoing communication with the program area to ensure alignment with service delivery goals and fiscal planning.
- Consult the [MOCS PASSPort Learning Center](#) for training, resources, guidance, and system updates.

Required Documents for Budget Review

All required budget materials must be uploaded to the Vendor Files section of the Overview page in PASSPort using the Manage Documents button. Required materials include the budget worksheet and all supporting documentation listed below.

Note: Do **not** upload documents specified below to the PASSPort Document Vault. Documents stored in the Vault are not linked to a specific contract or purchase order and cannot be reliably located or reviewed by HRA staff.

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The following documents must be submitted to support the review and approval of the proposed budget:

Document Name/Type		Brief Description
Required to be uploaded:		
1	Master Workbook - complete all the worksheet tabs below:	
	<i>a.</i> FY Comparison	Summary and comparison by item category.
	<i>b.</i> Line-Item A	Details should match the line-item budget in PASSPort.
	<i>c.</i> Fringe	Total fringe should match the personal fringe benefit amount in PASSPort.
	<i>d.</i> Debt Service/Start-Up Amortization	Complete if there is a budget amount for debt service or start-up amortization. Enter “N/A” if not applicable.
	<i>e.</i> Allocation Methodology	Upload a signed PDF. Providers must maintain cost allocation plans that fairly distribute allowable direct and indirect costs across all contracts, programs, and funding sources.
	<i>f.</i> Justification	Complete if changes exceed \$10,000 or 10% in any item category. Enter “N/A” if not applicable.
	<i>g.</i> General ICR	Upload a signed PDF. Required if indirect costs are claimed using a NICRA or de minimis rate.
	<i>h.</i> Medical	Complete if there are contracted medical services budgeted for the year. Enter “N/A” if not applicable
	<i>i.</i> Audit Fee Allocation Methodology	Complete if the contract will receive over \$1,000,000 in federal funding from HRA, if the federal funding (including HRA) is \$1,000,000 or more, or if the budget includes a line item for audit fees. Enter “N/A” if not applicable.
	<i>j.</i> State-Insurance Attestation	Upload a signed PDF. Enter insurance information to support the amount charged or allocated to HRA.
	<i>k.</i> Insurance Addendum	Enter the insurance allocation methodology
	<i>l.</i> Depreciation	Complete if equipment costing above \$1,500 will be depreciated per OTDA guidelines . Enter “N/A” if not applicable.
	<i>m.</i> Staff Allocation	Required when staff are split across multiple contracts or funding streams.
<i>n.</i> Shelter or Facility Inventory	Enter individual items purchased at \$500 or more with a useful life of two years or more. Recommended: Include all electronics and items with a useful life of one year or more.	
2	Certificate of Liability Insurance	Details must match the State Insurance Attestation and include the facility address in the Description of Operation.
3	Insurance Premium Invoice/Insurance Declaration	Premium amount must match the annual premium entered in the State Insurance Attestation worksheet.
4	Audited Financial Statements	Upload the most recent financial statements from 2 years prior to the budget fiscal year.

Upload the documents below as applicable, based on the proposed budget:

Document Name/Type		Brief Description
5	Executed Lease Agreement	Required if there is a line-item budget for Rent, and the lease covers the budget fiscal year.
6	Letter of Intent to Renew Lease	Required if the lease has expired and lease renewal is in progress.
7	Service Contract Agreement	Required for each subcontractor if there is a line-item budget for Contracted Services, regardless of amount.
8	Subcontractor Approval Documentation	Required for each subcontractor if the Contracted Services line-item exceeds \$25,000, or if the aggregate subcontract amount across all contracts is \$25,000 or more.
9	Letter from Insurance Broker	Required if the Certificate of Insurance is expired or nearing expiration and renewal is in progress, certifying that there will be no gap in coverage.
10	Accepted ICR from PASSPort	Required if the proposed ICR exceeds 10% and must demonstrate MOCS's approval.

PASSPort Worksheets for Human Services Contracts

Providers contracting with HRA for HHS must complete a series of standardized worksheets in PASSPort as part of the budget submission process. These worksheets ensure transparency, consistency, and compliance with City, State, and Federal funding requirements.

All required worksheets must be completed for each contracted budget and/or funding source. Contracts with multiple program sites or funding streams require a separate [Master Workbook](#) for each site or funding source.

This Workbook is completed outside of PASSPort; all figures contained in the Workbook must match those submitted in the PASSPort PO. The required workbook template is provided by the program area and must be used for budget submission.

Below is a summary of each required worksheet, its purpose, and guidance for completion.

FY Comparison Worksheet

Purpose: Compares the proposed fiscal year budget to the prior year actuals and budgeted amounts.

When Required: Required for renewals, amendments, or multi-year contracts where prior year data is available.

Key Fields:

- Prior FY Actuals
- Prior FY Budget
- Current FY Proposed Budget

Note: Changes exceeding \$10,000 or 10%, whichever is greater, require written justification. Please see [Justification Worksheet](#).

Line-Item A Worksheet

Purpose: Details all direct costs by budget category (e.g., PS, OTPS).

When Required: Required for all contracts, regardless of funding source or term.

Key Fields:

- Staff titles, salaries, Full-Time Equivalents (FTEs)
- OTPS categories (e.g., supplies, rent)

Note: Staff should be budgeted by title/position. Individual employee names are not required. Roles with differing salaries, FTEs, or funding allocations must be listed separately.

Fringe Benefits Worksheet

Purpose: Breaks down fringe benefit components and calculates the fringe rate.

When Required: Required when personnel costs are included in the budget.

Key Fields:

- Health insurance
- Payroll taxes
- Retirement contributions

This worksheet must be completed for all providers. Enter the amount in the Total Amount column; percentages will compute automatically. If the “Other” rows are used, specify the type of expense.

Note: Fringe benefit rates exceeding 26% require prior approval, with supporting documentation provided to justify the rate (e.g., plan summaries, actuarial reports, or other documentation).

Debt Service / Start-Up Amortization Worksheet

Purpose: Documents allowable start-up or capital costs amortized over time, allocating the total cost across the period it provides benefit rather than charging the full amount in a single period.

When Required: Required when a provider is requesting reimbursement for start-up or capital expenditures.

Key Fields:

- Description of capital or start-up cost
- Amortization schedule

This worksheet tracks the original debt amount and amortization period, monthly and annual payment amounts, and the beginning and ending balances for the fiscal year. Providers must document amortization schedules for any reimbursable start-up or capital costs, using the format outlined above; there is no fixed threshold, and materiality should be determined in accordance with agency guidance.

A written explanation must be provided when:

1. The annual payment does not equal the monthly payment multiplied by twelve.
2. The start-up amortization balance at the end of the fiscal year does not equal the beginning balance minus the annual payment.
3. The final column does not indicate whether start-up costs are being amortized.

Note: Per [OTDA Requirements](#), start-up costs must be amortized over the first year of the contract.

Allocation Methodology Worksheet

Purpose: Describes how shared costs are allocated across programs to ensure fair distribution, support budgeting, reduce audit risk, and demonstrate the appropriate use of City funds.

When Required: Required when costs are shared across multiple programs or contracts, including when expenses (PS and OTPS) are charged to an annual budget at less than 100%.

Key Fields:

- Basis of allocation (e.g., FTEs, square footage)
- Narrative justification
- Program-specific allocation methodology

Providers must document allocation methodologies at the program level. Each HRA-funded program must have its own allocation methodology when costs are shared across multiple programs or funding sources. Methodologies must be indicated on the worksheet and approved by the HRA Contract Manager.

Allocation plans must be updated whenever there are changes to staffing, program structure, service delivery models, or the basis of the allocation (e.g., square footage, caseloads, personnel time allocation).

- **Staff/Employee Allocation Worksheet**

Purpose: Documents how staff time is allocated across programs or funding sources to ensure personnel costs are charged accurately and proportionately.

When Required: Required when staff time is shared across multiple contracts, programs, or funding sources.

Key Fields:

- Staff name and title
- Percentage of time allocated by program
 - **Full-Time Employee (FTE) Allocation**

Definition: Providers are responsible for calculating and allocating full-time staff costs based on the percentage of time each staff person spends in each program. These allocations are documented on the Allocation Methodology Worksheet to ensure that personnel costs are accurately and proportionately charged across programs.

FTE Allocation Example:

Staff: 1.0 FTE (35 hours/week)

Program Allocation:

- Program A,C,D: 20% → $35 \times 20\% = 7$ hours/week
- Program B: 40% → $35 \times 40\% = 14$ hours/week

Worksheet Entry Narrative: *"Position is full-time, 100% FTE, 20% costs for sites A, C, D; 40% costs for site B."*

- **Part-Time Employee Allocation**

Definition: Providers are responsible for calculating and allocating the costs of any individual who works less than full-time on an HRA-funded program. All allocations must be documented on the Allocation Methodology Worksheet to ensure costs are charged accurately and proportionately.

Allocation Instructions:

- **Part-Time Position (100% Allocated to HRA)**

If the position itself is part-time, determine the FTE by dividing the number of hours worked by the agency’s standard workweek.

Document the allocation as: “*Position is part-time, X% FTE, Y% HRA, (insert allocation method).*”

- **Part-Time Employee Allocating Time Across Programs**

If a part-time staff person works across multiple programs, first determine the FTE, then allocate hours proportionately using the approved allocation method (e.g., clients served, or other allocation method approved by HRA).

Document the allocation as: “*Position is part-time, X% FTE, Y% HRA, (insert allocation method).*”

- **Part-Time Employee Allocation Example:**

Agency Workweek: 35 hours

Employee Works: 17.5 hours → $17.5 \text{ Hours} \div 35 \text{ Hours} = 50\%$ FTE

HRA Allocation: If the HRA-funded program represents 40% of the allocation base (e.g., clients served, capacity), the hours charged to HRA are $40\% \times 17.5 \text{ hours} = 7 \text{ hours}$

FTE Charged to HRA: $7 \text{ hours} \div 35\text{-hour workweek} = 20\%$ FTE

Worksheet Entry Narrative: “*Position is part-time, 50% FTE, 20% HRA, proportional costs.*”

- **OTPS Expense Allocation**

Definition: OTPS allocation costs are expenses that cannot be directly attributed to a particular program. Providers are responsible for allocating these costs proportionately across programs and documenting the methodology on the Allocation Methodology Worksheet. OTPS costs should only be allocated when they cannot be directly charged to a specific program.

When square footage is used as the basis for allocation, providers must document program space measurements and be able to demonstrate which spaces are used for which program. Annotated building plans should be maintained to support this allocation.

Example (Rent Allocation):

- **Total Building Square Footage:** 1,000 sq. ft.

- **Program Square Footage:** 100 sq. ft.

- **Allocation Calculation:**

- $$\frac{\text{Program Sq. Ft}}{\text{Total Building Sq. Ft.}} = \frac{100}{1,000} = 10\%$$

Worksheet Entry Narrative: “10% of rent allocated to HRA based on program square footage (100 sq. ft. of 1,000 sq. ft. total)”

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Suggested Allocation Methodology by OTPS Expense Type:

OTPS Expense	Suggested Allocation Methodology	
Operations and Support	Office Supplies	# of FTEs, Sq. Footage, # of Clients Served, or Capacity
	Safety & Health	
	Facilities Repairs & Maintenance	
	Allocation Waste & Recycling Removal	
	Staff Transportation	# of FTEs or # of Clients Served
	Staff Training	
	Recruitment & Advertising	
	Postage	# of FTEs, Sq. Footage, of Clients Served, or Capacity
	Vehicle Insurance	Vehicle insurance costs are allocated using insurance provider's per-vehicle rate and distributed across sites based on vehicle capacity.
	Vehicle Operations & Maintenance	# of FTEs, Capacity, or # of Vehicles
	Printing	# of FTEs or Capacity
Raw Food	Capacity or # of Clients Served	
Utilities	Electric	# of FTEs, Sq. Footage, # of Clients Served, or Capacity
	Water/Sewer	
	Oil – Heating	
	Gas – Heating	
	Telephones – Land Lines	# of FTEs, Sq. Footage, # of Instruments (phones, cameras, etc.), or Capacity
	Security Systems	
	Internet Connectivity	
	Mobile Phones	
Bundled Communications		
Professional Costs	Legal	# of FTEs, # of Clients Served, or Capacity
	Accounting	# of FTEs, # of Clients Served, or Capacity
	Single Audit Fees	Award Amount
Rent	Rental Expenses	Sq. Footage
Contracted Services	IT Consultants	As per the approved subcontract
	Medical	

	Contracted Security	
	Maintenance	Sq. Footage, if not allocated in the approved subcontract
	Food Service	# of Clients Served or as otherwise approved in the subcontract

Additional Allocation Methodology Examples:

- **Staff Allocation Using Staff Allocation Worksheet**

A Program Director allocates **time** across multiple contracts:

- 50% on HRA-funded Case Management
- 30% on a DYCD youth program
- 20% on a privately funded pilot project

100% of the director’s time is documented on the Staff Allocation Worksheet, supported by timesheets, caseloads, or program responsibility records.

Salary and fringe costs are allocated proportionately:

- HRA: 50% of total salary and fringe
- DYCD: 30% of total salary and fringe
- Private Pilot: 20% of total salary and fringe

- **Facility/Occupancy Cost Allocation**

A Provider operates three programs from the same facility:

- HRA Adult Services
- DOE Early Childhood Program
- Foundation-Funded Food Pantry

The provider allocates rent, utilities, maintenance, and other facility costs based on **square footage** used by each program:

- HRA program - 40% of space → 40% of total facility costs
- DOE program - 35% of space → 35% of total facility costs
- Food Pantry - 25% of space → 25% of total facility costs

Program square footage must be documented, e.g., via annotated floor plans, to support the allocation.

- **OTPS Allocation**

A Provider purchases shared supplies used by two programs:

- HRA Case Management – 200 clients
- DOHMH Health Promotion Program – 100 clients

Costs are allocated based on the number of **clients served**:

- HRA: $200 \div 300 = 67\%$ of total supply costs
- DOHMH: $100 \div 300 = 33\%$ of total supply costs

The Provider documents this methodology and maintains client counts to verify the allocation.

Key Expectations for Providers

- Use **reasonable, consistent, and auditable** allocation methods for all shared costs.
- Maintain supporting documentation to substantiate budgeted expenses and justify invoices.
- Update cost allocation plans whenever staffing, service models, or program structures change.
- Complete and use Cost Allocation Worksheets when allocating staff time or shared expenses.
- Retain documentation for budget review, contract monitoring, and fiscal audits.

Justification Worksheet

Purpose: Provides narrative explanations for budgeted items that require clarification, including high cost, new, or modified expenses.

When Required: For each sub-item category that is added or has changed from the prior fiscal year by more than \$10,000 or 10% (whichever is greater), providers must document:

- Sub-item category name
- Dollar change
- Percentage change
- Justification for the change

Key Fields:

- Justification for high-cost items
- Explanation of new or modified expenses

Providers are not permitted to modify the contract scope, budget, or sub-vendors without prior approval from the HRA Contract Manager. This includes actions such as issuing salary increases, providing staff bonuses, or transferring funds between categories of expenses (e.g., PS employees to OTPS third-party vendors).

General Indirect Cost Overhead (ICO) Worksheet

Purpose: Documents indirect costs and base to ensure that the indirect costs are allocated consistently, transparently, and in accordance with federal and City requirements.

When Required: Required if a provider is claiming an indirect cost rate. Providers not claiming indirect costs do not need to complete this sheet.

Key Fields:

- Approved NICRA or de minimis rate
- Indirect cost base

Providers must accurately complete the worksheet when claiming indirect costs, using the approved NICRA or de minimis rate. Documentation must be retained to support budget review, contract monitoring, and fiscal audits.

Please refer to [MOCS' ICR Initiative](#) for additional guidance.

Contracted Medical Worksheet

Purpose: Summarizes medical services provided by subcontractors and the associated cost structure.

When Required: Required when the contract includes subcontracted medical services.

Key Fields:

- Subcontractor name
- Type of medical service
- Rate and service frequency

Audit Fee Methodology Worksheet

Purpose: Explains and supports the allocation of audit-related costs charged to the contract.

When Required: Required when audit fees are included in the budget.

Key Fields:

- Total audit cost
- Allocation methodology

State – Insurance Attestation Worksheet

Purpose: Confirms that the provider meets insurance requirements for contracts that include New York State funding.

When Required: Required for all contracts with New York State funding.

Key Fields:

- Insurance types
- Coverage limits

Insurance Addendum Worksheet

Purpose: Provides supplemental insurance information when additional documentation is required.

When Required: Required when the Agency requests additional insurance documentation.

Key Fields:

- Policy numbers
- Expiration dates

Depreciation Worksheet

Purpose: Identifies depreciable assets and documents the calculation of allowable depreciation costs.

When Required: Required when depreciation is included in the budget.

Key Fields:

- Asset description
- Useful life
- Depreciation method

Mechanisms for Implementing Budget Modifications in PASSPort

In PASSPort, changes to an HRA Human Services contract or its approved budget are processed using either a Financial Contract Change Request (FCCR) or Purchase Order Change Request (POCR), depending on the nature of the modification. These mechanisms allow adjustments while ensuring continued compliance with contract terms and fiscal controls.

Financial Contract Change Request (FCCR)

FCCRs are used to modify the contract itself, including the total contract value, term, or scope of services. FCCRs are initiated by HRA. Supporting documentation may be requested, such as budget narratives, justification for requested changes, or updated program plans.

All POs for all fiscal years under the affected contract are temporarily restricted from any invoicing or payment activity while an FCCR is under review. The workflow and approval process is managed by HRA and finalized contract changes are communicated to the provider once approved.

Purchase Order Change Request (POCR)

POCRs are used to modify an Active Purchase Order within an already registered contract. POCRs do not increase or decrease the total contract award amount. Instead, they reallocate funds between existing budget line items, process budget amendments within an approved award, or make other financial adjustments that support the delivery of services required under the contract. POCRs may be initiated by the provider or by HRA. All POCR submissions must include appropriate supporting documentation and are subject to HRA review and approval.

Once a POCR is initiated in PASSPort, invoicing and payments are temporarily restricted only against the affected PO until the POCR has been fully reviewed and approved. Pending actions against POs for other fiscal years under the same contract may continue, provided those POs are active and not subject to pending modification.

Note: Documents uploaded within a POCR remain attached only to that POCR and do not carry over to the Active PO. Providers must ensure that all required supporting documents are included with each POCR submission.

For additional guidance on FCCRs or POCRs, contact the HRA Contract Manager.

POCR Types and Use Cases

POCRs may be submitted for various purposes depending on the type of modification required. Understanding the different POCR types ensures that funds are properly reallocated and financial adjustments are processed in compliance with contract requirements.

Before submitting a POCR:

- Confirm that no invoices or other POCRs are pending for the Active PO.
- Coordinate with the HRA Contract Manager to ensure submission timing aligns with cash flow needs.

1. Zero-Sum POCR (Budget Modification)

Purpose: Reallocates funds within the same fiscal year budget without changing the total amount.

When to Use:

- Shift funds between budget lines within the same sub-budget (e.g., from Supplies to Rent within OTPS).
- No additional funding is being added or removed.

Requirements:

- Must not create a shortfall in critical services or deviate from the approved scope.
- Any changes to the scope of services require pre-approval from Program Staff.
- Budget modifications must be reviewed and approved by HRA Program and Budget before submission in PASSPort.

Restrictions:

- Cross-sub-budget reallocations (e.g., from PS to OTPS) are not permitted unless pre-approved.
- HRA may restrict a provider's ability to submit zero-sum POCRs without prior approval.

Submission Timeline:

- Can be submitted at any time during the fiscal year.
- Must follow timelines provided by the HRA Contract Manager
- Final modifications for year-end reconciliation must allow for the 30-day review period.

2. Change Order POCR (Amendment Budget)

Purpose: Implements budget adjustments at the Purchase Order level after contract amendments have been registered and allocated in PASSPort through an FCCR.

When to Use:

- Following approval and registration of a contract amendment through an FCCR (e.g., new funding added mid-year).
- To allocate the amended amount to appropriate budget lines within the affected fiscal year PO.

Requirements:

- The contract amendment must be fully approved, registered, and allocated in PASSPort prior to POCR submission.
- Budget changes must align with the approved amendment terms.
- Supporting documentation must include the executed amendment and revised budget reflecting the approved allocation.

3. Financial Allocation Change POCR (Contract Budget Update)

Purpose: Adjusts the internal allocation of funds within the fiscal year Purchase Order without changing the total contract value.

When to Use:

- To distribute funds from internal allowances (e.g., Repairs, New Needs) to specific budget lines.
- To reflect internal HRA budget decisions that do not require a formal contract amendment.

Note: All POCRs are budget-neutral at the contract level and do not change the total contract award amount. Any allocations processed through a POCR must result in a net zero change to the approved contract value.

POCR Auto-Approval

As of this manual's publication, the auto-approval functionality is enabled in PASSPort on a limited basis. In accordance with MOCS guidance, **auto-approval applies only to eligible zero-sum POCRs** and is subject to the conditions outlined below.

Auto-Approval Parameters and Limitations:

- Cross-sub-budget reallocations are not eligible for auto-approval, including transfers between PS and OTPS budget lines, regardless of dollar amount.
- Eligible zero-sum POCRs representing less than 10% of the total fiscal year budget may be auto-approved.
- POCRs representing 10% or more, whether submitted individually or in aggregate, require manual review and supporting justification and are subject to HRA pre- and post-review

Approval status may be viewed by selecting “**Check Approvals**” in PASSPort.

Note: Qualification for auto-approval does not limit HRA's authority to request supporting documentation or justification. Failure to comply with HRA policies may result in reversal of changes, payment delays, or revocation of auto-approval privileges.

For additional information regarding the POCR process, refer to [PASSPort Financials](#).

PASSPort Line-Item Budget Review and Submission

Before submitting a budget in PASSPort, providers must ensure that all budget information is accurate, complete, and consistent across all required documents. The following steps outline the review process and submission requirements.

Preparation Prior to Budget Review

Prior to initiating the PASSPort budget review, confirm the following:

- **Master Workbook Completion**
The [Master Workbook](#) must be fully completed. All budget lines and corresponding amounts must match the line items entered in PASSPort.
- **PASSPort PO/POCR Line Setup**
All PASSPort PO or POCR lines must mirror the Master Workbook. Exceptions may apply where PASSPort requires line-item splits to support milestone or retainage payment structures, provided the total amounts reconcile and are approved by HRA.
- **Required Document Uploads**
All required budget documents must be uploaded to PASSPort. Amounts included in each document must match both the PASSPort PO/POCR lines and the Master Workbook.

Review of System Alerts

After confirming that all budget lines and amounts are aligned, review PASSPort system alerts prior to submission:

- **System Warnings (Non-Blocking Alerts)**

Non-blocking alerts indicate conditions that should be reviewed before submitting a budget or POCR. These alerts do not prevent submission but may identify items that require verification or adjustment. Examples include:

- A budget change exceeds typical thresholds and may require additional justification during review.
- A line item appears inconsistent with historical data or expected patterns.

- **Blocking Alerts (Errors Preventing Submission)**

Blocking alerts indicate errors that must be resolved before a budget or POCR can be submitted in PASSPort. The system will not allow progression until these issues are corrected. Examples include:

- The total of all budget line items does not equal the required fiscal year total.
- Required documents have not been uploaded or do not match entered budget amounts.

Review and resolve all alerts before attempting to submit the budget or initiate a POCR.

Verify Total Budget Allocation

PASSPort provides an **Amount Still Unallocated** field to assist with verifying that budget lines sum correctly. A non-zero balance indicates funds have not been fully distributed across line items and requires further review. Budget submission is permitted only after the Amount Still Unallocated reflects a zero balance.

Submitting the Budget

A budget may be submitted in PASSPort once all the following conditions are met:

- All PASSPort line items match the [Master Workbook](#).
- All required documentation has been uploaded and is consistent across documents.
- All system alerts have been addressed.
- The Amount Still Unallocated equals zero.

Once these conditions are satisfied, select **Submit to Agency**. Upon submission, the PO or POCR is routed to the **Budget Completion Queue** and assigned to an HRA Contract Manager for review.

For detailed system instructions, refer to guidance issued by MOCS on [Submitting a Budget in PASSPort](#).

Annual Budget Closeout

At the end of the fiscal year, contracts must be closed out to reconcile the approved annual budget. The closeout process captures any final adjustments, confirms that funds have been appropriately allocated, and documents required actions prior to final invoice submission. All budget closeout activities must follow established timelines and procedures to ensure accurate financial reporting and compliance with program requirements.

- Final budget modification must be submitted no later than September 1st (or the next business day if the 1st falls on a weekend) following the June service invoice.
- Modifications must be labeled “Close Out”.
- Changes at closeout may not include salary allocations, shift between PS and OTPS, budget restructuring, or addition of new budget lines without prior program approval.
- Coordination with the assigned contract manager is required prior to submission to avoid delays.
- Outstanding requests or unapproved modifications must not delay submission; adjustments will be addressed upon approval.
- If the approved budget is fully reconciled with the June invoice, no additional closeout submission is required.

For guidance on PASSPort actions and recommended practices for year-end closeout, refer to the [PASSPort End-of-Fiscal-Year Checklist](#).

Advances

Advances are payments issued to a provider prior to the delivery of services or the incurrence of expenses. All advances are subject to reconciliation and must be fully expended on allowable program costs. Any unexpended or unallowable amounts are subject to repayment.

Operating Budget Elements

All advances are based solely on the approved operating budget and may only be issued once the fiscal year line-item budget is fully approved and active in PASSPort.

For purposes of advance issuance, the operating budget includes invoiceable costs that directly support program operations, including:

- Personal Services (salaries and allowable fringe benefits)
- Other Than Personal Services (OTPS) (program supplies, occupancy, and contracted services)

The following budget items are excluded from advance determinations:

- Allowances or contingency lines
- One-time or non-recurring costs
- Restricted or non-invoiceable budget lines

These principles apply to all advance types, including New Fiscal Year, Additional, Bridge Loans, and Returnable Grant Funds.

Additional Considerations

- Advances are **not guaranteed** and are subject to agency discretion and funding availability.
- Advance funds may only be used for allowable costs within the scope of services.
- Separate accounting records for advance funds are strongly recommended to support transparency and reconciliation.

New Fiscal Year Advance

The New Fiscal Year Advance is intended to support cash flow for program operations at the start of a fiscal year or contract renewal. Providers are eligible to receive an advance equal to 50% of the approved annual operating budget, subject to applicable directives and program-specific considerations.

Timing and Issuance

New Fiscal Year Advances are generally issued at the start of the fiscal year following the final budget approval and activation in PASSPort. Issuance is contingent upon budget approval and system readiness and cannot be processed against draft, pending, or unregistered budgets.

Recoupment

New Fiscal Year Advances are recouped against invoices according to a predetermined schedule, beginning with the September invoice (submitted in October) and continuing throughout the fiscal year until the advance is fully recovered. Percentages listed in the recoupment schedule are calculated against the **initial advance amount**, not the value of the individual invoices submitted.

If June closeout expenses are anticipated to be less than the advance balance, DSS Finance may recoup greater amounts in the third quarter. Any remaining balance after the final invoice will be recovered in the following fiscal year or may be reimbursed directly through a payment plan.

This recoupment schedule reflects the standard process for FY27 New Fiscal Year operating advances and may be modified based on oversight directives or agency requirements.

Recoupment of other types of advances is determined at the agency's discretion.

FY27 ADVANCE*		FY27 RECOUPMENT SCHEDULE										
Month	<i>July</i>	<i>Aug</i>	<i>Sept</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>	<i>Jan</i>	<i>Feb</i>	<i>March</i>	<i>April</i>	<i>May</i>	<i>June</i>
% Amt	50%		10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

For questions regarding operating advance payments, contact the HRA Contract Manager.

Additional Advances

Additional advances are issued outside of the New Fiscal Year Advance framework and are subject to contract terms, funding source requirements, and agency discretion. Eligibility is determined based on the structure of the contract, funding source, and demonstrated programmatic need.

Eligibility and Use

Additional advances may be considered under the following conditions:

- The contract is for HHS and funded by City Tax Levy (CTL) or eligible federal or state discretionary funds.

- The provider demonstrates a need for upfront funding to initiate or maintain service delivery.
- The contract permits advances in accordance with the terms and conditions outlined in the RFP or negotiated agreement.

Request and Approval Process

Requests for additional advances are submitted and processed as follows:

- Advance requests must be submitted in PASSPort using the required Advance Request Form and include:
 - The requested advance amount.
 - A justification for the advance.
 - A cash flow projection, if required.
- HRA program and fiscal staff review advance requests to confirm that:
 - The requested amount is reasonable and aligns with the approved contract budget.
 - The provider is in good standing (e.g., no unresolved fiscal issues or outstanding audit findings).
 - The request complies with applicable funding source rules.
- Upon approval, the advance will be processed and disbursed to the provider.

Reconciliation Requirements

All advances must be reconciled through:

- Monthly or final expenditure reporting
- Supporting documentation demonstrating allowable use of advance funds
- Return of unspent funds, or disallowed funds, as applicable

Failure to reconcile advance funds may result in payment withholdings, repayment obligations, or other corrective actions in accordance with the contract terms.

Bridge Loans/Returnable Grant Funds

Bridge Loans and Returnable Grant Funds (**RGF**) provide additional cash flow support to human service providers contracting with the City. The RGF program offers interest-free loans to support critical program expenses when reimbursement timing creates financial strain.

Administration and Roles

- MOCS oversees the RGF program and establishes program requirements.
- Eligibility is reviewed by the contracting City agency.
- Approved loans are issued by the Fund for the City of New York (FCNY).

Eligibility and Application

- Eligibility is determined based on contract status, funding source, and demonstrated cash flow need.
- To apply, submit a [RGF Loan Application](#) to the agency contact at bridgeloans@dss.nyc.gov.
- Application review and approval are subject to program guidelines and agency discretion.

Recoupment and Repayment

- Bridge Loans and RGF advances are subject to separate repayment terms that differ from other advances.
- Upon submission of eligible invoices, HRA repays FCNY on behalf of the provider in accordance with the approved loan agreement.
- Repayment timing and conditions are governed by the loan's terms and applicable program requirements.

Failure to comply with reporting and repayment requirements may result in repayment obligations or other corrective actions.

For additional information and guidance, refer to the [MOCS Returnable Grant Fund](#).

New Needs

A New Needs request is a formal submission by a provider or program to request additional funding beyond the current contract value to address emergent or expanded programmatic needs. All requests must be justified, documented, and submitted in accordance with HRA, MOCS, and OMB guidelines.

New Needs requests are evaluated in the order they are received and prioritized based on urgency, health and safety considerations, and regulatory compliance. Funding is limited and not guaranteed.

Request Process

For any New Needs request:

- Consult with HRA program staff to confirm eligibility.
- Work with HRA program staff to review options and determine the appropriate submission pathway.

Note: New Needs funding does not cover capital renovations. Facilities requiring such work should contact the HRA Contract Manager to explore alternative options.

Subcontracting

Providers may engage subcontractors to support programmatic service delivery under HRA HHS contracts. Subcontracting may be used to expand capacity, obtain specialized expertise, or carry out specific elements of the contract scope. All subcontracting must comply with HRA policies, Cost Manual requirements, and applicable contract terms.

For fiscal and reporting purposes, subcontractors and third-party vendors are distinguished by the nature of services provided. Each type is subject to different budgeting, invoicing, and ICR treatment, as defined in the [Cost Manual](#).

Note: This section addresses subcontracting for budgeting and invoicing purposes only. Procurement requirements are governed by the [PPB Rules](#) and are not addressed in this manual.

Subcontractor

A subcontractor is an individual or organization engaged by a provider to perform a portion of the programmatic services required under the contract.

Subcontractors deliver services that are integral to the contract's scope and performance outcomes. Costs paid to subcontractors are considered direct service delivery and are excluded from the ICR base, as they do not represent the provider's administrative or overhead expenses. Subcontracted services generally require prior agency approval and must be reflected in the approved budget. Examples of subcontracted services:

- Clinical, counseling, or case management services.
- Program instruction, facilitation, or service delivery.
- Outreach, intake, or engagement activities tied to program outcomes.

Third-Party Vendor

A third-party vendor is an entity that provides operational or administrative support services that enable program operations but does not deliver direct programmatic services under the contract.

Third-party vendor services support the provider's infrastructure and ongoing operations rather than direct service delivery. Eligible expenses may be included in the base used to calculate indirect cost reimbursement, subject to allowability and contract terms.

Examples of third-party vendor services:

- Maintenance, janitorial, and security services.
- Food services or meal provision.
- Utilities, telecommunications, and internet services.
- Office supplies, equipment, and general or administrative support.

Approval Requirements:

Subcontracts ≥ \$25,000

- Prior Approval
 - All subcontracts and third-party agreements valued at \$25,000 or more require prior approval from the ACCO via the [Subcontractor Approval Form](#).
 - No additional approval is required if the subcontractor is noted in the RFP.
 - Subcontractors, consultants, and third-party vendors cannot begin work without agency approval.
- Competitive Selection and Justification
 - High-value subcontracts and third-party agreements must be competitively selected.
 - Procurements of over \$25,000 require three written estimates.
 - If the lowest bid is not selected, the prime contractor must provide a documented justification.
 - Proof of three bids is required for third-party agreements of over \$25,000.
 - Payment obligations may not be artificially divided to avoid bidding requirements.
 - Procurements from vendors listed in Group Purchasing Organizations (GPO) are exempt.

- Documentation Requirements
 - Subcontracts must be in writing.
 - Supporting documentation must be retained by the prime contractor, including:
 - Licenses and certifications
 - References
 - Insurance
 - Selection rationale
- PASSPort Requirements
 - The subcontractor module must be completed for each subcontractor.
 - Prime contractors must submit subcontractor details, including scope of work and estimated cost, to the agency.
 - Additional documentation may be requested by the agency.

Subcontracts < \$25,000

- Prior Approval
 - Subcontracts and third-party agreements valued under \$25,000 do not require formal ACCO approval before execution.
 - The agency retains the right to review and approve subcontractors to confirm suitability before work begins.
- Competitive Selection and Justification
 - Competitive selection or documented justification is not required for subcontracts under \$25,000.
 - Procurements between \$5,000 and \$25,000 require market research.
 - Payment obligations may not be artificially divided to avoid market research requirements.
 - Procurements from vendors listed in GPOs are exempt.
 - Prime contractors should still exercise prudent business judgment in selecting subcontractors for value and program fit.
- Documentation Requirements
 - Prime contractors must maintain sufficient documentation for all subcontracts under \$25,000, including:
 - Written subcontract outlining the scope of work and deliverables.
 - Subcontractor qualifications or references.
 - Invoice or payment records indicating services delivered and payments made.
 - All subcontracts must be in writing, in accordance with City rules.
- PASSPort Requirements
 - Subcontracts valued under \$25,000 are not required to be submitted through the Subcontractor Module unless otherwise directed by the agency.
 - Prime contractors must disclose subcontractor information in PASSPort upon request.
 - The agency may require PASSPort entry or supporting documentation based on oversight, monitoring, or audit purposes.

More comprehensive guidance on approval and documentation is provided in the [DSS Office of Contracts Subcontractor FAQ](#).

Budget Allocation:

- **Un-invoiceable Lines:** Budget lines associated with subcontracted services will remain un-invoiceable in PASSPort until the subcontract is approved by the ACCO.
- **Activating Budget Lines:** Once approved, the provider must notify program staff, who will coordinate with OBA to activate the budget line.
- **Exceeding Budget:** If the subcontract exceeds the current budgeted amount, OBA will initiate an FCCR, and the provider must allocate funds via a POCR before billing the increased amount.
- **Invoicing While Pending Approval:** Providers may invoice for active budget lines while waiting for approval. For the subcontract line, if approval increases the budgeted amount, invoicing is allowed only up to the current budgeted amount until the FCCR/POCR is processed.

Payment & Processing:

- **Recording Payments:** All subcontractor, consultant, and third-party vendor payments, regardless of value, must be recorded in PASSPort even if the payment occurs outside of the system.
- **Proof of Payment:** Prime contractors must provide proof of payment (invoice, canceled check, or EFT reference) when recording payments.
- **Validation by Subcontractors:** Subcontractors are required to [validate payments in PASSPort](#) within 14 days of receipt of the notification or task in the system. If they do not validate within that period, the system automatically advances the task to agency validation.

Compliance & Responsibility:

- Prime contractors remain fully responsible for the performance, compliance, and payment obligations of their subcontractors, regardless of subcontract value.
- All subcontract work must comply with applicable City rules and contract terms.
- HRA reserves the right to review subcontractor agreements, invoices, and proof of payment during audits or fiscal monitoring.
- Subcontract costs may only be invoiced once all required approvals have been obtained and applicable budget lines are active in PASSPort.

For additional information, visit MOCS' Guidance on: [Subcontracting in PASSPort](#).

INVOICING & PAYMENTS

The HRA Contract Fiscal Manual implements the [Standard Health and Human Service Invoice Review Policy \(SIRP\)](#) for all Health and Human Services (HHS) contracts subject to the [Cost Manual](#). The SIRP establishes a uniform, Citywide framework for invoice submission, review, and payment.

Where required by contract terms, applicable State, Federal, or other grantor requirements may impose additional documentation, review, or payment standards beyond those outlined in this manual.

Under the SIRP, providers are required to follow the City’s standard invoice submission and review procedures. Compliance with these requirements:

- Supports timely reimbursement of allowable costs
- Promotes consistent fiscal oversight across City agencies
- Reduces administrative delays
- Helps ensure continuity of critical services

Invoice Submission Overview

HRA requires providers to submit invoices in accordance with the applicable contract type to ensure payment is aligned with the approved budget and verified program performance. Invoice submission method, required documentation, and review processes differ for **expense-based (cost-reimbursement)** or **hybrid milestone-based** contracts, reflecting the distinct processes used to validate actual expenditures and performance outcomes.

Invoices may be submitted in PASSPort only for **Active Purchase Orders (POs)** with an approved, detailed line-item budget. All related Purchase Order Change Requests (POCRs) must be fully approved prior to invoice submission. PASSPort restricts invoice submissions that do not align with the approved budget or that exceed available funding.

Invoice submission must comply with the contract terms and applicable program guidance. Failure to comply may result in processing delays and may subject the provider to enhanced review.

Expense-based Contracts (Cost-Reimbursement)

Expense-based contracts reimburse providers for actual, allowable costs incurred in accordance with the approved line-item budget, including Personal Services (PS), Fringe Benefits, and Other Than Personal Services (OTPS).

Payment Platform & Submission Timeline:

- Monthly invoices must be submitted through PASSPort.
- Each invoice may cover only one month of expenses.
- Invoices are due by the 15th of the following month and must be submitted no later than the 30th, or by the contract- or program-specified deadline.

In accordance with the SIRP:

- Returned invoices must be corrected and resubmitted within 5-7 days.
- Agency review will be completed within two weeks of the final submission.
- Payment will be issued within two business days following full invoice approval.

Hybrid Milestone-Based Contracts

Hybrid milestone-based contracts provide reimbursement based on the achievement of defined deliverables, outputs, or performance milestones and fixed expense components that support ongoing program operations.

Payment Platform & Submission Timeline:

- Invoice and milestone submissions may be processed through multiple systems, including SEAMS, PaCSWeb, and PASSPort, as specified in the contract.
- Fixed expense components (e.g., PS and OTPS) are invoiced monthly and follow the same submission requirements as expense-based budgets.
- Milestone payments are submitted and reimbursed upon completion and validation of the defined deliverables.

Fixed expense and milestone components must meet all documentation and review requirements established by the contract and applicable program guidance. Payment is contingent upon agency review and approval of reported expenses and validation of milestone completion.

Submitting Invoices in PASSPort

An invoice can only be created from an **active PO**. Providers are encouraged to maintain an organized list of all active POs for each contract within the fiscal year.

Prior to invoice submission, providers must:

- Verify PASSPort user roles
- Ensure the PIP account is registered and up to date

Accurate setup and verification help prevent payment delays.

For detailed guidance on invoice submissions in PASSPort, refer to MOCS resources: [Invoicing in PASSPort: A Complete Guide](#).

Provider Certification of Invoices

Prior to submission, providers must electronically certify each invoice in PASSPort. Certification attests that the invoice is true, accurate, and compliant with the contract terms.

Certification confirms that:

- Services billed were delivered
- Amounts invoiced are accurate and allowable under the terms of the award
- Required supporting documentation exists and is retained on file
- No portion of the invoice represents a duplicate or otherwise improper reimbursement request

Falsified or unsupported certifications may result in disallowances, repayment/recoupment, audit findings, and/or other corrective actions by HRA.

Pre- and Post Payment Review of PASSPort Invoices

All invoices submitted in PASSPort must adhere to the SIRP. HRA conducts pre- and post-payment reviews to ensure that expenses are consistent with the approved budget, allowable under contract terms, properly documented, and incurred in the correct service period. This two-phase framework supports timely payment while maintaining appropriate fiscal controls through verification prior to payment with ongoing monitoring after payment.

Pre-Payment Review

Pre-payment review confirms completeness, accuracy, budget alignment, and required documentation before payment is issued. All invoices undergo a tiered review process to verify adherence to contract requirements and the approved budget.

Process Workflow

1. Invoice Review

- Level 1 – HRA Program Staff: Reviews invoices for completeness, accuracy, budget compliance, and required documentation.
- Level 2 – HRA Program Staff: Conducts a quality assurance review to confirm accuracy and consistency and determines eligibility for payment authorization.

2. Payment Authorization

- Level 1 – DSS Finance Analyst: Reviews approved invoices for financial processing and allocates payment based on eligible program costs.
- Level 2 – DSS Finance Director: Performs final quality assurance review and authorizes release of payment.

Review Criteria

The pre-payment review practice applies to invoices through the May service period. Each invoice is assessed for:

- Recurring Cost Analysis: Review recurring costs such as rent, salaries, and fringe benefits for unusual variances.
- Staffing Verification: Staffing levels are confirmed against program operations using a monthly staff matrix matched to the payroll ledger.
- Equipment Verification: Equipment purchases are verified as previously approved and properly documented or inventoried.
- Budget Compliance: Claimed costs are compared with the approved line-item budget.
- Service Period Validation: Expenses are checked to ensure alignment with the correct service month or reporting period.
- Direct Client Assistance: Client incentives, such as gift cards, are submitted on the Direct Client Assistance Form when included in the invoice.

Note: Certain programs may require extra documentation related to direct client assistance (e.g., transportation stipends, financial benefits). These requirements are defined in program-specific guidance.

Documentation Requirements

Per the SIRP, invoice submissions must include the following where relevant costs are claimed:

- Payroll Ledger: Staff names, positions, hours worked, and allocations charged to the contract. Examples include payroll software exports, internal payroll reports, or agency-prepared spreadsheets.
- Milestone-Based Expenditures: Milestone-related costs must be submitted on a separate invoice with the PaCSWeb Cover Sheet.

- Equipment Purchases: Documentation for approved equipment purchases.
- Other Supporting Documentation: Any additional documentation required by the contract or program guidance, including receipts, invoices, or purchase orders for OTPS expenses.

Year-End Closeout

- June service period invoices are reviewed according to HRA's year-end closeout process.
- Final closeout invoices must be submitted no later than 7 days after the final closeout modification (September 1st).
- POCRs submitted to revise year-end budgeted amounts must allow sufficient time for the 30-day approval period required by HRA.

Note: Chronic failures on behalf of the provider to either submit or re-submit timely invoices may, at the discretion of the agency, trigger an Enhanced Pre-Payment Review. HRA will provide information on the reason for return and what is expected in the "Comments" of the invoice.

Post-Payment Review

In accordance with the [SIRP](#), the relevant HRA program area conducts post-payment sampling of one-to-two-line items per invoice service period to confirm that claimed costs are allowable, properly allocated, and supported by required documentation. Reviews occur throughout the fiscal year under established HRA procedures, and providers are notified in writing of the items selected and documentation requirements.

Sampling Methodology

- One-to-two-line items are selected per monthly invoice. Sampling selections are documented in the PASSPort invoice comments for the corresponding service period.
- Selections are based on materiality, risk factors, and allocation methodology.
- Providers are notified via email, identifying the invoice service period, selected costs, and the required supporting documentation.

Provider Submission Requirements

Requested supporting documentation must be submitted within 5–7 calendar days of written notification and must fully support the sampled expenses.

Documentation should correspond to the type of costs selected and may include:

- Proof of Payment: Cancelled checks, bank statements, electronic payment confirmations, or other verifiable payment records.
- Personal Services: Timesheets or attendance records, and payroll documentation.
- OTPS: Vendor invoices, receipts, or purchase orders.
- Equipment: Purchase, approval, and inventory records.
- Rent and Occupancy: Lease, rent invoice, proof of payment, and third-party payment authorization.
- Procurement: Quotes, bid documentation, and required approvals.

Review Outcome

Submitted documentation is evaluated to determine allowability, allocability, and compliance.

- Expanded Review: If documentation is incomplete or identifies potential issues, additional line items within the same service period may be selected. Reviews are completed within 5-7 days of receipt of documentation, and findings are recorded in PASSPort.
- Disallowance and Recoupment: Unsupported or unallowable costs are subject to disallowance and recoupment, with written notification issued.
- Corrective Action: Significant or recurring findings, such as late invoices, may result in designation for Enhanced Pre-Payment Review and/or the implementation of a Corrective Action Plan.

Failure to adequately support sampled expenses may result in recoupment and additional oversight measures.

Record Retention and Audit

All invoices and supporting documentation, whether sampled or not, remain subject to audit under The City of New York Standard Audit Process Guide (SAG). Complete financial and supporting records must be maintained for all contract expenditures.

When review findings indicate recurring deficiencies or elevated risk, additional oversight measures may be implemented as described below.

Enhanced Pre-Payment Review

Enhanced Pre-Payment Review is a heightened invoice screening process that may be applied to providers with recurring errors, documentation deficiencies, or noncompliance with contract requirements. Under the SIRP, this process provides additional oversight of submitted invoices until identified issues are resolved. Written notification is issued when Enhanced Review is implemented, and complete supporting documentation must be provided with each invoice prior to payment authorization.

Common Triggers

Enhanced Review may be initiated due to patterns or findings such as:

- Repeated missing or incomplete documentation
- Late invoice submissions
- Material post-payment findings
- Prior year audit findings indicating weak internal controls or unallowable costs

Submission and Oversight Requirements

Comprehensive supporting documentation must be submitted with each invoice during the Enhanced Review period, such as general ledger reports and vendor invoices. Proof of payment may be requested where necessary.

Following the initial review and selection of line items, additional PS and OTPS line items may be selected for expanded review based on risk, materiality, or identified concerns.

Written notification will specify:

- The basis for Enhanced Review
- Documentation requirements for each invoice
- The expected duration for the Enhanced Review period
- Actions necessary to return to standard review procedures

Audit and Compliance

All paid claims remain subject to audit. Implementation of an Enhanced Review Plan does not replace the requirement for contracting agencies to perform fiscal audits of each contract, as defined in the [SAG](#). Enhanced invoice review procedures are administered in accordance with applicable DSS/HRA fiscal oversight guidance, including procedures outlined in the [Enhanced Invoice Review bulletin](#).

Corrective Action Plan (CAP)

If recurring deficiencies are not resolved during Enhanced Pre-Payment Review, HRA may require a Corrective Action Plan (CAP) or initiate a targeted audit, which may include a forensic audit where warranted. A CAP is intended to identify the root cause of noncompliance, outline corrective measures, and establish a timeline for implementation. Enhanced oversight remains in place until CAP objectives are met, or further action is determined.

CAP Requirements

- Identify the root cause of the deficiency
- Outline specific corrective measures to address identified issues
- Include a timeline for implementation and monitoring

Duration and Oversight

- Providers subject to an organizational or hybrid CAP will remain under Enhanced Review for the duration of the plan. HRA may adjust the review period as necessary.
- Providers subject to other CAP types remain under Enhanced Review for an initial period of three months. Status is reassessed at the conclusion by the Vendor Management Committee. If sufficient improvement is not demonstrated, the Enhanced Review period may be extended for an additional three months.

Milestone Review and Payment Workflow

All invoices, unless otherwise specified in the contract, must be submitted in PASSPort. However, milestone payments require processing across multiple systems prior to invoicing due to the nature of client-level performance data and milestone verification requirements.

1.) SEAMS – Participant Data Entry and Transmission

Data Entry: Providers enter all required participant activity and service data into SEAMS, including:

- Employment outcomes (e.g., paystubs, employment letters)
- Engagement activities related to employment or addressing self-sufficiency barriers
- Training enrollment, progress, and attendance records
- Case management activities
- Other contract-specific performance metrics

Purpose: Data entered in SEAMS forms the basis for milestone generation.

Accuracy Requirement:

- Data should be entered timely and accurately.
- SEAMS provides the participant information used by HRA to determine milestone eligibility for reimbursement.

Transmission to PaCSWeb:

- Once entry is complete, SEAMS automatically transmits participant data to PaCSWeb.
- Providers review and certify milestones generated in PaCSWeb before invoicing can proceed.

2.) **PaCSWeb – Milestone Certification and DSS Finance Review**

Depending on program requirements, milestones may be generated automatically based on data transmitted from SEAMS or created by program users.

Milestone Generation:

- SEAMS transmits participant data, including client progress codes, to PaCSWeb, where milestones are generated for review and submission.
- Providers review milestones to confirm accuracy, ensure submissions reflect verifiable client achievements, and certify that milestone requirements are met.

HRA/DSS Finance Review Workflow:

- Program staff and providers confirm that the milestone information is complete and accurate prior to submission for financial review in PaCSWeb.
- DSS Finance conducts a tiered review to verify accuracy, eligibility, and compliance, and approves or rejects the milestone.

Outcome:

- Milestones may be approved, rejected, or returned to the provider for correction or clarification.
- Approved milestones generate a PaCSWeb Cover Sheet, which serves as supporting documentation for invoices submitted in PASSPort.
- Only fully approved milestones proceed to the invoicing stage in PASSPort.

3.) **PASSPort – Invoice Submission and Payment Processing**

Invoice Creation:

Milestone invoices are submitted separately from monthly expenditure invoices and follow the milestone approval process as outlined above.

- Once milestones are approved in PaCSWeb and marked for payment, providers create a corresponding invoice in PASSPort for the total amount approved.
- Provider fiscal staff receive notification when milestones are being marked for payment.
- Providers download the Milestone Payment in Progress report (Milestone Cover Letter/report) from PaCSWeb and upload it as supporting documentation to the invoice.

The invoice is submitted against the milestone line in the approved contract budget.

Invoice Review:

- Providers submit the invoice following the standard PASSPort review workflow, subject to terms outlined in the SIRP ([pre- and post-payment review](#)).
- Agency staff review supporting documentation and confirm compliance with contract terms.

Payment:

- Payment is issued only after the invoice successfully completes the PASSPort review and approval process.

Timeliness of Milestone Submissions

Milestones are expected to be submitted within established program timelines to be eligible for payment. Milestones submitted outside applicable timeframes may not be eligible for reimbursement.

However, providers should still submit late milestones, as earlier milestone completion may be required to support the review and approval of subsequent milestones that rely on prior participant achievements.

Nonprofit-Owned (NPO) Invoice Submission

Nonprofit-Owned (NPO) facilities are sites owned by a nonprofit provider that have a mortgage or other debt service arrangement to finance the facility over a negotiated term. These sites are most associated with residential and housing-based contracts with approved debt service budgets, including DSS Affordable Housing and Services Contracts. Each NPO provider must have an active and allocated debt service rent line in the approved annual budget prior to submitting invoices. Under these contracts, HRA pays allowable service costs (debt service rent) directly to the third-party lender based on approved invoices. These invoices represent rent payments associated with the facility and are submitted separately from the provider's standard monthly expense invoices so capital-related costs can be processed distinctly from operating expenses.

Invoice Naming Convention

To support proper identification and routing, debt service invoices must follow the naming convention below and be used consistently for each submission period. All invoices must be labeled "DebtSvs_PeriodCovered_Sitename" in PASSPort, for example:

"Debt-Svs_AprilJunBway"

Documentation Requirements

Providers must submit supporting documentation with each debt service invoice to verify the amount billed and support payment to the third-party lender.

Required documentation includes, but is not limited to:

- Lender invoice, billing statement, or mortgage statement for the applicable billing period.
- Documentation supporting the amount due, such as a payment schedule or statement from the lender.
- Payment instruction documentation associated with the enrolled trustee or lender.
- Any additional supporting documentation specified by the program or contract.

Documentation must clearly reflect the billing period, amount due, and lender information.

Debt Service Invoicing Schedule

Debt service invoices are submitted in multi-month groupings to guarantee uninterrupted payments to the third-party lender and to ensure the provider remains in good standing on its mortgage or debt service obligations. Submission timelines are established by the Agency and are subject to change at the Agency's discretion.

Debt service invoices are typically submitted for three months at a time at the beginning of the applicable billing period for the following groupings:

- July – September*
- October – December
- January – March
- April – June

Invoices must be submitted no later than six weeks prior to the next scheduled payment period to allow sufficient time for review and approval. Debt service invoices must be submitted separately from monthly operating invoices. Each month of rent must be submitted as its own separate invoice. Multiple months of debt service payments may not be combined into a single invoice without prior program approval. Future months may be placed in escrow as part of the payment process to ensure continuity of payments and reduce the risk of payment interruption. ***Note:** July-Sept invoices cannot be submitted until July 1st of the new fiscal year.

Third-Party Lender (Payee) Set-Up Requirement

Prior to submitting debt service invoices, the third-party lender or mortgage servicer must be properly registered in both PIP and PASSPort. Failure to complete or verify PIP set-up may delay payment processing. The enrollment process for the third-party lender (trustee) should begin no later than six months prior to the initial scheduled payment.

The Agency will provide the nonprofit provider and the lender with the required enrollment forms and EFT payment instruction templates, which must be completed and submitted to the New York City Department of Finance (DOF) to complete payee enrollment. For providers operating multiple NPO buildings, a Sub Address ID must be created in PIP for each building. Each site will also be associated with a three-digit payment identifier in the City's Financial Management System (FMS), which allows DSS Finance to route disbursements to the correct location. For questions or confirmation of set-up, contact the assigned Contract Manager prior to invoice submission. Failure to meet these requirements may delay payment processing.

Payment Processing

Debt service payments are issued directly to the lender's bank account by DSS Finance once invoices have been reviewed and approved.

In order to be processed:

- Invoices must be correctly labeled "DebtSvs_PeriodCovered_Sitename" in PASSPort.
- Invoices must be submitted with sufficient lead time for review and approval.
- The lender or trustee must be properly enrolled through PIP and PASSPort.
- All required supporting documentation must be included.

Provider Performance Monitoring

As part of HRA's fiscal oversight, provider performance is monitored to ensure compliance with invoicing standards and support efficient payment processing.

Key Performance Indicators

Performance is assessed using indicators such as:

- Timeliness of invoice submissions
- Timeliness of Agency review and payment
- Accuracy and completeness of submissions
- Responsiveness to corrective actions

Performance Expectations

Maintaining compliance with these standards supports timely and accurate reimbursement of approved expenses and helps ensure providers remain in good standing. Performance may also be considered in decisions related to contract continuation and future contracting opportunities.

Invoice Deductions

HRA may apply deductions to invoices when submitted costs are incomplete, inaccurate, or not in compliance with contract terms or City policies. Invoices may be approved for all undisputed amounts, with deductions applied to the portion of costs under review or in conflict. This allows the remaining allowable portion of the invoice to be processed without delay. Deductions maintain fiscal accountability and protect City resources, clarifying areas that require correction.

Common Reasons for Deductions

- Missing or incomplete documentation
- Charges outside the approved budget or service period
- Noncompliance with contract requirements or applicable regulations
- Goods or services being returned
- Amounts billed in error
- Items delivered late or not delivered
- Costs are subsequently determined to be unallowable or not reimbursable (e.g., tax)

Process and Notification

- Written notification is issued by the Program Area detailing the reason and amount of any deduction.
- Corrected documentation or a revised invoice may be submitted for reconsideration, subject to HRA review.
- Persistent or significant errors may result in Enhanced Pre-Payment Review, a Corrective Action Plan, or post-payment audit.

Invoice deductions may be initiated by the provider or directed by HRA. When unallowable or unsupported costs are identified, and a timely deduction is not submitted, HRA may process the adjustment on the provider's behalf. Submitting a deduction ensures that the total reimbursement requested reflects only allowable, supported costs.

Providers may follow MOCS guidance to [create and submit invoice deductions](#) in PASSPort.

Asset and Inventory Controls

Inventory Maintenance Procedures

At the commencement of the contract upon renewal, providers must submit an Inventory Maintenance Procedure for Agency review and approval. This procedure must ensure accurate and complete records are maintained for all equipment, furnishings, and supplies purchased with Agency funds.

The inventory maintenance procedure must incorporate the fields captured on the Facility Inventory tab found within the [Master Workbook](#) and include the following controls:

Inventory Recording and Verification

- All goods received must be recorded in the provider's inventory records.
- A receiving report must be prepared for every item purchased and must document evidence that items were counted and physically inspected to confirm receipt in good condition.
- The individual preparing the receiving report must be independent of the purchasing function.
- Receiving reports must be reconciled to invoices to ensure payment is made only for items actually delivered.

Storage and Access

- Supplies must be stored in a secured location. Access must be limited to employees authorized by the program director.
- All inventory issuances must be authorized by the program director or the designated individual. Only one designee may be assigned this responsibility.

Delivery and Maintenance

- Equipment, furnishings, and supplies must be delivered directly to the facility unless otherwise stated in writing by HRA.
- Providers are responsible for maintaining, safeguarding, and replacing furnishings and equipment purchased with Agency funds, as necessary.

Submission Requirements

- Providers must submit an annual inventory of all furnishings, equipment, and supplies purchased during the term of the agreement and any renewal period.
- Submissions must be complete and include all fields required on the Inventory Management Form.
- The Agency will review and approve all inventory submissions.

Invoice Closeout/Final Payment

Final invoices for the fiscal year must be submitted in accordance with approved budget modifications. Submission must only include services or goods delivered within the fiscal year (July 1st through June 30th). Approval of the final budget modification is required before submitting the closeout invoice. See the [Annual Budget Closeout](#).

For guidance on PASSPort actions and recommended practices for year-end closeout, refer to the [PASSPort End-of-Fiscal-Year Checklist](#).

Closeout Requirements

- Final invoice may be submitted only after approval of the final budget modification.
- Invoices must be submitted within 3-5 business days following the approval of the final budget modification.
- Contracts terminating during the fiscal year and renewed for the same program will be closed out as of the contract termination date.

Utilization and Milestone Considerations

- Failure to meet required utilization targets may result in partial annual budget funding.
- Utilization determinations will be recorded in PASSPort in the comments section of the final budget modification.
- Invoices exceeding allowable amounts will be returned for revision.
- For contracts including milestone payments, all milestones must be fully submitted and approved in accordance with program requirements prior to final payment.

Invoicing Best Practices

The following practices support accurate invoicing, timely payment processing, and compliance with contract requirements.

- Submit invoices in accordance with Agency-established submission timelines and with complete supporting documentation.
- Ensure all expenses align with the approved budget and are supported by verifiable records.
- Respond promptly to requests for documentation or invoice review notifications.
- Maintain organized records to support invoice reviews and future audits.
- Comply with enhanced review requirements or corrective actions, when applicable.
- Follow City and HRA policies, including the [SIRP](#), to minimize delays or disallowances.
- Refer to [MOCS PASSPort Financials](#) for training materials, guidance on invoice submission and deductions, and system updates.

Manual Payments (Outside of PASSPort)

Manual payments outside of PASSPort are limited to exceptional circumstances where invoicing through PASSPort is not feasible or where system or contractual conditions require alternative processing. The City's standard invoicing and payment platform is PASSPort, and providers should not expect to submit invoices outside of this system unless specifically directed by the Agency. HRA continues to transition contracts to PASSPort to support standardized invoice submission and payment processing across programs.

When manual payment processing is required, providers will receive instructions from the Agency outlining applicable documentation and submission requirements. Providers should contact the assigned Contract Manager for guidance if notified that manual payment processing is necessary.

Transportation

Transportation assistance supports participant attendance at employment and work-related activities, including pre-employment engagement. HRA funds transportation costs, and providers are responsible for distributing transportation assistance, including but not limited to OMNY Cards or transportation funds, to participants who do not receive transportation assistance directly from HRA.

Providers must submit transportation reimbursement requests in the format required by HRA and maintain accurate records documenting transportation assistance. Documentation must be retained in accordance with HRA recordkeeping requirements and made available for audit or review upon request. For specific instructions on reimbursement procedures, required documentation, submission methods, and timelines, contact the assigned Contract Manager.

Eligibility Requirements

- Cash Assistance (CA) recipients and applicants who have entered employment and are no longer receiving carfare.
- Non-CA individuals referred by HRA who require transportation assistance to participate in job search, training, or employment activities.

Transportation Cost Limits

Transportation assistance must not exceed the cost of a 30-day unlimited OMNY Card unless travel occurs outside of the MTA OMNY service area. When travel occurs outside the OMNY service area, providers may reimburse participants for the actual cost of public transportation to and from the work or activity location.

Reimbursement exceeding the cost of a 30-day unlimited OMNY Card must be supported by:

- Employer or activity address
- Documentation verifying the public transportation cost, such as fare schedules or round-trip tickets

Pre-Employment Transportation Assistance

Pre-employment transportation assistance is available to participants who do not receive transportation benefits through public assistance or other programs. Providers may distribute OMNY Cards or transportation funds to support participation in required job search, training, or engagement activities.

HRA reimburses providers for pre-employment transportation costs based on participant attendance and activity verification in accordance with HRA reporting requirements.

Post-Employment Transportation Assistance

Post-employment transportation assistance is available for up to three months following a participant's Job Start Date and supports the transition toward self-sufficiency. Former CA clients are eligible during this period.

Providers may receive reimbursement when submitted in accordance with established HRA guidelines and timeframes. The initial request must be submitted within 45 days of the participant's Job Start Date. Subsequent requests may not be submitted more than 183 days (six months) after the Job Start Date.

Providers are limited to issuing:

- One 7-day OMNY Card per week per participant, based on the disbursement date
- One 30-day OMNY Card per month per participant, based on the disbursement date

AUDITS

Audit Authority and Monitoring

Overview and Authority

Providers must comply with all audit and financial reporting requirements set forth in City agency contracts and applicable City policies. In addition to audits conducted by a provider's independent Certified Public Accountant (CPA), HRA may conduct programmatic, financial, or compliance audits at its discretion.

The DSS Office of Audit and Quality Assurance Services (**OAQAS**) routinely conducts financial and compliance audits either through contracted CPA firms or internally through the Office of Audit Services' Bureau of Internal and Contracted Audits (**OAS/BICA**). These audits evaluate compliance with contract terms, claiming requirements, and the appropriateness, reasonableness, and allowability of expenses.

Providers and contracts selected for audit are identified through a risk-based model involving the Agency Chief Contracting Officer (**ACCO**), DSS Finance Office of Fiscal Operations (**DSS Finance**), the Compliance and Contract Monitoring Office (**CCM**), the Office of Regulatory Compliance and Accountability (**ORCA**), OAS/BICA, and HRA program areas.

Monitoring and Invoice Review

In addition to formal audits conducted by OAS/BICA and HRA program areas, HRA also conducts ongoing monitoring, including invoice reviews under the Standard Invoice Review Policy (**SIRP**) for Personal Services (PS) and Other Than Personal Services (OTPS) expenditures. Program staff may request supporting documentation for line-item expenditures and may conduct site visits to verify compliance with contract and fiscal requirements.

Documentation and Records Requirements

Documentation Requests

Documentation may be requested as part of formal audits, invoice reviews, or other monitoring activities. Requests may be made by CPA firms, OAS/BICA, or HRA Program Areas. Requested documentation may include, but is not limited to, the items listed below and may be requested as part of formal audits, invoice reviews, or other monitoring activities conducted by OAS/BICA, contracted CPA firms, or other authorized entities.

A. General Organizational and Financial Documents

- Organizational charts
- Personnel policy records, including policies related to hiring, salary adjustments, bonuses, and other compensation practices
- Accounting manual, including policies related to purchasing, disbursements, receipts, and revenue
- Timekeeping manual
- Payroll manual
- Audited financial statements (balance sheet and income statement)
- Latest Single Audit Report and management letter, if applicable
- General ledger
- Trial balance
- Chart of accounts
- Bank reconciliations
- Grouping or mapping of general ledger accounts
- Reconciliation of actual costs to general ledger balances
- Payroll periods and pay dates
- List of authorized check signatories
- List of authorized credit card holders
- Executed contract, amendments, modifications, and scope of work
- Approved final budget for the contract under audit
- Written justification for major increases in contract budget line items
- Roster of all active clients during the audit period

B. Personal Services (PS), Payroll, and Fringe Benefits

- Personnel files including salary rates of all employees billed to the contract during the audit period
- Schedule of pay increases and bonuses paid during the audit period, if applicable
- IRS Form W-2 and W-941 for all employees billed to the contract during the audit period
- Personal Services allocation schedule and summary of allocation methodologies
- Approval documentation from HRA for the Personal Services allocation methodologies
- Timesheets
- Fringe benefit schedules and supporting documentation
- Payroll registers
- Labor distribution reports
- Check registers
- Bank statements
- Direct Deposit authorization forms, if applicable
- Cancelled checks or Electronic Fund Transfer (EFT) documents

C. Other Than Personal Services (OTPS)

- Invoices for OTPS expenses claimed to the contract
- Indirect Cost Rate (ICR) approval letter from MOCS/CIT and supporting documentation
- OTPS allocation schedule and summary of allocation methodologies
- Approval documentation from HRA for OTPS allocation methodologies
- List of consultants and subcontractors and description of services provided
- Market research or competitive bidding documentation for purchases exceeding applicable thresholds set forth in standard HHS contracts or the Procurement Policy Board (PPB) Rules
- Inventory maintenance procedures for office supplies, program supplies, client supplies, food and other applicable inventory items
- Purchase requisition or purchase order
- Bills of lading and delivery or receiving reports
- Payment vouchers or payment request forms
- Check registers
- Bank statements
- Cancelled checks or Electronic Fund Transfer (EFT) documents
- Cash disbursement ledgers
- Aging of accounts payables
- Schedule of accrued expenses
- Consultant and subcontractor agreements
- Rent:
 - Lease or rental agreement
 - Allocation schedules, if applicable
- Insurance:
 - Billing statements or invoices
 - Allocation schedule, if applicable
 - Insurance policies or binders including:
 - Commercial general liability insurance policies, certificates, and premiums summary sheet
 - Workers' compensation and disability benefits documentation
 - Unemployment insurance documentation
- Equipment and Fixed Assets:
 - Lease or rental agreements
 - Fixed asset schedule
- Other Budget Line Items:
 - Supporting documentation for all other budgeted costs, including but not limited to audit fees, client supplies or activities, facilities, repairs and maintenance, incidentals, office supplies, program supplies, recruitment, security, staff training, transportation or vehicle costs, and utilities.

Documentation Standards and Reimbursement

Line-item expenditures submitted for reimbursement must be fully supported by adequate documentation. Supporting documentation must be sufficient to substantiate the nature, allowability, allocability, reasonableness, and payment of claimed expenditures in accordance with applicable contractual and fiscal requirements. Costs that cannot be substantiated upon request will be deemed unsupported and will not be reimbursed.

DSS Accountability Office may be consulted by HRA Program Staff during the documentation review process to support the interpretation and application of these requirements.

Record Retention Requirements

Providers are required to maintain separate, complete, and accurate books, records, documents, and other supporting evidence that sufficiently reflects all direct and indirect costs incurred under the agreement. Records must be maintained in accordance with generally accepted accounting principles and applicable City requirements.

All records relevant to a Provider's agreement must be retained for a period of six (6) years following the conclusion of the agreement and final payment, unless a longer retention period is required by law. If any litigation, claim, or audit begins prior to the expiration of the six-year retention period, records must be retained until the matter is fully resolved.

Records created and maintained in the regular course of business in electronic format may be retained electronically, provided such records remain complete, accessible, and capable of being produced upon request.

During the term of the agreement and throughout the retention period, the City, including the Department and the Department's Office of the Inspector General, as well as City, State, and federal auditors or other duly authorized entities, shall have the right, upon reasonable notice, to examine, inspect, and copy all books, records and other materials related to the agreement. Failure to maintain or produce required records may result in questioned costs, disallowances, or other contractual remedies as permitted under the agreement.

Cost Allowability and Disallowances

Unallowable Expenses

The following costs are unallowable regardless of supporting documentation and may not be charged to PS or OTPS claims.

Examples of such expenses include, but are not limited to:

- Expenses not properly recorded in the general ledger within the fiscal year in which the costs were incurred
- Expenses not incurred within the applicable fiscal year
- Expenses not incurred in accordance with contract terms
- Expenses not directly related to the contracted program or incurred for another program or location (non-program expense)
- Expenses claimed without an approved budget line

- Expense claimed for goods or services not received or rendered by the end of the applicable fiscal year (June 30th for City Fiscal Year contracts)
- Expenses reimbursed, or eligible for reimbursement, through another funding source, including Medicaid or other federal, State, or City programs
- Utility service fees, surcharges, or administrative markups, including such charges embedded within lease agreements, unless expressly approved in the contract budget
- Entertainment expenses, including staff events, holiday parties, meals, or other similar activities
- Gifts for clients, vendors, or staff
- Fines, penalties, finance charges, interest, or late fees
- Sales taxes
- Association or membership dues
- Incentive compensation or bonuses without prior Agency approval
- Fundraising costs
- Capital constructions costs
- Purchase of any interest in real property, ownership interests, or real property improvements, unless expressly included in the approved budget or authorized in writing by HRA
- Personal expenses, including but not limited to, personal travel, food and beverage charges, personal vehicle repairs, rental expenses for personal residences, and childcare expenses.

Questioned Costs and Materiality

Agencies receiving government funds are subject to heightened standards of accountability and transparency. Accordingly, lower thresholds of materiality apply when identifying and reporting questioned costs, audit disallowances, and fraud.

All questioned costs identified during audits, monitoring activities, or invoice reviews are considered material for reporting purposes. Any suspected fraud known to the contractor or auditor must be reported to the Agency immediately.

Any cost determined by HRA, the City, or an authorized auditing authority to have been improperly incurred, including improper related-party transactions, shall be subject to repayment to the City. Failure to reimburse disallowed costs may result in contractual remedies, including termination of the agreement.

Procurement and Market Research Requirements

Procurement of goods and services charged to health and human services (HHS) contracts must comply with applicable market research and competitive bidding requirements as set forth in the standard HHS contract or the Procurement Policy Board (PPB) Rules, as applicable.

Failure to comply with required procurement procedures may result in questioned costs or disallowances during audit or invoice review.

Competitive Bidding and Market Research Thresholds

The following thresholds apply unless otherwise specified in the contract:

- Procurements greater than \$25,000 require three written estimates.
- Procurements between \$5,000 and \$25,000 require documented market research.

Where market research or competitive bidding provisions are omitted from a specific contract, applicable PPB Rules govern.

Documentation must support the method of procurement, the rationale for vendor selection or rejection, and the basis for contract pricing.

The monetary thresholds apply to payments made or obligations undertaken within a one-year period with respect to any one person or entity. Payments or obligations may not be artificially divided or segmented to avoid competitive bidding or market research requirements.

Audit Review of Procurement Practices

In accordance with [NYC Comptroller's Directive #2: Cost Reimbursable Contract Payment Request Audits](#), audit procedures for direct materials and supplies include review of procurement documentation to determine whether competitive bidding or market research was conducted when required and whether purchases were reasonable and appropriately awarded.

Limitation on Use of Funds

1.) Proper Purposes

Funds received through the City contract shall be used only for expenses incurred in accordance with the terms of the contract and this Fiscal Manual.

2.) Real Property

Funds shall not be used for the purchase of, or improvements to, real property unless such costs are included in the approved budget or otherwise authorized by HRA.

3.) Disallowed Costs

Costs determined by HRA, the City, or an authorized auditing entity to be improperly incurred, including but not limited to improper related party transactions, shall be subject to reimbursement to the City. Failure to provide reimbursement may result in termination of the contract.

Audit Guidance and Governing References

Effective July 1st, 2017, the [City of New York Standard Audit Process Guide](#) (SAG) serves as the primary source of guidance on audit planning, execution, reporting, and follow-up procedures applicable to auditors, auditees, and agencies.

For additional guidance on allowable and unallowable costs, providers should refer to the following:

- [NYC Comptroller's Directive #2: Cost Reimbursable Contract Payment Request Audits](#)
- [City of New York Health and Human Services Cost Policies and Procedures Manual](#) (Cost Manual)

APPENDICES

Appendix A – Oversight and Governance Policies

- City of New York Health and Human Services Cost Policies and Procedures Manual
- Procurement Policy Board Rules
- Standard Health and Human Service Invoice Review Policy
- City of New York Standard Audit Process Guide
- NYC Comptroller's Directive #2: Cost Reimbursable Contract Payment Request Audits
- Code of Federal Regulations: 2 CFR Part 200 - Cost Principles and Audit Requirements
- Code of Federal Regulations: 2 CFR Part 200 Subpart F - Audit Requirements
- NYS OTDA Administrative Directive Memorandum 23-ADM-06
 - Attachment 1 - Fiscal Profile and Budgeting Instructions

Appendix B – System Access and Links

- Payee Information Portal (PIP)
 - Enrollment: vendorenrollment@cityhall.nyc.gov
 - Technical Assistance: PIP@fisa-opa.nyc.gov
- Procurement and Sourcing Solutions Portal (PASSPort)
 - Technical Assistance: [MOCS Service Desk](#)

Appendix C – PASSPort Resources

- [Learning to Use PASSPort](#)
- [PASSPort Registration](#)
- [PASSPort Financials](#)
- [Set Up Your Fiscal Year Budget](#)
- [Submit a Budget Modification](#)
- [Request an Advance for HHS Contracts](#)
- [Submit an Invoice](#)
- [Create and Submit Invoice Deductions](#)
- [MOCS PASSPort Trainings](#)

Appendix D – Documents and Forms

- [HRA Master Workbook](#)
- [RGF Loan Application](#)
 - bridgeloans@dss.nyc.gov
- [DSS Office of Contracts Subcontractor FAQ](#)
- [Guidance on General Ledgers](#)
- [DSS-PB-2021-004 Enhanced Invoice Review Procedure](#)
- [Subcontractor Approval Form \(65A\)](#)

Appendix E – Definitions

- **Allowable Cost:** A cost that directly or indirectly benefits a contract and meets the criteria of reasonableness, allocability, and consistency under the Cost Manual. Only allowable costs may be charged to a contract or included in the base for the ICR.
- **Allowance – Unallocated Funds:** A contractual budgeting mechanism that allows the City to reserve funds for anticipated or policy-driven cost adjustments. Allowance funds are not part of the operating budget and may not be invoiced until formally allocated through an approved budget modification.
- **Advance:** A payment issued to a provider prior to the delivery of services or the incurrence of expenses. Advances are subject to reconciliation and must be fully expended on allowable program costs.
- **Cost Allocation Plan:** Documentation describing the methodology used to distribute shared costs across programs, contracts, or funding sources to ensure expenses are charged proportionately and consistently.
- **Direct Cost:** A cost that can be specifically identified with a contract, project, or activity and is necessary for the performance of services required under the contract.
- **Financial Contract Change Request (FCCR):** A modification to the contract budget that may change the value, term, or scope of services. FCCRs are initiated by HRA and processed through PASSPort.
- **Indirect Cost:** Administrative, facilities, or operational expenses that support multiple programs or organizational activities and cannot be directly assigned to a single contract.
- **Indirect Cost Rate (ICR):** The approved percentage applied to allowable direct costs to reimburse a provider for indirect costs associated with operating and administering programs.
- **Milestone Payment:** A payment made upon verification that a defined program milestone, outcome, or deliverable has been achieved in accordance with contract requirements.
- **Operating Budget:** The approved line-item budget in PASSPort that identifies the allowable Personal Services (PS), Other Than Personal Services (OTPS), and other authorized expenditures for a contract.
- **Other Than Personal Services (OTPS):** Non-personnel costs necessary for program operations and service delivery, such as supplies, rent, utilities, contracted services, and equipment.
- **PASSPort (Procurement and Sourcing Solutions Portal):** The City of New York’s centralized digital system used to manage procurements, contracts, budgets, invoicing, and payments.
- **Personal Services (PS):** Costs related to staff directly employed by the provider to deliver or support services under the contract, including salaries, wages, and allowable fringe benefits.
- **Provider:** An organization contracted with HRA to deliver services funded through a Health and Human Services Contract.
- **Purchase Order Change Request (POCR):** A modification to an active Purchase Order within a registered contract used to reallocate funds between budget lines or implement budget adjustments without changing the total contract value.

- **Subcontractor:** An individual or organization engaged by a provider to perform a portion of the programmatic services required under the contract.
- **Third-Party Vendor:** An entity that provides operational or administrative support services that enable program operations but does not deliver direct programmatic services under the contract.
- **Unallowable Cost:** A cost that cannot be charged to a contract because it does not benefit the contract or fails to meet the allowability criteria established by the Cost Manual or contract terms.

Appendix F – Acronyms

Acronym	Definition
ACCO	Agency Chief Contracting Officer
CAP	Corrective Action Plan
CAS	Customized Assistance Services
CTL	City Tax Levy
DSS	Department of Social Services
FCCR	Financial Contract Change Request
FTE	Full-Time Equivalent
GAAS	Generally Accepted Auditing Standards
GAGAS	Generally Accepted Government Auditing Standards
HHS	Health and Human Services
HRA	Human Resources Administration
ICR	Indirect Cost Rate
MOCS	Mayor’s Office of Contract Services
MONS	Mayor’s Office of Nonprofit Services
MORMC	Mayor’s Office of Risk Management and Compliance
MTDC	Modified Total Direct Costs
NICRA	Negotiated Indirect Cost Rate Agreement
OBA	Office of Budget Administration
OCJ	Office of Civil Justice
OCSS	Office of Child Support Services
OMB	Office of Management and Budget
OTPS	Other Than Personal Services
PaCSWeb	Payment and Claiming System Web
PASSPort	Procurement and Sourcing Solutions Portal
PIP	Payee Information Portal
POCR	Purchase Order Change Request
PS	Personal Services
RGF	Returnable Grant Fund
SEAMS	Self-Sufficiency Employment and Assessment Management Systems
SIRP	Standard Health and Human Service Invoice Review Policy

Appendix G – HRA Program Overview

The Human Resources Administration (HRA) administers a broad range of human service programs through contracts with community-based providers and partner organizations. These programs support vulnerable New Yorkers through housing stabilization, employment and workforce development, legal and protective services, public benefits administration, health services, and other targeted assistance initiatives.

The following overview highlights the major HRA program areas relevant to contracted service delivery and is not intended to be a comprehensive listing of all programs administered by the Agency. Additional information about HRA services is available through the [HRA Guide to Services](#).

Housing Services Administration (HSA)

The Housing Services Administration (HSA) oversees contracts, funding, and program operations that support the development, operation, and long-term sustainability of supportive and affordable housing programs. HSA works with provider organizations to deliver stable, service-enriched housing to eligible New Yorkers, including individuals and families experiencing homelessness or at risk of housing instability.

Program areas administered under HSA include:

- Rental Assistance
- Housing Supply Programs
- Specialized Housing Services

Office of Chief Programs

The Office of Chief Programs oversees the planning, administration, and implementation of initiatives designed to improve access to HRA benefits and services and support economic stability for eligible New Yorkers.

Program areas administered under this office include:

- IDNYC
- Fair Fares
- HEAP
- Office of Child Support Services (OCSS)
- Family Independence Administration (FIA)
- Career Services

The Office of Special Services (OSS)

The Office of Special Services (OSS) administers programs that provide specialized care, support, and protective services for vulnerable New Yorkers facing health, mental health, or safety challenges.

Program areas administered under OSS include:

- HIV/AIDS Services Administration (HASA)
- Home Care Services Program
- Domestic Violence Services (DVS)
- Adult Protective Services (APS)
- Customized Assistance Services (CAS)
- Medical Assistance Program (MAP)

Homelessness Prevention Administration (HPA)

The Homelessness Prevention Administration (HPA) oversees programs and initiatives focused on preventing homelessness and supporting stability for individuals and families. HPA collaborates with the Department of Homeless Services (DHS), the New York City Housing Authority (NYCHA), and other City agencies and community partners to assist eligible New Yorkers in obtaining and maintaining stable and affordable housing.

Program areas administered under HPA include:

- Housing & Homeless Services/Initiatives
- Office of Civil Justice

Mayoral Initiatives Supported Through HRA

HRA also administers funding for certain Mayoral offices and initiatives that support Citywide human services, economic opportunity, and community engagement efforts. These include:

- Mayor's Office to End Domestic and Gender-Based Violence (ENDGBV)
- Mayor's Office of Food Policy (MOFP)
- Mayor's Office of Immigrant Affairs (MOIA)
- Mayor's Office for Economic Opportunity (OEO)
- Young Men's Initiative (YMI)
- Mayor's Public Engagement Unit (PEU)
- Mayor's Action Plan for Neighborhood Safety