



**COMMUNITY PARTNERSHIP PROGRAM
Fiscal Manual**

**ACS Division of Financial Services
Effective July 1, 2012**

**Community Partnership Program
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PART 1 – INTRODUCTION AND INSTRUCTIONS ON USE

1.1 GENERAL GUIDELINES

This Fiscal Manual/Guide contains fiscal policies that your agency must comply with as referred to in your Human Service Contract with the Administration for Children's Services (ACS). The topics included in this manual include but are not limited to: budget, payment, financial records, reporting, invoicing, allowable use of funds, cost allocation plans, and audits. Agencies should refer to the ACS public website http://www.nyc.gov/html/acs/html/staff/staff_resources.shtml for the most current version of the ACS Fiscal Manual.

PART 2 – BUDGET

2.1 PREPARATION FOR FISCAL YEAR

At the beginning of each fiscal year, agencies will receive confirmation of their total budget's annual value. Each provider will submit a signed budget. ACS will provide your agency with a budget template and a payment form.

2.2 BUDGET CONFIRMATION

Providers will need to prepare a line item budget and have their Chief Financial Officer sign-off as confirmation of review and agreement of the fiscal year budget. The provider should return the signed budget to ACS within 30 days. Please return the signed budget to:

**ACS Budget Director
NYC Administration for Children's Services
150 William Street, 10th Floor
New York, NY 10038
Attention: Denise Borak**

2.3 BUDGET GUIDELINES

Below are the CPP budget guidelines providers are required to follow to avoid potential disallowances.

Providers are required to submit a **line item** budget. In addition, the Strategic Plan on file with ACS must describe the programs and/or services your agency will fund with its Community Partnership Program budget. ACS Office of Community Partnership will work with the providers to define what is needed in the Strategic Plan.

ACS reserves the right not to reimburse for invoices submitted for any expenditures which do not conform to the established guideline of the Community Partnership Program.

2.4 GENERAL GUIDELINES

2.4.1 ATTESTATION

All providers must sign an attestation that they will adhere to the guidelines.

2.4.2 EXPENSE ITEMS

Personnel Services - ACS expects all providers to pay their employees on a timely basis and at fair and competitive salaries. ACS expects to be informed in writing if a timely payment cannot be made.

Fringe Benefits - Fringe rates should be consistent with the provider's other ACS program budgets. Unless justified, fringe rates should not exceed 26%. ACS expects that providers are making the required payments for: employee pension contributions, unemployment insurance, disability insurance, worker's compensation, health insurance, and payroll tax.

Consultants - Providers may hire consultants. ACS expects the provider to pay their consultants on a timely basis and at fair and competitive rates.

Administrative Overhead - Administrative overhead can not exceed 10% of a provider's bottom line budget.

Leases - Providers must maintain a current lease and have it on file.

Program Assets - Providers must maintain an inventory of all equipment, furniture and supplies purchased with ACS funds, and have it on file.

Liability Insurance - Providers must maintain current liability insurance and have the policy on file.

Other Than Personnel Services (OTPS) - These are expenses that are necessary for the direct operation of the program; this does not include overhead expenses. OTPS items include supplies, telephones, fax machines, etc. Miscellaneous expenses over \$3,000 must be itemized.

Non allowable OTPS items - Limitations on Use of Funds

No funds shall be spent for any of the following:

- Any services not necessarily and actually incurred in the performance of CPP.
- Purchase of real property.
- Cost of meals for employees except in travel status or except as otherwise specifically authorized by ACS.
- Payment to any profit-making firm, company association corporation or organization in which a member of the Board of Directors of the Contractor or member of his/her immediate family has any ownership or control or financial interest. For the purposes of this paragraph "ownership" means owner of more than three percent (3%) of the assets, stock, bonds or other dividend or interest-bearing securities and control means being a member of the Board of Directors or other governing body, or an officer.
- Any expense incurred for travel in excess of travel expense as allowable under the Contractor's travel guidelines.
- Any expense which violates any provision of this Agreement.

In addition, loans to employees, board members and officers are also a non-allowable OTPS item.

2.4.3 CHANGES TO THE STRATEGIC PLAN

Providers must notify ACS of any changes to the Strategic Plan. ACS Office of Community Partnership must approve all changes to the Strategic Plan.

2.4.4 COST ALLOCATION PLAN (CAP)

CAPs are required for any provider that has more than one funding source supporting the program. Providers should fairly and accurately allocate costs between all programs. Providers should separate this plan into three categories: ACS programs (please itemize), other government programs, and other programs. The allocation method may be based on expense type (square footage for space cost, full-time equivalent (FTE) or working hours for personnel costs, etc.) For each employee, providers must show the current salaries, all sources of their compensation, whether from an ACS or another city, State, Federal or private source and the dollar amount of compensation from each such source. Allocation of costs among programs should be documented. Providers should describe how costs will be divided among programs for shared operating expenses such as rent, electricity, or telephones. Providers should maintain a yearly cost allocation plan on file.

A CAP is required based on your contractual agreement with ACS as well as federal regulations of Department of Health and Human Services and administrative requirement of OMB Circular No. A- 87 (Cost Principles for State, Local and Tribal Governments), which determines allowable costs and OMB Circular No. A-122 (Cost Principles for Nonprofit Organizations) which requires nonprofit organizations to report direct and indirect costs. This information is also a reporting requirement of OMB Circular No. A-133 (Audit of States, Local Governments, and Nonprofit Organizations) which stipulates the guidelines for auditing the above costs.

A CAP is a written account of the methods used by an organization to allocate costs to its various funding sources. It is the process of assigning two or more programs the costs of an item shared by the program. The goal is to ensure that each program bears its fair share and only its fair share, of the total cost of the item. The plan is the roadmap for reporting costs items. Regular reporting should incorporate and reflect the structure of the CAP.

A Direct and Indirect Cost Allocating Plan is the foundation of a CAP and should be the starting point in establishing a CAP. The CAP will become the document that identifies, accumulates and distributes allowable direct, indirect and dual/joint costs under ACS contracts and shows the relationship to other city, state, federal and private grants and will identify the allocation methods used for distributing costs to the various funding streams.

A plan for allocating joint costs is required to support the distribution of those costs to the various funding streams. Accounting records to determine which funding sources the eventual expenditures were charged to must support all costs included in the plan.

As part of an audit of your financial statements, an auditor will investigate to see whether any resources in your organization are being shared by two or more programs. If there are resources that fall into this category, the auditor will ask for an explanation of how the costs are allocated among the programs. A CAP provides the auditor with a clear description of how this is accomplished. The auditor will analyze the methods used to allocate costs amongst the various funding sources and determine their adequacy and appropriateness. If the auditor is convinced that the methods and their application have resulted in the reasonable allocation of costs, no further action is necessary. However, if the methods are flawed or inappropriately applied, such costs could result in an audit noncompliance and disallowed. Every year your CAP should be updated to reflect any changes that occurred within your organization. The updated copy should be available upon request.

When is a CAP needed?

1. An organization whose program is entirely one funding source.
 - a. No cost allocation plan is needed.

2. An organization that operates two or more separate and distinct programs with separate funding sources. For example, Head Start and Child Care.
 - a. Child Care and Head Start provided separately.
 - b. No shared programmatic staff, facilities, etc.
 - c. Costs are kept separate.
 - d. Shared centrally administrative staff, supplies and facility.
 - e. Cost Allocation Plan is needed.

3. An organization that has two or more programs with separate funding sources which it operates as a single program.
 - a. Single program with shared staff, facilities and other costs.
 - b. Supported by multiple sources of funding.
 - c. Cost Allocation Plan needed for centrally administrative staff, supplies and facility.

PART 3 – FINANCIAL RECORDS AND INTERNAL CONTROLS

3.1 REIMBURSEMENT OF ACTUAL EXPENDITURES/RECONCILIATION

Expenses for the purchase of goods and services are reported based on actual payments made by your program, not on an accrual basis. For example, reimbursement requests for expenses such as consultants, vocational training, and academic support must be based upon actual expenses, not upon estimated costs per employee or participant. The ORIGINAL Monthly Expense Report is needed for ACS Payment Services to process your reimbursement. ACS Payment Services will not reimburse expenses that exceed the overall Budget. ACS will reconcile with the agencies, on an as-needed basis.

3.2 BOOKKEEPING AND ACCOUNTING

Accurate books, records, and documentation of financial transactions should be maintained to substantiate all costs. These records must be retained for a period of seven years after the date of final payment or termination of a contract. All accounting records are subject to audit.

3.3 ACCRUAL ACCOUNTING

Contract providers are required to use the accrual basis of accounting to track all costs that relate to their program. Cash receipts and cash disbursements are recorded on a monthly basis. For the last month of the fiscal year (fiscal year ending June 30th) to reflect the liability, all expenses whether paid or unpaid should be accrued.

3.4 INTERNAL CONTROLS

Contract providers must maintain adequate internal controls that safeguard funds, avoid unauthorized transactions, and prevent thefts of assets bought with ACS funds. Examples of adequate internal controls include: prohibitions on issuing ATM cards for access to publicly funded accounts; two signatures are required for checks; and submission of written purchase requests and approvals for payment from the Director and Board representative(s). It is expected that providers have written policies and procedures that include all aspects of its fiscal management as it relates to ACS contracts.

3.5 BANK ACCOUNTS OR GENERAL LEDGER ACCOUNTS

Contract providers are required to maintain a separate account in a bank and a separate account in the general ledger for ACS program funds. Initial advances received should be deposited in an interest-bearing account. Interest earned on unused funds in excess of \$250 must be reported and returned to ACS.

3.6 BACK-UP DOCUMENTATION

Providers must keep original documentation on file to substantiate requests for reimbursement. Examples of appropriate documents are invoices, bills, receipts, etc. These documents must be available for on-site fiscal review.

Payroll Documentation

- Payroll reports detailing PS expenditures for program staff.
- Properly authorized timesheets showing hours performed for each of the positions listed in the personnel services of your approved budget.
- Time allocation system that allows reporting of hours actually worked by staff on ACS contract.

Accounts Payable

- Accounts payable bank statements detailing cash disbursements and cancelled checks.
- General ledger and trial balance reports that detail opening balances for the start of the reporting period, changes throughout the month, and closing balances at month's end.
- Original source documentation such as purchase orders, invoices, and receipts.
- Details of competitive bids for equipment purchases and renovations.
- Descriptive narrative explaining purpose of expenditures and number of units purchased.

PART 4 – CLAIMING AND PAYMENT

4.1 GENERAL GUIDELINES

4.2 MONTHLY EXPENSE REPORT

4.2.1 REPORT SUMMARY

The Monthly Expense Report is used by ACS Payment Services to generate payments and to track an agency's expenses against the approved budget. This report can also be used by providers to track agency spending against the budget. The Monthly Expense Report shows all cash expenditures for the reporting period.

ACS expects to reimburse the CPP providers one quarter of their approved budget. If a provider's monthly billing far exceeds the quarterly advance of the approved budget, the provider must provide a justification for these expenses. Payment of these expenses is subject to ACS approval of the submitted justification. All requests for reimbursement must be supported by documentation which will be kept on file at the agency.

CPP payments will be made on a quarterly basis. The base (non-adjusted) quarterly payment amount will be one-quarter of the annual budgeted amount. Payments will be processed by the second week of the quarter.

CPP providers are expected to submit Monthly Expense Reports (invoices) as described in Part 3 of this guide. During the course of the fiscal year, quarterly payments will be adjusted, accordingly, based on Monthly Expense Reports (invoices). Failure to submit Monthly Expense Reports (invoices) could delay payment.

Year-end reconciliation and close-out will be performed by ACS (Audit Services) following the end of the fiscal year.

4.2.2 DUE DATE

Invoices for actual expenses incurred in any one month shall be submitted to ACS by the provider within thirty (30) days after the end of each month in which such expenses were incurred. If the provider fails to provide ACS with the required invoices for the amounts incurred sixty (60) days after the date invoices are due and/or if the provider fails to provide invoices in a manner acceptable to ACS in accordance with this Fiscal Manual sixty (60) days after the date invoices are due, ACS, may, at its sole option, disallow such invoices. If the provider invoices ACS for non-allowable expenses, ACS, may, without any prior notice to the provider, disallow such amounts from the provider's invoice(s) and pay the remaining allowable expense amounts, if any.

4.2.3 REPORT SUBMISSION

Please submit original copy of the Monthly Expense Report to:

**The Administration for Children's Services
Payment Services – 9th Floor
150 William Street
New York, New York 10038
Attention: Community Partnership Program**

PART 5 – PROCUREMENT

5.1 GENERAL GUIDELINES

Providers are responsible for adhering to the rules and regulations in the ACS Community Partnership Program budget guides distributed each fiscal year.

Providers are required to maintain a Fiscal Manual that includes all aspects of financial management, including internal controls, as it relates to ACS contracts, including but not limited to:

- Employee Compensation, salary and bonuses
- Vacation/Sick Leave Policy
- Petty Cash disbursement
- Conflict of interest statement (must include statement of the hiring of relatives)
- Loans to employees (It is prohibitive to use ACS funds for this purpose)
- Employee Payroll
- Maintenance of books and records
- Bank accounts and reconciliations

PART 6 – TAXES

6.1 GENERAL GUIDELINES

Providers will be responsible for all required reporting and payments as defined by City, State and Federal laws.

PART 7 – AUDIT

7.1 FISCAL REVIEWS

While providers are not required to submit copies of invoices, receipts, and checks with the monthly expense reports, these records and your accounting books are subject to audit and must be available for review by the ACS, New York City Comptroller's Office, the New York State Comptroller's Office, the Federal Department of Health and Human Services and other governmental agencies. Providers are required to keep fiscal records for at least seven (7) years.

The following items should available during fiscal reviews:

- Monthly bank reconciliation
- CAPS reports
- Documents that support payment of invoices
- Follow-up of prior period outstanding fiscal and program findings
- Cash disbursements records
- Inter-fund borrowing
- Filing of tax reports and timely payment
- Other records that have an impact in safeguarding the Federal grant
- Trial balance
- Adjusting journal entries
- General ledger

Expenses related to the Community Partnership Program should be shown on the provider's books and records in a separate cost center. Specific accounts or group of accounts should be designated for these expenses on the provider's chart of accounts.

ACS requests that all audit requirements are completed by October 31, 2013. If a provider does not comply with this requirement, it will have a negative impact on the yearly Fiscal Administration rating.

A closeout will be performed by ACS reconciling the actual expenses to the budget. Providers are required to submit the required schedules in order to be in compliance with closeout requirements. ACS will distribute closeout instructions for the Community Partnership Program at the end of the fiscal year.

OMB CIRCULAR A133 REQUIREMENTS

Providers are responsible for ensuring that all OMB Circular A133 requirements and all ACS requirements are met. ACS will distribute instructions for the Community Partnership Program at the end of the fiscal year.

PART 8 – CONTRACT CLOSEOUT

8.1 GENERAL GUIDELINES

Providers must follow the closeout process in their contract. The process includes but is not limited to – inventory, books and records, final accounting or CPA report, and VENDEX questionnaire.

PART 9 – OTHER REPORTING REQUIREMENTS

See Part 10

PART 10 – STANDARD FORMS

Appendix A Attestation

**Attestation for Fiscal Year 2013
NYC Administration for Children's Services
Community Partnership Program (CPP)**

Provider Name: _____

Program: _____

Provider Address: _____

The undersigned, representing the above-cited not-for-profit provider of human services under contract with the City of New York, agrees to the attached "**Community Partnership Program Fiscal Manual,**" which is deemed incorporated within this Attestation.

Signature (Executive Director)

Print Name

Title

Date